

MUNICIPAL SERVICES INTERLOCAL AGREEMENT

This Municipal Services Interlocal Agreement (**Agreement**) is entered into between Salt Lake City Corporation, a Utah municipal corporation (**City**), and the Utah Fairpark Area Investment and Restoration District, a political subdivision of the State of Utah (**Fairpark District**), to be effective as of January 1, 2025 (**Effective Date**).

A. In 2024, the Utah State Legislature passed House Bill 562, the Utah Fairpark Area Investment and Restoration District (the **Act**) and created the Fairpark District.

B. As set forth in the Act, the purpose of the Fairpark District is to encourage and facilitate development within the Fairpark district boundary in Salt Lake City, described and depicted on Exhibit A (**Fairpark District Boundary**). The Fairpark District Boundary shall also mean any land included in the Fairpark District Boundary as permitted by the Act.

C. Among other things, the Act establishes that certain taxes, including but not limited to Enhanced Property Tax (defined below) that would have otherwise been received by the City for the City to provide municipal services, largely be redirected to the Fairpark District.

D. The Act requires the City to provide the same municipal services to the Fairpark District Boundary as the City provides other areas of the City with similar zoning and development levels.

E. The Act provides that the City shall receive 25% of the Enhanced Property Tax (defined below) from the Fairpark District Boundary, which alone does not currently cover the City's costs for services.

F. The Act further provides that the City and Fairpark District enter into this Agreement providing for the Fairpark District to reimburse the City for the cost of services the City is obligated to provide to the growing development within the Fairpark District Boundary.

G. With the City receiving a percentage of the City's property taxes, the City will not currently be reimbursed for the cost for municipal services, and as such, the City depends on this reimbursement from the Fairpark District to help offset the cost of providing the necessary municipal services for the Fairpark District Boundary as it develops.

H. The parties desire to enter into this Agreement setting forth the terms of the Fairpark District's reimbursement to the City for municipal services.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Reimbursement. Pursuant to Section 11-70-206, the Act, in addition to the amount generated by the City's property tax rate applied to the Base Property Taxable Value and the 25% of the Enhanced Property Tax, the City and Fairpark District shall contract for the cost of municipal services the City provides. The term "Base Taxable Value" means the taxable value of the land within the Fairpark District Boundary as of January 1, 2024, determined by the Fairpark District

(a) Board and the Salt Lake County Assessor. The Base Taxable Value adopted by the Fairpark District Board on December 9, 2024 is \$296,554,669.00. The Base Taxable Value shall not change unless agreed to by the parties in an amendment to this Agreement based on a change in the assessed value by the Salt Lake County Assessor and approved by the Fairpark Board. The term “Enhanced Property Tax” means the difference between: i) the amount of property tax revenues generated in a tax year by the City from privately owned land, using the current assessed value of the property; and ii) the amount of property tax revenues that would be generated in the same tax year by the City from that same area using the Base Taxable Value of the property. Beginning January 1, 2025 to December 31, 2025, in addition to the 25% required under the Act, the Fairpark District shall pay the City no additional amount of the Enhanced Property Tax to reimburse the City for municipal services. The percentage of the Enhanced Property Tax that the Fairpark District pays the City, in addition to the 25% required under the Act, shall be referred to herein as the “Additional Enhanced Property Tax Payment.” The parties acknowledge and agree that the Additional Enhanced Property Tax Payment may increase if the City expends more on the cost for services than what the City receives from the City’s portion of the Base Taxable Value and the 25% of the Enhanced Property Tax.

2. Adjustment.

a. The City and Fairpark District acknowledge that an Additional Enhanced Property Tax Payment of 0% does not currently cover the City’s cost for services and has not prior to the creation of the Fairpark District. As such, the parties will reevaluate the City’s cost for municipal services for the Fairpark District Boundary by December 31, 2025, and not less than every 5 years thereafter, and determine the appropriate adjustment to the Additional Enhanced Property Tax Payment, if applicable.

b. The Fairpark District understands and agrees that under the Act, the City is entitled to be reimbursed for municipal services it provides to the Fairpark District Boundary. As such, prior to 2028, the Fairpark District shall not pledge, bond against, encumber, leverage, allocate, earmark, or in any other way make the future Enhanced Property Tax unavailable such that the Fairpark District will not be able to increase the Additional Enhanced Property Tax Payment, or an equivalent amount from another source, that the City will receive after December 31, 2025, unless the parties enter into an amended Municipal Services Agreement. The parties expect that the Enhanced Property Tax Payment and any Additional Enhanced Property Tax Payment that the City will receive, pursuant to statute, after December 31, 2025, will reimburse the City for the cost of municipal services during the term of this Agreement. Sufficient documentation substantiating the costs of municipal services provided to the Fairpark District shall be provided by the City to the Fairpark District for the period May 1, 2023 to May 1, 2025 no later than October 31, 2025. Upon the City’s completion of this documentation, the Fairpark District shall receive this report at a public meeting to discuss the reimbursement of the City for these municipal services. The Fairpark District’s ability to reimburse the City through the Additional Enhanced Property Tax Payment, as agreed to by the parties, is a material inducement to the City in agreeing to the terms of this Agreement, and as such, should the Fairpark District somehow become unable to commit to an Additional Enhanced Property Tax Payment as the result of the Fairpark District pledging, bonding against, encumbering, leveraging, allocating, earmarking, or in any other way making the future Enhanced Property Tax unavailable prior to 2028, this shall be deemed a “Material Default” and the City will be entitled to extraordinary remedies.

3. Term. The term of this Agreement shall be from January 1, 2025, until the earlier of when: i) the Parties enter into an amended Municipal Services Agreement; (ii) the Fairpark District terminates the collection of all taxes (including Enhanced Property Tax), that, if collected by the Fairpark District, preempts the City's collection of the same tax; or iii) the Fairpark District dissolves.

4. Reporting. No less than annually, the Fairpark District shall provide the City with a written report outlining a summary of the projects that are currently underway or planned in relation to the use of the Enhanced Property Tax, an accounting of all Enhanced Property Tax received by the Fairpark District, the current status and estimated construction schedule for the development within the Fairpark District Boundary, and any other updates requested by the City related to the Enhanced Property Tax.

5. Default. Neither party shall be in default under this Agreement unless such party fails to perform an obligation required under this Agreement within 30 days after written notice is given to the defaulting party by the other party, reasonably setting forth the reasons in which the defaulting party has failed to perform such obligation. If the nature of the defaulting party's obligation is such that more than 30 days are reasonably required for performance or cure, the defaulting party shall not be in default if such party commences performance within such 30-day period and after such commencement diligently pursues such cure to completion, provided that the maximum additional time to complete such cure is 90 days (or, 120 days in total). In the event a default under this Agreement remains uncured after the above-described cure period, the non-defaulting party retains all rights under law and equity. In the event the Fairpark District default is deemed a Material Default as defined in Paragraph 2.b., the City shall be entitled to receive an Additional Enhanced Property Tax Payment, or an equivalent amount, that reimburses the City for its costs for municipal services provided to the Fairpark District Boundary that are not otherwise covered by the City's share of the Base Taxable Value and the 25% of the Enhanced Property Tax.

6. Miscellaneous

a. Entire Agreement. This Agreement constitutes the entire understanding between the parties regarding the subject matter of this Agreement. There are no terms, obligations, covenants, statements, representations, warranties or conditions relating to the subject matters other than those specifically contained in this Agreement. This Agreement supersedes all prior oral or written negotiations, agreements and covenants relative to the subject matters of this Agreement.

b. Notices. All notices, demands, requests, and other communications required or permitted hereunder shall be in writing and shall be deemed to be delivered, whether received or not, three (3) days after deposit by United States mail, registered or certified (or another commercially acceptable means requiring a return receipt), postage prepaid, addressed as follows:

If to Fairpark District:	Fairpark District
	Attn: Benn Buys

60 E. South Temple, Suite 600

Email: bbuys@utah.gov

If to City:

Salt Lake City Corporation

Attn:

Room [number], City & County Building

451 South State Street

Salt Lake City, UT 84111

Email:

With a copy to:

Salt Lake City Attorney's Office

Attn: City Attorney

451 South State Street, Suite 505A

Salt Lake City, UT 84111

Email:

Such communications may also be given by email, provided any such communication is concurrently given by one of the above methods. Notices shall be deemed effective upon the receipt, or upon attempted delivery if the delivery is refused by the intended recipient or if delivery is impossible because the intended recipient has failed to provide a reasonable means of accomplishing delivery.

c. Governing Law. This Agreement is intended to be performed in the State of Utah, and the laws of Utah shall govern the validity, construction, enforcement and interpretation of this Agreement.

d. Amendments. This Agreement may be amended or supplemented only by an instrument in writing executed by both parties and pursuant to the Interlocal Cooperation Act.

e. Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver of any of the terms of this Agreement shall be binding unless reduced to writing and signed by the party or parties sought to be charged with such waiver.

7. Interlocal Cooperation Act Requirements. In satisfaction of the requirements of the Interlocal Cooperation Act, §§ 11-13-101 *et seq.*, and in connection with this Agreement, the parties agree as follows:

- a. This Agreement shall be approved by each party pursuant to § 11-13-202.5;
- b. This Agreement shall be reviewed as to the proper form and compliance with applicable law by an authorized attorney on behalf of each party pursuant to § 11-13-202.5;

- c. An executed original counterpart shall be filed with the keeper of records for each party pursuant to § 11-13-209;
- d. The Term of this Agreement does not exceed fifty (50) years pursuant to § 11-13-216 of the Interlocal Cooperation Act;
- e. The joint and cooperative undertaking shall be administered by each party's respective executive administrators. No separate legal entity is created by the terms of this Agreement. No real or personal property shall be acquired jointly by the parties as a result of this Agreement. To the extent that a party acquires, holds, or disposes of any real or personal property for use in the joint or cooperative undertaking contemplated by this Agreement, such party shall do so in the same manner that it deals with other property of such party; and
- f. Except as otherwise specifically provided herein, each party shall be responsible for its own costs of any action taken pursuant to this Agreement, and for any financing of such costs.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the Effective Date.

Salt Lake City Corporation:

Erin Mendenhall, Mayor

Approved as to form:
Salt Lake City Attorney's Office

Attest and countersign:
Salt Lake City Recorder

Utah Fairpark Area Investment and Restoration District:

Benjamin J. Buys, Executive Director

Approved as to form:

EXHIBIT A TO MUNICIPAL SERVICES INTERLOCAL AGREEMENT

As provided for in HB 562, the boundary information for the Fairpark District Boundary is delineated in a shapefile that is enacted as part of the bill in electronic form and may be found at: https://le.utah.gov/~2024/documents/HB0562_shapefile.zip and has the following electronic file security code: cf4d4953297c3ea4c936028b7c89e3c0. The Fairpark District Boundary is also depicted in a format that is intended to be more accessible to the general public and is provided for informational purposes only, shows the boundary as delineated in the shapefile, but is not enacted as part of this bill and may be found at https://www.google.com/maps/d/edit?mid=140hCtPp_tbgfo4lm2PFBCipH5bJmFTs

