



This Interlocal Agreement is executed between Salt Lake City Corporation and Salt Lake County this \_\_\_\_\_ day of April, 2005.

#### RECITALS

1. The Salt Palace Convention Center ("Salt Palace") is an important facility for tourism and economic development within the State of Utah.
2. In order to accommodate the needs of large conventions, such as the Outdoor Retailers Convention, the Salt Palace will need to be expanded.
3. The expansion of the Salt Palace will produce significant sales tax revenues for Salt Lake City, Salt Lake County and the State of Utah. It is anticipated that the State of Utah will receive 56% of the sales tax revenue generated from the expansion of the Salt Palace, Salt Lake County will receive 29% and Salt Lake City will receive 15%. A summary of the anticipated sales tax revenue generated from the expansion of the Salt Palace is set forth on Exhibit A.
4. During the 2005 legislative session, the Utah State Legislature passed Senate Bill 211, entitled "Funding for Convention Facilities," which provided a formula for financing the expansion of the Salt Palace. That formula included authorization for an increase in the County hotel tax and the diversion of the City innkeeper tax for a period of 10 years.

5. The City's innkeeper tax currently generates approximately \$1.9 million per year and is used as part of the City's general fund. The diversion of that innkeeper tax for a period of 10 years would remove approximately \$19 million from the City's general fund.

6. The diversion of \$1.9 million per year from the City's general fund would have severe consequences on the residents of Salt Lake City. An outline of the property tax increase or the reduction in services that would be necessary to balance the City's budget with the diversion of the \$1.9 million innkeeper tax is set forth on Exhibit B attached hereto.

7. At the time the Legislature passed Senate Bill 211, the sponsor of that bill read into the legislative record certain intent language. A copy of that intent language is attached hereto as Exhibit C.

8. That intent language indicated that, at the earliest opportunity, Salt Lake City and Salt Lake County would negotiate and execute an Interlocal Agreement identifying the amount of Salt Lake City's total contribution toward the cost of the expansion of the Salt Palace. That intent language also stated that the Utah State Legislature, at its next special or general session, would repeal the financing mandates contained in Senate Bill 211 and incorporate the provisions of the Interlocal Agreement executed between the City and the County.

9. Salt Lake County has indicated that its funding shortfall for the Salt Palace expansion, as of July 1, 2005, will be \$13.8 million.

10. Based upon extensive discussions held between the City, the County, State Legislative leadership, and the Governor, Salt Lake City and Salt Lake County have now reached the following agreement as to the financing for the Salt Palace expansion.

11. The terms of this Agreement have been approved by both the Salt Lake City Council and the Salt Lake County Council.

#### AGREEMENT

12. Salt Lake City and Salt Lake County jointly support and advocate approval of the following financing package for funding the shortfall of \$13.8 million required for the Salt Palace expansion:

- a. \$1 million -- The State of Utah will contribute \$1 million, representing the State's portion of the sales tax generated from the purchase of construction materials for the Salt Palace expansion.
- b. \$1.8 million -- Present value of the amount generated by a \$.50 per ticket surcharge on all events held at the South Towne Expo Center for a period of ten years.
- c. \$3 million -- One-time contribution from the State of Utah.
- d. \$8 million -- Contribution from Salt Lake City.

13. The City and the County agree to use their best efforts to seek approval of this Interlocal Agreement, and the State financing set forth herein, from the Utah State Legislature at its special session in April 2005.

14. If the Utah State Legislature adopts legislation approving this Interlocal Agreement, and the State financing set forth herein, during its special session in April 2005:

a. Salt Lake City agrees that it will pay to the County \$8 million on or before July 1, 2005 for the Salt Palace expansion.

b. Salt Lake County agrees that it will take whatever steps are necessary to impose a \$.50 per ticket surcharge on all events held at the South Towne Expo Center for a period of ten years.

c. Salt Lake County agrees to commit sufficient funds and to take any further action that may be necessary to complete the construction of the Salt Palace expansion, without any further financial contribution by Salt Lake City.

15. If it becomes apparent that the Utah State Legislature will not approve the State's portion of the financing package set forth in this Interlocal Agreement, the parties agree to use their best efforts to obtain legislative approval of the other financing elements of this Interlocal Agreement, and the parties agree to use their best efforts thereafter to explore alternative funding proposals for the remainder of the financing necessary to accomplish the project. Under no circumstances shall Salt Lake City contribute more than \$8 million toward the Salt Palace expansion.

16. Both parties agree to take such further action and to execute such documents as may be necessary to effectuate the terms of this agreement.

17. Any notice, demand, request, consent, submission, approval, designation or other communication which either party is required or desires to give under this Agreement shall be made in writing and mailed to the other party at the addresses set forth below or at such other addresses as the parties may provide in writing from time to time. Such notices shall be faxed and mailed, by first-class mail, postage prepaid, as follows:

If to City, at:

If to the County, at:

18. No covenant or condition of this Agreement may be waived by either party, unless done so in writing by such party. Forbearance or indulgence by a party in any regard whatsoever shall not constitute a waiver of other covenants or conditions to be performed by the other party and shall not be deemed to be a waiver of any rights such party may have with respect to this Agreement.

19. This Agreement shall be governed by the laws of the State of Utah, both as to interpretation and performance. It shall be enforced only in the State district courts located in Salt Lake City, Utah.

20. There are no intended third-party beneficiaries to this Agreement. It is expressly understood that enforcement of the terms and conditions of this Agreement, and all rights of action relating to such enforcement, shall be strictly reserved to the parties, and nothing contained in this Agreement shall give or allow any claim or right of action by any third person under this Agreement. It is the express intention of the parties that any person other than the party who received benefits under this Agreement shall be deemed an incidental beneficiary only. This Agreement may not be assigned.

21. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof, and no statements, promises, or inducements made by either party or agents of either party that are not contained in this Agreement shall be binding or valid, and this Agreement may not be enlarged, modified or altered except

thought a written instrument which is signed by both parties. To the extent of any conflict between the provisions of this Agreement and the provisions of any later agreements, the later agreements shall be controlling.

22. Interlocal Cooperation Act Requirements:

a. This Agreement shall be authorized by resolution of the governing body of each party pursuant to Section 11-13-202.5 of the Interlocal Cooperation Act, Utah Code Title 11, Chapter 13, as amended (the "Act");

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

c. A duly executed original counterpart of this Agreement shall be filed with keeper of records of each party, pursuant to Section 11-13-209 of the Act;

d. Except as otherwise specifically provided herein, each party shall be responsible for its own costs of any action done pursuant to this Agreement, and for any financing of such costs; and

e. No separate legal entity is created by the terms of this Agreement. To the extent that this Agreement requires administration other than as set forth herein, it shall be administered by the mayors of the City and the County. 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.

IN WITNESS WHEREOF, the parties hereto have executed the foregoing instrument as of the day and year first above written.

SALT LAKE CITY CORPORATION

By: \_\_\_\_\_

Ross C. Anderson  
Salt Lake City Mayor

\_\_\_\_\_

ATTEST:

\_\_\_\_\_  
Deputy City Recorder

SALT LAKE COUNTY

By \_\_\_\_\_  
Peter Corroon  
Salt Lake County Mayor

STATE OF UTAH                    )  
  : ss.  
COUNTY OF SALT LAKE        )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2005, by Ross C. Anderson, the Mayor of Salt Lake City Corporation.

\_\_\_\_\_  
NOTARY PUBLIC,  
residing in Salt Lake County, Utah

My Commission Expires:  
  
\_\_\_\_\_

STATE OF UTAH                    )  
  : ss.  
COUNTY OF SALT LAKE        )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2005, by \_\_\_\_\_, the Deputy City Recorder of Salt Lake City Corporation.

\_\_\_\_\_  
NOTARY PUBLIC,  
residing in Salt Lake County, Utah

My Commission Expires:  
  
\_\_\_\_\_

STATE OF UTAH                    )  
  : ss.  
COUNTY OF SALT LAKE    )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2005, by Peter Corroon, the Mayor of Salt Lake County.

\_\_\_\_\_  
NOTARY PUBLIC,  
residing in Salt Lake County, Utah

My Commission Expires:  
  
\_\_\_\_\_