

## **INTERLOCAL AGREEMENT BETWEEN**

**PROVO, UTAH**

**AND**

**SLATE CANYON PUBLIC INFRASTRUCTURE DISTRICT**

THIS AGREEMENT is made and entered into as of this \_\_\_\_ day of \_\_\_\_\_ 2025, by and between PROVO CITY, a home-rule municipal corporation of the State of Utah (the "City"), and SLATE CANYON PUBLIC INFRASTRUCTURE DISTRICT, a political subdivision of the State of Utah (the "District"). The City and the District are collectively referred to as the Parties.

### **RECITALS**

WHEREAS, the District was organized to provide to exercise powers as are more specifically set forth in the District's Governing Document approved by the City on \_\_\_\_, 2025 ("Governing Document"); and

WHEREAS, the Governing Document makes reference to the execution of an Interlocal Agreement between the City and the District; and

WHEREAS, the City and the District have determined it to be in the best interests of their respective taxpayers, residents and property owners to enter into this Interlocal Agreement ("Agreement").

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

### **COVENANTS AND AGREEMENTS**

1. Operations and Maintenance Limitation. The purpose of the District is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. The District shall dedicate the Public Improvements to the City or other appropriate public entity or owners association in a manner consistent with the Approved Development Plan and other rules and regulations of the City and applicable provisions of the City Code. The District shall be authorized, but not obligated, to own, operate and maintain Public Improvements not otherwise required to be dedicated to the City or other public entity, including, but not limited to street improvements (including roads, curbs, gutters, culverts, sidewalks, bridges, parking facilities, paving, lighting, grading, landscaping, and other street improvements), traffic and safety controls, retaining walls, park and recreation improvements and facilities, trails, open space, landscaping, drainage improvements (including detention and retention ponds, trickle channels, and other drainage facilities), irrigation system improvements (including wells, pumps, storage facilities, and distribution facilities), and all necessary equipment and appurtenances incident thereto.

2. Construction Standards Limitation. The District will ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City and of other governmental entities having proper jurisdiction. The District will obtain applicable permits for construction and installation of Public Improvements prior to performing such work.

3. Procurement. The District shall be subject to the Utah Procurement Code, Title 63G, Chapter 6a. Notwithstanding this requirement, the District may acquire completed or partially completed improvements for fair market value as reasonably determined by an engineer that the District employs or engages to perform the necessary engineering services for and to supervise the construction or installation of the Public Improvements.

4. Municipal Advisor Certificate. Prior to the issuance of Debt (excluding C-PACE Bonds), the District shall obtain the certification of a Municipal Advisor substantially as follows:

We are [I am] a Municipal Advisor within the meaning of the District's Governing Document.

We [I] certify that (1) the net effective interest rate to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

5. Annexation and Withdrawal.

(a) Any annexation or withdrawal shall be in accordance with the requirements of the PID Act.

(b) Upon any annexation or withdrawal, the District shall provide the City a description of the revised District Boundaries.

(c) Annexation or withdrawal of any area in accordance with this Section shall not constitute an amendment of this Governing Document.

6. Overlap Limitation. Without the written consent of the City, the District shall not consent to the organization of any other public infrastructure district organized under the PID Act within the District Area which will overlap the boundaries of the District unless the aggregate mill levy for payment of Debt of such proposed districts will not at any time exceed the Maximum Debt Mill Levy of the District.

7. Initial Debt Limitation. On or before the effective date of approval by the City of an Approved Development Plan, the District shall not: (a) issue any Debt; nor (b) impose a mill levy for the payment of Debt by direct imposition or by transfer of funds from the operating fund to the Debt service funds; nor (c) impose and collect any Assessments used for the purpose of repayment of Debt.

8. Total Debt Issuance Limitation. The District shall not issue Limited Tax Debt in excess of an aggregate amount of Five Million Dollars (\$5,000,000). This amount excludes any portion of bonds issued to refund a prior issuance of debt by the District. For any capital appreciation Debt issued by the District, only the par amount of such Debt at issuance (and not the value at conversion) of such Debt shall count against this amount. Any Assessment Debt or C-PACE Bonds do not count against the foregoing limitation and there is no limit to the amount of Assessment Debt or C-PACE Bonds the District may issue so long as such issuances are in accordance with the provisions of the application Assessment Act.

9. Bankruptcy Limitation. All of the limitations contained in this Governing Document, including, but not limited to, those pertaining to the Maximum Debt Mill Levy, Maximum Debt Mill Levy Imposition Term, and the Fees have been established under the authority of the City to approve a Governing Document with conditions pursuant to Section 17D-4-201(5), Utah Code. It is expressly intended that such limitations:

(a) Shall not be subject to set-aside for any reason or by any court of competent jurisdiction, absent a Governing Document Amendment; and

(b) Are, together with all other requirements of Utah law, included in the “political or governmental powers” reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the “regulatory or electoral approval necessary under applicable nonbankruptcy law” as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

(c) Any Debt, issued with a pledge or which results in a pledge, that exceeds the Maximum Debt Mill Levy and the Maximum Debt Mill Levy Imposition Term, shall be deemed a material modification of this Governing Document and shall not be an authorized issuance of Debt unless and until such material modification has been approved by the City as part of a Governing Document Amendment.

10. Dissolution. Upon an independent determination of the City Council that the purposes for which a District was created have been accomplished, the District agrees to file a petition for dissolution, pursuant to the applicable State statutes. In no event shall a dissolution occur until such District has provided for the payment or discharge of all of their outstanding indebtedness and other financial obligations as required pursuant to State statutes.

11. Disclosure to Purchasers. Within thirty (30) days of the Office of the Lieutenant Governor of the State of Utah issuing a certificate of creation for the District, the Board shall record a notice with the recorder of Utah County and provide a copy of the notice to the City. Such notice shall (a) contain a description of the boundaries and annexation area of the District, (b) state that a copy of this Governing Document is on file at the office of the City, (c) if applicable, state that the debt may convert to general obligation debt and outlining the provisions relating to conversion, and state that the District may finance and repay infrastructure and other improvements through the levy of a property tax; (d) state the maximum rate the District may levy; and (e) include the substantially the following language in bold:

**“Under the maximum property tax rate of the District, a primary residence valued at \$[insert average anticipated residential property value] would have an additional annual property tax of \$ \_\_\_\_\_ for the duration of the District's Bonds. A business property valued at \$[insert average anticipated commercial property value] would have an additional annual property tax of \$ \_\_\_\_\_ for the duration of the District's Bonds.”**

Such disclosure shall also be contained on a separate, colored page of the applicable closing or lease documents and shall require a signature of such end user acknowledging the foregoing.

(a) Maximum Voted Interest Rate and Maximum Underwriting Discount.

The interest rate on any Debt is expected to be the market rate at the time the Debt is issued. In the event of a default, the proposed maximum interest rate on any Debt is not expected to exceed eighteen percent (18%). The proposed maximum underwriting discount will be five percent (5%). Debt, when issued, will comply with all relevant requirements of this Governing Document, State law and Federal law as then applicable to the issuance of public securities.

(b) Maximum Debt Mill Levy.

- a. The “Maximum Debt Mill Levy” shall be the maximum mill levy a District is permitted to impose upon the taxable property within such District for payment of Limited Tax Debt shall be 0.006 per dollar of taxable value of taxable property in such District; provided that such levy shall be subject to adjustment as provided in Section 17D-4-301(8), Utah Code.
- b. Such Maximum Debt Mill Levy may only be amended pursuant to a Governing Document Amendment and as provided in Section 17D-4-202, Utah Code.

(c) Maximum Debt Mill Levy Imposition Term.

Each bond issued by the District shall mature within Thirty (30) years from the date of issuance of such bond. In addition, no mill levy may be imposed for the repayment of a series of bonds after a period exceeding forty (40) years from the first date of imposition of the mill levy for such bond (the “Maximum Debt Mill Levy Imposition Term”), unless a majority of the Board are residents of the District and have voted in favor of issuing such Debt.

12. Governing Document Material Modifications. Actions of the Districts which violate the limitations set forth in the Governing Document shall be deemed to be material modifications to the Governing Document and the City shall be entitled to all remedies available under State and local law to enjoin such actions of the Districts.

13. Annual Report. In addition to all reporting requirements required by state law, each District shall be responsible for submitting an annual report to the City Recorder's

Office including all the information required by the Governing Document no later than 210 days following the end of the District's fiscal year, beginning with fiscal year 2025.

14. Notices. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the address or by courier delivery, via United Parcel Service or other nationally recognized overnight air courier service, or by depositing same in the United States mail, postage prepaid, addressed as follows:

To the District:       Slate Canyon Public Infrastructure District  
                                  c/o White Bear Ankele Tanaka & Waldron  
                                  350 East 400 South, #2301  
                                  Salt Lake City, UT 84111  
                                  Attn: Blair M. Dickhoner  
                                  Phone: (303) 858-1800

To the City:           Provo City  
                                  44 W Center Street, Suite 410  
                                  Provo, UT 84601  
                                  Attn: Chief Administrative Officer  
                                  Phone: (801) 423-2770

All notices, demands, requests or other communications shall be effective upon such personal delivery or one (1) business day after being deposited with United Parcel Service or other nationally recognized overnight air courier service or three (3) business days after deposit in the United States mail. By giving the other party hereto at least ten (10) days written notice thereof in accordance with the provisions hereof, each of the Parties shall have the right from time to time to change its address.

15. Amendment to Agreement. This Agreement may be amended, modified, changed, or terminated in whole or in part only by a written agreement duly authorized and executed by the Parties hereto and without amendment to the Governing Document.

16. Assignment. Neither Party hereto shall assign any of its rights nor delegate any of its duties hereunder to any person or entity without having first obtained the prior written consent of the other Party, which consent will not be unreasonably withheld. Any purported assignment or delegation in violation of the provisions hereof shall be void and ineffectual.

17. Default/Remedies. In the event of a breach or default of this Agreement by any Party, the non-defaulting Party shall be entitled to exercise all remedies available at law or in equity, specifically including suits for specific performance and/or monetary damages. In the event of any proceeding to enforce the terms, covenants or conditions hereof, the prevailing Party in such proceeding shall be entitled to obtain as part of its judgment or award its reasonable attorneys' fees.

18. Term. This Agreement shall terminate upon the earlier to occur of dissolution of the District or fifty (50) years from the date hereof.

19. Governing Law and Venue. This Agreement shall be governed and construed under the laws of the State of Utah.

20. Inurement. Each of the terms, covenants and conditions hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns.

21. Integration. This Agreement constitutes the entire agreement between the Parties with respect to the matters addressed herein. All prior discussions and negotiations regarding the subject matter hereof are merged herein.

22. Parties Interested Herein. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon, or to give to, any person other than the District and the City any right, remedy, or claim under or by reason of this Agreement or any covenants, terms, conditions, or provisions thereof, and all the covenants, terms, conditions, and provisions in this Agreement by and on behalf of the District and the City shall be for the sole and exclusive benefit of the District and the City.

23. Severability. If any covenant, term, condition, or provision under this Agreement shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such covenant, term, condition, or provision shall not affect any other provision contained herein, the intention being that such provisions are severable.

24. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which shall constitute one and the same document.

25. Paragraph Headings. Paragraph headings are inserted for convenience of reference only.

26. Defined Terms. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Governing Document.

[SIGNATURE PAGE TO INTERLOCAL  
AGREEMENT]

SLATE CANYON PUBLIC INFRASTRUCTURE  
DISTRICT

\_\_\_\_\_  
Officer of the District (President)

ATTEST:

\_\_\_\_\_  
(Secretary)

APPROVED AS TO FORM: \_\_\_\_\_

PROVO CITY, UTAH

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

Attest:

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

APPROVED AS TO FORM: \_\_\_\_\_