

**INTERLOCAL COOPERATION AGREEMENT ESTABLISHING THE
PAYSON/SANTAQUIN ANNEXATION BOUNDARY**

THIS INTERLOCAL COOPERATION AGREEMENT, made and entered into this ____ day of August, 2011, by and between Santaquin City, a municipality of the State of Utah, (hereinafter referred to as "Santaquin"), and Payson City, a municipality of the State of Utah (hereinafter referred to as "Payson").

WITNESSETH:

WHEREAS, Santaquin and Payson are municipalities located in Utah County, with overlapping annexation boundaries north of the High Line Canal and south of 11600 South on the east and west of Interstate 15 (hereinafter "Overlapped Area"), and therefore, desire to establish an annexation boundary between them; and

WHEREAS, in order to better provide for municipal services, it is appropriate to enter into an Interlocal Cooperation Agreement to establish the future annexation policy plan boundaries between the cities; and

WHEREAS, Santaquin and Payson both have pending annexations in the Overlapped Area. Santaquin has protested Payson's South Farms Annexation. The Utah County Boundary Commission has postponed its scheduled hearing to September 15, 2011; and

WHEREAS, Santaquin and Payson would like to resolve their differences that have arisen prior to the Boundary Commission hearing; and

WHEREAS, Utah Code Ann. §10-2-401.5(6) (1953, as amended) encourages municipalities to establish boundary agreements; and

WHEREAS, Utah Code Ann. §11-13-1 et seq. (1953 as amended), allows municipalities to enter into interlocal cooperation agreements in order to further the goals and purposes of the respective municipalities; and

WHEREAS, both the Santaquin City Council and the Payson City Council have by resolution agreed to enter into this Interlocal Cooperation Agreement.

NOW THEREFORE, Santaquin and Payson hereby contract, covenant and agree as follows:

1. The cities hereby acknowledge that each has designated some of the same area as expansion area in their respective annexation policy plans, which overlapping area is situated in the approximate area south of Payson from 11600 South and north of Santaquin from the High Line Canal. The purpose of this Agreement is to establish a period of time during which the cities can better determine the appropriate expansion area boundaries of the cities in the areas of overlap in the respective annexation policy plans.
2. The cities agree that the map attached hereto as Exhibit A shows the Overlapped Area. From and after the date of this Agreement and during the term hereof, each city agrees not to annex nor attempt to annex (including any pending or future annexation petitions) any land located in the Overlapped Area as described on the map attached as Exhibit A, without the express written consent of the other city. The cities also agree that neither city shall amend its annexation policy plan area if the amendment would create additional Overlapped Area without the express written consent of the other city.
3. The cities may agree, in the future, as development occurs, to provide sewer, or other utility services, through the other entity. Unless such an agreement is reached, all utilities and billings shall be serviced by the city in whose boundaries the customer lies.

4. The cities expressly agree that neither city will annex (including any pending or future annexation petitions) any property within the above described area unless the annexation is initiated by a petition that is signed by the owners of at least 75% of the property owners that are subject of the petition.
5. The parties understand that the future plans of Mountainland Association of Governments (MAG) has a proposed new I-15 interchange to be located either at 12400 South or 12000 South. The parties agree that regardless of the location of the interchange, the cities shall share equally in the sales tax revenue generated within 2000 feet of the new interchange as allowed by state law. This provision shall survive the termination of this Agreement and shall expire 50 years from the effective date hereof.
6. Santaquin and Payson agree that each entity shall be solely responsible for the costs that it incurs in performing the obligations described herein and shall not seek reimbursement for any portion of the same from the other party. No real property shall be acquired or dispersed for purposes of this Agreement.
7. The duration of this Agreement shall be for ten (10) years and for such additional terms or extensions as may be authorized by law and by the parties hereto. Early termination may only be pursuant to the procedures set forth in paragraph 10.
8. Santaquin and Payson intend that this Interlocal Cooperation Agreement ("Agreement") shall become effective and shall enter into force, within the meaning of the Act, upon approval and execution hereof by the governing bodies of Santaquin and Payson. Although by law, an Interlocal Cooperation Agreement is not effective until executed and filed with each of the respective entities, once

effective this Interlocal Cooperation Agreement shall apply to the relationship of the parties as of the date set forth below. This Agreement shall not, in any event, continue to renew for a period longer than fifty (50) years from the effective date hereof.


9. Santaquin and Payson neither contemplate nor intend to establish a separate legal or administrative entity under the terms of this Agreement. However, the parties agree to establish a two (2) member Joint Governance Committee (the "Committee") comprised of the following individuals: (a) the Santaquin City Manager, or his/her designee; and (b) the Payson City Manager, or his/her designee. This Committee shall meet as necessary and shall, in addition to any other duties and responsibilities set forth in this Agreement, administer the terms and conditions of this Agreement. In the event that the Committee members cannot agree on any issue concerning this Agreement, the Mayor of Santaquin and the Mayor of Payson shall mutually cast a final vote to break the deadlock. In the event the Mayor of Santaquin and the Mayor of Payson are unable to mutually agree to break the deadlock, then Santaquin or Payson may file an action to resolve the deadlock in the courts of Utah County, State of Utah. Each party shall bear its own costs, expenses, and attorneys' fees arising from the resolution of a deadlock.
10. This Agreement may be modified, altered, or amended only by a written document executed by each city council.
11. This Agreement shall be governed and construed under the laws of the State of Utah.
12. Should any part, term, or other provision of this Agreement be held by the courts as

void, illegal, in conflict with any law of the State of Utah, or otherwise rendered unenforceable, the validity of the remaining portions shall not be affected.


13. If any party is required to retain legal counsel in order to enforce this Agreement, with or without the commencement of a formal legal action, such party shall be entitled to recover its attorney's fees and costs from the breaching party or parties.

DATED this 25 day of August, 2011.

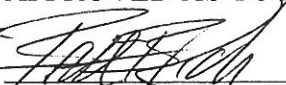
SANTAQUIN CITY by:


JAMES E. DEGRAFFENRIED, Mayor

ATTEST:


LINDA MIDGLEY, Deputy Recorder

APPROVED AS TO FORM


BRETT B. RICH
Santaquin City Attorney

PAYSON CITY by:


RICHARD D. MOORE, Mayor

ATTEST:


JEANETTE C. WINETEER, Recorder

APPROVED AS TO FORM



MARK A. SORENSON
Payson City Attorney



Exhibit A

