

INTERLOCAL COOPERATIVE AGREEMENT

THIS AGREEMENT is made and entered into on this 12 day of May, 2002, by and between IRON COUNTY, a body politic, hereinafter referred to as "IRON COUNTY," and CEDAR CITY, a body politic, hereinafter referred to as "CEDAR CITY."

WITNESSETH

WHEREAS, IRON COUNTY is in the process of purchasing approximately 11,060 square feet of space on the 2nd level of the building known as the Cedar City Towne Center (currently owned by Cedar City Towne Center, L.C., a Utah limited liability company), as depicted on Exhibit A attached hereto (the "Property"), for a purchase price of \$1,375,000.00; and

WHEREAS, Cedar City Towne Center, L.C. is prepared to donate to IRON COUNTY approximately 2,794 square feet of space on the 2nd level (unit 202) and 1,572 square feet on the first level (unit 102) of the Cedar City Towne Center (included in the "Property"); and

WHEREAS, CEDAR CITY desires to enter into an agreement to use the Property for the purpose of holding conventions, expositions and community festivals; and

WHEREAS, IRON COUNTY and CEDAR CITY have discussed their respective needs and interests with each other and have determined that the public would benefit from their cooperation in creating and developing a Festival Hall designed for the primary benefit of stimulating tourism in Iron County by sponsoring festivals and conventions that would bring additional tax dollars into the community; and

WHEREAS, IRON COUNTY, by Utah law, is permitted to collect a Restaurant Food Tax from all restaurants in Iron County; and

WHEREAS, Utah State Law restricts IRON COUNTY to use the Restaurant Food Tax funds for only recreation, convention facilities and other uses which will increase "tourism" in Iron County; and

WHEREAS, it is believed that by bringing large groups of people into Cedar City, either through festivals or conventions, that revenue in the Restaurant Food Tax fund will substantially increase and that Festival Hall will pay its own way in a few years; and

WHEREAS, IRON COUNTY will undertake a Sales Tax Revenue Bond for the purchase price of the Property for a period not to exceed twenty-five (25) years; and

WHEREAS, CEDAR CITY has agreed to lease the Property from IRON COUNTY and pay all of the operation and maintenance costs associated therein in consideration for IRON COUNTY purchasing the Property; and

WHEREAS, the Interlocal Cooperation Act, §11-13-1, et seq., Utah Code Annotated, 1953 as amended, permits local government entities to make the most and efficient use of their powers by enabling them to cooperate with other localities and entities on a basis of mutual advantage for the purpose of providing services and facilities that will work best with the geographic, economic, population, and other factors influencing the needs and developments of local communities, and to provide the benefit of economy of scale, economic development, and utilization of natural resources for the overall promotion and general welfare of the political entities; and

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants and promises herein, the parties hereto agree as follows:

1. **DURATION.** This agreement shall become effective at the time that IRON COUNTY purchases the Property and shall remain in full force and effect for a period of twenty-five (25) years or through the term of the Sales Tax Revenue Bond, whichever is longer. Iron County hereby agrees to negotiate a twenty-five (25) year renewal at the expiration of this agreement.
2. **MANAGEMENT OF CONSTRUCTION AND FURNISHINGS.** IRON COUNTY shall be responsible to manage and oversee all construction to the Property. IRON COUNTY has the authority and obligation to contract for all construction work, materials and equipment, as well as the responsibility, during construction, to oversee work and specification compliance. IRON COUNTY shall pay for and complete construction on the Property including painting, carpeting and other necessary finish work to make the Property suitable for occupancy. In addition, IRON COUNTY agrees to pay for any and all furnishings and improvements that it deems necessary to use the Property for the designated purposes.
3. **OPERATION AND MAINTENANCE COSTS.** CEDAR CITY agrees to pay for the day-to-day operation and maintenance costs of the Property. Said costs shall include, but not be limited to, repairs (non-structural) to the Property that may become necessary throughout the duration of this Agreement, utilities, cleaning, insurance and other associated costs. Stated another way, CEDAR CITY shall be responsible for all costs, however incurred, to utilize the Property during the term of this Agreement. IRON COUNTY's financial responsibility shall be limited to the purchase of the Property and construction costs prior to CEDAR CITY's occupancy and any structural repairs thereafter.
4. **OPERATION OF PROPERTY.** CEDAR CITY shall be responsible for planning, organizing and overseeing festivals, conventions and all other activity on the Property. CEDAR CITY shall be responsible for hiring and supervising necessary personnel to facilitate activities, and maximize interest for attracting conventions and festivals. And, CEDAR CITY shall be responsible for public relations, advertising, and all other relevant

administrative and supervisory functions necessary to schedule and host conventions and festivals on the Property. In the event that IRON COUNTY has funds available in support of tourism, CEDAR CITY shall have the right to petition IRON COUNTY for said funding. Notwithstanding the foregoing, IRON COUNTY shall have sole discretion on how available funds are disbursed.

CEDAR CITY agrees to use its best efforts to regularly schedule activities on the Property so as to maximize the tourism in Iron County and bring more tax dollars to the community.

IRON COUNTY reserves the right to be a part of any board or association that CEDAR CITY may create or organize to facilitate the operation of the Property.

5. **ASSESSMENTS.** CEDAR CITY agrees to pay the annual assessments outlined in Article VIII of the Declaration of Covenants Conditions and Restrictions For Towne Center Condominiums ("Condominium Declaration"), said document is attached hereto and incorporated herein by this reference, and to pay any special assessments for capital improvements and other matters as provided in the Condominium Declaration. Said payments shall be timely and in the amount apportioned to IRON COUNTY as owner of the Property. Assessments shall be paid by CEDAR CITY in accordance with the provisions of the Condominium Declaration.

IRON COUNTY shall use best efforts to notify CEDAR CITY of assessments and when they are due.

6. **USE.** CEDAR CITY agrees that the Property may only be used as convention space for holding conventions, expositions, and community festivals. All activities or events held in the Property must conform to state and local law, including the prohibition of smoking in public buildings. IRON COUNTY reserves to itself, for a nominal fee, the right to use the Property from time to time for purposes consistent with the uses outlined herein. IRON COUNTY shall give CEDAR CITY reasonable notice of its intent to use the Property so as to avoid conflicts and avoid scheduling times that are already reserved. IRON COUNTY makes no claim, except for the increased tax revenue generated through hotel and restaurant tax, to revenue which CEDAR CITY may receive from convention or festival fees.

No noxious or offensive activity shall be carried on upon any part of the Property, and nothing shall be done or placed on or in any part of the Property which is or may become a nuisance or cause embarrassment, or disturbance or annoyance to others. No activity shall be conducted on any part of the Property which is or may be unsafe or hazardous to any person or property. No sound shall be emitted on any part of the Property which is noxious or offensive to others. All activities on the Property shall be reasonable and within the intent and contemplation of this Agreement.

7. **OWNERSHIP.** IRON COUNTY shall be the owner and title holder of the Property at all times. CEDAR CITY makes no claim of ownership to the Property and understands that CEDAR CITY will have no claim of ownership to the Property at any time.

IRON COUNTY hereby reserves the right, as an owner, to become a member of the Association as outlined in Article VI of the Condominium Declaration.

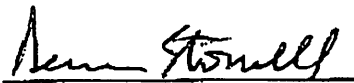
8. **INSURANCE.** CEDAR CITY agrees to obtain and keep in full force and effect at all times the insurance required to be maintained by owners pursuant to the Condominium Declaration. Notwithstanding the insurance requirements contained in the Condominium Declaration CEDAR CITY may obtain additional insurance against such other risks, of a similar or dissimilar nature, and in such amounts as it shall deem appropriate with respect to the Property, including but not limited to any personal property of CEDAR CITY located thereon.
9. **INDEMNIFICATION.** CEDAR CITY agrees to indemnify and hold harmless IRON COUNTY, its employees, and agents from and against all claims, demands, causes of actions of every kind including death, bodily injury to person or damage to property arising out of or in connection with the performance of this Agreement, except where such injury, death, or damage has resulted from the negligence of Iron County, its agents, servants, its employees, contractors, or sub-contractors. Cedar City shall defend all suits brought upon such claims and pay all costs and expenses incidental thereto.
10. **ASSIGNMENT.** CEDAR CITY shall not have the right to assign all or any part of its interest or rights under this Agreement without the prior written consent of IRON COUNTY. Any attempted assignment by CEDAR CITY without such prior consent, including assignments that would otherwise occur by operation of law, shall be without force or effect as against IRON COUNTY.
11. **TERMINATION.** IRON COUNTY reserves the right to terminate this Agreement at any time for any reason by giving one (1) year written notice to CEDAR CITY.
12. **BOND PAYMENT.** IRON COUNTY shall be responsible to pay off the Sales Tax Revenue Bond. However, in the event that the Legislature changes the law so as to make CEDAR CITY the beneficiary of the Restaurant Food Tax, then CEDAR CITY shall take over and be responsible for paying the Sales Tax Revenue Bond. Notwithstanding Paragraph 7, if CEDAR CITY takes over the bond payment, IRON COUNTY agrees to transfer proportional ownership to CEDAR CITY as of the date CEDAR CITY takes over the bond payment.
13. **SEVERABILITY.** If any term or provision of this Agreement is judicially modified or found to be unenforceable, the remaining provisions will not be affected by the finding, and will be honored and followed by the parties. To the extent they may do so, the parties

waive any provision of law which would render any terms of this Agreement unenforceable.

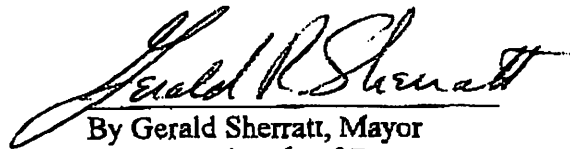
14. **GOVERNING LAW.** All questions about interpreting and understanding this Agreement and the rights, responsibilities and liabilities of the parties shall be answered and governed by Utah law.
15. **ENTIRE AGREEMENT AND MODIFICATION.** This Agreement, together with the exhibits attached hereto, constitute the entire agreement between IRON COUNTY and CEDAR CITY, and may not be modified in any manner except by an instrument in writing signed by the governing bodies for both parties. Nevertheless, the parties hereto agree to execute such other and further documents and to do such other acts as may be reasonably necessary or proper in order to consummate the transaction contemplated by this Agreement.
16. **HEADINGS.** The section headings contained in this Agreement are inserted only for convenient reference and do not define, limit or proscribe the scope of this Agreement or any exhibit attached hereto.

IN WITNESS WHEREOF, the parties hereto have affixed their hands and seals on the date set forth hereafter.

IRON COUNTY:


By Dennis Stowell, Chairman
Date: 05-12-03

CEDAR CITY:


By Gerald Sherratt, Mayor
Date: 04-16-03