

INTERLOCAL FINANCING AGREEMENT

THIS INTERLOCAL FINANCING AGREEMENT (the "Agreement"), dated this 6th day of April 2011, by and between the REDEVELOPMENT AGENCY OF TOOELE CITY, UTAH, a duly created local political subdivision of the State of Utah (the "Agency"), and GRANTSVILLE CITY, TOOELE COUNTY, UTAH, a municipal corporation of the State of Utah (the "City") for the purpose of setting forth agreement related to a funding commitment for a new municipal library building (the "Project") to be located within the municipal boundaries of the City. The parties to this Agreement are collectively referred to as "Parties".

WITNESSETH

WHEREAS, the Parties have entered into a Settlement Agreement and Release (the "Settlement Agreement"), whereby the City agreed to dismiss certain litigation related to the Agency and the Agency agreed to provide certain consideration related to the funding of a new municipal library building (the "Project") (see the Settlement Agreement attached as Exhibit A); and

WHEREAS, as a condition of the Settlement Agreement, the City agreed to issue, within 12 months of the Settlement Agreement, bonds through the City's municipal building authority (the "Series 2011 Bonds" or the "Bonds") for the purpose of financing the acquisition and construction of the Project; and

WHEREAS, as a condition of the Settlement Agreement, the Agency agreed to pay debt service on the Series 2011 Bonds for the life of the issue from Agency Revenues; and

WHEREAS, the Parties are authorized under Title 11, Chapter 13 of the Utah Code, as amended, (the "Interlocal Cooperation Act") to enter into agreements whereby local taxing entities agree to share revenues for the purposes allowed under Utah law; and

WHEREAS, the Parties desire to set forth their agreement in writing;

NOW, THEREFORE, for and in consideration of the mutual promises, benefits, and covenants contained herein, the Parties agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Unless otherwise defined herein, capitalized terms used in this Agreement shall have the meanings given to them in the Agreement, which terms are incorporated by reference herein.

"Agency" means the Redevelopment Agency of Tooele City, Utah.

"Agency Obligation" means the obligation of the Agency to pay the debt service related to the Bonds, as described in Section 2.a. of the Settlement Agreement.

“Agency Revenues” means all legally available revenues of the Agency.

“Agreement” means this Interlocal Financing Agreement by and between the Agency and the City, but not the Settlement Agreement or Plaintiffs Agreement.

“Bonds” means the Municipal Building Authority of Grantsville City, Lease Revenue Bonds, Series 2011, in the aggregate principal amount of not-to-exceed \$2,150,000, comprised of Project Costs and Issuance Costs (or “Series 2011 Bonds”).

“Bond Closing” means the date upon which there is exchange of the Bonds for the proceeds representing the purchase price of the Bonds.

“Bond Resolutions” mean the Resolutions of the Municipal Building Authority of Grantsville City and the City authorizing the issuance of the Bonds.

“City” means Grantsville City, Tooele County, Utah.

“City Obligation” means the City’s obligation to repay the Bonds.

“Community Impact Board” means the State of Utah Permanent Community Impact Fund Board (or “CIB”).

“Financial Advisor” means Lewis Young Robertson & Burningham, Inc., Salt Lake City, Utah.

“Interlocal Cooperation Act” means Title 11, Chapter 13 of the Utah Code, as amended.

“Interest Payment Date” means any day on which interest and/or principal on the Bonds is due and payable, whether at maturity, prior redemption, or otherwise.

“Issuance Costs” means all costs and expenses of issuance of the Bonds, including but not limited to: (a) financial advisory and structuring fees invoiced by the Financial Advisor; (b) legal fees, including bond counsel or other legal counsel specializing in facilitating the issuance of the Bonds; (c) publication and noticing costs associated with the preparation related to the issuance of Bonds; (d) costs related to submitting an application to the Community Impact Board; and, (e) other costs and expenses related to the preparation and issuance of the Bonds and approved by the Agency. Such Issuance Costs shall be the responsibility of the Agency.

“Maturity Schedule” means the amortization and maturity schedule attached in EXHIBIT B and incorporated by this reference into this Agreement. It is anticipated that the Maturity Schedule will be for a fully amortizing Bond for a period not-to-exceed twenty-five (25) years.

“Municipal Building Authority” means the municipal building authority of Grantsville City, Utah (or “MBA”).

“Project” means a new municipal library building and related improvements. The Project will be located within the municipal boundaries of the City.

“Project Costs” means, without intending to limit any proper definition of such costs under applicable law or accounting principles, the following: the costs incurred in connection with planning, design, acquisition, construction, and installation of the Project, including indemnity and surety bonds, fees and expenses of architects, engineers, accountants, attorneys, and other consultants, and any other expenses heretofore or hereafter incurred in direct connection with the accomplishment of the Project, but not including library personnel, library books and other library materials, and library equipment not affixed to the library building.

“Settlement Agreement” means the Settlement Agreement and Release by and between the Agency and the City, approved in March 2011 (see Exhibit A).

ARTICLE II

ISSUANCE OF BONDS

Section 2.1 Agreement to Issue Bonds and Apply Proceeds. The City hereby agrees, through its Municipal Building Authority, to issue Bonds in an amount that shall in no event exceed the amount specified in the Bond Resolutions, of which two million dollars (\$2,000,000) in proceeds thereof shall be the maximum cost of the Project. The City further agrees that it will apply the Bond proceeds to satisfy the Project Costs and the Issuance Costs. The security for the Bonds shall be a Deed of Trust on the Project and its real property provided by the City or its MBA for the benefit of the bondholder. The financing obligation of the Agency created under the Settlement Agreement and this Agreement shall be limited solely to the payment of Bonds in the amount authorized in the Bond Resolutions. If Bonds are issued the City agrees to apply or cause the Municipal Building Authority to apply proceeds faithfully in accordance with this Agreement. In no event shall the issuance of Bonds exceed the principal amount of two million one-hundred and fifty thousand dollars (\$2,150,000).

Section 2.2 Pursuit of Bond Placement. The Agency is hereby authorized to assist the City in pursuing an application with the Community Impact Board. The Parties recognize that the terms and conditions related to the placement of Bonds with the Community Impact Board are advantageous to both the Agency and the City. The Agency hereby selects the Financial Advisor to prepare and submit an application to the Community Impact Board for purposes of funding the Project. The City shall cooperate with and assist the Financial Advisor to compile all information reasonably related to the Project, Project Costs, Issuance Costs, engineering and design data, and other information relative to the completion of the Community Impact Board funding application or issuance of the Bonds.

To the extent the Agency determines that funding through the Community Impact Board is not in the best interests of the Agency, the Agency shall notify the City in writing and assist the City with the issuance of Bonds through alternative means, including but not limited to: public offering or private placement options. The Agency reserves the right to facilitate the issuance of Bonds for the City or MBA with the assistance of the Financial Advisor.

Section 2.3 Application of Revenues from the Agency. The City hereby agrees that all Revenues received pursuant to Article III below shall be applied to the principal, premium (if any),

and interest, when due, and related costs of the Bonds, all for the sole purpose of financing the Project in accordance with this Agreement and the Settlement Agreement.

Section 2.4 City Obligations.

(a) The City Obligation hereunder constitutes a limited obligation of the City or Municipal Building Authority and does not constitute a general obligation of the City for which its full faith, credit, and resources are pledged.

(b) To the extent the financing transaction described in this Agreement must be performed by the Municipal Building Authority, the City agrees to secure the MBA's performance on behalf of the City and the Agency, as applicable.

(c) The City shall issue the Bonds and fully comply with all regulations and requirements related to the Bonds.

(d) The City shall fully construct the Project.

(e) The City shall pay all Project Costs associated with completion of the Project in excess of \$2,000,000.

(f) At the Bond Closing, the City shall provide to the Agency an opinion of its City Attorney, dated as of the Bond Closing, to the effect that (1) the City and Municipal Building Authority are duly organized and legally existing political subdivisions under the laws of the State of Utah; (2) the City and Municipal Building Authority have the power and authority to execute and deliver, and to perform its obligations under, the Bonds, the City Obligation, and this Agreement; (3) this Agreement has been duly authorized and executed by the City and Municipal Building Authority and is valid, binding, and enforceable upon the City and Municipal Building Authority in accordance with the terms and conditions of this Agreement and applicable law; and, (4) the City represents that the proceeds of the Bonds are limited to Project Costs and Issuance Costs related to the Project.

(g) The City acknowledges and agrees that the City indemnification provided under Section 4.d. of the Settlement Agreement includes claims arising both under this Agreement and from the City's or the MBA's failure to satisfy their covenants related to the issuance of the Bonds.

ARTICLE III

AGENCY OBLIGATION

Section 3.1 Agency Obligation. Pursuant to Section 2.a. of the Settlement Agreement, the Agency hereby agrees to pay from Agency Revenues the Agency Obligation. The Agency's payments shall be deposited into either (i) an escrow account established pursuant to an escrow agreement created under the Bond, or (ii) a trust account, held by a third-party commercial trustee, created under the Bond, in the discretion of the Agency. The payments shall be sufficient to pay the principal, premium (if any), and interest on the Bonds as they come due. The term of the Agency Obligation shall match the amortization and Maturity Schedule of the Bonds. The Agency, at its sole discretion, shall determine the Maturity Schedule of the Bonds. Further, the Parties agree to replace the *preliminary* Maturity Schedule with the *final* Maturity Schedule after Bond Closing. The *final*

Maturity Schedule shall replace the *preliminary* Maturity Schedule and shall be inserted in EXHIBIT B and incorporated by this reference into this Agreement. The Agency Obligation shall be based on the *final* Maturity Schedule.

In no event shall the Agency pay more than the total amount of principal, premium (if any), and interest related to the Bonds. It is further agreed that the maximum principal amount of the Bonds shall in no event exceed two million one-hundred and fifty-thousand dollars (\$2,150,000).

Section 3.2 Prepayment Flexibility. The Agency shall have the right, at its sole discretion, to prepay the Agency Obligation, in whole or in part, at any time prior to the final maturity date on the Bonds. If the Agency elects to prepay the Agency Obligation, the amount to satisfy the obligation shall be the outstanding principal amount of the Bonds plus any interest accruing from the last Interest Payment Date. Upon receipt of payment in full, the Agency will be absolved of its entire obligation under this Agreement.

Section 3.3 Nature of Agency Obligation. Pursuant to Section 2.a. of the Settlement Agreement, the Agency Obligation hereunder constitutes a limited obligation of the Agency based on the availability and sufficiency of the Agency Revenues. The Agency Obligation does not constitute a general obligation of the Agency or Tooele City and does not create a full faith and credit obligation of the Agency or Tooele City.

ARTICLE IV

FURTHER AGREEMENTS

Section 4.1 Optional Prepayment on the Bonds.

(a) The City and Municipal Building Authority shall cause the Bonds to be subject to optional redemption or prepayment at any time prior to the stated maturity date of the Bonds, all in accordance with the Bond Resolutions. To the extent the placement of the Bonds is not with the Community Impact Board or other amenable bond purchaser(s) that allow for optional prepayment at any time, the Agency shall have the right to consider other alternatives for the placement of the Bonds. This option is at the sole discretion of the Agency but shall not be unreasonably structured based on current municipal bond market conditions.

(b) In the event of partial prepayment of the Agency Obligation, the City shall apply the prepayments to the principal amounts outstanding under the Bonds and shall consider the Agency Obligation hereunder reduced accordingly.

(c) Upon payment in full, the Agency Obligation shall be considered satisfied and this Agreement shall be deemed defeased.

Section 4.2 Refunding Bonds. To the extent a refunding of the Bonds is considered, the City shall advise the Agency of the City's or the Municipal Building Authority's desire to refinance the Bonds. The Agency in its sole discretion may agree to alter or modify the Agency Obligation hereunder but also reserves the right to maintain the Agency Obligation as documented in the *final* Maturity Schedule. To the extent the Agency agrees to the modification and the Bonds are refunded,

the Agency shall be entitled to receive the benefit of the cost savings related to interest rate reduction or extension to the final maturity. Such savings, however, shall not reduce the then-outstanding Bond principal amount.

The Agency shall have the right to compel the City and Municipal Building Authority to refinance the Bonds, if the Agency determines there is more cost-effective financing available for the Project. The Agency shall pay all reasonable costs directly attributable to the refinance.

Section 4.3 Tax-Exempt Status of Bonds; Arbitrage. It is the intention of the Parties that the interest on the Bonds shall be and remain excluded from gross income of the owners of the Bonds. The Parties agree to retain a nationally recognized bond counsel to provide a tax-exempt opinion on the Bonds.

The Parties agree and covenant that they have not taken or permitted to be taken and will not take or permit any action that will cause the interest on the Bonds to become included in gross income for federal tax purposes pursuant to the Internal Revenue Code or to become “arbitrage bonds” within the meaning of Section 148 of the Code.

The City, through the Municipal Building Authority, agrees to pay all costs of the calculation of the Rebate Amount, if any, owing to the United States on the Bonds. The City further covenants that neither it nor the MBA will take any action, fail to take any action, or make any use of the Project finance by the Bonds, which would cause the Bonds to become private activity bonds under the Internal Revenue Code.

Section 4.4 Additional Instruments. The City covenants to execute and deliver such additional instruments and documents, and to perform such additional acts, as may be necessary, in the reasonable opinion of the Agency, to carry out the intent of this Agreement, and to perfect or give further assurances of any of the rights granted or provided for in the Bond Documents, including specific provisions of this Agreement.

Section 4.5 Completion of Project; Payment of Costs. Consistent with Section 2.a. of the Settlement Agreement, the Agency makes no express or implied warranty that the proceeds of the sale of the Bonds will be sufficient to pay all amounts which may be incurred by the City or the Municipal Building Authority related to the Project. The Agency warrants only that the proceeds of the sale of the Bonds will be sufficient to pay the Project Costs and the Issuance Costs in the principal amount of \$2,150,000. To the extent the Project is not completed by the City or the Municipal Building Authority with the proceeds of the sale of the Bonds, the City agrees that the Agency shall not be responsible for the costs of completing the Project or for any costs over and above the Project Costs and the Issuance Costs in the principal amount of \$2,150,000. Further, should the City choose not to issue the Bonds in a manner approved by the Agency, the Agency shall be relieved of the Agency Obligation.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

Section 5.1 Events of Default. Each of the following shall be a Default.

(a) Agency Defaults. Any failure of the Agency to make any required payments under this Agreement shall constitute a default. If the Agency defaults under this section, the City shall provide prompt notice in writing of the default. If such event is not cured within fifteen (15) days of the date of receipt of notice of default, then such event shall constitute a default for which the City may, at its sole discretion, proceed with the remedies under Section 5.2 below.

(b) City Defaults. Any failure on the part of the City to perform and observe the duties, provisions, or obligations required pursuant to this Agreement, other than as set forth above in (a), if such failure shall have continued for a period of 60 days after written notice from the Agency, shall constitute a default.

Section 5.2 Remedies. Upon the occurrence of any defaults under this Agreement, any one or more of the following steps may be taken:

(a) The City may proceed to protect and enforce its rights in equity or at law as the City, being advised by counsel, may deem most effectual to protect and enforce any of its concurrent or reserved rights or interests under this Agreement; and

(b) The Agency may proceed to protect and enforce its rights in equity or at law as the Agency, being advised by counsel, may deem most effectual to protect and enforce any of its concurrent or reserved rights or interests under this Agreement.

Section 5.3 No Additional Waiver Implied by One Waiver. In the event any agreement or covenant contained in this Agreement should be breached by the City or the Agency and thereafter waived by either Party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 5.4 No Right or Remedy Exclusive. No right or remedy herein conferred upon or reserved by either the Agency or City is intended to be exclusive of any other available right or remedy, but each and every such right or remedy shall be cumulative and shall be in addition to every other right or remedy given under this Agreement or now or hereafter existing at law or in equity or by statute.

Section 5.5 Attorney's Fees and Costs. If a default occurs and if the City or Agency should employ attorneys or incur expenses for the enforcement of any obligation of this Agreement, the non-prevailing party on demand will pay to the prevailing party the reasonable fees of such attorneys and reasonable costs so incurred, including, without limitation, reasonable fees and costs of court appeals.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Entire Agreement. This Agreement constitutes the entire and final agreement and supersedes all prior agreements and understandings, both written and oral, among the City and the Agency with respect to the subject matter hereof, with the sole exception of the Settlement Agreement.

Section 7.2 Notices. All notices, certificates or other communications shall be in writing and shall be sufficiently given and shall be deemed given on the date on which the same has been mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Agency: REDEVELOPMENT AGENCY OF TOOEELE CITY
90 North Main Street
Tooele City, Utah 84074
Telephone: (435) 843-2100
Facsimile: (435)
Attn: Roger Baker, Esq.

If to the City: GRANTSVILLE CITY
429 East Main Street
Grantsville City, Utah 84029
Telephone: (435) 884-3411
Facsimile: (435) 884-0426
Attn: Mayor Brent Marshall

Section 7.3 Assignments. This Agreement may not be assigned by any party without the prior written consent of all Parties hereto.

Section 7.4 Severability. If any provision of this Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative, or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 7.5 Execution of Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 7.6 Amendments, Changes and Modifications. Except as otherwise provided in this Agreement, subsequent to the issuance of Bonds and prior to their payment in full and payment in full of the Agency Obligation, this Agreement may not be effectively amended, changed, modified, altered, or terminated without the written consent of all the Parties hereto.

Section 7.7 Governing Law. This Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State of Utah.

Section 7.8 Term of the Agreement. See Section 8.1 below.

Section 7.9 Conflict of Document. In the event the provisions of this Agreement conflict with the provisions of the Bond Resolutions, the provisions of this Agreement shall govern.

ARTICLE VIII

INTERLOCAL COOPERATION ACT

Section 8.1 Interlocal Cooperation Act. In satisfaction of the requirements of the Interlocal Cooperation Act in connection with this Agreement, the Parties agree as follows:

(a) This Agreement shall be authorized and adopted by resolution of the legislative body or governing board of each of the Parties pursuant to and in accordance with the provisions of Section 11-13-202.5 of the Interlocal Cooperation Act;

(b) This Agreement shall be reviewed as to proper form and compliance with applicable law by a duly authorized attorney on behalf of the Parties pursuant to and in accordance with the provisions of Section 11-13-202.5(3) of the Interlocal Cooperation Act;

(c) A duly executed original of this Agreement shall be filed immediately with the keeper of records of each of the Parties pursuant to Section 11-13-209 of the Interlocal Cooperation Act;

(d) The Chair of the Agency and the Mayor of the City are hereby designated the administrators for all purposes of the Interlocal Cooperation Act, pursuant to Section 11-13-207 of the Interlocal Cooperation Act; and

(e) Term. The term of this Agreement shall commence on the date of full execution of this Agreement by both Parties and shall continue through the date on which any of the following occurs first: i) the Bonds are paid in full, or ii) the Agency has made all payments required under the final Maturity Schedule, or iii) the Agency has prepaid the Agency Obligation as contemplated in Section 4.1 herein;

(f) Promptly after execution of this Agreement by both Parties, the Agency shall cause to be published on behalf of both Parties a notice regarding this Agreement pursuant to Section 11-13-219 of the Interlocal Cooperation Act.

(g) This Agreement makes no provision for the Parties acquiring, holding, and disposing of real and personal property used in the joint undertaking as such action is not contemplated as part of this Agreement nor part of the undertaking. Any such provision would be outside the parameters of the current undertaking.

(Remainder of page left intentionally blank.)

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement, all as of the day and year first above mentioned.

REDEVELOPMENT AGENCY OF TOOEELE CITY, UTAH



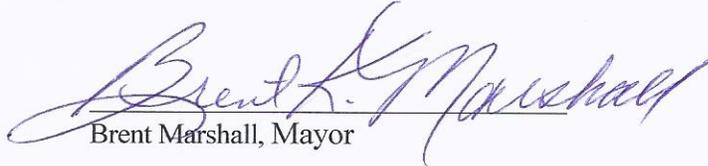
Steven Pruden, Chairman

Approved as to form:



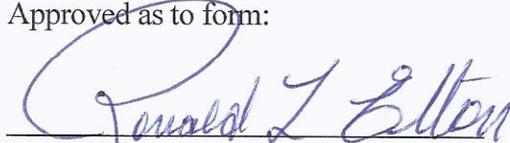
Roger Baker
Legal Counsel to the Agency

GRANTSVILLE CITY, TOOEELE COUNTY, UTAH



Brent Marshall, Mayor

Approved as to form:



Ronald Elton
Legal Counsel to the City

Attest:



Grantsville City Recorder

Deputy

EXHIBIT A

SETTLEMENT AGREEMENT AND RELEASE

SETTLEMENT AGREEMENT AND RELEASE

This SETTLEMENT AGREEMENT AND RELEASE (“Agreement”) is made and entered into by and between the REDEVELOPMENT AGENCY OF TOOEELE CITY, UTAH (the “RDA”), TOOEELE CITY CORPORATION, aka the City of Tooele, a municipal corporation of the State of Utah (“Tooele City”; the RDA and Tooele City may be referred to collectively as “Tooele” or the “Defendants”), the CITY OF GRANTSVILLE, a municipal corporation of the State of Utah (“Grantsville”), and the TOWN OF STOCKTON, a municipal corporation of the State of Utah (“Stockton”; Grantsville and Stockton may be referred to collectively as the “Plaintiffs”). The parties are collectively referred to herein as the “Parties.”

RECITALS: ECONOMIC DEVELOPMENT CONVEYANCE

A. In 1993, the federal Base Realignment and Closure Commission announced that the Tooele Army Depot (“TEAD”) was to be realigned pursuant to the Base Realignment and Closure Act (“BRAC”). The realignment would result in the closure of certain industrial and other operations and facilities at TEAD and the excessing of land, buildings, personal property, and water rights (collectively the “BRAC Property”) owned by the United State of America, namely, the Department of Defense, Department of Army, Army Material Command, and TEAD (collectively the “Army”).

B. On February 2, 1994, Tooele City, the RDA, Tooele County, and the Tooele County Council of Governments (“COG”) entered into an Interlocal Co-operation Agreement Pertaining to Conversion of Tooele Army Depot Facilities and Properties (the “Interlocal Agreement”). The Interlocal Agreement was signed by the parties thereto. Grantsville and Stockton signed the Interlocal Agreement not as parties to the Interlocal Agreement but to acknowledge its support for the decision of the COG to enter into the Interlocal Agreement.

C. The Interlocal Agreement provided for the following, among other things: (1) Tooele City would annex the BRAC Property into the corporate boundaries of Tooele City; (2) Tooele City would provide municipal services to the BRAC Property; (3) the RDA would acquire ownership of the BRAC Property and incorporate it into an RDA economic development project area (the “Project Area”); (4) Tooele City would provide staff and funding to administer the RDA for the economic development of the BRAC Property and the Project Area; and, (4) tax increment from the Project Area and the BRAC Property would be collected and disposed of as determined by the taxing agency committee.

D. The term *economic development* has been defined in various but similar ways since the effective date of the Interlocal Agreement, but currently means “. . . to promote the creation or retention of public or private jobs within the state [of Utah] through . . . planning, design, development, construction, rehabilitation, business relocation . . . within a community” as well as “the provision of office, industrial, manufacturing, warehousing, distribution, parking, public, or other facilities, or other improvements that benefit the state or a community” (Utah Code §17C-1-102(16) (2010)).

E. In 1994 and 1995, the Base Reuse Committee of the not-for-profit Tooele County Economic Development Corporation (of which Tooele and Grantsville were members)

commissioned a Tooele Army Depot Conversion and Reuse Plan (the "Base Reuse Plan"). The Base Reuse Plan was prepared as a general planning document that identified several proposed development scenarios for the BRAC Property and the Project Area based upon the economics and demographics of the time.

F. On May 15, 1996, the Army and the RDA entered into a Memorandum of Agreement/Contract to Purchase/Sell (the "MOA") setting forth the understanding and agreement of the Army and the RDA regarding the conveyance of the BRAC Property, including provisions regarding the following: (1) a description of the BRAC Property; (2) a lease in furtherance of the Conveyance; (3) the possibility of the Conveyance occurring in phases; (4) personal property; (5) roads; (6) environmental responsibilities; and, (7) utilities.

G. Using the consulting services of the Maryland firm of Basile Baumann Prost & Associates, Inc., the RDA filed with the Army an Application for Economic Development Conveyance ("EDC Application"), dated March 29, 1996, for the Conveyance of the BRAC Property to the RDA. The Army approved the EDC Application.

H. In 1996 the Army conveyed a portion of the BRAC Property known as the Consolidated Maintenance Facility, together with approximately 40 acres of land, (collectively the "CMF") to the RDA. On July 12, 1996, the RDA signed a Real Estate Purchase Contract with Penske Realty of Utah, Inc. ("Penske") whereby Penske agreed to purchase the CMF from the RDA for \$10 million, minus tax reimbursements made annually by the RDA to Penske for ten years.

I. After completing a competitive selection process, the RDA entered into a Purchase Agreement and a Master Development Agreement (the "MDA") with Endeavor Business Park L.L.C. ("Endeavor") on December 18, 1997, in anticipation of the RDA receiving first a lease then deed conveyances of the BRAC Property.

J. On December 15, 1998, the Army and the RDA entered into a Lease in Furtherance of Conveyance (the "Lease") by which the Army leased the BRAC Property to the RDA pending the Conveyance. Under the Lease, Tooele assumed responsibility for municipal services within the Project Area. The Lease allowed Tooele to begin economic development activities on and related to the Project Area.

K. On December 18, 1998, the Army deeded the BRAC Property (minus the already-conveyed CMF) to the RDA, thus finalizing the Conveyance of the BRAC Property to the RDA. The deed was recorded at the office of the Tooele County Recorder on January 6, 1999.

L. On January 21, 1999, the RDA conveyed the BRAC Property (minus the already-conveyed CMF) to Endeavor pursuant to the Purchase Agreement and the MDA. The RDA received approximately \$5 million plus other consideration from Endeavor for this conveyance.

M. Tooele invested the approximately \$15 million of proceeds (the "Principal") received by the RDA from the sales of the BRAC Property to Penske and Endeavor. Tooele determined that the antiquated state of many of its public facilities was not conducive to the economic development of the Project Area or Tooele City. Tooele decided to further its economic development by offering governmental and quality of life amenities, namely, a new City Hall, a new Public Library, a new Oquirrh Hills Golf Course club house, and a new animal

shelter. These amenities were paid for by the issuance of bonds, the debt service for which is being paid in large part from the interest earned on the invested Principal.

N. Tooele retained the accounting firm of PriceWaterhouseCoopers (the "Accountant") to determine the value of the economic development conducted on and related to the Project Area since Tooele assumed ownership or and/or responsibility for the BRAC Property. The Accountant determined that Tooele had successfully leveraged the Principal and other revenue sources to accomplish more than \$75 million in economic development investment on and related to the Project Area through the year 2007, including, roads, sewer lines, water lines, communications and other private utility improvements, subdivisions, and primary and accessory structures.

O. At many times since the Conveyance, private Project Area employers have employed over 1,000 people, who are residents of Tooele City, Grantsville, Stockton, unincorporated Tooele County, and other locations.

RECITALS: THE LITIGATION

P. Grantsville and Stockton (the Plaintiffs) filed a Complaint on June 22, 2001, in the Third District Court, Civil No. 010300671 (the "Litigation") against the RDA and Tooele City (the Defendants), alleging nine causes of action: (1) breach of fiduciary duty; (2) breach of contract; (3) breach of contract and the implied covenant of good faith and fair dealing; (4) negligent misrepresentation; (5) promissory estoppel; (6) unjust enrichment; (7) constructive trust; (8) reformation; and, (9) accounting.

Q. Tooele filed a Motion to Dismiss the Complaint in 2004. After oral argument before Third District Court Judge Randall Skanchey, the District Court dismissed the negligent misrepresentation cause of action, allowing litigation regarding the remaining causes of action to proceed.

R. The Defendants and Plaintiffs subsequently each filed motions for summary judgment. After oral argument before Third District Court Judge Mark S. Kouris, the District Court issued an order on March 31, 2008, denying the Plaintiffs' motion and granting the Defendants' motion. The order dismissed Plaintiffs' Complaint, "in its entirety, with prejudice and on the merits."

S. The Plaintiffs appealed the District Court's order that granted summary judgment to Defendants and dismissed the Complaint. After oral argument before the Utah Supreme Court, the Court on May 14, 2010, issued its opinion finding the following, among other things: (1) Grantsville and Stockton are not parties to the Interlocal Agreement; (2) Grantsville and Stockton lacked traditional standing to sue Tooele, but had "alternative standing" to sue; (3) the District Court properly granted summary judgment on the Plaintiffs' claims for (a) breach of fiduciary duty, (b) unjust enrichment, (c) constructive trust, (d) promissory estoppel, and (e) accounting; and, (4) the District Court erred in its finding that the Interlocal Agreement was integrated and unambiguous. The Supreme Court remanded the case to the District Court on the remaining causes of action: (a) breach of contract (including the issues of integration and

ambiguity); (b) breach of contract and the implied covenant of good faith and fair dealing; and, (c) reformation.

T. Tooele asserts that all of its actions and expenditures with regard to the BRAC Property, the use of the Principal and interest from the sale of the BRAC Property, and Tooele's economic development efforts have been lawful and consistent with the language and intent of the Interlocal Agreement, BRAC, the Base Reuse Plan, and all other laws, regulations, and agreements.

U. The Parties desire to settle the Litigation for the economic and general welfare of their respective constituents and communities.

AGREEMENT

In consideration of the mutual promises, covenants, releases, and agreements contained herein, the Parties agree as follows:

1. Dismissal of the Litigation. Within 15 days of the Effective Date, the Plaintiffs shall cause their counsel to prepare, and the Plaintiffs and Tooele shall cause their respective counsel to execute, a stipulation and proposed order for dismissal with prejudice of the Litigation. The order for dismissal with prejudice shall dismiss all claims and potential claims of the Parties relating to the subject matter of the Litigation, with prejudice, and with each of the Parties to bear its own attorneys' fees and costs of suit concerning the Litigation. Within 15 days of the receipt by Grantsville of the Cash Payment referred to in Section 2.b.i. herein, Grantsville shall cause its counsel to file in the proceeding before the District Court the executed stipulation and proposed order for dismissal of the Litigation with prejudice.

2. Obligations of the Parties.

a. Municipal Building Authority Bond.

i. Within 12 months of the execution of this Agreement, Grantsville or Grantsville's municipal building authority shall issue a bond in the principal amount not to exceed \$2 million (the "Bond"), plus costs of issuance with a final maturity being no less than 20 years from the date of issuance, for the construction of a public library facility (the "Library") within the Grantsville City corporate boundaries.

ii. The RDA shall pay the debt service (i.e., principal and interest) on the Bond for the life of the Bond, as well as the Bond cost of issuance, from RDA revenues and revenue sources, in the RDA's sole discretion. The placement, term, interest rate mode, and other Bond terms shall be determined and approved by the RDA in its sole discretion. The Bond payment obligation shall be an obligation of only the RDA, not Tooele City.

iii. The RDA shall prepare, and Grantsville and the RDA shall execute within 30 days of the execution of this Agreement, an interlocal agreement detailing the Bond issuance and payment terms (the "Interlocal Financing Agreement"). Stockton shall execute the

Interlocal Financing Agreement, not as a party thereto, but to acknowledge its support for the decision of Grantsville and the RDA to enter into the Interlocal Agreement.

iv. The RDA shall select and retain one or more financial advisers (the "Financial Adviser"), in its sole discretion, to advise and represent the RDA concerning the terms of Bond issuance, and to issue and place the Bond for Grantsville or its municipal building authority. The costs of the Financial Adviser and of bond issuance shall be in addition to the \$2 million Bond principal, and shall be paid by the RDA, either inclusive in the issuance amount of the Bond or paid by the RDA at closing on the Bond, in the RDA's sole discretion.

v. The RDA shall not be responsible for any costs associated with the Bond or the Library above the Bond principal and interest, the Bond costs of issuance, and the Financial Adviser cost. All additional costs shall be the sole obligation of Grantsville.

vi. Neither Tooele City nor the RDA warrant or guarantee that the \$2 million generated from the issuance of the Bond will be sufficient to fully construct the Library. Library construction, construction management, operation, and maintenance shall be the sole obligation of Grantsville.

vii. Grantsville shall be solely responsible for obtaining all local, state, and federal permits and approvals necessary for the construction of the Library.

viii. Grantsville, in its discretion, may seek financing in addition to the Bond. However, such financing shall be separate from the Bond and shall not be an obligation of Tooele.

ix. Grantsville, in its discretion, may retain the services of a separate financial adviser. However, the cost of retaining a separate financial adviser shall not be the obligation of Tooele.

b. Cash Payment.

i. Within 30 days of the Effective Date of this Agreement, the RDA shall pay to Grantsville the sum of \$100,000 (the "Cash Payment").

ii. Within 15 days of the execution of this Agreement, Grantsville and Stockton shall prepare and execute a separate settlement or interlocal agreement (the "Plaintiffs Agreement") resolving as between themselves any and all issues concerning the Litigation and the settlement thereof. Tooele shall not be a party to Plaintiffs Agreement. Grantsville shall immediately provide a copy of the duly approved and executed Plaintiffs Agreement to Tooele City.

3. Fees and Expenses. The Plaintiffs and the Defendants shall each bear their own respective costs and expenses, including attorneys' fees, incurred in connection with the Litigation and this Agreement.

4. General Release by the Plaintiffs.

a. Except as otherwise provided in Paragraph 4.e. below, the Plaintiffs, and all persons or entities claiming by, through, or under them, hereby release and forever discharge the Defendants, consisting of the Defendants and, where applicable, their officers, successors, heirs, assigns, agents, employees, insurers, representatives, lawyers and all persons acting by, through, under, or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, and any suits, debts, liens, claims, demands, damages, losses, costs or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter the "Plaintiff Claims"), that the Plaintiffs now have or may hereafter have against the Defendants, by reason of any matter, cause, or thing whatsoever, including, without limitation, any and all Plaintiff Claims arising out of, based upon, or in any way relating to the Conveyance or the Litigation, or any Plaintiff Claims raised therein or that could have been raised therein.

b. The Plaintiffs represent and warrant that there has been no assignment or other transfer of any interest in any Plaintiff Claims which the Plaintiffs may have against the Defendants, and agree to indemnify and hold the Defendants harmless from any liabilities, claims, demands, damages, costs, expenses, and attorneys fees incurred by any of the Defendants, as a result of any person claiming under any such assignment or transfer. It is the intention of the parties that this indemnity does not require payment for the assignment as a condition precedent to recovery by the Defendants against the Plaintiffs under this indemnity.

c. The Plaintiffs agree that if they hereafter commence, join in, assist, encourage, or in any manner seek relief through any suit arising out of, based upon, or relating to any of the Plaintiff Claims released hereunder, or in any manner assert against the Defendants, or any of them, any of the Plaintiff Claims released hereunder, then they shall pay, jointly and severally, to the Defendants, in addition to any other damages caused to the Defendants thereby, all attorneys fees and costs incurred by the Defendants in defending or otherwise responding to said suit or Plaintiff Claims.

d. The Plaintiffs agree to defend, indemnify, and hold the Defendants harmless from any liabilities, claims, demands, damages, costs, expenses, and attorneys fees incurred by any of the Plaintiffs, by the Library architects, construction contractors, construction subcontractors, construction employees, materials and equipment providers, construction managers, performance or payment bond insurance companies, and any other persons, arising out of, based upon, or in any way relating to the design and/or construction of the Library.

e. The general release set forth herein shall not extend to or be construed as releasing the Defendants, or any of them, from their responsibilities, promises, obligations, covenants, and agreements under or arising out of this Agreement.

5. General Release by Defendants.

a. Except as otherwise provided in Paragraph 4.e. below, the Defendants, and all persons or entities claiming by, through, or under them, hereby release and forever discharge the Plaintiffs, consisting of the Plaintiffs and, where applicable, their officers, successors, heirs, assigns, agents, employees, insurers, representatives, lawyers and all persons acting by, through, under, or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, and any suits, debts, liens, claims, demands, damages, losses, costs or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter the "Defendant Claims"), that the Defendants now have or may hereafter have against the Plaintiffs, by reason of any matter, cause, or thing whatsoever, including, without limitation, any and all Defendant Claims arising out of, based upon, or in any way relating to the Conveyance or the Litigation or any Defendant Claims raised therein or that could have been raised therein.

b. The Defendants represent and warrant that there has been no assignment or other transfer of any interest in any Defendant Claims which the Defendants may have against the Plaintiffs, and agree to indemnify and hold the Plaintiffs harmless from any liabilities, claims, demands, damages, costs, expenses, and attorneys fees incurred by any of the Plaintiffs, as a result of any person claiming under any such assignment or transfer. It is the intention of the Parties that this indemnity does not require payment for the assignment as a condition precedent to recovery by the Plaintiffs against the Defendants under this indemnity.

c. The Defendants agree that if they hereafter commence, join in, assist, encourage, or in any manner seek relief through any suit arising out of, based upon, or relating to any of the Defendant Claims released hereunder, or in any manner assert against the Plaintiffs, or any of them, any of the Defendant Claims released hereunder, then they shall pay, jointly and severally, to the Plaintiffs in addition to any other damages caused to the Plaintiffs thereby, all attorneys fees and costs incurred by the Plaintiffs in defending or otherwise responding to said suit or Defendant Claims.

d. The RDA agrees to defend, indemnify, and hold the Plaintiffs harmless from any liabilities, claims, demands, damages, costs, expenses, and attorneys fees incurred by any of the Defendants, arising out of, based upon, or in any way relating to the RDA's performance of, or failure to perform, its obligations set forth in Section 2.a.ii herein.

e. The general release set forth herein shall not extend to or be construed as releasing the Plaintiffs, or any of them, from their responsibilities, promises, obligations, covenants, and agreements under or arising out of this Agreement.

6. Severability. In the event that any provision in or obligation under this Agreement is found by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any jurisdiction against one or more of the Parties, the validity, legality, or enforceability of other provisions in or obligations under this Agreement shall not in any way be affected or impaired thereby, provided the intent and purpose of this Agreement can still be fulfilled. In the event such a court is asked to interpret any provision of this Agreement, the court shall be asked to do so broadly in such a manner as to effectuate the intent of the Parties.

7. Authority. The individuals executing this Agreement represent and warrant to the Parties that they have obtained the legal authority to execute this Agreement pursuant to the terms herein, such authority being granted and evidenced by duly adopted resolutions of each of the Parties. Each resolution shall affirm that constructing the Library is encompassed within the past and current definitions of the term *economic development* as referred to in the Recitals, above.

8. Successors and Assigns. This Agreement shall be binding on, and shall inure to the benefit of, the Parties hereto and their respective successors and assigns.

9. Enforcement of Agreement. If any of the Parties to this Agreement bring an action or proceeding to enforce its rights hereunder, the prevailing party shall be entitled to recover its costs and expenses, including court costs and attorneys fees, if any, incurred in connection with such action or proceeding, including any court costs or attorneys fees incurred on appeal.

10. Construction of Agreement. This Agreement shall be construed as a whole in accordance with its fair meaning and in accordance with the laws of the State of Utah, without giving effect to conflict of law principles. The terms of this Agreement have been negotiated by the Parties at arm's length, and the language of the Agreement shall not be construed in favor of or against any particular party. The headings used herein are for reference only and shall not affect the construction of this Agreement.

11. Entire Agreement. This Agreement constitutes the final expression of the Parties as to the terms of this Agreement and the subject matter hereof, and supersedes all prior agreements, negotiations, and discussions between the Parties and/or their respective counsel with respect to the subject matter covered hereby. Except as expressly stated in this Agreement, no party hereto has made any statement or representation to any other party hereto regarding the facts relied upon by said party in entering into this Agreement, and each party hereto specifically does not rely upon any statement, representation, or promise of any other party hereto in executing this Agreement, except as expressly stated in this Agreement. Each party and their

attorneys, if the party so chose, had the opportunity to make such investigation of the facts pertaining to this Agreement, and all of the matters appertaining thereto, as they deem necessary.

12. Agreement May Be Executed In Counterparts. This Agreement may be executed in counterparts, which together shall constitute a fully executed original.

13. Facsimile Signatures. Facsimile signatures in one or more counterparts of this Agreement shall be binding.

14. Amendment to Agreement. Any amendment to this Agreement must be in a writing signed by duly authorized representatives of all of the Parties hereto, in conformance with state and local law, and affirmatively stating the intent of the Parties to amend this Agreement.

15. Effective Date. This Agreement shall be effective upon (1) execution of this Agreement by each of the Parties hereto, (2) execution of the Interlocal Financing Agreement by each of the parties thereto, and (3) execution of the Plaintiffs Agreement by each of the parties thereto.

16. Notices. Any notice or correspondence required or implied by this Agreement shall be sent to the following addresses, as applicable:

Tooele City Corporation:
Tooele City Mayor
90 North Main
Tooele, UT 84074

The Redevelopment Agency of Tooele City, Utah
RDA Executive Director
90 North Main
Tooele, UT 84074

City of Grantsville:
Grantsville City Mayor
429 East Main
Grantsville, UT 84029

Town of Stockton:
Stockton Town Mayor
18 North Johnson
Stockton, UT 84071

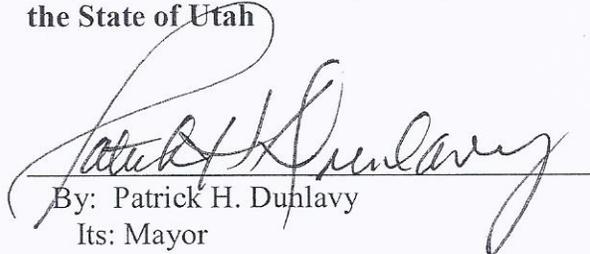
17. Rules of Evidence. All settlement discussions and negotiations occurring prior to the execution of this Agreement, the Interlocal Financing Agreement, and the Plaintiffs Agreement, respectively, are confidential under the Utah Rules of Evidence and protected under the Utah Government Records Access and Management Act (GRAMA).

18. Recitals. The Recitals to this Agreement are intended to provide background information only and shall not be deemed to create duties or obligations on the part of the Parties.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the indicated date upon which all Parties shall have executed this Agreement.

Dated: March 16, 2011

**TOOELE CITY CORPORATION, aka
City of Tooele, a municipal corporation of
the State of Utah**


By: Patrick H. Duhlavy
Its: Mayor

Approved as to Form:


Tooele City Attorney

ATTEST:


Tooele City Recorder

Dated: 4/26/11

**THE REDEVELOPMENT AGENCY OF
TOOELE CITY, UTAH, a community
development and renewal agency of the
State of Utah**


By: Steven Pruden
Its: Chairman

Approved as to Form:

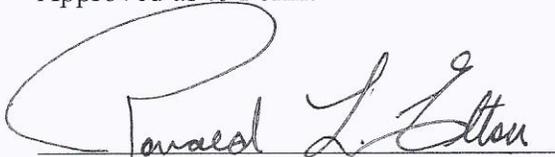

Tooele RDA Attorney

Dated: March 16, 2011

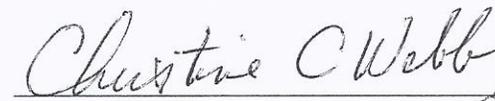
**CITY OF GRANTSVILLE, a municipal
corporation of the State of Utah**


By: Brent Marshall
Its: Mayor

Approved as to Form:


Grantsville City Attorney

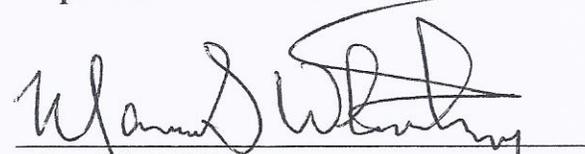
ATTEST:


Grantsville City Recorder
Deputy



Dated: April 14, 2011

**TOWN OF STOCKTON, a municipal
corporation of the State of Utah**


By: Mark Whitney
Its: Mayor

Approved as to Form:


Stockton Town Attorney

ATTEST:


Stockton Town Clerk

EXHIBIT B

MATURITY SCHEDULE