

# Memo

**To: Judicial Council Management Committee**

**From: Courts Facility Planning Committee**

**Date: 12/12/2016**

**Re: High Cost Lease Authorization Request**

In accordance 63A-5-304 and 63A-5-301 of Utah Code we are presenting this “High Cost Lease” to the Judicial Council for approval.

This lease is covered by this section of code because it meets the definition of a “High Cost Lease” its term is longer than 10 Years and has a total payments greater than \$5,000,000. In accordance with the code this lease requires Judicial Council Approval before the Lease is executed. I have included the analysis sheet that I will present to the Director of the Division of Facilities and Management and the Legislative Fiscal Analyst for your review.

I have attached a copy of the Lease Analysis, Analysis of Proposed High Cost Lease and the DF9 (lease summary sheet).

Thank you for your consideration.



State of Utah

GARY R. HERBERT  
*Governor*

SPENCER J COX  
*Lieutenant Governor*

Department of Administrative Services

TANI PACK DOWNING  
*Executive Director*

Division of Facilities Construction and Management

ERIC R. THOLEN  
*Director*

January 30, 2017

State of Utah Judicial Council  
Office of the Legislative Fiscal Analyst

Re: Carbon County Courthouse  
Draft Lease between Carbon County and the STATE OF UTAH  
DFCM Director's Report on Capital Lease

Dear Judicial Council and the Office of Legislative Fiscal Analyst:

In accordance with UCA §63A-5-304, this Report is to inform you that DFCM has reviewed the Capital Lease (High Cost Lease) between Carbon County and the STATE OF UTAH and wishes to report as follows:

- I. Cost Effectiveness of Lease. Given the current circumstances and needs of the entity to be housed in the lease facility, this lease is deemed to be cost effective.
- II. Other Options. Currently, moving into owned space was not feasible. A lease-purchase option was also not an option and construction funding was not available.
- III. Cost Effective Terms and Flexibility. The proposed lease is considered to be cost effective and provides the state sufficient flexibility and protection from liability.
- IV. Lease Payments. Current cost per square foot is \$27.34 per square foot. Given the design and facility needs of a courthouse, this cost is believed to be reasonable under current market conditions.
- V. Lease Terms. As initially proposed the lease capped out at twenty-five (25) years and there were no lease extension options; however, through DFCM's Real Estate efforts, we were able to negotiate two additional five (5) year renewable options, extending the lease duration for up to thirty-five (35) years.

Recommendation: DFCM has reviewed the draft lease and hereby recommends acceptance of the proposed lease.

Sincerely,

Eric R. Tholen, AIA, LEED AP BD+C  
*Director*

cc: Kenneth Hansen  
Bruce Whittington  
Lee Fairbourn

