

17D-2-401 Project lease agreements.

- (1) A local building authority and its creating local entity may enter into a lease agreement with respect to a project that the local building authority:
 - (a) has constructed, acquired, improved, or extended on behalf of the creating local entity; or
 - (b) will construct, acquire, improve, or extend on behalf of the creating local entity.
- (2)
 - (a) A local building authority and its creating local entity may enter into a lease agreement before the local building authority's acquisition of a site or construction of the project.
 - (b) Each lease agreement described in Subsection (2)(a) shall:
 - (i) provide that the creating local entity is not required to make a lease payment until acquisition or construction of the project is completed; and
 - (ii) require the local building authority to furnish or cause the construction contractor to furnish a bond satisfactory to the creating local entity, conditioned upon:
 - (A) final completion of the project as expeditiously as reasonably possible from the date of the execution of the lease agreement; and
 - (B) delivery of possession of the project to the creating local entity free and clear of all liens and encumbrances, except:
 - (I) taxes, liens, and encumbrances on the local building authority's interest in the leased property; and
 - (II) easements and restrictions that the creating local entity accepts.

Enacted by Chapter 360, 2008 General Session