

Submitted by: Assemblymember TESCHE
Prepared by: Assembly Office
For reading: AUGUST 15, 2000

ANCHORAGE, ALASKA
AO NO. 2000-132

AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY AUTHORIZING THE MUNICIPALITY OF ANCHORAGE TO CONSOLIDATE AND AMEND EXISTING LEASES OF CITY HALL, TO EXTEND THE LEASES FOR A TERM TO EXPIRE NO EARLIER THAN SEPTEMBER 30, 2025, ADJUST THE RENT, PROVIDE FOR AN OPTION TO PURCHASE AND AMEND OTHER PROVISIONS, FOR THE PURPOSE OF CONTINUING THE LEASE THEREOF FOR MUNICIPAL OFFICES

WHEREAS, the Municipality currently leases approximately 106,244 square feet of office space in City Hall from Giddings Mortgage Investment Company (an affiliate of Weyerhaeuser) under three different leases with lease termination dates ranging from November 1, 2001, (Space 160) to October 31, 2002 (Space 110) to September 30, 2007 (Floors 2-8 and Space 140); and

WHEREAS, Weyerhaeuser has recently put the land and building on which City Hall is leased on the market for sale; and

WHEREAS, the Anchorage Private Public Partnership, LLC has secured an agreement to purchase the building and wishes to offer the Municipality the opportunity to lock in its current favorable rent structure over the next twenty-five years; and

WHEREAS, maintaining the current location of City Hall will further the economic vitality of the core downtown area, will promote consolidation of Municipal offices, benefit citizen access to government, and assist planning for future office needs.

THE ANCHORAGE ASSEMBLY ORDAINS

Section 1: Notwithstanding the provisions of AMC 25.10.030.B.7, the Municipality is hereby authorized to enter into lease amendments of the current leases for City Hall upon the following general terms and conditions and such other terms and conditions as the Mayor, in his sole discretion, may deem reasonable, necessary, appropriate or advisable to carry out the purposes of the leases.

A. The amendment of the current leases governing City Hall will consolidate all three leases into one lease, with the exception of the PBX lease, which will remain separate.

B. The lease amendments may be for a term of not less than twenty five years with an term expiration of no earlier than September 30, 2025.

C. Annual rent for the lease as amended, but not including the separate rent for the PBX system, shall be as follows:

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4 Years 1-5 : \$2,122,403.00
5 Years 6-10 : \$2,244,103.00
6 Years 11-15: \$2,377,973.00
7 Years 16-20: \$2,525,230.00
8 Years 21-25: \$2,713,213.00
9

10 Additionally, in the event the landlord's refinancing of the property includes an interest rate in
11 excess of 8.24% per annum, the Municipality may negotiate an increase in the annual rent to
12 cover the additional debt service.
13

14 D. The annual rent will include an allowance of \$.71 per square foot per month for
15 operating, maintenance, taxes, insurance, repairs and other pass through expenses as currently
16 set forth in the current leases. The lease amendments may provide that the Municipality will be
17 responsible to pay, as additional rent, all such expenses in excess of \$.71 per square foot per
18 month; however, management fees may be adjusted to reflect actual expenditures made by the
19 landlord and reserve accounts may be set up to handle major repairs, office refurbishment and
20 reconfiguration, and replacement of tenant improvements.
21

22 E. Beginning October 1, 2010, the Municipality shall have the option to purchase the
23 property from the landlord at fair market value, but for not less than Fourteen Million Dollars
24 (\$14,000,000.00).
25

26 F. In the event State of Alaska Ballot Measure No. 4, Initiative No. 99PTAR, "Bill Limiting
27 Property Assessment and Taxation" is passed and, as a result the property taxes for City Hall are
28 reduced, then the annual rent will be adjusted to reflect the reduction in property tax expense and
29 the \$.71 pass through expense allowance set forth in section 1.D of this ordinance will be reduced
30 by the same amount to reflect the reduction in property tax expense.
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32 G. The effectiveness of the lease amendments authorized by this ordinance is conditioned
33 upon the closing of the sale from Weyerhaeuser to the Anchorage Private Public Partnership,
34 LLC, upon the financing terms necessary to support these rents, which condition may be satisfied
35 by a simultaneous closing.
36

37 **Section 2:** This ordinance shall become effective immediately upon its passage and
38 approval by the Assembly.
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40 **PASSED AND APPROVED** by the Anchorage Assembly this ____ day of _____, 2000.
41
42

43 _____
44 Chair

45 **ATTEST:**
46
47

48 _____
49 Municipal Clerk