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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, but subject to appropriation.

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

Years 1-5 : \$2,137,403.00
Years 6-10 : \$2,259,103.00
Years 11-15: \$2,392,973.00
Years 16-20: \$2,540,230.00
Years 21-25: ~~\$2,702,213.00~~ \$2,687,009.00

~~Additionally,~~ In the event the landlord's refinancing of the property includes an interest rate in excess of 8.24% per annum, then the Municipality may negotiate an increase in the Annual Rent to cover the additional debt service.

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

E. Beginning October 1, 2010, the Municipality shall have the option to purchase the property from the Llandlord at fair market value, ~~but for not less than Fourteen Million Dollars (\$14,000,000.00).~~ **of the unencumbered fee interest, and subject to the loan covenants and conditions required by the lender used to finance the purchase of City Hall from Weyerhaeuser, as set forth in the AM accompanying this ordinance.**

F. In the event State of Alaska Ballot Measure No. 4, Initiative No. 99PTAR, "Bill Limiting Property Assessment and Taxation" is passed and as a result the property taxes for City Hall are reduced, then the Annual Rent will be adjusted to reflect the reduction in property tax expense and the \$.71 pass through expense allowance set forth in section 1.D of this ordinance will be reduced by the same amount to reflect the reduction in property tax expense.

G. The effectiveness of the lease amendments authorized by this ordinance is conditioned upon the closing of the sale from Weyerhaeuser to the Anchorage Private Public Partnership, LLC, **or its assigns, subject to Municipality approval,** upon the financing terms necessary to support these rents, which condition may be satisfied by a simultaneous closing.

Section 2. This ordinance shall become effective immediately upon its passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this day of _____, 2000.

Chair of the Assembly

ATTEST:

Municipal Clerk