

1 CLERK'S OFFICE
2 **AMENDED AND APPROVED**
Date: 9-12-00

Submitted by: Assemblymember Tesche
Prepared by: Assemblymember Tesche
For reading: September 12, 2000

4 ANCHORAGE, ALASKA
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6 AO NO. 2000-132 (S) (As Amended)

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

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

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

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

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

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36 **WHEREAS,** Maintaining the current location of City Hall will further the economic
37 vitality of the core downtown area, will promote consolidation of municipal offices, benefit
38 citizen access to government, and assist planning for future office needs:

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40 **THE ANCHORAGE ASSEMBLY ORDAINS:**

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42 **Section 1.** Notwithstanding the provisions of AMC 25.10.030.B.7, the Municipality is
43 hereby authorized to enter into lease amendments of the current leases for City Hall upon the
44 following general terms and conditions, and delegates to and such other terms and conditions
45 as the Mayor or his designee, in his sole discretion, the authority to negotiate the remaining

terms and conditions ~~may deem reasonable~~, necessary, appropriate or advisable to carry out the purposes of and achieve the goals of the leases, and this ordinance, with the latter to govern.

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: not exceed the following:

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, i~~ However, 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 2007, 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 12th day of September 2000.


Chair of the Assembly

ATTEST:


Municipal Clerk