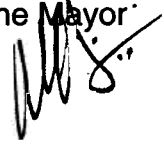


CLERK'S OFFICE
APPROVED

Date: 6-25-02

Submitted by: Chairman of the Assembly
at the Request of the Mayor
Prepared by: Merrill Field Airport
For reading: JUNE 11, 2002



ANCHORAGE, ALASKA
AO NO. 2002-94

1 AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY AUTHORIZING
2 THE LONG TERM LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS
3 LESSOR AND TAC AVIATION SERVICES, A LIMITED LIABILITY COMPANY, AS
4 LESSEE OF LOT 14, BLOCK 2, MERRILL FIELD REPLAT, LOCATED BETWEEN
5 RUNWAY 6-24 AND EAST 5TH AVENUE.

6
7
8 WHEREAS, TAC Aviation Services LLC has entered into a purchase agreement
9 with the existing leaseholder of Lot 14, Block 2, Merrill Field Replat; and

10
11 WHEREAS, TAC Aviation Services LLC has requested to bring a new
12 established business onto Merrill Field Airport and to reopen the existing aircraft parts
13 store and aircraft maintenance shop that was closed due to the death of the existing
14 owner; and

15
16 WHEREAS, TAC Aviation Services LLC has requested to make considerable
17 improvements to the leasehold which include remodeling the store front and shop areas
18 for the manufacturing, assembly and sale of aircraft engine preheaters, building code
19 upgrades and environmental compliance actions; and

20
21 WHEREAS, to move an established business onto Merrill Field Airport and to
22 make the proposed improvements economically feasible, TAC Aviation Services LLC
23 requires additional lease term, the existing lease term expires August 31, 2010 (8
24 years); and

25
26 WHEREAS, Merrill Field Airport is very supportive of providing new business
27 opportunities on the airport and recommends entering into a new Lease as opposed to
28 an extension to the existing Lease for the additional lease term; and

29
30 WHEREAS, disposal by lease of the real property described will permit
31 development of Lot 14 by TAC Aviation Services LLC at its own cost and expense
32 which further reflects a new sense of confidence and revitalization for our locally owned
33 airport thereby having a positive economic benefit to the Municipality; and

34
35 WHEREAS, the current Merrill Field lease rate is consistent for all Merrill Field
36 Airport land leases with like uses and considered to be the market rate for airport
37 properties that are restricted to aeronautical uses; and

38
39 WHEREAS, Anchorage Municipal Code section 25.30.020 states that disposal of
40 Municipal land shall be by ordinance only; now, therefore

THE ANCHORAGE MUNICIPAL ASSEMBLY ORDAINS:

Section 1. The Municipality of Anchorage is authorized to lease Lot 14, Block 2, Merrill Field Replat, located within the Anchorage Recording District of the Third Judicial District, composed of approximately 25,929 square feet, to TAC Aviation Services, a limited liability company, upon the terms and conditions summarized in Assembly Memorandum No. 512-2002 submitted to the Assembly in conjunction with this ordinance and attached hereto.

Section 2. This ordinance shall take effect immediately upon passage and approval by the Anchorage Municipal Assembly.

PASSED AND APPROVED by the Anchorage Municipal Assembly this 25th day of June, 2002.


Chairman

ATTEST:


Municipal Clerk

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects - Utilities

AO Number: 2002- 94 Title Lease of Lot 14, Block 2, Merrill Field

Sponsor: David A. Lundeby
Preparing Agency: Merrill Field Airport
Others Impacted: None

CHANGES IN EXPENDITURES AND REVENUES: (Thousands of Dollars)

	FY 02	FY 03	FY 04	FY 05	FY 06
--	-------	-------	-------	-------	-------

Operating Expenditures:
 1000 Personal Services
 2000 Supplies
 3000 Other Services
 4000 Debt Service
 5000 Capital Outlay

TOTAL DIRECT COSTS:	-0-	-0-	-0-	-0-	-0-
----------------------------	-----	-----	-----	-----	-----

ADD: 6000 Charges from Others
LESS: 7000 Charges to Others

FUNCTION COST:

REVENUE:	-0-	-0-	-0-	-0-	-0-
-----------------	-----	-----	-----	-----	-----

CAPITAL:

POSITIONS: FT/PT and Temp

PUBLIC SECTOR ECONOMIC EFFECTS:

No Effects

PRIVATE SECTOR ECONOMIC EFFECTS:

No Effects

Prepared by: David A. Lundeby, Manager

Telephone: 343-6303

Validated by OMB:

Cheryl Frasca

Date:

Date

5/7/02

Approved by:

David A. Lundeby
(Director, Preparing Agency)

Date:

5/6/02

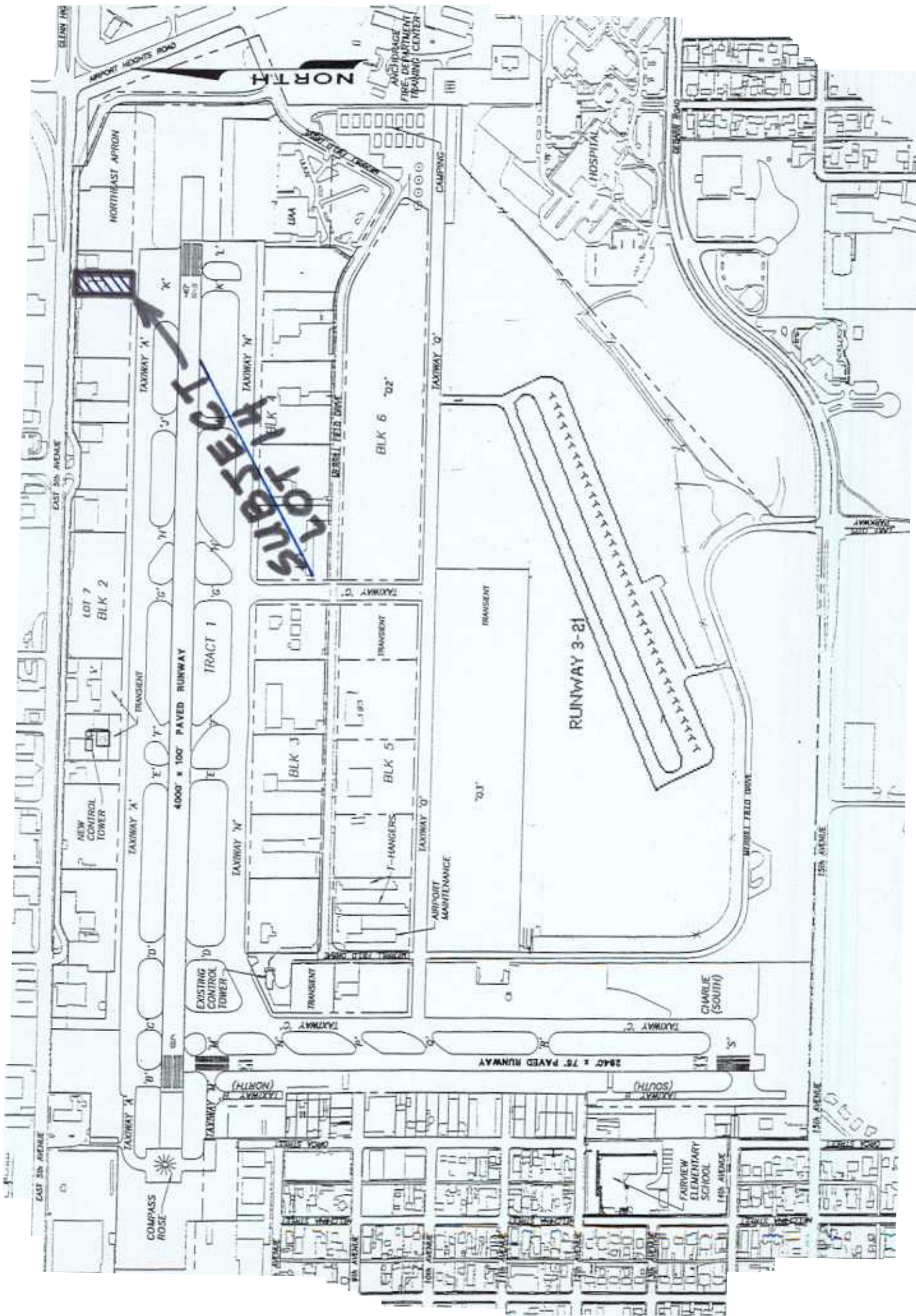
Concurred by:

(Director, Impacted Agency)

Date:

Approved by:

Date:



ANCHORAGE, ALASKA

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM NO. 512-2002

Meeting Date: JUNE 11, 2002

1 From: Mayor

2
3 Subject: An Ordinance Authorizing the Long Term Lease of Lot 14, Block 2, Merrill
4 Field Replat to TAC Aviation Services, a Limited Liability Company

5
6 TAC Aviation Services LLC has entered into a purchase agreement with Airparts
7 Incorporated (current Lessee of the original Lease of Lot 14, Block 2, Merrill Field
8 Replat between the Municipality of Anchorage and Polar Airways, Inc.) to acquire the
9 leasehold interest and existing improvements of Lot 14, Block 2, Merrill Field Replat,
10 located between Runway 6-24 and East 5th Avenue.

12 TAC Aviation Services LLC is planning to make considerable improvements to the
13 leasehold, which includes remodeling the store front and shop areas for manufacturing,
14 assembly and sale of aircraft engine preheaters, required building code upgrades, and
15 environmental compliance actions. TAC Aviation Services LLC currently holds the
16 patent for the Northern Companion Preheater, which is a very popular method of
17 preheating aircraft engines within Alaska.

18
19 After the improvements are complete, TAC Aviation Services LLC will be relocating
20 their existing business onto Merrill Field and will also be reopening the existing aircraft
21 parts store and aircraft maintenance shop that were closed in August of 2001 due to
22 the death of the existing owner. To move an established business onto Merrill Field
23 and to make the proposed improvements economically feasible, TAC Aviation Services
24 LLC requires additional lease term; the existing Lease expires August 31, 2010 (8
25 years). Merrill Field Airport is very supportive of the establishment of a new business
26 on the airport and recommends entering into a new Lease as opposed to an extension
27 to the existing Lease for the additional lease term.

28
29 The proposed development of the property should result in a positive economic benefit
30 for the citizens of the Municipality. The proposed use of the property supports the
31 operational objective of Merrill Field to operate, maintain and develop airport facilities,
32 to provide an environment that meets the need of the general aviation community and
33 to encourage private business while maintaining a viable financial position.

34
35 Because of the federal interest in promoting civil aviation, the Federal Aviation
36 Administration authorizes programs for granting funds, property and other assistance to
37 local communities for the development of Airport facilities. The Municipality, as a local
38 sponsor, has received numerous grants for the development of Merrill Field Airport and
39 has assumed certain obligations, either by contract or by restrictive covenants and
40 deeds, which require it to maintain and operate its airport facilities safely and efficiently

and in accordance with certain specified and agreed upon conditions. Airport property, as a condition, is restricted to aeronautical uses unless a determination is made by the FAA that it is in surplus of that need. Also, all revenue derived from the use of obligated airport property must be used for the operation, maintenance or development of the airport and the airport should be as self-sustaining as possible under the circumstances. These obligations and grant assurances have an impact on property values and must be complied with at all times for the airport to retain and continue to receive its Federal grant funding assistance.

The rent, as set forth in the new Lease, is the current per square foot rate paid by twenty-nine existing long term leaseholders at Merrill Field. The lease rates at Merrill Field are reviewed yearly and the current rate is considered to be the market rate taking into account the restrictions and obligations imposed on the property. The Administration believes the use of the premises under the provisions of the new Lease furthers the operational objective of Merrill Field Airport.

To complete the proposed leasing action, the following documents are required at the time of closing which is planned for June 2002: Assignment of Lease from Airparts, Inc. to TAC Aviation Services LLC; the Municipality's Consent to Assignment; the Mutual Cancellation of the existing Lease; and finally, subject to Assembly approval, the execution of a new Lease between the Municipality and TAC Aviation Services LLC. A summary of the Lease information follows:

Lessor: Municipality of Anchorage

Lessee TAC Aviation Services, a limited liability company

Location: Lot 14, Block 2, Merrill Field Replat, consisting of approximately 25,929 square feet (between Runway 6-24 and East 5th Avenue).

Rent Rental rate is \$0.15 per sq. ft. per year.

Rental Adjustment: Annually and at five year intervals.

Term 25 years plus one additional ten-year renewal option.

Services provided by Lessee: Utilities and maintenance of Lessee improvements.

Special Provisions: Lessee, at its own cost and expense, will provide improvements to the existing leasehold to include remodeling the store front and shop areas for the manufacturing, assembly and sale of aircraft engine preheaters, required building code upgrades, environmental compliance actions and other improvements necessary to locate their existing engine preheater business onto the existing leasehold and also to reopen the existing aircraft parts store and aircraft maintenance shop on the existing leasehold;

The Lessee will invest approximately \$300,000 in the business facility to include \$70,000 for the described improvements all to be completed within the first year of the new lease. Property usage shall be restricted to aeronautical uses.

THE ADMINISTRATION RECOMMENDS APPROVAL OF THE ORDINANCE AUTHORIZING AUTHORITY TO EXECUTE THE NEW LEASE AGREEMENT CONTAINING THE ABOVE TERMS AND CONDITIONS BETWEEN THE MUNICIPALITY OF ANCHORAGE AND TAC AVIATION SERVICES, A LIMITED LIABILITY COMPANY.

Concur:



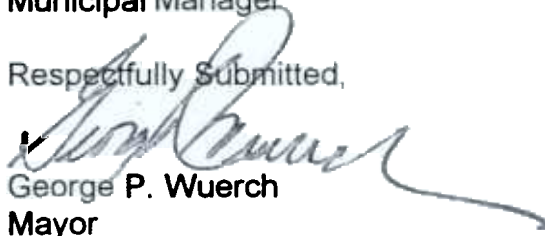
Harry J. Krieling, Jr.
Municipal Manager

Recommended by



David A. Lundebry, Manager
Merrill Field Airport

Respectfully Submitted,



George P. Wuerch
Mayor

**Municipality of Anchorage
MUNICIPAL CLERK'S OFFICE
Agenda Document Control Sheet**

10 2002 94

(SEE REVERSE SIDE FOR FURTHER INFORMATION)

1	SUBJECT OF AGENDA DOCUMENT An Ordinance Authorizing the Long Term Lease of Lot 14, Block 2, Merrill Field Replat to TAC Aviation Services, a Limited Liability Company	DATE PREPARED May 6, 2002
		Indicate Documents Attached <input checked="" type="checkbox"/> AO <input type="checkbox"/> AR <input checked="" type="checkbox"/> AM <input type="checkbox"/> AIM
2	DEPARTMENT NAME Merrill Field Airport	DIRECTOR'S NAME David A. Lundebly
3	THE PERSON THE DOCUMENT WAS ACTUALLY PREPARED BY David A. Lundebly	HIS/HER PHONE NUMBER 343-6305
4	COORDINATED WITH AND REVIEWED BY	INITIALS
5	Mayor	
	Heritage Land Bank	
1	Merrill Field Airport	5/6/02
	Municipal Light & Power	
	Port of Anchorage	
	Solid Waste Services	
	Water & Wastewater Utility	
4	Municipal Manager	6/4
	Cultural & Recreational Services	
	Employee Relations	
	Finance, Chief Fiscal Officer	
	Fire	
	Health & Human Services	
2	Office of Management and Budget	5/7/02
	Management Information Services	
	Police	
	Planning, Development & Public Works	
	Development Services	
	Facility Management	
	Planning	
	Project Management & Engineering	
	Street Maintenance	
	Traffic	
	Public Transportation Department	
	Purchasing	
3	Municipal Attorney 1193	5/10/02
	Municipal Clerk	
	Other	
5	Special Instructions/Comments	
	9.F. Introduction	
6	ASSEMBLY HEARING DATE REQUESTED JUN 11 2002	PUBLIC HEARING DATE REQUESTED 6/2/02

2002 JUN-4 AM 8:16
 CLERKS OFFICE
 H.O.A.