

CLERK'S OFFICE

APPROVED

Date: 9-8-04

Submitted by: Chairman of the Assembly
at the Request of the Mayor

Prepared by: Merrill Field Airport

For reading: August 17, 2004

ANCHORAGE, ALASKA

AO NO. 2004-112

1 AN ORDINANCE OF THE ANCHORAGE MUNICIPAL ASSEMBLY AUTHORIZING
2 THE LONG TERM LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS
3 LESSOR AND AERO CENTER LLC, A LIMITED LIABILITY COMPANY, AS LESSEE
4 OF LOT 1 BLOCK 3, MERRILL FIELD REPLAT, LOCATED BETWEEN RUNWAY
5 15/33 AND MERRILL FIELD DRIVE.
6

7
8 WHEREAS, Aero Center LLC, a limited liability company, has entered into a
9 purchase agreement with the existing leaseholder of Lot 1, Block 3, Merrill Field Replat;
10 and
11

12 WHEREAS, Aero Center LLC has requested to make considerable
13 improvements to the leasehold which includes construction of a new office/retail/hangar
14 building totaling approximately 11,200 square feet; and
15

16 WHEREAS, Aero Center LLC requires additional lease term to make the
17 proposed improvements economically feasible, the existing lease term expires July 31,
18 2013 (9 years); and
19

20 WHEREAS, Merrill Field Airport is very supportive of new aircraft hangar
21 development and recommends entering into a new Lease as opposed to an extension
22 to the existing Lease for the additional lease term; and
23

24 WHEREAS, disposal by lease of the real property described will permit
25 development of Lot 1 by Aero Center LLC at its own cost and expense which further
26 reflects a new sense of confidence and revitalization for our locally owned airport
27 thereby having a positive economic benefit to the Municipality; and
28

29 WHEREAS, the current Merrill Field lease rate is consistent for all Merrill Field
30 Airport land leases with like uses and considered to be the market rate for airport
31 properties that are restricted to aeronautical uses; and
32


33 WHEREAS, AMC Section 25.30.020 states that disposal of Municipal land shall
34 be by ordinance only; now, therefore
35
36
37
38
39

THE ANCHORAGE MUNICIPAL ASSEMBLY ORDAINS:

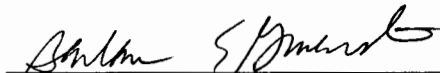
Section 1. The Municipality of Anchorage is authorized to lease Lot 1, Block 3, Merrill Field Replat, located within the Anchorage Recording District of the Third Judicial District, composed of approximately 82,945 square feet, to Aero Center LLC, a limited liability company, upon the terms and conditions summarized in Assembly Memorandum No. 594-2004 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 8th day of September, 2004.

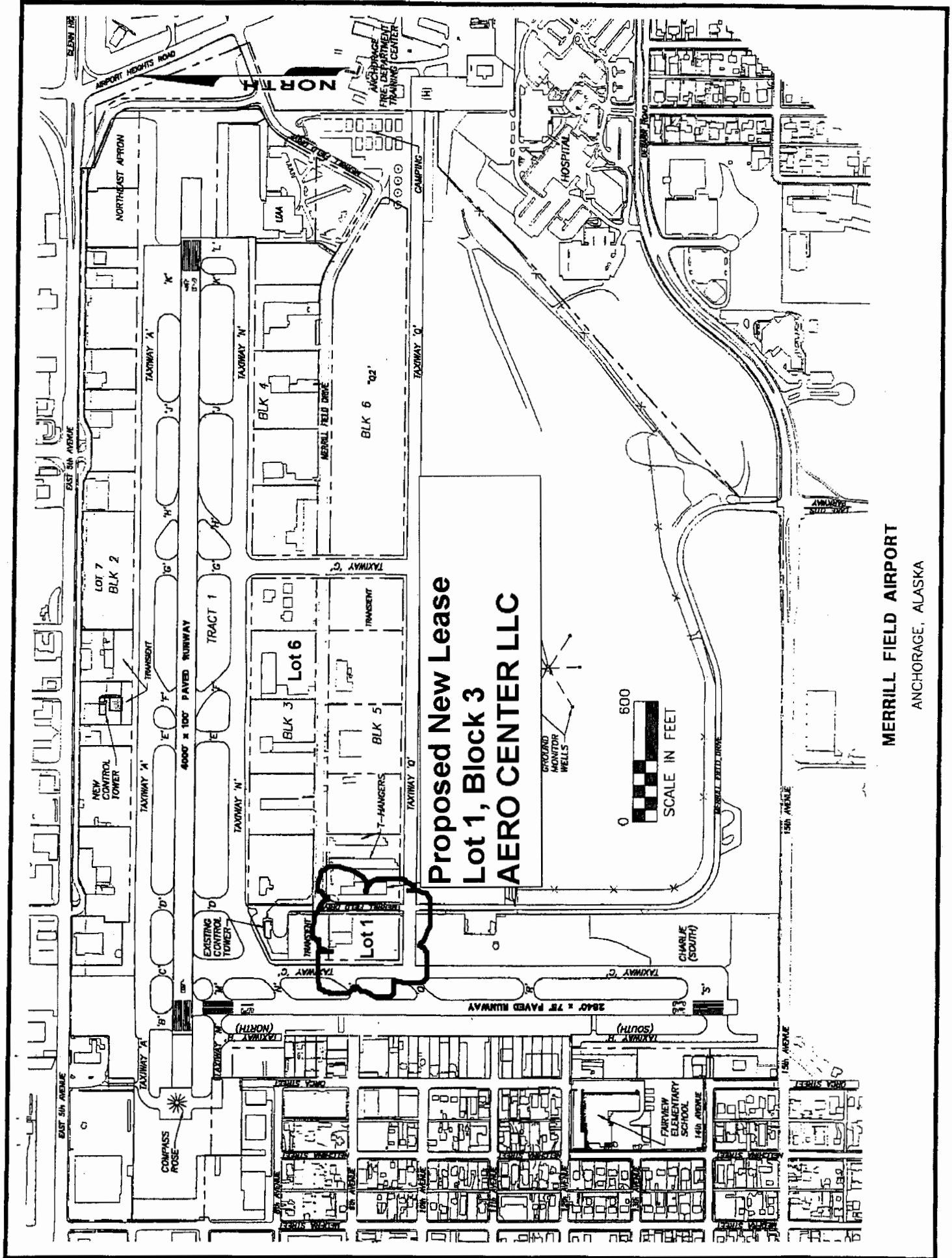

Chairman

ATTEST:


Municipal Clerk

Prepared by:	<u>David A. Lundeby, Manager, Merrill Field Airport</u>	Telephone: <u>343-6305</u>
Validated by OMB:	<u> </u>	Date: <u> </u>
Approved by:	<u> </u> (Director, Preparing Agency)	Date: <u> </u>
Concurred by:	<u> </u> (Director, Impacted Agency)	Date: <u> </u>
Approved by:	<u> </u> (Municipal Manager)	Date: <u> </u>

Lot 1



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM NO. 594-2004

Meeting Date: AUGUST 17, 2004

1 **From:** Mayor

2
3 **Subject:** An Ordinance Authorizing the Long Term Lease of Lot 1, Block 3, Merrill
4 Field Replat to Aero Center LLC, a Limited Liability Company
5

6 Aero Center LLC, a limited liability company, has entered into a purchase agreement with
7 Aero Center Partnership (current Lessee of the original Lease between the Municipality of
8 Anchorage and Merrill Flight Service - Lot 1, Block 3, Merrill Field Replat) to acquire the
9 leasehold interest and existing building located along the east side of Runway 15/33. Aero
10 Center LLC is planning to make considerable improvements to the leasehold which includes
11 construction of an office/retail/hangar facility totally approximately 11,200 square feet. To
12 make the proposed improvements economically feasible, Aero Center LLC requires
13 additional lease term; the existing Lease expires July 31, 2013 (9 years). Merrill Field
14 Airport is very supportive of the new office/retail/hangar development and recommends
15 entering into a new Lease as opposed to an extension to the existing Lease for the
16 additional lease term.
17

18 The proposed development of the property should result in a positive economic benefit for
19 the citizens of the Municipality. The proposed use of the property supports the operational
20 objective of Merrill Field to operate, maintain and develop airport facilities, to provide an
21 environment that meets the need of the general aviation community and to encourage
22 private business while maintaining a viable financial position.
23

24 Because of the federal interest in promoting civil aviation, the Federal Aviation
25 Administration authorizes programs for granting funds, property and other assistance to
26 local communities for the development of Airport facilities. The Municipality, as a local
27 sponsor, has received numerous grants for the development of Merrill Field Airport and has
28 assumed certain obligations, either by contract or by restrictive covenants and deeds, which
29 require it to maintain and operate its airport facilities safely and efficiently and in accordance
30 with certain specified and agreed upon conditions. Airport property, as a condition, is
31 restricted to aeronautical uses unless a determination is made by the FAA that it is in
32 surplus of that need. Also, all revenue derived from the use of obligated airport property
33 must be used for the operation, maintenance or development of the airport and the airport
34 should be as self-sustaining as possible under the circumstances. These obligations and
35 grant assurances have an impact on property values and must be complied with at all times
36 for the airport to retain and continue to receive its Federal grant funding assistance.
37

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

To complete the proposed leasing action, the following documents are required at the time of closing which is planned for September 2004: Assignment of Lease from Aero Center Partnership to Aero Center 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 Aero Center LLC. A summary of the Lease information follows:

Lessor: Municipality of Anchorage

Lessee: Aero Center LLC, a limited liability company

Location: Lot 1, Block 3, Merrill Field Replat, consisting of approximately 82,945 square feet (between Runway 15/33 and Merrill Field Drive).

Rent: Rental rate is \$0.16 per sq. ft. per year.

Rental Adjustment: Annually and at five year intervals.

Term: 35 years plus two additional ten-year renewal options.

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

Special Provisions: Lessee, at its own cost and expense, will provide improvements to include construction of an office/retail/hangar facility within one new pre-engineered steel buildings totally approximately 11,200 square feet and other improvements as may be required in conjunction with said improvements; all to be completed within the first three years of lease at an approximate cost in excess of \$1,000,000. Property usage shall be restricted to aeronautical uses.

THE ADMINISTRATION RECOMMENDS APPROVAL OF THE ORDINANCE AUTHORIZING EXECUTION OF THE NEW LEASE AGREEMENT CONTAINING THE ABOVE TERMS AND CONDITIONS BETWEEN THE MUNICIPALITY OF ANCHORAGE AND AERO CENTER LLC, A LIMITED LIABILITY COMPANY.

Prepared by: David A. Lundebly, Manager, Merrill Field Airport

Concur: Denis C. LeBlanc, Municipal Manager

Respectfully Submitted, Mark Begich, Mayor

Content Information**Content ID :** 002022**Type:** Ordinance - AO**Title:** New Long Term Lease Aero Center LLC**Author:** pebsworthla**Initiating Dept:** Merrill**Keywords:** Aero Center LLC**Date Prepared:** 7/22/04 12:19 PM**Director Name:** David A. Lundebay**Requested Assembly Meeting Date** 8/17/04
MM/DD/YY:**Requested Public Hearing Date MM/DD/YY:** 9/7/04

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CLERK'S OFFICE

2004 JUL 23 AM 10:05

M.C.A.

Workflow History

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
AllOrdinanceWorkflow	7/22/04 12:22 PM	Checkin	pebsworthla	Public	002022
Merrill_SubWorkflow	7/22/04 12:33 PM	Approve	lundebayda	Public	002022
OMB_SubWorkflow	7/22/04 4:56 PM	Approve	pearcydl	Public	002022
Legal_SubWorkflow	7/22/04 5:09 PM	Approve	fehlenrl	Public	002022
MuniManager_SubWorkflow	7/23/04 7:01 AM	Approve	leblancdc	Public	002022
MuniMgrCoord_SubWorkflow	7/23/04 8:09 AM	Approve	katkusja	Public	002022

CONSENT AGENDA - INTRODUCTION