

MEMORANDUM

*Department of Administration
Division of General Services
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STATE OF ALASKA

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TO: Terry Harvey
Chief of Staff to
Representative Munoz

DATE: March 31, 2009

FROM: Vern Jones
Chief Procurement Officer

SUBJECT: HB 161

Attached are four documents for your information:

“HB161 Anchorage Lease Comparisons” is a spreadsheet of buildings available for lease in the Anchorage area, prepared by well known Anchorage real estate broker, Stuart Bond. We’ve calculated the conversion from rentable square foot to useable square foot, and included an allowance for our unique State build-out requirements so we could get an equivalent number for comparison to the AMHTA project.

“HB161 Anchorage To Be Built Office Space” is a spreadsheet prepared by Stuart Bond listing office building projects under development in the Anchorage area. This spreadsheet also contains the conversions and allowances for unique State build-out cost comparisons.

“HB161 Existing state leases over 30,000 sq ft in size” lists existing state leases over 30,000sf. We’ve included the square footage, cost/square foot, date the lease was entered into originally, and our assessment of the class of the buildings.

“Subport Office Building Lease Summary” is a document prepared by my staff which analyzes the State’s lease costs for the proposed Sub port office building.

Please let me know if you need any additional information or clarification.

OFFICE SPACE FOR LEASE

Type	Space	Address	Listing Agent	Available SF	Lease Rate RSF	Lease Rate USF (converted on an estimated load factor of 1.15)	State Buildout Costs (including VOIP) requirements construction, amortized at 9% for ten years	Combined USF rate + State Buildout
Lease	Office	188 WNL	Stuart Bond	65,000	\$ 3.50	\$ 4.03	\$0.57	\$ 4.60
Lease	Office	4600 DeBarr Road	Marc Dunne	33,004	\$ 2.00	\$ 2.30	\$0.57	\$ 2.87
Lease	Office	550 W. 8th Avenue	Carl Kuhn	29,520	\$ 1.75	\$ 2.01	\$0.57	\$ 2.58
Lease	Office	11260 Old Seward	Marc Dunne	27,307	\$ 2.40	\$ 2.76	\$0.57	\$ 3.33
Lease	Office	4510 Old Int'l Airport Rd	Todd Lindfors	24,250	\$ 1.45	\$ 1.67	\$0.57	\$ 2.24
Lease	Office	10950 O'Malley Centre Drive	Marc Dunne	22,650	\$ 2.50	\$ 2.88	\$0.57	\$ 3.45
Lease	Office	6689 Changepoint Drive	Paul Schilling	21,000	\$ 2.95	\$ 3.39	\$0.57	\$ 3.96
Lease	Office	700 G Street	Chad Frampton	17,500	\$ 2.65	\$ 3.05	\$0.57	\$ 3.62
Lease	Office	Key Bank Plaza	Stuart Bond	17,083	\$ 2.35	\$ 2.70	\$0.57	\$ 3.27
Lease	Office	521 E. 36th Avenue	Carl Kuhn	14,500	\$ 2.50	\$ 2.88	\$0.57	\$ 3.45
Lease	Office	Alaska Legal Center	Ralph Matukonis	12,588	\$ 1.90	\$ 2.19	\$0.57	\$ 2.76
Lease	Office	310 K Street	Curt Nading	12,315	\$ 2.60	\$ 2.99	\$0.57	\$ 3.56
Lease	Office	1068 W. Fireweed Lane	Paul Schilling	12,088	\$ 0.66	\$ 0.76	\$0.57	\$ 1.33
Lease	Office	999 E. Tudor Road	Chad Frampton	11,777	\$ 2.25	\$ 2.59	\$0.57	\$ 3.16
Lease	Office	3500 Eide Street	Marc Dunne	11,137	\$ 2.50	\$ 2.88	\$0.57	\$ 3.45
Lease	Office	235 E. 8th Avenue	Chris Stephens	11,050	\$ 1.60	\$ 1.84	\$0.57	\$ 2.41
Lease	Office	509 W. 3rd Avenue	Mark Filipenko	10,500	\$ 2.00	\$ 2.30	\$0.57	\$ 2.87
Lease	Office	608 5th Ave	Brandon Walker	10,240	\$ 1.65	\$ 1.90	\$0.57	\$ 2.47
Lease	Office	700 G Street	Chad Frampton	8,750	\$ 2.65	\$ 3.05	\$0.57	\$ 3.62
Lease	Office	310 K Street	Curt Nading	8,500	\$ 2.60	\$ 2.99	\$0.57	\$ 3.56
Lease	Office	1118 E. 70th Avenue	Carl Kuhn	8,444	\$ 1.00	\$ 1.15	\$0.57	\$ 1.72
Lease	Office	7941 Sandilewood Place	Greg Johnson	8,226	\$ 3.04	\$ 3.50	\$0.57	\$ 4.07
Lease	Office	3925 Reka	Marc Dunne	7,935	\$ 1.70	\$ 1.96	\$0.57	\$ 2.53
Lease	Office	3000 C Street	Stuart Bond	7,000	\$ 2.65	\$ 3.05	\$0.57	\$ 3.62
Lease	Office	9525 King Street	Doug Taylor	6,830	\$ 1.46	\$ 1.68	\$0.57	\$ 2.25
Lease	Office	1029 W. 3rd Avenue	Mark Filipenko	6,525	\$ 2.85	\$ 3.28	\$0.57	\$ 3.85
Lease	Office	536 E. 48th Avenue	Ray Dahl	6,456	\$ 1.45	\$ 1.67	\$0.57	\$ 2.24
Lease	Office	425 E Street	Jeff Thon	6,236	\$ 1.45	\$ 1.67	\$0.57	\$ 2.24
Lease	Office	415 E. Street	Jeff Thon	6,236	\$ 1.45	\$ 1.67	\$0.57	\$ 2.24
Lease	Office	2700 Gambell Street	John Estabrook	6,000	\$ 2.75	\$ 3.16	\$0.57	\$ 3.73
Lease	Office	1029 W. 3rd Avenue	Mark Filipenko	6,000	\$ 2.65	\$ 3.05	\$0.57	\$ 3.62
Lease	Office	1313 3rd Ave	Mike James	6,000	\$ 1.25	\$ 1.44	\$0.57	\$ 2.01
Lease	Office	1313 E. 3rd Avenue	Lottie Michael	6,000	\$ 1.25	\$ 1.44	\$0.57	\$ 2.01
Lease	Office	3400 LaTouche	Stuart Bond	6,000	\$ 2.45	\$ 2.82	\$0.57	\$ 3.39

OFFICE SPACE FOR LEASE

Type	Space	Address	Listing Agent	Available SF	Lease Rate RSF	Lease Rate USF (converted on an estimated load factor of 1.15)	State Buildout Costs (including VOIP) requirements construction, amortized at 9% for ten years	Combined USF rate + State Buildout
Lease	Office	3500 Eide Street	Marc Dunne	5,678	\$ 2.25	\$ 2.59	\$0.57	\$ 3.16
Lease	Office	3500 Eide Street	Marc Dunne	5,678	\$ 2.25	\$ 2.59	\$0.57	\$ 3.16
Lease	Office	2700 Gambell St	John Estabrook	5,675	\$ 2.75	\$ 3.16	\$0.57	\$ 3.73
Lease	Office	2700 Gambell St	John Estabrook	5,675	\$ 2.75	\$ 3.16	\$0.57	\$ 3.73
Lease	Office	3500 Eide Street	Marc Dunne	5,459	\$ 2.50	\$ 2.88	\$0.57	\$ 3.45
Lease	Office	3500 Eide Street	Marc Dunne	5,459	\$ 2.50	\$ 2.88	\$0.57	\$ 3.45
Lease	Office	2550 Denali	Mark Rowley	5,168	\$ 2.00	\$ 2.30	\$0.57	\$ 2.87
Lease	Office	608 W. 4th Avenue	Bob Martin	5,120	\$ 1.65	\$ 1.90	\$0.57	\$ 2.47
Lease	Office	1231 Gambell	Gil Krushwitz	5,000	\$ 2.05	\$ 2.36	\$0.57	\$ 2.93
Lease	Office	723 W. 6th Avenue	Howard Levine	5,000	\$ 3.40	\$ 3.91	\$0.57	\$ 4.48
Lease	Office	1117 E. 35th Avenue	Stuart Bond	5,000	\$ 2.45	\$ 2.82	\$0.57	\$ 3.39
Lease	Office	840 K Street	Stewart Smith	4,901	\$ 1.85	\$ 2.13	\$0.57	\$ 2.70
Lease	Office	1900 W. Northern Lights	Jeff Thon	4,769	\$ 2.25	\$ 2.59	\$0.57	\$ 3.16
Lease	Office	1900 W. Northern Lights Bldg	Jeff Thon	4,769	\$ 2.25	\$ 2.59	\$0.57	\$ 3.16
Lease	Office	6250 Tuttle Street	Bruce Chambers	4,737	\$ 0.74	\$ 0.85	\$0.57	\$ 1.42
Lease	Office	1500 W 33rd Ave	Chris Stephens	4,389	\$ 2.25	\$ 2.59	\$0.57	\$ 3.16
Lease	Office	1500 W. 33rd Avenue	Chris Stephens	4,389	\$ 2.25	\$ 2.59	\$0.57	\$ 3.16
Lease	Office	1016 W. 6th Avenue	Ralph Matukonis	4,341	\$ 1.90	\$ 2.19	\$0.57	\$ 2.76
Lease	Office	2217 E. Tudor Road	Gary Petros	3,900	\$ 1.35	\$ 1.55	\$0.57	\$ 2.12
Lease	Office	601 W 36th Ave	Mark Rowley	3,759	\$ 1.47	\$ 1.69	\$0.57	\$ 2.26
Lease	Office	615 E. 82nd Avenue	Carl Kuhn	3,708	\$ 1.95	\$ 2.24	\$0.57	\$ 2.81
Lease	Office	10928 Eagle River Road	Cycella Gummennik	3,664	\$ 1.90	\$ 2.19	\$0.57	\$ 2.76
Lease	Office	1400 Benson Boulevard	Mark Rowley	3,500	No rate		\$0.57	\$ -
Lease	Office	2700 A Street	Marc Dunne	3,483	\$ 1.30	\$ 1.50	\$0.57	\$ 2.07
Lease	Office	3925 Reka Drive	Marc Dunne	3,329	\$ 1.70	\$ 1.96	\$0.57	\$ 2.53
Lease	Office	1400 W Benson Blvd	Bernie Lewis	3,248	\$ 2.50	\$ 2.88	\$0.57	\$ 3.45
Lease	Office	1400 W. Benson Blvd	Bernie Lewis	3,248	\$ 2.50	\$ 2.88	\$0.57	\$ 3.45
Lease	Office	1200 Airport Heights	Marc Dunne	3,235	\$ 2.50	\$ 2.88	\$0.57	\$ 3.45
Lease	Office	4341 B Street	Stuart Bond	3,206	\$ 2.25	\$ 2.59	\$0.57	\$ 3.16
Lease	Office	240 E. Tudor Road	Bernie Lewis	3,175	\$ 1.80	\$ 2.07	\$0.57	\$ 2.64
Lease	Office	240 E. Tudor Road	Bernie Lewis	3,175	\$ 1.80	\$ 2.07	\$0.57	\$ 2.64
Lease	Office	3707 Woodland Drive	Gary Petros	3,170	\$ 0.57	\$ 0.66	\$0.57	\$ 1.23
Lease	Office	3707 Woodland Drive	Gary Petros	3,170	\$ 0.57	\$ 0.66	\$0.57	\$ 1.23
Lease	Office	1225 E. Int'l Airport Road	Joe LoMonaco	3,064	\$ 1.65	\$ 1.90	\$0.57	\$ 2.47

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Type	Space	Address	Listing Agent	Available SF	Lease Rate RSF	Lease Rate USF (converted on an estimated load factor of 1.15)	State Buildout Costs (including VOIP) requirements construction, amortized at 9% for ten years	Combined USF rate + State Buildout
Lease	Office	536 E. 48th Avenue	Ray Dahl	3,000	\$ 1.45	\$ 1.67	\$0.57	\$ 2.24
Lease	Office	442 W. 5th Avenue	Chris Stephens	3,000	\$ 3.00	\$ 3.45	\$0.57	\$ 4.02
Lease	Office	341 W. Tudor Road	Curt Nading	2,205	\$ 1.95	\$ 2.24	\$0.57	\$ 2.81

TOTAL 628,093

TO BE BUILT

Type	Space	Address	Listing Agent	Available SF	Lease / Sale Price RSF	Lease Rate USF (converted on an estimated load factor of 1.15)	State Buildout Costs (including VOIP) requirements construction, amortized at 9% for ten years	Combined rate + State Buildout USF
Lease	Office	723 W. 6th Avenue	Howard Levine	395,000	\$3.30 - \$3.60	\$3.80 - \$4.14	\$0.57	\$4.37 - \$4.71
Lease	Office	11711 Old Seward Hwy	Gabe Stephan	89,084	no lease rate	no lease rate	\$0.57	n/a
Lease	Office	NHN E. Tudor Road	Curt Nading	60,000	\$ 2.50	\$ 2.88	\$0.57	\$ 3.45
Lease	Office	909 W. 9th Avenue	Not listed	60,000	\$ -	\$ -	\$0.57	n/a
Lease	Office	Tr A6 W. Diamond Blvd	Gail Bogle Munson	43,300	\$ 2.75	\$ 3.16	\$0.57	\$ 3.73
Lease	Retail	3200 Mountain View Dr	Andrew Ingram	37,000	\$ 2.45	\$ 2.82	\$0.57	\$ 3.39
Lease	Office	800 M St	Jeff Briley	16,000	\$ 2.85	\$ 3.28	\$0.57	\$ 3.85

EXISTING STATE LEASES - 30,000 SF +

Lease	Location	Tenants	Common Name	Property Name & Address	Lessor Name	Cost per			Lease Start	Expiration	Options	Option	Bldg
						Sq Feet or	Other Units	Space Type	Date	Date	Remaining	Duration	Class
1444	Juneau	F&G	Capital Office Park	Capital Office Park; End of West Eighth Street; Juneau, AK 99801	Capital Office Park, J.V.	38,760		1.79 Office	2/11/1981	6/30/2012	0	0	C
1627	Juneau	Admin; Education;	Goldbelt Place	Goldbelt Place Building; 801 West Tenth Street; Juneau, AK 99801	801 West 10th, INC.	43,451		2.17 Office	10/1/1982	6/30/2010	0	0	B
2401	Anchorage	Labor	555 Cordova Street	unnamed property; 555 Cordova Street; Anchorage, AK	555 Cordova, LLC	45,050		2.25 Office	6/1/1995	5/31/2010	0	0	B
2587	Anchorage	H&SS	MackKay Annex	MackKay Annex; 323 E. 4th Avenue; Anchorage, AK 99501	JBG Memorial, LLC	45,168		2.35 Office (includes TI)	3/4/2008	2/28/2023	3	Five years	B
1445	Anchorage	Labor	SLM Subdivision, 33rd & Eagle	SLM Subdivision; 3301 Eagle Street; Anchorage, AK	Thirty-Third & Eagle, LLC	48,640		1.56 Office	10/1/1980	10/1/4/2011	0	0	C
2131	Juneau	Admin; Enviro Con; H&SS	410 Willoughby Building	410 Willoughby Building; 410 Willoughby Avenue; Juneau, AK 99801	Juneau Business Center, LLC	51,309		2.05 Office and other types of space	11/25/1990	11/30/2010	2	Five years	B
1668	Juneau	Admin; Transp &PF	DOT 3-Mile Salmon Creek	Salmon Creek Facility; Chris Park Subdivision; 3 Mile; Juneau, AK 99801	Juneau I, LLC	51,429		1.93 Office	6/1/1984	5/31/2014	0	0	C
1607	Juneau	Admin; Labor	Labor Building	Labor Building; West 8th Street; Juneau, AK 99801	Juneau I, LLC	59,463		2.37 Office	10/8/1992	6/30/2012	0	0	C
2382	Anchorage	Law	Carr-Gottstein & Resolution Tower Buildings	Carr-Gottstein Building ; 310 K Street; Anchorage, AK II Resolution Tower Building; 1031 West 4th Avenue; Anchorage, AK	Whale Building, LLC	80,741		3.13 Office	2/1/1993	9/30/2014	1	Five years	B
2505 & 2506	Anchorage	H&SS	Frontier Building	Frontier Building; 3601 C Street; Anchorage, AK 99503	3601 C Street, LLC	121,099		3.00 Office (pending BOV)	2/1/1988	6/30/2019	0		A

Discount Rate: 6.00%
CPI Rate: 2.20% (applicable only to Op Exp)

Load Factor 1.15
Rentable 127962 Per MHLT
Square Feet 111,128

Fix Costs: \$3.21
Variable Expenses : \$0.86 CPI adjustable (.86/usf = \$.75/rsf)
Total Rent Per Useable SF: \$4.07 \$3.54 rentable

Year 21 COP/TLO % 55.00%

	<u>Annual</u>	<u>Monthly</u>	
COP	\$1,759,801	\$146,650	32.44%
TLO	\$1,788,777	\$149,065	32.97%
Ground	\$724,596	\$60,383	13.36%
Operating Expense	\$1,151,656	\$95,971	21.23%
Total Base Lease Cost	\$5,424,830	\$452,069	100.00%

	<u>Total P&I PMT</u>	<u>Remaining PMT</u>
Total Cash Payout:	\$160,439,014	\$35,196,035
Present Value Analysis (PVA)	\$76,473,500	\$125,242,979

<u>Month</u>	
1	\$452,069.17
2	\$452,069.17
3	\$452,069.17
4	\$452,069.17
5	\$452,069.17
6	\$452,069.17
7	\$452,069.17
8	\$452,069.17
9	\$452,069.17
10	\$452,069.17
11	\$452,069.17

Annual Costs:			
Year	Cost	Year	Cost
13	\$5,424,830.01	28	\$5,869,369.99
14	\$5,450,166.44	29	\$5,904,486.30
15	\$5,476,060.28	30	\$5,940,375.17
16	\$5,502,523.77	31	\$5,977,053.59
17	\$5,529,569.47	32	\$6,014,538.94
18	\$5,557,210.17	33	\$4,455,988.87
19	\$5,585,458.96	34	\$4,495,141.72
20	\$5,614,329.23	35	\$4,535,155.93
21	\$5,643,834.65	36	\$4,576,050.45
22	\$5,673,989.18	37	\$4,617,844.66
23	\$5,704,807.12	38	\$4,660,558.33
24	\$5,736,303.04	39	\$4,704,211.71
25	\$5,768,491.88	40	\$4,748,825.46
26	\$5,801,388.88	41	\$4,794,420.72
27	\$5,835,009.60	42	\$4,841,019.07

12	\$452,069.17		
13	\$454,180.54	\$98,083	\$5,424,830.01
14	\$454,180.54	\$98,083	
15	\$454,180.54	\$98,083	
16	\$454,180.54	\$98,083	
17	\$454,180.54	\$98,083	
18	\$454,180.54	\$98,083	
19	\$454,180.54	\$98,083	
20	\$454,180.54	\$98,083	
21	\$454,180.54	\$98,083	
22	\$454,180.54	\$98,083	
23	\$454,180.54	\$98,083	
24	\$454,180.54	\$98,083	\$5,450,166.44
25	\$456,338.36	\$100,241	
26	\$456,338.36	\$100,241	
27	\$456,338.36	\$100,241	
28	\$456,338.36	\$100,241	
29	\$456,338.36	\$100,241	
30	\$456,338.36	\$100,241	
31	\$456,338.36	\$100,241	
32	\$456,338.36	\$100,241	
33	\$456,338.36	\$100,241	
34	\$456,338.36	\$100,241	
35	\$456,338.36	\$100,241	
36	\$456,338.36	\$100,241	\$5,476,060.28
37	\$458,543.65	\$102,446	
38	\$458,543.65	\$102,446	
39	\$458,543.65	\$102,446	
40	\$458,543.65	\$102,446	
41	\$458,543.65	\$102,446	
42	\$458,543.65	\$102,446	
43	\$458,543.65	\$102,446	
44	\$458,543.65	\$102,446	
45	\$458,543.65	\$102,446	
46	\$458,543.65	\$102,446	
47	\$458,543.65	\$102,446	
48	\$458,543.65	\$102,446	\$5,502,523.77

49	\$460,797.46	\$104,700	
50	\$460,797.46	\$104,700	
51	\$460,797.46	\$104,700	
52	\$460,797.46	\$104,700	
53	\$460,797.46	\$104,700	
54	\$460,797.46	\$104,700	
55	\$460,797.46	\$104,700	
56	\$460,797.46	\$104,700	
57	\$460,797.46	\$104,700	
58	\$460,797.46	\$104,700	
59	\$460,797.46	\$104,700	
60	\$460,797.46	\$104,700	\$5,529,569.47
61	\$463,100.85	\$107,003	
62	\$463,100.85	\$107,003	
63	\$463,100.85	\$107,003	
64	\$463,100.85	\$107,003	
65	\$463,100.85	\$107,003	
66	\$463,100.85	\$107,003	
67	\$463,100.85	\$107,003	
68	\$463,100.85	\$107,003	
69	\$463,100.85	\$107,003	
70	\$463,100.85	\$107,003	
71	\$463,100.85	\$107,003	
72	\$463,100.85	\$107,003	\$5,557,210.17
73	\$465,454.91	\$109,357	
74	\$465,454.91	\$109,357	
75	\$465,454.91	\$109,357	
76	\$465,454.91	\$109,357	
77	\$465,454.91	\$109,357	
78	\$465,454.91	\$109,357	
79	\$465,454.91	\$109,357	
80	\$465,454.91	\$109,357	
81	\$465,454.91	\$109,357	
82	\$465,454.91	\$109,357	
83	\$465,454.91	\$109,357	
84	\$465,454.91	\$109,357	\$5,585,458.96
85	\$467,860.77	\$111,763	

86	\$467,860.77	\$111,763	
87	\$467,860.77	\$111,763	
88	\$467,860.77	\$111,763	
89	\$467,860.77	\$111,763	
90	\$467,860.77	\$111,763	
91	\$467,860.77	\$111,763	
92	\$467,860.77	\$111,763	
93	\$467,860.77	\$111,763	
94	\$467,860.77	\$111,763	
95	\$467,860.77	\$111,763	
96	\$467,860.77	\$111,763	\$5,614,329.23
97	\$470,319.55	\$114,222	
98	\$470,319.55	\$114,222	
99	\$470,319.55	\$114,222	
100	\$470,319.55	\$114,222	
101	\$470,319.55	\$114,222	
102	\$470,319.55	\$114,222	
103	\$470,319.55	\$114,222	
104	\$470,319.55	\$114,222	
105	\$470,319.55	\$114,222	
106	\$470,319.55	\$114,222	
107	\$470,319.55	\$114,222	
108	\$470,319.55	\$114,222	\$5,643,834.65
109	\$472,832.43	\$116,735	
110	\$472,832.43	\$116,735	
111	\$472,832.43	\$116,735	
112	\$472,832.43	\$116,735	
113	\$472,832.43	\$116,735	
114	\$472,832.43	\$116,735	
115	\$472,832.43	\$116,735	
116	\$472,832.43	\$116,735	
117	\$472,832.43	\$116,735	
118	\$472,832.43	\$116,735	
119	\$472,832.43	\$116,735	
120	\$472,832.43	\$116,735	\$5,673,989.18
121	\$475,400.59	\$119,303	
122	\$475,400.59	\$119,303	

123	\$475,400.59	\$119,303	
124	\$475,400.59	\$119,303	
125	\$475,400.59	\$119,303	
126	\$475,400.59	\$119,303	
127	\$475,400.59	\$119,303	
128	\$475,400.59	\$119,303	
129	\$475,400.59	\$119,303	
130	\$475,400.59	\$119,303	
131	\$475,400.59	\$119,303	
132	\$475,400.59	\$119,303	\$5,704,807.12
133	\$478,025.25	\$121,927	
134	\$478,025.25	\$121,927	
135	\$478,025.25	\$121,927	
136	\$478,025.25	\$121,927	
137	\$478,025.25	\$121,927	
138	\$478,025.25	\$121,927	
139	\$478,025.25	\$121,927	
140	\$478,025.25	\$121,927	
141	\$478,025.25	\$121,927	
142	\$478,025.25	\$121,927	
143	\$478,025.25	\$121,927	
144	\$478,025.25	\$121,927	\$5,736,303.04
145	\$480,707.66	\$124,610	
146	\$480,707.66	\$124,610	
147	\$480,707.66	\$124,610	
148	\$480,707.66	\$124,610	
149	\$480,707.66	\$124,610	
150	\$480,707.66	\$124,610	
151	\$480,707.66	\$124,610	
152	\$480,707.66	\$124,610	
153	\$480,707.66	\$124,610	
154	\$480,707.66	\$124,610	
155	\$480,707.66	\$124,610	
156	\$480,707.66	\$124,610	\$5,768,491.88
157	\$483,449.07	\$127,351	
158	\$483,449.07	\$127,351	
159	\$483,449.07	\$127,351	

160	\$483,449.07	\$127,351	
161	\$483,449.07	\$127,351	
162	\$483,449.07	\$127,351	
163	\$483,449.07	\$127,351	
164	\$483,449.07	\$127,351	
165	\$483,449.07	\$127,351	
166	\$483,449.07	\$127,351	
167	\$483,449.07	\$127,351	
168	\$483,449.07	\$127,351	\$5,801,388.88
169	\$486,250.80	\$130,153	
170	\$486,250.80	\$130,153	
171	\$486,250.80	\$130,153	
172	\$486,250.80	\$130,153	
173	\$486,250.80	\$130,153	
174	\$486,250.80	\$130,153	
175	\$486,250.80	\$130,153	
176	\$486,250.80	\$130,153	
177	\$486,250.80	\$130,153	
178	\$486,250.80	\$130,153	
179	\$486,250.80	\$130,153	
180	\$486,250.80	\$130,153	\$5,835,009.60
181	\$489,114.17	\$133,016	
182	\$489,114.17	\$133,016	
183	\$489,114.17	\$133,016	
184	\$489,114.17	\$133,016	
185	\$489,114.17	\$133,016	
186	\$489,114.17	\$133,016	
187	\$489,114.17	\$133,016	
188	\$489,114.17	\$133,016	
189	\$489,114.17	\$133,016	
190	\$489,114.17	\$133,016	
191	\$489,114.17	\$133,016	
192	\$489,114.17	\$133,016	\$5,869,369.99
193	\$492,040.52	\$135,943	
194	\$492,040.52	\$135,943	
195	\$492,040.52	\$135,943	
196	\$492,040.52	\$135,943	

197	\$492,040.52	\$135,943	
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200	\$492,040.52	\$135,943	
201	\$492,040.52	\$135,943	
202	\$492,040.52	\$135,943	
203	\$492,040.52	\$135,943	
204	\$492,040.52	\$135,943	\$5,904,486.30
205	\$495,031.26	\$138,933	
206	\$495,031.26	\$138,933	
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208	\$495,031.26	\$138,933	
209	\$495,031.26	\$138,933	
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211	\$495,031.26	\$138,933	
212	\$495,031.26	\$138,933	
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214	\$495,031.26	\$138,933	
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216	\$495,031.26	\$138,933	\$5,940,375.17
217	\$498,087.80	\$141,990	
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219	\$498,087.80	\$141,990	
220	\$498,087.80	\$141,990	
221	\$498,087.80	\$141,990	
222	\$498,087.80	\$141,990	
223	\$498,087.80	\$141,990	
224	\$498,087.80	\$141,990	
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226	\$498,087.80	\$141,990	
227	\$498,087.80	\$141,990	
228	\$498,087.80	\$141,990	\$5,977,053.59
229	\$501,211.58	\$145,114	
230	\$501,211.58	\$145,114	
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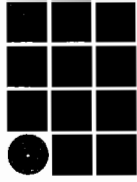
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240	\$501,211.58	\$145,114	\$6,014,538.94
241	\$371,332.41	\$148,306	
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247	\$371,332.41	\$148,306	
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260	\$374,595.14	\$151,569	
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264	\$374,595.14	\$151,569	\$4,495,141.72
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270	\$377,929.66	\$154,904	

271		\$377,929.66	\$154,904	
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273		\$377,929.66	\$154,904	
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276		\$377,929.66	\$154,904	\$4,535,155.93
277		\$381,337.54	\$158,311	
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279		\$381,337.54	\$158,311	
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289		\$384,820.39	\$161,794	
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293		\$384,820.39	\$161,794	
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300		\$384,820.39	\$161,794	\$4,617,844.66
301		\$388,379.86	\$165,354	
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305		\$388,379.86	\$165,354	
306		\$388,379.86	\$165,354	
307		\$388,379.86	\$165,354	

308	\$388,379.86	\$165,354	
309	\$388,379.86	\$165,354	
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318	\$392,017.64	\$168,991	
319	\$392,017.64	\$168,991	
320	\$392,017.64	\$168,991	
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322	\$392,017.64	\$168,991	
323	\$392,017.64	\$168,991	
324	\$392,017.64	\$168,991	
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327	\$395,735.46	\$172,709	
328	\$395,735.46	\$172,709	
329	\$395,735.46	\$172,709	
330	\$395,735.46	\$172,709	
331	\$395,735.46	\$172,709	
332	\$395,735.46	\$172,709	
333	\$395,735.46	\$172,709	
334	\$395,735.46	\$172,709	
335	\$395,735.46	\$172,709	
336	\$395,735.46	\$172,709	\$4,748,825.46
337	\$399,535.06	\$176,509	
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339	\$399,535.06	\$176,509	
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341	\$399,535.06	\$176,509	
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344	\$399,535.06	\$176,509	

345		\$399,535.06	\$176,509	
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353		\$403,418.26	\$180,392	
354		\$403,418.26	\$180,392	
355		\$403,418.26	\$180,392	
356		\$403,418.26	\$180,392	
357		\$403,418.26	\$180,392	
358		\$403,418.26	\$180,392	
359		\$403,418.26	\$180,392	
360		\$403,418.26	\$180,392	\$4,841,019.07

**Jensen
Yorba
Lott
Inc**



March 30, 2009

**Architecture
Interiors
Landscape
Architecture**

RE: Subport Office Building

Mr. Terry Harvey
Office of Representative Cathy Munoz
Alaska State Capitol
Juneau, AK 99801-1182

Dear Terry:

In response to your question regarding parking variances, there are two requirements we have for parking. One is in the State lease which says 1 space per 357 square feet of "useable" office area and the other is the CBJ parking standard in the Land Use ordinance which requires 1 space per 300 square feet of "gross" building area. The CBJ standard requires more parking than the State standard, so we plan to request a variance that puts the requirement more in alignment with the State standard. The final number of parking spaces that will be required is still being determined, but The Trust will have to meet both the State lease and the Land Use ordinance requirements. This obligation will hold for the life of the project, so when the old Subport Building site is developed, The Trust will still need to provide adequate parking for the office building.

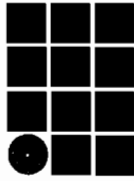
As for the flat roof; no new buildings have dead flat roofs, they are required to slope to drain, so we refer to them as low-slope roofs. The advantage of a low-slope roof in an urban area is that water and snow are not dumped off the roof, which is dangerous and damaging, especially for a multi-story building. The water and melting snow is directed to internal roof drains and then into the storm sewer system so it does not present a problem in the areas surrounding the building. Low slope roofs are generally less expensive to construct and they enclose the building in the most efficient envelope so they are energy efficient. In the case of this building, a steep pitched-roof would increase the height of the building. If we were to design a roof with a 4:12 pitch, which is common for residential construction, the peak of the roof would be 25-30' above the eaves, the equivalent of at least 2 additional stories.

Sincerely,

Wayne K. Jensen, AIA
President

522 West 10th Street
Juneau, Alaska 99801
Tel.: 907.586.1070
Fax: 907.586.3959
jensenyorbalott.com

**Jensen
Yorba
Lott
Inc**



March 31, 2009

**Architecture
Interiors
Landscape
Architecture**

RE: Subport Office Building- Space Class

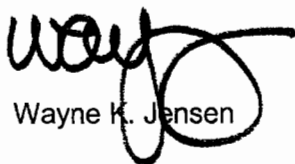
Mr. Terry Harvey, Chief of Staff
Office of Representative Cathy Munoz
Alaska State Capitol, Room 409
Juneau, AK 99801-1182

Dear Terry:

There have been questions raised regarding the class of office space that is being proposed. Classifying office is subjective, but one definition that I found is that "a Class A building can be considered a monument and a testament to the success and power of its tenants." With this definition, there are no Class A buildings in Juneau and only a handful in the State. The same source defines Class B buildings as having good locations, management, and construction, and tenant standards are high and rents are competitive with other new buildings. With these characteristics in mind the proposed building should be listed as a Class B building.

The proposed building will provide office space that meets the State space standards and is comparable to other modern office buildings. As buildings become larger the building codes require more consideration to life safety and environmental conditions. Building codes also change over time, so the proposed building will have better and consequently more expensive, environmental and life-safety systems than buildings constructed 20 or 30 years ago, like the State Office Building in Juneau. For a building of the size proposed it will be necessary to use a structural steel or concrete frame and non-combustible, energy efficient wall and roof assemblies. The infrastructure required to support the technology in a modern office building will be provided as will appropriate heating and ventilation systems. Life safety systems like a fire sprinkler system and an addressable fire alarm system are required and will be included. In summary this building will compare to other recently constructed offices that are designed for energy efficiency, low maintenance, and employee productivity.

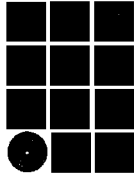
Sincerely,



Wayne K. Jensen

522 West 10th Street
Juneau, Alaska 99801
Tel.: 907.586.1070
Fax: 907.586.3959
jensenyorbalott.com

**Jensen
Yorba
Lott
Inc**



March 30, 2009

RE: Subport Office Building – Construction Cost

**Architecture
Interiors
Landscape
Architecture**

Mr. Terry Harvey, Chief of Staff
Office of Representative Cathy Munoz
Alaska State Capitol, Room 409
Juneau, AK 99801-1182

Dear Terry:

1935
Founded as
H.B. Foss Company

1945
Foss & Malcolm

1949
Foss & Olsen

1956
Olsen & Sands

1969
Sands & Ackley

1974
Ackley & Associates,
Inc.

1979
Ackley/Jensen
Architects, Inc.

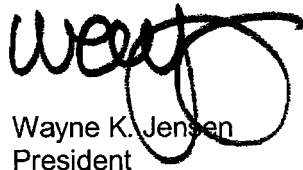
1985
Jensen Douglas
Architects, Inc.

1997
Jensen Yorba Lott, Inc.

As part of the preliminary planning for the Subport building, we contracted with HMS, Inc. a professional cost estimating firm in Anchorage, to prepare a budget construction cost estimate based on the conceptual design and the state space standards. They estimated that the construction cost should be in the range of \$250-\$255 per square foot or approximately \$37,000,000. Adding the development costs which includes design, permitting, inspection and financing brings the total project cost to approximately \$45,000,000 or approximately \$300 per square foot.

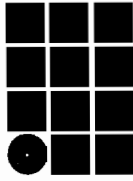
The construction cost estimate was compared to other recent office building projects in the Anchorage area. These costs ranged from slightly under \$200 per square foot to over \$400 per square foot before the development costs were added. We feel that the budget of around \$250 per square foot represents a reasonable budget estimate for this building. Construction costs were escalating rapidly during the previous 5-10 years, but currently that trend has changed and costs are more stable and hopefully more predictable. It is always difficult to compare buildings on a dollars per square foot basis since very few buildings are identical and have the same level of finishes, site considerations or construction materials.

Sincerely,



Wayne K. Jensen
President

**Jensen
Yorba
Lott
Inc**



March 30, 2009

**Architecture
Interiors
Landscape
Architecture**

RE: Support Office Building- Construction Systems

Mr. Terry Harvey, Chief of Staff
Office of Representative Cathy Munoz
Alaska State Capitol, Room 409
Juneau, AK 99801-1182

Dear Terry:

Regarding the potential difference between a wood frame building and a steel or concrete structure, many of the building systems would be the same or similar cost assuming the design criteria is the same. The cost of carpeting, paint, doors, lighting, ceilings, electrical systems, heating/ventilation and cooling systems would be similar assuming the same standards are used. The major difference would be in the structure and the exterior wall assemblies. These represent approximately 35% of the building cost so a wood frame building may save 10-15% of the overall construction cost, but the building would need to have fewer floors and a larger site. In order to accommodate the 4 agencies that the State has identified for this building on this site, a wood frame building would not be allowed by the building codes. In order to construct a wood frame building to meet the space needs of the State the number of floors would need to be reduced, making the footprint larger and consequently requiring a larger site.

Sincerely,

Wayne K. Jensen

1935
Founded as
H.B. Foss Company

1945
Foss & Malcolm

1949
Foss & Olsen

1956
Olsen & Sands

1969
Sands & Ackley

1974
Ackley & Associates,
Inc.

1979
Ackley/Jensen
Architects, Inc.

1985
Jensen Douglas
Architects, Inc.

1997
Jensen Yorba Lott, Inc.

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907 790-6655 • Toll free 866 573-7325 • Fax 907 790-6675
www.jre-realestate.com



To: Terry Harvey, Chief of Staff
The Honorable Cathy Munoz

Fr: John Williams, Broker/ Owner

A handwritten signature in cursive script that reads "John Williams".

Re: Analysis of Rent Costs, Proposed AMHT Building on Egan Drive

Terry: Per your request, I have taken a few hours to review the background analysis on the proposed SOA lease of the above described proposed facility. At this time it is clear that substantial additional detail is required before firm projections can be arrived at to generate any investment analysis with a high degree of certainty. Nonetheless, it is clear that the projections being utilized are premised on reasonable assumptions and that they project an "acceptable" to perhaps below average return on investment for the AMHT, subject of course to final design detail, final lease negotiations, etc.

Construction Cost: To begin, the analysis assumes a construction cost of this facility of between \$315 - 320 per square foot (excluding land costs). At the time I was working on the Mayor's Capitol Planning Commission and we were investigating the underlying details of a new Capitol building for the State, we were assuming -- based on input from learned sources -- that the low end of the construction cost range would likely exceed \$600/SF. Further, the University of Alaska Southeast assumes new construction numbers in the range of \$300 - 500 per foot for office buildings appropriate for their use exclusive of land cost or any extraordinary costs associated with utility extensions, special site/foundation costs, etc. Hence, while the proposed facility is better than wood frame/wood siding, it is clearly not "posh," but durable for the intended uses.

Financing: The AMHT intends to perform the development on land they currently own by investing half of the development costs from funds in their endowment and borrow the rest via Certificates of Participation. For the land, they're premising the development on an annual return of 8% of the land value, which is a very typical yield in a long-term lease scenario. They're assuming their cost of funds for the 50% of the development costs to be borrowed will be 5.5%, which of course is subject to potentially notable adjustment between the time of the analysis and the time of issuance due to the uncertainty surrounding the capital markets at present. Finally, their assumptions are that funds withdrawn from their endowment will be invested and receive a return of 7.5%.

Operating Costs: There is intent to construct the facility to be energy efficient, including the use of heat pumps rather than fuel oil for maintaining ambient temperatures. Based on their extensive discussions with several people with expertise in these fields, they have developed some operating cost assumptions which seem if anything a bit aggressive in their implied ability to keep down operating costs. The project won't be burdened with local property tax and will be included in the State's insurance pool (all perils), which will help in terms of overheads. They are also exploring the potential savings of contracting with the State to provide maintenance services via the extant maintenance staff that services State facilities in

this geographic area. However, their projections also exclude a capital reserves component which generally is included in the annual costs to operate even though the real cost of items covered by this category, especially in the early life of the building, is diminimus.

Return to the Risk Taker: The State of Alaska would be considered a gold-plated tenant by most standards. All State leases are of course subject to the constitutional appropriations clause, the risk of which is clearly small but nonetheless there. Also, the income assumptions for the building utilize the proposed state gross lease rate for all spaces, including the 9 - 10,000 SF of commercial space on the ground floor for which the lease certainty or credit risk certainty is entirely different than the remainder of the space. Given the assumption that the entire useable facility is leased without vacancy throughout the 30-year financing horizon at the lease rate paid by SOA, the return to developer is not in any way excessive. In fact, it's safe to say that for this project to realize a fair return to the owner will be in great part dependent on sound and insightful management which minimizes operating costs and vacancies.

Compare to Privately Developed Alternative: The ultimate question for this development seems to come down to how does this facility differ from a similar facility built by the private sector in re: costs to the SOA lessee. Clearly, a major driving force for the AMHT is that they already own the land to be utilized for this development and can put it to use and hopefully generate a return on that asset equal to 8% of its initial value (which is not adjusted with time as the value changes). Since the land in question arguably varies in value between \$40/ft for the construction site and \$75/ft for the waterfront parcel which will be utilized for parking, While a private investor would likely seek the same 8% return on the land component of their offering, one could argue that less valued land could be found, although I'm at a loss to suggest a site in the down town core that would meet the needs required to construct this facility. For purposes of an apples to apples cost comparison, assume that a private developer could find 145,000 SF of land in the down town core valued at \$40/ft rather than the \$40 - 75/ft values associated with the two portions proposed for subject development. The reduction in return on investment could be in the range of \$0.15 - 0.17/SF/month or approximately 4.2 - 4.8% of the projected cost. Clearly if the site were moved further away from the Capital core land values would further decline. I don't see any other factors that would materially change the cost components for a private developer, as I believe Davis Bacon laws would apply in either scenario.

I hope you find this information of some help. Please don't hesitate to contact me if I may be of further assistance.



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E-mail: iuneauchamber@cci.net • icc@alaska.com • Web site: <http://www.iuneauchamber.com>

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Copy Express/Sign Pro
Ted Quinn, Past President
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Goldbelt, Inc.
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Hansen Gress
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Petro Marine
Don Habeger
Royal Caribbean Cruise Lines
Carlton Smith
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Coeur Alaska, Inc.
Coogan Construction
Copy Express
Elgee Rehfeld & Merz
Exxon Mobil
Greens Creek Mining
Goldbelt, Inc.
Sign Pro
Taku Oil
True North FCU
UAS
Wells Fargo Bank of Alaska
Western Auto Marine

Representative Cathy Munoz
Alaska State Capitol Building
Room 409
Juneau, Alaska 99801

Re: Mental Health Land Trust

Dear Rep. Munoz,

The Juneau Chamber has been presented with the plans to build a new state office building on Mental Health Trust Land located in Juneau on a currently vacant lot downtown.

Listed below are a few reasons why this will be a positive investment in Juneau's future;

- The development of this lot will provide a beautiful gateway to downtown Juneau
- It will provide quality office space to approximately 525 state employees
- \$35 mil in construction, an additional \$10 mil in development costs, much of which will be spent in the Juneau business community
- Long term investment in Juneau: 20 year initial lease with two 10 year options
- It will greatly improve safety for pedestrian access along Egan Dr linking the Sea Walk from downtown to Gold Creek and to the State Museum

This is an opportunity that is a result of the lease on the Labor Building expiring in 2012, The Trust having land available that is contiguous to the Capitol Complex, The Trust having the ability to finance the development and the State facing spending significant money to address problems with the Public Safety and the Douglas Island Buildings. This new building will have space for Dept. of Labor, the regional office of Fish & Game, Correction and Public Safety and a small portion could be occupied by Admin.

It is our understanding that The Trust will finance approximately 1/2 of the project with cash that is currently held by the AK Permanent Fund and use Certificates of Participation for the other 1/2. Both of these need to be approved by the Legislature. If the bills are not approved this session the State will need to go out for an RFP for space for the DOL this summer to allow time for a project to be constructed in time to be occupied when the current lease expires. It is critical for the legislation to pass during this session to avoid unnecessary delays and to avoid renovating expenses on the existing locations that have not yet been budgeted.

We encourage the passage of this legislation in favor of moving forward with the development of this much needed project on Mental Health Trust Land downtown Juneau.

Respectfully,

Cathie Roemmich, CEO