

**ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE**

March 7, 2023

12:35 p.m.

DRAFT

MEMBERS PRESENT

Representative Ben Carpenter, Chair
Representative DeLena Johnson
Representative Sarah Vance
Representative Andy Josephson
Senator Bill Wielechowski
Senator James Kaufman
Senator Scott Kawasaki

MEMBERS ABSENT

Senator Bert Stedman, Vice Chair
Representative Frank Tomaszewski
Senator Lyman Hoffman
Representative Mike Cronk (alternate)
Senator Click Bishop (alternate)

COMMITTEE CALENDAR

APPROVAL OF SUBORDINATION AGREEMENT

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

KRIS CURTIS, Legislative Auditor
Legislative Audit Division
Legislative Agencies and Offices
Juneau, Alaska

POSITION STATEMENT: Offered information regarding the subordination, non-disturbance and attornment agreement.

EMILY NAUMAN, Deputy Director
Legislative Legal Services
Legislative Affairs Agency
Juneau, Alaska

POSITION STATEMENT: Answered questions pertaining to the approval of the subordination, non-disturbance and attornment agreement.

ACTION NARRATIVE

[12:35:00 PM](#)

CHAIR BEN CARPENTER called the Legislative Budget and Audit Committee meeting to order at 12:35 a.m. Representatives D. Johnson, Vance, Josephson, and Carpenter and Senators Wielechowski, Kaufman, and Kawasaki were present at the call to order.

APPROVAL OF SUBORDINATION AGREEMENT

[12:35:31 PM](#)

CHAIR CARPENTER announced that the only order of business would be the approval of a subordination, non-disturbance and attornment agreement.

CHAIR CARPENTER invited Kris Curtis to define "subordination, non-disturbance and attornment agreement" and explain why it was before the committee today.

[12:36:03 PM](#)

KRIS CURTIS, Legislative Auditor, Legislative Audit Division, Legislative Agencies and Offices, explained the effect of a subordination, non-disturbance and attornment agreement. She said the tenant, which in this case, was the Legislative Audit Division, would agree to subordinate its lease to the mortgage in exchange for the lender agreeing not to disturb the tenant if the lender were to foreclose its interest in the real property. She noted that without the protection of a nondisclosure agreement, a subordinate lease was potentially terminable in foreclosure. She conveyed that the landlord was refinancing the office building, adding that the [subordination] agreement was a standard real estate agreement. Nonetheless, procurement procedures required approval from the Legislative Budget and Audit Committee, despite the committee approving the lease in 2015. She stated that the lease was a 10-year lease, noting that neither the term nor payment would be changed with the approval of the subordination agreement. She relayed that Legislative Legal Services was supportive.

[12:37:15 PM](#)

CHAIR CARPENTER requested confirmation from Legislative Legal Services.

[12:37:26 PM](#)

EMILY NAUMAN, Deputy Director, Legislative Legal Services, Legislative Affairs Agency, confirmed that Legislative Legal Services had reviewed the contract, as required by the procurement code, and approved it to form.

[12:37:54 PM](#)

REPRESENTATIVE VANCE moved that the Legislative Budget and Audit Committee authorize the legislative auditor to approve the subordination, non-disturbance and attornment agreement related to the Legislative Audit Division's Anchorage office space lease. There being no objection, the agreement was approved.

[12:38:21 PM](#)

ADJOURNMENT

There being no further business before the committee, the Legislative Budget and Audit Committee meeting was adjourned at 12:38 p.m.