

HB

161

<target><bill>HB 161</bill><subject>HB
161</subject><comm>HFIN26</comm></target>



REPRESENTATIVE CATHY MUÑOZ

SPONSOR STATEMENT

HB 161

HB 161 will enable the Alaska Mental Health Trust to move forward with construction and ownership of a new office facility on land the Trust owns in downtown Juneau.

The core mission of the Mental Health Trust is to develop and manage Trust assets for the benefit of mental health beneficiaries in the areas of health, safety, quality of life and economic security. Trust beneficiaries live in communities across Alaska. They are friends, neighbors, and family members facing mental illness, developmental disabilities, chronic alcoholism, Alzheimer's disease, and dementia.

The Trust has identified land in Juneau as a top priority for development. HB 161 enables the Trust to develop, through the issuance of certificates of participation, much needed office and retail space. Four State agencies are currently housed in aging facilities, all in need of major renovation. The proposed building, using modern construction standards, and new energy saving technologies, will reduce both operating and maintenance costs. From a centralized location the offices will function with improved efficiencies and better public access.

Most importantly, over time, a new facility will save the State of Alaska money, and will provide a steady revenue stream to Trust beneficiaries. Development of Trust assets will provide a return on investment for beneficiaries, in turn enriching the lives of those served.

House Resolution 6 passed unanimously on February 25, 2009 by the Alaska House of Representatives. It encourages the Trust to pursue this type of project on behalf of its beneficiaries. It states in part:

"BE IT RESOLVED that the House of Representatives encourages the Alaska Mental Health Trust Authority to develop its land and resources to the fullest extent possible, consistent with its legal and moral responsibility to advance mental health services and employment opportunities that protect and enhance the lives of those who benefit from the mental health trust."

Contact: Terry Harvey



REPRESENTATIVE CATHY MUÑOZ

Explanation of Changes to HB161 CSHB161 26-LSO605\W

Title: The Certificates of Participation amount of \$25,000,000 was adjusted to \$22,700,000.

The Alaska Permanent Fund Corporation (APFC) is identified by name as the Alaska Mental Health Fund Trust (AMHT) managing entity that will transfer AMHT funds for the project.

Sec.1- Funding amount from the AMHT for half of the project is adjusted from \$25,000,000 to \$22,700,000.

The total cost of the project is adjusted from \$50,000,000 to \$45,400,000.

The amount of the Certificates of Participation is adjusted from \$25,000,000 to \$22,700,000.

Sec.2-Technical amendment to conform to bill sec. 3. Clarifies assets of the AMHT to be managed by requirements of the AK Mental Health Enabling Act. Identifies Dept. of Natural Resources (DNR) as managing entity of the land assets of the AMHT. Aspects of managing conformity for DNR are listed in new subsections (A) thru (E).

Sec. 3-New section to clarify that APFC is the managing entity for AMHT funds. Offers clarifying language specifying APFC will manage AMHT's \$22,700,000, which represents the non-financed amount, put forth by the AMHT. Specific language details requirements of the AMHT to exercise the powers of a state fiduciary involving investment of assets of the account, and to contract with the Trust Land Office in DNR to serve as external real estate investment manager.

Sec. 4, 5, 6- technical amendments to conform to bill sec. 3.

Sec. 7-Financing & Lease Agreements.

Certificates of Participation are adjusted from \$25,000,000 to 22,700,000.

AMHT amount of investment is adjusted from \$25,000,000 to \$22,700,000.

Estimated total cost of project is adjusted from \$50,000,000 to \$45,400,000.

The estimated annual amount of rental obligation under the 20 year lease agreement is adjusted from \$2,075,000 to \$1,759,802.

The estimated annual amount of lease payments for the full term of the lease agreement is adjusted from \$41,500,000 to \$35,196,035.

The second lease for 30 years is adjusted from an annual amount of \$3,665,029 to \$3,665,000.

The estimated total amount for the 30 year lease payments for the full term is adjusted from \$136,875,042 to \$125,243,047.



HB 161 -- Alaska Mental Health Trust Authority Subport Office Building

Why must the Legislature be involved to enable The Trust to move forward on the Subport Office Building project?

- 1) Legislation is needed for issuing Certificates of Participation for 50% of the construction and term financing. These bonds are issued at an estimated rate of 5.5% for a 20-year term.
- 2) Legislation is also required for the Alaska Mental Health Trust Authority to withdraw monies from the Trust principal managed by the Permanent Fund Corporation (the remaining 50% balance of the construction and term financing).
- 3) The combination of these two financing mechanisms reduces the overall cost to the State of Alaska to meet the State's projected budget expenditures.

Why is this project good for the State of Alaska?

- 1) The Subport Office Building will be located in a central location that is convenient to the public, other State offices and the Legislature.
- 2) The State's overall cost for the project will be reduced by 50% because the State and The Trust will be funding partners. As a result, each entity will only be obligated for half of the construction cost and half of the related financing for the construction.
- 3) The State has announced it will seek new space for the Dept. of Labor in Juneau at the end of the current lease. Because of the pre-construction work already completed on the project, the new Subport building could be completed in sufficient time to meet Labor's timeline for moving at the end of its lease.

Why is this project good for The Trust?

- 1) The lease payments paid by the State to The Trust will be reinvested in programs and services for Trust beneficiaries, benefitting both The Trust and the State over a 30-year lease period, at a minimum.
- 2) This project may also act as a template for future developments by The Trust throughout the state.
- 3) Partnering with the State allows The Trust to perform its fiduciary duties while reducing risk and capturing long-term, recurring income.

How does the project fit within the mission of The Trust?

- 1) Income from the building will help The Trust fulfill its responsibility to ensure there is adequate funding for the state's Comprehensive Integrated Mental Health Program, which provides services to Trust beneficiaries.
- 2) The project meets The Trust's guiding principles by diversifying The Trust land's revenue resources.
- 3) The project utilizes Trust land in its most productive use both prudently and effectively.
- 4) The building's construction plan is consistent with minimizing energy usage and maximizing the value of The Trust's assets over time.

Prepared March 2009

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

March 11, 2009

SUBJECT: Alaska Mental Health Trust Authority Support Office Building
(CSHB 161(); Work Order No. 26-LS0605\T)

TO: Representative Cathy Muñoz
Attn: Terry Harvey

FROM: Tamara Brandt Cook
Director *TBC*

Sec. 1. The legislature finds that the Alaska Mental Health Trust Authority intends to use up to \$22,700,000 for the Alaska Mental Health Trust Authority Support Office Building and that the total cost of the facility will be \$45,400,000. The legislature intends that the state provide up to \$22,700,000 for the facility.

Sec. 2. Technical amendment to conform to bill sec. 3.

Sec. 3. Requires \$22,700,000 of the principal of the mental health trust fund to be deposited into a separate trust land development account and directs the Alaska Mental Health Trust Authority to use money in the account to finance the development of facilities on mental health trust land. The authority is required to exercise the powers of a state fiduciary with respect to the investment of assets of the account and to contract with the Trust Land Office in the Department of Natural Resources to serve as an external real estate investment manager.

Sec. 4. Technical amendment to conform to bill sec. 3.

Sec. 5. Technical amendment to conform to bill sec. 3.

Sec. 6. Technical amendment to conform to bill sec. 3.

Sec. 7. (a) Authorizes the state bond committee to provide for the issuance of certificates of participation in an amount of up to \$22,700,000 for the construction of the Alaska Mental Health Trust Authority Support Office Building if the balance of the construction costs in an amount of up to \$22,700,000 is made available by the Alaska Mental Health Trust Authority. The estimated total cost of construction, acquisition, certain financing expenses, and equipping the facility is \$45,400,000.

Representative Cathy Muñoz

March 11, 2009

Page 2

(b) The state bond committee may contract for services necessary in the financing of the facility.

(c) The Department of Administration is authorized to enter into a lease with a term of 20 years for the use of the facility by state agencies. As much of the lease payments as necessary shall be used to pay the principal of and interest on the certificates of participation. The estimated annual amount of rental obligation under the lease is \$1,759,802. The estimated total amount of lease payments is \$35,196,035. At the end of the lease term, the authority will own the facility.

(d) The Department of Administration is authorized to enter into a second lease with a term of 30 years for the use of the facility by agencies. The estimated annual amount of rental obligation is \$3,665,000. The estimated total amount of lease payments for the full term is \$125,243,047.

(e) The lease payments under both leases are subject to annual appropriation.

(f) The authority shall manage and operate the facility.

Sec. 8. The Act has an immediate effective date.

TBC:plm

09-159.plm

Adopted
4/2/09

26-LS0605\W.1
Cook
4/2/09

AMENDMENT 1

OFFERED IN THE HOUSE
TO: CSHB 161(CRA)

BY REPRESENTATIVE STOLTZE BY
REQUEST

1 Page 1, lines 2 - 3:

2 Delete "the Alaska Mental Health Trust Authority"

3 Insert "a separate trust land development account"

4

5 Page 1, line 6, following "Administration;":

6 Insert "authorizing the Alaska Housing Finance Corporation to acquire the
7 building that it occupies for an amount that does not exceed \$14,500,000;"

8

9 Page 5, following line 20:

10 Insert a new bill section to read:

11 "* Sec. 8. The uncodified law of the State of Alaska is amended by adding a new section to
12 read:

13 AUTHORIZING THE ALASKA HOUSING FINANCE CORPORATION TO
14 ACQUIRE A BUILDING. The Alaska Housing Finance Corporation is authorized to acquire
15 the building in Anchorage it occupies on the effective date of this Act for an amount that does
16 not exceed \$14,500,000. This section constitutes the approval required by AS 18.55.100(d)
17 and AS 18.56.090(d) for that acquisition."

18

19 Renumber the following bill section accordingly.

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CSHB 161(FIN)
 () Publish Date: _____

Identifier (file name): CSHB161(FIN)-DOR-AHFC-04-06-09
 Title: CERTIFICATES OF PARTICIPATION FOR SUBPORT
 Sponsor: _____ Representative Munoz
 Requester: _____
 Dept. Affected: Revenue
 RDU: Alaska Housing Finance Corp.
 Component: Operations
 Component Number: 110

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual			(1,235.6)	(1,246.8)	(1,258.0)	(1,269.3)	(1,280.7)	
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous				1,275.6	1,292.1	1,129.1	1,141.2	1,153.7
TOTAL OPERATING	0.0	0.0	40.0	45.3	(128.9)	(128.1)	(127.0)	

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other-AHFC Receipts			40.0	45.3	(128.9)	(128.1)	(127.0)	
TOTAL	0.0	0.0	40.0	45.3	(128.9)	(128.1)	(127.0)	

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

The above estimates are for the purchase of the building that the Alaska Housing Finance Corporation current resides in at 4300 Boniface Parkway in Anchorage, Alaska. The estimate is for a building purchase cost of no more than \$14.5 million, of which approximately \$5 million will be a land exchange with the Tatitlek Corporation and \$9.5 million would be from the sale of twenty-five year bonds.

AHFC expects a savings of purchasing the building compared to continuing to lease of approximately \$15.2 million in net present value cost.

Prepared by: Bryan Butcher, Director, Governmental Relations/Public Affairs
 Division: Alaska Housing Finance Corporation
 Approved by: Ginger Blaisdell, Director
Administrative Services Division

Phone 330-8445
 Date/Time 4/6/09 12:00 AM
 Date 4/6/2009

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 161
() Publish Date: _____

Identifier (file name): CSHB161(CRA)-DOR-TRS-03-26-09
Title: Support Office Building COPs
Sponsor: Representative Munoz
Requester: _____
Dept. Affected: Revenue
RDU: Revenue Programs and Services
Component: Treasury Management
Component Number: 121

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required		Information				
	FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES							
Personal Services							
Travel	10.0						
Contractual	390.0						
Supplies							
Equipment							
Land & Structures							
Grants & Claims							
Debt Service	626.0		1,899.0	1,899.0	1,899.0	1,899.0	1,899.0
TOTAL OPERATING	1,026.0	0.0	1,899.0	1,899.0	1,899.0	1,899.0	1,899.0

CAPITAL EXPENDITURES							
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CHANGE IN REVENUES ()							
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FUND SOURCE (Thousands of Dollars)

	FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
1002 Federal Receipts							
1003 GF Match							
1004 GF	626.0		1,899.0	1,899.0	1,899.0	1,899.0	1,899.0
1005 GF/Program Receipts							
1092 MHTAAR							
Bond Proceeds	400.0						
TOTAL	1,026.0	0.0	1,899.0	1,899.0	1,899.0	1,899.0	1,899.0

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

The bill authorizes the state to enter into leases to finance and occupy the proposed Alaska Mental Health Trust Support Office Building. This fiscal note only relates to the lease authorized in Section 3 (c) and Certificates of Participation authorized in Section 1 (b) that the state would issue to fund up to \$22.7 million of the construction cost. The actual amount sold would be equivalent to 50% of the cost of the construction. The numbers in this fiscal note contemplate an issuance of \$22.7 million, up to \$400,000 of which would be used to pay for the costs of issuance (including ratings, bond counsel, financial advisor, printing, etc), at an interest rate of 5.5% for a term of 20 years. The financing would take place in the first quarter of FY 2010, and the first interest payment would be due in FY 2010. **While debt service costs must be appropriated as GF in order for the state to receive the lowest financing costs, the financing costs will be reimbursed to the state from the proceeds of the lease after the building is occupied.**

Prepared by: Deven Mitchell
Division: Treasury Division
Approved by: Ginger Blaisdell, Director
Administrative Services Division

Phone: 465-3750
Date/Time: 3/27/2009 at 8:12 A.M
Date: 3/27/2009

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: CS HB161 (FIN)
() Publish Date: _____

Identifier (file name): HB161CS(FIN)-DNR-TLO-04-06-09 Dept. Affected: Natural Resources
Title: Subport Office Building COPs RDU: Resource Development
Sponsor: Representative Munoz Component: Mental Health Lands Administration
Requester: House Finance Committee Component Number: 1635

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual						1,534.0	1,534.0	1,534.0
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Debt Service								
TOTAL OPERATING			0.0	0.0	0.0	1,534.0	1,534.0	1,534.0

CAPITAL EXPENDITURES	45,400.0							
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CHANGE IN REVENUES (1092)						3,861.8	3,887.2	3,913.0
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FUND SOURCE (Thousands of Dollars)

	FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1007 IA Receipts							
1092 MHTAAR	22,700.0				1,534.0	1,534.0	1,534.0
Bond Proceeds	22,700.0						
TOTAL	45,400.0	0.0	0.0	0.0	1,534.0	1,534.0	1,534.0

Estimate of any current year (FY2009) cost: 0.0

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This bill authorizes the State to finance, construct, and occupy the proposed Alaska Mental Health Trust (MHTLO) Support Office Building. Cost of construction and equipping the new facility is estimated to be \$45.4 million, of which \$22.7 million is to be provided through issuance of certificates of participation outlined in the Department of Revenue fiscal note. The bill also authorizes real estate investment from the Mental Health Trust Fund for the remainder of the capital expenditure for acquisition, construction, and equipping the facility. The MHTLO will directly pay for all utilities and maintenance costs for the new building, which will be offset by the lease revenues from commercial space leasing and the Department of Administration beginning June 30, 2012 (FY2013). The TLO will also provide a contracted onsite Manager who will handle all aspects of the building and property management, including lease and rental agreements, contracting for janitorial services, utilities, snow removal and landscape services, parking lot management, and building systems including heat and plumbing.

Prepared by: Harry Noah, Executive Director Phone 269-8656
Division: Alaska Mental Health Trust Land Office Date/Time 4/6/2009
Approved by: Tom Irwin, Commissioner Date 4/6/2009
Department of Natural Resources

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: CS HB161
 () Publish Date: _____

Identifier (file name): CS(HCRA)HB161-DOA-DGS-03-25-09 Dept. Affected: Administration
 Title "An Act relating to the Alaska Mental Health Trust Authority Support RDU Leases
 Component Leases
 Sponsor Reps. MUNOZ, Thomas, Kerttula, etc
 Requester H(FIN) Component Number 81

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual						1,340.0	1,299.5	1,257.0
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	1,340.0	1,299.5	1,257.0

CAPITAL EXPENDITURES								
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CHANGE IN REVENUES ()								
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FUND SOURCE (Thousands of Dollars)

	FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
1002 Federal Receipts							
1003 GF Match							
1004 GF					1,340.0	1,299.5	1,257.0
1005 GF/Program Receipts							
1037 GF/Mental Health							
Other Interagency Receipts							
TOTAL	0.0	0.0	0.0	0.0	1,340.0	1,299.5	1,257.0

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

In FY 2013, state tenants leasing space in the Department of Labor Building (DOL), and occupying the Douglas Island Building (DIB) and Public Safety Building (PSB) would relocate to the newly constructed AMHTA Office Building authorized in this bill. The amounts reflected above represent the difference between what projected annual lease costs will be for tenants at the new AMHTA Office Building (\$5.4 million) versus costs should the building not be constructed (\$4.1 million). Included in the \$4.1 million is projected cost of a new lease for tenants in the DOL building as the lease expires and it is anticipated DOL tenants will occupy newly procured leased space irrespective of HB 161. In FY 2013, the projected annual cost for 68,278 sq. ft. of DOL space is \$3.3 Mil (\$4.00 sq.ft) versus the current cost of \$1.9 million. (\$2.33 sq.ft). Current annual costs for the DOL, DIB and PSB total \$2.6 million compared to \$4.1 million projected for FY 2013 without HB 161. However, over a 30 year period a \$13.5 million savings occurs with construction.

Prepared by: Remond Henderson
 Division General Services
 Approved by: Kevin Brooks
Deputy Commissioner

Phone 465-5687
 Date/Time 3/24/09 5:51 PM
 Date 3/25/2009

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

BILL NO. CSHB 161

ANALYSIS CONTINUATION

Projected costs with and without HB 161	2009	2013	2014	2015
	Current Annual Payments	Projected Annual Payments	Projected Annual Payments	Projected Annual Payments
Labor Building Lease (new lease in 2013)	1,909,052	3,277,440	3,302,906	3,328,937
Public Safety Building (PSB) operating expenses	235,748	287,922	302,318	317,434
Douglas Island Building (DIB) operating expenses	408,517	496,330	521,146	547,204
DIB Parking Leases	19,051	23,156	24,314	25,529
Costs without the passage of HB161	2,572,368	4,084,848	4,150,684	4,219,104
Costs with the passage of HB 161	N/A	5,424,830	5,450,166	5,476,060
Increase (Decrease) in costs	N/A	1,339,982	1,299,482	1,256,956

Although the calculations above indicate an increase in lease payments for the period shown, over a 30 year period the projected total lease payments with the construction of the new AMHTA Office Building are \$13.5 million less than costs would be if the building were not constructed. The projected annual lease payments over a 30 period assuming a newly constructed office building total \$160,439,082. If the new office building is not constructed, projected lease, operating and capital expenditures for the current buildings (DOL, PSB and DIB) are projected to be \$173,956,264. Included in this amount is anticipated deferred maintenance in FY 2013 of \$2.5 million for the PSB and \$5.8 million for the DIB should the state tenants remain in these buildings. This amount does not include the likely replacement of the DIB or PSB or additional deferred maintenance for these buildings over a 30 year period.



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Alaska USA FCU
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Bartlett Regional Hospital
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Coeur Alaska, Inc.
Coogan Construction
Copy Express
Elgee Rehfeld & Mertz
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

HB 161- (H) Finance March 27, 2009

Dept. of Revenue
Jerry Burnett-Deputy Commissioner

DNR
Harry Noah-Exec. Director-The Trust Land Office-via teleconference

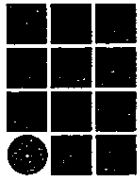
Alaska Mental Health Trust Authority-via teleconference
Jeff Jessee-CEO

Department of Administration
Vern Jones-Chief Procurement Officer
Remond Henderson-Division Operations Manager

Jensen Yorba Lott Architects
Wayne Jensen here to answer questions if needed

CBJ
Deputy Mayor Jeff Bush- if needed for questions

**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.

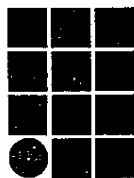
As for the flat roof; no new buildings have dead flat roofs, they are required to slope to drain, so we refer to them as low-slope roofs. The advantage of a low-slope roof in an urban area is that water and snow are not dumped off the roof, which is dangerous and damaging, especially for a multi-story 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:

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.

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.

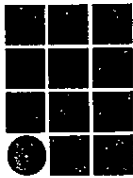
The proposed building will provide office space that meets the State space standards and is comparable to other modern office buildings. As buildings become larger the building codes require more consideration to life safety and environmental conditions. Building codes also change over time, so the proposed 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:

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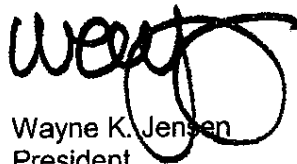
1985
Jensen Douglas
Architects, Inc.

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.

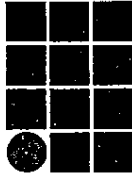
Sincerely,



Wayne K. Jensen
President

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

**Jensen
Yorba
Lott
Inc**



March 30, 2009

**Architecture
Interiors
Landscape
Architecture**

RE: Subport 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

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Jordan Creek Center
8800 Glacier Highway, Suite 231, Juneau, AK 99801
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.

MEMORANDUM

*Department of Administration
Division of General Services
Vern.jones@alaska.gov*

STATE OF ALASKA

Phone Number: 465-2250
FAX Number: 465-2189
TDD Number: 465-2205

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 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	10960 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 Sandelewood 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 La Touche	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 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	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	Cyella Gumennik	3,664	\$ 1.90	\$ 2.19	\$0.57	\$ 2.76
Lease	Office	1400 Benson Boulevard	Mark Rowley	3,500	No rate			
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

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 constructed, 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 consturcition, amortized at 9% for ten years	Combined USF rate + State Buildout
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. Dimond 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	Sq Feet or Other Units.	Cost per SqFt or Unit (Monthly)	Space Type	Lease Start Date	Expiration Date	Options Remaining	Option Duration	Bidg 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; Labor	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
2407	Anchorage	Enviro Con	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 (includes TI)	Office	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	10/15/1980	10/14/2011	0	0	C
2137	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 (pending BOV)	Office	2/1/1988	6/30/2019	0	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/tsf)
 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%

Total Cash Payout: \$160,439,014
 Present Value Analysis (PVA) \$76,473,500

Total P&I PMT Remaining PMT
 \$35,196,035 \$125,242,979

Month
 1
 2
 3
 4
 5
 6
 7
 8
 9
 10
 11

\$452,069.17
 \$452,069.17
 \$452,069.17
 \$452,069.17
 \$452,069.17
 \$452,069.17
 \$452,069.17
 \$452,069.17
 \$452,069.17
 \$452,069.17
 \$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	\$98,083	\$5,424,830.01
13	\$454,180.54	\$98,083	
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	
25	\$456,338.36	\$98,083	\$5,450,166.44
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
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129	\$475,400.59	\$119,303
130	\$475,400.59	\$119,303
131	\$475,400.59	\$119,303
132	\$475,400.59	\$119,303
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
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
157	\$483,449.07	\$127,351
158	\$483,449.07	\$127,351
159	\$483,449.07	\$127,351

\$5,704,807.12

\$5,736,303.04

\$5,768,491.88

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	\$5,801,388.88
168	\$483,449.07	\$127,351	
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	
198	\$492,040.52	\$135,943	
199	\$492,040.52	\$135,943	
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	
207	\$495,031.26	\$138,933	
208	\$495,031.26	\$138,933	
209	\$495,031.26	\$138,933	
210	\$495,031.26	\$138,933	
211	\$495,031.26	\$138,933	
212	\$495,031.26	\$138,933	
213	\$495,031.26	\$138,933	
214	\$495,031.26	\$138,933	
215	\$495,031.26	\$138,933	
216	\$495,031.26	\$138,933	\$5,940,375.17
217	\$498,087.80	\$141,990	
218	\$498,087.80	\$141,990	
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	
225	\$498,087.80	\$141,990	
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	
231	\$501,211.58	\$145,114	
232	\$501,211.58	\$145,114	
233	\$501,211.58	\$145,114	

234	\$501,211.58	\$145,114
235	\$501,211.58	\$145,114
236	\$501,211.58	\$145,114
237	\$501,211.58	\$145,114
238	\$501,211.58	\$145,114
239	\$501,211.58	\$145,114
240	\$501,211.58	\$145,114 \$6,014,538.94
241	\$371,332.41	\$148,306
242	\$371,332.41	\$148,306
243	\$371,332.41	\$148,306
244	\$371,332.41	\$148,306
245	\$371,332.41	\$148,306
246	\$371,332.41	\$148,306
247	\$371,332.41	\$148,306
248	\$371,332.41	\$148,306
249	\$371,332.41	\$148,306
250	\$371,332.41	\$148,306
251	\$371,332.41	\$148,306
252	\$371,332.41	\$148,306 \$4,455,988.87
253	\$374,595.14	\$151,569
254	\$374,595.14	\$151,569
255	\$374,595.14	\$151,569
256	\$374,595.14	\$151,569
257	\$374,595.14	\$151,569
258	\$374,595.14	\$151,569
259	\$374,595.14	\$151,569
260	\$374,595.14	\$151,569
261	\$374,595.14	\$151,569
262	\$374,595.14	\$151,569
263	\$374,595.14	\$151,569
264	\$374,595.14	\$151,569
265	\$377,929.66	\$151,569 \$4,495,141.72
266	\$377,929.66	\$154,904
267	\$377,929.66	\$154,904
268	\$377,929.66	\$154,904
269	\$377,929.66	\$154,904
270	\$377,929.66	\$154,904

271	\$377,929.66	\$154,904	
272	\$377,929.66	\$154,904	
273	\$377,929.66	\$154,904	
274	\$377,929.66	\$154,904	
275	\$377,929.66	\$154,904	
276	\$377,929.66	\$154,904	\$4,535,155.93
277	\$381,337.54	\$158,311	
278	\$381,337.54	\$158,311	
279	\$381,337.54	\$158,311	
280	\$381,337.54	\$158,311	
281	\$381,337.54	\$158,311	
282	\$381,337.54	\$158,311	
283	\$381,337.54	\$158,311	
284	\$381,337.54	\$158,311	
285	\$381,337.54	\$158,311	
286	\$381,337.54	\$158,311	
287	\$381,337.54	\$158,311	
288	\$381,337.54	\$158,311	\$4,576,050.45
289	\$384,820.39	\$161,794	
290	\$384,820.39	\$161,794	
291	\$384,820.39	\$161,794	
292	\$384,820.39	\$161,794	
293	\$384,820.39	\$161,794	
294	\$384,820.39	\$161,794	
295	\$384,820.39	\$161,794	
296	\$384,820.39	\$161,794	
297	\$384,820.39	\$161,794	
298	\$384,820.39	\$161,794	
299	\$384,820.39	\$161,794	
300	\$384,820.39	\$161,794	\$4,617,844.66
301	\$388,379.86	\$165,354	
302	\$388,379.86	\$165,354	
303	\$388,379.86	\$165,354	
304	\$388,379.86	\$165,354	
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
310	\$388,379.86	\$165,354
311	\$388,379.86	\$165,354
312	\$388,379.86	\$165,354 \$4,660,558.33
313	\$392,017.64	\$168,991
314	\$392,017.64	\$168,991
315	\$392,017.64	\$168,991
316	\$392,017.64	\$168,991
317	\$392,017.64	\$168,991
318	\$392,017.64	\$168,991
319	\$392,017.64	\$168,991
320	\$392,017.64	\$168,991
321	\$392,017.64	\$168,991
322	\$392,017.64	\$168,991
323	\$392,017.64	\$168,991
324	\$392,017.64	\$168,991 \$4,704,211.71
325	\$395,735.46	\$172,709
326	\$395,735.46	\$172,709
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
338	\$399,535.06	\$176,509
339	\$399,535.06	\$176,509
340	\$399,535.06	\$176,509
341	\$399,535.06	\$176,509
342	\$399,535.06	\$176,509
343	\$399,535.06	\$176,509
344	\$399,535.06	\$176,509

345	\$399,535.06	\$176,509	
346	\$399,535.06	\$176,509	
347	\$399,535.06	\$176,509	
348	\$399,535.06	\$176,509	\$4,794,420.72
349	\$403,418.26	\$180,392	
350	\$403,418.26	\$180,392	
351	\$403,418.26	\$180,392	
352	\$403,418.26	\$180,392	
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



Headquarters
4300 Boniface Parkway
Anchorage, Alaska 99504
(907) 338-6100

Mailing Address
P.O. Box 101020
Anchorage, AK 99510-1020

Internet Web Site
<http://www.ahfc.state.ak.us>

April 1, 2009

Representative Bill Stoltze, Co-Chair
Representative Mike Hawker, Co-Chair
Alaska State House Finance Committee
State Capitol
Juneau, AK 99801

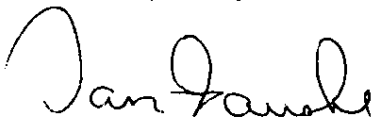
Dear Representatives Stoltze and Hawker,

In 1995 AHFC acquired approximately 4.3 acres of unimproved land located in midtown Anchorage and entered into a contract to construct an office/warehouse facility on the site. At the direction of the Knowles administration, AHFC cancelled the contract. In 1997 AHFC entered into an agreement to lease office space and parking located at 4300 Boniface Parkway in Anchorage. In 1999 AHFC sought legislative approval to acquire this property. The bill passed the House 38-1 but died in the Senate Finance Committee, thus enabling Tatitlek Native Corporation to purchase the building and become AHFC's new landlord. If AHFC had been able to acquire the facility, the cost of owning and maintaining the property would have been significantly less than the lease payments AHFC continues to make.

AHFC is seeking legislative approval to enter into negotiations with Tatitlek Native Corporation for the purchase of the office building and parking area located at 4300 Boniface Parkway in Anchorage. The purchase of the existing office space and parking area or the construction of an office building for its use will stabilize the costs associated with housing AHFC's operations, minimize future increases in annual lease payments, and, finally, build equity to both AHFC and the State of Alaska. This should also result in a small increase in AHFC's dividend to the State.

AHFC estimates that the purchase of the building will save the Corporation approximately \$7.5 million in net present value using very conservative assumptions.

Thank you for your consideration.

A handwritten signature in cursive script, appearing to read "Dan Fauske".

Sincerely,

Dan Fauske, CEO/Executive Director
Alaska Housing Finance Corporation

Discount Rate 6.500%
 Inflation Rate 3.000%

Net Present Value Cost 30,359,259
 57,800 sq. ft

Net Present Value Cost 22,825,076

Lease

Base 1,224,627 \$ 1.76 per square ft.
 2017 \$ 3.50 per square ft.

Purchase

*** 14,500,000

550,000 Operating Expenses

Yr	Payment	Inflation	Total Lease	Yr	Maintenance	Total Cost
1	1,224,627	11,022	1,235,649	1	550,000	550,000
2	1,235,649	11,121	1,246,769	2	566,500	566,500
3	1,246,769	11,221	1,257,990	3	403,495 **	403,495
4	1,257,990	11,322	1,269,312	4	415,600	415,600
5	1,269,312	11,424	1,280,736	5	428,068	428,068
6	1,280,736	11,527	1,292,263	6	440,910	440,910
7	1,292,263	11,630	1,303,893	7	454,137	454,137
8	2,427,600 *	21,848	2,449,448	8	467,761	467,761
9	2,449,448	22,045	2,471,493	9	481,794	481,794
10	2,471,493	22,243	2,493,737	10	496,248	496,248
11	2,493,737	22,444	2,516,181	11	511,135	511,135
12	2,516,181	22,646	2,538,826	12	526,469	526,469
13	2,538,826	22,849	2,561,676	13	542,264	542,264
14	2,561,676	23,055	2,584,731	14	558,531	558,531
15	2,584,731	23,263	2,607,993	15	575,287	575,287
16	2,607,993	23,472	2,631,465	16	592,546	592,546
17	2,631,465	23,683	2,655,148	17	610,322	610,322
18	2,655,148	23,896	2,679,045	18	628,632	628,632
19	2,679,045	24,111	2,703,156	19	647,491	647,491
20	2,703,156	24,328	2,727,484	20	666,916	666,916
21	2,727,484	24,547	2,752,032	21	686,923	686,923
22	2,752,032	24,768	2,776,800	22	707,531	707,531
23	2,776,800	24,991	2,801,791	23	728,757	728,757
24	2,801,791	25,216	2,827,007	24	750,620	750,620
25	2,827,007	25,443	2,852,451	25	773,138	773,138
26	2,852,451	25,672	2,878,123	26	796,332	796,332
27	2,878,123	25,903	2,904,026	27	820,222	820,222
28	2,904,026	26,136	2,930,162	28	844,829	844,829
29	2,930,162	26,371	2,956,533	29	870,174	870,174
30	2,956,533	26,609	2,983,142	30	896,279	896,279
31	2,983,142	26,848	3,009,990	31	923,167	923,167
32	3,009,990	27,090	3,037,080	32	950,862	950,862
33	3,037,080	27,334	3,064,414	33	979,388	979,388
34	3,064,414	27,580	3,091,994	34	1,008,770	1,008,770
35	3,091,994	27,828	3,119,822	35	1,039,033	1,039,033
36	3,119,822	28,078	3,147,900	36	1,070,204	1,070,204
37	3,147,900	28,331	3,176,231	37	1,102,310	1,102,310
38	3,176,231	28,586	3,204,817	38	1,135,379	1,135,379
39	3,204,817	28,843	3,233,661	39	1,169,441	1,169,441
40	3,233,661	29,103	3,262,764	40	1,204,524	1,204,524

Assumptions:

* Lease at current rate plus increments for inflation. Rate increases to current market at the end of the lease in 2017.

** Purchase includes \$550,000 per year in operating costs, reduced by anticipated \$180,000 energy savings and in-house management from improvements to HVAC and lighting systems in year 3.

***The purchase price is a not to exceed amount and includes \$2 million for deferred maintenance.

Division of General Services
 Labor Building Lease Costs
 Actuals FY 83-FY 2008; Projected FY 09-FY 2102

Fiscal Year	Lease 1607	Lease 1632	Total
FY 83	1,415,559.96	171,475.30	\$ 1,587,035.26
FY 84	1,409,359.96	216,284.24	\$ 1,625,644.20
FY 85	1,414,700.97	210,240.12	\$ 1,624,941.09
FY 86	1,418,513.35	210,510.00	\$ 1,629,023.35
FY 87	1,284,400.80	190,404.00	\$ 1,474,804.80
FY 88	1,323,989.64	196,272.84	\$ 1,520,262.48
FY 89	1,367,898.60	202,114.92	\$ 1,570,013.52
FY 90	1,401,773.64	207,803.76	\$ 1,609,577.40
FY 91	1,452,735.84	215,358.60	\$ 1,668,094.44
FY 92	1,593,934.20	236,290.32	\$ 1,830,224.52
FY 93	1,612,500.24	239,042.64	\$ 1,851,542.88
FY 94	1,631,695.68	241,888.20	\$ 1,873,583.88
FY 95	1,646,845.20	244,134.00	\$ 1,890,979.20
FY 96	1,659,252.48	245,973.36	\$ 1,905,225.84
FY 97	1,674,536.88	247,392.72	\$ 1,921,929.60
FY 98	1,650,599.97	244,690.65	\$ 1,895,290.62
FY 99	1,525,097.25	226,085.73	\$ 1,751,182.98
FY 00	1,530,789.90	226,929.66	\$ 1,757,719.56
FY 01	1,538,535.66	228,077.91	\$ 1,766,613.57
FY 02	1,554,360.48	230,423.85	\$ 1,784,784.33
FY 03	1,567,927.75	232,435.08	\$ 1,800,362.83
FY 04	1,582,397.22	234,580.11	\$ 1,816,977.33
FY 05	1,600,048.47	237,196.77	\$ 1,837,245.24
FY 06	1,615,739.94	239,522.91	\$ 1,855,262.85
FY 07	1,620,437.61	241,734.48	\$ 1,862,172.09
FY 08	1,633,373.40	242,136.99	\$ 1,875,510.39
FY 09	1,247,430.78	184,923.45	\$ 1,432,354.23
Subtotal	40,974,435.87	6,043,922.61	\$ 47,018,358.48

Fiscal Year	Projected Lease Costs for 1607	Projected Lease Costs for 1632	Projected Lease Total
FY 09	1,670,240.31	247,602.24	\$ 1,917,842.55
FY 10	1,703,922.00	252,595.14	\$ 1,956,517.14
FY 11	1,755,039.54	260,172.99	\$ 2,015,212.53
FY 12	1,807,690.80	267,978.33	\$ 2,075,669.13
Subtotal	6,936,892.65	1,028,348.70	7,965,241.35

Total	47,911,328.52	7,072,271.31	54,983,599.83
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From: Mintz, Tanci M (DOA) [tanci.mintz@alaska.gov]
 Sent: Tuesday, March 24, 2009 2:07 PM
 To: Terry Harvey
 Cc: Jones, Vern O (DOA)
 Subject: Deferred Maintenance PSB & DIB
 Terry,

As requested, please find a listing of deferred projects for each of the two facilities. Please let me know if you need any further information.

Thank you,
 Tanci Mintz
 State Leasing & Facilities Manager

Public Safety Building Deferred Capital Expenses

P 039	Electrical upgrades	\$500,000
P 015	Repaint common areas	\$30,000
P 021	Replace emergency generator	\$25,000
P 023	Modify ventilation in generator room	\$4,000
P 027	Replace roof	\$400,000
P 029	Paint exterior	\$30,000
P 030	Recarpet common areas	\$20,000
P 031	Replace all exterior windows	\$300,000
P 032	Install DDC (direct digital control) system	\$55,000
P 034	Add critical building systems to generator	\$30,000
P 035	Upgrade south entrance	\$10,000
P 040	Replace garage door	\$10,000
P 041	Upgrade fire alarm system	\$25,000
P 043	Balance hvac system	\$25,000
P 044	Install Cooling System	\$500,000
P 045	Replace exterior concrete stairs	\$15,000
	Subtotal	\$1,979,000
	25% Contingency	\$494,750
		\$2,473,750

Douglas Island Building Deferred Capital Expenses

D 016	Replace exterior curtain wall (building envelope)	\$3,500,000
D 045	Replace light fixtures	\$250,000
D 048	Install new grid and drop ceiling	\$80,000
D 050	Replace entry doors	\$20,000
D 051	Reslope, reseed lawn install french drain	\$35,000
D 054	Electrical upgrades (correct code violations, etc.)	\$500,000
D 055	Reinsulate boiler room piping	\$10,000
D 056	Install new fire alarm system	\$50,000
D 057	Replace flooring at entry	\$12,000
D 058	Replace common area carpet	\$25,000
D 062	Install new flag poles	\$7,500
D 063	Install air curtain	\$30,000
D 064	Replace stairs near generator	\$35,000
D065	Replace bathroom counters	\$50,000
	Subtotal	\$4,604,500
	25% contingency	\$1,151,125
	Projected DIB Capital Total	\$5,755,625

D 058	Replace common area carpet	\$25,000
D 062	Install new flag poles	\$7,500
D 063	Install air curtain	\$30,000
D 064	Replace stairs near generator	\$35,000
D065	Replace bathroom counters	<u>\$50,000</u>
	Subtotal	\$4,604,500
	25% contingency	<u>\$1,151,125</u>
	Projected DIB Capital Total	\$5,755,625

DEPARTMENT OF ADMINISTRATION
Division of General Services

SARAH PALIN, Governor

333 WILLOUGHBY AVENUE
7TH FLOOR SOB
P.O. BOX 110210

JUNEAU, ALASKA 99811-0210
PHONE: (907) 465-2250
FAX: (907) 465-2189

Briefing Paper
AMHTA Support Office Building

The Issue: The State is leasing or owns three buildings in Juneau which house State employees. These facilities are very old and in need of significant upgrades. All three buildings provide approximately 116,000 square feet of office space for 525 employees.

The Opportunity: The Alaska Mental Health Trust Authority (AMHTA) has offered to construct a new office building on its land at the former Support area. The new office building would accommodate all of the employees currently occupying the three buildings in question.

Cost to the State:

Option 1: Enter into an agreement with AMHTA to construct a new office building with surface parking on the site of the old Support warehouse.

Estimated Cost: \$160,439,082 (Lease payments to AMHTA over 30 years)

Action Required: Legislation that allows use of \$22.7 million Mental Health Trust funds, currently invested by the Permanent Fund Corporation, and \$22.7 million in state bond proceeds to construct the building.

Option 2: Remain in the two state-owned facilities and procure a replacement lease for the Department of Labor.

Estimated Cost: \$173,956,264 (Cost calculated for a 30-year period for comparison)

Action Required:

- a. Repair and bring into code compliance the two existing state-owned buildings.
(These will remain functionally obsolete buildings that will continue to need ongoing repair and maintenance or replacement during the lease period.)
- b. Issue a request for proposals (RFP) for a new lease for the Department of Labor.

Justification:

Department of Labor (DOL):

This existing 68,278 square foot lease for DOL expires 6/30/12 and currently accommodates 304 state employees. Since 1982, the DOL occupants have experienced water intrusion, flooding, mold growth, roof leaks, ponding in the parking lot, windows falling out, carpenter ants, etc. Numerous employees have become ill, grievances have been filed by unions and a number of employees have been moved to alternate space outside the facility due to these conditions. An alternate facility, either built by AMHTA or procured through a RFP is necessary. DOA and DOL prefer to vacate the existing facility and relocate all DOL employees to the new AMHTA building by 7/1/12.

Department of Fish & Game (DFG) & Department of Corrections (DOC):

Both agencies are located in a state-owned facility: the Douglas Island Building constructed in 1961. It contains 31,816 square feet and accommodates 187 employees. The building is in dire need of major capital improvements including complete replacement of the building envelope to eliminate and prevent rain, wind and snow from entering the building. The total current estimated deferred maintenance cost is \$5.8 million.

DOA and tenant agencies prefer to vacate this facility and reuse it for a new defined purpose, or demolish the facility at an estimated cost of \$375,000. All DFG and DOC employees would relocate to the new AMHTA building by 7/1/12.

Department of Public Safety (DPS) & Office of Administrative Hearings (OAH):

Both agencies are located in a state-owned facility: the Public Safety Building constructed in 1970 as a temporary structure. It contains 16,103 square feet and accommodates 34 state employees. The facility currently requires major electrical upgrades and code compliance improvements, a new roof, and other repairs. The total current estimated deferred maintenance cost is \$2.5 million. DOA and tenant agencies prefer to vacate the facility and relocate to the new AMHTA building 7/1/12.

Future Plans:

The State could demolish the Public Safety Building (at an estimated cost of \$180,000) and AMHTA could construct a new parking garage at that location. The garage would accommodate approximately 360 vehicles. It would be used by state employees during the day and be open to the public during non-business hours. This would allow future development of the Support site by AMHTA.

Detailed Cost Information:

Current Lease/Building Operating Costs:

Lease #1607 & 1632	68,278 sf	exp 6/30/12	\$2.33 sf	\$1,909,052 annually	DOL Offices (parking included)
Lease #1951	NA	exp 2/28/10	NA	\$ 6,451 annually	DIB Surface Parking
Lease #2529	NA	exp 8/31/09	NA	\$ 12,600 annually	DIB Surface Parking
Public Safety	16,103 sf	exp n/a	\$1.22 sf	\$ 235,748 annually	DPS, DOA Offices
Douglas Island Bldg	<u>31,816 sf</u>	exp n/a	\$1.07 sf	\$ 408,517 annually	DOC, F&G Offices
Totals:	116,197 sf			\$ 2,572,368 annually	

Projected Private New Labor Lease Cost:

New Private Lease 68,280 sf at \$4.00 sf **\$ 3,277,440 annually**

Total Projected Public Safety Building Costs thru 6/42: **\$ 21,602,392**

Total Projected Douglas Island Building Costs thru 6/42: **\$ 38,731,192**

Total Projected Costs 2013 – 2042:

Scenario A: AMHTA building not constructed.

1. DOL replacement lease	\$ 112,083,682
2. DIB parking leases	1,538,458
3. Douglas Island Bldg Operating and Capital	38,731,192
4. Public Safety Bldg Operating and Capital	21,602,932
Total Scenario A:	\$ 173,956,264*

*Cost estimate does not include likely replacement of the DIB and DPS buildings at some point during the 30-year period.

Total Projected Costs 2013 – 2042:

Scenario B: AMHTA building constructed.

1. AMHTA lease	
Total cost will depend upon state bond financing rates.	\$160,439,082**

**Estimate includes repayment of bond proceeds with interest over 20 years and rent payments over 30 years.

Building Purpose:

Office occupancy for State Agency's: DOL, DF&G, OAH, DPS, DOC (approximately 525 employees).

AMHTA Lease Information:

20 year base term with (2) 10-year options

Parking, maintenance and standard services (janitorial, etc.)

Rate: to be determined (estimated range of \$3.80 - \$4.20 usf)

111,128 usf – State offices

10,000 usf – Private retail on first floor

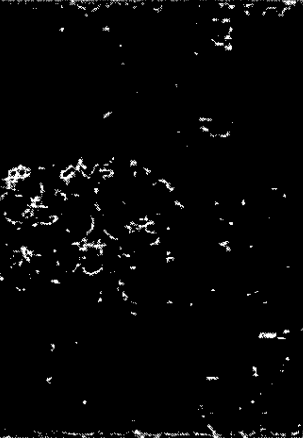
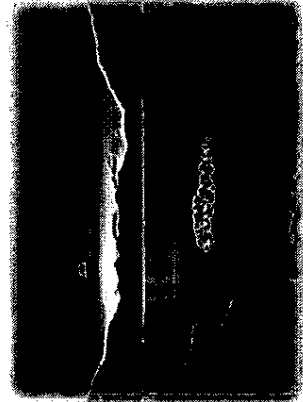
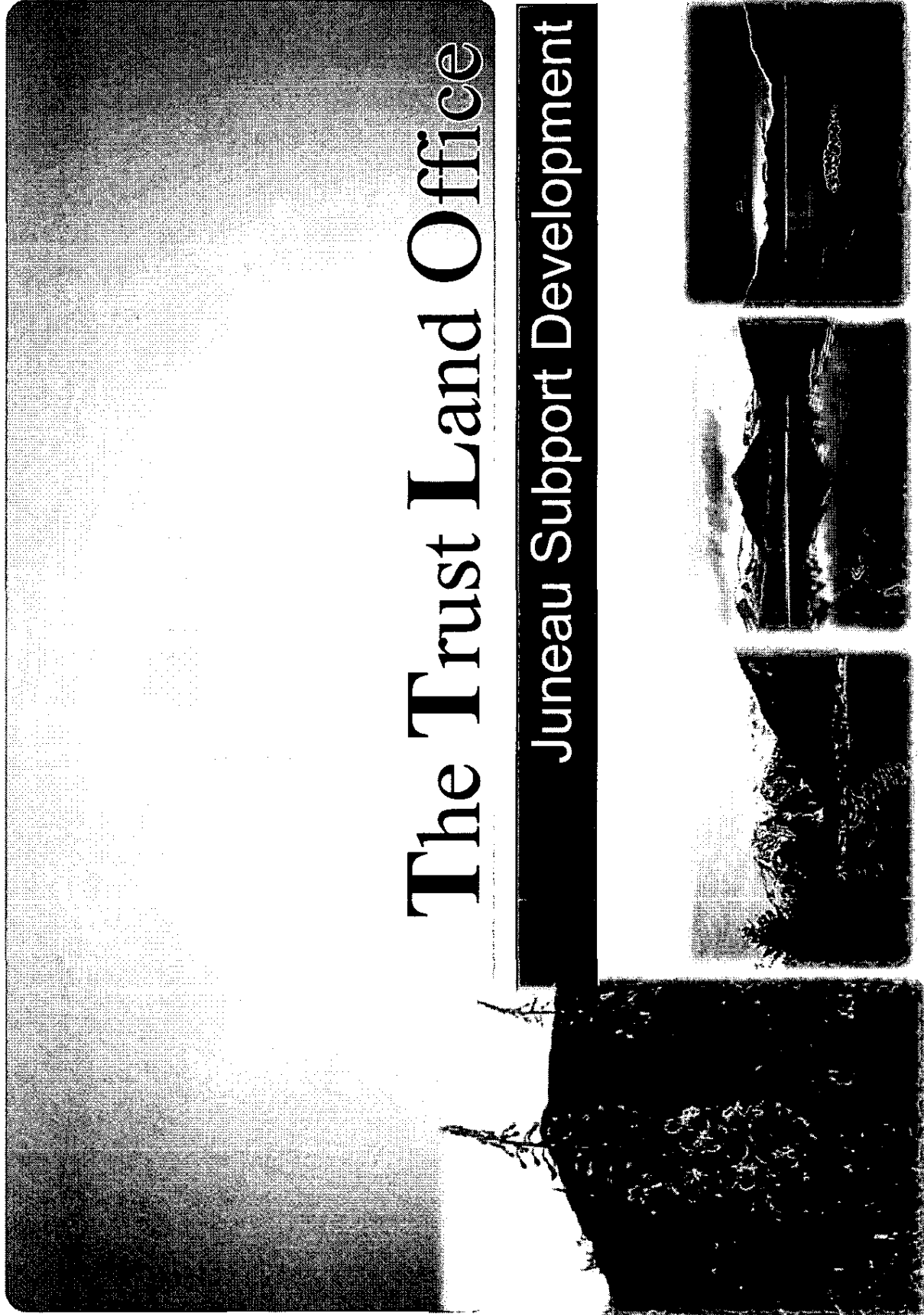
Four-story facility

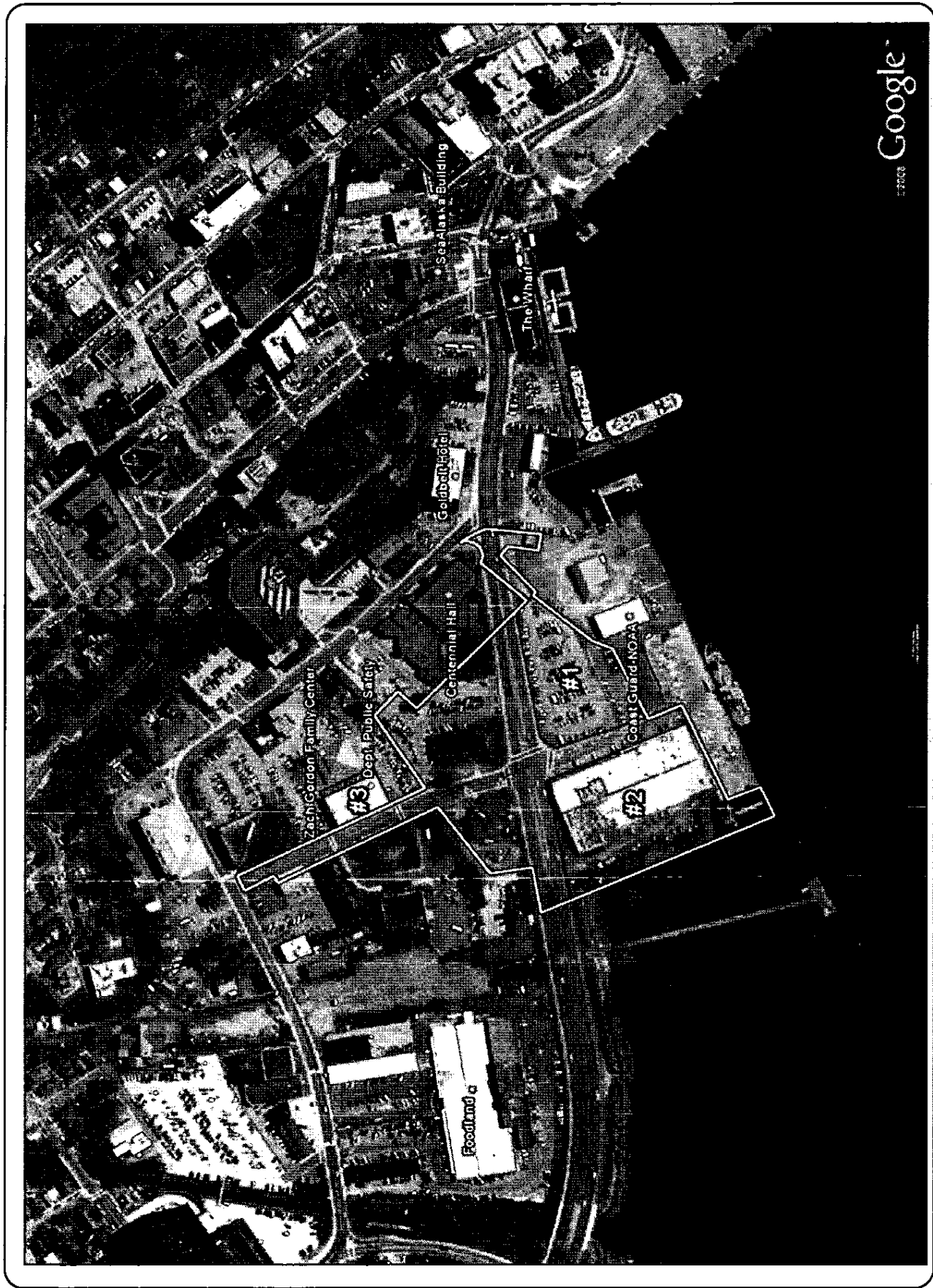
Energy Conservation Considerations:

- A heat pump system using either water from Gastineau Channel or the heat from the earth below the building from tubing in the piling or in boreholes. The NOAA Building at Lena Point is incorporating a system using water from the ocean and both the Juneau Airport expansion and the Dim ond Park Swimming Pool which will be under construction this spring will use a ground source for the heat pump system.
- A Life Cycle Cost Analysis will be performed to select the optimum insulating values for the exterior envelope of the building including the roof, walls, windows, doors and the concrete floor slab. This analysis will also evaluate the heating, ventilation and lighting systems to achieve efficiencies and lower operating costs in all the building systems.
- The Coast Guard is exploring the use of both wind generated energy at the site and constructing a biomass generation plant to serve their facilities. MHLT will explore opportunities for partnering.
- MHLT will also explore the opportunity to capture waste heat from lighting and/or computer server room cooling systems to offset the heating requirements for the building.

The Trust Land Office

Juneau Subport Development



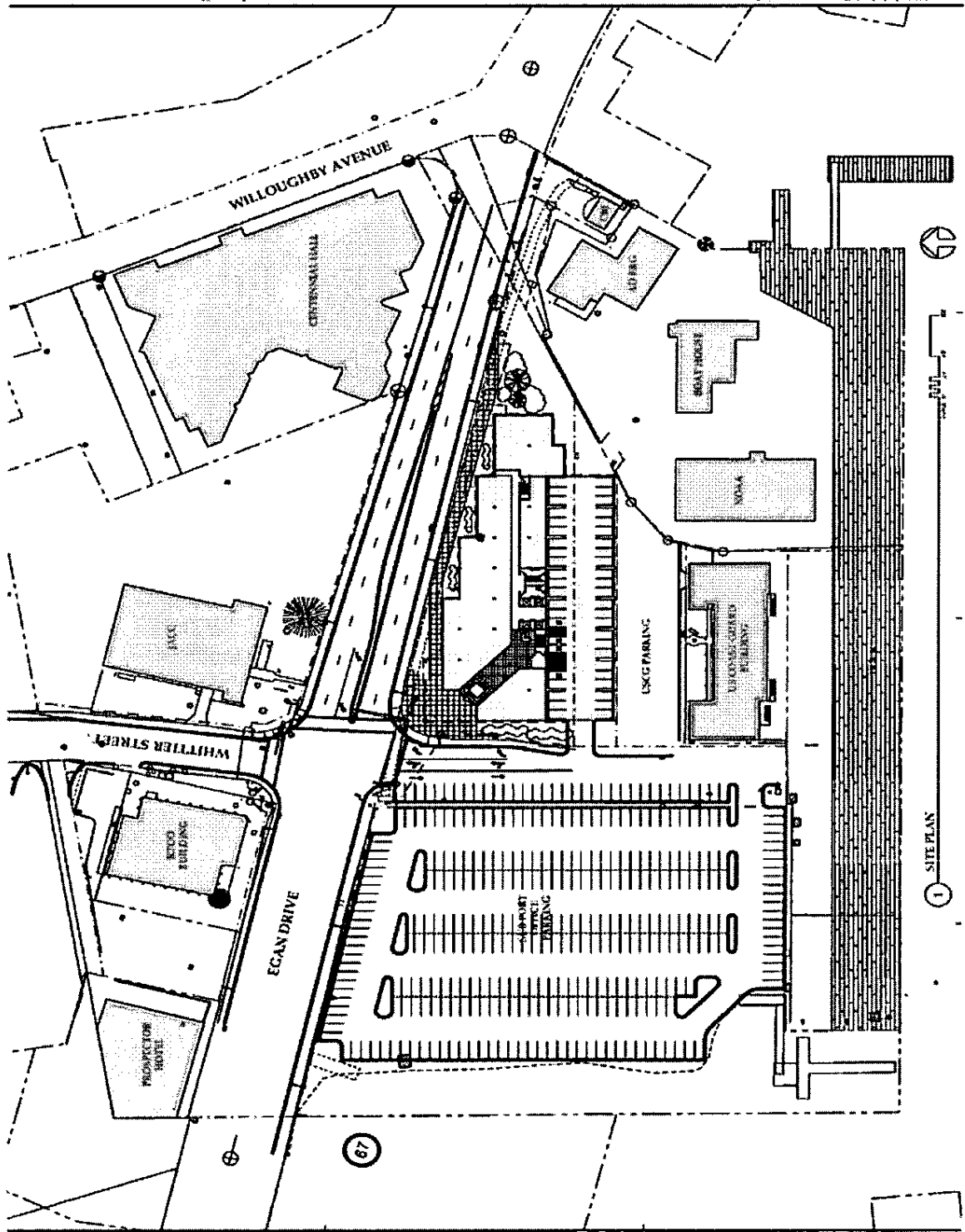




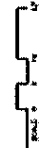
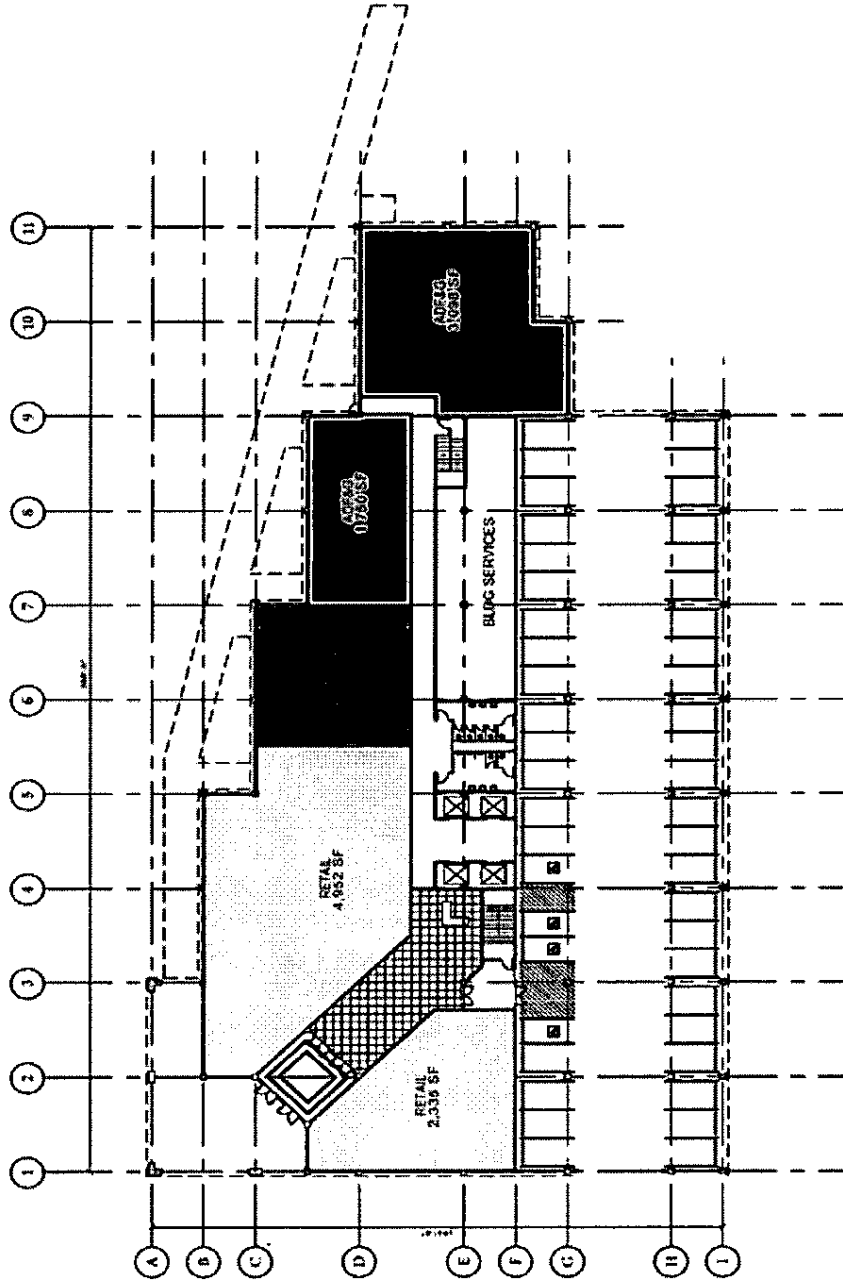
Jensen
Yorba
Lott
Inc.

Alaska Mental Health Trust Authority
Trust Land Office
Juneau, Alaska

DATE: 11/15/00
BY: [Signature]
PROJECT: [Signature]
SHEET: A101



1 SITE PLAN



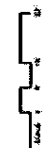
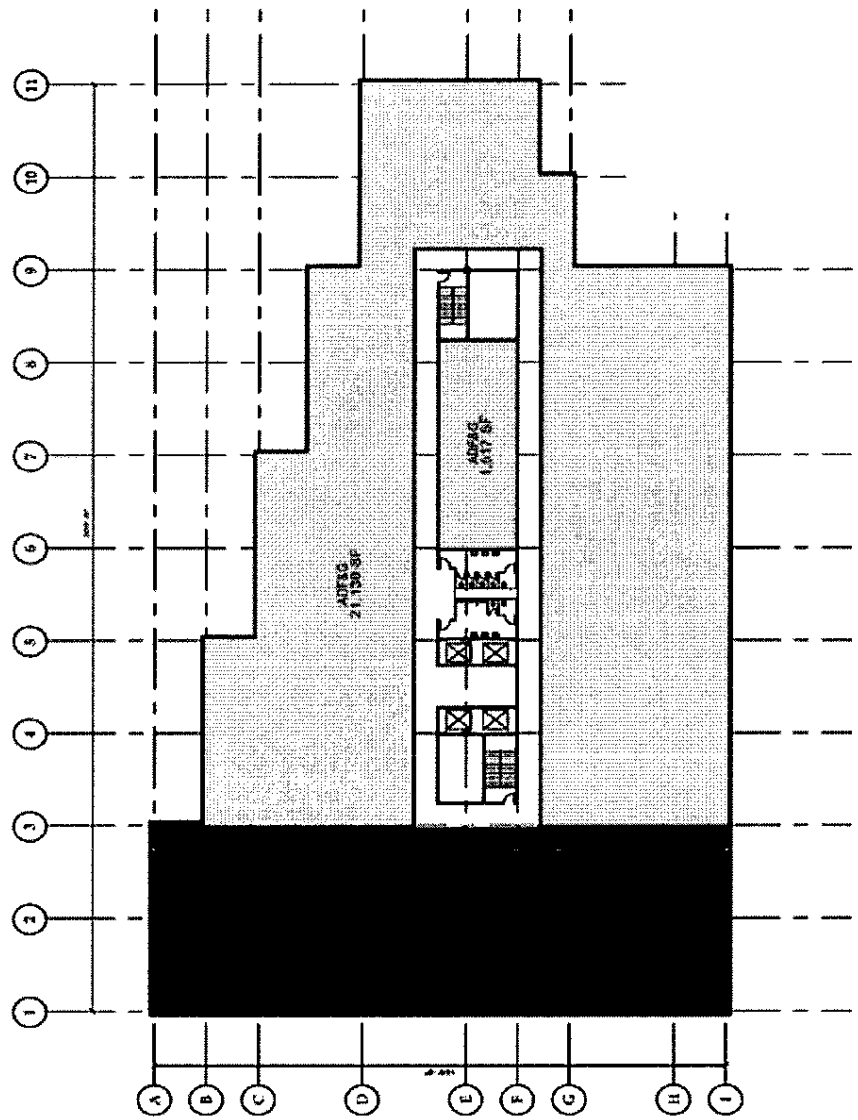
1 FIRST FLOOR PLAN
21,100SF GROSS AREA



Jensen
Yorba
Lott
Inc.

Alaska Mental Health Trust Authority
Trust Land Office
Juneau, Alaska

SECOND FLOOR PLAN
A202



1 SECOND FLOOR PLAN
20,000 GROSS AREA

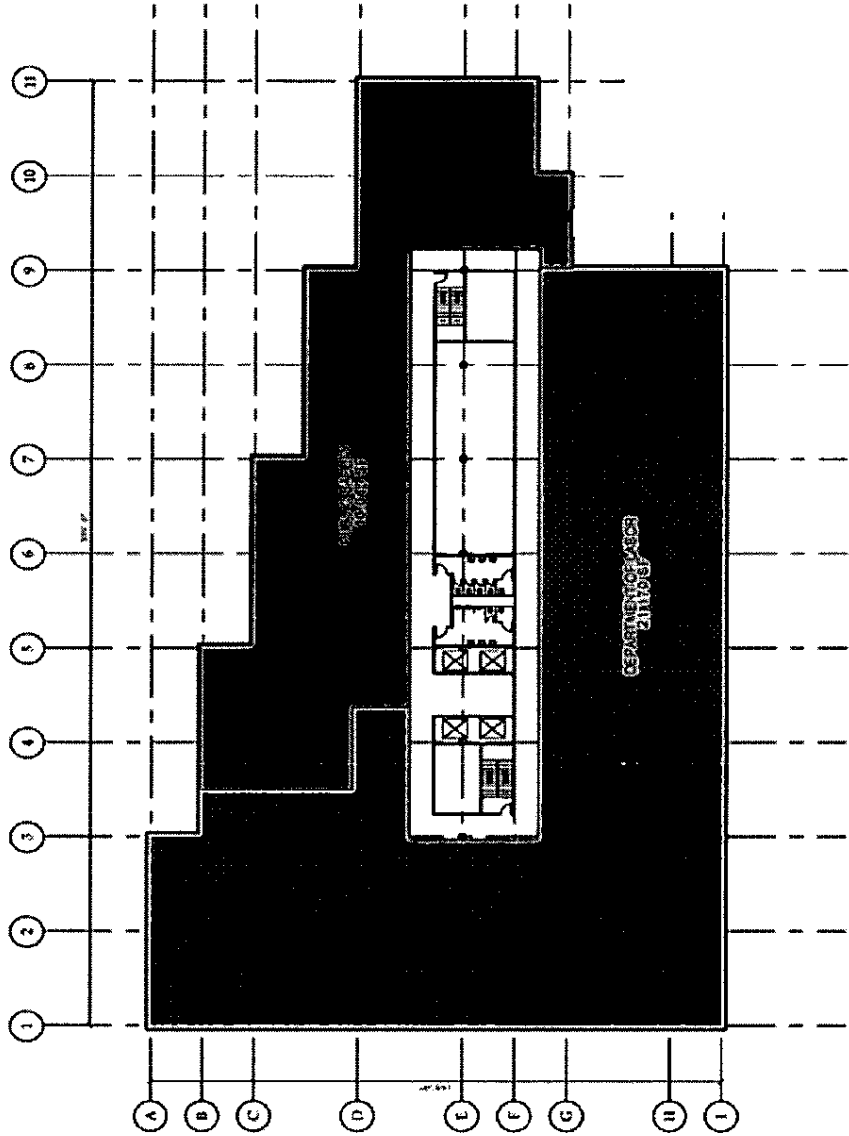


Jensen
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Lott
Inc.
423 West 24th Street
Juneau, Alaska 99801
Phone: 907-586-3333
Fax: 907-586-3339
jensenyorbalo.com

Alaska Mental Health Trust Authority
Trust Land Office
SUPPORT OFFICE BUILDING
Juneau, Alaska

DATE REVISION NO.
03.14.09 001

A203



1 THIRD FLOOR PLAN
38,308 GROSS AREA

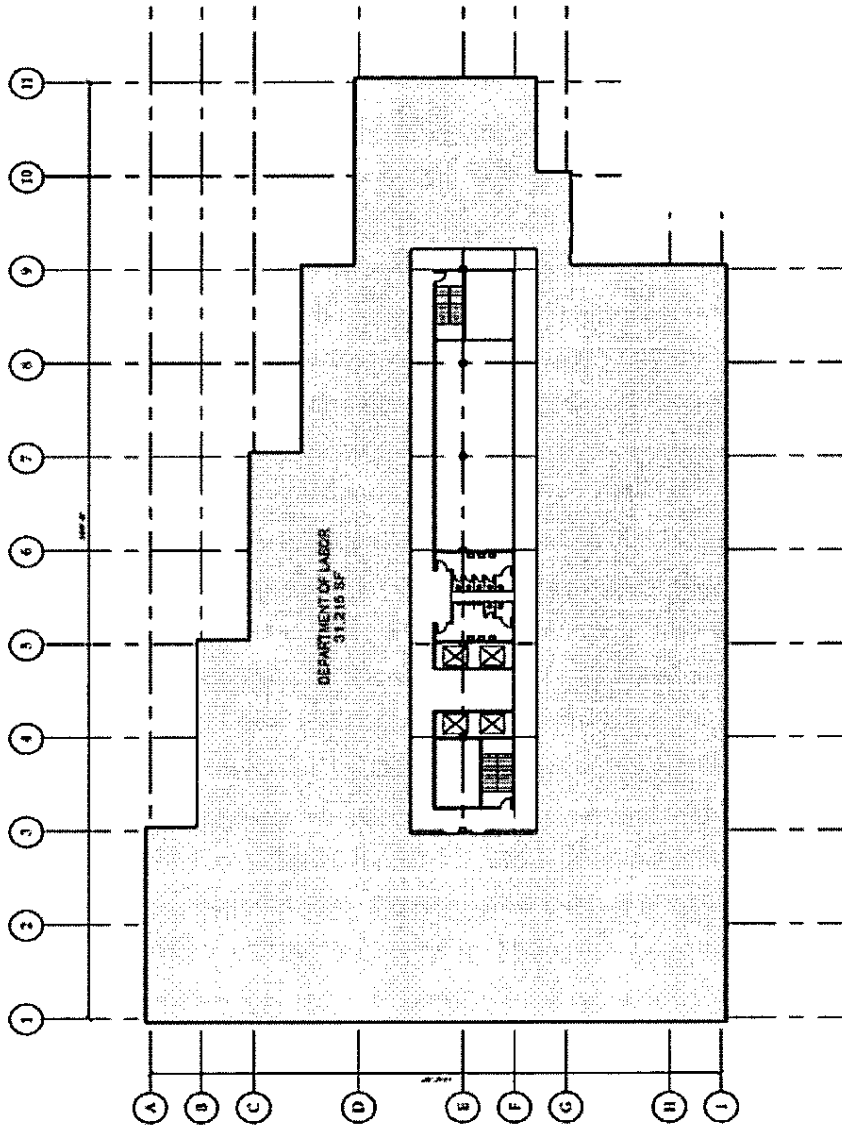


Jensen
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Juneau, Alaska 99801
Phone: 907.586.4270
Fax: 907.586.3009
www.jensenyorbaloft.com

Alaska Mental Health Trust Authority
Trust Land Office
Juneau, Alaska
SUPPORT OFFICE BUILDING

DATE: NOVEMBER 08
BY: JY
PROJECT: TRUST LAND OFFICE BUILDING PLAN

A204

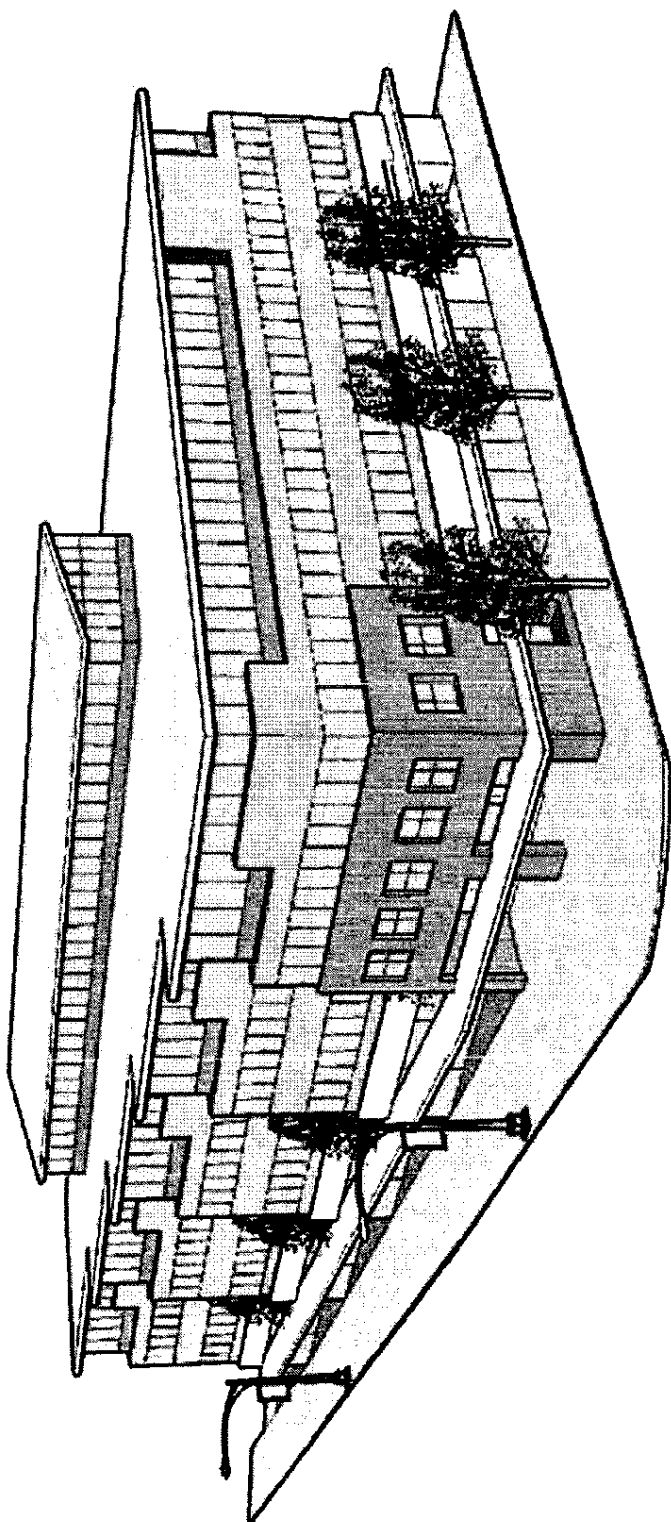


1 FOURTH FLOOR PLAN
38,300 SF GROSS AREA


**Jensen
Yorba
Lott
Inc.**
 221 West 10th Street
 Anchorage, Alaska 99501
 Phone: (907) 562-1100
 Fax: (907) 562-1101

SUPPORT OFFICE BUILDING
 Alaska Mental Health Trust Authority
 Trust Land Office
 Juneau, Alaska

SU-A
 ARCHITECTURAL
 ELEVATION
 NORTH SIDE
 1/2" = 1'-0"

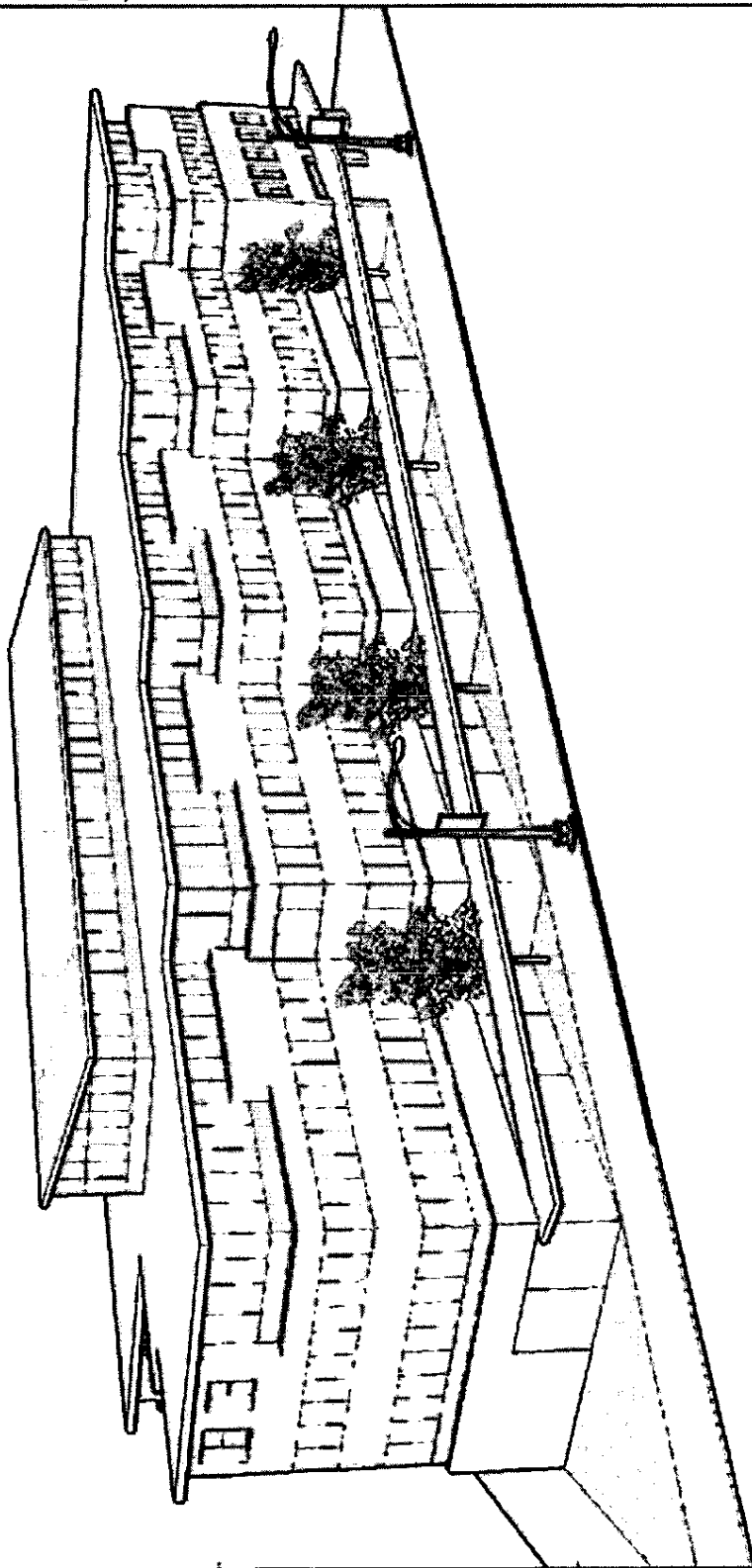


1 INTERIOR ELEVATION VIEW
 NORTH SIDE

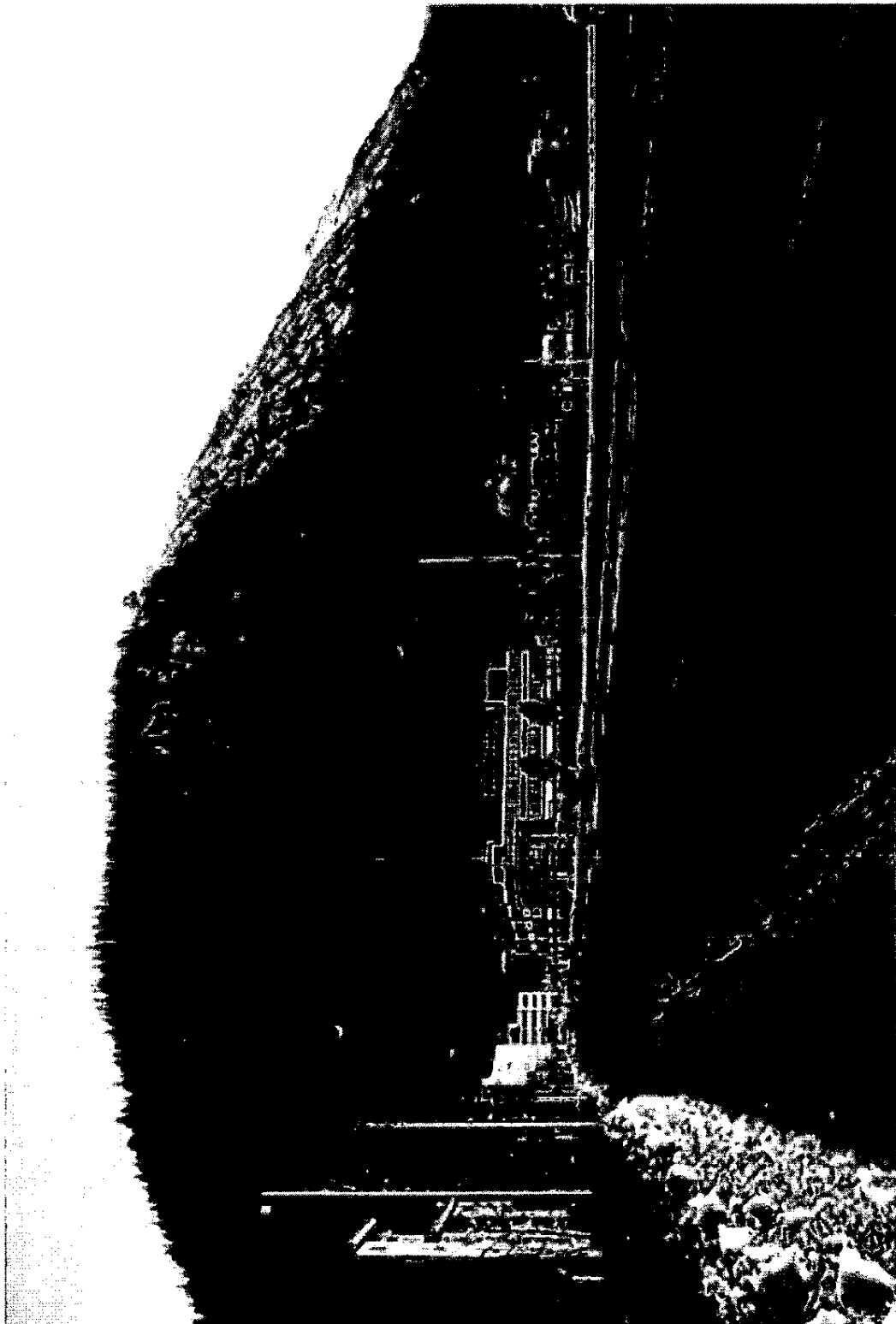

**Jensen
Yorba
Lott**
Inc.
 1000 W. 10th Ave.
 Anchorage, Alaska 99501
 Phone: 283-1111
 Fax: 283-1111

SUPPORT OFFICE BUILDING
 Trust Land Office
 Alaska Mental Health Trust Authority
 Juneau, Alaska


 WINDOW TYPES
 EXTERIOR FINISH
 INTERIOR FINISH
SU-B



① EXTERIOR MODEL VIEW



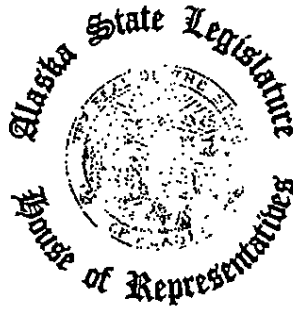
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Yorba
Loth
Inc.

Alaska Mental Health Trust Authority **SUPPORT OFFICE BUILDING**
JANUARY 2009
CONCEPT PHOTO

REPRESENTATIVE
CHARISSE MILLETT

Anchorage

Representative_Charisse_Millett@legis.state.ak.us



January - April:
State Capitol, Suite 412
Juneau, Alaska 99801-1182
Tel: 907-465-3879
Toll Free: 888-269-3879
Fax: 907-465-2069

April - December:
716 W. 4th Avenue, Suite 630
Anchorage, Alaska 99501
Tel: 907-269-0222
Fax: 907-269-0223

Kevin Brooks
Deputy Commissioner
Administration

Monday, March 16, 2009

Kevin,

I am writing to ask if you would consider providing more information regarding the Support Building proposal. When a similar proposal for a building in Anchorage was brought to the legislature, in addition to providing an independent market survey, an RFI (Request for Information) was also issued for comparable office space in the Anchorage area (see attached). I would think it is only appropriate that this proposed project go through the same process. Not only to be sure that we are receiving the best market data, but also to ensure an open and equitable process has been undertaken.

If you do not wish to pursue this action, at the least, I would like the attached questions addressed before moving HB 161, out of committee. If you have any further questions or would like to discuss this request please don't hesitate to call me or my staff at 907-465-3879.

Thank you for your time and consideration in this matter.


Representative Charisse Millet

Information Request

- 1) What are the lease rates per square foot for each of the buildings currently being occupied by Dept. of Labor, Dept. of Corrections, Dept. of Fish and Game and Dept. of Public Safety?
- 2) Can you make available a datasheet showing all current leases for state office space in Juneau? We currently have that data for Anchorage and assume it would be easy to produce. (see example)

Lease	Tenants	Common Name	Lessor Name	Sq'	Cost/Sq' (month)	Type
1201	H&SS	Blomfield Building	Fourth & Gambell, LLC	29472	1.485743078	Office

- 3) What are the lease rates for the new AMHT building?
- 4) Please provide the draft lease agreement.
- 5) Please provide the backup data used to create the cost estimate for the AMHT building.
- 6) What would the maintenance/security costs be for the unoccupied buildings after the departments move to the proposed AMHT Building?
- 7) If we are intent on entering into a lease-purchase agreement, why not demo the two State owned buildings and replace them with a building with capacity for all affected departments through a lease-purchase agreement so the state retains ownership after completion?
- 8) On the justification sheet for HB 161 an AMHTA analysis for Option 1 and DGS analysis for Option 2 are mentioned. Please provide the analysis.
- 9) On the justification sheet there was information on problems with the Labor building – please provide all information you have.
- 10) Does the Governor support HB 161?
- 11) How is the AMHT going to pay for a 20 million dollar parking garage, should they decide to sell or develop the property adjacent to the AMHT building (proposed ground parking)? Parking garages currently operate at a loss nationwide, what revenue stream will pay for it?
- 12) Would the bill sponsor or Administration have any problems with adding the Anchorage Block 39 project to this bill?

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

SARAH PALIN, GOVERNOR

P.O. BOX 110200
JUNEAU, ALASKA 99811-0200
PHONE: (907) 465-2200
FAX: (907) 465-2135

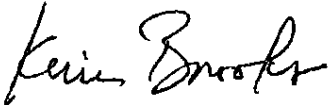
March 16, 2009

Representative Charisse Millett
State Capitol, Suite 412
Juneau, Alaska 99801

Dear Representative Millet:

I am responding to your letter of today regarding HB 161 and the Subport Building proposal. Attached are a list of 12 questions you posed, the answers to those questions, a briefing paper on the project and a number of supporting documents.

Sincerely,



Kevin Brooks
Deputy Commissioner

Attachments: #1) Information request
#2) Information request responses
#3) Briefing Paper
#4) Juneau office space lease report, March 16, 2009
#5) Memorandum of Agreement, February 24, 2009
#6) State of Alaska Standard Lease Form
#7) AMHT Land Office Letter, March 16, 2009
#8) Juneau Subport projected cost and revenue

cc: Representative Cathy Munoz

Information Request

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- 5) Please provide the backup data used to create the cost estimate for the AMHT building.
- 6) What would the maintenance/security costs be for the unoccupied buildings after the departments move to the proposed AMHT Building?
- 7) If we are intent on entering into a lease-purchase agreement, why not demo the two State owned buildings and replace them with a building with capacity for all affected departments through a lease-purchase agreement so the state retains ownership after completion?
- 8) On the justification sheet for HB 161 an AMHTA analysis for Option 1 and DGS analysis for Option 2 are mentioned. Please provide the analysis.
- 9) On the justification sheet there was information on problems with the Labor building – please provide all information you have.
- 10) Does the Governor support HB 161?
- 11) How is the AMHT going to pay for a 20 million dollar parking garage, should they decide to sell or develop the property adjacent to the AMHT building (proposed ground parking)? Parking garages currently operate at a loss nationwide, what revenue stream will pay for it?
- 12) Would the bill sponsor or Administration have any problems with adding the Anchorage Block 39 project to this bill?

March 16, 2009

Response to information request, Rep. Millett

1. See Attachment #3, Subport Briefing Paper
2. Juneau leasing data (Attachment #4).
3. AMHTA building lease rates are estimated at \$3.80-4.00/sf (Attachment #3).
4. Attached is the Memorandum of Understanding between the Department of Administration and AMHTA (Attachment #5). Also attached is DOA's standard lease template (Attachment #6). As of now, there is no draft lease agreement for this building.
5. Response from Tim Spernak at AMHTA (Attachments #7 and 8).
6. Alternative use of the Public Safety and Douglas Island buildings have not been established, no cost estimates are currently available. AMHTA is interested in the parcels under its Replacement Lands program.
7. The Department of Administration has an extensive portfolio of both state-owned facilities and leases. Aside from the logistical challenges of relocating employees who would be displaced during the demolition/construction process, the department does not have a parcel of land suitable for building located in the downtown core area. The AMHTA is an attractive partner because they bring both land and \$22.7 million to the project. The state offers stability as a tenant with a revenue stream to the Trust for decades into the future.
8. Attached are briefing papers from DOA (Attachment #3) and AMHTA (Attachments #7 & 8) that address this question.
9. The Labor Building leasing file is available upon request.
10. The Governor has not taken a position on this bill. We have provided briefing documents to staff in the Governor's Office.
11. The MOU between DOA and AMHTA includes approximately 392 parking spaces. These will be provided from spaces around the building lot and the vacant sub port lot. At a future date, it is anticipated that AMHTA will build a garage on the lot where the Public Safety building now sits. Future development of the sub port lot would have to support the construction of a parking garage. The state's lease with the Trust would require the specified number of parking spaces as part of the deal, and construction of a parking garage would not alter the terms of that lease.
12. The Department of Administration has no role in the development of Block 39 in Anchorage. Inclusion of the project in HB161 would be a question more appropriately asked of the bill sponsor.

Briefing Paper AMHTA Support Office Building

The Issue: The State is leasing or owns three buildings in Juneau which house State employees. These facilities are very old and in need of significant upgrades. All three buildings provide approximately 116,000 square feet of office space for 525 employees.

The Opportunity: The Alaska Mental Health Trust Authority (AMHTA) has offered to construct a new office building on its land at the former Support area. The new office building would accommodate all of the employees currently occupying the three buildings in question.

Cost to the State:

Option 1: Enter into an agreement with AMHTA to construct a new office building with surface parking on the site of the old Support warehouse.

Estimated Cost: \$160,439,082 (Lease payments to AMHTA over 30 years)

Action Required: Legislation that allows use of \$22.7 million Mental Health Trust funds, currently invested by the Permanent Fund Corporation, and \$22.7 million in state bond proceeds to construct the building.

Option 2: Remain in the two state-owned facilities and procure a replacement lease for the Department of Labor.

Estimated Cost: \$165,981,393 (Cost calculated for a 30-year period for comparison)

Action Required:

- a. Repair and bring into code compliance the two existing state-owned buildings. (These will remain functionally obsolete buildings that will continue to need ongoing repair and maintenance or replacement during the lease period.)
- b. Issue a request for proposals (RFP) for a new Lease for the Department of Labor.

Justification:

Department of Labor (DOL):

This existing 68,278 square feet lease for DOL expires 6/30/12 and currently accommodates 304 state employees. Since 1982, the DOL occupants have experienced water intrusion, flooding, mold growth, roof leaks, ponding in the parking lot, windows falling out, carpenter ants, etc. Numerous employees have become ill, grievances have been filed by unions and a number of employees have been moved to alternate space outside the facility due to these conditions. An alternate facility, either built by AMHTA or procured through a RFP is necessary. DOA and DOL prefer to vacate the existing facility and relocate all DOL employees to the new AMHTA facility by 7/1/12.

Department of Fish & Game (DFG) & Department of Corrections (DOC):

Both agencies are located in a state-owned facility: the Douglas Island Building constructed in 1961. It contains 31,816 square feet and accommodates 187 employees. The building is in dire need of major capital improvements including complete replacement of the building envelope to eliminate and prevent rain, wind and snow from entering the building. The total current estimated deferred maintenance cost is \$3.6 million. DOA and tenant agencies prefer to vacate this facility and reuse it for a new defined purpose, or demolish the facility at an estimated cost of \$375,000. All DFG and DOC employees would relocate to the new facility AMHTA building by 7/1/12.

Department of Public Safety (DPS) & Office of Administrative Hearings (OAH):

Both agencies are located in a state-owned facility: the Public Safety Building constructed in 1970 as a temporary structure. It contains 16,103 square feet and accommodates 34 state employees. The facility currently requires major electrical upgrades and code compliance improvements, a new roof, and other repairs. The total current estimated deferred maintenance cost is \$1.9 million. DOA and tenant agencies prefer to vacate the facility and relocate to the new AMHTA building 7/1/12.

Future Plans:

The State could demolish the Public Safety Building (at an estimated cost of \$180,000) and AMHTA could construct a new parking garage at that location. The garage would accommodate approximately 360 vehicles. It would be used by state employees during the day and be open to the public during non-business hours. This would allow future development of the Support site by AMHTA.

Detailed Cost Information:

Current Lease/Building Operating Costs:

Lease #1607 & 1632	68,278 sf	exp 6/30/12	\$2.33 sf	\$1,909,052 annually	DOL Offices (parking included)
Lease #1951	NA	exp 2/28/10	NA	\$ 6,451 annually	DIB Surface Parking
Lease #2529	NA	exp 8/31/09	NA	\$ 12,600 annually	DIB Surface Parking
Public Safety Bldg	16,103 sf	exp n/a	\$1.32 sf	\$ 254,271 annually	DPS, DOA Offices
Douglas Island Bldg	<u>31,816 sf</u>	exp n/a	\$1.19 sf	\$ 455,665 annually	DOC, F&G Offices
Totals:	116,197 sf			\$2,638,039 annually	

Projected Private New Labor Lease Cost:

New Private Lease 68,280 s.f. at \$4.00 s.f. **\$3,277,440 annually**

Total Projected Public Safety Building Costs thru 6/42: **\$18,846,658**

Total Projected Douglas Island Building Costs thru 6/42: **\$33,785,326**

Total Projected Costs 2013 – 2042:

Scenario A: AMHTA building not constructed.

- 1. DOL replacement lease (w/ 2.22% cpi increases annually) \$112,083,682
- 2. DIB parking leases 1,265,726
- 3. Douglas Island Bldg Operating and Capital 33,785,326
- 4. Public Safety Bldg Operating and Capital 18,846,658
- Total Scenario A: **\$165,981,393***

*Cost estimate does not include likely replacement of the DIB and DPS buildings at some point during the 30-year period.

Total Projected Costs 2013 – 2042:

Scenario B: AMHTA building constructed.

- 1. AMHTA lease
- Total cost will depend upon state bond financing rates. **\$160,439,082****

**Estimate includes repayment of bond proceeds with interest over 20 years and rent payments over 30 years.

Building Purpose:

Office occupancy for State Agency's: DOL, DF&G, OAH, DPS, DOC (approximately 525 employees).

AMHTA Lease Information:

20 year base term with (2) 10-year options
 Parking, maintenance and standard services (janitorial, etc.)
 Rate: to be determined (estimated range of \$3.80 - \$4.20 usf)
 111,128 usf – State offices
 10,000 usf – Private retail on first floor
 Four-story facility

Energy Conservation Considerations:

- A heat pump system using either water from Gastineau Channel or the heat from the earth below the building from tubing in the piling or in boreholes. The NOAA Building at Lena Point is incorporating a system using water from the ocean and both the Juneau Airport expansion and the Dimond Park Swimming Pool which will be under construction this spring will use a ground source for the heat pump system.
- A Life Cycle Cost Analysis will be performed to select the optimum insulating values for the exterior envelope of the building including the roof, walls, windows, doors and the concrete floor slab. This analysis will also evaluate the heating, ventilation and lighting systems to achieve efficiencies and lower operating costs in all the building systems.
- The Coast Guard is exploring the use of both wind generated energy at the site and constructing a biomass generation plant to serve their facilities. MHLT will explore opportunities for partnering.
- MHLT will also explore the opportunity to capture waste heat from lighting and/or computer server room cooling systems to offset the heating requirements for the building.

ATTENTION # 4

Does not include additional parking costs associated with a specific lease. Juneau Office Space Web Lease Report as of 3/16/2009

Lease	Location	Tenants	Common Name	Property Name & Address	Lessor Name	Sq Feet or Other Units	Cost per SqFt or Unit (Monthly)	Space Type	Expiration Date	Options Remaining	Option Duration	Contracting Officer
1444	Juneau	F&G	Capital Office Park	Capital Office Park; End of West Eighth Street; Juneau, AK 99801	Capital Office Park, J.V.	38759.6	1.789784982	Office	6/30/2012	0	0	Tom Hubble
1607	Juneau	Admin; Labor	Labor Building	Labor Building; West 8th Street; Juneau, AK 99801	Juneau I, LLC	59463	2.330918723	Office	6/30/2012	0	0	Tom Hubble
1627	Juneau	Admin; Education; Labor	Goldbelt Place	Goldbelt Place Building; 801 West Tenth Street; Juneau, AK 99801	801 West 10th, INC.	41001	2.166340114	Office	6/30/2010	0	0	Tom Hubble
1627	Juneau	Education	Goldbelt Place	Goldbelt Place Building; 801 West Tenth Street; Juneau, AK 99801	801 West 10th, INC.	2450	2.316910204	Office	6/30/2010	0	0	Tom Hubble
1632	Juneau	Labor	Labor Building	Labor Building; West 8th Street; Juneau, AK 99801	Juneau I, LLC	8815	2.330918888	Office	6/30/2012	0	0	Tom Hubble
1688	Juneau	Admin; Transp & PF	DOT 3-Mile Salmon Creek	Salmon Creek Facility; Chris Park Subdivision; 3 Mile; Juneau, AK 99801	Juneau I, LLC	51429	1.893173307	Office	5/31/2014	0	0	Tom Hubble
1915	Juneau	F&G	Post Office Building	Post Office Building; Lot 2, Block 4; Douglas, AK	Mt. Bradley Enterprises, Inc.	2124	0.702711864	Office	8/31/2009	4	One year	Tom Hubble
2131	Juneau	H&SS	410 Willoughby Building	410 Willoughby Building; 410 Willoughby Avenue; Juneau, AK 99801	Juneau Business Center, LLC	2474	2.050153597	Office	11/30/2010	2	Five years	Tom Hubble
2131	Juneau	Admin	410 Willoughby Building	410 Willoughby Building; 410 Willoughby Avenue; Juneau, AK 99801	Juneau Business Center, LLC	2151	2.050158086	Office	11/30/2010	2	Five years	Tom Hubble
2131	Juneau	Admin; Enviro Con; H&SS	410 Willoughby Building	410 Willoughby Building; 410 Willoughby Avenue; Juneau, AK 99801	Juneau Business Center, LLC	6398	2.050157862	Office	11/30/2010	2	Five years	Tom Hubble
2153	Juneau	F&G	Jordan Creek Center	Jordan Creek Center; 8800 Glacier Highway; Juneau, AK 99801	JCCP, Inc.	8175	2.24719833	Office	8/31/2012	0	0	Tom Hubble
2180	Juneau	H&SS	Fifth & Franklin Building	Fifth & Franklin Building; 431 North Franklin Street; Juneau, AK 99801	Fifth & Franklin Building	1100	1.666972727	Office	5/31/2010	1	One year	Tom Hubble
2180	Juneau	H&SS	Fifth & Franklin Building	Fifth & Franklin Building; 431 North Franklin Street; Juneau, AK 99801	Fifth & Franklin Building	846	1.900520095	Office	5/31/2010	1	One year	Tom Hubble

Does not include additional parking costs associated with a specific lease.

Juneau Office Space
Web Lease Report as of 3/16/2009

Lease	Location	Tenants	Common Name	Property Name & Address	Lessor Name	Sq Feet or Other Units	Cost per SqFt or Unit (Monthly)	Space Type	Expiration Date	Options Remaining	Option Duration	Contracting Officer
2203	Juneau	H&SS	410 Willoughby Building	410 Willoughby Building; 410 Willoughby Avenue; Juneau, AK 99801	Mad-Tiff Development	1179	1.779983035	Office	10/31/2010		1 One year	Tom Hubble
2208	Juneau	CC&ED	Vintage Business Park	Vintage Business Park; Vintage II Subdivision; 3032 Vintage Boulevard; Juneau, AK 99801	Vintage Business Park II, LLC	7782	2.37732331	Office	6/30/2012		0 0	Tom Hubble
2217	Juneau	H&SS; Labor	Wildmeadow Village	Wildmeadow Village; 10002 Glacier Highway; Juneau, AK 99801	Will-O, LLC	14756	2.07	Office	6/30/2014		3 One year	Tom Hubble
2223	Juneau	Revenue	Goldbelt Place	Goldbelt Place; 801 West Tenth Street; Juneau, AK 99801	801 West 10th, INC.	11764	2.342142128	Office	12/31/2014		0 0	Tom Hubble
2223	Juneau	Revenue	Goldbelt Place	Goldbelt Place; 801 West Tenth Street; Juneau, AK 99801	801 West 10th, INC.	1200	2.384725	Office	12/31/2014		0 0	Tom Hubble
2227	Juneau	Education	Vintage II Subdivision	Vintage II Subdivision; 3000 Vintage Boulevard; Juneau, AK 99801	Vintage Business Park II, LLC	11174	1.78418382	Office	10/31/2013		0 0	Tom Hubble
2227	Juneau	Education	Vintage II Subdivision	Vintage II Subdivision; 3000 Vintage Boulevard; Juneau, AK 99801	Vintage Business Park II, LLC	556	2.3225	Office	10/31/2013		0 0	Tom Hubble
2227	Juneau	Education	Vintage II Subdivision	Vintage II Subdivision; 3000 Vintage Boulevard; Juneau, AK 99801	Vintage Business Park II, LLC	160	1.914625	Office	10/31/2013		0 0	Tom Hubble
2254	Juneau	H&SS	Vintage Business Park	Vintage Business Park; Vintage II Subdivision; 3025 Clinton Drive; Juneau, AK 99801	Vintage Business Park I, LLC	6925	2.626395668	Office	9/30/2011		0 0	Tom Hubble
2254	Juneau	H&SS	Vintage Business Park	Vintage II Subdivision; 3025 Clinton Drive; Juneau, AK 99801	Vintage Business Park I, LLC	1400	2.629785714	Office	9/30/2011		0 0	Tom Hubble
2277	Juneau	H&SS	Goldstein Building	Goldstein Building; 130 Seward Street; Juneau, AK 99801	Goldstein Improvement Company	13371	1.566871363	Office	1/31/2011		1 Two year	Tom Hubble

Does not include additional parking costs associated with a specific lease.

Juneau Office Space
Web Lease Report as of 3/16/2009

Lease	Location	Tenants	Common Name	Property Name & Address	Lessor Name	Sq Feet or Other Units	Cost per SqFt or Unit (Monthly)	Space Type	Expiration Date	Options Remaining	Option Duration	Contracting Officer
2280	Juneau	Pub Safety	Sherwood Estates	Sherwood Estates Subdivision; 2760 Sherwood Lane; Juneau, AK 99801	Sherwood, LLC	5933	2.051973706	Office	10/31/2010	5	Two year	Tom Hubble
2280	Juneau	Admin	Sherwood Estates	Sherwood Estates Subdivision; 2760 Sherwood Lane; Juneau, AK 99801	Sherwood, LLC	4386	2.051976744	Office	10/31/2010	5	Two year	Tom Hubble
2445	Juneau	M&VA	Fifth & Franklin Building	Fifth & Franklin Building; 431 North Franklin Street; Juneau, AK 99801	Fifth & Franklin Building	500	2.24448	Office	7/31/2010	2	Two year	Tom Hubble
2457	Juneau	Admin	400 Willoughby Building	Willoughby Annex; 400 Willoughby Avenue; Juneau, AK 99801	Juneau Business Center, LLC	6862	1.738879335	Office	3/31/2010	5	Two year	Tom Hubble
2475	Juneau	Law	Assembly Building	The Assembly Building; 211 4th Street; Juneau, AK 99801	Assembly Associates, The	452	1.78	Office	6/30/2011	5	Two year	Tom Hubble
2475	Juneau	Admin; Law	Assembly Building	The Assembly Building; 211 4th Street; Juneau, AK 99801	Assembly Associates, The	9125	1.684636356	Office	6/30/2011	5	Two year	Tom Hubble
2493	Juneau	Governor	Mendenhall Mall	Mendenhall Mall; Suite 3; 9109 Mendenhall Mall Road; Juneau, AK 99801	Salmon Creek, LLC	1550	2.182296774	Office	4/30/2010	2	One year	Tom Hubble
2493	Juneau	Governor	Mendenhall Mall	Mendenhall Mall; Suite 3; 9109 Mendenhall Mall Road; Juneau, AK 99801	Salmon Creek, LLC	300	2.009933333	Office	4/30/2010	2	One year	Tom Hubble
2500	Juneau	Correction	123 Seward Street	Unknown; 123 Seward Street; Townsite Lot 7 & 8; Block 3; Juneau, AK 99801	B C Leasing	3753	1.286541434	Office	5/31/2010	2	Three years	Tom Hubble
2512	Juneau	Nat Res	302 Gold Street	Unknown; 302 Gold Street; Juneau, AK 99801	Gold Street Properties	5389	2.087986957	Office	6/30/2010	0	0	Tom Hubble
2533	Juneau	Admin; H&SS; Nat Res	400 Willoughby Building	400 Willoughby Building; 400 Willoughby Avenue; Juneau, AK 99801	Juneau Business Center, LLC	22496	2.049371888	Office	8/31/2014	1	Five years	Tom Hubble
2534	Juneau	F&G	Mendenhall Valley Industrial Park No. 2, Lot 1	Mendenhall Valley Industrial Park No. 2; Brentwood and Jansine; Juneau, AK 99801	University of Alaska	6699	2.417208539	Office	7/31/2013	0	0	Tom Hubble
2572	Juneau	Pub Safety	Sherwood Estates Subdivision	Sherwood Estates Subdivision; 2770 Sherwood Lane; Juneau, AK 99801	JCM Rentals, Inc.	2160	1.082571286	Office	10/31/2010	5	Two year	Tom Hubble

Does not include additional parking costs associated with a specific lease.

Juneau Office Space
Web Lease Report as of 3/16/2009

Lease	Location	Tenants	Common Name	Property Name & Address	Lessor Name	Sq Feet or Other Units	Cost per SqFt or Unit (Monthly)	Space Type	Expiration Date	Options Remaining	Option Duration	Contracting Officer
1570	Juneau	Transp & PF	Mendenhall Valley Industrial Park	Mendenhall Valley Industrial Park; Lot 3A2, subdivision of Lot 3A; Juneau, AK 99801	Rainbow Development Company	1900	1.17	Office and other types of space	12/31/2009	9	One year	Tom Hubble
2131	Juneau	Admin; Enviro Con; H&SS	410 Willoughby Building	410 Willoughby Building; 410 Willoughby Avenue; Juneau, AK 99801	Juneau Business Center, LLC	40286	2.050168368	Office and other types of space	11/30/2010	2	Five years	Tom Hubble
2214	Juneau	H&SS	Goldstein Building	Goldstein Building; 130 Seward Street; Juneau, AK 99801	Goldstein Improvement Company	5631.3	1.754989734	Office and other types of space	1/31/2013	5	One year	Tom Hubble
2517	Juneau	H&SS	Glacier Industrial Subdivision	Glacier Industrial Subdivision; 5441 Commercial Boulevard; Juneau, AK 99801	Granite Mountain Properties, LLC	9553	2.728115775	Office and other types of space	10/31/2022	2	Five years	Tom Hubble
2570	Juneau	Admin	3141 Chammel Drive	3141 Chammel Drive; Juneau, AK	Yukon Koyukuk School District	4425	1.25	Office and other types of space	6/30/2009	0	0	Tom Hubble

Memorandum of Agreement #8084
February 24, 2009

2009 FEB 26 PM 4 28

DIVISION OF GENERAL
SERVICES & SUPPLY

PARTICIPANTS

State of Alaska, Department of Administration, Division of General Services, ("DOA/DGS").

State of Alaska, Department of Natural Resources, Mental Health Trust Land Office, ("MHTLO"), on behalf of the Alaska Mental Health Trust Authority (AMHTA).

PURPOSE

To memorialize the desire and commitment by DOA/DGS and MHTLO to conduct good faith negotiations for entry into long term office and surface parking leases.

AUTHORITY

- Pursuant to Alaska Statute 37.14.009(a)(2), 38.05.801 and 11AAC99, MHTLO is legally authorized to negotiate and execute a Lease Agreement.
- Pursuant to Alaska Statute 36.30.080 and 36.30.850(c), DOA/DGS is legally authorized to negotiate and execute a Lease Agreement with MHTLO.

AGREEMENTS

- DOA/DGS desires to lease office and surface parking from MHTLO for the purpose of replacing existing lease space in Juneau, Alaska for the Department of Labor, Department of Public Safety, Department of Fish and Game, Alaska Department of Corrections and Department of Administration.
- MHTLO has proposed the construction of a new office building and limited on-site parking to be constructed on the existing Support surface parking lot that is owned by AMHTA.
- DOA/DGS desires to enter into long term office and parking leases with MHTLO. As a matter of sound public policy and in keeping with MHTLO's trust duties, it is understood by the parties that the rental agreement, including rental rates, must be in the best interest of the Trust and its beneficiaries.

In order to facilitate commencement of a preliminary design of the new office building and parking area, DOA/DGS and MHTLO set forth basic terms and conditions each party anticipates would be included in the lease if the contingencies noted below are met:

I. Purpose of Office Building Lease

- a) Replace expiring State lease #1607, Alaska Department of Labor Building Headquarters, Juneau, AK, approximately 70,000 s.f.
- b) Replace portion of expiring State lease #1627, Alaska Department of Labor Building, Vocational Rehabilitation located in the Goldbelt Building, Juneau, AK, approximately 3,000 s.f.
- c) Replace existing State Lease #4009, Alaska Department of Administration, Division of Office of Administrative Hearings, approximately 2,400 s.f.
- d) Replace existing State Lease #1011, Alaska Department of Public Safety approximately 8,700 s.f. e) Replace existing State Lease #4023, Alaska Department of Fish and Game, approximately 22,615 s.f.
- e) Replace existing State Lease #4022, Alaska Department of Corrections, approximately 9,201 s.f.
- f) (Referencing a, b, c, d and e above) – Provide commercially reasonable building visitor, executive State and ADA-compliant accessible on-site parking at new office building. Quantity TBD and agreed upon by all parties.

II. Purpose of Surface Parking Lease

- a) Provide approximately 392 parking spaces on the existing Subport area to be used by the State employees working in the new AMHTA Building located on the Subport parcel. MHTLO reserves the unilateral right to relocate parking by State employees from the existing Subport area to a "new parking garage" at a location of MHTLO's choosing, consistent with any required regulations for State employee parking.

III. Term

- a) 20 year fixed term full service lease with two 10-year options to renew. This applies to the office building and the surface parking as per AS 36.30.83. Rights of renewal shall be exercised at the sole option of DOA/DGS upon appropriate notice.

IV. Lease Conditions

As mutually agreed upon by all parties.

V. Critical Dates

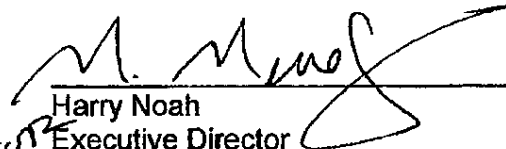
- a) Approximate date office building construction starts, June 30, 2010.
- b) Approximate date office building construction is completed, May 15, 2012.
- c) Approximate date tenants occupy, June 1, 2012.

VI. The execution of a lease between DOA/DGS and MHTLO is subject to:

- a) CBJ approval of a Rezone from Marine commercial to Multi-Use MU-2 and an Allowable Use Permit approval for building height variance and parking ration calculation variance;
- b) Approval of a Traffic Impact Analysis by CBJ with conditions acceptable to MHTLO;

- c) Approval of all necessary platting actions by CBJ with conditions acceptable to MHTLO;
- d) State legislative approval for Certificates of Participation bond financing and third party financing with acceptable conditions to AMHTA, if necessary;
- e) Any legislative or administrative approval necessary to carry out this transaction; and
- f) AMHTA Board of Trustee approval and a written decision of best interest and consistency finding that the granting of a lease to DOA/DGS is in the best interest of the Trust, as per 11 AAC 99.040, and all other applicable statutes and regulations.

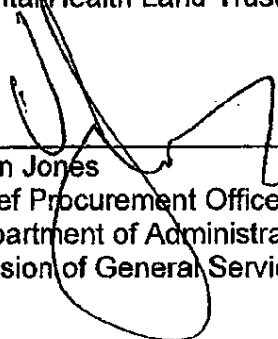
The undersigned agree to the expressed terms and conditions set out in this Memorandum of Agreement. No other changes may be made unless agreed by all parties in writing and execution of an Amendment to this Agreement.



#052 Harry Noah
Executive Director
Department of Natural Resources
Mental Health Land Trust Office

2.24.09

Date



Vern Jones
Chief Procurement Officer
Department of Administration
Division of General Services

2/27/09

Date



**STATE OF ALASKA
STANDARD LEASE FORM
LEASE xxx**

IN THE EVENT THERE IS A CONFLICT BETWEEN THE TERMS AND CONDITIONS OF THIS LEASE AND THE TERMS AND CONDITIONS OF THE CHOOSE SOL. TYPE, THE TERMS AND CONDITIONS OF THE CHOOSE SOL. TYPE WILL PREVAIL.

THIS LEASE, entered into this _____ day of _____ 2000,
and to be recorded in the **Recording District**, by and between:

hereinafter called the Lessor, and

**STATE OF ALASKA
DEPARTMENT OF ADMINISTRATION –
550 WEST 7TH AVENUE, SUITE 601
ANCHORAGE, ALASKA 99501-3558**

hereinafter called the Lessee.

The Lessor hereby leases to the State of Alaska the following described premises:

OFFICIAL STATE BUSINESS -- NO RECORDATION CHARGE

LEASE No. XXXX

After Recordation, Return Document To:

State Of Alaska - Department Of Administration
Division Of General Services
Leasing Section
550 West 7th Avenue, Suite 601
Anchorage, AK 99501-3558

PAGE 1 OF 3

Standard Lease template

Initial _____ Initial _____

to have and to hold the same, with all appurtenances unto the Lessee for the term of five (5) year beginning on the day of 2003 and ending on the day of , 200 at and for the rental of \$ per month payable on the first day of each and every month of said term at the office of the Lessor or in advance at the option of the Lessee. Payment for any partial months occupancy shall be prorated based on a thirty (30) day month. Beginning on the monthly rental rate shall be reduced to , plus applicable adjustments specified in this lease.

COVENANTS OF THE LESSEE

1. The Lessee does hereby covenant and agree with the Lessor that it will:
 - a) pay said rent at the times and place and in the manner aforesaid;
 - b) use and occupy said premises in a careful and proper manner;
 - c) not use or occupy said premises for any unlawful purpose;
 - d) not assign this lease, not underlet said premises, nor any part thereof, without the written consent of the Lessor, provided however such consent shall not be unreasonably withheld;
 - e) not use or occupy said premises or permit the same to be used or occupied, for any purpose or business deemed extra-hazardous on account of fire or otherwise;

OFFICIAL STATE BUSINESS -- NO RECORDATION CHARGE

LEASE No. XXXX

After Recordation, Return Document To:

State Of Alaska - Department Of Administration
Division Of General Services
Leasing Section
550 West 7th Avenue, Suite 601
Anchorage, AK 99501-3558

PAGE 2 OF 3

Standard Lease template

Initial _____ Initial _____

- f) make no alterations or additions in or to said premises without the written consent of the Lessor, such consent shall not unreasonably be withheld;
- g) leave the premises at the expiration or prior termination of this lease or any renewal or extension thereof, in as good condition as received or in which they might be put by the Lessor, excepting reasonable wear and tear and/or, loss or damage caused by fire, explosions, earthquakes, acts of God, other casualty or as provided for in section 2.b below;
- h) permit the Lessor to enter upon said premises at all reasonable times to examine the conditions of the same;

COVENANTS OF THE LESSOR

2. And the Lessor on its part covenants and agrees with the Lessee that it will:
- a) maintain the demised premises in good repair and tenantable condition during the continuance of this lease or any renewal or extension thereof;
 - b) indemnity: the Lessor shall hold and save the State, its officers, agents and employees, harmless from liability of any nature or kind, including costs and expenses for or on account of any and all suits or damages of any character whatsoever resulting from injuries or damages sustained by any person or persons or property by virtue of any act performed by the Lessor or the Lessor's agents and employees pursuant to this lease; the Lessor shall also assume all

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insurable risks and bear any loss of injury to property or persons occasioned by neglect or accident during the tenure of this lease, excepting only sole negligence of the Lessee.

- c) furnish heat and cooling, electricity, water, trash removal, and sewage disposal without additional cost to the Lessee;
- d) furnish heating and cooling to all the office space and similar type space uniformly within a 68 degrees Fahrenheit to 72 degrees Fahrenheit temperature range. Heating and cooling in the computer room shall be maintained at a uniform temperature between 60 degrees and 65 degrees Fahrenheit;
- e) furnish men and women's restrooms that have hot and cold running water at all lavatories and similar fixtures and which shall be equipped with mirrors, disposals for feminine hygiene products and dispensers for soap, toilet tissue, sanitary seat covers and paper towels. Women's restrooms shall also be equipped with sanitary napkin dispensers.
- f) maintain and keep the stairway and common or public hallway used for access to the leased premises in a clean and safe condition;
- g) maintain the premises in keeping with good fire prevention practices. The State reserves the right, at reasonable times, to enter and make fire prevention and fire protection inspections of the building and space occupied. Recommended improvements will be given every consideration by the Lessor;

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h) the Lessor agrees that facilities provided in this lease are tenantable and that they comply with all laws pertaining to tenantability and performance of this provision is insured by the Lessor agreeing to pay the cost of any building alterations which may be needed during the period of the Lessee's occupancy for purposes of correcting any violation of the law cited by a regulatory agency of government not directly a result of the State's occupancy.

If during the term of this lease, or any renewal or extension thereof, the premises or any part thereof should be rendered untenable by public authority, or by fire or the elements, or other casualty, a proportionate part of the rent according to the extent of such untenability shall be abated and suspended until the premises are again made tenantable and restored to their former condition by the Lessor; and if the premises or a substantial part thereof are thereby rendered untenable and so remain for a period of thirty (30) days, the state may, at its option, terminate the lease by written notice to the Lessor.

The State's decision shall be controlling as to whether or not the premises are fit or unfit for occupancy. This thirty-(30) day period shall not be so restrictively construed that the Lessee is bound to remain in the leased facility if the State's business cannot be safely executed. If warranted due to unsafe condition, Lessee is free to move elsewhere. If the premises are made tenantable again within this thirty-(30) day period, Lessee will return to the facility for occupancy. Lessee may also choose to recover any excess costs, over the abated lease payments, occasioned by relocation due to unsafe condition.

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In the event the Lessor fails to correct any violation or remedy any untenable condition in the time interval prescribed by law, the Lessee shall be free to terminate the lease, or shall have the option by hiring competent workmen, with the Lessor bearing the cost of all materials and labor. Lessor further agrees that alterations performed by the Lessee to correct OSHA violations will not be construed by the Lessor to constitute a breach of the terms of this lease.

In the event that, in the reasonable judgment of the Lessee the lawful enjoyment of the demised premises is threatened by the interruption or severance of utilities and severance provided hereunder by the Lessor, and when such interruption or severance is due to deliberate, or negligent, or tacitly negligent act of the Lessor, the Lessee shall have the right to bind such utilities and services as are threatened, in the name of the Lessee. The Lessee shall be free to deduct from the lease payments the cost of such utilities and services, together with all necessary deposits and the Lessee's actual administrative costs necessary to procure the utilities and services.

- i) maintain the building free of any mechanical, structural or electrical hazards and in a good state of general repair and maintenance. Lessor agrees that after reasonable notice in writing by the Lessee that these obligations have not been satisfactorily fulfilled, the Lessee can then obtain competent workmen to correct the deficiencies, all of which will be paid for by the Lessor. Bills for such work will be sent directly to the Lessor for payment. Should there be any delay in payment by the Lessor, the Lessee shall pay the bills and deduct the cost from

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the next month(s) rent payments(s), whichever is determined appropriate by the Lessee.

- j) Lessor shall renovate the space by refinishing, or replacing all damaged or worn wall, ceiling, floor covering, window covering or built-in building fixtures at least every CHOOSE # YEARS years of occupancy or at the reasonable request of the occupying State agency. All cost associated with the renovations, including moving expenses, will be the responsibility of the Lessor. If Lessor does not respond to such reasonable renovation requests by the occupying State agency, the State reserves the right to hire competent workmen to accomplish such renovation(s) at the lessor's expense.
- k) provide janitorial services per CHOOSE TYPE No.
- l) If the leased property is sold during the term of the lease, or an extension thereof, the sale will be made subject to the lease. This also applies to any sale as a result of an encumbrance on the property that existed prior to the execution of this lease.

MUTUAL COVENANTS

- 3. It is mutually agreed by and between the Lessor and Lessee that:
 - a) all terms and conditions of the preceding covenants of both Lessee and Lessor are agreeable and accepted in their entirety, except as herein noted;

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- b) all fixtures and/or equipment of whatsoever nature as shall have been installed in the demised premises by the Lessee, whether permanently affixed thereto or otherwise, shall continue to be the property of the Lessee, and may be removed by it at the expiration or termination of this lease or renewal and at its own expense repair any injury to the premises resulting from such removal;
- c) if the Lessee shall at any time be default in the payment of rent herein reserved, or in the performance of any of the covenants, terms and conditions, or provision of this lease, and the Lessee shall fail to remedy such default within sixty (60) days after written notice thereof from the Lessor, it shall be lawful for the Lessor to enter upon said premises and again have, repossess, and enjoy the same as if the lease had not been made, and thereupon this lease and everything herein contained on the part of the Lessor to be done and performed shall cease and determine without prejudice however, it shall be the right of the Lessor to recover from the Lessee all rent due up to the time of such entry. In case of any such default and entry by the Lessor, said Lessor may relet said premises for the remainder of said term for the highest rent obtainable, and may recover from the Lessee any deficiency between the amount so obtained and the rent herein reserved;
- d) if the Lessee shall pay the rent as herein provided, and shall keep, observe, and perform all of the covenants of this lease by it to be kept, performed, and observed, the Lessee shall and may, peaceably and quietly, have, hold, and enjoy the said premises for the term aforesaid;

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- e) this lease and all the covenants, provisions and conditions herein contained shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto;
- f) the State shall have the option to renew this lease for () additional CHOOSE NUMBER year periods to be exercised by giving the Lessor written notice prior to the expiration of each term.

ADJUSTMENTS: Adjustments in the lease rate may be made if requested in writing by the lessor at least thirty-(30) days prior to the effective date of the adjustment.

Such adjustments may be made annually to reflect changes in the lessor's variable costs, and defined as all operational cost other than debt service and profit and is expressed as: thirty-five percent (35%) of the base monthly lease rate.

The monthly lease rate may be adjusted effective 200 and each thereafter, and will be made in accordance with the percentage change in the U.S. Department of Labor Consumer Price Index, for the Urban Wage Earners and Clerical Workers (CPI-W), All Items, Anchorage Area, issued for each CHOOSE PERIOD six (6) month average of each lease term.

The percentage difference between the six month average CPI-W in effect for the base year, CHOOSE PERIOD 200 () and the CHOOSE PERIOD six month average thereafter will determine the maximum allowable adjustment of the variable costs over the base monthly lease rate.

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Base monthly lease rate is \$

Adjustment to the monthly lease rate will be computed as follows:

[(Variable Cost Percentage X Base Monthly Lease Rate) X Percentage of Change In CPI] + Base Monthly Lease Rate will equal (=) the adjusted monthly lease rate.

The formula is expressed as:

[(35% x Base Monthly Lease Rate) x % change in CPI] + Base Monthly Lease Rate = Adjusted Monthly Lease Rate.

RETROACTIVE adjustments will not be allowed.

- g) this lease is subject to all applicable laws of the State of Alaska or local government;
- h) FISCAL NECESSITY – NON-APPROPRIATION OF FUNDS: The fiscal year for the State of Alaska is a twelve-month period beginning July 1 and ending June 30 of the following calendar year. Lease payments from the State are subject to annual appropriation of funds by the Alaska State Legislature. After the initial fiscal year of the lease, the State has the right to terminate this lease in whole, or in part, if (1) the Alaska State Legislature fails to appropriate funds budgeted for continuation of this lease, and/or (2) the Alaska State Legislature fails to appropriate funds to the occupying agency(s) that results in a material alteration or discontinuance, in whole or in part, of the occupying agency(s)' programs. The termination of the lease for fiscal necessity and non-appropriation of funds

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under this section shall not cause any penalty or liability to be charged to the State, and shall not constitute a breach or an event of default by the State.

- i) all conditions and covenants of the lease shall remain in full force and effect during any extension hereof. Any holding over after the expiration date of this lease or any extension or renewal thereof, shall be construed to be a tenancy from month to month, at the same monthly rental and on the terms and conditions herein specified so far as applicable;
- j) this lease is written as a result of State of Alaska CHOOSE SOL TYPE XXXX opened , 200 , copy attached, which is hereby made a part of this lease and all terms and conditions of said CHOOSE TYPE are binding upon the Lessee and Lessor, their agents or assigns;
- k) time is of the essence of this lease.

Other Provisions

- 4. The following additional provisions, modifications, exceptions, riders, layouts and or forms were, are, agreed upon prior to execution and made a part hereof:

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year written below.

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Lessor:

Lessee: STATE OF ALASKA

By: _____

By: _____

Title: _____

CHOOSE CO NAME
Contracting Officer

Date: _____

Date: _____

..

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**ACKNOWLEDGMENT OF LESSOR:
STATE OF ALASKA
CITY OF**

This is to certify that on this _____ day of _____, 2004 before me a Notary Public in and for the State of Alaska duly commissioned and sworn personally appeared _____ to me known and known by me to be the person(s) described in and who executed the instruments set forth above and severally stated to me under oath that (he, she) is _____ and that (he, she) has been authorized by _____ to execute the foregoing lease amendment for and on behalf of the said company, corporation, individual, or other entity and they executed same freely and voluntarily as a free act and deed of Same.

WITNESS my hand and official seal the day and year this certificate first above written.

Notary Public for Alaska
My Commission Expires: _____
Residing at: _____

**ACKNOWLEDGMENT BY LESSEE: STATE OF ALASKA
STATE OF ALASKA
CITY OF ANCHORAGE**

This is to certify that on this _____ day of _____, 2004 before me a Notary Public in and for the State of Alaska duly commissioned and sworn, personally appeared CHOOSE NAME to me known and known by me to be the person described in the executed instruments set forth above as an agent of the Division of General Services of the State of Alaska and that this person has been authorized by the State of Alaska to execute the foregoing lease amendment on behalf of said State of Alaska and that this person executed the same freely and voluntarily as the free act and deed of the State of Alaska.

WITNESS my hand and official seal the day and year this certificate first above written.

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Wendy M. Gillespie
Notary Public for Alaska
My Commission Expires: December 17, 2007
Residing at: Anchorage, Alaska

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The TRUST
LAND OFFICE

March 16, 2009

Kevin Brooks
Deputy Commissioner
Department of Administration

Dear Kevin:

Please find attached the Trust Land Office response to the information requested by Representative Millett, March 16, 2009, related to House Bill 161 sponsored by Representative Munoz, et al.

Question 5

Per our discussion I am responding to number 5 with the attached two page financial spreadsheet. These cost estimates were developed by our architect (Jensen, Yorba, Lott) through an extensive programmatic design and survey of state employee office space requirements and a conceptual building design to accommodate their needs.

The building concept design cost estimate was performed by HMS, a construction cost estimating firm used widely throughout the state of Alaska. HMS developed the hard building costs of the Subport Office Building. Added to that hard cost is the state required One Percent for the Arts.

Presently, the TLO continues its due diligence undertaking with a budgeted item of \$230,000. The indirect (soft) costs includes architectural, permitting, design and management and equipping of the building totaling \$42,898,000.

Construction financing during the course of construction (18 months) is estimated to be \$2,400,000. The summation of hard costs, arts, soft costs and construction financing totals \$45,311,000 at our current estimate.

The second spreadsheet details the division of financing costs between COPs and The Trust contribution over a period of twenty years; then through the first 10-year renewal period of the state's occupancy. Please note the black line boxes indicating 0.941% reflecting the state's proportional occupancy of the gross building area.

If you have any questions about the numerical presentation please call me at 907/269-8688.

Question 6

Under an agreement with the Department of Natural Resources, and as a result of the 1994 Settlement Agreement, the Trust can nominate "in-lieu" lands for lands already

Alaska Mental Health Trust Land Office

718 L Street, Suite 202 Anchorage, Alaska 99501 Tel: 907-269-8658 Fax: 907-269-8905 www.inhtrustland.org

conveyed to the Trust that may be contaminated or in other respects inconsistent with Trust management principals of Trust assets. Under this program, the TLO has nominated the parcel of land where the current Department of Public Safety building sits on Whittier Street. This parcel will be conveyed to the Trust as a replacement land after DPS employees migrate to the new Support Office Building. All of this occurs without cost to the State or the Trust through the Replacement Lands program.

The Trust would be eager to evaluate using this same technique to acquire the Douglas Island state office building. Contact Marcie Menefee if you have questions at 907/269-8753.

Question 8

The answer to number 8 is adequately addressed in question #5 along with the two attached spreadsheets.

Thank you and if you have any questions or comments please feel free to contact me at anytime.

Sincerely,



Timothy J. Spornak
Senior Resource Manager
TLO

Attachments

**Juneau Subport Office Project
Projected Cost and Revenue (20 and 30 years)
First SOA Lease Renewal (Ten Years at 55% of Debt Expenses)**

SOA Lease Cost	TLO Amort Balance	
	20 Years	30 Years
Scenario (1)		
Operating Expenses	\$70,971,575	\$19,517,183
Ground Lease	\$28,546,340	\$19,666,094
	\$14,491,926	\$7,245,963
Total Scenario (1)	\$114,009,841	\$46,429,241

50%/50% LTV - 20 Yr COP's & 30 Yr TLO		TLO Contribution		Totals	
	Total			Ground Lease	Operating \$\$\$ Comp @ 2.2%
COP Bonds	\$45,311,404	\$22,655,702		\$724,596	\$1,151,656
PV				\$14,491,926	\$28,546,340
i	5.50%	7.50%		\$7,245,963	\$19,666,094
n=months	240	360		\$21,737,890	\$48,212,434
PMT	\$155,845	\$158,411			
SOA	0.941	0.941			
Mo. PMT	\$146,650.15	\$149,064.75			
YR PMT	\$1,759,801.74	\$1,788,777.01			
20 Yr	\$35,196,034.80	\$35,775,540.24			
30 Yr Sum	\$35,196,034.80	\$35,775,540.24			

Rate Change		TLO		Totals	
				Ground Lease	Operating \$\$\$ Comp @ 2.2%
Yr PMT	\$1,759,801.74	\$3,548,578.75		\$724,596	\$1,151,656
COP				\$14,491,926	\$28,546,340
COP & TLO @ 5.5%				\$7,245,963	\$19,666,094
Per Year				\$21,737,890	\$48,212,434
Times 10 Years					
Revenue 1st Renewal	\$1,951,718.31				
TLO Debt Service	\$1,788,777.01				
Net After Debt Service	\$162,941.30				
20 Yr Cops	\$35,196,034.80				
20 yr TLO	\$35,775,540.24				
10 @ 55% TLO & COP	\$19,517,183.13				
30 Yr Ground	\$21,737,890.44				
30 Yr Opr	\$48,212,435				
Total 30 Years	\$160,439,083.34				

Per JYL 1-28-2009
 Office Building area Occupied by:
 Per Wayne Jensen 1/28/2009

SOA/DOA	0.941
Retail	0.059

Per HMS Office Building Hard Costs
 1% Arts

\$36,940,752.00	
\$369,407.52	
\$42,898,371.00	

Construction Financing:
 7.5% @ 18 mo. 0.1125
 at 50% of 18 mo. 0.5

Total Project: Costs to Deliver.
Capitol Costs: