

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA  
THIRD JUDICIAL DISTRICT, AT ANCHORAGE

ALASKA BUILDING, INC., an Alaska  
corporation,

Plaintiff

vs.

716 WEST FOURTH AVENUE LLC, and  
LEGISLATIVE AFFAIRS AGENCY

Defendants.

Case No. 3AN-15-05969CI

**OPPOSITION TO  
716'S MOTION FOR RULING OF LAW PRECLUDING ABI'S  
CLAIMS FOR *QUI TAM* AND PUNITIVE DAMAGES**

Plaintiff, Alaska Building, Inc., opposes 716's Motion For Ruling Of Law  
Precluding ABI's Claims For Qui Tam And Punitive Damages.

**A. Background**

On September 19, 2013, defendant 716 West Fourth Avenue LLC (716 LLC)  
entered into a sole source agreement with defendant Legislative Affairs Agency (LAA) to:

(a) demolish (i) the existing Anchorage Legislative Information Office down to  
its steel frame and (ii) the Empress Theatre building, and

(b) lease a newly constructed office building to LAA for the Anchorage  
Legislative Information Office on the two lots upon which the old LIO building and  
the Empress Theatre had been demolished

(LIO Lease or LIO Project).

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This was purportedly authorized under AS 36.30.083(a), but the statute only allows sole source procurement of leased space to extend a real property lease for up to 10 years if a minimum cost savings of at least 10 percent below the market rental value of the real property at the time of the extension would be achieved on the rent due under the lease. (emphasis added).

The LIO Lease is not an extension because (1) the existing building was demolished down to its foundation and steel frame (2) the adjacent old Empress Theatre, most recently the Anchor Pub, was completely demolished, (3) a brand new building was constructed on the combined sites of the old Legislative Information Office Building and the Old Empress Theatre, and (4) the premises were vacated for at least 13 months during the demolition and while the new building was constructed. This was a new construction project not a lease extension.

In addition, the cost is well over the market rental value of the real property. As set forth in the Affidavit of Larry Norene filed October 6, 2015, 90% of the market rental value is \$108,593 per month. This is the maximum allowed by AS 36.30.083(a). However, the LIO Lease carries rent in the amount of \$281,638, which is \$173,045 more per month than allowed under AS 36.30.083(a).

The remedies sought are:

A. Judgment declaring the September 19, 2013, agreement between 716 West Fourth Avenue LLC and the Legislative Affairs Agency pertaining to the Anchorage Legislative Information Office building illegal, null and void.

B. A Judgment in favor of Alaska Building, Inc., in the amount of 10% of the savings to the Legislative Affairs Agency as a result of the invalidation of the LIO Project Lease.

C. Punitive damages against 716 West Fourth Avenue LLC.

D. Costs and attorney's fees.

E. Such other further and additional relief as the Court find just.

Second Amended Complaint, filed August 25, 2015, page 3.

**B. The 10% of Savings Remedy Should Not Be Foreclosed**

It is respectfully suggested that allowance of Alaska Building, Inc.'s claim for 10% of the savings to the Legislative Affairs Agency as a result of the invalidation of the LIO Project Lease is necessary to make meaningful the right of citizen-taxpayers to seek judicial redress of illegal governmental action. As a result of the unique development of Alaska law, both by statute and judicially, citizens' and taxpayers' right to bring cases to redress illegal government action has become a hollow paean. More particularly, the now standard imposition of attorney's fees against such a plaintiff who does not prevail has chilled this important check against governmental misdeeds almost out of existence and allowing such a recovery can at least ameliorate this in situations in which such a recovery might be possible.

Prior to the enactment of HB145/Ch. 86 SLA 2003 by the Alaska Legislature, codified at AS 09.60.010(b)(e) (HB 145), the Alaska Supreme Court created a public interest exception to Civil Rule 82 that allowed plaintiffs truly bringing actions in the public interest to be protected from attorney fee awards against them and full, reasonable

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*Opposition to 716 LLC Qui Tam  
& Punitive Damages Law Motion*

*Page 3 of 16*

attorney's fees if they prevailed.<sup>1</sup> This enabled the right of civic minded people to hold the government accountable for disobeying the law and there was a fair amount of such litigation.

However, in response to the many times the State was found in violation of the law and the consequent awarding of full attorney's fees to the public minded citizens bringing these lawsuits, through HB 145, the Alaska Legislature abrogated the Alaska Supreme Court's judicially created public interest litigant exception to Civil Rule 82 except with respect to litigation to enforce constitutional rights. This was upheld in *Alaska v. Native Village of Nunapitchuk*, 156 P.3d 389 (Alaska 2007). Most public interest litigation has disappeared as a result. The risk of a large attorney's fee award against such a plaintiff has simply made the potential financial cost of a public interest lawsuit too great. *Alaska Conservation Foundation v. Pebble Limited Partnership*, 350 P.3d 273, 285 (Alaska 2015), describes the history and abrogation of the public interest exception to Civil Rule 82, and because the large attorney fee award was vacated because the underlying decision was reversed did not reach the issue of the extent to which this abrogation impermissibly infringes upon the constitutional right to access to the courts.

The problem of substantial attorney's fees awards under Civil Rule 82 chilling legitimate challenges to illegal government action is exacerbated by the abusive use of Offers of Judgment under Civil Rule 68 whereby the State threatens to seek as much as

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<sup>1</sup> *Gilbert v. State*, 526 P.2d 1131 (Alaska 1974); *Anchorage v. McCabe*, 568 P.2d 986 (Alaska 1977); *Kenai Lumber Co. v. LeResche*, 646 P.2d 215 (Alaska 1982); and *Dansereau v. Ulmer*, 955 P.2d 916 (Alaska 1998).



75% of its attorney's fees against a plaintiff. At the same time the Legislature has successfully chilled public minded citizens from bring public interest litigation to challenge illegal government action, Alaska has had rampant corruption, of which the particular no-bid lease at issue here is an example with well over \$20 million more than allowed under the statute paid to 716 LLC.

Under these circumstances, approval of the modest 10% of savings claim made here<sup>2</sup> is something the judiciary can do to address such corruption and the chilling of public interest litigation as a result of the Legislature's abrogation of this Court's public interest litigant exception to Civil Rule 82. Such a judicially created recovery will not solve all the problems created by the legislative abrogation of the public interest litigant exception to Civil Rule 82, but it would address some of it.

In the Legislative Affairs Agency's Non-Opposition to 716's Motion for Ruling of Law Precluding ABI's Precluding ABI's Claims for *Qui Tam* Damages (LAA Non-Opposition), it complains that the 10% recovery could potentially deprive LAA and taxpayers of millions of dollars. This is disingenuous, or at least ironic, since the Legislative Affairs Agency is vigorously attempting to prevent such a savings in this case.

In spite of agreeing this is not a *qui tam* case,<sup>3</sup> the LAA Non-Opposition complains that a *qui tam* complaint must be filed under seal. The sealing provision is a specific

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<sup>2</sup> The federal False Claims Act, 31 USC §3729, *et seq.*, grants successful *qui tam* plaintiffs between 15 and 25% if the government intervenes and takes over the case and 25-30% if not. 31 USC §3730(d).

<sup>3</sup> Exhibit A, page 8: 22-12 to LAA Non-Opposition.

provision of the federal False Claims Act, 31 U.S.C. § 3730(b)(2), which was enacted because of the Department of Justice's concerns that the filing of a qui tam suit by a private party might "tip off" investigation targets when a criminal inquiry was at a sensitive stage.<sup>4</sup> However, this case was not brought under the federal False Claims Act and there is no requirement, or even authorization, for this case to have been filed under seal. LAA's true complaint is that the illegality of the LIO Lease has been publicly exposed.

At page 4 of its Non-Opposition, the LAA asserts that because of the federal False Claims Act there is no room for the creation of additional common law. First, as set forth above, Alaska Building, Inc., is not making a *qui tam* argument. In any event, the 10% of savings claim is being made under state law. It can also be noted that many states have enacted state versions of the federal False Claims Act.<sup>5</sup>

Perhaps most egregiously, the LAA attaches pages 41 and 43 of the deposition of Alaska Building, Inc.'s president for the proposition that Alaska Building, Inc., has not stated any legal basis for the 10% claim, but jumps over page 42 of the deposition transcript, where just such an articulation is made (starting on page 41):

Q. · So I think we can agree on that, that this is not a qui tam case.  
What is the basis for claiming an entitlement to 10 percent of the savings?

A. · I think that it's -- it's a way to make real the citizen taxpayers' right to bring actions on behalf of the government to stop government -- illegal government action.

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<sup>4</sup> 1986 U.S.C.C.A.N. at 5288-89.

<sup>5</sup> See, <http://www.taf.org/states-false-claims-acts>, accessed October 24, 2015.

What we had -- from about 1974 through 1998, the Alaska Supreme Court had established what's called a public interest exception to Civil Rule 82, providing that public interest litigants that were truly suing on behalf of the public were not subjected to having attorneys' fees against them and would have -- if they prevailed, would have -- be awarded full attorneys' fees.

So there wasn't really -- if they could establish that they were public interest litigants, they wouldn't really face the risk of having attorneys' fees awarded against them.

In 2003, the Alaska legislature passed a statute that changed that, except with respect to constitutional claims, basically because they were tired of paying attorneys' fees in all these cases where the government was found to have acted illegally.

And so now you have a situation where anybody trying to bring such a suit faces potentially ruinous attorneys' fees if they don't prevail, or certainly large attorneys' fees if they don't prevail. And that, in my -- my sense of it, has essentially virtually dried up public interest litigation, and so now the government pretty much has free rein to act illegally without any kind of check through this public interest litigation.

And so by -- in these types of cases, where a big, you know, savings or recovery on behalf of the government is achieved, this is a way to really make real the citizens' rights to sue to redress illegal government action.<sup>6</sup>

LAA deleting this page of the transcript and then stating at page 3 that plaintiff has made no nonfrivolous argument for establishing new law appears to be a deliberate misstatement.

At note 12, the Legislative Affairs Agency states Alaska Building, Inc.'s claim is confusing because it appears to accuse the state of somehow defrauding itself. No, what Alaska Building, Inc. claims is that the lease the Legislative Affairs Agency executed with 716 LLC is illegal, null and void, and in the face of the Legislative Affairs Agency and the

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<sup>6</sup> Exhibit 1, page 4-5.

rest of officialdom ignoring its illegality, Alaska Building, Inc., should receive 10% of any savings achieved as a result of having the lease declared illegal, null and void.

### **C. Punitive Damages Should Not be Precluded**

In a *qui tam* action, which this is not, the party who improperly received money from the government pays a fine to the government, of which the *relator*<sup>7</sup> receives a portion. Under the federal False Claims Act, 31 USC §3729(a)(1)(G), there is a civil penalty of between \$5,500 and \$11,000 for each false claim, plus 3 times the amount of damages which the government sustained because of the act of that person (treble damages). In this case, 716 LLC is being overpaid more than \$170,000 per month. Since January of 2015, this presumably amounts to 716 being overpaid over \$1.7 million already.<sup>8</sup> Should punitive damages be awarded and paid,<sup>9</sup> they should be paid to the State of Alaska.<sup>10</sup>

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<sup>7</sup> The person who brings the action on behalf of the government.

<sup>8</sup> "Presumably," because both 716 LLC and LAA have refused to produce this information in response to Alaska Building, Inc.'s August 3, 2015, requests for production, which is the subject of a pending motion to compel against 716 LLC and may be the subject of a future motion to compel against LAA.

<sup>9</sup> It seems highly unlikely that 716 LLC will be able to even pay back the illegal rent it has received let alone any punitive damages. See, Memorandum in Support of Motion for Preliminary Injunction, filed October 6, 2015. Unless the Limited Liability Company Shield is pierced, the illegal rent paid to 716 LLC that has been distributed to its owners will not be recoverable (According to state records, Mount Trident LLC owns 44.44% of 716 LLC, Exhibit 2, and Mr. Pfeffer owns 100% of Mount Trident, Exhibit 3.)

Mr. Pfeffer also owns 100% of the beneficial interest in Pfeffer Development LLC, which was slated to receive \$2.4 million from the construction under the LIO Project. Exhibit 4. 716 LLC has refused to produce documents pertaining to the actual payments, but presumably the payments were pretty close to this. At the time, Mr. Pfeffer's revocable trust owned 100% of Pfeffer Development. Exhibit 5. After Alaska Building, Inc., began

With respect to 716 LLC's specific arguments against an award of punitive damages, it first states that because the 10% of savings claim for compensatory damages should be dismissed, there can be no punitive damages. The fundamental flaw in this argument is that it ignores that the State should be awarded compensatory damages in the amount of rent illegally received by 716 LLC.<sup>11</sup> So, whether or not Alaska Building, Inc., receives its 10% of any savings compensatory damages, the compensatory damages requirement for punitive damages is satisfied by an award to the State.

The other prong of 716 LLC's argument, citing AS 09.17.020(b) is that the complaint does not allege outrageous conduct, including acts done with malice or bad motives, or that 716 LLC did not evidence reckless indifference to the interest of another

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making the argument in this case that the illegal rent should be paid and perhaps followed to the owner, on August 3, 2015, Mr. Pfeffer filed a change of ownership with the state of Alaska that the Mark E. Pfeffer Alaska Exempt Trust (Pfeffer Exempt Trust) had become the 100% owner of Pfeffer Development. Exhibit 6. The Pfeffer Exempt Trust is presumably one under AS 34.40.110 that is designed to shield assets from creditors. *See, e.g., Timothy Lee, Alaska on the Asset Protection Trust Map: Not Far Enough for a Regulatory Advantage, but Too Far for Convenience?*, 29 *Alaska Law Review* 149, 150 (2012) (commentators have written numerous articles about the destruction of creditors' rights); and Jeremy M. Veit, *Self-Settled Spendthrift Trusts and the Alaska Trust Act: Has Alaska Moved Offshore?*, 16 *Alaska Law Review* 269, 270 (1999) ("The proponents of the Alaska Trust Act hoped to attract millions of dollars worth of trust investment (and the administrative fees that accompany it) to Alaska by providing protection [from creditors] previously available only offshore.").

Thus, Mr. Pfeffer has constructed various barriers to the State's recovery of illegal rent that ended up in his hands. Mr. Acree, on the other hand is the owner, directly, of his share of 716 LLC. Exhibit 2.

<sup>10</sup> AS 09.17.020(j), requires that 50% of any punitive damage award be paid to the state, but in this case, since the conduct was against the state, it should receive 100%, possibly subject to an award to Alaska Building, Inc. of 10% of the savings achieved as a result of this litigation.

<sup>11</sup> The complaint could be more clear on this and an amendment might be in order.

person. AS 09.17.020(b) only requires that such conduct be proven in support of a claim for punitive damages. While both 716 LLC and LAA have improperly failed to provide relevant discovery, which is the subject a pending motion to compel against 716 LLC and continued discussions between Alaska Building, Inc., and LAA, even from what has been produced there is compelling evidence of conduct justifying punitive damages.

Discovery from 716 LLC reveals that Representative Mike Hawker<sup>12</sup> and Mark Pfeffer<sup>13</sup> had what Mr. Pfeffer called "back channel" communications using Rep. Hawker's private e-mail account that reveal, among other things, that they put pressure on Pam Varni, the director of the Legislative Affairs Agency, and Doug Gardner, the Legislative Affairs Agency's attorney, to go along with the LIO Project in spite of Ms. Varni's and Mr. Gardner's objections.<sup>14</sup> Discovery from both 716 LLC and the Legislative Affairs Agency also reveal that 716 LLC knew the LIO Lease is illegal.

Mr. Pfeffer and Rep. Hawker's plan in having the legislative procurement rules change to allow a no-bid "material modifications"<sup>15</sup> was to extend the existing lease in its

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<sup>12</sup> Rep. Hawker was the chair of the Legislative Council which controls the Legislative Affairs Agency who negotiated the no-bid lease with Mr. Pfeffer.

<sup>13</sup> At the time, Mr. Pfeffer was formally acting in his capacity as the Manager of Pfeffer Development LLC, which was working for the landlord, 716 LLC. On the same day that the LIO Lease was signed, September 19, 2013, Mr. Pfeffer's revocable trust became an owner of 716 LLC and Mr. Pfeffer became the Manager. Exhibit 7.

<sup>14</sup> The Legislative Affairs Agency failed to produce any e-mails from or to Rep. Hawker's private e-mail account, asserting that it doesn't have possession, custody, or control over it. Alaska Building, Inc., responded that since Rep. Hawker is listed as being subject to the attorney-client privilege these e-mails should be produced. This is the subject of ongoing discussions between the Legislative Affairs Agency and Alaska Building, Inc. Exhibit 8.

<sup>15</sup> See, Exhibit 9.

then current condition ("as-is") under AS 36.30.083(a) for at least 10% below market rent and then a "material modification" to perform the demolition and construction work to build the new Anchorage Legislative Information Office Building. *See*, June 20, 2013, e-mail from Mr. Stein to Mr. McClintock stating, "the intent was to extend based on beating the as-is BOV<sup>16</sup> by 10%, but then NOT being limited by that standard in the material modification." Exhibit 10, page 1.

Mr. Steiner then goes on to write,

"I don't know whether beating a post-renovation BOV or appraisal by 10% will prove feasible, but I do not believe Rep. Hawker wants or expects to be told that standard limits improvements to the building."

*Id.* In other words 716 LLC knew the demolition and reconstruction of the Anchorage Legislative Information Office Building could not result in a rental rate 10% below market, but knew Rep. Hawker was determined to proceed regardless of the statutory restriction. Mr. McClintock's e-mail also foreshadows the circular reasoning valuation that was ultimately deployed to make the outrageous claim that the LIO Lease is at least 10% below market rent.<sup>17</sup> The e-mail, from Mr. McClintock, reports Mr. Gardner's "vision of [AS 36.30.] 083 and .040 is that the rent should be 10% below appraisal. *Id.*, page 2.

Mr. McClintock attempted to implement the extend "as-is" and material amendment plan in a July 12, 2013, e-mail to Mr. Gardner, forwarding a draft lease extension under

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<sup>16</sup> Broker's Opinion of Value.

<sup>17</sup> Exhibit 10, page 2. "You can probably get the numbers to work out if the lease rate assumes a 10 year term and you can qualify for 25 year financing or the income approach uses a different cap rate than what you do for the financing." *Id.*

AS 36.30.083(a) for the existing building "as-is" and a "material amendment" for the demolition and construction work for the LIO Project.<sup>18</sup> Exhibit 11.

On that same day, July 12, 2013, in an e-mail to Rep. Hawker, Mr. Pfeffer forwarded an e-mail from Mr. McClintock to John Stein, with the note "The back channel between lawyers." Exhibit 12, page 1. Mr. McClintock writes that he and Pfeffer Development's attorney, John Steiner are not confident the entire deal can be done under AS 36.30.083.<sup>19</sup> Exhibit 12, page 1. Rep. Hawker responded that he needed to get back and deal with Mr. Gardner again, stating, "I hate lawyers." *Id.* Presumably, the "I hate lawyers," comment was because Rep. Hawker does not like being told by lawyers that he can't do something because it is illegal.

The next day, Mr. Steiner expanded on Mr. McClintock's report of their meeting with Mr. Gardner, including that the deal was not conceived as being 10% under market rent as required by AS 36.30.083 and that the project would not qualify under AS 36.30.083 as an extension because of the additional space, i.e., the inclusion the building built on the site of the demolished old Empress Theatre. Mr. Steiner also reported that Mr. Gardner believed that the plan to formally extend "as-is" for at least 10% below market rent and then enter into a material modification under the recently changed legislative procurement code would be seen as disingenuous (presumably because it would be disingenuous) and contrary to the action of the Legislative Council at its June 7, 2013

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<sup>18</sup> The attachment was omitted from 716 LLC's production and counsel for 716 LLC has given assurances it will be provided.

<sup>19</sup> Which means they do not believe the deal can legally be done under the statute.



meeting. Exhibit 13, page 2. Mr. Steiner also reports that Mr. Gardner was not keen to get crosswise with Rep. Hawker. *Id.*

Then, Mr. Pfeffer forwards this e-mail exchange to Rep. Hawker, telling Rep. Hawker that he thinks Gardner, who as counsel for the Legislative Affairs Agency is Rep. Hawker's lawyer in the matter, "is just flat out wrong," and that he thinks Gardner "needs to be brought along." Mr. Pfeffer also recognizes that the full legislature and governor needed to approve the deal. Exhibit 13, page 1.

On July 25, 2013, Mr. Pfeffer e-mails Rep. Hawker a LIO Project Procurement Analysis, with the warning, "I wouldn't share this with anyone yet. we will scrub the author references if you do want to share it." Exhibit 14.<sup>20</sup>

On July 26, 2013, Mr. Pfeffer sent an e-mail to Rep. Hawker, titled, "BACK CHANNEL ----- Draft 040(a) determination, stating, "If you agree with this I'll have my guys send to Gardner."<sup>21</sup> Exhibit 15.

On August 8, 2013, after the rent to which Rep. Hawker had agreed emerged, Pamela Varni, Executive Director of the Legislative Affairs e-mailed Rep. Hawker with her comments, including an analysis of proposed replacements for the Anchorage Legislative Information Office previously rejected by the Legislative Council, all of which were for much less money, as well as a schedule of Executive Branch Office leases.

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<sup>20</sup> The attachment was omitted from 716 LLC's production and counsel for 716 LLC has given assurances it will be provided.

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Exhibit 16. In her e-mail Ms. Varni points out that with the figures presented so far, she estimated the cost to be over \$5.00 per square foot, which would make it the most expensive lease ever for the State of Alaska. Exhibit 16, page 2. She also notes that the Legislative Affairs Agency's Fairbanks Class A rental space leasehold improvement costs were \$62.50 per square foot, while the proposal is for \$120 per month, asking, "What is the justification for the disparity." Exhibit 16, page 3

This e-mail was first forwarded by Rep. Hawker from his Legislative e-mail account to his private account and then forwarded to Mr. Pfeffer from his private e-mail account that same day. Exhibit 17, page 1. Mr. Pfeffer responded by writing he would produce a rebuttal and if "Doc" at the Alaska Housing Finance Corporation agrees AHFC can produce the memo to dispute Varni. *Id.* The next day, August 9, 2013, Mr. Pfeffer e-mailed Rep. Hawker a draft of a response to Ms. Varni's analysis, stating, "Obviously please do not forward this email."<sup>22</sup> Exhibit 18.

On August 25, 2013, Rep. Hawker e-mailed to Mr. Pfeffer that, "I don't see anything that Pam or Gardner can do now to derail this .... Not that they will not try." Exhibit 19.

On September 6, 2013, in response to an e-mail from Mr. Gardner, Rep. Hawker writes to Mr. McClintock and Mr. Pfeffer, "How are we doing with Gardner? This note makes me worry a bit. Do we need to plan another sit down?" Exhibit 20, page 1. Mr. Pfeffer responds, "Standby on this Mike. I'm working it." *Id.*

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<sup>22</sup> The attachment was omitted from 716 LLC's production and counsel for 716 LLC has given assurances it will be provided.

On September 11, 2013, Rep. Hawker e-mails, "I apologize for the obstructionist on my side of the table," which presumably means Mr. Gardner or Pam Varni. Exhibit 21, page 1.

These e-mails show that 716 LLC knew the LIO Project did not qualify under AS 36.30.083(a) because the addition of the tower to be constructed on the site of the demolished Old Empress Theatre ("enlargement") brought it outside the ambit of a lease extension. The e-mails also show that they knew the demolition and construction could not be accomplished and lease the building for at least 10% below market rent. They therefore developed a plan to amend the procurement rules to allow for a no-bid "material modification" of an existing lease, extend the then current lease "as-is" and then a "material modification" to do the demolition and construction work without the 10% below market rent constraint. When Mr. Gardner balked at this as being disingenuous and not what was approved by the Legislative Council, 716 LLC ignored that the LIO Project did not comply with AS 36.30.083(a) and when Ms. Varni balked at the shocking rental rate, and Mr. Gardner continued to raise objections, they were pressured to go along by Mr. Pfeffer, aided and abetted by Rep. Hawker. This much is clear even from what has not been withheld.

It is respectfully suggested that even this incomplete discovery provided by 716 LLC<sup>23</sup> and the Legislative Affairs Agency demonstrates corruption and outrageous action

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<sup>23</sup> The e-mail production by 716 LLC was 4,482, the bulk of which were attachments, but key attachments identified above were omitted. It strains credulity that this was inadvertent.

justifying punitive damages. However, to the extent this Court disagrees, it is believed additional discovery will reveal even more culpability on the part of 716 LLC, and Alaska Building, Inc., respectfully requests the Motion be held in abeyance pending completion of such discovery.

#### **D. Conclusion**

For the foregoing reasons, 716's Motion For Ruling Of Law Precluding ABI's Claims For Qui Tam And Punitive Damages should be **DENIED**.

Dated October 27, 2015.



James B. Gottstein, ABA # 7811100  
Attorney for Plaintiff

#### **CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on this date he hand delivered a copy hereof to Kevin M. Cuddy and Jeffrey W. Robinson/Eva R. Gardner.

Dated October 27, 2015.



Jim Gottstein

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*Opposition to 716 LLC Qui Tam  
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**In the Matter Of:**

**ALASKA BUILDING vs. 716 WEST FOURTH AVENUE LLC**

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**JAMES GOTTSTEIN - VOLUME I**

*October 16, 2015*

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1                   IN THE SUPERIOR COURT FOR THE STATE OF ALASKA  
2                   THIRD JUDICIAL DISTRICT AT ANCHORAGE

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4 ~~ALASKA BUILDING INC.~~ ALASKA BUILDING vs. 716 WEST FOURTH AVENUE LLC  
JAMES GOTTSTEIN - VOLUME I on 10/16/2015  
Alaska corporation,

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7                   716 WEST FOURTH AVENUE LLC,  
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9                   AGENCY,

                                  Defendants.

10                                   \_\_\_\_\_/

Case No. 3AN-15-05969 CI

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                                  DEPOSITION OF JAMES B. GOTTSTEIN

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                                  VOLUME I

14

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                                  Pages 1 - 58, inclusive

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                                  Friday, October 16, 2015  
17                                   2:00 P.M.

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20                                   Taken by Counsel for  
Defendant 716 West Fourth Avenue LLC  
                                  at  
21                                   ASHBURN & MASON  
1227 West 9th Avenue, Suite 200  
22                                   Anchorage, Alaska

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1 A-P-P-E-A-R-A-N-C-E-S

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Court Reporter:

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Gary Brooking, RPR

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1 that. I would be -- I'd welcome any kind of any  
2 indication of that.

3 Q. Under a qui tam case like you pursued in  
4 the ALASKA BUILDING vs. 716 WEST FOURTH AVENUE LLC  
JAMES GOTTSTEIN - VOLUME I on 10/16/2015 complaint is filed under  
5 seal. Is that right?

6 A. Yes.

7 Q. And that was not done here?

8 A. No. It's not really a qui tam case.

9 Q. Okay.

10 A. And...

11 Q. So I think we can agree on that, that this  
12 is not a qui tam case. What is the basis for  
13 claiming an entitlement to 10 percent of the  
14 savings?

15 A. I think that it's -- it's a way to make  
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19 What we had -- from about 1974 through 1998,  
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21 a public interest exception to Civil Rule 82,  
22 providing that public interest litigants that were  
23 truly suing on behalf of the public were not subjected  
24 to having attorneys' fees against them and would  
25 have -- if they prevailed, would have -- be awarded



1 full attorneys' fees.

2 So there wasn't really -- if they could  
3 establish that they were public interest litigants,  
4 they wouldn't really face the risk of having  
5 attorneys' fees awarded against them.

6 In 2003, the Alaska legislature passed a  
7 statute that changed that, except with respect to  
8 constitutional claims, basically because they were  
9 tired of paying attorneys' fees in all these cases  
10 where the government was found to have acted  
11 illegally.

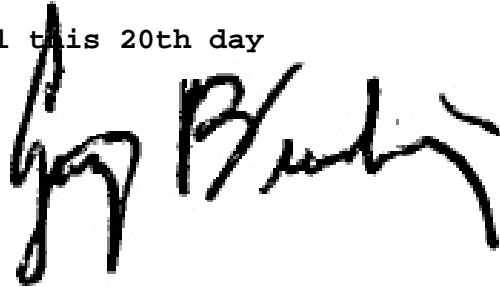
12 And so now you have a situation where anybody  
13 trying to bring such a suit faces potentially ruinous  
14 attorneys' fees if they don't prevail, or certainly  
15 large attorneys' fees if they don't prevail. And  
16 that, in my -- my sense of it, has essentially  
17 virtually dried up public interest litigation, and so  
18 now the government pretty much has free rein to act  
19 illegally without any kind of check through this  
20 public interest litigation.

21 And so by -- in these types of cases, where a  
22 big, you know, savings or recovery on behalf of the  
23 government is achieved, this is a way to really make  
24 real the citizens' rights to sue to redress illegal  
25 government action.

CERTIFICATE

I, GARY BROOKING, Registered Professional  
Reporter and Notary Public in and for the State of  
Alaska, do hereby certify that the witness in the  
foregoing proceedings was duly sworn; that the  
proceedings were then taken before me at the time  
and place herein set forth; that the testimony  
and proceedings were reported stenographically by  
me and later transcribed by computer transcription;  
that the foregoing is a true record of the  
testimony and proceedings taken at that time;  
and that I am not a party to nor have I any  
interest in the outcome of the action herein  
contained.

IN WITNESS WHEREOF, I have hereunto set  
my hand and affixed my seal this 20th day  
of October, 2015.



GARY BROOKING, RPR  
My Commission Expires 6/28/2016

GB4223

## Division of Corporations, Business and Professional Licensing

### Name(s)

Type	Name
Legal Name	716 West Fourth Avenue, LLC

### Entity Details

**Entity Type:** Limited Liability Company

**Entity #:** 75015D

**Status:** Good Standing

**AK Formed Date:** 12/18/2001

**Duration/Expiration:** Perpetual

**Home State:** ALASKA

**Next Biennial Report Due:** 1/2/2017

**Entity Mailing Address:** 425 G STREET , SUITE 210, ANCHORAGE, AK 99501

**Entity Physical Address:** 737 W 5TH AVE, ANCHORAGE, AK 99501

### Registered Agent

**Agent Name:** Robert B Acree

**Registered Mailing Address:** PO BOX 241826, ANCHORAGE, AK 99524

**Registered Physical Address:** 737 W 5th Ave, Anchorage, AK 99501

### Officials

AK Entity#	Name	Titles	Percent Owned
	Mark Pfeffer	Manager	
10013659	Mount Trident, LLC	Member	44.44
	ROBERT ACREE	Member	55.56

### Filed Documents

Date Filed	Type	Filing	Certificate
12/18/2001	Creation Filing		
1/31/2002	Biennial Report		

4/21/2003	Biennial Report		
2/2/2005	Biennial Report		
1/29/2007	Biennial Report		
2/28/2007	Agent Change		
9/10/2010	Biennial Report		
4/23/2011	Biennial Report		
5/6/2013	Biennial Report		
9/18/2013	Certificate of Compliance		
9/23/2013	Amendment		
9/23/2013	Change of Officials		
12/27/2013	Change of Officials		
12/2/2014	Certificate of Compliance		
12/22/2014	Biennial Report		

# Division of Corporations, Business and Professional Licensing

## Name(s)

Type	Name
Legal Name	Mount Trident, LLC

## Entity Details

**Entity Type:** Limited Liability Company

**Entity #:** 10013659

**Status:** Good Standing

**AK Formed Date:** 6/18/2013

**Duration/Expiration:** Perpetual

**Home State:** ALASKA

**Next Biennial Report Due:** 1/2/2017

**Entity Mailing Address:** 425 G STREET, SUITE 210, ANCHORAGE, AK 99501

**Entity Physical Address:** 425 G STREET, SUITE 210, ANCHORAGE, AK 99501

## Registered Agent

**Agent Name:** Ashburn & Mason, A Professional Corporation

**Registered Mailing Address:** 1227 W. 9TH AVENUE SUITE 200, ANCHORAGE, AK 99501

**Registered Physical Address:** 1227 W. 9TH AVENUE SUITE 200, ANCHORAGE, AK 99501

## Officials

AK Entity#	Name	Titles	Percent Owned
	Mark Pfeffer	Manager	
	Mark E. Pfeffer Alaska Trust Utad 12/28/07	Member	100

## Filed Documents

Date Filed	Type	Filing	Certificate
6/18/2013	Creation Filing		
12/16/2013	Initial Report		
12/22/2014	Biennial Report		



**Anchorage LIO Building****Development Budget  
September 18, 2013****64,048**

Gross SF

**Development Budget**

Existing Property & Property Acquisition	\$ 7,890,000	Note 1
Soft Costs	\$ 515,000	Note 2
Construction & A/E Services	\$ 30,169,055	Note 3
Interim Office Space	\$ 1,000,000	Note 4
Contingency	\$ 771,722	Note 5
Construction Loan Interest	\$ 1,133,388	Note 6
Loan Fee	\$ 622,368	Note 7
Construction Management	\$ 905,433	Note 8
Development Fee	\$ 1,509,055	Note 9
<b>Total</b>	<b>\$ 44,516,021</b>	Note 10

**Note 1** Stipulated value for 716 W 4th + Acquisition cost of 712 W 4th

**Note 2** Legal, Title, Appraisal, Geotech, Survey, Taxes, Insurance Environmental

**Note 3** Stipulate Sum Proposal from Criterion Construction Date August 27th 2013 inclusive of A/E Fees with final design adjustments incorporated

**Note 4** Loss of rent during construction + Cost to construct interim improvements,

**Note 5** 2.56% of Construction

**Note 6** Subtotal project cost of \$39.628m (less existing building value) @ 5.0% for 1 year x 65% average draw down.

**Note 7** 1.5% of subtotal of cost

**Note 8** 3% of stipulated sum amount

**Note 9** 5% of stipulated sum amount

**Note 10** Total Cost

DRAFT

9/18/2013 11:32 AM

L27

LAA\_001300

Exhibit 4



STATE OF ALASKA  
DEPARTMENT OF  
**COMMERCE**  
COMMUNITY AND  
ECONOMIC DEVELOPMENT

Division of Corporations, Business and Professional Licensing

Sean Parnell, Governor  
Susan K. Bell, Commissioner  
Don Habeger, Director

Office Use Only

**COR**

Web-1/20/2014 3:32:29 PM

**Limited Liability Company**

**2014 Biennial Report**

For the period ending December 31, 2013

- This report is due on January 02, 2014
- \$100.00 if postmarked before February 02, 2014
- \$137.50 if postmarked on or after February 02, 2014

**Entity Name:** Pfeffer Development, LLC  
**Entity Number:** 119867  
**Home Country:** UNITED STATES  
**Home State/Province:** ALASKA

**Registered Agent**

**Name:** Mark Pfeffer  
**Physical Address:** 425 G Street, Ste. 210,  
Anchorage, AK 99501  
**Mailing Address:** 425 G Street, Ste. 210,  
Anchorage, AK 99501

**Entity Physical Address:** 425 G STREET, STE. 210, ANCHORAGE, AK 99501

**Entity Mailing Address:** 425 G STREET, STE. 210, ANCHORAGE, AK 99501

**Please include all officials.** Check all titles that apply. Must use titles provided. Please list the names and addresses of the members of the domestic limited liability company (LLC). There must be at least one member listed. If the LLC is managed by a manager(s), there must also be at least one manager listed. Please provide the name and address of each manager of the company. You must also list the name and address of each person owning at least 5% interest in the company and the percentage of interest held by that person.

Name	Address	% Owned	Titles
Mark E. Pfeffer	425 G STREET, STE. 210, ANCHORAGE, AK 99501		Manager
Mark E. Pfeffer Revocable Trust Utad 11/22/05	425 G STREET, STE. 210, ANCHORAGE, AK 99501	100	Member

**Purpose:** Any and all lawful purpose for which a limited liability company may be organized under the Alaska Limited Liability Act.

**NAICS Code:** 531390 - OTHER ACTIVITIES RELATED TO REAL ESTATE

**New NAICS Code (optional):**

I certify under penalty of perjury under the Uniform Electronic Transaction Act and the laws of the State of Alaska that the information provided in this application is true and correct, and further certify that by submitting this electronic filing I am contractually authorized by the Official(s) listed above to act on behalf of this entity.

**Name:** Alana Williams

PO Box 110806, Juneau, AK 99811-0806  
Telephone: (907) 465-2550 Fax: (907) 465-2974 Text Tel: (907) 465-5437  
Website: <http://commerce.alaska.gov/dnn/cbpl>



5577389

AK Entity #: 119867  
 Date Filed: 08/03/2015  
 State of Alaska, DCCED



State of Alaska  
 Division of Corporations, Business and Professional Licensing  
**CORPORATIONS SECTION**  
 PO Box 110806  
 Juneau, AK 99811-0806  
 Phone: (907) 465-2550  
 Fax: (907) 465-2974  
 Website: www.commerce.alaska.gov/occ

DO NOT STAMP ABOVE THIS BOX

Office Use Only

CORP

RECEIVED  
 JUNEAU

AUG 03 2015

**NOTICE OF CHANGE OF OFFICIALS**  
**Domestic Limited Liability Company**  
**AS 10.50.765**

Division of Corporations, Business  
 and Professional Licensing

☒ \$25.00 Filing Fee (non-refundable)

Pursuant to Alaska Statutes 10.50.765, the following will apply to the members and/or managers on record:

ITEM 1: Name of the Entity:

Alaska Entity #:

Pfeffer Development, LLC

119867

ITEM 2: Prior and new information:

Prior member/manager	New (replacement) member/manager	New (replacement) mailing address	X if Member	X if Manager	% of interest held
Mark E. Pfeffer Revocable Trust Utad 11/22/05	Mark E. Pfeffer Alaska Exempt Trust utad 12/28/07	425 G St. Suite 210 Anchorage, Alaska 99501	X		100%

Attach an additional sheet if necessary.

ITEM 3: The Statement must be signed by a manager, member, or Attorney-in-Fact.

	MARK PFEFFER	MEMBER	7/24/15
Signature	Printed name	Title	Date

**NOTE:** Persons who sign documents filed with the commissioner that are known to the person to be false in material respects are guilty of a class A misdemeanor.

Mail the Notice of Change of Officials and non-refundable \$25.00 filing fee in U.S. dollars to:  
 State of Alaska, Corporations Section, PO Box 110806, Juneau, AK 99811-0806

**STANDARD PROCESSING TIME** for complete and correct applications submitted to this office is approximately 10-15 business days. All applications are reviewed in the date order they are received.



3647501

AK Entity #: 75015D  
Date Filed: 09/23/2013  
State of Alaska, DCCED



State of Alaska  
Division of Corporations, Business and Professional Licensing  
**CORPORATIONS SECTION**  
PO Box 110806  
Juneau, AK 99811-0806  
Phone: (907) 465-2550  
Fax: (907) 465-2974  
Website: www.commerce.alaska.gov/occ

Office Use Only

CORP

**RECEIVED**  
Juneau

SEP 23 2013

Division of Corporations, Business  
and Professional Licensing

**ARTICLES OF AMENDMENT**  
Domestic Limited Liability Company  
AS 10.50.100

125/50 PB

☒ **\$25.00 Filing Fee (non-refundable)**

Pursuant to Alaska Statutes 10.50.100, the undersigned corporation adopts the following amended Articles of Organization.

**ITEM 1:** Name of the E

\*Alaska En #:

716 West Fourth Avenue, LLC

75015D

**ITEM 2**

Date the original Articles of Organization were  
filed:

12/18/2001


**ITEM 3:** List each article number being amended, and the amended article in full. Any article being changed is considered an amendment; this includes deletions, edits, corrections, or renumbering of the articles. Verify with previous Articles of Organization and amendments already filed.

Article IV Management shall be amended and restated as follows:

Article IV Management. The limited liability company shall be managed by its  
Manager.

Attach a separate sheet if needed.

**ITEM 4:** The Articles of Amendment must be signed by a member, manager or member-in-Fact.

	Robert B. Acree	Member	9/19/13
Signature	Printed name	Title	Date

Mail the Articles of Amendment and the non-refundable \$25.00 filing fee in U.S. dollars to  
State of Alaska, Corporations Section, PO Box 110806, Juneau, AK 99811-0806

**STANDARD PROCESSING TIME** for complete and correct applications submitted to this office is  
approximately 10-15 business days. All applications are reviewed in the date order they are received

**James B. Gottstein**

---

**From:** Cuddy, Kevin M. <kevin.cuddy@stoel.com>  
**Sent:** Monday, October 19, 2015 11:19 AM  
**To:** James B. Gottstein  
**Subject:** RE: Discovery Meeting

Jim,

That's fine. I'm looking into the other questions you've raised.

-Kevin

---

**From:** James B. Gottstein [<mailto:james.b.gottstein@gottsteinlaw.com>]  
**Sent:** Monday, October 19, 2015 8:41 AM  
**To:** Cuddy, Kevin M.  
**Cc:** [james.b.gottstein@gottsteinlaw.com](mailto:james.b.gottstein@gottsteinlaw.com)  
**Subject:** Discovery Meeting

Hi Kevin,

Do you want to reschedule our discovery meeting to accommodate 716's continued deposition of me?

James B. Gottstein  
Law Offices of James B. Gottstein  
406 G Street, Suite 206  
Anchorage, AK 99501  
Tel: (907) 274-7686 Fax: (907) 274-9493  
e-mail: James.B. Gottstein@ GottsteinLaw.Com

## James B. Gottstein

---

**From:** James B. Gottstein <james.b.gottstein@gottsteinlaw.com>  
**Sent:** Sunday, October 18, 2015 11:28 AM  
**To:** 'Cuddy, Kevin M.'  
**Cc:** james.b.gottstein@gottsteinlaw.com  
**Subject:** RE: Discovery Meeting

Thanks Kevin.

I will plan on popping over if that is okay.

With respect to Rep. Hawker's e-mails, it seems to me that since you are claiming the attorney-client privilege applies, that you are obligated to provide documents in his possession, custody or control. Will you agree to supplement your responses to include such documents?

James B. Gottstein  
Law Offices of James B. Gottstein  
406 G Street, Suite 206  
Anchorage, AK 99501  
Tel: (907) 274-7686 Fax: (907) 274-9493  
e-mail: James.B. Gottstein@ GottsteinLaw.Com

-----Original Message-----

From: Cuddy, Kevin M. [<mailto:kevin.cuddy@stoel.com>]  
Sent: Sunday, October 18, 2015 10:46 AM  
To: James B. Gottstein  
Subject: RE: Discovery Meeting

Jim,

I'm available at 2 p.m. on Friday. I trust you'll call me then.

I do not know whether this particular email was part of the several thousand pages that LAA already produced, but I do note that it appears to be an email sent to Mike Hawker's personal email account -- not his legislative account. LAA does not have possession, custody, or control over legislators' private email accounts (or their private mail, etc.).

-Kevin

---

From: James B. Gottstein [james.b.gottstein@gottsteinlaw.com]  
Sent: Sunday, October 18, 2015 10:35 AM  
To: Cuddy, Kevin M.  
Cc: [james.b.gottstein@gottsteinlaw.com](mailto:james.b.gottstein@gottsteinlaw.com)  
Subject: RE: Discovery Meeting

Hi Kevin,

How about 2:00 pm on Friday?

I have been going through 716 LLC's e-mail production and there are e-mails that the Legislative Affairs Agency (LAA) should have produced too, such as the attached. If I am mistaken and it was produced by the LAA, I apologize. Otherwise, please explain/justify.

James B. Gottstein  
Law Offices of James B. Gottstein  
406 G Street, Suite 206  
Anchorage, AK 99501  
Tel: (907) 274-7686 Fax: (907) 274-9493  
e-mail: James.B. Gottstein@ GottsteinLaw.Com

-----Original Message-----

From: Cuddy, Kevin M. [<mailto:kevin.cuddy@stoel.com>]  
Sent: Sunday, October 18, 2015 8:13 AM  
To: James B. Gottstein  
Subject: Re: Discovery Meeting

Jim,

Let me know some times that work for you. Wednesday is bad for me, but otherwise I'm pretty flexible.

On Oct 17, 2015, at 10:08 PM, James B. Gottstein  
<james.b.gottstein@gottsteinlaw.com<<mailto:james.b.gottstein@gottsteinlaw.com>

Hi Kevin,

I totally forgot about setting a time to meet about discovery when we were together yesterday.

James B. Gottstein  
Law Offices of James B. Gottstein  
406 G Street, Suite 206  
Anchorage, AK 99501  
Tel: (907) 274-7686 Fax: (907) 274-9493  
e-mail: James.B. Gottstein@ GottsteinLaw.Com<<http://gottsteinlaw.com>>  
=

---

**From:** Mark Pfeffer  
**Sent:** Thursday, June 20, 2013 10:55 AM  
**To:** Mike Hawker (mhawker@gci.net)  
**Subject:** FW: LAA procurement issues

FYI,

**The back channel between lawyers.**

*Mark Pfeffer*

**PFEFFER DEVELOPMENT, LLC**  
425 G Street, Suite 210 | Anchorage, Alaska 99501  
p 907 646 4644 | f 907.646.4655 |

**Cell Phone**  
907 317 5030

---

**From:** John L. Steiner  
**Sent:** Thursday, June 20, 2013 10:39 AM  
**To:** Donald W. McClintock; Mark Pfeffer  
**Cc:** Heidi A. Wyckoff  
**Subject:** RE: LAA procurement issues

Don, I just spoke to Mark (before either of us had seen your email) and reviewed some of the background stuff. I gathered enough to know that the intent was to extend based on beating the as-is BOV by 10%, but then NOT being limited by that standard in the material modification. If the lease can be materially modified, why only in some respects and not in others? (That's a rhetorical question.)

**I don't know whether beating a post-renovation BOV or appraisal by 10% will prove feasible, but I do not believe Rep. Hawker wants or expects to be told that standard limits improvements to the building.** Getting the full first year appropriation done next session should be done in any event.

I still have some stuff to look through to be prepared to talk to Doug, but will get there shortly.

*John L. Steiner*  
Project Director and Counsel

---

**Pfeffer Development, LLC**  
*Commercial Real Estate Developers*  
425 G Street, Suite 210 | Anchorage, Alaska 99501  
p 907.646.4644 | f 907.646.4655  
d 907 770.4306 | c 907.382.2300

This email may contain confidential or attorney-client privileged information and is in any case confidential. If you are not the intended recipient of this email please notify the sender then delete it permanently.

---

**From:** Donald W. McClintock [mailto:dwm@anchorlaw.com]  
**Sent:** Thursday, June 20, 2013 10:18 AM

**To:** Mark Pfeffer; John L. Steiner  
**Cc:** Heidi A. Wyckoff  
**Subject:** LAA procurement issues

Mark and John,

I had another call with Doug. He is certainly driving the form of the deal around his view of how the procurement issues line up; something we probably should be in line with so long as it is not overly conservative and costs real money.

What he wanted to know was whether we would have an appraisal done on the completed loan. I told him typically we would have one to support our construction loan so one should be ordered this summer once the plans and finishes have advanced enough. His vision of .083 and .040 is that the rent should be 10% below appraisal. Mark is that your financial plan? You can probably get the numbers to work out if the lease rate assumes a 10 year term and you can qualify for 25 year financing or the income approach uses a different cap rate than what you do for the financing. But that is the road he is going down and he really wants both leases done at the same time, one for the extension and the other for the material modification and new lease rate. The new lease would take place effective October 2014 on completion and acceptance and we would have some bridging lease until then.

I have not given him permission to talk to Mark, just because we want to keep Mark and Hawker only talking to each other, but I told him he should feel free to talk to John directly.

During the discussion, he also said his plan B, which is belts and suspenders, is to have the 36.30 appropriation done next session as well.

Call with questions.

Don

**Donald W. McClintock**  
**Ashburn & Mason, P.C.**  
1227 W. 9th Ave. Ste. 200  
Anchorage, AK 99501  
(907) 276-4331 (voice)  
(907) 277-8235 (fax)  
[www.anchorlaw.com](http://www.anchorlaw.com)

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# ALASKA STATE LEGISLATURE LEGISLATIVE COUNCIL

## Revised Agenda and Motion Sheet

June 7, 2013

Time: 10:00am – 2:00pm

Room: Anchorage LIO Room 670

I. Call to Order

EXECUTIVE SESSION MOTION: I move that Legislative Council go into executive session under Uniform Rule 22 (b) for the discussion of matters, the immediate knowledge of which would adversely affect the finances of a government unit.

II. Anchorage LIO (moved up from bottom of agenda)

MOTION – LEASE EXTENSION: I move that Legislative Council authorize the chairman to negotiate all the terms and conditions necessary to extend Lease 2004-024411-0 pursuant to AS 36.30.083(a).

MOTION – AMEND PROCUREMENT PROCEDURE: I move that Legislative Council adopt proposed Amendment No. 12 to the Legislative Procurement Procedure 040 to provide a limited ability for the Legislative Affairs Agency, or a Legislative Committee, to materially modify an existing lease that was previously competitively procured.

MOTION – AUTHORIZE MATERIAL AMENDMENTS TO LEASE: I move that Legislative Council authorize the chairman to negotiate amendments to lease 2004-024411-0 by mutual agreement with the Lessor to remove the limitation of amending a lease that amounts to a material modification in paragraph 42; and to include 712 West Fourth Avenue, with other terms and conditions necessary to accommodate renovations, not to exceed the estimated cost of a similarly sized, located and apportioned newly constructed building as determined by the Alaska Housing Finance Corporation.

MOTION - ENGAGE AHFC AS LESSEE'S REPRESENTATIVE: I move that Legislative Council authorize the chairman to enter into a contract for payment not to exceed \$50,000, for AHFC to act as the Lessee's representative in negotiating an extension to Lease 2004-024411-0, as amended to include 712 West 4th Avenue, and to assist in managing the Lessor's compliance with the terms and conditions of the Lessor's improvements, as described in the lease extension.

III. Approval of Minutes

a. May 13, 2013

MOTION: I move that the minutes from the Legislative Council meeting on May 13, 2013 be approved.



IV. Ratification of Charitable Events

**MOTION:** I move that Legislative Council ratify the following charity event, which was previously sanctioned by the Legislative Council Chair in accordance with AS 24.60.080(a)(2)(b):

- a. 14<sup>th</sup> Annual Calista Heritage Foundation Golf Tournament benefitting the Calista Heritage Foundation, Inc.

V. Contract Approvals

- a. MatSu LIO Lease

**MOTION:** I move that Legislative Council authorize the chairman to approve a one-year renewal of the existing lease agreement for the MatSu Legislative Information Office and Legislators' District Office space for a cost of \$182,215.20.

VI. Other Committee Business

- a. Seward LIO

**MOTION:** I move that Council approve the Seward LIO going from session only to full time effective June 4, 2013 and ask the Agency to include that increase in their FY 15 budget request.

VII. Adjournment

AMENDMENT NO. 12<sup>1</sup>  
TO PROCUREMENT PROCEDURES

\* **Section 1.** Procurement Procedures sec. 040 is amended by adding a new subsection to read:

(d) A lease that was procured competitively may be materially modified by amendment, and the material modification of the lease does not require procurement of a new lease, if

- (1) the reasons for the modification are legitimate;
- (2) the reasons for the modification were unforeseen when the lease was entered into;
- (3) it is not practicable to competitively procure a new lease;
- (4) the modification is in the best interests of the agency or the committee;
- (5) the procurement officer makes a written determination that the items in paragraphs (1) - (4) exist, the determination details the reasons for concluding why the items exist, and the determination is attached to the amended lease; and
- (6) the use of this subsection is approved by the procurement officer and, in the case of an amendment for the lease of a legislative committee, by a majority of the committee members.

---

<sup>1</sup> The purpose of this amendment is to allow the agency or a legislative committee to materially modify an existing lease where appropriate without triggering a requirement to obtain a new lease.

10:04:42 AM

- I. **CHAIR MIKE HAWKER** called the Legislative Council meeting to order at 10:00 a.m. in room 670 of the Anchorage Legislative Office Building. Chair Hawker noted that the meeting would start with the executive session first and then Council would proceed to routine motions and business activities. Due to a technical issue with the recorder's microphone, Chair Hawker recited the roll call for purposes of establishing a quorum. Present at the call were Representatives Hawker, Johnson, Stoltze and P. Wilson (via teleconference); and Senators Coghill (via teleconference), Egan, and Micciche (via teleconference), and Hoffman (alternate member).

REPRESENTATIVE JOHNSON moved that that Legislative Council go into executive session under Uniform Rule 22 (b) for the discussion of matters the immediate knowledge of which would adversely affect the finances of a government unit.

10:06:50 AM

Legislative Council went into executive session.

1:02:43 PM

Legislative Council came out of executive session.

CHAIR HAWKER called the roll. Present at the call were Representatives Hawker, Johnson, Pruitt, Stoltze and P. Wilson (via teleconference); and Senators Egan, McGuire, Meyer and Hoffman (alternate member).

## II. **ANCHORAGE LIO LEASE**

Chair Hawker noted that the first order of business is a series of four motions related to the extension of the Anchorage LIO lease.

### **MOTION - LEASE EXTENSION**

SENATOR MCGUIRE moved that Legislative Council authorize the chairman to negotiate all the terms and conditions necessary to extend Lease 2004-024411-0 pursuant to AS 36.30.083(a).

REPRESENTATIVE STOLTZE objected to ask for a brief description of the thought process for this item for the public record.

CHAIR HAWKER said this suite of motions allows the Legislature to extend our current lease under AS 36.30.083(a), which provides for lease extension on a sole source basis as long as certain financial conditions are met; amends the Legislature's

procurement procedures to allow material amendments to existing leases; empowers the Chairman to negotiate material amendments to the existing lease - amending paragraph 42 to comply with the amended procurement procedures and incorporating the leasehold improvements proposed by the landlord to modernize the existing LIO facility, limited in cost to be less than similarly sized, located, and apportioned newly constructed facilities in downtown Anchorage as determined by the Alaska Housing Finance Corporation (AHFC); and allows AHFC to be engaged as the Legislature's tenant representative for lease negotiation with the landlord and project oversight. He further noted for the record that Council sought other downtown Anchorage properties suitable to legislative function and found none, leaving the option of constructing a new building. Council has definitively said that a new state-owned building is not a desirable outcome, leading to the decision to improve the existing location.

Representative Gruenberg joined the meeting at this time.

REPRESENTATIVE STOLTZE spoke to the suite of motions. He said he was inclined to support these motions noting the lack of suitable alternative space. He said that the current option of improving the existing space would allow for the possibility of 40 members and 20 members having the ability to meet on some basis. He said he was not talking about a capital move, but under certain circumstances where the public would be served, and he thinks the Legislature would be well-served by the opportunity to meet in Anchorage in possible special sessions. The opportunity to have larger meeting spaces for the public and for the entire Legislature for short-term meetings is something his district would support. He said he has some reservations about parts of the process, is a little bit hesitant about sole-source procurement, but under the circumstances and with the meeting space accommodations being offered, this option has his support.

SENATOR MCGUIRE said for the record that considering the controversy generated when previous Legislative Councils have considered the option of purchasing a building, the current members felt that purchasing a new building at this stage is simply not something this Legislative Council wants to go through. She said they think it is more in the public benefit to keep this particular building on the municipal tax rolls; that keeping with the existing leaseholder is in the public interest; and allowing this leaseholder to make the tenant improvements that are necessary is in the public interest. She said that there are significant health and safety issues with this building that have been brought up time and time again to the Legislative Affairs Agency Executive Director that will need to be covered in those improvements.

CHAIR HAWKER added that pursuing the sole source option within Alaska statute was deemed to be the most practicable method forward as the lease on the current building expires in 11 months with no renewal options left; there is no other option at this point as the Request for Information (RFI) that was issued regarding real estate across the Municipality of Anchorage received only two responses, neither of which was able to accommodate the Legislature downtown at all and both had limited utility regardless of location. He said Council has done adequate due diligence and they are working within the parameters of the time frame in which they find it necessary to work. For these reasons and the substantive reasons stated by Senator McGuire, Council has chosen to pursue a sole sourcing option.

The motion allowing the chairman to negotiate all the terms and conditions necessary to extend Lease 2004-024411-0 pursuant to AS 36.30.083(a) passed with no objections.

**MOTION - AMEND PROCUREMENT PROCEDURE**

1:13:32 PM

SENATOR MCGUIRE moved that Legislative Council adopt proposed Amendment No. 12 to the Legislative Procurement Procedure 040 to provide a limited ability for the Legislative Affairs Agency, or a legislative committee, to materially modify an existing lease that was previously competitively procured.

CHAIR HAWKER, in response to a question for clarification by Representative Stoltze regarding the motion made by Senator McGuire, confirmed that Senator McGuire was mistaken when she said, in part, "...Legislative Affairs Council..." and that the motion reads "Legislative Affairs Agency...".

REPRESENTATIVE GRUENBERG asked about paragraph four, specifically that one of the factors is that the modification must be in the best interest of the Agency or the committee and he wondered if there was a difference between saying that and saying "in the public interest." He said he could foresee something where a narrow Agency might have a particular interest but it might not necessarily be in the public interest and he wondered legally about that.

DOUG GARDNER, Legal Services Director, said some contracts are entered into by the Agency at the direction of Legislative Council and those would be approved by Legislative Council; some contracts are entered into by committee. He said he could not think of any committee leases at the moment, but in order to accommodate the traditional type of leasing, it is broken down into those two categories.

REPRESENTATIVE GRUENBERG interrupted to say that he was drawing a distinction between local interests as opposed to broad public interest or if this amendment considers them to be the same.

MR. GARDNER responded that this Council would be approving those items and because of the composition of Legislative Council which has statewide representation, there wasn't a local interest that wouldn't also be a public interest as a consideration. Representative Gruenberg was satisfied with that response and simply wanted it on the record.

Senator Coghill joined the meeting at this time via teleconference.

CHAIR HAWKER repeated the motion and asked if there were further objections.

The motion to amend Legislative Procurement Procedure 040 passed with no objections.

**MOTION - AUTHORIZE MATERIAL AMENDMENTS TO LEASE**

1:17:19 PM

SENATOR MCGUIRE moved that Legislative Council authorize the chairman to negotiate amendments to lease 2004-024411-0 by mutual agreement with the Lessor to remove the limitation of amending a lease that amounts to a material modification in paragraph 42; and to include 712 West Fourth Avenue, with other terms and conditions necessary to accommodate renovations, not to exceed the estimated cost of a similarly sized, located and apportioned newly constructed building as determined by the Alaska Housing Finance Corporation.

CHAIR HAWKER said this motion authorizes material amendments to be made to the extended lease and would allow the chair to negotiate material modifications and renovations for the facility currently occupied.

SENATOR EGAN asked for a copy of the motions.

CHAIR HAWKER said a copy of the motions for this meeting should have been emailed to each member. In response to a question posed by Senator Coghill, he said that the quorum is on record so there is no need for a roll call vote.

The motion to authorize material amendments to the lease passed with no objections.

REPRESENTATIVE STOLTZE said he has not talked to Mr. Pfeffer about this project but he had in the past received political contributions from him. He was not asking to be excused from the vote, simply noting it for the record.

CHAIR HAWKER noted as a point of reference that Mr. Pfeffer is a landlord for the building currently occupied by the Legislature in Anchorage. He further noted that he also has received contributions from Mr. Pfeffer over the course of his political career.

REPRESENTATIVE GRUENBERG stated that he also has received political contributions from Mr. Pfeffer.

CHAIR HAWKER stated for the record that the following members indicated that they too had received political contributions from Mr. Pfeffer: Representatives Pruitt and Johnson and Senators Egan, Meyer, Hoffman, Coghill, and McGuire. Representative Peggy Wilson said she has not received a contribution from Mr. Pfeffer that she knows of.

**MOTION - ENGAGE AHFC AS LESSEE'S REPRESENTATIVE**

CHAIR HAWKER said that there was a benchmark number of \$50,000 in this motion. He said he spoke with Mr. Fauske at AHFC and depending on the amount of work done; the final amount could be anything from gratis to the full amount authorized in this motion. He said he will continue to work with AHFC to accommodate this on as much of a gratis basis as possible.

1:21:58 PM

SENATOR MCGUIRE moved that that Legislative Council authorize the chairman to enter into a contract for payment not to exceed \$50,000, for AHFC to act as the Lessee's representative in negotiating an extension to Lease 2004-024411-0, as amended to include 712 West 4th Avenue, and to assist in managing the Lessor's compliance with the terms and conditions of the Lessor's improvements, as described in the lease extension.

The motion to engage AHFC as Lessee's representative passed with no objections.

CHAIR HAWKER said that with the passage of the fourth and final motion, that takes care of the beginning of a fabulous project to establish legislative facilities that will accommodate legislative needs for the next 10 or more years.

SENATOR MEYER commented that, for the record, he appreciated as an Anchorage legislator that Council has opted to extend and



renovate rather than buy or build a new building. He remembered being upset as an Anchorage Assembly member in the '90s when the State bought the Atwood Building and took it off the tax rolls. He said every time that happens it is essentially a property tax increase for the rest of Anchorage. He said he also appreciates that Council is keeping its obligation to the downtown area and staying in the downtown area even when it's sometimes difficult.

SENATOR HOFFMAN asked about the time frame and transition of the project.

CHAIR HAWKER said that although it is subject to final determination as there will need to be a design process for scope of improvement, he hopes the project will be concluded in approximately a nine month period - commencing sometime between October and December, with completion timed to permit reoccupation as soon as possible after the 2014 legislative session is concluded.

### **III. APPROVAL OF MINUTES**

1:25:18 PM

SENATOR MCGUIRE moved that the minutes from the Legislative Council meeting on May 13, 2013 be approved.

The minutes were approved with no objections.

### **IV. RATIFICATION OF CHARITABLE EVENT**

1:25:53 PM

SENATOR MCGUIRE moved that Legislative Council ratify the following charity event, which was previously sanctioned by the Legislative Council Chair in accordance with AS 24.60.080(a)(2)(b):

a. 14th Annual Calista Heritage Foundation Golf Tournament benefitting the Calista Heritage Foundation, Inc.

CHAIR HAWKER noted for the record that the 14th Annual Calista Heritage Foundation Golf Tournament benefitting the Calista Heritage Foundation, Inc., met all the qualifications in statute of being a 501(c)(3) organization.

The event was ratified with no objections.



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**From:** Mark Pfeffer  
**Sent:** Thursday, June 20, 2013 10:55 AM  
**To:** Mike Hawker (mhawker@gci.net)  
**Subject:** FW: LAA procurement issues

FYI,

The back channel between lawyers.

*Mark Pfeffer*

**PFEFFER DEVELOPMENT, LLC**  
425 G Street, Suite 210 | Anchorage, Alaska 99501  
p 907 646 4644 | f 907.646.4655 |

**Cell Phone**  
907 317 5030

---

**From:** John L. Steiner  
**Sent:** Thursday, June 20, 2013 10:39 AM  
**To:** Donald W. McClintock; Mark Pfeffer  
**Cc:** Heidi A. Wyckoff  
**Subject:** RE: LAA procurement issues

Don, I just spoke to Mark (before either of us had seen your email) and reviewed some of the background stuff. I gathered enough to know that the intent was to extend based on beating the as-is BOV by 10%, but then NOT being limited by that standard in the material modification. If the lease can be materially modified, why only in some respects and not in others? (That's a rhetorical question.)

I don't know whether beating a post-renovation BOV or appraisal by 10% will prove feasible, but I do not believe Rep. Hawker wants or expects to be told that standard limits improvements to the building. Getting the full first year appropriation done next session should be done in any event.

I still have some stuff to look through to be prepared to talk to Doug, but will get there shortly.

*John L. Steiner*  
Project Director and Counsel

---

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**From:** Donald W. McClintock [mailto:dwm@anchorlaw.com]  
**Sent:** Thursday, June 20, 2013 10:18 AM

**To:** Mark Pfeffer; John L. Steiner  
**Cc:** Heidi A. Wyckoff  
**Subject:** LAA procurement issues

Mark and John,

I had another call with Doug. He is certainly driving the form of the deal around his view of how the procurement issues line up; something we probably should be in line with so long as it is not overly conservative and costs real money.

What he wanted to know was whether we would have an appraisal done on the completed loan. I told him typically we would have one to support our construction loan so one should be ordered this summer once the plans and finishes have advanced enough. His vision of .083 and .040 is that the rent should be 10% below appraisal. Mark is that your financial plan? You can probably get the numbers to work out if the lease rate assumes a 10 year term and you can qualify for 25 year financing or the income approach uses a different cap rate than what you do for the financing. But that is the road he is going down and he really wants both leases done at the same time, one for the extension and the other for the material modification and new lease rate. The new lease would take place effective October 2014 on completion and acceptance and we would have some bridging lease until then.

I have not given him permission to talk to Mark, just because we want to keep Mark and Hawker only talking to each other, but I told him he should feel free to talk to John directly.

During the discussion, he also said his plan B, which is belts and suspenders, is to have the 36.30 appropriation done next session as well.

Call with questions.

Don

**Donald W. McClintock**  
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**From:** Donald W. McClintock <dwm@anchorlaw.com>  
**Sent:** Friday, July 12, 2013 12:53 PM  
**To:** LAA Legal  
**Cc:** 'bob acree'; Mark Pfeffer; John L. Steiner; Heidi A. Wyckoff  
**Subject:** LAA leases  
**Attachments:** 10 year lease extension 7-11-13 (00133314-3).docx.html; AS 36-30-083 Analysis 7-11 (JS) (00133366).docx.html; Amendment and Restatement of Lease (00132213-6).docx.html

Doug,

Per our conversation today, please find attached **draft leases for 716 W. 4<sup>th</sup> extension and the material amendment to add 712 W. 4<sup>th</sup> and renovate.**

**I also attach the analysis on how the extension rent was set under the BOV delivered to Representative Hawker.**

As noted, there are business issues that you need to confirm with your clients, but we also stand by to address the various boilerplate clauses. Note, we tried to anticipate from your existing lease structure some of the clauses you would expect to see and obviously are receptive to adding others we may have missed. A lot of the technical detail that are in your leases will be in the plans and specifications in this deal, which we will both have to see once the AHFC and architectural process is complete.

I look forward to working these through with you. Enjoy the weekend; we are enjoying a blue bird summer day in Anchorage.

Don

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**From:** mhawker@gci.net on behalf of Mike Hawker <mhawker@gci.net>  
**Sent:** Friday, July 12, 2013 6:47 PM  
**To:** Mark Pfeffer  
**Subject:** Re: conversation with Gardner / Attorney client conversation

Crap. I need to get back and deal with him again. Double crap. I hate lawyers.

M

On Jul 12, 2013, at 8:38 PM, Mark Pfeffer <MPfeffer@PfefferDevelopment.com> wrote:

FYI. Let's discuss.

Mark Pfeffer  
Sent from my iPhone  
907-317-5030

Begin forwarded message:

**From:** "Donald W. McClintock" <dwm@anchorlaw.com>  
**Date:** July 12, 2013, 5:21:47 PM AKDT  
**To:** Mark Pfeffer <MPfeffer@PfefferDevelopment.com>, 'bob acree' <bobacree@gmail.com>  
**Cc:** John Steiner L. <JSteiner@PfefferDevelopment.com>  
**Subject:** conversation with Gardner / Attorney client conversation

All,

The initial conversation with Gardner was a little rocky. Although his earlier tone a few weeks ago seemed to be more interested in addressing solutions to the contracting issues, today he was quite dug in with his theory that the motions contemplate a final contract that is 10% below FMV and a deal that can entirely be justified by section 083. He seems to have blown right past his concerns shared a few weeks ago about how to do a material modification under section 083 and discounted the value of a section 080 approval by the legislature. I think John and I fundamentally are not confident that the entire deal can be done under section 083 with the material modification as well. Plus the 10 year term limit is a problem.

He also was not receptive to the reimbursement concept.

We explained that we understood both the motion structure (which he now discounted as not being meaningful or a real justification for how we structured the deal) and the business deal was to allow a FMV deal approved by AHFC. He stated that he had other clients in the Legislature other than Hawker who will be very concerned about not getting a 10% below FMV deal. Hawker is out for a week and he clearly will not budge until after he speaks with him.

We did leave it that next week can be spent ironing out boilerplate, etc., but the big issues will go on hold on his side until after Hawker returns.



John can chip in when he gets access to a computer.

Don

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**From:** Mark Pfeffer  
**Sent:** Saturday, July 13, 2013 10:01 AM  
**To:** Mike Hawker  
**Subject:** Fwd: conversation with Gardner / Attorney client conversation

Before I called you the other day Steiner told me to tell you that he is keenly aware that Rep. Hawker starts with "I hate lawyers".

So at least he is sensitized sentiment.

Anyway see the attached internal memo.

I think Gardner is just flat out wrong.

A) you can extend as is where is.

B) you voted to allow major modifications

C) you can commit previously appropriated funds for the purpose of new and or improved facilities.

D) if the full legislature decides to move forward by approving the lease (and the governor signs off) what more do you need?

I think Gardner has "A" way to keep going but he needs to be brought along other ways.

Anyway, don't stress out over this we'll get there. I think we plan an all hands meeting Monday the 22nd and we don't leave the table until we have agreement on direction.

Lastly, Juli seemed to be fully on board with the direction we discussed. The new schedule worked for her better than the October start.

I'm around if you want to discuss.

Mark Pfeffer  
Sent from my iPhone  
907-317-5030

Begin forwarded message:

**From:** "John L. Steiner" <JSteiner@PfefferDevelopment.com>  
**Date:** July 13, 2013, 8:44:59 AM AKDT  
**To:** "Donald W. McClintock" <dwm@anchorlaw.com>, Mark Pfeffer <MPfeffer@PfefferDevelopment.com>, 'bob acree' <bobacree@gmail.com>  
**Subject:** RE: conversation with Gardner / Attorney client conversation

I concur with Don's summary, but will expand on it.

Gardner said he liked the .083 rationale because that section begins "Notwithstanding any other provision of this chapter" which he felt offers complete legal justification and protection. But that

assumes—as he has assumed—that the long-term enlarged and renovated LIO would have to come in at 10% below a BOV for that facility and be limited to 10 years. We explained that the long term deal was not conceived with those expectations, which we believe was fully understood by Rep. Hawker. Gardner seemed to think some of the legislative council members voted in reliance on exactly the contrary understanding: that the renovated space would satisfy those parameters.

Gardner has always tended to focus on procurement issues, and specifically raised that again: he said that if we are falling under .080 and not .083, he did not see why that would not need to be selected through an RFP. I responded that the Procurement Code makes this real estate interest transaction exempt from all procurement rules other than .080, and that so long as it complies with that section's legislative approval requirement, no other process is required. He did not concede that point, but offered no reason it was not so. We did not discuss the fact that this transaction was approved by the legislative council as an outgrowth of the its conclusion based on the prior RFI that other feasible and timely alternatives were not available.

Reading between the lines, it seems he likes the .083 rationale also because he assumes competition is ordinarily required, and that it is only the 10% below market standard that provides justification for not competing. He thinks *that* would need to be true for the expanded and renovated space, and if it *were* to be true for the finished project, that should also bring the non-competitive expansion and renovation under the protection of .083 (even though that section addresses only extension, not enlargement—a factor we did not discuss with him yesterday).

He also said he did not see the justification for extending the existing space for ten years AS IS under .083 since it was not contemplated that they would remain in it AS IS. He implied that he thought it was—or would be seen to be—disingenuous to extend based on a 10% below market AS IS justification, when it was not the plan to actually continue that AS IS deal. I responded that indeed they would continue to enjoy that deal—for ten years—if they elect not to approve the renovation modification. It would only be if they conclude the renovation deal is better, and approve that one independently under .080, that the extension would not continue AS IS under .083.

Overall, the deal is not as he had understood it or thought it should be, so he is at least very skeptical and initially resistant to the differences.

I should note that while he was clearly not happy with the plan as we laid it out, he remained cordial with us and said he would read the drafts and continue to think about it. And while he was concerned about how other legislators would view it, he said he was also not keen to get crosswise with Rep. Hawker, with whom he said he was not in regular touch right now due to Rep. Hawker being out of state for personal reasons.

If Gardner continues to believe there is a procurement issue, it may be useful to carve out the procurement portion of my internal analysis, and provide that to him.

Don, please let us know if you disagree with my recollections in any way. Thanks.

**John L. Steiner**

Project Director and Counsel

---

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**From:** Donald W. McClintock [<mailto:dwm@anchorlaw.com>]  
**Sent:** Friday, July 12, 2013 5:22 PM  
**To:** Mark Pfeffer; 'bob acree'  
**Cc:** John L. Steiner  
**Subject:** conversation with Gardner / Attorney client conversation

All,

The initial conversation with Gardner was a little rocky. Although his earlier tone a few weeks ago seemed to be more interested in addressing solutions to the contracting issues, today he was quite dug in with his theory that the motions contemplate a final contract that is 10% below FMV and a deal that can entirely be justified by section 083. He seems to have blown right past his concerns shared a few weeks ago about how to do a material modification under section 083 and discounted the value of a section 080 approval by the legislature. I think John and I fundamentally are not confident that the entire deal can be done under section 083 with the material modification as well. Plus the 10 year term limit is a problem.

He also was not receptive to the reimbursement concept.

We explained that we understood both the motion structure (which he now discounted as not being meaningful or a real justification for how we structured the deal) and the business deal was to allow a FMV deal approved by AHFC. He stated that he had other clients in the Legislature other than Hawker who will be very concerned about not getting a 10% below FMV deal. Hawker is out for a week and he clearly will not budge until after he speaks with him.

We did leave it that next week can be spent ironing out boilerplate, etc., but the big issues will go on hold on his side until after Hawker returns.

John can chip in when he gets access to a computer.

Don

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**From:** Mark Pfeffer  
**Sent:** Thursday, July 25, 2013 9:48 AM  
**To:** Mike Hawker (mhawker@gci.net)  
**Subject:** Procurement  
**Attachments:** Supplement to LIO Project Procurement Analysis 7-24-2013.pdf.html

Mike,

I wouldn't share this with anyone yet. we will scrub the author references if you do want to share it. OR if you get outside counsel they could research and draw their own conclusions

*Mark Pfeffer*

**PFEFFER DEVELOPMENT, LLC**

425 G Street, Suite 210 | Anchorage, Alaska 99501  
p 907 646 4644 | f 907.646.4655 |

**Cell Phone**  
907 317 5030

---

**From:** Mark Pfeffer  
**Sent:** Friday, July 26, 2013 3:49 PM  
**To:** Mike Hawker (mhawker@gci.net)  
**Subject:** BACK CHANNEL ----- Draft 040(a) determination (00139337-2)\_v2.docx  
**Attachments:** Draft 040(a) determination (00139337-2)\_v2.docx.html

Mike,

If you agree with this I'll have my guys send to Gardner. On hold until I hear from you

**Pamela Varni**

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**From:** Pamela Varni  
**Sent:** Thursday, August 08, 2013 1:37 PM  
**To:** Rep. Mike Hawker  
**Cc:** Juli Lucky  
**Subject:** Comments on Extension of Lease Amendment #3  
**Attachments:** Extension of Lease Comments.docx; Research Report - 1 pg comparison.pdf; Chart of Executive Branch Anchorage Leases.pdf

Dear Mike – as you requested, attached are my comments on the Extension of Lease and Lease Amendment No. 3 with some additional documentation.

You might not want to change anything but I wanted to show you some comparisons and some of my concerns.

Pam

*Pam Varni, Executive Director  
Legislative Affairs Agency  
State Capitol, Room 3  
Juneau, AK 99801-1182  
Main line (907) 465-3800  
Direct line (907) 465-6622  
Cell phone (907) 209-1942*

1. Page 2 of 22 – Rental Property and Rental Rate.

The latest version for cost per square foot went from rentable to gross. As I have stated before, all of the Legislature's leases are usable square feet, as are the Executive Branch leases. Basing the rate on gross is not a benefit to the Legislature and increases the overall lease costs. Calculating on rentable is more easily justified since we will be occupying the entire building. What is the justification for using gross square feet? If we had done an RFP, we would be asking for usable office space with windows; we would also not be requesting over 9,000 square feet of basement space. We currently have 811 square feet of basement space at 716 W. 4<sup>th</sup> Avenue and we rent an additional 480 square feet offsite for \$1.20 per square foot. We used to have a conference room in the basement but it was rarely used so we gave up that space. I believe basement space will be undesirable and therefore underutilized. We should not be paying the same per square foot rate for it. The Chris Stephens Commercial Brokerage Opinion of Lease Rate (dated May 5, 2013) for our existing lease at 716 W. 4<sup>th</sup> Avenue valued the basement rate at \$1.00 per square foot. Under the terms of this proposal, we will be paying four times the amount for basement space as we are currently and even more compared to his valuation.

Under this proposal, 712 and 716 will not be retail space but rather an office building; again, we should not be calculating the lease on gross square feet. As I have stated above, we are already paying additional per square foot costs switching from usable to rentable. Total Gross Building Area is computed by measuring to the outside finished surface of permanent outer building walls without any deductions. All enclosed floors of the building including basements, mechanical equipment floors, penthouses, and the like are included in the measurement. We should not be leasing the penthouse, vertical penetrations, mechanical equipment, etc., which amounts to paying for space we don't occupy.

2. Page 3 of 22 – The Base Monthly Rental is \$230,630 (this number needs to be grossed up to include the cost of Property Taxes and Insurance)

Why is there a comment about grossing up the number for property taxes and insurance? When will there be firm numbers? The monthly rental rate of \$230,630 comes to \$3.60 sq. ft. with an additional proposal to do a partial triple net with an estimated cost of over \$600,000 per year on top of that rate. With the figures presented so far, I estimate our cost to be over \$5.00 per square foot for a ten year lease. It is worth noting that this Anchorage lease as proposed will be the most expensive Anchorage lease for the State of Alaska (see attached exhibit of Anchorage leases by the Executive Branch). Also, for comparison purposes, I had Research run the numbers comparing the other proposals for Anchorage legislative office space that have been before Legislative Council and this proposal. As you can see, this proposal is by far the most expensive of any previous proposals over a 30-year period (see attached).

3. Page 3 of 22 – CPI Removed, 3% yearly increase in rent

The percentage of change in CPI-U needs to be back in the lease. Automatically adding a 3% increase to the total monthly rent is excessive. The calculation for the CPI-U is 35% x base monthly rent x % change in CPI-U, not 100% over the previous month's rent every July 1. As proposed, our costs will increase 3 times as much as the State of Alaska pays for CPI-U increases in rent. For example, our normal CPI-U increase on the \$230,630 (35% x base monthly rental rate x % of change in CPI-U (we will use 3% as an example) would be an increase of \$2,421.62/month versus \$6,918.90/month (\$230,630 x 3%). Also, the CPI-U calculations are meant to compensate the Lessor for the increase in utilities. Under the proposal, the Legislature pays the utilities, etc., under a partial triple net. What is the justification for a 3% yearly increase of rent under those terms?

4. Page 3 of 22 – Monthly Rental Payments Sent by Wire Transfer

The State of Alaska does not at this time pay by wire transfer unless it is to a foreign entity or a payment over a million dollars. Our \$230,630 a month would not qualify. Our Accounting Section has all our leases on "Scheduled Payments" and the Department of Administration issues payment before the first of the month.

5. Page 5 of 22 – Tenant Improvements

The State of Alaska separates the leasehold improvement costs from the base lease cost. Contrast that standard with this proposal which includes in the base lease cost rental rate a portion of the leasehold improvement costs in the amount of \$2,685,760. When the State of Alaska goes out to bid, they have the leasehold improvement portion of construction distinct from the primary structure so that it is limited to the construction needs specific to the requirement of the Agency's solicitation and does not include the basic structure of the building or construction in common areas. The complete new construction of a facility is not considered leasehold improvements. Only a percentage as deemed directly connected with the Agency's needs are identified as leasehold improvements, i.e., partition walls and electrical and data outlets required to meet specific needs of the Agency. Where are the figures to show we are only paying for normal tenant improvements, (i.e. partition walls, electrical, etc.) not for the structure, etc.?

Our Fairbanks Class A rental space cost \$62.50 per square foot for leasehold improvements; and these leasehold improvements were not included in the base rent. This proposal requests a leasehold improvement rate of \$120 per square foot, twice that amount. What is the justification for the disparity?

6. Page 6 of 22 – Utilities and Services

I strongly recommend we have a full service lease and know exactly what our price per square foot is minus 10% to show the savings required under a lease extension. It seems we are assuming too much risk and unknown costs for a ten year period without a substantial reduction in rent to accommodate our maintaining the building and parking areas for maintenance, utilities, janitorial, elevators, fire alarm, HVAC, plumbing repairs, etc.

Other legislative leases require the Lessor at least every five years to renovate the space for worn walls, ceilings, floors and replace damaged or worn wall, floor, or window coverings or paint. This proposal has the Legislature assuming that cost and responsibility.

7. Page 7 of 22 – Electrical Outlets

Our language of electrical outlets every 8 linear feet of wall space is standard RFP language. In fact, the Executive Branch electrical requirements further state, "and one duplex outlet on every wall less than eight linear feet." I do not see a copy of the Approval Plans to ensure we have adequate electrical requirements. I would like to keep our 8 linear feet language and add a section that the Agency will review plans and negotiate with the Lessor to review the electrical requirements.

8. Page 12 of 22 – Maintenance and Repair

The Lessee should keep the building and the areas immediately surrounding, and belonging to the building, free from objectionable tenancy, odors, vermin, rodents, and other features that will in the opinion of the Lessee be detrimental to Lessee's operation. With the Glacier Brewhouse, Orzo, etc. around our existing building, we have had had multiple problems with urine, cigarettes, blood, etc. The Lessor should take responsibility and not have us cleaning up the mess from the surrounding properties.

I suggest we have a full service lease and not substitute Lessor with Lessee.

9. Page 19 of 22 – Reimbursement

I don't think the documentation section should come out. I also can see the Agency paying for design, engineering, etc. that was specific to our requirements, but not for items that are for the structure that would then be of benefit to the Lessor or another tenant.

I'm pleased to discuss further at your convenience.



## LEGISLATIVE RESEARCH SERVICES

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Division of Legal and Research Services  
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### Memorandum

TO: Pamela Varni, Executive Director, Legislative Affairs Agency  
FROM: Roger Withington, Legislative Analyst  
DATE: August 7, 2013  
RE: Comparing 30-Year Costs of Construction and Operation of Prospective Anchorage Office Buildings  
LRS Report 14.016

***You asked for a comparison of total 30-year costs of constructing and operating various proposed Anchorage office buildings that have been or are being considered by the Legislative Council.***

As you know, in recent years the Legislative Council has considered a number of proposals for the construction or lease of office space in Anchorage.<sup>1</sup> Below, we briefly compare the estimated aggregate construction (if applicable) and operating costs of those proposals at the end of a 30-year period.<sup>2</sup>

#### **Estimated Aggregate Construction or Lease Costs and Operating Costs of Certain Proposed Anchorage Legislative Office Buildings at the End of a 30-Year Period**

Location	Total Construction or Lease Cost <sup>(a)</sup>	Total Operating Cost	Grand Total
909 W. 9 <sup>th</sup> Ave. (Unocal Building)	\$14,700,000	\$20,428,952	\$35,128,952
Block 102	\$26,200,000	\$32,609,013	\$58,809,013
Anchorage Community Development Authority Proposal	\$60,609,600	\$40,178,962	\$100,788,562
Block 39	\$89,450,000	\$23,583,304	\$113,033,304
Prospective New Lease for Current Offices at 716 4 <sup>th</sup> Ave.	\$132,913,441	\$33,063,292	\$165,976,733
<b>Notes:</b> (a) The construction costs of the 909 W. 9th Ave. (Unocal Building), Block 102, Anchorage Community Development Authority Proposal, and Block 39 properties reflect construction costs, including any applicable debt service, at the time the Legislative Council considered these properties.			

We hope this is helpful. If you have questions or need additional information, please let us know.

<sup>1</sup> In the interest of brevity, we omit background information and supporting documentation from this memorandum. At your request, we would be happy to provide our previous reports on this topic, which collectively provide extensive detail. Please note, that with the exception of the Prospective New Lease, all properties reflect construction costs, including any applicable debt service, as calculated at the time the Legislative Council considered the properties.

<sup>2</sup> The cost of operations for the 909 W. 9th Ave. (Unocal Building), Block 102, and Block 39 properties are based on a uniform cost per square foot of \$11.28 provided by Tanci Mintz, the state's lease manager. Ms. Mintz based this figure on actual costs experienced at the Atwood Building in Anchorage. The Anchorage Community Development Authority (ACDA) proposal to the Legislature included an estimated cost of operations. The cost of operations for the Prospective New Lease is set contractually at \$10 per gross square foot for FY2014. We adjusted all operations costs for inflation at a rate of 3.5 percent annually. Please keep in mind that the building systems at each of the proposed facility would be of somewhat varying design, these operating cost figures should be viewed as rough estimates.

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Lease	Location	Tenant s	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 Duratio n	Contractin g Officer	Region	
2556	Anchor Point	Pub Safety	Kyllonen Business Center	Kyllonen Business Center; Anchor River Subdivision; 34115 Sterling Highway; Anchor Point, AK 99556	Kyllonen Enterprises	3202	1.98520924	Office	4/30/2014		1 One year	Mike Szewc	Southcentral	
2556	Anchor Point	Pub Safety	Kyllonen Business Center	Kyllonen Business Center; Anchor River Subdivision; 34115 Sterling Highway; Anchor Point, AK 99556	Kyllonen Enterprises	3600	0.16178611	Outside Storage	4/30/2014		1 One year	Mike Szewc	Southcentral	
1201	Anchorage	H&SS	Blomfield Building	Fourth & Gambell LLC Building; East 4th Avenue & Gambell Street; Lot 1A, Block 25B; Anchorage, AK	Fourth & Gambell, LLC	29472	1.90692216	Office	1/31/2021		0 0	Ken Stewart	Anchorage	

\* One-time payment; monthly rent and cost per unit cannot be calculated

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Lease	Location	Tenant s	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 Duratio n	Contractin g Officer	Region
1328	Anchorage	M&VA	Huffman Business Park	Huffman Business Park; Huffman Building O - Suite 1; 12050 Industry Way; Anchorage, AK    Huffman Business Park; Huffman Building M & N - Unit 4; 11900 Industry Way; Anchorage, AK    Huffman Business Park; Huffman Building Q - Unit Q5; 12150 Industry Way;	Huffman Building O, LLC	7455	1.39727297	Warehouse	10/14/2013	1	One year	Ken Stewart	Anchorage
1328	Anchorage	Transp &PF	Huffman Business Park	Huffman Business Park; Huffman Building O - Suite 1; 12050 Industry Way; Anchorage, AK    Huffman Business Park; Huffman Building M & N - Unit 4; 11900 Industry Way; Anchorage, AK    Huffman Business Park; Huffman Building Q - Unit Q5; 12150 Industry Way;	Huffman Building O, LLC	7200	1.35	Office	10/31/2017	5	One year	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated

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Lease	Location	Tenant s	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 Duratio n	Contractin g Officer	Region
1328	Anchorage	Transp &PF	Huffman Business Park	Huffman Business Park; Huffman Building O - Suite 1; 12050 Industry Way; Anchorage, AK    Huffman Business Park; Huffman Building M & N - Unit 4; 11900 Industry Way; Anchorage, AK    Huffman Business Park; Huffman Building Q - Unit Q5; 12150 Industry Way;	Huffman Building O, LLC	5800	1.35	Office	10/31/2017	5	One year	Ken Stewart	Anchorage
1445	Anchorage	Labor	SLM Subdivision, 33rd & Eagle	SLM Subdivision; 3301 Eagle Street; Lot 1B, Block 3; Anchorage, AK	Thirty-Third & Eagle, LLC	48640	1.755	Office	3/31/2022	0	0	Ken Stewart	Anchorage
1511	Anchorage	F&G	Raspberry Industrial Park Subdivision	Raspberry Industrial Park Subdivision; Lot 6, Block 2; 333 Raspberry Road; Anchorage, AK    Raspberry Industrial Park Subdivision; Lot 4A, Block 1; 525 West 67th Avenue; Anchorage, AK	Worthington F&G, LLC	82382	1.36421718	Office and Other Types of Space	6/30/2020	0	0	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated

leasecontacts1.xls

Lease	Location	Tenant s	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 Duratio n	Contractin g Officer	Region
1521	Anchorage	Pub Safety	Heather Meadows Subdivision	Heather Meadows Subdivision; 536 East 48th Avenue; Lot 7E, Block 2; Anchorage, AK	Egemo Properties, Inc.	2900	1.16457931	Warehouse	2/29/2016		1 One year	Ken Stewart	Anchorage
1521	Anchorage	Pub Safety	Heather Meadows Subdivision	Heather Meadows Subdivision; 536 East 48th Avenue; Lot 7E, Block 2; Anchorage, AK	Egemo Properties, Inc.	10000	1.000481	Office and Other Types of Space	2/29/2016		1 One year	Ken Stewart	Anchorage
2078	Anchorage	H&SS	550 West 8th Avenue	unnamed property; 550 West 8th Avenue; Anchorage, AK	Eighth and F, LLC	1	1293.99	Leasehold Improvement Costs	9/30/2014		0 0	Ken Stewart	Anchorage
2078	Anchorage	H&SS	550 West 8th Avenue	unnamed property; 550 West 8th Avenue; Anchorage, AK	Eighth and F, LLC	24076	1.79236003	Office	9/30/2019		0 0	Ken Stewart	Anchorage
2303	Anchorage	Correct ion	800 A Street	800 A Street; 800 A Street; Anchorage, AK	8th & A, LLC	15000	1.69348333	Office and Other Types of Space	7/31/2014		1 One year	Ken Stewart	Anchorage
2303	Anchorage	Correct ion	800 A Street	800 A Street; 800 A Street; Anchorage, AK	8th & A, LLC	1186	1.79	Office	7/31/2014		1 One year	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated

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Lease	Location	Tenant s	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 Duratio n	Contractin g Officer	Region
2313	Anchorage	M&VA	Dimond Center	Dimond Center; Suite 3-220; 800 East Dimond Boulevard; Anchorage, AK    Dimond Center; Suite 3-209; 800 East Dimond Boulevard; Anchorage, AK	Dimond Center, LLC	3127	2.21039655	Office	12/31/2013	0	0	Ken Stewart	Anchorage
2313	Anchorage	M&VA	Dimond Center	Dimond Center; Suite 3-220; 800 East Dimond Boulevard; Anchorage, AK    Dimond Center; Suite 3-209; 800 East Dimond Boulevard; Anchorage, AK	Dimond Center, LLC	142	0	Office	12/31/2013	0	0	Ken Stewart	Anchorage
2345	Anchorage	E&ED	Post Office Mall	Post Office Mall; 333 West 4th Avenue; Lot 5, Block 24A, Plat 68- 122; Anchorage, AK	Windward Town & Country Plaza, Inc.	10800	1.75069815	Office	5/31/2014	0	0	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated

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leasecontacts1.xls

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	Region
2382	Anchorage	Law	Carr-Gottstein & Resolution Tower Buildings	Carr-Gottstein Building ; 310 K Street; Lot 1B, Block 31; Anchorage, AK    Resolution Tower Building; 1031 West 4th Avenue; Lot 7, Block 31; Anchorage, AK	Whale Building, LLC	81812	3.22144979	Office	9/30/2014	1	Five years	Ken Stewart	Anchorage
2382	Anchorage	Law	Carr-Gottstein & Resolution Tower Buildings	Carr-Gottstein Building ; 310 K Street; Lot 1B, Block 31; Anchorage, AK    Resolution Tower Building; 1031 West 4th Avenue; Lot 7, Block 31; Anchorage, AK	Whale Building, LLC	4317	3.22139912	Office	9/30/2014	1	Five years	Ken Stewart	Anchorage
2401	Anchorage	Enviro Con	555 Cordova Street	unnamed property; 555 Cordova Street; Anchorage, AK	555 Cordova, LLC	45050	2.28740622	Office	5/31/2015	5	One year	Ken Stewart	Anchorage
2413	Anchorage	Correction	Carr Gottstein Building	Carr Gottstein Building; 310 K Street; Lot 1 B, Block 31; Anchorage, AK	Whale Building, LLC	2554	2.36922866	Office	6/30/2015	0	0	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated

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Lease	Location	Tenant s	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 Duratio n	Contractin g Officer	Region
2428	Anchorage	Labor	Muldoon Heights Subdivision	Muldoon Heights Subdivision; 1251 Muldoon Road; Tract A, Plat No. 70-257; Anchorage, AK	Noodlum Equities, Ltd.	1	5759	Leasehold Improvement Costs	7/31/2016	0	0	Ken Stewart	Anchorage
2428	Anchorage	Labor; H&SS	Muldoon Heights Subdivision	Muldoon Heights Subdivision; 1251 Muldoon Road; Tract A, Plat No. 70-257; Anchorage, AK	Noodlum Equities, Ltd.	30198	1.42322439	Office	9/30/2022	0	0	Ken Stewart	Anchorage
2434	Anchorage	Govern or; Labor; Admin	Bayview Commercial Building	Bayview Commercial Building; ARRC Anchorage Terminal; 619 East Ship Creek Avenue; Anchorage, AK 99501	Bayview Properties, LLC	5345	1.55168382	Office	2/28/2014	0	0	Ken Stewart	Anchorage
2435	Anchorage	Labor	Bayview Commercial Building	Bayview Commercial Building; 619 East Ship Creek Avenue; Anchorage, AK 99501	Bayview Properties, LLC	11987	1.69472178	Office	5/31/2016	1	Three years	Ken Stewart	Anchorage
2449	Anchorage	Admin	College Corner Subdivision	College Corner Subdivision; Suite 128; 2221 E Northern Light Boulevard; Anchorage, AK	Big W Ranch Corp.	3000	1.40662667	Office	12/31/2013	5	One year	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated

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Lease	Location	Tenant	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	Region
2451	Anchorage	Revenue	Sunshine Plaza	Sunshine Plaza; 411 West 4th Avenue; Lot 4A, Block 24A; Anchorage, AK	Sunshine Plaza, LLC	2200	1.8	Office	1/31/2014		5 One year	Ken Stewart	Anchorage
2451	Anchorage	Governor; Revenue	Sunshine Plaza	Sunshine Plaza; 411 West 4th Avenue; Lot 4A, Block 24A; Anchorage, AK	Sunshine Plaza, LLC	3255	1.73511214	Office	1/31/2014		5 One year	Ken Stewart	Anchorage
2451	Anchorage	Nat Res	Sunshine Plaza	Sunshine Plaza; 411 West 4th Avenue; Lot 4A, Block 24A; Anchorage, AK	Sunshine Plaza, LLC	21266	1.72823897	Office	1/31/2014		5 One year	Ken Stewart	Anchorage
2451	Anchorage	Revenue	Sunshine Plaza	Sunshine Plaza; 411 West 4th Avenue; Lot 4A, Block 24A; Anchorage, AK	Sunshine Plaza, LLC	3690	1.73511382	Office	1/31/2014		5 One year	Ken Stewart	Anchorage
2455	Anchorage	Enviro Con	Fuller Industrial Park	Fuller Industrial Park; 502 West 58th Avenue, Unit J ; Lot 6, Block 4; Anchorage, AK	Arctic Center VIII	2298	1.24020888	Office and Other Types of Space	4/30/2016		3 One year	Ken Stewart	Anchorage
2458	Anchorage	Enviro Con	Warehouse B - 1330 East 2nd Avenue	Warehouse A; 1313 East 3rd Avenue; Lots 1 & 3A, Block 32D; Anchorage, AK    Warehouse B; 1330 East 2nd Avenue; Lots 1 & 3A, Block 32D; Anchorage, AK	Stewart Stewart & Cupples, LLC	1223	1.16896157	Office and Other Types of Space	6/30/2013		0 0	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated

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Lease	Location	Tenant s	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 Duratio n	Contractin g Officer	Region
2466	Anchorage	Admin	333 West 7th Avenue	Original Subdivision; 333 West 7th Avenue, Suite 100; Lot 7A, Block 72; Anchorage, AK 99501	Harrison Properties, LLC	330	1.12487879	Storage	11/30/2017	0		Ken Stewart	Anchorage
2466	Anchorage	Admin	333 West 7th Avenue	Original Subdivision; 333 West 7th Avenue, Suite 100; Lot 7A, Block 72; Anchorage, AK 99501	Harrison Properties, LLC	8644	2.35099954	Office	11/30/2017	0		Ken Stewart	Anchorage
2466	Anchorage	Admin	333 West 7th Avenue	Original Subdivision; 333 West 7th Avenue, Suite 100; Lot 7A, Block 72; Anchorage, AK 99501	Harrison Properties, LLC	1	2955.26	Leasehold Improvement Costs	11/30/2017	0	0	Ken Stewart	Anchorage
2466	Anchorage	Admin	333 West 7th Avenue	Original Subdivision; 333 West 7th Avenue, Suite 100; Lot 7A, Block 72; Anchorage, AK 99501	Harrison Properties, LLC	5000	2.542228	Office	11/30/2017	0	0	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated



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Lease	Location	Tenant s	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 Duratio n	Contractin g Officer	Region
2468	Anchorage	Nat Res	Phillips Office Complex	Phillips Office Complex; 701 West 8th Avenue; Lot 1A, Block 81; Anchorage, AK	Conoco Phillips Alaska, Inc.	3819	3.11965436	Office	3/31/2016		2 Five years	Ken Stewart	Anchorage
2468	Anchorage	Law; CC&E D	Phillips Office Complex	Phillips Office Complex; 701 West 8th Avenue; Lot 1A, Block 81; Anchorage, AK	Conoco Phillips Alaska, Inc.	22709	2.12895944	Office	3/31/2016		2 Five years	Ken Stewart	Anchorage
2469	Anchorage	Admin	Benson DMV	Benson DMV; Corner of Benson Blvd & Spenard Road; 1300 West Benson Boulevard; Anchorage, AK	North Star 1300, LLC	44773	-1.5126304	Lease Rent Credit/Abate ment	5/31/2016		1 Three years	Ken Stewart	Anchorage
2469	Anchorage	Admin	Benson DMV	Benson DMV; Corner of Benson Blvd & Spenard Road; 1300 West Benson Boulevard; Anchorage, AK	North Star 1300, LLC	44773	2.15840909	Office and Other Types of Space	5/31/2016		1 Three years	Ken Stewart	Anchorage
2482	Anchorage	Admin	Fifth Avenue Building	Fifth Avenue Building; 900 West Fifth Avenue; Block 55, Lot 1A, Plat 79-259; Anchorage, AK	5th & 6th, LLC	14852	2.7142634	Office	12/31/2016		1 Three years	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated

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Lease	Location	Tenant s	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 Duratio n	Contractin g Officer	Region
2483	Anchorage	Admin	Fifth Avenue Building	Fifth Avenue Building; 900 West Fifth Avenue; Block 55, Lot 1A, Plat 79-259; Anchorage, AK	5th & 6th, LLC	20496	2.71418228	Office	12/31/2016		1 Three years	Ken Stewart	Anchorage
2498	Anchorage	Correct ion	Bayview Commercial Building	Bayview Commercial Building; 619 East Ship Creek Avenue; AARC Anchorage Terminal Reserve; Anchorage, AK	Bayview Properties, LLC	3529	1.6031227	Office	5/31/2014		3 One year	Ken Stewart	Anchorage
2498	Anchorage	Enviro Con	Bayview Commercial Building	Bayview Commercial Building; 619 East Ship Creek Avenue; AARC Anchorage Terminal Reserve; Anchorage, AK	Bayview Properties, LLC	9640	1.61467842	Office and Other Types of Space	5/31/2014		2 One year	Ken Stewart	Anchorage
2498	Anchorage	Govern or	Bayview Commercial Building	Bayview Commercial Building; 619 East Ship Creek Avenue; AARC Anchorage Terminal Reserve; Anchorage, AK	Bayview Properties, LLC	3217	1.37244949	Office	5/31/2014		3 One year	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated

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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	Region
2498	Anchorage	Admin	Bayview Commercial Building	Bayview Commercial Building; 619 East Ship Creek Avenue; AARC Anchorage Terminal Reserve; Anchorage, AK	Bayview Properties, LLC	616	1.75170455	Office	5/31/2015		2 One year	Ken Stewart	Anchorage
2498	Anchorage	Admin	Bayview Commercial Building	Bayview Commercial Building; 619 East Ship Creek Avenue; AARC Anchorage Terminal Reserve; Anchorage, AK	Bayview Properties, LLC	2492	1.37345907	Office	5/31/2015		2 One year	Ken Stewart	Anchorage
2498	Anchorage	Admin	Bayview Commercial Building	Bayview Commercial Building; 619 East Ship Creek Avenue; AARC Anchorage Terminal Reserve; Anchorage, AK	Bayview Properties, LLC	335	1.802	Office	5/31/2015		2 One year	Ken Stewart	Anchorage
2498	Anchorage	Admin	Bayview Commercial Building	Bayview Commercial Building; 619 East Ship Creek Avenue; AARC Anchorage Terminal Reserve; Anchorage, AK	Bayview Properties, LLC	163	1.67110429	Office	5/31/2015		2 One year	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated

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Lease	Location	Tenant s	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 Duratio n	Contractin g Officer	Region
2498	Anchorage	Admin	Bayview Commercial Building	Bayview Commercial Building; 619 East Ship Creek Avenue; AARC Anchorage Terminal Reserve; Anchorage, AK	Bayview Properties, LLC	12864	1.38945274	Office	5/31/2015		2 One year	Ken Stewart	Anchorage
2503	Anchorage	Correct ion	Town Square Plaza	Town Square Plaza; 500 West 6th Avenue; Lot B, Block 70; Anchorage, AK	Ounalashka Properties, Inc.	3206	1.575	Office	7/31/2017		0 0	Ken Stewart	Anchorage
2505	Anchorage	H&SS	Frontier Building	Frontier Building; 36th & C Subdivision - 3601 C Street; Tract A2, Plat 82-335; Anchorage, AK 99503	3601 C Street, LLC	996	3.21472892	Office	6/30/2019		0 0	Ken Stewart	Anchorage
2505	Anchorage	H&SS	Frontier Building	Frontier Building; 36th & C Subdivision - 3601 C Street; Tract A2, Plat 82-335; Anchorage, AK 99503	3601 C Street, LLC	56093	3.21473196	Office	6/30/2019		0 0	Ken Stewart	Anchorage
2505	Anchorage	H&SS	Frontier Building	Frontier Building; 36th & C Subdivision - 3601 C Street; Tract A2, Plat 82-335; Anchorage, AK 99503	3601 C Street, LLC	1658	3.21473462	Office	6/30/2019		0 0	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated

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Lease	Location	Tenant s	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 Duratio n	Contractin g Officer	Region
2505	Anchorage	H&SS	Frontier Building	Frontier Building; 36th & C Subdivision - 3601 C Street; Tract A2, Plat 82-335; Anchorage, AK 99503	3601 C Street, LLC	882	3.21472789	Office	6/30/2019	0	0	Ken Stewart	Anchorage
2505	Anchorage	Correct ion	Frontier Building	Frontier Building; 36th & C Subdivision - 3601 C Street; Tract A2, Plat 82-335; Anchorage, AK 99503	3601 C Street, LLC	2064	3.21473837	Office	6/30/2019	0	0	Ken Stewart	Anchorage
2505	Anchorage	H&SS	Frontier Building	Frontier Building; 36th & C Subdivision - 3601 C Street; Tract A2, Plat 82-335; Anchorage, AK 99503	3601 C Street, LLC	20629	3.21473217	Office	6/30/2019	0	0	Ken Stewart	Anchorage
2505	Anchorage	H&SS	Frontier Building	Frontier Building; 36th & C Subdivision - 3601 C Street; Tract A2, Plat 82-335; Anchorage, AK 99503	3601 C Street, LLC	4527	3.21473161	Office	6/30/2019	0	0	Ken Stewart	Anchorage
2505	Anchorage	H&SS	Frontier Building	Frontier Building; 36th & C Subdivision - 3601 C Street; Tract A2, Plat 82-335; Anchorage, AK 99503	3601 C Street, LLC	2053	3.21472966	Office	6/30/2019	0	0	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated

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leasecontacts1.xls

Lease	Location	Tenant s	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 Duratio n	Contractin g Officer	Region
2505	Anchorage	H&SS	Frontier Building	Frontier Building; 36th & C Subdivision - 3601 C Street; Tract A2, Plat 82-335; Anchorage, AK 99503	3601 C Street, LLC	1848	3.21472944	Office	6/30/2019	0	0	Ken Stewart	Anchorage
2505	Anchorage	H&SS	Frontier Building	Frontier Building; 36th & C Subdivision - 3601 C Street; Tract A2, Plat 82-335; Anchorage, AK 99503	3601 C Street, LLC	6589	3.21473213	Office	6/30/2019	0	0	Ken Stewart	Anchorage
2505	Anchorage	H&SS	Frontier Building	Frontier Building; 36th & C Subdivision - 3601 C Street; Tract A2, Plat 82-335; Anchorage, AK 99503	3601 C Street, LLC	6485	3.21473246	Office	6/30/2019	0	0	Ken Stewart	Anchorage
2505	Anchorage	H&SS	Frontier Building	Frontier Building; 36th & C Subdivision - 3601 C Street; Tract A2, Plat 82-335; Anchorage, AK 99503	3601 C Street, LLC	11824	3.2147319	Office	6/30/2019	0	0	Ken Stewart	Anchorage
2506	Anchorage	H&SS	Frontier Building	Frontier Building; 36th & C Subdivision - 3601 C Street; Tract A2, Plat 82-335; Anchorage, AK 99503	3601 C Street, LLC	9978	3.21473241	Office	6/30/2019	0	0	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated

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leasecontacts1.xls

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	Region
2508	Anchorage	Labor; Admin	Alaska Legal Center	Alaska Legal Center; 1016 West 6th Avenue; Lot 1C, Block 65; Anchorage, AK	S & K Properties	16928	2.22299976	Office	7/31/2017		5 One year	Ken Stewart	Anchorage
2525	Anchorage	Nat Res	Arctic Business Park	Arctic Business Park; 510 West 41st Avenue - Suite 102, Unit H; Birch Knoll Tract 1B; Anchorage, AK	Arctic Business Park III	1835	1.39295913	Office and Other Types of Space	4/30/2014		0 0	Ken Stewart	Anchorage
2528	Anchorage	Governor	800 A Street	800 A Street; Lots 1,2,3,4,and 5, Block 105; 800 A Street; Anchorage, AK	8th & A, LLC	752	1.8524867	Office	9/30/2013		0 0	Ken Stewart	Anchorage
2528	Anchorage	Governor	800 A Street	800 A Street; Lots 1,2,3,4,and 5, Block 105; 800 A Street; Anchorage, AK	8th & A, LLC	6794	1.65004121	Office	9/30/2013		0 0	Ken Stewart	Anchorage
2535	Anchorage	H&SS	Revere Commercial Center	Revere Commercial Center; Independence Park Subdivision; 9210 Vanguard Drive, Suite #102; Anchorage, AK 99507	Spinvest, LLC	5361	1.828241	Office and Other Types of Space	10/31/2013		0 0	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated

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leasecontacts1.xls

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	Region
2537	Anchorage	Enviro Con	Dimond Industrial Center	Dimond Industrial Center; 7720 King Street; Lot 5, Block 5, Plat No. 80-49; Anchorage, AK	King Street Rentals	5324	0.46494741	Office and Other Types of Space	1/31/2014	0	0	Ken Stewart	Anchorage
2560	Anchorage	Governor	RAM Building	RAM Building; 2525 Gambell Street; Lot 28A, Block 4, Lampert Subdivision; Anchorage, AK	Michael Investments, LLC	9044	1.43110349	Office	4/30/2014	1	One year	Ken Stewart	Anchorage
2562	Anchorage	M&VA	Dimond Center	Dimond Center; 800 East Dimond Boulevard, Suite 3-229; Lot 3D, Block 2; Anchorage, AK	Dimond Center, LLC	1035	2.06637681	Office	12/31/2013	0	0	Ken Stewart	Anchorage
2578	Anchorage	E&ED	Dimond Center	Dimond Center; Dimond Industrial Subdivision; 800 E. Dimond East Boulevard, STE #200; Anchorage, AK	Dimond Center Holdings, LLC	400	1.031525	Storage	5/31/2014	4	One year	Ken Stewart	Anchorage
2578	Anchorage	E&ED	Dimond Center	Dimond Center; Dimond Industrial Subdivision; 800 E. Dimond East Boulevard, STE #200; Anchorage, AK	Dimond Center Holdings, LLC	5170	1.23784333	Office	5/31/2014	4	One year	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated

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leasecontacts1.xls

Lease	Location	Tenant s	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 Duratio n	Contractin g Officer	Region
2587	Anchorage	H&SS	McKay Annex	McKay Annex - McKay Subdivision; 323 E. 4th Avenue; Lot A1; Anchorage, AK	JBG Memorial, LLC	1	33649	Leasehold Improvement Costs	2/28/2023	0	0	Ken Stewart	Anchorage
2587	Anchorage	H&SS	McKay Annex	McKay Annex - McKay Subdivision; 323 E. 4th Avenue; Lot A1; Anchorage, AK	JBG Memorial, LLC	45168	1.70168836	Office	2/28/2023	3	Five years	Ken Stewart	Anchorage
2599	Anchorage	Correct ion	Transit Center	Transit Center; 630 G Street; Anchorage, AK 99501	Anchorage Community Development Authority	2205	2.19	Office	2/7/2017	2	Five years	Ken Stewart	Anchorage
2603	Anchorage	Correct ion	Transit Center - Municipality Parking Garage	Transit Center - Municipality Parking Garage; 6th & H Street Parking Garage; 700 West 6th Avenue; Anchorage, AK	Anchorage Community Development Authority	13	103.846154	Parking	9/30/2017	0	0	Ken Stewart	Anchorage
2608	Anchorage	H&SS	Mt. McKinley Professional Building	Mt. McKinley Professional Building; 733 West 4th Avenue, Suite #300; Lot 9, Block 28; Anchorage, AK 99501	WBC Real Estate Investment Fund #1, LLC	2899	2.67928941	Office and Other Types of Space	12/31/2014	4	One year	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated

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leasecontacts1.xls

Lease	Location	Tenant s	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 Duratio n	Contractin g Officer	Region
2608	Anchorage	H&SS	Mt. McKinley Professional Building	Mt. McKinley Professional Building; 733 West 4th Avenue, Suite #300; Lot 9, Block 28; Anchorage, AK 99501	WBC Real Estate Investment Fund #1, LLC	1	1579.2	Leasehold Improvement Costs	12/31/2013	0	0	Ken Stewart	Anchorage
2617	Anchorage	M&VA	4600 Debarr Road Building	4600 Debarr Road Building; Russian Jack Commons Subdvn, Tract C; 4600 Debarr Road, Suite #300; Anchorage, AK 99508	4600 Debarr Road, LLC	1458	2.7	Office	6/30/2019	10	One year	Ken Stewart	Anchorage
2617	Anchorage	Labor	4600 Debarr Road Building	4600 Debarr Road Building; Russian Jack Commons Subdvn, Tract C; 4600 Debarr Road, Suite #300; Anchorage, AK 99508	4600 Debarr Road, LLC	1	4744.4	Leasehold Improvement Costs	6/30/2019	0	0	Ken Stewart	Anchorage
2617	Anchorage	M&VA	4600 Debarr Road Building	4600 Debarr Road Building; Russian Jack Commons Subdvn, Tract C; 4600 Debarr Road, Suite #300; Anchorage, AK 99508	4600 Debarr Road, LLC	1	750.33	Leasehold Improvement Costs	6/30/2019	0	0	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated

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leasecontacts1.xls

Lease	Location	Tenant s	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 Duratio n	Contractin g Officer	Region
2617	Anchorage	Labor	4600 Debarr Road Building	4600 Debarr Road Building; Russian Jack Commons Subdvn, Tract C; 4600 Debarr Road, Suite #300; Anchorage, AK 99508	4600 Debarr Road, LLC	9350	2.70204064	Office	6/30/2019	10	One year	Ken Stewart	Anchorage
2620	Anchorage	Pub Safety	Tudor Municipal Campus Subdivision	Tudor Municipal Campus Subdivision; Anchorage, AK 99519	Anchorage, Municipality of	691732	0.00000012	Ground	2/28/2059	1	25 years	Ken Stewart	Anchorage
2632	Anchorage	H&SS; Correct ion	920 East Whitney Road	Unknown; 920 East Whitney Road; Anchorage, AK 99501	Alaska Railroad Corporation	7200	1.01388889	Storage	11/30/2013	0	0	Ken Stewart	Anchorage
2636	Anchorage	E&ED	Mountain View Commerce Center	Mountain View Commerce Center; 161 South Klevin Street, Suite #102; Anchorage, AK 99508	Anchorage Community Land Trust	3549	1.34081995	Office	4/30/2015	5	One year	Ken Stewart	Anchorage
2636	Anchorage	E&ED	Mountain View Commerce Center	Mountain View Commerce Center; 161 South Klevin Street, Suite #102; Anchorage, AK 99508	Anchorage Community Land Trust	1	4604.96	Leasehold Improvemen t Costs	4/30/2015	0	0	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated

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leasecontacts1.xls

Lease	Location	Tenant s	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 Duratio n	Contractin g Officer	Region
2637	Anchorage	Pub Safety	Regional Fire Training Center	Regional Fire Training Center; 1140 Airport Heights; Anchorage, AK 99508	Anchorage, Municipality of	400	3.75	Office	9/30/2015		1 Five years	Ken Stewart	Anchorage
2641	Anchorage	H&SS	Anchorage Business Park	Anchorage Business Park ; 4501 Business Park Blvd, Ste 24; Bldg L, Lots 4 & 5, Blk 1 & Lot 6, Blk 2; Anchorage, AK    Anchorage Business Park; 4601 Business Park Boulevard; Building K, Suite K- 10 & K-42 ; Anchorage, AK    Anchorage Business Park; 4701 Busi	Anchorage Business Center, LLC	6079	1.9	Office	7/31/2018		4 One year	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated

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leasecontacts1.xls

Lease	Location	Tenant s	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 Duratio n	Contractin g Officer	Region
2641	Anchorage	H&SS	Anchorage Business Park	Anchorage Business Park ; 4501 Business Park Blvd, Ste 24; Bldg L, Lots 4 & 5, Blk 1 & Lot 6, Blk 2; Anchorage, AK    Anchorage Business Park; 4601 Business Park Boulevard; Building K, Suite K- 10 & K-42 ; Anchorage, AK    Anchorage Business Park; 4701 Busi	Anchorage Business Center, LLC	1	10727.56	Leasehold Improvement Costs	2/29/2016	0	0	Ken Stewart	Anchorage
2641	Anchorage	H&SS	Anchorage Business Park	Anchorage Business Park ; 4501 Business Park Blvd, Ste 24; Bldg L, Lots 4 & 5, Blk 1 & Lot 6, Blk 2; Anchorage, AK    Anchorage Business Park; 4601 Business Park Boulevard; Building K, Suite K- 10 & K-42 ; Anchorage, AK    Anchorage Business Park; 4701 Busi	Anchorage Business Center, LLC	15531	1.9	Office	2/29/2016	5	One year	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated

leasecontacts1.xls

Lease	Location	Tenant s	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 Duratio n	Contractin g Officer	Region
2641	Anchorage	H&SS	Anchorage Business Park	Anchorage Business Park ; 4501 Business Park Blvd, Ste 24; Bldg L, Lots 4 & 5, Blk 1 & Lot 6, Blk 2; Anchorage, AK    Anchorage Business Park; 4601 Business Park Boulevard; Building K, Suite K- 10 & K-42 ; Anchorage, AK    Anchorage Business Park; 4701 Busi	Anchorage Business Center, LLC	2148	1.9	Office	2/29/2016	5	One year	Ken Stewart	Anchorage
2641	Anchorage	Transp &PF	Anchorage Business Park	Anchorage Business Park ; 4501 Business Park Blvd, Ste 24; Bldg L, Lots 4 & 5, Blk 1 & Lot 6, Blk 2; Anchorage, AK    Anchorage Business Park; 4601 Business Park Boulevard; Building K, Suite K- 10 & K-42 ; Anchorage, AK    Anchorage Business Park; 4701 Busi	Anchorage Business Center, LLC	870	1.98102299	Office	2/29/2016	5	One year	Ken Stewart	Anchorage

\* One-time payment; monthly rent and cost per unit cannot be calculated

leasecontacts1.xls

Lease	Location	Tenant s	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 Duratio n	Contractin g Officer	Region
2653	Anchorage	CC&E D	Tonsina Subdivision	Tonsina Subdivision; Lot 2 Wood Subdiv & Lot 3 Sunbeam Subdiv; 903 W Northern Lights; Anchorage, AK 99503	Griffin, Sue c/o Tammy Krous	3545	1.55	Office	10/31/2013		1 One year	Ken Stewart	Anchorage
2660	Anchorage	Enviro Con	East Dimond Center	East Dimond Center; 2241 Cinnabar Loop; Block 2, Lot 17; Anchorage, AK 99507	GTK Commercial Real Estate, LLC	15075	0.72898574	Office and Other Types of Space	5/31/2020		3 One year	Ken Stewart	Anchorage
2660	Anchorage	Enviro Con	East Dimond Center	East Dimond Center; 2241 Cinnabar Loop; Block 2, Lot 17; Anchorage, AK 99507	GTK Commercial Real Estate, LLC	1	3459.14	Leasehold Improvement Costs	5/31/2020		0 0	Ken Stewart	Anchorage

---

**From:** Mike Hawker <mhawker@gci.net>  
**Sent:** Thursday, August 08, 2013 5:01 PM  
**To:** Mark Pfeffer  
**Subject:** Re: Comments on Extension of Lease Amendment #3

Yep. M

On Aug 8, 2013, at 4:43 PM, Mark Pfeffer <MPfeffer@PfefferDevelopment.com> wrote:

Well. Here we go!

I'll dig into this. Once I've identified All of the math errors and bad assumptions ill get with Do. At AHFC and see if be agrees. if he does **they can produce the memo that settles up the issues.**

Jeez! & double Jeez!

Sent from my iPhone

On Aug 8, 2013, at 2:27 PM, "Mike Hawker" <mhawker@gci.net> wrote:

Begin forwarded message:

**From:** "Rep. Mike Hawker" <Rep.Mike.Hawker@akleg.gov>  
**Date:** August 8, 2013, 2:22:05 PM AKDT  
**To:** Hawker Michael <mhawker@gci.net>  
**Subject:** Fwd: Comments on Extension of Lease Amendment #3

Begin forwarded message:

**From:** "Pamela Varni" <Pamela.Varni@akleg.gov>  
**To:** "Rep. Mike Hawker" <Rep.Mike.Hawker@akleg.gov>  
**Cc:** "Juli Lucky" <Juli.Lucky@akleg.gov>  
**Subject:** Comments on Extension of Lease Amendment #3

Dear Mike – as you requested, attached are my comments on the Extension of Lease and Lease Amendment No. 3 with some additional documentation.

You might not want to change anything but I



wanted to show you some comparisons and some of my concerns.

Pam

Pam Varni, Executive Director  
Legislative Affairs Agency  
State Capitol, Room 3  
Juneau, AK 99801-1182  
Main line (907) 465-3800  
Direct line (907) 465-6622  
Cell phone (907) 209-1942

<Extension of Lease Comments.docx>

<Research Report - 1 pg comparison.pdf>

<Chart of Executive Branch Anchorage Leases.pdf>

---

**From:** Mark Pfeffer  
**Sent:** Friday, August 09, 2013 1:36 PM  
**To:** Mike Hawker  
**Subject:** response  
**Attachments:** 8\_9\_13 response document draft.docx.html

I ran out of time but this is a draft and you can see where its heading.

I'm a little bit pissed off that I am having to spend several hours responding to a work product that is frankly "GARBAGE"

When faced with a credible well thought out proposal that can be factually documented by the experts (ours), but which she is incapable of comprehending, Pam is reverting to her hold "smoke and mirror" ways. None of the numbers on the comparable proposal sheet make any sense to me.

I can't find my version of the Pam produced "comparable" document that I gave you at our first meeting in January. Do you still have that? See how the amounts on that sheet tally with the new comparable sheet.

Obviously please do not forward this email. Thanks.

More to follow

*Mark Pfeffer*

**PFEFFER DEVELOPMENT, LLC**

425 G Street, Suite 210 | Anchorage, Alaska 99501

p 907 646 4644 | f 907.646.4655 |

**Cell Phone**

907 317 5030

---

**From:** MHawker <mhawker@gci.net>  
**Sent:** Sunday, August 25, 2013 7:48 AM  
**To:** Mark Pfeffer  
**Subject:** did not get the revised schedule

Hi Mark,

I received the new schematic presentation, but did not receive a copy of the revised project schedule we discussed on the phone.

If you can forward it, I will be really happy to give it a look see.

Again, magnificent presentation on Friday..... I don't see anything that Pam or Gardner can do now to derail this.... Not that they will not try.

Best,

Mike

---

**From:** Rep. Mike Hawker <Rep.Mike.Hawker@akleg.gov>  
**Sent:** Friday, September 06, 2013 11:40 AM  
**To:** Mark Pfeffer  
**Subject:** Re: LIO Lease Extension and Amendment v. 09/04/2013

Got it. Thanks.

On Sep 6, 2013, at 11:18 AM, "Mark Pfeffer" <MPfeffer@PfefferDevelopment.com> wrote:

> Standby on this Mike. I'm working it

>  
> Mark Pfeffer  
>  
> PFEFFER DEVELOPMENT, LLC  
> 425 G Street, Suite 210 | Anchorage, Alaska 99501 p 907 646 4644 |  
> f 907.646.4655 |  
>  
> Cell Phone  
> 907 317 5030  
>  
>

> -----Original Message-----

> From: Rep. Mike Hawker [mailto:Rep.Mike.Hawker@akleg.gov]  
> Sent: Friday, September 06, 2013 9:54 AM  
> To: 'Donald W. McClintock' (dwm@anchorlaw.com); Mark Pfeffer;  
> mbuller@ahfc.us  
> Subject: FW: LIO Lease Extension and Amendment v. 09/04/2013  
>

> How are we doing with Gardner? This note made me worry a bit. Do we need to plan another sit down?

> Mike  
>  
>  
>

> -----Original Message-----

> From: Nola Cedergreen [mailto:ncedergr@ahfc.us]  
> Sent: Wednesday, September 04, 2013 2:44 PM  
> To: LAA Legal; Rep. Mike Hawker; Pamela Varni; dwm@anchorlaw.com  
> Subject: RE: LIO Lease Extension and Amendment v. 09/04/2013  
>

> Sounds like a plan. I will keep my schedule open.  
>  
>  
>

> Sent from my Verizon Wireless 4G LTE Smartphone  
>  
>  
>

> ----- Original message -----

> From: LAA Legal <LAA.Legal@akleg.gov>

> Date: 09/04/2013 1:47 PM (GMT-08:00)  
> To: Nola Cedergreen <ncedergr@ahfc.us>, "Rep. Mike Hawker"  
> <Rep.Mike.Hawker@akleg.gov>, Pamela Varni  
> <Pamela.Varni@akleg.gov>, dwm@anchorlaw.com  
> Subject: RE: LIO Lease Extension and Amendment v. 09/04/2013  
>  
>  
> Nola,  
> Thanks for your drafting work. I understand that you have, in your most recent draft, made some changes and not others. I will leave it to the client to make a decision on how to move forward on your recommendations in your current draft. However, section 1.1(b) and section 36 require, in my view, a conversation by short teleconference.  
>  
> If Exhibits A and B will be ready soon, I suggest that when the drafts are available we have another teleconference to address them and secs. 1.1(b) and 36. The last call was productive and efficient. I will hold my comments on new drafts until then, if this suggested process is acceptable to Representative Hawker.  
> Doug Gardner, Director  
> LAA Legal Services  
>  
> Sent by:  
> MaryEllen Duffy  
> Special Assistant  
> LAA Legal Services  
> 907-465-6651 direct  
> 907-465-2029 fax  
> MaryEllen.Duffy@akleg.gov  
>  
>  
>  
>  
> Warning: This message and any attachments to it are confidential. If you have received this message in error, please notify the sender by electronic mail and delete the message. If you are not the intended recipient of this message, you are hereby notified that disclosing, disseminating, or copying this message or any attachments to it is prohibited. Thank you.  
>  
>  
>  
> -----Original Message-----  
> From: Nola Cedergreen [mailto:ncedergr@ahfc.us]  
> Sent: Tuesday, September 03, 2013 7:37 PM  
> To: Rep. Mike Hawker; LAA Legal; Pamela Varni; dwm@anchorlaw.com  
> Subject: LIO Lease Extension and Amendment v. 09/04/2013  
>  
> Please give this a test drive ...  
>  
> Mr. McClintock's latest draft was used as the base document which was revised slightly based upon a review of my handwritten notes from our teleconference, the detailed notes provided by Representative Hawker's office, and the September 3rd summary prepared by Doug Gardner.  
>  
> With the exception of the following reference in Doug's September 3rd document, I believe I have addressed most questions: "P. 11. Sec. 21: ...after 'not the responsibility of Lessor' ... that the clause ... be included." I couldn't find "not the responsibility of Lessor" in Section 21. Please point me in the right direction.  
>



> The definition section has been expanded and requires some review to be certain the parties agree. The delay in performance section has hopefully been clarified in a manner that will avoid confusion between the renovation to be accomplished prior to the Lessee's acceptance and occupancy of the Premises and any subsequent alteration/renovation projects that may come along after occupancy. Section 43 requires a careful read. I believe I have quoted AS 36.30.083 (a) correctly but recommend a legal review of my work.

>

> Attached is a track changes comparison between Mr. McClintock's draft and the 9/4/13 version. I believe Doc Crouse and Mark Pfeffer are both working on the content of Exhibit "A" and Exhibit "B".

>

> Thanks for all of your help and feedback.

>

> The information transmitted in this email and any attachments is intended only for the personal and confidential use of the intended recipients. This message may be or may contain privileged and confidential communications. If you as the reader are not the intended recipient, you are hereby notified that you have received this communication in error and that any retention, review, use, dissemination, distribution or copying of this communication or the information contained is strictly prohibited. The sender does not accept any responsibility for any loss, disruption or damage to your data or computer system that may occur while using data contained in, or transmitted with, this e-mail. If you have received this communication in error, please notify the sender immediately and delete the original message from your system.

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> The information transmitted in this email and any attachments is intended only for the personal and confidential use of the intended recipients. This message may be or may contain privileged and confidential communications. If you as the reader are not the intended recipient, you are hereby notified that you have received this communication in error and that any retention, review, use, dissemination, distribution or copying of this communication or the information contained is strictly prohibited. The sender does not accept any responsibility for any loss, disruption or damage to your data or computer system that may occur while using data contained in, or transmitted with, this e-mail. If you have received this communication in error, please notify the sender immediately and delete the original message from your system.

---

**From:** Rep. Mike Hawker <Rep.Mike.Hawker@akleg.gov>  
**Sent:** Wednesday, September 11, 2013 6:01 AM  
**To:** Nola Cedergreen  
**Cc:** Mark Pfeffer; Mike Buller  
**Subject:** Re: Lease revisions.

Thanks all for the extra hours. I apologize for the obstructionist on my side of the table.

I will also review this first thing this morning.

Mike, let me know where and when you want to meet with Mark on numbers.

Mike

On Sep 11, 2013, at 5:27 AM, "Nola Cedergreen" <[ncedergr@ahfc.us](mailto:ncedergr@ahfc.us)> wrote:

> Looks great. Good revisions/clarification.  
>  
>  
> From: Donald W. McClintock [[dwm@anchorlaw.com](mailto:dwm@anchorlaw.com)]  
> Sent: Tuesday, September 10, 2013 7:48 PM  
> To: Nola Cedergreen; [Rep.Mike.Hawker@akleg.gov](mailto:Rep.Mike.Hawker@akleg.gov); [laa.legal@akleg.gov](mailto:laa.legal@akleg.gov); [Pamela.Varni@akleg.gov](mailto:Pamela.Varni@akleg.gov)  
> Cc: [mpfeffer@pfefferdevelopment.com](mailto:mpfeffer@pfefferdevelopment.com); Mike Buller; Heidi A. Wyckoff  
> Subject: RE: Lease revisions.  
>  
> Nola and Doug,  
>  
> Here are my tracked changes annotations to the lease on Nola's post teleconference version. I am available to talk tomorrow any time up to 4:15 when I have a court system conference.  
>  
> Doug, I tweaked the para. 36 language for consistency; please review it carefully.  
>  
> These changes have not been reviewed by Mark so I reserve the right to make additional changes per his review.  
>  
> I look forward to getting this wrapped up tomorrow and appreciate your attention.  
>  
> Don  
>  
> Donald W. McClintock  
> Ashburn & Mason, P.C.  
> 1227 W. 9th Ave. Ste. 200  
> Anchorage, AK 99501  
> (907) 276-4331 (voice)  
> (907) 277-8235 (fax)  
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> -----Original Message-----

> From: Nola Cedergreen [mailto:[ncedergr@ahfc.us](mailto:ncedergr@ahfc.us)]

> Sent: Tuesday, September 10, 2013 4:11 PM

> To: [Rep.Mike.Hawker@akleg.gov](mailto:Rep.Mike.Hawker@akleg.gov); [laa.legal@akleg.gov](mailto:laa.legal@akleg.gov); [Pamela.Varni@akleg.gov](mailto:Pamela.Varni@akleg.gov)

> Cc: Donald W. McClintock; [mpfeffer@pfefferdevelopment.com](mailto:mpfeffer@pfefferdevelopment.com); Mike Buller

> Subject:

>

> Here is a version for Mr. McClintock to work from.

>

> Representative Hawker/Pam: please see rough draft language for Section 3 ... does it accurately reflect your intent?

>

>

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