

## **MEMORANDUM OF AGREEMENT**

**Between**

**THE TWENTY-EIGHTH ALASKA STATE LEGISLATURE  
ALASKA LEGISLATIVE COUNCIL**

**And**

**THE ALASKA HOUSING FINANCE CORPORATION**

The Twenty-Eighth Alaska State Legislature, through the Chairman of the Legislative Council Committee, in accordance with AS 24.20.060(5), Alaska Legislative Procurement Procedures, inter-agency use of services under AS 36.30.760 - 36.30.790, and Alaska Law authorizing lease extensions as provided by AS 36.30.083, is beginning the process of negotiating an extension of the lease recorded in Book 2004-02441-0, the Anchorage Recording District, which is the lease of the Alaska legislative space in Anchorage located at 716 West Fourth Avenue, known as the "Anchorage Space," which will also include the adjacent property at 712 West Avenue.

### **PROPOSED SUBSTITUTION :**

The Twenty-Eighth Alaska State Legislature, through the Chairman of the Legislative Council Committee, in accordance with AS 24.20.060(5), Alaska Legislative Procurement Procedures, inter-agency use of services under AS 36.30.760 - 36.30.790, and Alaska Law authorizing lease extensions as provided by AS 36.30.083, is beginning the process of negotiating an extension of the lease recorded in Book 2004-02441-0, the Anchorage Recording District, ("Lease").

The Lease provides office space and parking for the Legislative Affairs Agency ("Agency") at 716 West Fourth Avenue in Anchorage. The 716 West Fourth Avenue location is neither adequate to meet the needs of the Agency nor the public, and accordingly, the Agency has issued multiple public solicitations seeking space to meet its needs. Despite the Agency's efforts, no

solicitation was successful. Therefore, the amendment to the Lease will by necessity incorporate additional office space and parking located at 712 West Avenue in Anchorage.

The current lease of the Anchorage Space is set to expire on May 31, 2014. Accordingly, time is of the essence to negotiate an extension of the current lease, as amended, to extend the lease, and negotiate improvements made by the lessor to provide improved access for the public, and sufficient modern and serviceable space for legislators and legislative employees working in the building, while satisfying the requirements of AS 36.30.083, which requires a demonstrated cost-savings to the legislature of ten percent less than fair market value.

**PROPOSED SUBSTITUTION :**

The Lease is set to expire on May 31, 2014. In order for the Agency to successfully negotiate an extension and amendment to the Lease and to complete the necessary tenant improvements which will both improve public access to the Agency's offices and provide appropriate space for legislators and legislative staff before the Lease expires, the Agency must begin negotiations right away. In addition, in order to proceed with the proposed extension and amendment to the Lease, the Agency must satisfy the requirements of AS 36.30.083, which require that the Agency may 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 extension would be achieved. Time is of the essence.

The Alaska Housing Finance Corporation (AHFC) has substantial experience in the Anchorage property market regarding negotiations involving building leases, current lease rates, evaluating costs associated with lessor and tenant improvements, and verifying compliance with related building renovation and construction specifications. At a Legislative Council meeting on June 7, 2013, in Anchorage, recognizing AHFC's expertise, Legislative Council passed the following motion:

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.

The purpose of this agreement, entered into by approval of a majority vote of Legislative Council, and as provided by Legislative Procurement Procedure 020(b) and 150(b), is to provide the Chairman of Legislative Council with the assistance and expertise of AHFC. ~~In addition to~~As part of providing advice, recommendations, and analysis, under this agreement AHFC agrees to assist the Chairman of Legislative Council acting as the legislature's representative in negotiating an extension to the Anchorage LIO lease, as amended to include 712 West 4<sup>th</sup> 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.

**PROPOSED SUBSTITUTION :**

The purpose of this agreement, entered into by approval of a majority vote of Legislative Council, and as provided by Legislative Procurement Procedure 020(b) and 150(b), is to provide the Chairman of Legislative Council with the assistance and expertise of AHFC in negotiating an extension and amendment to the Lease and with the oversight of the associated tenant improvements to be made as part of the amended lease agreement.

**IT IS MUTUALLY AGREED THAT**

1. The parties to this agreement made and entered into the date the Chairman of Legislative Council signs this agreement, are the Alaska Legislative Council, whose address is State Capitol, Juneau, Alaska 99801-1182, and the Alaska Housing Finance Corporation, whose address is 4300 Boniface Parkway, Anchorage, AK 99504.
2. The Project Director appointed by the Chairman of Legislative Council is Juli Lucky. The Project Director's mailing address is 716 West Fourth Avenue, Suite 610,

Anchorage, AK 99501, and the Project Director's e-mail address is Juli.Lucky @akleg.gov

3. At the direction of the Chairman of Legislative Council, or as requested by the Project Director, AHFC agrees to provide assistance, expertise, advice, recommendations, and analysis,~~guidance and assistance,~~ and, where requested, act as the legislature's representative in negotiating an extension to the Anchorage Space- lease, as amended to include 712 West 4<sup>th</sup> Avenue, and to assist in managing the lessor's compliance with terms and conditions of the lessor's improvements as described in the lease.

**PROPOSED SUBSTITUTION :**

3. At the direction of the Chairman of Legislative Council, or as requested by the Project Director, AHFC agrees to provide the Agency with assistance in negotiating an extension and amendment to the Lease and with the oversight of the associated tenant improvements to be made as part of the amended lease agreement.

4. ~~AHFC agrees to provide the services described in paragraph 3, including any costs for supplies or services by any other contractor, for a total cost not to exceed \$50,000 during~~ During the period of lease extension negotiations, beginning on June 18, 2013, and continuing through anticipated final inspection of the lessor's compliance with terms and conditions of the lessor's improvements, as described in the extension of the Anchorage Space lease ~~;~~ AHFC shall provide human resources necessary to provide the services described in paragraph 3 without cost to the legislature, and shall be reimbursed for the actual cost of out-of-pocket costs incurred directly in performing these services for a total cost not to exceed \$50,000.

**PROPOSED SUBSTITUTION :**

4. AHFC staff shall assist the Agency as described in subsection 3 above at no cost to the Agency. If AHFC should incur direct costs as a result of providing the Agency with the necessary assistance, AHFC will invoice the Agency for those costs.

5. AHFC agrees that before any costs are incurred by AHFC for supplies or services provided by a contractor in excess of \$5,000, AHFC will request authorization to incur costs for supplies or services in writing, accompanied by an estimate of costs, from the Project Director, prior to contracting for those services.

**PROPOSED SUBSTITUTION :**

- 5. AHFC agrees to obtain the approval of the Project Director before incurring any costs that will be invoiced to the Agency.**

6. AHFC agrees to submit billings for its services no more frequently than on a monthly basis, and at a minimum, on an annual basis. Billings for performance of services under this agreement shall be submitted by AHFC to the Project Director. The Project Director must approve a billing before it is paid.

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Representative Mike Hawker      Date  
Chair, Alaska Legislative Council  
Procurement Officer

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Daniel Fauske      Date  
CEO/Executive Director  
Alaska Housing Finance Corporation

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