

Submitted by: Chair of the Assembly
at the Request of the Mayor

Prepared by: Merrill Field Airport

For Reading: June 8, 2010

CLERK'S OFFICE

APPROVED

ANCHORAGE, ALASKA

AO No. 2010-47

Date: _____

6-22-10

1 AN ORDINANCE AUTHORIZING THE LONG TERM LEASE BETWEEN THE
2 MUNICIPALITY OF ANCHORAGE AS LESSOR AND PARAMOUNT
3 INVESTMENTS LLC, A LIMITED LIABILITY COMPANY, AS LESSEE OF LOT
4 1C, BLOCK 2, MERRILL FIELD REPLAT ADDITION #6, LOCATED BETWEEN
5 RUNWAY 07/25 AND GLENN HIGHWAY.
6
7

8 **WHEREAS**, Paramount Investments LLC, a limited liability company, has entered
9 into a purchase agreement with the State of Alaska, Department of Transportation
10 and Public Facilities (SOA/DOT&PF), the existing leaseholder of Lot 1, Block 2,
11 Merrill Field Replat (Lot 1), to acquire the leasehold interest of Lot 1; and
12

13 **WHEREAS**, the SOA/DOT&PF recently widened the Glenn Highway from four
14 lanes to six lanes which required additional right of way including acquiring the
15 leasehold interest of Lot 1; and
16

17 **WHEREAS**, in conjunction with the SOA/DOT&PF project, Lot 1 was replatted into
18 Lot 1C, Block 2, Merrill Field Replat Addition #6; and
19

20 **WHEREAS**, Paramount Investments LLC has requested a new long term lease
21 and proposes to make considerable improvements to the leasehold which
22 includes construction of a new aircraft hangar complex totaling approximately
23 8,000 square feet; and
24

25 **WHEREAS**, Merrill Field Airport is very supportive of new aircraft hangar
26 development and recommends entering into a new Lease; and
27

28 **WHEREAS**, the current Merrill Field lease rate is consistent for all Merrill Field
29 Airport land leases with like uses and considered to be the market rate for airport
30 properties that are restricted to aeronautical uses; and
31


32 **WHEREAS**, Anchorage Municipal Code section 25.30.020 requires disposal of
33 Municipal land shall be by ordinance only; now therefore,
34

1 **THE ANCHORAGE ASSEMBLY ORDAINS:**

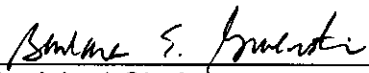
2
3 **Section 1.** The Municipality of Anchorage is authorized to enter a new lease at
4 market rates for the area described as Lot 1C, Block 2, Merrill Field Replat
5 Addition #6, located within the Anchorage Recording District of the Third Judicial
6 District, composed of approximately 80,664 square feet, with Paramount
7 Investments LLC, upon the terms and conditions summarized in the attached
8 Assembly Memorandum.

9
10 **Section 2.** This Ordinance shall take effect immediately upon passage and
11 approval by the Assembly.

12
13 PASSED AND APPROVED by the Assembly this 22nd day of
14 June, 2010.

15
16 
17 _____
18 Chair of the Assembly

19
20 ATTEST:

21
22
23 
24 _____
25 Municipal Clerk
26

MUNICIPALITY OF ANCHORAGE
Summary of Economic Effects -- Utilities

AO Number: 2010-47

Title: **AN ORDINANCE AUTHORIZING THE LONG TERM LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR AND PARAMOUNT INVESTMENTS LLC, A LIMITED LIABILITY COMPANY, AS LESSEE OF LOT 1C, BLOCK 2, MERRILL FIELD REPLAT ADDITION #6, LOCATED BETWEEN RUNWAY 07/25 AND GLENN HIGHWAY.**

Sponsor: **MAYOR**
 Preparing Agency: **Merrill Field Airport**
 Others Impacted: **None**

CHANGES IN REVENUES AND EXPENSES:		(In Thousands of Dollars)				
	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	
Operating Revenues:						
TOTAL OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	
Operating Expenses:						
TOTAL OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	
Non-Operating Revenues:						
TOTAL NON-OPERATING REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -	
Non-Operating Expenses:						
TOTAL NON-OPERATING EXPENSES	\$ -	\$ -	\$ -	\$ -	\$ -	
NET INCOME (REGULATED)	\$ -	\$ -	\$ -	\$ -	\$ -	
POSITIONS: FT/PT and Temp						

PUBLIC SECTOR ECONOMIC EFFECTS:

This leasing action will increase tax revenue. The current leaseholder, State of Alaska, is tax exempt and the new leaseholder, Paramount Investments LLC, is a taxable entity.

PRIVATE SECTOR ECONOMIC EFFECTS:

The construction improvements will provide business and employment opportunities to the local community.

Prepared by: David A. Lundeby, Manager, Merrill Field Airport Telephone: 343-6305

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 329-2010

Meeting Date: June 8, 2010

1 **From: MAYOR**

2
3 **Subject: AN ORDINANCE AUTHORIZING THE LONG TERM LEASE**
4 **BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR**
5 **AND PARAMOUNT INVESTMENTS LLC, A LIMITED LIABILITY**
6 **COMPANY, AS LESSEE OF LOT 1C, BLOCK 2, MERRILL FIELD**
7 **REPLAT ADDITION #6, LOCATED BETWEEN RUNWAY 07/25 AND**
8 **GLENN HIGHWAY.**
9

10
11 Paramount Investments LLC, a limited liability company, has entered into a
12 purchase agreement with State of Alaska Department of Transportation and
13 Public Facilities (SOA/DOT&PF) to acquire the leasehold interest of Lot 1, Block 8,
14 Merrill Field Replat (Lot 1).
15

16 The SOA/DOT&PF, current Lessee of the original Lease between the Municipality
17 of Anchorage and Safeway Airways, Inc., acquired the leasehold interest of Lot 1
18 and demolishing the existing hangar building in support of the Glenn Highway
19 widening project that was completed in the summer of 2009. In conjunction with
20 the Glenn Highway project, Lot 1 was replatted into Lot 1C, Block 2, Merrill Field
21 Replat Addition #6.
22

23 Paramount Investments LLC is planning to make considerable improvements to
24 the leasehold which includes construction of a new aircraft hangar complex
25 totaling approximately 8,000 square feet. The planned uses of this new hangar
26 complex are aircraft mechanical services, aircraft painting and aircraft owner
27 support services including aircraft parking and storage. To make the proposed
28 improvements economically feasible, Paramount Investments LLC requires
29 additional lease term. The existing Lease expired April 30, 2010 and is currently
30 in a month to month tenancy. Merrill Field Airport is very supportive of the
31 proposed development and recommends entering into a new Lease as opposed
32 to an extension to the existing Lease for the additional lease term.
33

34 Because of the federal interest in promoting civil aviation, the Federal Aviation
35 Administration authorizes programs for granting funds, property and other
36 assistance to local communities for the development of Airport facilities. The
37 Municipality, as a local sponsor, has received numerous grants for the
38 development of Merrill Field Airport and has assumed certain obligations, either by
39 contract or by restrictive covenants and deeds, which require it to maintain and
40 operate its airport facilities safely and efficiently and in accordance with certain
41 specified and agreed upon conditions. Airport property, as a condition, is
42 restricted to aeronautical uses unless a determination is made by the FAA that it is
43 in surplus of that need. Also, all revenue derived from the use of obligated airport

1 property must be used for the operation, maintenance or development of the
2 airport and the airport should be as self-sustaining as possible under the
3 circumstances. These obligations and grant assurances have an impact on
4 property values and must be complied with at all times for the airport to retain and
5 continue to receive its Federal grant funding assistance.

6
7 The rent, as set forth in the Lease, is the current per square foot rate paid by the
8 other existing long term leaseholders at Merrill Field. The lease rates at Merrill
9 Field are reviewed yearly and the current rate is considered to be the market rate
10 taking into account the restrictions and obligations imposed on the property. The
11 Administration believes the use of the premises under the provisions of the Lease
12 furthers the operational objective of Merrill Field Airport.

13
14 To complete the proposed leasing action, the following documents are required at
15 the time of closing which is planned for June 2010: Assignment of Lease from
16 SOA/DOT&PF to Paramount Investments LLC; the Municipality's Consent to
17 Assignment; the Mutual Termination of the existing Lease; and finally, subject to
18 Assembly approval, the execution of a New Lease between the Municipality and
19 Paramount Investments LLC. A summary of the Lease information follows:

20
21 Lessor: Municipality of Anchorage

22
23 Lessee: Paramount Investments LLC, a limited liability company

24
25 Location: Lot 1C, Block 2, Merrill Field Replat Addition #6, consisting of
26 approximately 80,664 square feet (between Runway 07/25
27 and Glenn Highway).

28
29 Rent: Rental rate is \$0.17 per sq. ft. per year.

30
31 Rental Adjustment: Annually and at five year intervals.

32
33 Term: 35 years plus two additional ten-year renewal options.

34
35 Services provided: Utilities and maintenance of Lessee improvements.
36 by Lessee

37
38 Special Provisions: Lessee, at its own cost and expense, will provide
39 improvements to include construction of a new aircraft hangar
40 complex totaling approximately 8,000 square feet and other
41 improvements as may be required in conjunction with said
42 improvements; all to be completed within the first three years
43 of lease at an approximate cost in excess of \$375,000.
44 Property usage shall be restricted to aeronautical uses.
45

1 THE ADMINISTRATION RECOMMENDS APPROVAL OF AN ORDINANCE
2 AUTHORIZING THE LONG TERM LEASE BETWEEN THE MUNICIPALITY OF
3 ANCHORAGE AS LESSOR AND PARAMOUNT INVESTMENTS LLC, A
4 LIMITED LIABILITY COMPANY, AS LESSEE OF LOT 1C, BLOCK 2, MERRILL
5 FIELD REPLAT ADDITION #6, LOCATED BETWEEN RUNWAY 07/25 AND
6 GLENN HIGHWAY.
7
8

9 Prepared by: Merrill Field Airport
10 Approved by: David A. Lundeby, Manager, Merrill Field Airport
11 Concur: Dennis A. Wheeler, Municipal Attorney
12 Concur: George J. Vakalis, Municipal Manager
13 Respectfully submitted: Daniel A Sullivan, Mayor

MERRILL FIELD AIRPORT

(Not to Scale)

DATE: 11/11/11

PERMITS: 107 FT. 100. Approach and RWY 20

REF 205 600' x 100', 20' Grade

REF 1004 200' x 100', 20' Grade

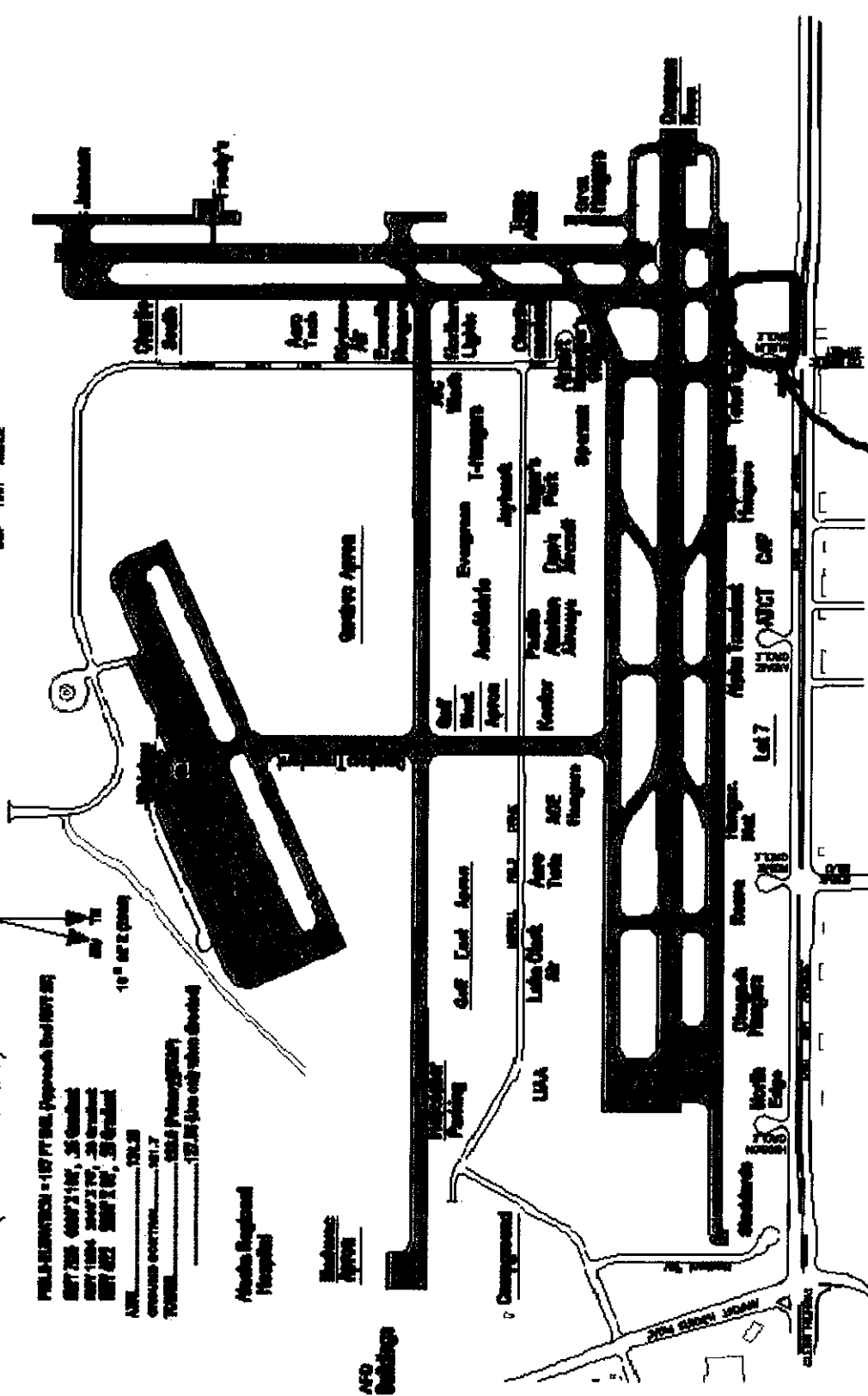
REF 202 200' x 100', 20' Grade

REF 100 100' x 100'

REF 100 100' x 100'

REF 100 100' x 100'

10" or 2" pipe



Paramount Investments LLC
 Lot 1C, Block 2, Merrill Field
 Replat Addt. No. 6

Content ID: 009006**Type:** AM_OtherServices - Other Services Memorandum

AN ORDINANCE AUTHORIZING THE LONG TERM LEASE BETWEEN THE MUNICIPALITY OF ANCHORAGE AS LESSOR AND PARAMOUNT

Title: INVESTMENTS LLC, A LIMITED LIABILITY COMPANY, AS LESSEE OF LOT 1C, BLOCK 2, MERRILL FIELD REPLAT ADDITION #6, LOCATED BETWEEN RUNWAY 07/25 AND GLENN HIGHWAY.**Author:** pruittns**Initiating Dept:** Merrill**Description:** Ordinance Authorizing Long Term Lease Paramount Investments LLC**Keywords:** Ordinance Authorizing Long Term Lease Paramount Investments LLC**Date Prepared:** 5/3/10 3:04 PM**Director Name:** David A. Lundeby**Addnl Review Depts:** OMB, Legal**Assembly Meeting Date:** 6/8/10**Public Hearing Date:** 6/22/10

Workflow Name	Action Date	Action	User	Security Group	Content ID
Clerk_Admin_SubWorkflow	5/27/10 3:47 PM	Exit	Nina Pruitt	Public	009006
MuniManager_SubWorkflow	5/27/10 3:47 PM	Approve	Nina Pruitt	Public	009006
MuniManager_SubWorkflow	5/14/10 1:57 PM	Checkin	Nina Pruitt	Public	009006
Legal_SubWorkflow	5/14/10 1:44 PM	Approve	Rhonda Westover	Public	009006
OMB_SubWorkflow	5/14/10 1:30 PM	Approve	Cheryl Frasca	Public	009006
CFO_SubWorkflow	5/10/10 3:32 PM	Approve	Lucinda Mahoney	Public	009006
Merrill_SubWorkflow	5/3/10 4:21 PM	Approve	David Lundeby	Public	009006
OtherServicesAMWorkflow	5/3/10 3:08 PM	Checkin	Linda Luebke	Public	009006