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EXTENSION OF LEASE AND LEASE AMENDMENT NO. 3

LEASE AMOUNT FOR FIRST YEAR: \$XXXX

Extension of Lease - Under AS 36.30.083; Amendment of Lease; Material Modification of Lease

THIS EXTENSION OF LEASE AND THIRD AMENDMENT OF LEASE, is made and entered into on the date the Legislative Affairs Executive Director or her designee signs the Lease, is by and between 716 WEST FOURTH AVENUE, LLC, an Alaska limited liability company, whose address is P.O. Box 241826, Anchorage, Alaska 99524, hereinafter referred to as "Lessor," and the LEGISLATIVE AFFAIRS AGENCY, whose address is State Capitol, Room 3, Juneau, Alaska 99801-1182, hereinafter referred to as "Lessee," **and** hereby amends the Lease dated April 6, 2004, recorded in Book 2004-02441-0, Anchorage Recording District, Third Judicial District, State of Alaska, as previously amended, and renewed through May 31, 2014 by Renewal of Lease No. 5, recorded May 23, 2013 in Book 2013-028824-0, Anchorage Recording District, Third Judicial District, State of Alaska.

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WITNESSETH:

WHEREAS, the Lessor is currently leasing to the Lessee the following described Premises, hereinafter "existing Premises," described as follows:

Approximately 22,834 square feet of office space, which consists of all net usable office space on the second through sixth floors and approximately 811 square feet of storage space in the basement, at the building located at 716 West 4th Avenue in Anchorage, Alaska at Lot 3A, Block 40, of the Original Townsite of Anchorage, according to the official plat thereof, Third Judicial District, State of Alaska,

and Eighty-Six (86) reserved off-street parking places;

PROPOSED SUBSTITUTION #1 BEGINS HERE ...

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Comment [DC1]: insert

WHEREAS, on June 7, 2013, the Legislative Council (Lessee) authorized its chairman to negotiate material 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 expand the leased property 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 and to extend the existing Lease pursuant to AS 36.30.083;

WHEREAS, the Lessee wishes to expand its space by enlargement of the Premises to bring the total combined building area leased at 712 and 716 West Fourth Avenue to approximately 64,048 gross square feet of building space, and approximately ninety (90) reserved off-street parking places consisting of all parking spaces on the upper and lower parking garage at 716 West Fourth Avenue, and to further renovate the existing Premises in accordance with the attached Exhibit "A" and as specified herein;

Comment [DC2]: 103???

WHEREAS, the enlarged and renovated space ("Premises") are more fully described in the attached Exhibits, which are appended to this Lease and are a material part of it;

EXHIBIT A BUILDING PLANS AND SPECIFICATIONS ("Approval Plans");

EXHIBIT B DELIVERY SCHEDULE;

WHEREAS, Alaska Legislative Procurement Procedures designate the chairman of the Legislative Council as procurement officer with respect to contracts of the Legislative Affairs Agency, (Lessee) the chairman has made a written determination under Procurement Procedures Section 040(d) (Exhibit F) that Lease 2004-024411-0 may be materially modified without procurement of a new Lease to include the property known as 712 West Fourth Avenue, and the Alaska Housing Finance Corporation has acted as Lessee's representative;

Comment [DC3]: insert

Comment [DC4]: Define? Per LC motion dated 6/7/13. Reference MOU?

NOW, THEREFORE LESSOR AND LESSEE AGREE that Lease 2004-024411-0 is hereby extended pursuant to AS 36.30.083 and amended pursuant to Legislative Procurement Procedure sec. 040(d) as follows:

PROPOSED SUBSTITUTION #1:

WHEREAS, on June 7, 2013, the Legislative Council (Lessee) authorized its chairman to seek the assistance of Alaska Housing Finance Corporation (AHFC) if needed, and to negotiate material amendments to Lease 2004-024411-0;

Comment [DC5]: insert

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WHEREAS, the existing Premises are not adequate to meet the needs of the Lessee, and the Lessee requires up to 64,000 gross square feet of office space and approximately ninety (90) off-street parking spaces in order to adequately house the offices of the legislature and legislative staff and to properly accommodate the public;

WHEREAS, a property directly adjacent to the existing Premises, located at 712 West 4th Avenue, when added to the existing Premises, will be adequate to meet the needs of the Lessee and, subject to successful negotiation with the property owner, the property may be made available to Lessee;

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WHEREAS, subject to the provisions of AS 36.30.083 and other applicable authority, the Lessee wishes to incorporate the existing Premises along with the property located at 712 West 4th Avenue into this Extension of Lease and Lease Amendment, and further, to reference the combined real property parcels as the "Premises" for the purposes of this Extension of Lease and Lease Amendment;

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WHEREAS, the Premises must be renovated in order to meet the needs of the Lessee and subject to successful negotiation between the parties, a renovation plan and renovation schedule will be documented as Exhibit "A" and Exhibit "B" of this Extension of Lease and Lease Agreement;

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WHEREAS, Alaska Legislative Procurement Procedures designate the chairman of the Legislative Council as procurement officer with respect to contracts of the Legislative Affairs Agency. (Lessee) the chairman has made a written determination under Procurement Procedures Section 040(d) (Exhibit F) that Lease 2004-024411-0 may be materially modified without procurement of a new Lease to include the property known as 712 West Fourth Avenue;

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NOW, THEREFORE LESSOR AND LESSEE AGREE that Lease 2004-024411-0 is hereby extended pursuant to AS 36.30.083 and amended pursuant to Legislative Procurement Procedure sec. 040(d) as follows:

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~~WHEREAS, the Lessee wishes to expand its space by enlargement of the Premises to bring the total combined building area leased at 712 and 716 West Fourth Avenue to approximately 46,207 rentable64,048 gross square feet of office space, and 9,219 square feet of basement spacebuilding space, and approximately ninety (90) reserved off street parking places consisting of all parking spaces on the upper and lower parking garage at 716 West Fourth Avenue, and to further renovate the existing Premises in accordance with the attached Exhibit "A" and as specified herein;~~

- Comment [DC7]: 103??

~~WHEREAS, the enlarged and renovated space ("Premises") are more fully described in the attached Exhibits, which are appended to this Lease and are a material part of it:~~

~~EXHIBIT A ——— BUILDING PLANS AND SPECIFICATIONS ("Approval Plans");~~

~~EXHIBIT B ——— DELIVERY SCHEDULE;~~

~~EXHIBIT C ——— INTERIM SPACE & PARKING;~~

~~EXHIBIT D ——— CORE AND SHELL/TENANT IMPROVEMENT DEMARCATION;~~

~~EXHIBIT E ——— VOICE — DATA — SECURITY; and~~

~~WHEREAS, Alaska Legislative Procurement Procedures designate the chairman of the Legislative Council as procurement officer with respect to contracts of the Legislative Affairs Agency. (Lessee) the chairman has made a written determination under Procurement Procedures Section 040(d) (Exhibit F) that Lease 2004-024411-0 may be materially modified without procurement of a new Lease to include the property known as 712 West Fourth Avenue, and the Alaska Housing Finance Corporation has acted as Lessee's representative;~~

- Comment [DC8]: insert

- Comment [DC9]: Define? Per LC motion dated 6/7/13. Reference MOU?

~~NOW, THEREFORE LESSOR AND LESSEE AGREE that Lease 2004-024411-0 is hereby extended purusantpursuant to AS 36.30.083 and amended pursuant to Legislative Procurement Procedure sec. 040(d) as follows:~~

Sec. 1 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION #2 BEGINS HERE...

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1. **RENTAL PROPERTY AND RENTAL RATE:** The Lessor leases to the Lessee and the Lessee leases from the Lessor the Premises, hereinafter "Premises," described as follows:

Approximately 64,048 square feet of gross building space which consists of all space as delineated by the Approval Plans in the buildings located at 716 West 4th Avenue in Anchorage, Alaska at Lot 3A, Block 40, of the Original Townsite of Anchorage, according to the official plat thereof, Third Judicial District, State of Alaska, and 712 West Fourth Avenue described in the records of the Anchorage Recording District, Third Judicial District, as the West 39 and 1/2 feet of Lot (2), Block (40), Original Townsite of Anchorage.

Comment [DC10]: Approved?

Comment [DC11]: Core & Sheel w/Tenant Improvements Allowance? See (3.d this document)

and approximately 90 parking spaces consisting of all parking on the upper and lower parking garage at 716 West Fourth Avenue for a term of ten (10) years beginning June 1, 2014, and terminating at 11:59 p.m. on May 31, 2024. The Base Monthly Rental is \$230,630 (this number needs to be grossed up to include the cost of Property Taxes and Insurance) except that for the period of June 1, 2014, through January 1, 2015, or until the Lessee's final acceptance of the Premises, the Base Monthly Rental will be reduced to either the Lessor's actual cost of providing interim space to the Lessee or the per square foot cost for office space as provided in Renewal of Lease Number 5 whichever is less, while the renovation is underway and prior to final acceptance of the renovated Premises by the Lessee. The Lessee shall not at any time pay rent on the portion of the Premises in 712 and 716 West Fourth Avenue until the Lessee's final acceptance of the Premises.

Comment [DC12]: 103??

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Comment [DC13]: 2015?

The rent shall be adjusted the first of July of each year beginning in 2016 by an increase of 3% over the previous month's rent.

Comment [DC14]: Conflicts with "substantial completion Language section 3. MOA Certificate of Occupancy?

The monthly rental payments shall be due and payable on the first day of each month of the Lease and shall be sent electronically to an account to the Lessor's wire transfer account number . All other communication shall be sent by first class mail to Lessor whose address is listed above.

Execution of this Extension of Lease and Lease Amendment No. 3 was authorized by Legislative Council on June 7, 2013.

Comment [DC15]: Lessee?

COST SAVINGS REQUIRED BY AS 36.30.083(g)

A minimum cost savings of at least 10 percent below the market rental value of the real property at the time of this extension will be achieved on the rent due under this Lease according to a broker's opinion of market rental value. (See Exhibit G; Executive Director's Cost Saving Calculation and Report to Auditor AS 36.38.083(b)). Under AS 36.30.083(a), therefore, neither advance appropriation nor any other legislative approval of this extension is legally required. In addition to any other right of the Lessee under this Lease to terminate the Lease, if, in the judgment of the Legislative Affairs

Comment [DC16]: Define

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Agency Executive Director, sufficient funds are not appropriated, the Lease will be terminated by the Lessee as of the date appropriated funds are exhausted, or amended by mutual agreement of the Parties. To terminate under this section, the Lessee shall provide not less than 90 days written notice of the termination to the Lessor.

PROPOSED SUBSTITUTION #2:

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1.1. DESCRIPTION OF PREMISES; LEASE TERM; MONTHLY LEASE RATES, RENTAL PROPERTY AND RENTAL RATE; T

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a. The Lessor hereby leases to the Lessee and the Lessee hereby leases from the Lessor the Premises, hereinafter "Premises," described below as follows:

All Approximately 46,20764,048 square foot of office space and 9,219 square foot of basement gross building space which consists of all net rentable office space within the office building all space within the parking parking garage, and all real property located at 716 West 4th Avenue on as delineated by the first through sixth floors and approximately 9,219 square feet of storage space in the basement, Approval Plans in the buildings located at 716 West 4th Avenue in Anchorage, Alaska at further described as Lot 3A, Block 40, of the Original Townsite of Anchorage, according to the official plat thereof, Third Judicial District, State of Alaska; and all space located within the building and all real property located at 712 West Fourth Avenue in Anchorage, Alaska further described as in the records of the Anchorage Recording District, Third Judicial District, as the West 30 and 1/2 feet of Lot (2), Block (40), Original Townsite of Anchorage.

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Comment [DC17]: Approved?

Comment [DC18]: Core & Sheel w/Tenant Improvements Allowance? See (3.d this document)

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The Premises include approximately 64,000 gross square feet of building space and approximately ninety (90) off-street parking spaces.

b. The term of this Extension of Lease and Lease Amendment (Lease) begins the date it is signed by both parties (the Effective Date) and ends ten (10) years following the Effective Date unless extended by mutual agreement as provided in Section of this Agreement.

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c. Base Monthly Rental and approximately 90 parking spaces consisting of all parking on the upper and lower parking garage at 716 West Fourth Avenue

Comment [DC19]: 103??

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On the Effective Date thefor a term of ten (10) years beginning June 1, 2014, and terminating at 11:59 p.m. on May 31, 2024. The Base Monthly Rental shall beis per square foot each month for rentable office space, \$

For the period from June 1, 2014 through January 1, 2015, while the Premises are being renovated and up through the date the Lessee takes final acceptance and occupancy (defined as the time the Municipality of Anchorage has issued a certificate of occupancy and the Lessee has agreed to take occupancy) of the Premises (the Renovation Period)

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the Lessor will provide the Lessee with interim office space and parking (Interim Space). During the Renovation Period and while the Lessee is occupying Interim Space, the Base Monthly Rental will be reduced to the lesser of the amounts that follow:

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1. To an amount equivalent to the actual costs the Lessor incurs in providing the Lessee with Interim Space during the Renovation Period, including all costs of moving the Lessee to and from different space throughout the Renovation Period; or

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2. The Base Monthly Rental rate paid on May 1, 2014 per the provisions of Renewal of Lease Number 5 230,630 (this number needs to be grossed up to include the cost of Property Taxes, and _____ per square foot for basement space insurance) except that for the period of June 1, 2014, through January/October 1, 2015, or until the Lessee's final acceptance of the Premises, the Base Monthly Rental will be reduced to either the Lessor's actual cost of providing interim space to the Lessee or the per square footage/foot cost for office space as provided in Renewal of Lease Number 5 whichever is less, while the renovation is underway and prior to final acceptance of the renovated Premises by the Lessee. The Lessee shall not at any time pay rent on the portion of the Premises in 712 and 716 West Fourth Avenue until the Lessee's final acceptance of the Premises.

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Comment [DC20]: 2015?

3. Notwithstanding Option #1 and Option #2 above, the Lessee shall not pay rent in any amount for the portion of the Premises located at either 712 W 4th Avenue or 716 W 4th Avenue if the Lessee is not occupying space in the respective building and the Monthly Base Rent shall be adjusted accordingly.

Comment [DC21]: Conflicts with "substantial completion Language section 3. MOA Certificate of Occupancy?"

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d. Base Monthly Rental Adjustments

The rent shall be adjusted the first of July of each year beginning in 2014 to reflect changes in the Lessor's variable costs. Variable costs are defined as all operational costs other than debt service and profit and further defined for the purpose of the Lease as thirty five percent (35%) of the Base Monthly Rental Rate. The adjustment will be based on the percentage of change, between 2013 and the calendar year before the calendar year of the adjustment, in the U.S. Department of Labor Consumer Price Index for all Urban Consumers, Anchorage Area (CPI-U). The Annual Adjusted Monthly Rental Rate will be computed as follows:

PERCENTAGE OF CHANGE IN CPI-U

(Annual average CPI-U for the calendar year preceding the year of adjustment) - (Annual average CPI-U for the calendar year XX (XX)) = x

x/Annual average CPI-U for the calendar year XX (XX)% = y%

ADJUSTED MONTHLY RENTAL RATE

[(35% x Base Monthly Rental Rate) x % of change in CPI-U] + Base Monthly Rental Rate = Adjusted Monthly Rental Rate.

[(35% x Base Monthly Rental Rate) x y%] + Base Monthly rental Rate = Adjusted Monthly Rental Rate.

~~Retroactive adjustments will not be allowed.~~

~~The Base Monthly Rental ^{rent} shall be adjusted on July 1 of each year, beginning on July 1, 2016. The adjustment may not exceed 3% over the amount of the Base Monthly Rental rate paid on June 1 of the applicable year.~~

e. Monthly Lease Payments

~~The monthly lease payments are due and payable on the 1st day of each month. Payments may be made by wire transfer or as otherwise directed by the Lessor.~~

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1.2. AS 36.30.083(g) COST SAVINGS.

~~the first of July of each year beginning in 2016 by an increase of 3% over the previous month's rent.~~

~~The monthly rental payments shall be due and payable on the first day of each month of the Lease and shall be sent by first class mail to the office of electronically to an account to the Lessor's wire transfer account number. All other communication shall be sent by first class mail to Lessor whose address is listed above.~~

~~Execution of this Extension of Lease and Lease Amendment No. 3 was authorized by Legislative Council on June 7, 2013.~~

Comment [DC22]: Lessee?

COST SAVINGS REQUIRED BY AS 36.30.083(g)

~~A minimum cost savings of at least 10 percent below the market rental value of the real property at the time of this extension will be achieved on the rent due under this Lease according to a broker's opinion of market rental value. (See Exhibit G; Executive Director's Cost Saving Calculation and Report to Auditor AS 36.38.083(b)). Under AS 36.30.083(a), therefore, neither advance appropriation nor any other legislative approval of this extension is legally required. In addition to any other right of the Lessee under this Lease to terminate the Lease, if, in the judgment of the Legislative Affairs Agency Executive Director, sufficient funds are not appropriated, the Lease will be terminated by the Lessee as of the date appropriated funds are exhausted, or amended by mutual agreement of the Parties. To terminate under this section, the Lessee shall provide not less than 90 days written notice of the termination to the Lessor.~~

Comment [DC23]: Define

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~~The Base Monthly Rental rate paid for the Premises on the Effective Date has been determined to be at least ten (10) percent less than the average market value for similar space in downtown Anchorage, Alaska. Supporting documentation is attached as Exhibit G (Executive Director's Cost Saving Calculation and Report to Auditor AS 36.38.083 (b)).~~

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~~Under AS 36.30.083 (a), neither advance appropriation nor any other legislative approval of this Lease is legally required. In addition to any other right of the Lessee under this Lease to terminate the Lease, if, in the judgment of the Legislative Affairs Agency Executive Director, sufficient funds are not appropriated in an amount adequate to pay the then annual lease payments, the Lease will be terminated by the Lessee as of the date appropriated funds are exhausted, or will~~

be amended by mutual agreement of the Parties. To terminate under this section, the Lessee shall provide not less than 90 days advance written notice of the termination to the Lessor.

Sec. 2 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION 3 BEGINS HERE ...

2. **ADA COMPLIANCE:** On the date of final acceptance and occupancy and throughout the entire occupancy of the Lessee, the Lessor shall ensure that the Premises (including, but not limited to, restrooms), the common areas (including, but not limited to, restrooms and parking area), and any subsequent alterations to the Premises shall meet the specifications of the ADA Accessibility Guidelines for Buildings and Facilities per the Americans with Disabilities Act (ADA), as currently written and as they may be subsequently amended (hereafter referred to as ADA compliance).

Under the previous paragraph, the Premises (including, but not limited to restrooms), the reserved parking spaces, the common areas (including, but not limited to, restrooms and parking area), and subsequent alterations must meet the ADA compliance requirements as they apply to a public entity. The Lessor must provide space that meets the same level of ADA compliance as if the leased space were in a newly constructed State-owned facility from which all program services are directly delivered to the public.

The Lessee's acceptance of the Lessor's space and alterations and any inspection by the Lessee do not relieve the Lessor of responsibility for ADA compliance.

If these provisions on ADA compliance conflict with another provision in this Lease, these provisions govern.

In this section 2, "space" includes the Premises (including, but not limited to, restrooms), common areas of the building (including, but not limited to, restrooms), and the access to the Premises and common areas.

Prior to occupancy date, the Lessor must furnish an ADA Facility Audit Report from an architect registered to practice in the State of Alaska. The report must be prepared, at no cost to the Lessee, after the completion of any new construction or any alteration of the existing space. The ADA Facility Audit Report must indicate that the space complies with all the requirements of the ADA compliance and this section.

PROPOSED SUBSTITUTION #3:

2. **ADA COMPLIANCE:** On the date of final acceptance and occupancy and throughout the entire occupancy of the Lessee, the Lessor shall ensure that the Premises, and any improvements or alterations to the Premises, and all accessible routes shall meet the specifications of the ADA Accessibility Guidelines for Buildings and Facilities per the

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Comment [DC24]: All required accessible routes,

Comment [DC25]: All required accessible routes,

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Americans with Disabilities Act (ADA), as currently written and as they may be subsequently amended (hereafter referred to as ADA compliance).

Under the previous paragraph, the Premises, and any improvements or alterations to the Premises, and all accessible must meet the ADA compliance requirements as they apply to a public entity. The Lessor must provide space that meets the same level of ADA compliance as if the leased space were in a newly constructed State-owned facility from which all program services are directly delivered to the public. (RECOMMEND DELETING THE PREVIOUS SENTENCE: IT IS AN IMPOSSIBLE STANDARD TO MEET DUE TO ONGOING CHANGES IN BUILDING CODES.)

The Lessee's acceptance of the Premises, and any improvements or alterations, and any inspection by the Lessee do not relieve the Lessor of its responsibility for ADA compliance.

If these provisions on ADA compliance conflict with another provision in this Lease, the provisions of this section shall govern.

Prior to the date of final acceptance and occupancy, the Lessor, at its own expense, must furnish the Lessee with an ADA Facility Audit Report prepared by an architect registered to practice in the State of Alaska certifying that the Premises comply with all requirements of the current version of the ADA and this section.

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Sec. 3 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION #4 BEGINS HERE ...

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3. **RENOVATION AND DELIVERY OF PREMISES.** The Lessor agrees to renovate the Premises consistent with the terms and provisions of Exhibits A - B, and applicable law.

The Lessor shall provide Interim space for Lessee during the period of renovation (the "Interim Space Period"). The Interim Space Period shall commence January 1, 2014 and shall end no later than December 31, 2014 (the "Substantial Completion" date). Lessor shall establish and Lessee shall approve improvements to the building core and shell and systems, including improvements to mechanical, electrical, plumbing, fire protection, exterior glazing, roofing, elevator and lobby finishes. Upon request and within two (2) business days, Lessors shall provide AHFC, Lessee's agent, with access to plans and supporting documents described in Exhibits A - B.

Comment [DC26]: Tenant Improvements 3 (d.)

a. On the date of Substantial Completion and final acceptance of the Premises by the Lessee, including but not limited to the parking lot and all restrooms, the Premises shall be compliant with the ADA accessibility Guidelines for buildings and Facilities per the American with Disabilities Act ("ADA") Appendix A to 28 CFR 36, as currently written and as they may be subsequently amended. Compliance shall be as applied to a public entity.

Comment [DC27]: Conflicting terms clarify Core & Shell or Tenant improvements for beneficial occupancy? MOA to provide Certificate of Occupancy

b. On the date of Substantial Completion and final acceptance of the Premises by the Lessee, all improvements shall conform to all applicable state, federal and local laws ordinances, codes and regulations pertaining to the Premises and any lesser standard set forth in this Lease shall not excuse Lessor from complying with such applicable law.

The Lessor shall be responsible for the performance and cost of the work required under this Lease to deliver the Premises in accordance with the Approval Plans and applicable law.

c. All work required for the enlargement and renovation shall meet all of the Wage Related requirements as further detailed in Section 24 of Lease 2004-024411-0 as amended and extended. Lessor must comply with all Environmental Laws and other applicable federal and state labor, wage/hour, safety and associated laws that apply to the Lease and Premises and must have all licenses and permits required by the state or municipality for the performance of the work required under the Lease.

Comment [DC28]: Verify Title 36 "Little Davis-Bacon"

Comment [DC29]: Applicable Municipal?

d. Tenant Improvements. The work set forth in the Approval Plans attached as Exhibit A is for the core, shell and all tenant improvements of the facility necessary for the Lessee to occupy the space. The demarcation between the core and shell improvements and the tenant improvement portion of the work will be delineated in the Approval Plans. The total cost of Tenant Improvements has been established at \$7,685,760.00 based on a cost of \$120.00 per gross square foot. As a component of its cost to complete the work per the Approval Plans the Lessor will include the cost of a tenant improvement allowance of \$2,685,760.00 in its costs, which costs shall be included within the Rental rate established in Section 1. The Lessee shall pay to Lessor a lump sum amount of \$5,000,000.00 for the balance of the cost of the Tenant Improvements. Lessee's payment of the lump sum amount shall be due and payable on the date of Substantial Completion.

Comment [DC30]: and

Comment [DC31]: approved?

e. Furniture Fixtures and Equipment. Lessee shall separately obtain, install and pay for its own furniture, fixtures and equipment.

Comment [DC32]: Define fixtures

f. During the period of renovation and construction, Lessor agrees to provide suitable interim space for the Lessee until thirty (30) days after the beginning of the month that Lessee takes final acceptance of the Premises.

~~3. **RENOVATION AND DELIVERY OF PREMISES.** The Lessor agrees to enlarge and renovate the Premises consistent with Exhibits A - EB, and applicable law. Lessor shall provide interim space for Lessee during the period of renovation (the "Interim Space Period"). The Interim Space Period shall commence January 1, 2014 and shall end no later than December 31, 2014 (the "Substantial Completion" date). Lessor shall establish and Lessee shall approve improvements to the building core and shell and systems, including improvements to mechanical, electrical, plumbing, fire protection, exterior glazing, roofing, elevator and lobby finishes. Upon request and within two (2) business days, Lessors shall provide AHFC, Lessee's agent, with access to plans and supporting documents described in Exhibits A - EB.~~

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Comment [DC33]: Tenhant Improvements 3 (d.)

~~a. On the date of Substantial Completion and final acceptance of the Premises by the Lessee, including but not limited to the parking lot and all restrooms, the Premises shall be compliant with the ADA accessibility Guidelines for buildings and Facilities per the American with Disabilities Act ("ADA") Appendix A to 28 CFR 36, as currently written and as they may be subsequently amended. Compliance shall be as applied to a public entity.~~

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Comment [DC34]: Conflicting terms clarify Core & Shell or Tenant improvements for beneficial occupancy? MOA to provide Certificate of Occupancy

b. On the date of Substantial Completion and final acceptance of the Premises by the Lessee, all improvements shall conform to all applicable state, federal and local laws ordinances, codes and regulations pertaining to the Premises and any lesser standard set forth in this Lease shall not excuse Lessor from complying with such applicable law. The Lessor shall be responsible for the performance and cost of the work required under this Lease to deliver the Premises in accordance with the Approval Plans and applicable law.

c. All work required for the enlargement and renovation shall meet all of the Wage Related requirements as further detailed in Section 24 of Lease 2004-024411-0 as amended and extended. Lessor must comply with all Environmental Laws and other applicable federal and state labor, wage/hour, safety and associated laws that apply to the Lease and Premises and must have all licenses and permits required by the state or municipality for the performance of the work required under the Lease.

d. Tenant Improvements. The work set forth in the Approval Plans attached as Exhibit A is for the core and shell only, and all tenant improvements of the facility necessary for the Lessee to occupy the space. The demarcation between the core and shell improvements and the tenant improvement portion of the work will be delineated in the Approval Plans. The total cost of Tenant Improvements has been established at \$7,685,760.00 based on a cost of \$120.00 per gross square foot. As a component of its cost to complete the work per the Approval Plans the Lessor shall provide will include the cost of a tenant improvement allowance of _____ per square foot for office space. Tenant shall provide and \$2,685,760.00 in its costs, which costs shall be included within the Rental rate established in Section 1. The Lessee shall pay at its sole expenseto Lessor a lump sum amount of \$5,000,000.00 for the cost of all Tenant Improvements as further delineated in Exhibit E that exceed the tenant improvement allowance. The total cost of balance of the cost of the Tenant Improvements shall be _____. Lessor shall cause its contractor to construct the Tenant Improvements upon Lessee's payment of the total cost, or the covenant hereby established to pay for such costs upon a percentage completion basis, or if Lessee prefers, such work can be bid out by Lessee to independent contractors; however, Lessee's independent contractor shall not have access to the Premises until the date of final acceptance by the Lessee, and Lessee shall pay full Rent beginning lump sum amount shall be due and payable on the date of Substantial Completion, date of final acceptance by the Lessee. If Lessee elects to use Lessor's contractor to do the work, then the Commencement Date and the Date of Substantial Completion shall include the installation of all Tenant improvements.

e. Furniture, Fixtures, and Equipment. Lessee shall separately obtain, install and pay for its own furniture, fixtures and equipment.

f. During the period of renovation and construction, Lessor agrees to provide suitable interim space for the Lessee until thirty (30) days after the beginning of the month that Lessee takes final acceptance of the Premises.

PROPOSED SUBSTITUTION #4:

Comment [DC35]: Verify Title 36 "Little Davis-Bacon"

Comment [DC36]: Applicable Municipal?

Comment [DC37]: and

Comment [DC38]: approved?

Comment [DC39]: Define fixtures

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3. RENOVATION AND DELIVERY OF PREMISES. The Lessor agrees to renovate the Premises consistent with the provisions of Exhibit "A", Exhibit "B", and applicable law.

Exhibit "A" and Exhibit "B" describe all terms and conditions of the renovations to be completed by the Lessor and incorporate the drawings, schematics, deliverables, and schedule of work for the same. (RECOMMEND DELETING EVERYTHING ELSE IN THIS SECTION ... THE RENOVATION PLAN AND SCHEDULE WILL BE WORKED OUT LATER AND SHOULD NOT BE REPEATED IN THE BODY OF THE LEASE ... LESS CHANCE FOR REDUNDANCY, CONFLICT, ERRORS, ETC.).

The Lessee shall pay \$5,000,000 to Lessor in the form of a lump payment toward the cost of the renovation of the Premises. The balance of the renovation costs, if any, will be amortized over the term of the Lease.

The Lessee is responsible for the acquisition of and installation of its own furniture, fixtures and equipment and shall schedule the same in a manner that does not conflict with the progress of the renovation work.

Sec. 4 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION #5 BEGINS HERE ...

4. UTILITIES AND SERVICES: The Lessor/Lessee shall provide, at no additional cost beyond pay for on its own account the rental payments cost of property management Services if desired by Lessee, all utilities, including, but not limited to, heat, electricity, sewage, potable water, and trash removal from the Premises, except that the Lessee will pay its own telephone and cable utility bills and provide its own janitorial services per Section 18, security services, alarm system monitoring and repair, periodic system inspections and repairs including, fire alarm, fire extinguishers, elevators, HVAC systems, interior and exterior lighting systems maintenance and repairs, interior and exterior light fixture lamp replacements, sign repairs and replacements, exterior premises maintenance including sidewalk and drive way sweeping and snow removal, electrical system repairs and maintenance, plumbing systems repairs and maintenance, periodic painting and periodic carpet replacement as needed to maintain the premises in a clean and like new condition normal daily wear and tear excepted, walk off mats as needed, carpet cleaning and pest control.

The Lessor/Lessee, shall remove snow and ice from sidewalks, entrances, parking areas, and other areas as applicable to an extent which will render the areas safe to pedestrian traffic and automobile operation. The Lessor will also provide, at no additional cost beyond the rental payments, its building maintenance staff to promptly permit the Lessee to lower and raise the Alaska State Flag and United States Flag, that are installed outside the building, whenever requested/desired by the Lessee to do so.

In addition to any Lessor supplied and Lessee operated security systems the Lessee shall provide its own daily manned security service at no cost to the Lessee, consisting of to include building security checkchecks to make sure all doors are locked, and that all after hour security systems, including surveillance of the Premises are operating.

Comment [DC40]: Effective upon occupancy

Comment [DC41]: Typo?

Comment [MP42]: Remove this

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Lessor shall be responsible to maintain the Roof free from leaks, the parking structure (note that day to day parking lot maintenance shall be provided by Lessee per Section 15 herein) and the building structure

PROPOSED SUBSTITUTION #5:

4. The Lease shall be what is described as a "triple net lease".

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LESSOR'S RESPONSIBILITY AND COSTS:

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a. The installation and maintenance of all structural components, core components, roof membrane/surface, and building systems that are incorporated into the Premises, including but not limited to: HVAC, elevators, plumbing, electrical, and fire suppression systems.

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b. Providing city water and sewer, electric service, and other public utility service to the Premises.

c. Parking lot repair, striping, work required to maintain conformance with ADA or other accessibility issues.

d. Any/all work required to maintain conformance with ADA or other accessibility issues.

e. Extraordinary maintenance – replacing worn carpeting, painting interior walls, replacing damaged casework; every 10 years.

f. Exterior lighting repair/replacement.

g. Interior lighting repair/replacement.

h. Plumbing fixture repair/replacement.

i. Elevator inspection/repair/replacement.

j. HVAC inspection/maintenance/repair/replacement.

k. Fire suppression system inspection/maintenance/replacement.

l. The payment of any/all pending or levied assessments.

m. Other services or maintenance as may be agreed by the parties.

LESSEE'S RESPONSIBILITY AND COSTS:

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a. Building janitorial service and supplies.

b. Landscaping and grounds maintenance.

c. Interior and exterior window washing.

d. Parking lot sweeping, sanding and snow removal.

e. Interior and exterior light bulb replacement.

f. Hallway and entrance walk-off mats.

g. Carpet cleaning.

h. Professional property management services.

i. Real property taxes (reimburse Lessor).

j. Downtown business district assessments (reimburse Lessor).

k. Monthly utility service: water, gas, electric, sewer (either established in Lessee's name or reimburse Lessor).

l. Post renovation/following final acceptance and occupancy installation and maintenance of all data cables and systems. Initial installation is described in Exhibit "A" and Exhibit "B".

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m. Post renovation/following final acceptance and occupancy installation and maintenance of internet service to the Premises. Initial installation is described in Exhibit "A" and Exhibit "B".

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n. Property casualty insurance (reimburse Lessor).

o. Security guards or other security services.

p. Post renovation/following final acceptance and occupancy installation and maintenance of key-card or other access system. Initial installation is described in Exhibit "A" and Exhibit "B".

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q. Installation, maintenance, and use of a flagpole.

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Sec. 5 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION #6 BEGINS HERE ...

5. **ELECTRICAL REQUIREMENTS:** The Lessor shall ensure that the requirements in this sec. 5 ("Electrical Requirements") are met.

A. **ELECTRICAL WIRING STANDARDS:** All electrical work performed and electrical systems shall comply with the following codes or rules:

1. the National Electrical Code of National Board of Fire Underwriters;
2. the rules, regulations, and codes of the State, and the applicable municipality;

3. the standardized rules of the National Electrical Manufacturer's Association.

The above minimum requirements shall not preclude the use of higher-grade materials or better workmanship.

B. **POWER DISTRIBUTION:** The power distribution system serving the leased space shall include distribution equipment to provide 120-volt single phase and 208-volt or 240-volt single-phase power. Receptacle loads, branch circuits, panel boards and feeder loads shall be less than 50% of the associated circuit breaker rating. Loads shall be calculated in accordance with the National Electrical Code. All panel boards shall have a minimum of 25% vacant space for future expansion.

C. **LIGHTING:** Lighting fixtures shall be provided which are capable of producing well diffused illumination at working levels of no less than 75 FT-C in office and clerical areas; no less than 30 FT-C in lobbies, restrooms, and similar areas; and no less than 3 FT-C in parking areas. Fixtures shall be provided with louvers or plastic diffusers. Bare lamp fixtures will not be acceptable. Specified illumination levels must be at task surface height (generally 30 inches above floor) unless noted otherwise. For types of spaces not listed, illumination levels in accordance with current IES recommendations must be provided.

All fixtures shall be cleaned, with lamps and lenses to be replaced prior to occupancy and to be in like-new condition.

D. **SWITCHING:** Individual switching shall be provided for each room or area. Switches shall be located inside the lighted space, adjacent to the entry, accessible with doors open or closed. In lieu of or in addition to the previous sentence, lighting may be controlled by a building control system. Motion detectors are acceptable in lieu of switches for all spaces except open offices. Three- or four-way switching, as appropriate, must be provided in corridors and large rooms with more than one entry.

E. **ELECTRICAL OUTLETS:** Office and similar type workspace shall be provided with ~~not less than one duplex outlet every 8 linear feet of wall space and outlets as identified on the Approval Plans which shall be~~ connected to the standard electrical system. ~~If additional outlets are required, the Lessee shall be responsible for these costs; however, the Lessor shall be responsible for maintaining all outlets in good working order.~~

In toilet rooms provide a minimum of one duplex receptacle (with ground fault protection) above the counter, adjacent to sink or mirror, and a minimum of one general use receptacle.

A 120V, 20 amp dedicated outlet shall be provided in each room designated as a copy room.

F. **DOCUMENTATION:** The Lessor shall post a floor plan at each circuit breaker panel with labeling to correspond to individual circuit breaker labels, and keep the posted floor plan up to date.

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PROPOSED SUBSTITUTION #6:

5. ELECTRICAL REQUIREMENTS:

A. The electrical requirements of the Premises are detailed in Exhibit "A" and Exhibit "B".

B. The Lessor shall post a schematic at each circuit breaker panel with labeling to correspond to individual circuit breaker labels and shall keep the posted plan up to date.

F.

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Sec. 6 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION #7 BEGINS HERE ...

6. PLUMBING REQUIREMENTS:

A. **RESTROOMS:** The Lessor shall provide adequate toilet and lavatory facilities for men and women in compliance with all applicable codes and the State's safety regulations (in addition to sec. 2, "ADA Compliance" of this Lease). Each toilet room shall have single entrance doors, with automatic door closers or other approved entrance arrangement. They shall be equipped or provided with stall partitions with doors. They shall also be provided with adequate mirrors, soap, tissue and paper towel dispensers, sanitary napkin dispensers in the women's restrooms, deodorizers, sanitary tissue seat cover dispensers, and ventilation. Each restroom shall have hot and cold running water. ~~Public restrooms shall not be located within the Lessee's leased space. Access to the public restrooms may not be through the Lessee's leased space.~~

B. **DRINKING WATER:** ~~The tap water shall be~~ suitable for drinking purposes shall be provided through drinking fountains ~~or water coolers~~ located at a central location in the main hallways on each floor. ~~If the tap water is deemed unsuitable for drinking purposes the Lessor shall provide water cooler~~ on each floor.

Comment [DC43]: A?

PROPOSED SUBSTITUTION #7:

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6. PLUMBING REQUIREMENTS:

A. The plumbing requirements of the Premises are detailed in Exhibit "A" and Exhibit "B".

~~If water coolers are provided, the delivered bottled water with disposable paper cups, are supplied by the Lessor at no additional cost to the Lessee.~~

Sec. 7 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION #8 BEGINS HERE ...

7. **HEATING, COOLING, AND VENTILATION REQUIREMENTS:**

A. **HEATING AND COOLING:** Facilities shall be provided to maintain the temperature in all the offices and similar type space uniformly within 68 degrees F to 78 degrees F range. If the temperature is not maintained within the 68 degrees F to 78 degrees F range for a period of more than two consecutive working days, the Lessor shall, upon receipt of a written complaint from the Lessee, provide suitable temporary auxiliary heating or cooling equipment, as appropriate, to maintain the temperature in the specified range. If such temporary auxiliary equipment is necessary to meet normal weather contingencies for more than 21 consecutive working days, the Lessor shall, not later than the 21st working day, initiate a continuing and diligently applied effort to rectify the deficiency causing the failure in order to uniformly maintain the temperature range required. If after 42 consecutive working days the temporary auxiliary equipment is still necessary to meet normal weather contingencies, the Lessee shall be free to hold the Lessor in default, it being considered that the Lessee has proffered a reasonable amount of time for the Lessor to effect suitable modification or repair to the building in order to maintain the specified temperature range without resort to temporary auxiliary devices. "Working days" for the purpose of this section shall be defined as days normally scheduled by the Lessee as open for the conduct of its normal operations. ~~The Lessor shall be responsible for maintaining the space uniformly above 68 degrees F. The Lessee will be responsible for obtaining and installing, at its own cost, cooling equipment to maintain the space uniformly if temperatures rise above 78 degrees F during the summer months. The Lessee accepts the space as is with opening windows.~~ Notwithstanding the above responsibilities of the Lessor to provide a system capable of meeting the above described specifications and in conformance with the Approval Plans, upon occupancy the Lessee shall be responsible for maintaining the system including all periodic maintenance necessary for the system to operate properly. Prior to the activation of the system and Lessee's acceptance of the same and occupancy of the space by Lessee, the Lessor shall provide training to Lessee's designated Property Manager, if any, and any of Lessee's contracted vendor's on the condition that Lessor shall be required to provide said training in no more than two (2) sessions.

B. **VENTILATION:** Adequate ventilation shall be provided in accordance with the mechanical code adopted by the Department of Public Safety for the State or ventilation may be provided by windows with screens that open. If provided by a mechanical system, ventilation shall be served by a mechanical system providing not less than six to eight changes of air per hour at a uniform temperature of 68 degrees F and a minimum of 0.25 CFM of outside air per square foot of floor space. The design of a mechanical ventilation system shall provide a control allowing varying amounts up to 100% of outside air to be used at times when heating is not required.

PROPOSED SUBSTITUTION #8:

6. HEATING, COOLING AND VENTILATION (HVAC) REQUIREMENTS:

Comment [DC44]: Double space typo

Comment [DC45]: After the one year warranty period?

Comment [DC46]: And video record for future reference by Lessee

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A. The HVAC installation requirements of the Premises are detailed in Exhibit "A" and Exhibit "B".

B. **HEATING AND COOLING:** Facilities shall be provided to maintain the temperature in all the offices and similar type space uniformly within 68 degrees F to 78 degrees F range.

If the temperature is not maintained within the 68 degrees F to 78 degrees F range for a period of more than two consecutive working days, the Lessor shall, upon receipt of a written complaint from the Lessee, provide suitable temporary auxiliary heating or cooling equipment, as appropriate, to maintain the temperature in the specified range. If such temporary auxiliary equipment is necessary to meet normal weather contingencies for more than 21 consecutive working days, the Lessor shall, not later than the 21st working day, initiate a continuing and diligently applied effort to rectify the deficiency causing the failure in order to uniformly maintain the temperature range required. If after 42 consecutive working days the temporary auxiliary equipment is still necessary to meet normal weather contingencies, the Lessee shall be free to hold the Lessor in default, it being considered that the Lessee has proffered a reasonable amount of time for the Lessor to effect suitable modification or repair to the building in order to maintain the specified temperature range without resort to temporary auxiliary devices. "Working days" for the purpose of this section shall be defined as days normally scheduled by the Lessee as open for the conduct of its normal operations.

C. **VENTILATION:** Adequate ventilation shall be provided in accordance with the mechanical code adopted by the Department of Public Safety for the State or ventilation may be provided by windows with screens that open.

B. _____

Sec. 8 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION # 9 BEGINS HERE...

8. **WINDOW COVERING REQUIREMENTS:** All outside windows shall be equipped with blinds, or other approved material and shall be installed, ready for use with all necessary hardware when the Lessee occupies the rental Premises. Window coverings shall be of good quality and appearance matching the décor of the space and shall adequately reduce incoming heat and light to a comfortable level.

Sec. 9 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION #9:

8. **WINDOW COVERING REQUIREMENTS:** Window covering requirements are detailed in Exhibit "A" and Exhibit "B".

All outside windows shall be equipped with blinds, or other approved material and shall be installed, ready for use with all necessary hardware when the Lessee occupies the rental

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~~Premises. Window coverings shall be of good quality and appearance matching the décor of the space and shall adequately reduce incoming heat and light to a comfortable level.~~

Sec. 9 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION #10 BEGINS HERE ...

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9. **FLOOR COVERING REQUIREMENTS:** The Lessor is responsible for covering office floors with a good quality of commercial grade carpeting and other floors with carpet, suitable linoleum, or tile of standard size which is free of defects. ~~The Agency reserves the right to select the colors for floor coverings.~~

~~The Lessor/Lessee shall use grating, runners, rubber finger mats or other aggressive methods at the front entrance to the building and the Premises to minimize tracking dirt, snow or ice into the space.~~

PROPOSED SUBSTITUTION #10:

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9. **FLOOR COVERING REQUIREMENTS:** Floor covering requirements are described in Exhibit "A" and Exhibit "B". In addition, the Lessor is responsible for replacing floor coverings at least once every ten (10) years or sooner if needed, provided the sooner replacement is not required due to extraordinary wear and tear or other fault of Lessee.

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The Lessee shall use grating, runners, rubber finger mats or other aggressive methods at the front entrance to the building and the Premises to minimize tracking dirt, snow or ice into the space.

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Sec. 10 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION #11 BEGINS HERE ...

10. **ACOUSTICAL REQUIREMENTS:** The Lessor shall equip all offices and similar type space with acoustical ceiling tiles, panels, or other sound absorption material. The Lessor shall provide a Preferred Noise Criteria (PNC) level of 35 to 45, including noise infiltration through opened windows, if windows that open are provided. Acoustical control must be sufficient to permit conferences, waiting room noise and office work to progress simultaneously. It is the Lessor's responsibility to ascertain the proper combination of sound absorption material on ceilings, walls, and floors to achieve the specified preferred noise criteria level.

PROPOSED SUBSTITUTION #11:

10. **ACOUSTICAL REQUIREMENTS:** Acoustical requirements are described in Exhibit "A" and Exhibit "B".

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Sec. 11 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION #12 BEGINS HERE ...

11. **PARTITION REQUIREMENTS:** Unless otherwise specified by the Lessee, the Lessor shall ensure that all partitions shall be floor to ceiling, flush type and shall be drywall constructions, and the finish shall be paint, paneling, or other Lessee approved material.

PROPOSED SUBSTITUTION #12:

11. **PARTITION REQUIREMENTS:** Partition requirements are described in Exhibit "A" and Exhibit "B".

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Sec. 12 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION #13 BEGINS HERE ...

12. **PAINTING REQUIREMENTS:** All surfaces which normally would be painted shall be finished with a minimum of two coats of interior latex paint on walls and suitable semi-gloss enamel on woodwork and bare metal. The Agency reserves the right to select the colors for areas to be newly painted.

PROPOSED SUBSTITUTION #13:

12. **PAINTING REQUIREMENTS:** Painting requirements related to the renovation are described in Exhibit "A" and Exhibit "B". In addition, the Lessor is responsible for repainting at least once every ten (10) years or sooner if needed, provided the sooner repaint is not required due to extraordinary wear and tear or other fault of Lessee. All surfaces which normally would be painted shall be finished with a minimum of two coats of interior latex paint on walls and suitable semi-gloss enamel on woodwork and bare metal. The Lessee reserves the right to select the colors for areas to be newly painted.

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Sec. 13 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION #14 BEGINS HERE ...

13. **DOOR HARDWARE REQUIREMENTS:** The Lessor shall ensure that the requirements of this section 10 are met. All doors shall be equipped with all necessary hardware. Cylinder locks and door checks shall be furnished and installed on all doors which open into public corridors or space otherwise accessible to other than those persons to be employed in the Premises. All locks shall be masterkeyed and duplicate individual keys

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shall be supplied as required to Lessee. Outside door keys shall be supplied as required by the Lessee.

PROPOSED SUBSTITUTION #14:

13. **DOOR HARDWARE REQUIREMENTS:** Door hardware requirements related to the renovation are described in Exhibit "A" and Exhibit "B". The Lessee is responsible for any subsequent (post-renovation - after final acceptance and occupancy) modification to door hardware that may be necessary to install additional components of a key card or other security system. The Lessee is responsible for the security and safekeeping of all keys to the Premises.

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Sec. 14 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION #15 BEGINS HERE ...

14. **VOICE AND DATA REQUIREMENTS:** The Lessor shall ensure that adequate telephone service is available and that all necessary conduit and other features necessary to satisfy the telephone company's requirements are included in the building. The Lessee will be responsible for performing, including, but not limited to, the costs of performing, the actual connection of telephone and communications equipment required by the Lessee to the telephone data room on the Premises.

PROPOSED SUBSTITUTION #15:

14. **VOICE AND DATA REQUIREMENTS:** Voice and data requirements are described in Exhibit "A" and Exhibit "B". The Lessee is responsible for the installation and maintenance of all voice, data, and internet service to the Premises post-renovation following final acceptance and occupancy.

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Sec. 15 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION #16 BEGINS HERE ...

15. **PARKING REQUIREMENTS:** ~~The Lessor shall ensure the requirements of this section 15 are met.~~

Reserved off-street parking shall be as provided in Section 1 of this Extension of Lease and Lease Amendment No. 3, and be of sufficient size to allow proper and easy parking, and have a hard and well-drained surface. ~~The area shall be marked "Reserved" to identify the private parking nature of each reserved space, and each space reserved by the Lessee within the area shall be at least 8-1/2 feet wide by 17 feet long and shall be marked to provide for proper parking and otherwise identified as private parking.~~

~~Approximately ninety (90) reserved parking spaces consisting of all upper and lower parking spaces in the parking garage at 716 West Fourth Avenue. All parking spaces shall be provided for the exclusive use of the Lessee. These ninety (90) parking spaces must be provided at no additional cost to the Lessee.~~

~~All ninety (90) of the reserved parking spaces provided for the exclusive use of the Lessee must be located in the parking lot adjacent to the west side of the 716 West 4th Avenue building. All parking locations must be well lit and have good accessibility in and out of the parking area. Lessee shall direct Lessor as to the initial stripping location and sizing of the parking areas as identified on the Approval Plans.~~

Comment [DC47]: MOA & ADA dictates?

~~Secs Lessee shall be responsible to maintain the parking areas, including snow removal sanding, sweeping and periodic stripping. Lessee shall manage the use of the above grade and below grade parking lot either through its own resources or by contract with a third party vendor. Lessor will provide improvements to the below grade parking facilities, per the Approval Plans, that will include the ability to secure the below grade space for access by a swipe card system or other agreed upon system. Lessee will provide that the above grade/surface parking lot is available to the public between the hours of 5:00pm and 6:00am Monday thru Friday and full time on Saturday's and Sunday's. Any revenue rates for public parking shall be as determined by Lessee and any collected revenue for public parking shall be the property of the Lessee or its vendors as Lessee may so choose. Lessee shall direct the initial signage installation requirements for the parking areas which Lessor shall install as provided in the Approval Plans. Thereafter the Lessee shall be responsible for signage maintenance and changes.~~

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PROPOSED SUBSTITUTION #16:

15. PARKING REQUIREMENTS: Parking requirements are described in Exhibit "A" and Exhibit "B".

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~~If additional parking is constructed, it shall be of sufficient size to allow proper and easy parking, and have a hard and well-drained surface. All parking locations must be well lit and have good accessibility in and out of the parking area.~~

~~Lessee shall be responsible to maintain the parking areas and to provide that the above grade/surface parking lot is available to the public between the hours of 5:00pm and 6:00am Monday thru Friday and full time on Saturdays and Sundays. Any revenue rates for public parking shall be as determined by Lessee and any collected revenue for public parking shall be the property of the Lessee or its vendors as Lessee may so choose. Lessee shall direct the initial signage installation requirements for the parking areas which Lessor shall install as provided in Exhibit "A" and Exhibit "B". Thereafter the Lessee shall be responsible for signage installation, maintenance and changes.~~

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~~Sec. 16, of the Lease is deleted and restated as follows:~~

PROPOSED SUBSTITUTION #17 BEGINS HERE ...

16 **FIRE PREVENTION:** The Lessee shall maintain the premises in keeping with good fire prevention practices. The Lessor reserves the right at reasonable times to enter and make fire prevention and fire protection inspections of the building and space occupied.

PROPOSED SUBSTITUTION #17:

NOTE: IT IS NOT POSSIBLE FOR THE LESSEE TO TAKE RESPONSIBILITY FOR COMPLIANCE WITH FIRE CODE AND OTHER BUILDING OWNER RESPONSIBILITIES.

16. **FIRE PREVENTION:** The Lessor shall ensure that the Premises are at all times compliant with local fire code or other authority and shall inspect and maintain all fire suppression equipment and systems as necessary. The Lessee shall maintain the premises in keeping with good housekeeping and fire prevention practices. The Lessor reserves the right at reasonable times to enter and make fire prevention and fire protection inspections of the Premises.

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Sec. 17, of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION #18 BEGINS HERE ...

17 **HAZARDS:** The Lessee shall maintain the building free of hazards.

PROPOSED SUBSTITUTION #18:

NOTE: AS WRITTEN THIS IS AN IMPOSSIBLE STANDARD FOR EITHER THE LESSOR OR LESSEE TO MEET.

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17. **HAZARDS:** Both the Lessor and Lessee shall endeavor to keep the Premises free from environmental and other hazards.

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Sec. 18, and of the Lease is deleted and restated as follows::

18. **JANITORIAL SERVICES** The Lessee shall be responsible for janitorial services for the entire Premises including common areas, parking areas and exterior areas.

Sec. 19 of the Lease are not is NOT amended-- except for the addition of the following provisions:

PROPOSED SUBSTITUTION #19 BEGINS HERE ...

Change the last sentence of section 19 A to read:

The Lessor shall be responsible for the accomplishment and *initial* cost (emphasis added) of any building alterations necessary to comply with these requirements, thereafter, the Lessee shall be responsible for the cost to comply with any newly promulgated codes and or regulations.

Comment [DC48]: Define?

Comment [DC49]: See Section 3

Add Section 19 C as follows:

Lessor shall be responsible for the payment of all real property taxes [Placeholder - I need to think about this some more]

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PROPOSED SUBSTITUTION #19:

Change the last sentence of section 19 A to read:

The Lessor shall be responsible for completing the renovations identified in Exhibit "A" and Exhibit "B". If subsequent renovations are required, the parties will document the same by separate agreement.

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NOTE: THE ADDITION OF SECTION 19 C IS NOT NECESSARY; THE LESSORS AND LESSEES POST RENOVATION RESPONSIBILITIES ARE SPELLED OUT IN SECTION 4; THE RENOVATION AGREEMENT IS SPELLED OUT IN EXHIBIT A AND EXHIBIT B.

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Sec. 20 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION #20 BEGINS HERE ...

20. **MAINTENANCE AND REPAIR:** The ~~Lessor~~Lessee shall at all times maintain the Premises and common areas in a safe condition and in a good state of general repair, maintenance, and tenantable condition, including, but not limited to, ~~the roof and the heating, electrical, ventilation, plumbing, sanitary, and any elevator or escalator facilities.~~ The Lessor shall keep the roof in a good state of general repair and free from roof leaks. The Lessor shall keep the parking facility in a good state of general repair. The Lessee shall keep the common areas in a clean condition. The ~~Lessor~~Lessee shall 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. In the case of damage arising from the negligence of the Lessee's agents or employees, the Lessee assumes responsibility for the damage arising from the negligence of the Lessee's agents or employees.

Comment [DC50]: Subsequent to one-year warranty period

PROPOSED SUBSTITUTION #20:

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NOTE: THIS SECTION COULD BE DELETED IN ITS ENTIRETY ... IT IS BOTH CONTRADICTORY AND REDUNDANT TO SECTION 4. AND PORTIONS OF IT APPLY ONLY TO LESSORS (NOT LESSEE AS STATED).

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Sec. 21 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION #21 BEGINS HERE ...

21. **SIGNS:** The Lessee reserves the right to erect or affix additional door or wall signs within its leased space to further identify room names and/or numbers. The size and character of the signs shall be at the Lessee's discretion and shall not unreasonably detract from the aesthetics of the building. The Lessor shall be responsible, at no cost to the Lessee, for mounting the Lessee's exterior and interior signs.

PROPOSED SUBSTITUTION #21:

21. **SIGNS:** The installation of signage as part of the renovation is identified in Exhibit "A" and Exhibit "B". After renovation is complete, Lessee reserves the right to erect or affix signs at the Premises so long as such installation does not cause damage to the roof, elevators or structural components of the buildings. The placement of signs at or upon the Premises requires the advance approval of the Lessor.

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Sec. 22 of the Lease is deleted and restated as follows:

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PROPOSED SUBSTITUTION #22 BEGINS HERE ...

22. **ELEVATORS:** The Lessor shall ensure that all floors of the Premises under this Lease which are on the second floor and above are served by an elevator/elevators that, in addition to complying with section 2 of this Lease, complies with the current applicable editions of the rules, regulations and codes of the State, and the applicable municipality. Documentation Prior to occupancy by the Lessee the Lessor shall provide documentation from a licensed elevator repairperson stating that the elevator is in good working order and meets all the minimum standards shall be provided by the Lessor, at no cost to the Lessee, if requested by. Thereafter the Lessee shall maintain the Lessee elevator in good and safe repair by a qualified elevator maintenance vendor.

- Comment [DC51]: Subsequent to one year warranty period
- Comment [MP52]: Property manager or vendor

PROPOSED SUBSTITUTION #22:

22. **ELEVATORS:** The Lessor shall ensure that all floors of the Premises under this Lease are served by elevators that comply with the current applicable editions of the rules, regulations and codes of the State and the Municipality of Anchorage. Prior to occupancy by the Lessee, the Lessor shall provide the Lessee with documentation from a licensed elevator maintenance organization stating that the elevator is in good working order and meets all the minimum standards.

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Sec. 23 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION #23 BEGINS HERE ...

23. **RENOVATION AFTER FINAL ACCEPTANCE OF PREMISES BY LESSEE:** At the reasonable request of the Lessee, the Lessor shall renovate the Premises at Lessee's expense by refinishing all damaged or worn walls, ceilings, floors, or built-in fixtures or replacing damaged or worn wall, floor, or window coverings or paint. For any renovation, the Lessee reserves the right to make on-site inspections and to determine if and when the renovation is complete and satisfactory. The Lessee reserves the right to work with the Lessor on selecting the color(s) of the floor covering, if a new floor covering is to be installed, window coverings, if new window coverings are to be installed, and paint for areas to be newly painted. If the Lessor does not perform a renovation requested by the Lessee that is allowed by this sec. ~~2223~~ ("Renovation"), the failure to respond is a default under sec. 32 ("Remedies on Default").

PROPOSED SUBSTITUTION #23:

23. **RENOVATION AFTER FINAL ACCEPTANCE OF PREMISES BY LESSEE:** After final acceptance and occupancy; at the reasonable request of the Lessee, the Lessor shall renovate the Premises at Lessee's expense by refinishing all damaged or worn walls, ceilings, floors, or built-in fixtures or replacing damaged or worn wall, floor, or window coverings or paint that are not the responsibility of Lessor. For any renovation, the Lessee reserves the right to make on-site inspections and to determine if and when the renovation is complete and satisfactory. The Lessee reserves the right to work with the Lessor on selecting colors and finishes. If the Lessor does not perform a renovation requested by the Lessee that is allowed by this sec. 23 ("Renovation"), the failure to respond is a default under sec. 32 ("Remedies on Default").

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Sec. 24 of the Lease is deleted and restated as follows:

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24. **WAGE-RELATED REQUIREMENTS:** If construction, alteration, repair, renovation, or redecorating work by the Lessor that is over \$25,000 is required in order for the Premises to be ready for occupancy or if work that is over \$25,000 is performed by Lessor, that directly relates to the Lessee's Premises, while the Lessee is occupying the Premises, the Lessor is advised that the Lease will be considered by the Lessee to be subject to the minimum wage and other requirements of AS 36.05.010 - 36.05.110; the current minimum wages for various classes of laborers, mechanics, and field surveyors (as these terms are defined in AS 36.95.010) and the rate of wages paid during the contract must be adjusted to the wage rate indicated under AS 36.05.010; the Lessor and Lessor's contractors must pay all employees unconditionally and not less than once a week; the scale of wages must be posted in a prominent and easily accessible place at the site of the work; the Lessee shall withhold as much of its payments under this Lease as necessary to pay to laborers, mechanics, and field surveyors employed by the Lessor or the Lessor's contractors the difference between (A) the rates of wages required by the contract to be paid laborers, mechanics, or field surveyors on the work, and (B) the rates of wages in fact received by the laborers, mechanics, or field surveyors that are less than the required wages. The Lessor is encouraged to contact the Department of Labor and Workforce Development for more information about these and other related requirements.

If it is found that a laborer, mechanic, or field surveyor employed by the Lessor or the Lessor's contractor has been or is being paid a rate of wages less than the rate of wages required by the Lease to be paid, the Lessee may, by written notice to the Lessor, terminate the Lessor's right to proceed with the work or the part of the work for which there is a failure to pay the required wages and to prosecute the work to completion by contract or otherwise, and the Lessor and the Lessor's sureties are liable to the Lessee for excess costs for completing the work.

Sec. 25 of the Lease is deleted and restated as follows:

25. **INGRESS AND EGRESS:** All space shall be available on a 24-hour day, seven days a week basis to the Lessee and its invitees. The Lessee shall have full access to and use of all common areas of the building including, but not limited to, elevators, lobbies, stairwells, and restrooms. The Lessor shall install and the Lessee shall maintain a security camera system which covers all of the common areas of the building but not limited to hallways, stairwells, and elevators and the upper and lower parking areas, and provide monitors for the Lessee to operate and monitor.

Secs. 26, 27, 28, and 29 of the Lease are not amended.

Sec. 30 of the Lease is deleted and restated as follows:

30. **LESSEE-INSTALLED ITEMS:** All fixtures and/or equipment of whatever nature that are installed in the Premises by the Lessee, whether permanently affixed or otherwise, shall continue to be the property of the Lessee and may be removed by the Lessee at any time, provided however, that the Lessee shall, at its own expense, repair any injury to the Premises resulting from such removal. However any conduit or wiring installed by the Lessee shall remain. Notwithstanding the foregoing, Lessee may not raze and replace the improvements or make any alterations whose cost exceeds \$5,000 without the prior written consent of the Lessor, which consent shall not be unreasonably withheld, conditioned, or delayed.

Sec. 31 of the Lease is deleted and restated as follows:

31. **RESTORATION LIABILITIES:** Lessee agrees to leave the Premises at the expiration or termination of this Lease in as good a condition as when first occupied under this Lease, except for reasonable wear and tear and loss or damage caused by fire, explosions, earthquakes, acts of God, or other casualty. At the termination of the Lease, the Lessee is not required to restore the Premises to their condition before the Lessor or Lessee made the improvements required for the Lessee to occupy the Premises under the Lease.

Sec. 32 of the Lease is not amended.

Sec. 33 of the Lease is deleted and restated as follows:

33. **REMEDIES ON DEFAULT:** If the Lessee shall at any time be in default in the payment of rent, or in the performance of any of the terms of the Lease and shall fail to remedy such default within thirty (30) days after written notice of the default from the Lessor, the Lessor may retake possession of the Premises by an unlawful detainer action or other lawful means, and the Lease will terminate, without prejudice, however, to the right of the Lessor to recover from the Lessee all rent due up to the time of such entry. In case of any default and entry by the Lessor, the Lessor shall relet the Premises for the remainder of the term for the highest rent obtainable and may recover from the Lessee any deficiency between the amount obtained by reletting and the rent specified by the Lease.

If the Lessor shall at any time be in default in the performance of any of the terms or obligations of the Lessor under this Lease, the Lessee may fix the problem involved and deduct the cost, including, but not limited to, administrative costs, from the rent, if the Lessor fails to fix the problem within a reasonable time after Lessee notifies the Lessor in writing of the default. If the Lessee chooses not to fix the problem or cannot fix the problem, the Lessee may deduct from the rent the Lessee's damages, which are to be determined by the Lessee's Supply Officer; when deducting damages under this sentence, "damages" means either (1) the costs (including, but not limited to, administrative costs) of alleviating or adjusting to the problem, or (2) the diminution of the value of the Lease to the Lessee caused by the Lessor's default. Instead of pursuing the other remedies provided by this paragraph, if the Lessor fails to correct a default within a reasonable time after receiving written notification of the default from the Lessee, the Lessee may terminate the Lease by giving 30 days written notice of the termination to the Lessor and may recover damages from the Lessor. This paragraph does not apply to a situation covered by sec. 28 ("Untenantability") or to the termination allowed under sec. 20 ("Wage-Related Requirements").

Sec. 34 of the Lease is deleted and restated as follows:

34. **INDEMNIFICATION:** The Lessor shall indemnify, save harmless, and defend the Lessee, and its officers, agents and employees from liability of any nature or kind, including costs, attorney fees, and other expenses, for or on account of any and all legal actions or claims of any character whatsoever resulting from injuries or damages sustained by any person or persons or property as a result of any error, omission, or negligence, of the Lessor that occurs on or about the rental Premises or that relates to the Lessor's performance of its lease obligations.

Sec. 35 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION #25 BEGINS HERE ...

35. **INSURANCE:** Without limiting the Lessor's indemnification responsibilities under section 34 ("Indemnification"), it is agreed that the Lessor shall purchase at its own expense and maintain in force at all times during the Lease the following insurance:

Comment [MP53]: Need to run this by our insurance and risk management team

- A. workers' compensation insurance as required by AS 23.30.045(d) for all employees engaged in work under the contract and as required by any other applicable law;
- B. comprehensive general liability insurance covering all business Premises of, and operations by or on behalf of, the Lessor in the performance of the contract, including, but not limited to, blanket contractual coverage, products coverage, Premises and operations coverage, independent contractors coverage, broad form property damage endorsement, and personal injury endorsement; the policy must have minimum coverage limits of \$1,000,000 combined single limit per occurrence;

In addition, the Lessor must have the policy for the insurance listed in A. – B. above in effect before the Lease is fully signed and the Lessor shall submit to the Lessee a certificate of insurance for the insurance identified in A. – B. above. Each of the required insurance policies must provide for the Lessee to receive a 30-day prior notice of any cancellation. Where specific limits are shown above, it is understood that they are the minimum acceptable limits. If a policy contains higher limits, the Lessee will be entitled to coverage to the extent of the higher limits. All insurance policies must comply with, and be issued by, insurers licensed to transact the business of insurance in Alaska or in another state.

A Lessor who is an entity without employees may satisfy the workers' compensation requirements of this sec. 35 ("Insurance") by submitting a signed letter stating that the Lessor is an entity without employees and that if any time during the term of the Lease, including any renewals, one or more employees are hired, the Lessor will purchase at its own expense and maintain in force at all times workers' compensation insurance for the employee or employees and submit proof of the workers' compensation insurance to the Lessee.

All insurance required by this sec. 35 ("Insurance") shall be considered to be primary and non-contributory to any other insurance carried by the Lessee through self insurance or otherwise.

In addition to providing the above coverage, the Lessor shall require that any subcontractor provide and maintain for its employees workers' compensation insurance.

The Lessor shall provide evidence of continuous coverage by submitting, without reminder, a renewal certificate for the required insurance annually to the Lessee during the Lease.

Lessor shall be responsible for providing all property and casualty insurance for the property in amounts sufficient to meet replacement costs for the facility.

Comment [DC54]: property

- {I need to have our broker review this section}

PROPOSED SUBSTITUTION #25:

Without limiting Lessor's indemnification, it is agreed that Lessor will purchase,

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The requirements contained herein, as well as Lessee's review or acceptance of insurance maintained by Lessor is not intended to, and shall not in any manner, limit or qualify the liabilities or obligations assumed by Lessor under this Lease

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Insurance policies required to be maintained by Lessor will name Lessee as additional insured for all coverage except Workers' Compensation and Professional Liability/E&O insurance.

Lessor and its subcontractors agree to obtain a waiver, where applicable, of all subrogation rights against Lessee, its officers, officials, employees and volunteers for losses arising from work performed by the Lessor and its subcontractors for Lessee. However, this waiver shall be inoperative if its effect is to invalidate in any way the insurance coverage of either party.

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Where specific limits are shown, it is understood that they will be the minimum acceptable limits. If the Lessor's policy contains higher limits, Lessee will be entitled to coverage to the extent of such higher limits. The coverages and/or limits required are intended to protect the primary interests of Lessee, and the Lessor agrees that in no way will the required coverages and/or limits be relied upon as a reflection of the appropriate types and limits of coverage to protect Lessor against any loss exposure whether a result of this Agreement or otherwise.

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Failure to furnish satisfactory evidence of insurance or lapse of any required insurance policy is a material breach and grounds for termination of the Lease.

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A. Property Insurance; The Lessor will provide and maintain:

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1) Property insurance in an amount of not less than 100% of the replacement cost of the building(s) and contents, including improvements made on behalf of Lessee. Coverage shall be written on an "all risk" replacement cost basis and include an endorsement for ordinance and law coverage.

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2) If the property is located in a floodplain, flood insurance in an amount of not less than 100% of the replacement cost of the building(s) and contents, including improvements made on behalf of Lessee; or the maximum amount available from the National Flood Insurance Program, whichever is less.

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B. Workers' Compensation Insurance; The Lessor will provide and maintain, for all employees of the Lessor engaged in work under the Contract, Workers' Compensation Insurance as required by AS 23.30.045. The Lessor shall be responsible for ensuring that any subcontractor that directly or indirectly provides services under this Lease, has Workers' Compensation Insurance for its employees. This coverage must include statutory coverage for all States in which employees are engaging in work and employer's liability protection for not less than \$100,000 per occurrence. Where applicable, coverage for all federal acts (i.e., USL & H and Jones Acts) must also be included.

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C. Commercial General Liability Insurance; The Lessor will provide and maintain Commercial General Liability Insurance with not less than \$1,000,000 per occurrence limit, and will include premises-operation, products/completed operation, broad form property damage, blanket contractual and personal injury coverage. Coverage shall not contain any endorsement(s) excluding or limiting contractual liability nor providing for cross liability.

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D. Automobile Liability Insurance: The Lessor will provide and maintain Automobile Liability Insurance covering all owned, hired and non-owned vehicles with coverage limits not less than \$1,000,000 per occurrence bodily injury and property damages. In the event Lessor does not own automobiles, Lessor agrees to maintain coverage for hired and non-owned liability which may be satisfied by endorsement to the CGL policy or by separate Business Auto Liability policy.

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E. Umbrella or Excess Liability: Lessor may satisfy the minimum liability limits required above for CGL and Business Auto under an umbrella or excess Liability policy. There is no minimum per occurrence limit under the umbrella or excess policy; however the annual aggregate limit shall not be less than the highest per occurrence limit stated above. Lessor agrees to endorse Lessee as an additional insured on the umbrella or excess policy unless the certificate of insurance states that the umbrella or excess policy provides coverage on a pure "true follow form" basis above the CGL and Business Auto policy.

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F. Professional Liability Insurance: The Lessor will provide and maintain Professional Liability Insurance covering all errors, omissions or negligent acts of the Lessor, its property managers, subcontractors or anyone directly or indirectly employed by them, made in the performance of this Lease which results in financial loss to the State. Limits required are \$500,000.

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G. Fidelity Bond: The Lessor will provide and maintain a Fidelity Bond in the amount of \$250,000 covering all acts of the Lessor, its property managers, or subcontractors who shall have access or perform work upon the Premises.

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H. Certificates of Insurance Lessor agrees to provide Lessee with certificates of insurance evidencing that all coverages, limits and endorsements as described above are in full force and effect and will remain in full force and effect as required by this Lease. Certificates shall include a minimum thirty (30) day notice to Lessee cancellation or non-renewal. The Certificate Holder address shall read:

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Legislative Affairs Agency
State Capitol, Room 3
Juneau, Alaska 99801-1182
Fax (907) ...

Sec. 36 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION #26 BEGINS HERE ...

36. **DELAYS IN PERFORMANCE:** If the Lessor delays in providing the Premises to the Lessee in a condition the Lessee determines satisfactorily meets the descriptions provided in the attached Exhibits A, ~~C~~, ~~D~~, and ~~E~~ by the deadline set in sec. 3 ("Renovation and Delivery of Premises"), the Lessor shall provide a written explanation for the delay in performance. The lessor may be excused from performance due to unforeseeable causes beyond the control and without fault or neglect of the Lessor. Unforeseeable causes may include but are not limited to: (1) acts of God, (2) acts of a public enemy, (3) acts of the state in its sovereign capacity, (4) acts of another contractor

in the performance of a contract with the Lessee, (5) fires, (6) floods, (7) quarantine restrictions for epidemics, (8) strikes, (9) freight embargoes, (10) unusually severe weather conditions, and (11) delays unusual in nature by subcontractors or suppliers. Notification of such delays must be made to the Lessee's Supply Officer in writing within ten (10) days of the commencement of the unforeseeable cause. The Supply Officer shall ascertain the facts and the extent of delay and the extent of the time for completing the project. The Supply Officer may approve up to four (4) thirty (30) day extensions if, in the Supply Officer's judgement, the findings of fact justify an extension. The cause of the extension need not be unforeseeable to justify an extension. The Lessor shall provide written explanation for the delay in performance after the exhaustion of each extension. The Procurement Officer may terminate the Lease at any time after the four (4) thirty (30) day extensions if the Lessor has not provided the Premises to the Lessee in a condition the Lessee determines satisfactorily meets the descriptions provided in the attached Exhibits A, ~~C, D,~~ and ~~EB~~ by the deadline set in sec. 3 ("Renovation and Delivery of Premises"). Pending final decision on an extension of time under this section, the Lessor shall proceed diligently with the performance of the Lease. Inability to comply with state or municipal construction or zoning laws or ordinances or restrictive covenants shall not be regarded as an unforeseeable cause. To terminate the Lease under this section, the Procurement Officer shall provide notice by e-mail or delivery of hard copy to the Lessor, whichever method is selected in the sole discretion of the Procurement Officer. The Procurement Officer shall provide thirty (30) days notice before terminating this Lease.

PROPOSED SUBSTITUTION #27:

36. DELAYS IN PERFORMANCE: Delays in performance related to the renovation of the Premises are addressed in Exhibit "A" and Exhibit "B". Delays in performance related to subsequent renovation (following final acceptance and occupancy) of the Premises shall be spelled out by separate agreement.

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Sec. 37 of the Lease is deleted and restated as follows:

PROPOSED SUBSTITUTION #27 BEGINS HERE ...

37. HOLDING OVER: At the Lessee's sole discretion, prior to the Lease expiration, the Lessee may provide a (60) day written notice to the Lessor informing the Lessor the Lease will be in hold over status for a period up to ~~six~~twelve months at the same monthly lease rate. ~~At the Lessee's sole discretion, the Lessee may continue the tenancy after the initial six (6) month period but the monthly lease rate shall be at current market rate and the additional period may not exceed six (6) months.~~ After a combined hold over period of one year, tenancy shall be construed to be a month-to-month at the ~~current market~~same monthly lease rate. All other terms and conditions specified by the Lease remain the same.

PROPOSED SUBSTITUTION #27:

37. HOLDING OVER: At the Lessee's sole discretion, prior to the Lease expiration, the Lessee may provide a (60) day written notice to the Lessor informing the Lessor the

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Lease will be in hold over status for a period up to twelve months at the same monthly lease rate paid on the first day of the month that the notice is written. After a combined hold over period of one year, tenancy shall be construed to be a month-to-month at the same monthly lease rate. All other terms and conditions specified by the Lease remain the same.

~~Secs~~Sec. 38, of the Lease is not amended.

Sec 39, of the lease (as amended by Lease Amendment #2 and Renewal # 1 (2009-2010) signed 3/11/2009) is amended as follows:

Delete all content beginning with the second paragraph which begins "The Lessor consents to the Lessee's assignment...."

Sec. 40 of the Lease ~~are~~is not amended.

Sec. 41 of the Lease is deleted and restated as follows:

41. **USE OF LOCAL FOREST PRODUCTS:** AS 36.15.010 requires that in a project financed by State money in which the use of timber, lumber, and manufactured lumber projects is required, only timber, lumber, and manufactured lumber products originating in this State from local forests shall be used wherever practicable. Therefore, if construction, repair, renovation, redecoration, or other alteration is to be performed by the Lessor to satisfy this Lease, the Lessor must use, wherever practical, timber, lumber, and manufactured lumber products originating in the State from local forests and only products manufactured, produced, or harvested in the state may be purchased if the supplies are competitively priced, available, and of like quality compared with products manufactured, produced, or harvested outside the state.

Sec. 42 of the Lease is deleted and restated as follows:

42. **LEASE AMENDMENTS:** In addition to any other amendment the parties may be allowed to make under the Lease, the terms of the Lease entered into may be amended by mutual agreement of the parties, if the Lessee determines that the amendment is in the best interests of the Lessee.

Sec. 43 of the Lease is deleted and restated as follows:

43. **AUTHORIZATION; CERTIFICATION:** Authority for the Chairman of Legislative Council to execute this Lease was authorized by a majority of the members of the Alaska Legislative Council at a meeting on June 7, 2013.

Funds are available in an appropriation to pay for the Lessee's monetary obligations under the Lease through June 30, ~~20XX~~2015. The availability of funds to pay for the Lessee's monetary obligations under the Lease after June 30, ~~20XX~~2015, is contingent upon appropriation of funds for the particular fiscal year involved. In addition to any other right of the Lessee under this Lease to terminate the Lease, if, in the judgment of the Legislative Affairs Agency Executive Director, sufficient funds are not appropriated, the

Lease will be terminated by the Lessee or amended. To terminate under this section, the Lessee shall provide written notice of the termination to the Lessor. Notwithstanding the above rights to terminate the lease for non-appropriation non-appropriation the Executive Executive Director covenants that such lease payments SHALL BE included as a component of Lessee's normal annual budget request and approval process.

Secs. 44 and 45 of the Lease are not amended.

The Lease is amended to add a new section to read as follows:

46. **HUMAN TRAFFICKING:** By the Lessor's signature on this Lease, the Lessor certifies that the Lessor is not headquartered in a country recognized as Tier 3 in the most recent United States Department of State's Trafficking in Persons Report.

In addition, if the Lessor conducts business in, but is not headquartered in, a country recognized as Tier 3 in the most recent United States Department of State's Trafficking in Persons Report, a certified copy of the Lessor's policy against human trafficking must be submitted to the Agency prior to contract award.

The most recent United States Department of State's Trafficking in Persons Report can be found at the following website: <http://www.state.gov/g/tip/rls/tiprpt>.

If the Lessor is or becomes headquartered in a Tier 3 country, or fails to comply with this sec. 46 ("Human Trafficking"), the Lessee may terminate the Lease.

The Lease is amended to add a new section to read as follows:

47. **REIMBURSEMENT** The Lessor and Lessee agree that the Lessor's sole remedy under the Lease, in the event that the 28th Alaska State Legislature does not appropriate funds necessary to pay the Lease payments under sec. 1 of the Lease for Alaska State Fiscal Year 2015 and that the Lease is terminated, is that the Lessee shall pay, ~~subject to appropriation by the Legislature, and~~ subject to approval by the Legislative Council Committee, ~~up to a maximum lump sum amount of \$+3,500,000, for design, engineering, and renovations required under this Lease, providing that the Lessor can provide documentation satisfactory in the sole judgment of the procurement officer, to support the Lessor's claim.~~ The Lessor agrees that if reimbursement is made by the Lessee under this section, that Lessor will provide to Lessee all plans, design, and engineering documents prepared by the Lessor or Lessor's contractors through the date the Lease was terminated-

Comment [MP55]: AHFC to validate an appropriate lump sum amount

The Lease is amended to add a new section to read as follows:

48. **OPTION TO EXTEND LEASE** The Lessee may exercise an option under this section 48 to extend, as provided by AS 36.30.083, the Lease for up to 10 years following the May 31, 2024 end of the lease. To exercise this option, the Lessee shall give notice to the Lessor at least six (6) months before the end of the Lease of the Lessee's intent to negotiate with the Lessor to extend the Lease under AS 36.30.083. The Lessor shall respond within thirty (30) days to the Lessee stating

whether the Lessor intends to negotiate an extension under AS 36.30.083 with the Lessee.

PROPOSED SUBSTITUTION #28:

48. DEFINITIONS

“final acceptance and occupancy” – the date that the Lessee takes occupancy of the renovated Premises. This date is related to the lease agreement only and shall not be confused with terms such as substantial completion, partial completion, or other terminology that is directly related to Exhibit “A” and Exhibit “B”

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this _____ day of _____, 2013, before me the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared, MARK E. PFEFFER, known to me and to me known to be the individual named in and who executed the above and foregoing Lease on behalf of 716 WEST FOURTH AVENUE, LLC, and who acknowledged to me that they had full power and authority to, and did execute the above and foregoing Lease on behalf of and as the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day, month and year first above written.

Notary Public in and for Alaska
My commission expires:_____

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on the _____ day of _____, 2013, before me, the undersigned Notary Public in and for Alaska, duly commissioned and sworn as such, personally appeared REPRESENTATIVE MIKE HAWKER, known to me and to me known to be the individual named in and who executed the above and foregoing Lease as the CHAIR OF THE ALASKA LEGISLATIVE COUNCIL, and he acknowledged to me that he executed the foregoing Lease as the free and voluntary act and deed of her principal for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day, month and year first above written.

Notary Public in and for Alaska
My commission expires:_____

STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on the _____ day of _____, 2013, before me, the undersigned Notary Public in and for Alaska, duly commissioned and sworn as such, personally appeared PAMELA A. VARNI, known to me and to me known to be the individual named in and who

executed the above and foregoing Lease as the EXECUTIVE DIRECTOR of the STATE OF ALASKA LEGISLATIVE AFFAIRS AGENCY, and she acknowledged to me that she executed the foregoing instrument as the free and voluntary act and deed of her principal for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day, month and year first above written.

Notary Public in and for Alaska
My commission expires:_____

FOR RECORDING DISTRICT OFFICE USE ONLY:
No Charge - State Business

After recording return to:
Tina Strong, Supply Officer
Legislative Affairs Agency
State Capitol, RM 3
Juneau, AK 99801-1182

13-065.plm