

# LEASE AMENDMENT

LEASE AMENDMENT NO. 1	TO LEASE NO. GS-10B-07213	DATE 3/30/12	PAGE 1 of 3
ADDRESS OF PREMISES 161 E. 1 <sup>st</sup> Avenue, Anchorage, AK 99501-1639		BUILDING NO.: AK3481	

**THIS AGREEMENT**, made and entered into this date by and between ALASKA RAILROAD CORPORATION

whose address is 327 W SHIP CREEK AVENUE  
ANCHORAGE, AK 99501-1671

hereinafter called the Lessor, and the **UNITED STATES OF AMERICA**, hereinafter called the Government:

**WHEREAS**, the parties hereto desire to amend the above Lease to adjust the square footage figure in the description of the leased premises, include and additional amortization of tenant improvements, and to adjust the Rents accordingly.

**NOW THEREFORE**, these parties for the considerations hereinafter mentioned covenant and agree that the said Lease is amended effective April 1, 2012, as follows:

I. Paragraph 1 of the Lease is hereby amended as follows:

The Lessor hereby leases to the Government the following described premises:

A total of 27,770 rentable square feet (RSF) of office and related space, which yields 26,149 ANSI/BOMA Office Area (ABOA) square feet of space, subject to SF2 paragraph 18, at the Alaska Railroad Historic Freight Shed, 161 E 1st Avenue, Anchorage, Alaska 99501-1639 to be used for such purposes as determined by the General Services Administration. In addition, Lessor leases to the Government one hundred fifty three (153) surface parking spaces, consisting of 29 reserved, 111 employee and 13 guest/visitor stalls valued by the Government at \$183,600 per year, which value is included in the Rent.

II. Paragraph 3 of the Lease is hereby amended as follows:

<u>Rent Period</u>	<u>Shell Rent</u>	<u>Operating Rent</u>	<u>Tenant Improvement Costs</u>	<u>Total Annual Rent</u>
Years 1-5 <sup>1</sup>	\$588,352.50	\$194,287.07	\$246,472.13	\$1,029,111.70
Years 6-8	\$706,284.49	\$194,287.07	\$246,472.13	\$1,147,043.69
Years 9-10	\$706,284.49	\$194,287.07	\$138,117.82	\$1,038,689.38

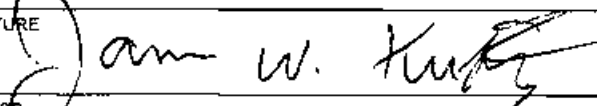
<sup>1</sup> Rent for the first two lease months is adjusted pursuant to Paragraph 17.


<sup>2</sup> Base Operating Rent is subject to adjustments in accordance with Paragraph 10.


<sup>3</sup> Tenant Improvement Costs are calculated in accordance with Paragraph 8.

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**IN WITNESS WHEREOF**, the parties hereto have hereunto subscribed their names as of the date first above written.

<b>LESSOR</b>	
SIGNATURE 	NAME OF SIGNER James W. Kubitcz
ADDRESS 327 W. Ship Creek Ave, Anchorage, AK 99501	

IN PRESENCE OF	
SIGNATURE 	NAME OF SIGNER William R. Hupf
ADDRESS 327 W. Ship Creek Ave, Anchorage, AK 99501	

<b>UNITED STATES OF AMERICA</b>	
SIGNATURE 	NAME OF SIGNER TERRIA HEINLEIN
OFFICIAL TITLE OF SIGNER CONTRACTING OFFICER	

Rent shall be paid monthly, in arrears. Rent for a lesser period shall be prorated. Rent checks shall be made payable to:

ALASKA RAILROAD CORPORATION  
327 W SHIP CREEK AVENUE  
ANCHORAGE, ALASKA 99501-1671

III. Paragraph 5 of the Lease is hereby amended as follows:

This lease may be renewed at the option of the Government, for the following terms and at the following rentals:

<u>Rent Period<sup>1</sup></u>	<u>Shell Rent</u>	<u>Operating Rent<sup>2</sup></u>	<u>Tenant Improvement Costs<sup>3</sup></u>	<u>Total Annual Rent</u>
Years 11-15	\$ 847,489.09	\$194,287.07	\$138,117.82	\$1,179,893.98
Years 16-20	\$1,016,934.61	\$194,287.07	\$0.00	\$1,211,221.68

provided notice be given in writing to the Lessor at least 90 days before the end of the original lease term or any renewal term; all other terms and conditions of this lease shall remain the same during any renewal term. Said notice shall be computed commencing with the day after the date of mailing.

IV. Paragraph 8 of the Lease is hereby amended as follows:

In accordance with the SFO paragraph 3.2 entitled *Tenant Improvements Included in Offer*, Tenant Improvements in the amount of \$1,408,646.63 (26,149 ABOA SF x \$53.87) shall be amortized through the rent for 15 years at the rate of 5.5% (\$138,117.82 annually, years 1 - 15). Additional Tenant Improvements in the amount of \$700,000.00 shall be amortized through the rent for 8 years at the rate of 5.5% (an additional \$108,354.31 annually, years 1 - 8). . Should the Government terminate the lease, in accordance with paragraph 4 of the lease, anytime prior to the end of the fifteen (15) year Tenant Improvement amortization term, the balance of any remaining tenant improvement costs shall be waived by the Lessor and will not be due from the Government.

V. Paragraph 10 of the Lease is hereby amended as follows:

In accordance with the SFO paragraph 4.2, entitled *Tax Adjustment*, and pursuant to GSA Form 1217 Lessor's Annual Cost Statement, Base Real Estate Taxes shall be formally established after the property and improvements are fully assessed. During the interim, taxes are included in the annual shell lease rate at \$55,262.30. The parcel number is to be determined.

VI. Paragraph 11 of the Lease is hereby amended as follows:

In accordance with the SFO paragraph 4.2 B entitled *Percentage of Occupancy*, the percentage of Government occupancy is established as 81.62% (27,770 RSF/34,023 RSF).

VII. Paragraph 12 of the Lease is hereby amended as follows:

In accordance with the SFO paragraph 4.3 entitled *Operating Costs Base*, the operating costs base is established as \$194,287.07/annum.

VIII. Paragraph 13 of the Lease is hereby amended as follows:

in accordance with the SFO paragraph 4.1 C entitled *Common Area Factor*, the common area factor is established as 1.062 (27,770 RSF/26,149 ABOA SF).

INITIALS: JA LESSOR JA GOVT

VIII. Paragraph 17 of the Lease is hereby amended as follows:

Adjusted monthly rent payments (application of commission credit):

The commission credit shall be applied against the shell rental payments over the minimum number of months that will not exceed the monthly shell rental per SFO subparagraph 2.4 B. The monthly rent is \$85,759.31. The monthly shell rent is \$49,029.38. The commission credit is [REDACTED] and is calculated as follows:

Commission Years 1 – 5: [REDACTED] x 5 years x [REDACTED] = [REDACTED]  
Commission Years 6 – 8: [REDACTED] x 3 years x [REDACTED] = [REDACTED]  
TOTAL COMMISSION: [REDACTED]  
GSA Commission Credit: [REDACTED]  
Studley/LaBonde Land, Inc. Commission: [REDACTED]

The monthly rent payments adjusted for the commission credit are as follows:

<u>Rent Period</u>	<u>Scheduled Monthly Rent</u>	<u>Scheduled Mo. Shell Rent</u>	<u>Commission Credit</u>	<u>Commission Credit Remaining</u>	<u>Adjusted Monthly Rent Payment</u>
Month 1	\$85,759.31	\$49,029.38	[REDACTED]	[REDACTED]	[REDACTED]
Month 2	\$85,759.31	\$49,029.38	[REDACTED]	[REDACTED]	[REDACTED]
Month 3	\$85,759.31	\$49,029.38	[REDACTED]	\$0	[REDACTED]
Month 4	\$85,759.31	\$49,029.38	\$0	\$0	\$85,759.31

IX. The parties expressly understand and acknowledge that this Lease Amendment is an interim agreement only and that the Lease will be amended again to account for an increase in Tenant Improvement Costs resulting from the final costs of the approved plans once such final costs are determined.

INITIALS: [Signature] LESSOR [Signature] GOV'T