

NONCODE ORDINANCE

Sponsored By: Borough Manager
Introduced: 06/07/22
Public Hearing: 06/21/22
Adopted: 06/21/22

**MATANUSKA-SUSITNA BOROUGH
ORDINANCE SERIAL NO. 22-071**

AN ORDINANCE OF THE MATANUSKA-SUSITNA BOROUGH ASSEMBLY APPROVING THE BOROUGH MANAGER TO AMEND THE GROUND LEASE BETWEEN THE MATANUSKA-SUSITNA BOROUGH LESSOR AND RENEWABLE IPP, LLC. LESSEE, FOR A SOLAR UTILITY LOCATED WITHIN THE CITY OF HOUSTON ON BOROUGH-OWNED LAND (MSB007551).

WHEREAS, on June 16, 2020, the Assembly adopted Ordinance Serial No. 20-057, approving the Manager to enter into a 32-year lease agreement with Renewable IPP, LLC. Lessee, to develop a solar utility on Borough-owned land located within the city of Houston; and

WHEREAS, on April 29, 2022, Renewable IPP, LLC. formally requested a two-year extension of the development stage for the Phase 1 land and a two-year extension as to the lease term from 32 years, to 34 years; and

WHEREAS, Renewable IPP, LLC. experienced delays for approval related to the COVID-19 pandemic and the rising of costs of solar panels and steel prices due to Europe's demand for alternative energy sources due to the war in Ukraine and reducing its dependency on Russian gas; and

WHEREAS, as part of the development stage for the Phase 1 land, Renewable IPP, LLC. has completed the rezone with the city of Houston and the power purchase agreement with Matanuska Electric Association; and

WHEREAS, on March 17, 2022, Renewable IPP, LLC. received approval of the power purchase agreement with the Regulatory Commission of Alaska; and

WHEREAS, a two-year extension of the development stage and lease term allows for completion of construction by the end of 2024 and 30 years to operate the solar infrastructure; and

BE IT ENACTED:

Section 1. Classification. This Ordinance is a noncode ordinance.

Section 2. Lease Term Amendments. Specific sections of the lease agreement below are amended to reflect the one-year extension for the lease term and the development stage and the amendments identified in **bold and underlined font**.

Section 2.2 Lease Term. This Lease shall be and continue in full force and effect for an initial term of **Thirty-four (34)** years (the "Initial Term") commencing as of September 1, 2020, and expiring at 11:59 p.m. on August 31, **2054**, unless earlier terminated as provided in this Lease.

Section 4. Rent.

Section 4.1.1 Year 1 through Year 3 - Development Stage. In developing the Leased Premises, Lessee shall comply with Lessee's Development Overview, dated November 24, 2019, for the Phase 1 development plan within a **four (4)** year period that includes the technical feasibility, detailed design, financial feasibility, construction, and interconnection with the utility grid for the use of 142 acres (Phase 1 land) as a solar utility. Lessee shall pay in advance land rent of \$500 monthly during the Development Stage. If Lessee completes construction and interconnection with the utility grid and operates as a solar utility prior to the end of Year **4**, the monthly Basic Rent will increase as outlined in Section 4.1.2. Lessor, at its option, may extend the Phase 1 Development Stage upon Lessee's written request 120 days prior to the end of Year 2.

Section 4.1.2 Year 5. In year **5**, the Basic Rent will increase to \$9,543.40 annually or \$800 (rounded) monthly. The annual Basic Rent is based on 8 percent of the per-acre 2020 taxable assessed value. Each subsequent year, the basic rent will increase by 3 percent from the year before on September 1st.

Section 4.1.3 Year 6 through Year 34. The Basic Rent is determined by a fair market value appraisal for Years 6,

11, and 21 as determined under Section 5, with the Basic Rent to increase each year following the appraisal year by 3 percent from the year before on the Lease effective date of September 1st.

Section 3. Effective Date. This ordinance shall take effect upon adoption.

ADOPTED by the Matanuska-Susitna Borough Assembly this 21 day of June, 2022.


EDNA DeVRIES, Borough Mayor

ATTEST:


LONNIE R. McKECHNIE, CMC, Borough Clerk

{SEAL}

PASSED UNANIMOUSLY: Hale, Nowers, McKee, Yundt, Tew, and Sumner