

Submitted by: Chair of the Assembly at the
Request of the Mayor
Prepared by: Anchorage Community
Development Authority
For reading: December 7, 2021

**ANCHORAGE, ALASKA
AO No. 2021-119**

1 **AN ORDINANCE AUTHORIZING A GROUND LEASE BETWEEN THE**
2 **ANCHORAGE COMMUNITY DEVELOPMENT AUTHORITY (LESSOR) AND 6TH**
3 **AVENUE CENTER, LLC (TENANT) AT LOT 1B, BLOCK 68, ORIGINAL**
4 **TOWNSITE (PARCEL #: 002-114-45-000) GENERALLY LOCATED ON 6TH**
5 **AVENUE BETWEEN G AND H STREETS.**
6

7
8 **WHEREAS**, the Anchorage Community Development Authority (ACDA) was
9 created by Assembly Ordinance (AO 2004-181(S-1), As Amended) as an
10 instrument of the municipality existing independently of and separately from the
11 municipality in 2004, replacing the former Anchorage Parking Authority; and
12

13 **WHEREAS**, in 2004, the powers of ACDA were expanded to include
14 responsibilities above and beyond the management of parking facilities, including
15 the acquisition, operation, improvement, and leasing of real property; and
16

17 **WHEREAS**, ACDA owns and operates a property commonly referred to as the 6th
18 Avenue Parking Garage, a seven-story public parking garage with 588 public
19 parking spaces managed by ACDA, the 6th Avenue Parking Mall, which included
20 the People Mover tenant space and other mixed-use tenants, generally located on
21 6th Avenue between G and H Streets and legally described as LOT 1B, Block 68,
22 Original Townsite (Parcel #: 002-114-45-000); and
23

24 **WHEREAS**, on June 16, 2017, ACDA issued a Request for Proposals to
25 redevelop the Transit Center into a mixed-use property that could include retail,
26 commercial, housing, or hotel in a manner consistent with the goals of "Anchorage
27 2020" the Anchorage Bowl Comprehensive Plan and the Anchorage Downtown
28 Comprehensive Plan; and
29

30 **WHEREAS**, the ACDA Board of Directors on December 15, 2017 approved
31 authorizing good faith negotiations with 6th Avenue H & A, LLC to complete a
32 Development Agreement and Ground Lease; and
33

34 **WHEREAS**, the ACDA and 6th Avenue H & A, LLC executed the Development
35 Agreement on April 19, 2018 and the Ground Lease on February 11, 2019; and
36

37 **WHEREAS**, the Anchorage Assembly, pursuant to Anchorage Municipal Code
38 (AMC) 25.35.060 unanimously approved the Ground Lease with 6th Avenue H & A,
39 LLC on April 9, 2019 (AO 2019-036); and
40

41 **WHEREAS**, on August 5, 2020 the ACDA terminated its Development Agreement
42 with 6th Avenue H & A, LLC, due to the developer being unable to reach critical

1 financial milestones, which automatically terminated the Ground Lease with 6th
2 Avenue H&A, LLC.

3
4 **WHEREAS**, the ACDA Board of Directors approved Resolution 2021-03 on March
5 24, 2021 authorizing the Executive Director to execute a Development Agreement
6 with a new local development team, 6th Avenue Center, LLC (TENANT), that
7 comprises of Larry Cash, Paul Wilse, Jamie Kensworthy, and Joe Jolley; and
8

9 **WHEREAS**, per AMC 25.35.067, the TENANT entered into a Labor Peace
10 Agreement with UNITE HERE Local 878 on September 29, 2021; and
11

12 **WHEREAS**, ACDA proposes a ground lease with the TENANT for a term of
13 ninety-nine (99) years; and
14

15 **WHEREAS**, on October 14, 2021 ACDA and 6th Avenue Center, LLC executed a
16 Ground Lease in substantially the same form as the proposed Ground Lease
17 described in the attached Assembly Memorandum; and
18

19 **THE ANCHORAGE ASSEMBLY ORDAINS:**
20

21 **Section 1.** ACDA is hereby authorized to enter into a Ground Lease with a term
22 of ninety-nine (99) years with the Tenant for a portion of Lot 1B, Block 68, Original
23 Townsite (Parcel #: 002-114-45-000).
24

25 **Section 2.** This ordinance shall become effective immediately upon passage and
26 approval by the Assembly.
27

28
29 PASSED AND APPROVED by the Anchorage Assembly this _____ day
30 of _____, 2021.
31

32
33
34 _____
35 Chair of the Assembly

36 ATTEST:
37

38
39 _____
40 Municipal Clerk
41



MUNICIPALITY OF ANCHORAGE

Assembly Memorandum

No. AM 798-2021

Meeting Date: December 7, 2021

1 **From:** MAYOR

2
3 **Subject:** AN ORDINANCE AUTHORIZING A GROUND LEASE BETWEEN
4 THE ANCHORAGE COMMUNITY DEVELOPMENT AUTHORITY
5 (LESSOR) AND 6TH AVENUE CENTER, LLC (TENANT) AT LOT
6 1B, BLOCK 68, ORIGINAL TOWNSITE (PARCEL #:002-114-45-000)
7 GENERALLY LOCATED ON 6TH AVENUE BETWEEN G AND H
8 STREETS.
9

10 In 2004, the Anchorage Assembly repealed Chapter 9.60 of the Anchorage
11 Municipal Code and simultaneously adopted Municipal Code Chapter 25.35 to
12 restructure the Anchorage Parking Authority as the Anchorage Community
13 Development Authority ("ACDA") (AO No. 2004-181(S-1), As Amended). ACDA was
14 conceived of as an instrument of the municipality existing independently of and
15 separately from the municipality, with broader powers than the original Anchorage
16 Parking Authority. Specifically, in 2004 the powers of ACDA were drafted to include
17 responsibility for acquisition, operation, improvement, and leasing of real property, in
18 addition to management of parking facilities.
19

20 On June 16, 2017, ACDA issued a Request for Proposals ("RFP") to redevelop the
21 Transit Center into a mixed-use property that would transform the existing facility by
22 adding retail, commercial, housing, or hotel in a manner consistent with the goals of
23 "Anchorage 2020" the Anchorage Bowl Comprehensive Plan and the Anchorage
24 Downtown Comprehensive Plan.
25

26 During December 2017, ACDA received Proposals from three Bidders for Phase 1
27 and advanced two of these Proposals to Phase 2 of the RFP, at which time one
28 Bidder withdrew their Proposal and the review committee evaluated the Technical
29 Proposal and Business Proposal from the remaining Bidder, 6th Avenue H&A, LLC.
30

31 On February 11, 2019, ACDA negotiated in good faith with 6th Avenue H&A, LLC to
32 reach agreement on the terms of a Development Agreement for the Project and, if
33 successfully negotiated, a Ground Lease.
34

35 On April 16, 2019, the Anchorage Assembly unanimously approved the Ground
36 Lease between ACDA and 6th Avenue H&A, LLC. (AO 2019-036)
37

38 The Development Agreement and Ground Lease formed the entire agreement
39 between ACDA and 6th Avenue H&A, LLC with respect to the Project. The
40 Development Agreement expressly provided that in the event the Development
41 Agreement was terminated for any reason, the Ground Lease would also
42 automatically terminate.

1
2 On August 5, 2020, ACDA terminated the February 11, 2019 Development
3 Agreement with 6th Avenue H & A, LLC due to the developer being unable to reach
4 critical financial milestones.

5
6 On March 24, 2021, the ACDA Board of Directors, in Resolution 2021-03,
7 authorized the ACDA Executive Director to execute a Development Agreement with
8 another developer for the Project, the 6th Avenue Center, LLC (TENANT).

9
10 On October, 14, 2021, the ACDA Board of Directors unanimously approved the
11 Ground Lease and authorized the ACDA Executive Director to seek Assembly
12 Approval.

13
14 The Lease Terms are summarized as follows:

15
16 LEASED PREMISES. Anchorage Community Development Authority (ACDA)
17 hereby leases to 6th Avenue Center, LLC (Tenant) those premises at 716 West 6th
18 Avenue, Anchorage, Alaska, legally described as LOT 1B, BLOCK 68, ORIGINAL
19 TOWNSITE (PARCEL #:002-114-45-000) (the "Property"). The Property currently
20 contains a seven-story public parking garage, with 588 public parking spaces,
21 managed by ACDA (the "Parking Garage"), the People Mover's downtown transit
22 hub (the People Mover Space"), and other mixed-use tenant space located on the
23 first and second floors of the existing structure (the "Commercial Space")
24 (collectively the "Transit Center"). The leased Premises shall be comprised of the
25 Commercial Space and that area above the Property consisting of 12 stories of
26 proposed new construction attached to, above and abutting the footprint of the
27 proposed Hotel and Residential Complex (collectively the "Premises"). The
28 "Structure" means the existing Transit Center structure, including all improvements,
29 stairwells, elevators, fixtures, equipment, electrical, mechanical and any and all
30 other improvements; provided, however, that the Structure does not include the
31 Premises or any of the improvements made to the Premises.

32
33 TERM AND OPTIONS. The term of this Lease will be ninety-nine (99) years,
34 subject to certain early termination provisions.

35
36 RENT. During the first two (2) years of the Term the rent shall be \$0.00; during
37 years three (3) through five (5) Tenant shall pay ACDA Base Rent in a monthly
38 amount equal to Eight Thousand Three Hundred Thirty-three Dollars and Thirty-
39 three Cents (\$8,333.33); during year six (6) Tenant shall pay ACDA Base Rent in a
40 monthly amount equal to Twenty-three Thousand Nine Hundred Sixteen Dollars and
41 Sixty-seven Cents (\$23,916.67). Commencing on year seven (7) of the Term, and
42 on each annual anniversary date thereafter through year forty-five (45) of the Term,
43 Base Rent shall be increased by two percent (2%) over the Base Rent for the year
44 immediately preceding the increase on a compounded basis. At year forty-six (46)
45 of the Term (the "Fair Market Adjustment Mark"), the Base Rent shall be determined
46 by the fair market value by the fair market value adjustment process set forth in
47 Section 4.4. Starting on year forty-seven (47), and on each annual anniversary date
48 thereafter through the end of the Term, the Base Rent shall be increased by two
49 percent (2%) over the Base Rent for the year immediately preceding the increase on
50 a compounded basis.

1 UTILITIES AND SERVICES. This Ground Lease is "Triple Net," meaning that Base
2 Rent shall be net to ACDA, and all costs, expenses and obligations of every kind
3 and nature whatsoever in connection with or relating to the Premises shall be the
4 obligation of, and paid by, Tenant.
5

6 TAXES. Tenant agrees to pay all taxes, assessments (general and special),
7 permits, inspection and license fees and other public charges ("collectively "Taxes")
8 in accordance with applicable law. ACDA to pay all Taxes assessed solely against
9 the land. As to Taxes assessed against both land and a building on the land, the
10 Taxes shall be allocated between land and building based on the relative assessed
11 values. In the absence of separate assessed values, the Taxes shall be allocated
12 between land and building based on the relative fair market values.
13

14 OWNERSHIP AND SIGNAGE. During the Term, ownership of and title to all of
15 Tenant's Improvements shall be solely vested in Tenant and pass to ACDA upon
16 termination or expiration of the Lease. Tenant shall have the right at their expense to
17 affix signage on the Premises, subject to ACDA's prior written approval.
18

19 MAINTENANCE AND REPAIRS. All costs, expenses and obligations associated
20 with the Premises during the Term shall be borne and paid by Tenant. Tenant shall
21 be solely responsible for design and construction of Tenant's Improvements, and all
22 costs of any design, construction, alteration, improvement, installation or equipping
23 of the Premises, including the Hotel and Residential Complex, and operation of the
24 Premises during the Term, including all expenses and costs for maintaining,
25 servicing, operating and repairing (including replacement) Tenant's Improvements
26 and the Premises, and the equipment and personal property used in conjunction
27 therewith. ACDA shall be responsible for costs, expenses, and obligations for
28 maintenance and repair for portions of the Property and Structure not included in the
29 Premises.
30

31 INDEMNITY. Except to the extent caused by negligence or willful misconduct of
32 ACDA, Tenant shall indemnify, defend and hold ACDA, its members, principals,
33 beneficiaries, partners, officers, directors, employees, and agents, contractors and
34 subcontractors hired by ACDA (the "ACDA Related Parties") harmless from and
35 against any and all liabilities, obligations, damages, penalties, claims, actions, costs,
36 charges and expenses, including without limitations reasonable attorneys' fees and
37 costs, which may be imposed upon, incurred by or assessed against ACDA or any
38 of the ACDA Related Parties, arising out of or in connection with any negligent acts
39 or omissions of Tenant related to the Lease or Tenant's occupancy thereunder.
40

41 Except to the extent caused by negligence or willful misconduct of Tenant or any of
42 the Tenant Related Parties, ACDA shall indemnify, defend and hold Tenant and its
43 Tenant Related Parties harmless from and against any and all liabilities, obligations,
44 damages, penalties, claims, actions, costs, charges and expenses, including without
45 limitations reasonable attorneys' fees and costs, which may be imposed upon,
46 incurred by or assessed against Tenant or any of the Tenant Related Parties, arising
47 out of or in connection with any negligent acts or omissions of ACDA or ACDA
48 Related Parties.
49

50 INSURANCE. The Tenant shall carry and maintain the following insurance: (a)
51 commercial general liability insurance applicable to the Premises and its
52 appurtenances providing, on an occurrence basis and in the aggregate, a minimum

1 combined single limit of \$5,000,000.00; (b) workers' compensation insurance as
2 required by the law of the jurisdiction where the Premises are located; (c) employers
3 liability coverage of \$1,000,000.00 per occurrence; and (d) property insurance upon
4 the Premises and personal property owned by Tenant.

5
6 CASUALTY DAMAGE/REPAIR. To the extent that all or any part of the Premises or
7 Structure is damaged by fire or other casualty and has been caused by the Tenant,
8 Tenant's Related Parties or any other person or pet on the Premises, the Tenant
9 shall be liable for (i) any loss of use and repair of the Premises; (ii) any loss of use of
10 the Parking Garage and/or People Mover Space suffered by ACDA or its other
11 tenants in the Structure; and any cost of repair required to the Structure, Parking
12 Garage or People Mover Space. Tenant shall not be entitled to abatement of rent or
13 termination in the event of loss of use from a Tenant-Caused Casualty.

14
15 In the event of damage by fire or other casualty to the Premises or Structure caused
16 by ACDA renders the Premises untenable, the Rent shall abate for the portion of
17 the Premises that is untenable and not used by Tenant not to exceed 180 days.
18 Tenant shall have the right to terminate this Lease if the Premises are damaged so
19 that, in Tenant's reasonable judgment, substantial alteration or reconstruction of the
20 Premises shall be required to restore the Premises to a tenable condition which
21 cannot be substantially completed within 180 days of the date of destruction. Tenant
22 may exercise its right to terminate this Lease for ACDA Casualty by notifying ACDA
23 in writing within sixty (60) days. If Tenant does not terminate this Lease, Tenant
24 shall commence and proceed with reasonable diligence to repair and restore the
25 Premises. ACDA shall proceed with diligence in repairing and restoring the
26 Structure. ACDA shall be liable for any cost of repair required to the Structure,
27 Parking Garage or Transit Hub Space for an ACDA-Caused Casualty.

28
29 DEFAULT BY TENANT. Tenant shall be considered to be in default upon: (a) failure
30 to pay all or any portion of the Rent when due; (b) failure to comply with any term,
31 provision or covenant of this Lease; (c) Tenant becomes insolvent, makes a transfer
32 in fraud of creditors, or makes an assignment for the benefit of creditors, or admits in
33 writing its inability to pay its debts when due; or (d) the leasehold estate is taken by
34 process or operation of Law. Tenant's default is subject to specific cure periods.

35
36 DEFAULT BY ACDA. ACDA shall be considered in default if ACDA fails to comply
37 with any term, provision or covenant of the Lease. ACDA's default is subject to a 30
38 day cure period.

39
40 REMEDIES. Upon any Tenant uncured default, ACDA shall have the right without
41 notice or demand to pursue any of its rights and remedies at law or in equity,
42 including (a) terminating this Lease, in which case Tenant shall immediately
43 surrender the Premises to ACDA, or (b) terminating Tenant's right to possession of
44 the Premises and, in compliance with applicable law, expel and remove Tenant,
45 Tenant's Property and any parties occupying the Property.

46
47 ALTERATIONS. After completion of the Hotel and Apartment Building and other of
48 Tenant's Improvements constructed on the Premises pursuant to the terms of the
49 Development Agreement, Tenant shall not make alterations, additions or
50 improvements to the Premises without first obtaining the written consent of ACDA;
51 provided, however, that ACDA's consent or approval shall not be required for any
52 non-structural alteration that satisfies all of the following criteria: (a) involves only the

1 interior of the Premises; (b) is not visible from the exterior of the Structure or
2 Premises; (c) does not affect the systems of the Structure; and (d) does not require
3 work to be performed inside the walls or below the ceiling of the Structure.
4

5 RIGHT OF ENTRY. ACDA shall have the right to enter the Premises with
6 reasonable advance notice for the purpose of inspecting the structural support of the
7 Hotel and Apartment Building.
8

9 ASSIGNMENT AND SUBLETTING. Tenant shall not assign, sublease, transfer or
10 encumber any interest in this Lease without the prior written consent of ACDA,
11 subject to Tenant's submission to ACDA of a complete package of required
12 information with respect to the proposed assignee.
13

14 SURRENDER UPON TERMINATION. Upon the expiration or sooner termination of
15 the Term, the Tenant shall peaceably vacate the Premises and the Premises shall
16 be returned to ACDA by the Tenant in a reasonably clean, maintained, and
17 tenantable condition, normal wear and tear excepted.
18

19 HOLDING OVER. If Tenant fails to surrender the Premises at the expiration or
20 earlier termination of this Lease, occupancy of the Premises after the termination or
21 expiration shall be require an amount (on a per month basis without reduction for
22 partial months during the holdover) equal to one hundred twenty-five percent (125%)
23 of the sum of the Base Rent and Additional Rent due for the period of the holdover.
24

25 MORTGAGE OF LEASEHOLD INTEREST OF TENANT. The Tenant shall have the
26 unrestricted right to encumber, for loan security purposes to a lending institution, by
27 mortgage, deed of trust, assignment or other appropriate instrument, Tenant's
28 interest in part or in whole to the Premises and in and to this Lease, provided that no
29 such encumbrance shall extend to or affect the fee, the reversionary interest, or the
30 estate of ACDA in the Premises or Property.
31

32 ADDITIONAL CLAUSES. Routine clauses such as waiver, severability, notice, and
33 applicable law are also included in the Lease.
34

35 The Administration recommends scheduling a public hearing for this proposed
36 ordinance on December 21, 2021.
37

38 THE ADMINISTRATION RECOMMENDS APPROVAL.
39

40 Prepared by: Melinda Gant, ACDA Development Director

41 Concur: Mike Robbins, ACDA Executive Director
42

43 Concur: Adam Trombley, Community Development Director

44 Concur: Travis Frisk, CFO

45 Concur: Patrick Bergt, Municipal Attorney

46 Concur: Amy Demboski, Municipal Manager
47

48 Respectfully Submitted: Dave Bronson, Mayor
49

50 Attachment:

51 Anchorage Community Development Authority Resolution 2021-03

52 Anchorage Community Development Authority Resolution 2021-07



RESOLUTION 2021-03

A RESOLUTION OF THE ANCHORAGE COMMUNITY DEVELOPMENT AUTHORITY APPROVING THE EXECUTION OF THE 6TH AVENUE DEVELOPMENT AGREEMENT WITH THE 6TH AVENUE CENTER, LLC

WHEREAS, The Anchorage Community Development Authority (ACDA) terminated its agreement with Irwin Development Group, Alaska Pacific Development Group, and EKN Development Group on August 5, 2020; and

WHEREAS, Larry Cash and Paul Wilse presented a proposal to the ACDA Board of Directors on November 12, 2020; and

WHEREAS, the ACDA Board of Directors supported that the Executive Director continue discussions with Larry Cash and others with the possibility of entering into a development agreement; and

WHEREAS, Larry Cash took the steps of creating a 6th Avenue Center, LLC; and

WHEREAS, 6th Avenue Center, LLC worked with ACDA staff and presented in front of the Development Committee and Board of Directors their progression and updates; and

WHEREAS, 6th Avenue Center, LLC attorney representative and ACDA's attorney representative have been working diligently on finalizing the development agreement; and

WHEREAS, 6th Avenue Center, LLC; presented to the Board of Directors on March 11, 2021 and the ACDA Board of Directors voted to not execute the development agreement due to the concern of FTA money; and

WHEREAS, the ACDA Board of Directors made a commitment that the issues raised on March 11, 2021 regarding FTA money and Transit's interest would be addressed no later than March 24, 2021; and

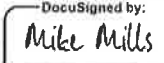
WHEREAS, ACDA met with MOA Legal and Transit on March 19, 2021 to review their proposals and had several follow ups with MOA Legal to address the concern of FTA money and Transit's interest; and

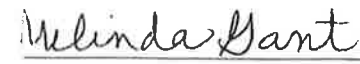
WHEREAS, ACDA Board of Directors met on March 24, 2021 and received an update from ACDA's attorney and noted that there are minor remaining issues for approval of the development agreement, and

WHEREAS, ACDA Board of Directors and the Development team agreed to continue working with MOA Transit to address their concerns.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF ACDA RESOLVES THAT THE EXECUTIVE DIRECTOR IS AUTHORIZED TO NEGOTIATE AND TO EXECUTE THE TRANSIT CENTER DEVELOPMENT AGREEMENT WITH THE 6TH AVENUE CENTER, LLC PROVIDED THAT PUBLIC TRANSIT CONCERNS ARE ADDRESSED AND THAT ANY NECESSARY CHANGES DO NOT INCREASE THE OBLIGATIONS FOR ACDA OR DECREASE RESPONSIBILITIES OF THE DEVELOPER.

PASSED AND CERTIFIED THIS 24TH DAY OF MARCH 2021.

APPROVED: 
Michael R. Mills, Chair

ATTEST: 
Melinda M. Gant, Acting Secretary





RESOLUTION 2021-07
A RESOLUTION OF THE ANCHORAGE COMMUNITY DEVELOPMENT AUTHORITY
APPROVING THE EXECUTION OF THE GROUND LEASE BASED ON THE FULFILLMENT OF
REQUIRED CONDITIONS WITH THE 6TH AVENUE CENTER, LLC.

WHEREAS, The Anchorage Community Development Authority (ACDA) executed a Development Agreement with 6th Avenue Center, LLC on March 24th, 2021 for the 6th Avenue Redevelopment Project; and

WHEREAS, the 6th Avenue Center, LLC entered into a Labor Peace Agreement with Unite Here Local 878 on September 29, 2021;

WHEREAS, 6th Avenue Center, LLC obtained their releases from EKN AK Hotel, LLC and Irwin Development Group October 8, 2021; and

WHEREAS, 6th Avenue Center, LLC and ACDA executed Amendment #1 to the Development Agreement on October 14, 2021 in which the parties have agreed to extend the Ground Lease terms to 99 years; and

WHEREAS, ACDA Board of Directors met on October 14, 2021 and unanimously approved the execution of the Ground Lease with 6th Avenue Center, LLC.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF ACDA RESOLVES THAT ACDA SEEK ANCHORAGE ASSEMBLY APPROVAL NO LATER THAN DECEMBER 2021 FOR THE GROUND LEASE WITH 6TH AVENUE CENTER, LLC BASED ON THE FULFILLMENT OF THE REQUIRED CONDITIONS.

PASSED AND CERTIFIED THIS 14TH DAY OF OCTOBER 2021.

APPROVED: DocuSigned by:
Evelyn Rousso
0634A782CF56401
Evelyn F. Rousso, Chair
DocuSigned by:

ATTEST: *Mike Robbins*
1FE04FE0598049B
Michael W. Robbins, Secretary

