

**ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY**

**RESOLUTION NO. G23-05**

**RESOLUTION OF THE ALASKA INDUSTRIAL  
DEVELOPMENT AND EXPORT AUTHORITY  
AUTHORIZING LEASE EXTENSIONS AND CAPITAL  
IMPROVEMENTS AT THE TED STEVENS  
ANCHORAGE INTERNATIONAL AIRPORT WITH  
FEDERAL EXPRESS CORPORATION**

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**WHEREAS**, the Alaska Industrial Development and Export Authority (the “Authority”) is leasing two parcels of property at the Ted Stevens Anchorage International Airport on which the Authority developed an aircraft hangar and maintenance facility and a fire suppression facility (collectively the “Project”);

**WHEREAS**, the Authority leased the Project to Federal Express Corporation (“FedEx”), which has been utilizing the Project since at least 1995, but the Authority’s two leases with FedEx expire July 31, 2023;

**WHEREAS**, the Staff of the Authority and FedEx have begun negotiations for a new lease for the Project that would cover both parcels of property and that would be for a period of 35 years from July 31, 2023 to July 31, 2058. Prior to expiration the Authority and FedEx will have the option to the extend the lease for two additional periods of 10 years;

**WHEREAS**, the proposed new lease between the Authority and FedEx will require the Authority to perform specified refurbishment work on the Project and the refurbishment work is estimated to cost no more than \$16,000,000;

**WHEREAS**, the proposed new lease between the Authority and FedEx would be in the form of a “Aircraft Maintenance and Fire Suppression Facility Sublease Agreement”, which shall be drafted and negotiated;

**WHEREAS**, for the Authority to assure FedEx will have the rights to an initial 55 year lease term, the Authority must exercise its rights to extend its existing land lease covering the aircraft hangar and maintenance facility at Ted Stevens Anchorage International Airport for an additional 55 years;

**WHEREAS**, it is in the best interests of the Authority that it extend its existing land lease at the Ted Stevens Anchorage International Airport for the aircraft hangar and maintenance facility and that the Authority enter into the new lease with FedEx on the terms and conditions that shall be set out in the negotiated Aircraft Maintenance and Fire Suppression Facility Sublease Agreement.

**NOW, THEREFORE, BE IT RESOLVED BY THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY AS FOLLOWS:**

Section 1. The Board authorizes the Executive Director and Authority staff to enter into negotiations to extend its land lease with the Ted Stevens Anchorage International Airport for the aircraft hangar and maintenance facility for a period of up to 55 years.

Section 2. The Board authorizes the Executive Director and Authority staff to enter into negotiations with FedEx parties as the Executive Director deems appropriate with the intent of extending its facilities sublease agreement for a period of up to 55 years. The Executive Director is authorized to finalize and sign the new agreement with FedEx, with any non-material modifications to that agreement as the Executive Director, in his discretion, may deem appropriate.

Section 3. The Board authorizes the Authority to expend up to \$16,000,000 from the Economic Development Account of the Revolving Fund to perform the refurbishment work on

the Project as contemplated and shall be captured in the negotiated Aircraft Maintenance and Fire Suppression Facility Sublease Agreement.

DATED at Anchorage, Alaska on this 1st day of March, 2023.

ALASKA INDUSTRIAL DEVELOPMENT  
AND EXPORT AUTHORITY



  
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Chair

  
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Secretary



## MEMORANDUM

**TO:** Board  
Alaska Industrial Development and Export Authority

**FROM:** Randy Ruaro  
Executive Director

**DATE:** 1 March 2023

**SUBJECT:** FedEx Hangar Lease Extensions & Capital Improvements Request  
Resolution No. G23-05

### SUMMARY:

Management recommends that the Alaska Industrial Development and Export Authority (the Authority or AIDEA), under the conditions outlined in Resolution No. G23-05, and as allowed in AS 44.88.172 as an AIDEA owned asset, enter into a 55 year agreement lease with the Federal Express Corporation (FedEx), effective 1 August 2023, for the purpose of leasing FedEx an aircraft maintenance hangar and fire suppression system pumphouse at the Ted Stevens Anchorage International Airport (TSAIA). Additionally it is recommended that AIDEA exercise its right to extend the land lease with TSAIA for 55 years pursuant to capital improvements on the hangar and pumphouse outlined below.

### BACKGROUND:

Originally constructed for a cost of \$27.6 million for FedEx in 1992, with an in service date of 15 March 1995. In December 1993 a fire suppression system building, including a pumphouse, 750,000 gallon above ground water storage tank and associated underground piping between the hangar and the pumphouse was constructed. During the calendar year 2014, the pumphouse lease was merged with the hangar lease.

Discussions between AIDEA & FedEx for a new lease began in 2022. FedEx communicated their interest in reconciling the facilities lease between AIDEA and FedEx with the land lease between AIDEA and TSAIA and increasing the term of the facilities and land leases to 55 years. To this date, all lease payments have been received for both leases totaling \$69.2M.

AIDEA management along with FedEx management, both local and corporate, have noted certain deficiencies directly relating to Life, Health, and Safety (LHS) and Quality Control and Quality Assurance (QC/QA) in the facility, wherein systems have aged out, are in need of repair or replacement, or are no longer feasible to operate or maintain. These systems include, but are not limited to, new roof and the fire suppression system. A detailed list of systems that require repair, replacement or removal was prepared by AIDEA management and relayed to FedEx management

for concurrence. Thereafter, a ROM estimate was prepared by AIDEA management, and the estimated cost is between \$14-\$16M. See Capital Improvements section below.

Alaska Constitution, Section 10, Article VIII in pertaining part: “No disposals or leases of state lands, or interests therein, shall be made without prior public notice and other safeguards of the public interest as may be prescribed by law.” AIDEA’s granting of a sublease to FedEx of AIDEA’s interest in the two Anchorage airport parcels at TSAIA would thereby be a “lease of state lands,” or a disposal of an “interest therein,” within the meaning of this constitutional provision. To comply, a public notice will be created and published with the passing of this resolution.

## **CAPITAL IMPROVEMENTS:**

(Contained in Attachment A with ROM estimates)

Option #1 ROM ~\$15.5M

1. QC/QA: Market Value Appraisal
2. LHS & QC/QA: Engineering & Permitting
3. LHS & QC/QA: AFFF Flushing Bench Test & Flushing Entire Fire Suppression System
4. LHS & QC/QA: Remediate, remove and disposal of AFFF tanks, various piping, concentrate and cannons (Does not include out of state disposal at a RCRA landfill site)
5. LHS: Ignitable Liquid Drainage Floor Assembly (ILDFA)
6. LHS: Repurpose existing sprinkler system for Dry Deluge Fire Suppression System in areas outside of ILDFA
7. QC/QA: New Roof
8. LHS: Fire Pump Controls, Detection & Releasing Systems
9. QC/QA: Underground Fire Piping
10. QC/QA: 750,000 Gallon A/G WST Inspection & Re-certification
11. LHS: Replace Fire System Deluge Valves
12. QC/QA: Replace Megadoor PLC
13. LHS: Fiber Optic Upgrades
14. QC: Ramp Pavement Replacements

Option #2 ROM ~\$14.5M

1. QC/QA: Market Value Appraisal
2. LHS & QC/QA: Engineering & Permitting
3. LHS & QC/QA: AFFF Flushing Bench Test
4. LHS & QC/QA: Remediate, remove and disposal of AFFF tanks, various piping, concentrate and cannons (Does not include out of state disposal at a RCRA landfill site)
5. LHS: New Dry Deluge Fire Suppression System
6. LHS: New High Expansion Foam Fire Suppression System
7. QC/QA: New Roof
8. LHS: Fire Pump Controls, Detection & Releasing Systems
9. QC/QA: Underground Fire Piping
10. QC/QA: 750,000 Gallon A/G WST Inspection & Re-certification
11. LHS: Replace Fire System Deluge Valves
12. QC/QA: Replace Megadoor PLC

13. LHS: Fiber Optic Upgrades
14. QC: Ramp Pavement Replacements

AIDEA management summarily recommends and has conveyed that recommendation to FedEx management, to move forward with Option #1 above for the following reasons. First, the LHS of the FedEx employees occupying the hangar facility 365 days a year in addition to the employees of various organizations that utilize AIDEA-FedEx's hangar for maintenance of their airframes, are protected by the ILDFA. The ILDFA system, while new to Alaska, is not new to aircraft hangars around the country and is in use at numerous DOD installations nationwide. Second, the opportunity provided in the AFFF Flushing Bench Test allows AIDEA, along with FedEx and AIDEA's engineering partner the opportunity to test and prove methodology for flushing/cleaning below the Lower Exposure Limit (LEL) for AFFF impacted black iron pipe systems. The findings can and will be used to reduce environmental impacts from AFFF impacted systems around the country. Lastly, the LHS and QC/QA items identified by AIDEA management and relayed to our partners with Fed Ex, have a direct impact on the 80+ FedEx employees and hundreds of contractors and subcontractors that work in or around the facility on a daily basis.

**RECOMMENDATION:**

Staff recommends approval of Resolution No. G23-05.