

**BEFORE THE ALASKA OFFICE OF ADMINISTRATIVE HEARINGS ON REFERRAL
BY THE COMMISSIONER OF TRANSPORTATION & PUBLIC FACILITIES**

CARR & FAMILY PROPERTIES, LLC)
and INTERNATIONAL FREIGHT)
TERMINAL, LLC)
)
v.)
)
TED STEVENS ANCHORAGE)
INTERNATIONAL AIRPORT)
_____)

OAH No. 21-2536-APT
ADA-04906 Land Lease

RECOMMENDED DECISION

This case is an appeal to the Commissioner of a partial denial of an application for a land lease extension at the Ted Stevens Anchorage International Airport (TSAIA). International Freight Terminal, LLC (“IFT”) is the current holder of the lease, while Carr & Family Properties, LLC is IFT’s parent company, and is the entity that submitted the lease application. In this recommended decision, wherever they act jointly, they will collectively be referred to as “C&FP.”

The issue in the case is the *duration* of the lease extension that should be granted to IFT. The Airport Director granted an extension of only five years. C&FP seeks a 35-year extension. Under the controlling regulation, C&FP has “the burden to prove by a preponderance of the evidence” that it is entitled to a change in the decision.¹

The Department of Transportation and Public Facilities (“department”) referred this case to the Office of Administrative Hearings (“OAH”) under the Memorandum of Agreement for Adjudication Services dated December 16, 2021. The undersigned Administrative Law Judge serves as the Commissioner’s “review officer” under 17 AAC 42.920(g). The appeal proceedings before the review officer lead to a “recommendation” that the Commissioner may accept, reject, or supersede according to 17 AAC 42.920(k). AS 44.64.060(e) and (f), the decisionmaking provisions that govern many OAH cases, do not apply to this proceeding.

C&FP and the Airport agreed to divide the case into two phases. The first would be a determination of whether the Airport Director improperly evaluated the application. If no errors were found, that determination would go to the Commissioner as a proposed decision and, if

¹ 17 AAC 42.920(j).

adopted, would end the case. If, on the other hand, the Director was found to have erred, a second phase would be conducted on how to remedy the error.² The two sides then briefed the Phase I issues and submitted the matter for decision on a written record.

This document finds that C&FP has not proven the Airport Director’s decision to be erroneous and recommends that it be affirmed. Accordingly, if the recommendation is accepted there will be no Phase II and the case will terminate.

I. Background Facts

A. East Airpark

The matters at issue in this case relate to TSAIA’s East Airpark. The East Airpark, now about 70 years old, was the first area of the airport developed for support. It is presently one of five airparks. It covers about 150 acres east of the South Terminal, between the apron north of the east-west runways and International Airport Road. There are currently about 40 leases in the East Airpark. The majority of its facilities are more than 30 years old, and its development patterns are outdated.³

The last TSAIA Master Plan Update (MPU), completed in 2014, did not focus extensively on the East Airpark. It did provide that “as existing leaseholds expire, the Airport could elect to implement a lease lot reconfiguration.”⁴ Wholesale redevelopment was not tackled in the 2014 MPU, but the document forecast that it might be necessary to reconsider more comprehensive solutions “as demand for support functions grows.”⁵ The next master plan update is due in 2024.

B. The Lease

In May of 1982, Carr-Gottstein Properties, Inc. received a 40-year lease to Lot 8A, Block 5 in the East Airpark of TSAIA, denoted Lease No. ADA-04906. The lease was to expire on May 1, 2022. The lease was subsequently assigned (with TSAIA consent) to other entities, and is currently held by IFT.⁶

² The downstream proceeding would include an evaluation of the amount of qualifying “permanent improvements,” as defined in 17 AAC 42.990(57), that could be considered in setting a maximum lease term. Stipulation of Facts, ¶ 13.

³ A.R. 530, 556, 1034, 2086-87.

⁴ A.R. 1035.

⁵ A.R. 1189.

⁶ Stipulation of Facts, ¶¶ 1-2.

Immediately after the lease was issued, the lessee built a warehouse facility on the land. IFT has four sub-lessees operating on the premises: two freight forwarders, a bush shipping service, and a business that sells and maintains equipment of airport users. IFT is in compliance with ADA-04906 and its authorized uses; its continued use of the premises also accords with all written airport policies.⁷

IFT’s lot (8A) is a medium-sized one located between the large air cargo facility lots fronting Taxiway Kilo and the railroad tracks, as depicted below:⁸



C. Lessee Improvements

In 2017-18, IFT had email correspondence with a DOT&PF leasing specialist about issues related to applying for a lease extension, including the anticipated lease rate and the duration of the extension for which IFT could apply. This correspondence will be revisited in more detail later in this decision. Briefly, however, the leasing specialist made representations

⁷ *Id.*, ¶¶ 2-4; A.R. 317.

⁸ From A.R. 1703. Colors in the diagram represent lease expirations, as follows: red—before 2023; yellow—2023-28; bright green—2029-34; aqua—2041-46; purple—after 2046.

about the duration of the extension for which IFT could “apply” under various scenarios; she did not make any representations about the duration that would or would not be granted. It is fair to say that her correspondence implied that, if certain investments were made in leasehold improvements, a lease extension exceeding five years *could* be granted.⁹

Following the November 30, 2018 earthquake, IFT obtained an airport building permit on May 21, 2019 to repair earthquake damage and to replace the warehouse’s siding and windows, with a claimed total expense of approximately \$778,000. This work was completed in 2019.¹⁰

D. Application for Extended Lease Term

C&FP submitted a lease application on behalf of IFT on February 25, 2021. The application has variously been characterized as an application for a succeeding 35-year lease and an application for a 35-year extension of ADA-04906 (the distinction is largely academic in this case). The parties agree that the application qualified for consideration without a competitive offering.¹¹

TSAIA’s Land Leasing Manager denied IFT’s application on September 24, 2021, offering instead to grant IFT a five-year extension to April 14, 2027, with the ability to submit a new application in the last year of that term for a further seven years. The decision was made both on the basis that none of IFT’s \$778,000 in expenditures in 2019 could qualify as “permanent improvements” as required by 17 AAC 42.225(b)(5) to support an extension greater than five years, and on the basis that a longer extension would not meet the state’s best interest in light of the likely reconfiguration and redevelopment of the East Airpark to be incorporated in the next Airport Master Plan.¹²

As permitted by 17 AAC 42.910, C&FP initiated a protest. The Airport Director denied the protest on October 29, 2021.¹³ The Director did not reach the question of whether all or some of the \$778,000 in claimed expenditures were qualifying “permanent improvements,” but instead decided that even if they were, they would not override the other considerations the airport must consider in extending a lease. He otherwise adopted the factor analysis done by the Leasing Manager and endorsed the determination that an extension beyond the term offered by

⁹ Stipulation of Facts, ¶ 5; Brief of Appellant Exhibit 5.

¹⁰ Stipulation of Facts, ¶¶ 7-8; A.R. 315, 322-324, 397-98 (transmittal of permit as issued).

¹¹ Stipulation of Facts, ¶¶ 10-11; A.R. 164-305.

¹² A.R. 159-61.

¹³ Stipulation of Facts, ¶ 30-31; A.R. 2-5.

the Leasing Manager would not be in the best interest of the state. The core of his analysis on this point stated:

It is impossible to achieve large-scale redevelopment of the East Airpark if the Airport continues to grant new leases or lease term extensions for thirty or more years. Future redevelopment must provide an opportunity to create larger lease lots extending from Taxiway Kilo north to the railroad tracks (or a redevelopment road that parallels the railroad tracks and replaces Old International Airport Road). Creating new orphan parcels with lease terms that extend dozens of years into the future not only delays East Airpark redevelopment, but it raises the financial cost of buying-out remaining tenants, which is not in the best interest of the State of Alaska.¹⁴

He further observed that once the new Master Plan for TSAIA is complete, the airport “will have better clarity on how best to specifically address the needs of East Airpark,” thus suggesting that once that occurs there could be additional flexibility to grant longer lease extensions without impairing the state’s interests. Finally (as an independent basis for denial, and one that has largely been undefended in this appeal), he included a paragraph suggesting that a long extension would “run contrary to FAA guidance and standards,” contending that this would violate AS 02.15.030 and would also jeopardize airport funding.¹⁵

E. East Airpark Leasing Moratorium

Although mentioned in neither the Leasing Manager’s nor the Airport Director’s decisions, the denial of an extension beyond five years aligns with an unsigned “Decision Memo to Limit Lease Term in East Airpark” dated December 11, 2020, which recommended “that Leasing limit all future East Airpark Land lease term extensions to no later than 2027.”¹⁶ The status of this document, which is labeled “DRAFT DELIBERATE DOCUMENT” in red, will be explored below. It will be referred to as the “Leasing Moratorium Memo.”

Some East Airpark leases in place run past, or have been extended to run past, April 14, 2027. A number expire in the 2050s and one (issued in 2017 to Alaska Airlines) runs to 2072. The most recent such lease, issued to EAN Holdings on March 10, 2020, continues to 2038. However, no East Airpark lease since December 2020, the date of the Leasing Moratorium Memo, has been set or extended to a date beyond April 14, 2027.¹⁷

¹⁴ A.R. 4.

¹⁵ A.R. 5.

¹⁶ A.R. 1704-05.

¹⁷ *Id.*, ¶¶ 27-28; A.R. 2086-87. *See also* A.R. 2049-51, 2090, 2093.

II. Controlling Legal Principles

A. Statutory Framework

The starting point for analyzing applications for noncompetitive lease extensions at airports is AS 02.15.090(c), which was added to the main statutory provision governing airport leasing in 1996.¹⁸ This provision creates an exception to the general principle that the “public may not be deprived of . . . equal . . . use of the airport.”¹⁹

Subsection (c) provides that before the expiration of a lease, “the lessee may apply for a new lease, or for an extended term under the existing lease, for the same land.” It mandates that the “commissioner shall approve” such an application “without offering the land to other persons for leasing” if three conditions are present:

- “the lessee is in compliance with the terms and conditions of the existing . . . lease;”²⁰
- “the continued use of the leasehold is consistent with written airport operation policies”;²¹ and
- “the continued use of the leasehold . . . is in the state’s best interest.”²²

In the present case, as we will see, it is the second and third criteria that are at issue.

Before leaving this statute, let us briefly visit its legislative history. The bill that eventually delivered the text of AS 02.15.090(c) started out with very different language. As originally introduced, it would have compelled the department to grant an existing lessee “another term” if two simple conditions were in place: the lessee was in compliance with its current lease, and the lessee “ha[d] made a substantial investment in developing the land.”²³ But the ultimate language eliminated any reference in subsection (c) to investment (substantial or otherwise) and instead mandated consideration of “written airport operation policies” and, critically, “the state’s best interest.”²⁴ Thus, the legislature considered a bill that would have forced airports to grant lease extensions without considering the policy wisdom of doing so and that gave exclusive primacy to lessee investment, but in the end it decided to leave DOT&PF

¹⁸ Ch. 105 SLA 96.

¹⁹ AS 02.15.090(a).

²⁰ AS 02.15.090(c)(1).

²¹ AS 02.15.090(c)(2).

²² *Id.*

²³ H.B. 543, version HB0543A, § 1 (as introduced Mar. 13, 1996).

²⁴ CSHB 543 (FIN) AM S, § 3 (as signed into law Oct. 21, 1996).

with the ability—and obligation—to evaluate the state’s best interest when considering these extensions.²⁵

The Superior Court has summarized the proper import of AS 02.15.090(c) as follows:

[T]his is a statutory preference for existing lessees, *not* an entitlement to automatic lease extension on the lessee’s preferred terms. Any other reading would directly conflict with the requirement that lease extensions be predicated on a finding that ‘continued use of the leasehold is consistent with written airport operation policies and is in the state’s best interest. Indeed, the statute is silent on the precise length of any lease renewals, and the regulations then clarify that the Airport Manager is who, at least initially, makes that determination.²⁶

Having concluded that the 1996 statute neither compels a lease extension that is not in the state’s interest, nor compels any particular length of extension, let us move to the implementing regulations.

B. Regulatory Parameters for Decision

The regulatory framework for implementing AS 02.15.090(c) has been substantially unchanged since adoption in 2001.

Lessees desiring a noncompetitive extension of an existing lease or a noncompetitive succeeding land lease must submit a detailed written application.²⁷ This has been done in the present case, and its sufficiency to be considered is not at issue in this phase of the litigation.

To be approved at all, 17 AAC 42.215 provides that the proposed continuation must meet several criteria. Some of these relate to such things as covenants running with the land and noise regulations and are not relevant to this case, but two are significant:

- The “continued use” must be “consistent with . . . sound airport planning or considerations of security, safety, maintenance, or operation of the airport;”²⁸ and
- The “continued use” must be “in the best interest of the state.”²⁹

²⁵ This history significantly undermines C&FP’s version of “legislative intent” set out at pages 3-4 and footnote 9 of its opening brief. C&FP has been able to identify a few snippets of remarks by individual legislators from a period when the language was in flux, and these would indeed suggest an intent at some point, by some legislators, to tightly focus the inquiry on lessee investment. But the overall shift in language, as considered and voted on by the whole legislature, is a far stronger indication of what the body as a whole intended. And the vague findings and statement of purpose at the beginning of the bill are not inconsistent with this ultimate intent.

²⁶ *Quad Ventures, LLC v. State, Dep’t of Trans. & Public Facilities*, No. 3AN-19-11112 CI (Order Denying Administrative Appeal, Dec. 14, 2021), at 13 (italics in original) (footnotes omitted) (alternative holding). This decision is found at A.R. 1941-55.

²⁷ 17 AAC 42.205, 17 AAC 42.210.

²⁸ 17 AAC 42.215(c)(2)(C).

²⁹ 17 AAC 42.215(c)(3).

The duration of any renewed or extended lease (as well as any initial lease) for a private lessee is governed by another regulation, 17 AAC 42.225. In the context of C&FP's application for a lease extension, there are two main components to this regulation: a set of factors to be considered and a group of provisions capping the maximum term.

Of the second group, the parties appear to agree that the cap on maximum term applicable in this case is found in 17 AAC 42.225(i). This is the "maximum potential lease term or lease term extension that the manager may grant."³⁰ It a table showing the number of years that may be added based on the lessee's investment in "permanent improvements on the premises"³¹ (as well as certain other outlays not relevant here). With zero investment, an applicant may still be granted an extension up to five years. For each \$25,000 in qualifying investment, the cap goes up by one more year, so that an investment of \$100,000 would move the cap up to nine years and an investment of \$778,000 (the amount C&FP is claiming) would move the cap up to 36 years.

Subject to this cap, the factors to be considered are set out in 17 AAC 42.225(b), which reads:

- (b) In setting or extending the term for a land lease, the airport manager shall consider
 - (1) the applicant's actual or proposed development and use of the premises;
 - (2) sound airport planning and anticipated needs for security, safety, maintenance, and operation of the airport;
 - (3) future development needs of the airport;
 - (4) applicable covenants running with the land and restrictions in the state's title to airport property;
 - (5) the amount of investment, purchase price, fair market value, useful life, or remaining useful life of permanent improvements documented in the application, as applicable;
 - (6) the applicant's plan for remediation of any environmental contamination if the applicant did not cause or materially contribute to the contamination; and
 - (7) the proposed method and terms of financing the applicant's investment; and
 - (8) the best interest of the state.

³⁰ 17 AAC 42.225(i), preamble.

³¹ 17 AAC 42.225(c)(1)(C).

Note that both 17 AAC 42.215 (governing whether an extension should be granted at all) and 17 AAC 42.225 (governing how long an extension should be) require consideration of the “best interest of the state.” A very long regulation, 17 AAC 42.900, attempts to flesh out what this consideration entails. At the core, the regulation provides that the action in the best interest of the state is the action “that best promotes and maintains, consistent with state and federal law, a strong airport and aviation environment for the benefit of the traveling and shipping public.”³² It then declares that the department will accomplish the general goals “by considering, as applicable to a particular decision, such factor as” the ones in a list of about 23 items.³³ Some of these circle back around to items listed in 17 AAC 42.215 and/or 17 AAC 42.225, such as “sound airport planning and considerations of security, maintenance, and operation of each affected airport.”³⁴ Others of potential interest include:

- “efficient operation of each affected airport”;³⁵
- “the growth of . . . a strong aviation industry”;³⁶
- “the continued development of . . . aviation services that are open to all users”;³⁷
- “the continued development of . . . business and noncommercial enterprises on airport property”;³⁸
- “the protection of . . . a person’s lease, permit, or concession rights”.³⁹

To summarize, the regulations permit extensions at all only if consistent with sound airport planning and other components of the state’s best interest. They cap extensions based on a sliding scale pegged to the lessee’s investment in improvements. Within the cap, the term of an extension must be evaluated with reference to sound airport planning and other components of the state’s best interest.

³² 17 AAC 42.900(b).

³³ 17 AAC 42.900(c).

³⁴ 17 AAC 42.900(c)(8).

³⁵ 17 AAC 42.900(c)(1).

³⁶ 17 AAC 42.900(c)(3)(A).

³⁷ 17 AAC 42.900(c)(4)(B).

³⁸ 17 AAC 42.900(c)(4)(C).

³⁹ 17 AAC 42.900(c)(5)(C).

III. Analysis

A. *Is the Department Permitted to Grant C&FP's Application Beyond a Five-Year Extension?*

Returning to the statute, let us recall that AS 02.15.090(c) provides that the department “shall approve” an extension application from an existing lessee—without offering the leasehold to the public—if three circumstances obtain: (i) the lessee is in compliance with the terms of its existing lease; (ii) the continuation “is consistent with written airport operation policies”; and (iii) the continuation is “in the state’s best interest.” On its own, this statutory provision reads as a one-way compulsion, whereby the department is compelled to grant the extension if the three conditions are met, but might not be compelled to *deny* the extension if one of the three conditions were *not* met.

When read in context, however, AS 02.15.090(c) has been written into the statute as an exception to a broader principle that “[t]he public may not be deprived of its rightful, equal, and uniform use of the airport”,⁴⁰ such that the granting of a noncompetitive extension is something that occurs “[n]otwithstanding” the public’s right to equal use.⁴¹ Therefore, the statutory language suggests that, if the exception does not apply, the department is compelled to deny the extension because it must offer the leasehold equally to the public at large. DOT&PF appears to have adopted this interpretation of the statute in a regulation, 17 AAC 42.205, which requires an airport manager to competitively offer a leasehold in all relevant circumstances “[e]xcept” where it is eligible “for a new lease . . . or for an extension of the existing lease without competition under AS 02.15.090(c).”

This means that the department would be legally compelled to deny the C&FP application to the extent that it is not “consistent with written airport operation policies.” And there is, in fact, a written document on the subject of policy with which an extension beyond five years would be inconsistent. That is the Leasing Moratorium Memo described in the Background Facts section above.

In this litigation, TSAIA seems to take the legal position that the Leasing Moratorium Memo was “implemented and followed at the direction of management” and therefore had “validity.”⁴² Is this so? And does the Leasing Moratorium Memo therefore rise to the level of a

⁴⁰ AS 02.15.090(a).

⁴¹ AS 02.15.090(c).

⁴² Brief of Ted Stevens Anchorage International Airport at 14 & nn.60-61.

“written airport operation polic[y]”? If it does, its existence might end this case, in that the department would be statutorily barred from approving a lease extension in contravention of it.

However, there are strong reasons why it should not be elevated to the level of a written airport operation policy. First, the memo is not signed and is instead prominently labeled “DRAFT” and “DELIBERAT[IVE]”. It was never disseminated to the public or, for that matter, to the very lessees whose leases is supposedly governed. When first asked about it in her deposition, Deputy Airport Director Teri Lindseth testified plainly that “[i]t has not been sent out because it hasn’t been finalized or reviewed.”⁴³

Subsequent testimony by Ms. Lindseth further undermined the standing of the memo. She testified that what she meant to say initially had not been “finalized or reviewed” yet was a letter to East Airpark tenants telling them “that they can expect that extensions will most likely be denied or limited to this 2027 timeframe.”⁴⁴ But this tells us that TSAIA was considering announcing a policy that extensions beyond 2027 would “*most likely*” be denied, in contrast to the Leasing Moratorium Memo which said that “*all* future East Airpark land lease term extensions” would be limited to 2027.⁴⁵

In short, the Leasing Moratorium Memo was a policy document that had not yet been signed by a policymaker, that was labeled in red as a “DRAFT,” and that bore a second label indicating it was still being deliberated. And the airport was actively considering a policy announcement that was materially different from what was in the memo—but had not yet made that announcement because it awaited finalization and review. In these circumstances, there was no “written airport operation polic[y]” yet in effect precluding a lease extension beyond 2027. Since there was no such written policy in effect, TSAIA was not and is not precluded by the “written . . . policy” component of AS 02.15.090(c) from granting an extension longer than the one offered to IFT.

B. Is the Department Compelled to Grant C&FP’s Application Beyond a Five-Year Extension?

1. Estoppel

Just as there is an argument that the department might be precluded by law from *granting* this application beyond the five-year extension that has been given, there is an argument that the

⁴³ Lindseth Dep. at 20.

⁴⁴ *Id.* at 72-73.

⁴⁵ A.R. 1705 (italics added).

department is precluded from *denying* the application for the full 35-year term requested, or at least for a longer term than five years.⁴⁶ That argument is C&FP’s estoppel theory, argued in Part II-A of its opening brief. Although C&FP has subsequently described this theory as a “fallback,”⁴⁷ it will be taken up at this stage because if it were sustained it could end the need for any further analysis.

The doctrine of equitable estoppel can come into play when a member of the public has reasonably acted in reliance on misinformation or misdirection provided by the government. To be able to use this doctrine, C&FP must prove each of the following elements:

- (1) the governmental body asserts a position by conduct or words; (2) the private party acts in reasonable reliance thereon; (3) the private party suffers resulting prejudice; and (4) the estoppel serves the interest of justice so as to limit public injury.⁴⁸

If these four elements were present, the department would be estopped to deny—that is, precluded by equity from denying—that the position it asserted was true, and it would have to live by that position. To begin the process of unpacking C&FP’s argument on estoppel, it will be helpful to sort its narrative into the four elements quoted above.

(1) *The governmental body asserts a position by conduct or words.* C&FP points to the correspondence between it and the leasing specialist in 2017-18 about which I have previously made the finding that it “is fair to say that [the specialist’s] correspondence implied that, if certain investments were made in leasehold improvements, a lease extension exceeding five years *could* be granted.”⁴⁹ It also points to the fact that in May 2019 airport management granted a building permit to C&FP to replace siding and windows and repair earthquake damage, which it suggests was an implicit representation that the tenant would retain the premises long enough to recover that investment.⁵⁰ C&FP contends that these circumstances represent an assertion by words and conduct that an investment in improvements *would* or *could* (C&FP’s argument is a little unclear on which) lead to an extension longer than five years. In any event, they “estop the

⁴⁶ To be precise, the argument is that the department is precluded from denying a long-term lease *provided* C&FP can prevail on issues reserved by agreement for Phase 2, notably the amount of qualifying “permanent improvements,” as defined in 17 AAC 42.990(57), that could be considered in setting a maximum lease term. *See* Stipulation of Facts, ¶ 13.

⁴⁷ Statement of counsel for C&FP in Closing Argument.

⁴⁸ *Crum v. Stalnaker*, 936 P.2d 1254, 1256 (Alaska 1997) (applying estoppel against the government to override the time limit for claiming service credit in a Teachers’ Retirement System case).

⁴⁹ *Supra* at 4.

⁵⁰ This is my best interpretation of the argument spanning pages 12 and 13 of C&FP’s opening brief.

Airport from claiming that C&FP's improvements are now irrelevant to the length of the new lease term."⁵¹

(2) *The private party acts in reasonable reliance thereon.* C&FP contends that in reliance on the above understanding, it spent \$778,000 on permanent improvements to the leasehold between May 2019 and the end of 2019. This is the only reliance it asserts.

(3) *The private party suffers resulting prejudice.* The prejudice, or harm, that C&FP could link to spending the \$778,000 in reliance on an erroneous expectation is the spending itself, net of any benefit of the spending C&FP may realize before the expiration of the extended lease in 2027. In other words, C&FP has potentially lost part of the anticipated benefit of its investment.

(4) *Estoppel serves the interest of justice so as to limit public injury.* C&FP has not devoted much briefing to this element, but it points out that if it is granted a long extension, TSAIA will not be prevented from doing whatever it ultimately decides to do with the East Airpark.⁵² At worst, it will just have one more leasehold to buy out, alongside several others that might similarly interfere with redevelopment plans.⁵³

Having summarized the appellant's case on estoppel, let us evaluate its sufficiency.

Perhaps the most fundamental difficulty with C&FP's estoppel claim stems from its timeline. During 2017-2018, when C&FP was corresponding with the leasing specialist, the airport was still granting long-term extensions in the East Airpark. Everything the leasing specialist said, and every position she may have implied, was true at that time. Even as of May 2019, when the airport gave C&FP a permit to do work on the building, the airport was apparently still—at least sometimes—willing to grant long-term extensions in the East Airpark.⁵⁴ This situation continued into 2020, with an 18-year term granted to EAN Holdings in March of that year. Insofar as TSAIA has limited extensions to 2027, that situation has solidified more recently, well after C&FP's investment. In effect, therefore, C&FP's version of estoppel would require a holding that private parties who correspond with a state agency years in advance about its policy approach may, in effect, bank the response they receive and preclude the agency from

⁵¹ Brief of Appellants at 8.

⁵² Reply Brief of Appellants at 18.

⁵³ See Lindseth Dep. at 60. The evidence offered in this case is inadequate to assess the fair market value of the leasehold or the likely cost of a buyout.

⁵⁴ The record does contain indications that two extensions were denied or limited *later* in 2019 based on a desire to maintain redevelopment flexibility in the East Airpark. A.R. 1969-70, 2027-29, 2057-63.

ever reevaluating the policy balance as it impacts that individual. No Alaska Supreme Court case has ever extended estoppel in that way.⁵⁵

Because of this timeline, if C&FP treated the leasing specialist’s emails as some sort of assurance, it was not reasonable for it to do so, and the second element of estoppel requires *reasonable* reliance. This might be a closer case if the leasing specialist had corresponded with C&FP in 2021 and the investments were made in 2022; in such a case, it might be reasonable to expect the specialist to mention that, even though long-term extensions were permissible by regulation, they were not currently being granted in the East Airpark in 2021 due to other policy considerations—and thus reasonable to infer from silence that no overriding impediments to a long extension were known to TSAIA. But a pair of emails from a leasing specialist in 2017-18 about how lease extensions were being looked at then are not a guarantee that circumstances will not change.⁵⁶

Moreover, C&FP’s proof on the first element of estoppel—assertion of a position by words or conduct—is very limited. Each of the two emails by the leasing specialist addressing lease term repeatedly used the phrasing “apply for” in laying out the various scenarios, saying,

⁵⁵ The principal Alaska cases applying estoppel against the government are enormously less far-reaching. They are:

Case	Citation	Holding
<i>Crum v. Stalaker</i>	936 P.2d 1254 (Alaska 1997)	Government could not enforce a deadline, having misdirected private party into overlooking it
<i>Mortveldt v. State, Dep’t of Nat. Resources</i>	858 P.2d 1140 (Alaska 1993)	Same
<i>Boyd v. State, Dep’t of Commerce & Econ. Dev.</i>	977 P.2d 113 (Alaska 1999)	Same, involving a deadline for moving to modify sentencing conditions
<i>Newmont Alaska Ltd. v. McDowell</i>	22 P.3d 881 (Alaska 2001)	Same, involving a deadline to pay rent
<i>Municipality of Anchorage v. Schneider</i>	685 P.2d 94 (Alaska 1984)	Government could not revoke a construction permit issued under a settlement it had agreed to, albeit the negotiators of the settlement had overlooked a zoning restriction
<i>Beecher v. City of Cordova</i>	408 P.3d 1208 (Alaska 2018)	Government could be estopped from further collection measures on a judgment when it had led debtor to believe it had long ago been satisfied
<i>Municipality of Anchorage v. Stenseth</i>	361 P.3d 898 (Alaska 2015)	Government estopped to deny authority of its agents to settle a case when the limits of their authority were not conveyed

⁵⁶ Cf. *Hidden Heights Assisted Living, Inc. v. State, Dep’t of Health & Soc. Serv.*, 222 P.3d 258, 268-69 (Alaska 2009) (fact that state has not applied an element of a regulation in the past is not an implied representation that it will never do so in the future); *State, Dep’t of Nat. Resources v. Northern TV, Inc.*, 670 P.2d 367 (Alaska 1983) (state not estopped from collecting taxes in 1971, since party was unreasonable to rely on a 1967 decision saying only that it would for the time being forego collecting the tax due to legal uncertainties).

for example, that “you may . . . apply for a 5 year lease term with no investment.”⁵⁷ This is not an assurance of receiving a result; it is an assertion about eligibility.⁵⁸ And the other conduct C&FP relies upon as an assertion of a position by TSAIA—the granting of a building permit—is an assertion of nothing, other than that the project meets building requirements.

At bottom, C&FP has not shown that there was any assertion by TSAIA about how a lease extension would be weighed in 2021. To the extent that the correspondence may have implied something about how applications were being weighed in 2018, it has not shown that it would be reasonable to rely on that as an assurance about the future.⁵⁹ No legally sufficient case for estoppel has been made out.

2. 17 AAC 42.225(i) as a Guaranteed Term

This section very briefly addresses a position that TSAIA has occasionally attributed to C&FP and other lessees, although in this case it is largely a straw man argument because C&FP’s counsel has not truly advocated it. It is the view that the dollar tables in 17 AAC 42.225(i) create a kind of automatic buy-in, whereby a lessee who spends \$25,000 on improvements is entitled to a six-year extension, one who spends \$50,000 is entitled to a seven-year extension, and so on.

The language of the regulation is crystal clear that this is not so: it describes the terms in the table as “the maximum . . . that the manager may grant.” There is no evidence in this case that the department has ever interpreted it otherwise. If the regulation were to set up a guaranteed extension, it would be contrary to AS 02.15.090(c), which requires consideration of “the state’s best interest.” Regulations cannot be contrary to statute.⁶⁰

⁵⁷ Brief of Appellants Exhibit 5 at 3.

⁵⁸ C&FP’s side of the conversation suggests that it, too, understood that the correspondence was fundamentally about applying for, not receiving, a particular term. In his last email in the chain, C&FP broker Collin Agni noted that a five-year extension could be “applied for” with no investment; then, in the next sentence, he posited what might happen downstream if C&FP “applied for and got” that extension. Thus, he was conveying to his correspondent that he knew the difference between “applied for” and “got,” and her responses about what he could “apply for” should not be over-interpreted as assurances of a particular result.

⁵⁹ This is not to say that a businessperson might not, quite reasonably, look at a statement from 2018 as an *indication* of how things might be in the future. But this would be a reasonable business wager, not legally enforceable reliance.

⁶⁰ *E.g., State v. Anderson*, 749 P.2d 1342, 1343-44 (Alaska 1988).

C. *As a Discretionary Matter, Should the Application be Granted Beyond a Five-Year Extension?*

Because the department is neither compelled to grant, nor compelled to deny, a lease extension in excess of five years, the inquiry turns to how the department should exercise its discretion. Under 17 AAC 42.920(j), it is C&FP's burden to demonstrate that the airport's exercise of that discretion was inappropriate.

1. Has the Director Applied an Impermissible Consideration?

(a) *Did the Director Impermissibly Use the Moratorium?*

A core element of C&FP's argument is that TSAIA is enforcing a moratorium on leasing in the East Airpark which functions as a regulatory change, but which has not gone through the notice and comment process that must precede a regulatory change. The moratorium is said to be embodied in the draft Leasing Moratorium Memo that has previously been discussed.

Recall that the Leasing Moratorium Memo is a draft, deliberative document, never adopted as formal TSAIA policy. Based on the testimony of Teri Lindseth, described above at page 11, its final contours seem to be in flux. We should begin by observing, however, that if it were final it would be a "written airport operation policy." The governing statute for airport leasing, AS 02.15.090, expressly recognizes that individual airports will have such "policies"—not regulations—and that they will be binding in the sense that leases may not be extended in contravention of them.⁶¹

The Airport Director's decision to offer C&FP only a five-year extension does not mention the Leasing Moratorium Memo and does not seem to have relied on it directly. That said, it does allude to a five-year offer being the "same proposal" that the airport is offering to "other East Airpark tenants with expired or expiring leases."⁶² This suggests that a uniform approach is being taken in the East Airpark that does align with the memo, capping all extensions in that portion of the airport at five years pending completion of the next master plan.

In C&FP's view, a moratorium or temporary cap effectively eliminates consideration of many required factors in 17 AAC 42.225(b) and makes one consideration—airport planning—paramount for a class of members of the public. This, it contends, make it a regulation.⁶³

⁶¹ See *supra* Part III-A.

⁶² A.R. 5.

⁶³ Brief of Appellants at 14.

Alaska’s Administrative Procedure Act (APA) defines what is a “regulation.” If something is a regulation, it has to go through a formal, public evaluation and adoption process, which has not occurred with the purported moratorium. Any agency action that meets both of the following criteria is a regulation:

- It is a “rule, regulation, order, or standard *of general application*” or amendment, supplementation, or revision of the same; and
- It is adopted “to *implement, interpret, or make specific* the law enforced or administered by [the agency], or to govern its procedure, except one that relates only to . . . internal management”^[64]

The moratorium on long lease extensions in the East Airpark is neither of these. First, far from being a standard of general application, it is a judgment about the short-term handling of one tract of real estate at one of 235 state airports. To be sure, it is the largest of the state’s airports, but this leasing pause affects just one of its airparks, about 150 acres of the facility.⁶⁵ Only a handful of tenants are affected —ones whose leases are in that area, whose leases are coming up for renewal now, and who are otherwise eligible for long-term extensions. Second, it is not an action that broadly implements, interprets, or makes specific the law; instead, it applies the law to one particular area and makes a factual judgment about what is in the state’s best interest in light of the anticipated redevelopment of those 150 acres.

The moratorium, to the extent it is being applied, is similar to the Department of Revenue’s 2005 decision to aggregate several satellite participating areas into the Prudhoe Bay Unit for tax purposes. That decision affected multiple leaseholders spread across a particular geographic area, but the Supreme Court easily found that it was not a regulation in disguise; instead, it was a commonsense application of the law to the particular circumstances of a particular geographic area.⁶⁶

Moreover, any doubt that individual airports may manage their land by policy, not regulation, is dispelled by AS 02.15.090(c). As previously mentioned, it makes conformity with “written airport operation policies” a dispositive factor in leasing extensions. This shows that

⁶⁴ AS 44.62.640(a)(3) (italics added).

⁶⁵ See A.R. 556.

⁶⁶ *Chevron U.S.A., Inc. v. State, Department of Revenue*, 387 P.3d 24 (Alaska 2016).

even though the legislature has adopted the APA, it does not follow—from the legislature’s point of view—that something that affects lessee rights at a particular airport has to be a regulation.

To support a contrary result, C&FP points to a pair of Attorney General opinions from 1994-95, which addressed a memorandum by former DOT&PF Commissioner Barton setting standards and procedures for “noticing, issuing, amending, extending and terminating tenant leases” at the state’s international airports. Then-Attorney General Botelho opined that much of this material needed to be adopted through regulations.⁶⁷ However, the 1994-95 opinions predate enactment of AS 02.15.090(c), and they do not address a situation similar to a local moratorium. Commissioner Barton’s memo controlled a broad array of decisions for all tenants at a class of airports, and it even contravened existing regulations. This moratorium, in contrast, is about a managing a particular situation in a particular portion of a particular airport, applying decision factors that are in AS 02.15.090(c) and current regulations.

In sum, to the extent that the airport’s views on lease extensions in the East Airpark have gelled into a moratorium, the moratorium is permissible without the benefit of a new regulation.

(b) Did the Director Impermissibly Consider Cost?

C&FP takes strong issue with the Director’s reliance on “the financial cost of buying-out remaining tenants” as part of the reason a long extension would not be in the state’s best interest.⁶⁸ In C&FP’s view, the “fact that it might be less expensive for the Airport . . . is not a best interest factor approved in 17 AAC 42.900, which has a strong focus on the interests of tenants.”⁶⁹

C&FP is mistaken. The public fisc is inherently a core component of the state’s best interest, and 17 AAC 42.900 incorporates this in at least four places:

- | | |
|------------------------|-----------------------------------------------------|
| 17 AAC 42.900(c)(1) | “efficient operation of [the] airport” |
| 17 AAC 42.900(c)(5)(A) | “protection of . . . state resources” |
| 17 AAC 42.900(c)(6)(C) | “goals of financial self-sufficiency” ⁷⁰ |
| 17 AAC 42.900(c)(8) | “sound airport planning” |

⁶⁷ The two opinions are found at Brief of Appellant Exhibits 8 and 9; they are also published as 1994 Alaska Op. (Inf.) Att’y Gen. 385 and 1995 Alaska Op. (Inf.) Att’y Gen. 245.

⁶⁸ A.R. 4.

⁶⁹ Brief of Appellants at 26.

⁷⁰ These are goals related to the International Airports Revenue Fund, which is where lease revenues go and the place from which airport operating costs are paid. See AS 37.15.430.

It was wholly appropriate for the Director to consider this factor. Moreover, the regulation does not put any particular emphasis on the interests of tenants.

(c) Did the Director Rely on Speculation?

C&FP argues that the Director impermissibly speculated that the next master plan update may call for wholesale redevelopment of the East Airpark. C&FP's position is that the airport can only manage leases in accordance with the existing master plan (the 2014 MPU).⁷¹

The decision under review does indeed rest, in significant part, on the likelihood that the airport will embark on a major reconfiguration of the East Airpark in its upcoming planning cycle. Nonetheless, C&FP's argument has three fatal flaws.

First, it borders on the absurd to suggest that the airport's managers have no idea of what is likely to emerge from the current planning cycle. Insofar as there is evidence in this case, the Airport Director is involved in the planning process and has specific goals for what he would like it to encompass. Thus, for example, the then-Director wanted the upcoming plan to address making the present air cargo facility lots along Taxiway Kilo narrower and deeper so that they extend to the railroad tracks to the north, a reconfiguration that could affect IFT's intervening lot.⁷² It is not speculation for an airport's director to rely on his knowledge of this possibility.

Second, the statute framing what must be considered in lease extensions separately enumerates both "written airport operation policies" and "the state's best interest" as items to consider.⁷³ This means that "the state's best interest" must encompass something beyond those written policies. In effect, the statute expressly empowers the department to take in considerations beyond what can be found in such documents as the master plan.

Third, the 2014 MPU itself spoke of the growing obsolescence of the East Airpark and contemplated that "as existing leaseholds expire, the Airport could elect to implement a lease lot reconfiguration" to accommodate growing demand for support functions.⁷⁴ Hence, the Director did not have to go outside the four corners of the 2014 MPU to foresee that the next planning cycle might call for reconfiguration of this area.

⁷¹ Brief of Appellants at 22-24.

⁷² Lindseth Dep. at 21-26.

⁷³ AS 02.15.090(c).

⁷⁴ A.R. 1035.

2. Did the Director Impermissibly Ignore One or More Factors?

C&FP argues that “the Director’s decision failed to consider important factors that define ‘best interest.’”⁷⁵ Before evaluating this claim, let us briefly review the genesis of the Director’s decision.

The starting point for the Director’s decision was the decision of Leasing Manager Brandon Tucker on the application for an extension. The leasing manager listed the eight factors required for decision by 17 AAC 42.225(b), describing his handling and weighing of each one. C&FP then submitted a protest to the Director under 17 AAC 42.910. Such protests are a prerequisite to a further appeal under 17 AAC 42.920, and such protests must contain “a detailed statement of the factual and legal basis of the protest.”⁷⁶ C&FP’s protest focused on C&FP’s recent financial investment (which it argued had not been properly credited) and on the fact that Mr. Tucker had indicated it was in the state’s best interest to await the next master plan update before granting long lease extensions in the East Airpark. The protest did *not* allege that the Leasing Manager had failed to consider any factors he should have considered, apart from the failure to credit financial investment.⁷⁷

In responding to the protest, the Director focused primarily on the points C&FP had raised in its protest. He did not revisit the enumeration of decision factors, except as they came up in that discussion.

C&FP now argues that in addition to the eight factors set out in 17 AAC 42.225(b) that had already been covered in the Leasing Manager’s decision, the Director should have gone to the definition of best interest (17 AAC 42.900) and walked through the myriad considerations in the “such factors as” list contained in that regulation. The first problem with this contention is that C&FP did not ask the Director to do so. Given that the protest did not seek to have him drill down into the 23 or more sub-considerations that can have a bearing on best interest, it was natural for the Director to leave those out of his decision. Moreover, it asks too much of a busy Airport Director to require that every decision involving an element of “best interest” must plod through a full cost-benefit analysis, checking off and weighing each potential consideration.

⁷⁵ Brief of Appellants at 24.

⁷⁶ 17 AAC 42.910(d)(3).

⁷⁷ See A.R. 7-15.

What the Director has done is identify overriding planning and financial considerations that, in his view, make it wise for the state to wait before making more long-term commitments in the East Airpark. If there are other, countervailing considerations that ought to have outweighed these, C&FP could try to prove that there are. But the Director’s failure to mention all the possible components of best interest was appropriate in the decisionmaking context he was presented with, and is not a flaw in his decision.⁷⁸

C&FP also contended at oral argument that the Director failed to consider C&FP’s investment in improvements. However, the Director plainly considered those outlays and assumed (without deciding) that they could qualify the lease for a longer extension, if they were not outweighed by other factors.⁷⁹

3. Should the Director’s Exercise of Discretion Be Affirmed?

(a) *Role of Deference in Reviewing a Director’s Decision*

The kind of “appeal” of leasing decisions set up by the department’s appeal regulation, 17 AAC 42.920, is an evidentiary hearing in which new material may be considered and new reasoning may be applied. As TSAIA’s counsel acknowledged at oral argument, in a case like this the Commissioner is not required to defer to his subordinate Director.⁸⁰ New factual findings can be made, department regulations can be interpreted afresh, different policy directions may be taken, and a fresh look may be taken at exercises of discretion.

A commissioner may nonetheless choose to give importance to how the agency staff has weighed an issue. As the Commissioner of Administration has observed in a procurement matter (a type of “appeal” that is presented in a manner similar to leasing appeals):

the commissioner may, in appropriate circumstances, wish to extend some practical latitude to the judgments of agency staff. Where the procurement official's decision on a protest was based on an essentially sound understanding of the facts and fell within the range of discretion allowed by law, the commissioner may choose to defer to that exercise of discretion, rather than wholly to substitute

⁷⁸ This conclusion is different, on the surface, from the one reached in a decision by Commissioner’s McKinnon on a pair of leasing appeals on October 3, 2019, found at A.R. 1921-26. Commissioner McKinnon seemed to suggest that a decision might need to separately discuss every listed factor rather than simply observe that one or two factors are sufficiently compelling to override the others in a given situation. However, in that case the protesting lessees seem to have expressly raised the unmentioned factors in their protest under 17 AAC 42.910, and not to have received an informative protest decision from the manager. The commissioner needed more detail from the manager in order to evaluate the downstream appeal from that protest decision.

⁷⁹ A.R. 3.

⁸⁰ See also, e.g., *Orutsararmiut Native Council v. Alaska Dep’t of Envir. Cons. Div. of Water*, OAH Case No. 20-0536-DEC (Commissioner of Envir. Cons. 2021), at 31 (commissioner never bound to defer to staff) (published at <https://aws.state.ak.us/OAH/Decision/Display?rec=6653>).

his own judgment, so as to avoid undue disruption of ... day to day administration⁸¹

(b) *Role of the Burden of Proof*

Although the Commissioner is always free to second-guess or replace the reasoning of a director as much or as little as he wishes, the department's appeal regulation assigns the burden of proof in this proceeding to the lessee.⁸² Therefore, to have a *right* to a changed decision, C&FP must show that the Director made a mistake. We have seen previously that the Director did not make a legal mistake. But C&FP could still prevail if it showed that the Director fundamentally misconceived an important fact or policy consideration.

Two hypothetical examples of how this might be done are the following. As discussed earlier in this decision, there is evidence that the Director thought a long lease to C&FP could interfere with the reconfiguration he envisioned for the facilities facing Taxiway Kilo. If C&FP were to show that its lot is so situated that it could not interfere with that kind of reconfiguration, it would have shown important error in the Director's thinking. Likewise, we know that the Director assumed buying out leaseholds like C&FP's could be very expensive. If C&FP were to show that its leasehold has little compensable value and could easily be bought out, it would have shown important error in an integral component of the Director's reasoning. These are simply hypothetical examples showing that the opportunity the appeal regulation gives applicants to present evidence to challenge the factual underpinnings of a decision is not an empty one.

(c) *Did C&FP Prove Factual or Policy Error in a Way that Undermines the Director's Reasoning?*

C&FP has attempted to present a factual or policy case of the kind outlined above in only one respect. C&FP has been largely successful in this limited endeavor, but, as we will see, it does not lead to a different outcome for the decision as a whole. C&FP has not presented a factual/policy case on the Director's primary line of reasoning.

C&FP has set out to prove that the Director was mistaken in his understanding of FAA leasing restrictions. Recall that FAA considerations were a second, independent ground the

⁸¹ *Quality Sales Foodservice v. Dep't of Corrections*, OAH No. 06-0400-PRO (Commissioner of Admin. 2006), at 11 (published at <https://aws.state.ak.us/OAH/Decision/Display?rec=4732>).

⁸² 17 AAC 42.920(j).

Director used in reaching his outcome. The discussion of FAA matters is a puzzling and frankly troubling aspect of the Director's decision.

Purported FAA restrictions are discussed in one paragraph (referred to hereafter as "the FAA paragraph") that has been dropped in at the very end of the Director's rationale, but is not related to either of the headings in the rationale.⁸³ The first sentence of the FAA paragraph begins with the word "First," but there is no prior paragraph indicating what it is the first of. This final paragraph seems to have been imported from some other document, with minimal modifications to reference C&FP.

The thrust of the FAA paragraph is that the 2009 FAA Airport Compliance Manual (an internal guidance document for FAA employees)⁸⁴ indicates that lease terms exceeding 50 years may be considered disposals of property and that FAA offices ought not to "consent" to them. It interprets the limits on lease duration as being limits on the total duration of a leasehold, such that a 35-year renewal for C&FP after a 40-year initial term would constitute a 75-year lease.

From this starting point, the paragraph goes in two directions. First, it declares that this "guidance" is a "standard," and points out that the department cannot adopt a regulation or standard inconsistent with or contrary to a federal standard.⁸⁵ The only logical implication of such a finding by the department (if it were true) would be that significant portions of the department's current regulations on leasing and lease extensions are invalid, because they plainly authorize lease terms in excess of 50 years. Second, the paragraph suggests that lease terms (including extensions and renewals) that lead to a total leased duration greater than 50 years may jeopardize the airport's federal funding.

Most of what is in the FAA paragraph is almost surely profoundly wrong. The Airport Compliance Manual is not a "standard." It says, in its own first section, that it is "not regulatory" and "not controlling with regard to airport sponsor conduct."⁸⁶ Hence, Alaska's regulations that authorize long leases may be in some tension with it, but they are not invalid. Moreover, it is not at all clear that the FAA would regard a new 35-year term based on new

⁸³ A.R. 5.

⁸⁴ Relevant portions of the FAA Airport Compliance Manual were apparently attached as Exhibit 6 to C&FP's November 21, 2021 appeal to the Commissioner. The exhibits to that document were never provided to OAH as such (although it seems that all but Exhibit 6 came into the record by other means). However, the appeal document also provides an Internet link to the Manual (https://www.faa.gov/documentLibrary/media/Order/5190_6b.pdf), and the cited pages of the Manual have been consulted for this decision through that link.

⁸⁵ See AS 02.15.030.

⁸⁶ FAA Airport Compliance Manual (2009) at 1-1.

investment—even if it came at the end of a prior 40-year term—as a 75-year lease. Indeed, the present record contains a very recent FAA approval of a lease extension of 15 years on top of a 40-year initial term, for a total of 55 years, notwithstanding the supposed 50-year cap on approvability.⁸⁷ Finally, the Airport Director clearly did not believe the authority to renew terminates at 50 years from the inception of the first lease to a tenant. We know this because the very decision under review authorizes a five-year extension plus an optional further seven years on mutual agreement, on top of an original term of 40 years. That is a total of 52 years.

The FAA paragraph has all the hallmarks of an afterthought. It is not tied in, linguistically or logically, with the rest of the Director’s decision. It may reflect valid staff worries about TSAIA’s relationship with the FAA, but it is not, on its own, a coherent or satisfactory reason for denying the proposed lease extension.

The FAA paragraph is, however, wholly unnecessary to the decision. It is not one of the factors that the Director and the Leasing Manager discussed and weighed in the portions of their decisions applying 17 AAC 42.225, the sole controlling regulation on the length of an approvable lease term extension.

Since the decision under review does not use the material in the FAA paragraph as part of its central analysis, the inclusion of the paragraph does not represent a fatal error. It is, at most, an independent and alternative ground for denial. The remedy for its many flaws is simply to reject the alternative ground,⁸⁸ rather than reject the decision as a whole.

(d) What Is the Best Outcome?

C&FP has argued this case as though its subsidiary is being deprived of a birthright. But IFT had a 40-year lease. That gave it a right to 40 years of occupancy. There is no right to additional occupancy unless that occupancy, among other things, is in the best interest of the state.

By giving an extension of only five years, TSAIA has unquestionably given considerable play to the state’s self-interest. But that is the nature of leasing, and it is, moreover, a consideration the law both permits and requires.

C&FP has not shown that the Airport Director made an error of law, fact, or discretion with respect to the application of 17 AAC 42.225 to set a lease term for IFT. Despite this lack of

⁸⁷ A.R. 2198.

⁸⁸ This has been done in the conclusion below.


error, the Commissioner remains free to rebalance the discretionary factors and grant a longer lease term. But since C&FP has not demonstrated a reason to doubt the Director's good judgment, this recommended decision proposes that the Commissioner not reconsider the decision under review.

IV. Conclusion

The Airport Director's decision of October 29, 2021 regarding Lease ADA-04906 should be affirmed in all respects, including its Conclusion, except that the first full paragraph on the fourth page of that decision⁸⁹ (regarding the FAA Airport Compliance Manual) should be disavowed.

DATED: January 2, 2024.

By:


Christopher Kennedy
Administrative Law Judge

⁸⁹ A.R. 5.

**Commissioner's Order in Response to Administrative Law Judge's
Recommendation regarding OAH Case No. 21-2536-APT**

Carr and Family Properties, LLC and International Freight Terminal, LLC

v.

Ted Steven International Airport

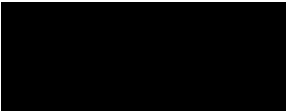
Having reviewed and considered the contents of the Administrative Law Judge's Recommended Decision and accompanying materials:

I accept and adopt the Review Officer's assessment and conclusions and adopt the following recommendations:

1. The Airport Director's decision of October 29, 2021 regarding Lease ADA-04906 is affirmed in all respects, including its Conclusion.
2. The first full paragraph on the fourth page of the Airport Director's decision of October 29, 2021, shall be disavowed.

This is the final decision in this matter.

Dated: 3/7/2024



Ryan Anderson, Commissioner
Department of Transportation and Public Facilities