

January 6, 2012

Alaska Railroad Corporation
327 W. Ship Creek Ave.
Anchorage, Alaska 99501
Attn: Corporate Affairs

Re: Recommendation to allow 95-year ground leases of Alaska Railroad land

Dear Alaska Railroad Board of Directors:

Anchorage Sand & Gravel (AS&G) has been operating our cement division (Alaska Basic Industries) at the Port of Anchorage, on Alaska Railroad Corporation (ARRC) property, for many years. We have millions of capital dollars invested and plan to invest much more in the near future. AS&G supports proposed legislation that would allow the Alaska Railroad Corporation (ARRC) to change its current authority to lease land from a maximum term of 55 years to a maximum term of 95 years.

Reasons for support:

- 1) It would allow developers and business owners such as AS&G the security to know they can invest in large capital projects and be allowed the time necessary to take full advantage of their investments.
- 2) It would allow owners to continue to make improvements during the lease period over a longer period of time.
- 3) It would allow for several refinancing periods throughout the lease term which would allow improvements and businesses to be sold and transferred to new entities.
- 4) I understand that a maximum 95-year lease term is just that. A 95-year lease would be subject to ARRC Board of Directors approval. The ARRC Board Directors would make the final determination regarding appropriate lease terms on a case by case basis depending on the proposal with 95 years as the maximum any project could qualify for receiving.

This change to the ARRC's lease term would allow the flexibility necessary in today's market to encourage further long-term development on property owned by the State of Alaska under the direction of the Alaska Railroad Corporation.

Thank you,
Wes Vander Martin
Wes Vander Martin
Vice President/General Manager