

**CITY OF SEWARD**  
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SEWARD, ALASKA 99664-0167



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12 January 2012

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

RE; Recommendation to allow 95-year ground leases of ARRC lands

Dear Alaska Railroad Board of Directors,

The Alaska Railroad begins in Seward, owns significant quantities of land in Seward, and has always been an economic development partner with Seward. As stewards, we share the common goal of deriving the best utilization of our lands. Towards that end, we as a City are reviewing the terms we lease land under, just as we understand the Railroad is doing.

We are finding that in order to stimulate investment by the businesses we lease land to we will need to extend the length of our lease periods, and we urge the Railroad to do the same.

Lenders are demanding assurance of a long-term interest in the property prior to financing or refinancing businesses. There is no motivation to invest long term on a lease that won't endure for the life of the business. As leases near maturity we are seeing reluctance to improve structures on the lease sites; you are no doubt seeing the same.

Confidence in the knowledge that a briefer lease term won't restrict growth potential or transfer opportunity promotes a robust business that will continue to produce revenue for the lessor.

We understand that the Board of Directors will make the final determinations as to length of leases on a case by case basis, has the authority and responsibility to require shorter lease terms when appropriate, and that the proposed longer term would be applicable only upon the Board's approval.

For the reasons stated above, we believe that having the ability to lease for 95 years, 40 years longer than the current 55 year maximum, is a sound and worthwhile change necessary to thrive in today's market. We support adoption of legislation authorizing this change in order to promote long term development on State lands under the direction of the Alaska Railroad Corporation.

Thank you,

Jim Hunt

Seward City Manager

