



January 9, 2012

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

**SUBJECT: RECOMMENDATION TO ALLOW 95-YEAR GROUND LEASES OF ALASKA RAILROAD LAND**

Dear Alaska Railroad Corporation Board of Directors:

I write on behalf of Cook Inlet Housing Authority, the regional housing authority serving Southcentral Alaska, to support proposed legislation that would authorize the Alaska Railroad Corporation (ARRC) to lease land for a maximum term of 95 years, an increase from its current 55-year maximum.

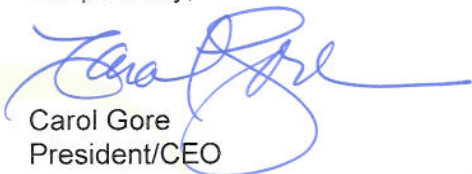
Cook Inlet Housing is one of the most active residential developers in Southcentral Alaska. Our developments serve working families in need of quality, affordable housing. As such, our ability to make projects feasible depends upon the structure of each deal. Presently, ARRC's 55-year limitation on leases presents an impediment to such developments.

Increasing the allowable lease term would enable developers like Cook Inlet Housing to finance more expensive projects by providing financial institutions the peace of mind they need to make large loans for development on ARRC land. Further, the longer lease term would enable investors to refinance throughout the lease term, facilitating ongoing economic development.

Of course, ARRC would not be required to approve any particular 95-year lease. Rather, each lease would remain subject to final approval by the ARRC Board of Directors. The ARRC Board would evaluate all lease terms, including duration, on a case-by-case basis.

Additional flexibility and security are necessary to encourage economic development in the Alaska market. Granting ARRC authority to enter into leases up to 95 years will positively impact construction and development activity on property owned by the State of Alaska and under the control of the Alaska Railroad Corporation. Cook Inlet Housing strongly supports legislation that would authorize ARRC to lease land for a maximum term of 95 years.

Respectfully,



Carol Gore  
President/CEO



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(907) 456-4414  
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1716 Post Road  
Anchorage, Alaska 99501  
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## INDUSTRIAL & CONSTRUCTION SUPPLY, INC.

February 6, 2012

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

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

To Alaska Railroad Board of Directors:

Jackovich Industrial & Construction Supply Inc., supports the Alaska Railroads proposal to the legislation to change the current land lease term from a maximum of 55 years to a maximum of 95 years.

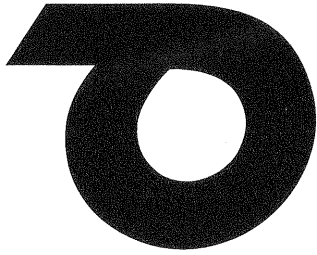
The new lease term would allow the Lessee's to be able to secure better financing. I believe with better finance options to the Lessee's we would see larger developments and improvements to existing buildings. It would also give the Lessee's more comfort and confidence to build nicer and larger buildings.

Sincerely,

Crystal Haman

Vice President

Jackovich Industrial and Construction Supply, Inc.



# THE **Odom** CORPORATION

January 17, 2012

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

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

Dear Alaska Railroad Board of Directors:

We support 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 of 95 years.

Reasons for support:

- It would allow developers and business owners to finance large dollar projects and would provide adequate comfort to allow banks to secure their loans.
- It would allow owners to continue to make improvements during the lease period over a longer period of time.
- 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.
- We 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 of 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 AARC'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,

THE ODOM CORPORATION

William L. Odom  
Executive Vice President/Vice Chairman

WLO/ab



December 9, 2011

Jim Kubitz  
Vice President of Real Estate and Facilities  
Alaska Railroad  
327 W. Ship Creek Ave.  
Anchorage, Alaska 99501

RE: Recommendation to Allow 95-Year Ground Lease Terms on Alaska Railroad Land

Dear Jim,

It has been a pleasure working with you to pursue commercial real estate development opportunities on land owned by the Alaska Railroad. Our team at PD has identified particular Alaska Railroad sites for possible development pursuits at Pfeffer Development. We recognize that railroad lands and activities have been closely linked with the development of Alaska's economy and population centers.

Most recently, we submitted an Alaska Railroad-owned site to a solicitation for leased space through the General Services Administration (GSA). GSA is considering this site for a federal lease.

The current 55-year ground lease term provision, however, restricts our capabilities as a developer. Increasing this term to 95 years would be most conducive for financing, allow the highest and best use of land, and overall provide an ideal condition for successful real estate development. This longer term would not only provide a more appropriate term for our current engagement with GSA, but also strengthen the Railroad's ability to develop other sites.

We highly recommend the Alaska Railroad and the Alaska Legislature allow 95-year ground lease terms. This would allow the Railroad to maximize their potential to foster community and commercial growth, as well as enhance state-owned Alaska Railroad assets.

Sincerely,

Mark E. Pfeffer  
Managing Member

Municipality of Anchorage

# 2012 State Legislative Program

(State Fiscal Year 2013)

Dan Sullivan, Mayor

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## Assembly

Debbie Osslander, Chair

Ernie Hall, Vice Chair

Chris Birch

Harriet Drummond

Patrick Flynn

Elvi Gray-Jackson

Paul Honeman

Jennifer Johnston

Bill Starr

Dick Traini

Adam Trombley

## Energy

**Natural Gas:** Support legislation that promotes natural gas development in the Cook Inlet, and modernizes aging Railbelt electrical transmission facilities.

**Oil Production:** The MOA strongly supports all efforts to maximize oil production to maintain Trans Alaska Pipeline Service (TAPS) viability; and encourages a competitive analysis be performed to address the existing regulatory and fiscal framework to identify whether Alaska is globally positioned to attract maximum development.

## Private Sector Development

**AKRR Lease Extension:** The MOA supports legislative approval to extend the maximum Alaska Railroad property lease term from 55 to 95 years. The opportunity for a 99-year lease would accommodate existing and potential Alaska Railroad real estate customers who have repeatedly expressed support for a longer lease term and ultimately help private sector development in Anchorage.

**Film Credits:** MOA supports extending the Alaska Film Production Incentive Program if the level of credits available under the program incentivizes the appropriate local investment and economic benefit that was intended by the program.

## Public Safety

**Synthetic Cocaine (AKA “Bath Salts”):** There is a new synthetic drug on the streets, which is sold in smoke shops and elsewhere most commonly called “bath salts.” The situation is similar to the synthetic canabanoid (“incense”) issue we addressed last year. These products are packaged to appear that they are not intended for ingestion, but everyone knows otherwise, “Bath salts” produce a high similar to methamphetamine. People who ingest this product often become quite violent, and are extremely difficult to overpower and control. As of this writing, the active ingredients of this drug have just been temporarily listed by the DEA on its schedule of controlled substances, and a municipal ordinance banning the drug has been introduced at the Anchorage Assembly. Any law Anchorage passes will only be a misdemeanor. However, the Alaska Statutes need to be amended, as they were for synthetic canabanoids last session, to create felony consequences for possession and use of this new synthetic street drug.

**Involuntary Commitment:** Amend AS 47.27.190 on Involuntary Commitment, Section (a) by adding language to make the statute more consistent with AS 47.37.180 on Emergency Commitment.

**Prosecution Surcharge:** Under the philosophy that cost-causers should be cost-payers, add a surcharge for prosecution similar to that for law enforcement to allow law departments to capture at least a portion of the funds expended in the interest of public safety. Under AS 12.55.039, a