



Executive Office
Telephone: 907-265-2403
Facsimile: 907-265-2312

October 25, 2011

Alaska State Legislature
Capitol Building
Juneau, Alaska 99811

Dear Legislators:

At our September 29, 2011 Board of Directors meeting, we directed management to seek legislative approval to extend the maximum Alaska Railroad property lease term from 55 to 95 years.

As state-owned entity, the Alaska Railroad has a mandate to foster and encourage economic development for Alaskan communities and the state as a whole. We believe the 95-year lease term extension is in line with this directive and will create sizeable investments opportunities which in turn will contribute to economic growth and jobs for Alaskans.

The decision to request legislative approval for the ability to issue longer leases resulted from many meetings in 2011 with our real estate customers and professionals in the real estate industry. The opportunity for a 95-year lease would accommodate existing and potential Alaska Railroad real estate customers who have repeatedly expressed desire for a longer lease term.

Prior to the transfer of the Alaska Railroad to the State of Alaska, lease terms could be as long as 99 years under federal ownership. After 1985, state restrictions limited lease terms to 35 years until 2002, when the State Legislature approved a maximum term of 55 years.

Real estate developers and lending institutions agree that large multi-million-dollar developments require a level of financial security afforded by longer leases. High-value building construction comes with the expectation that builders will be able to recoup their substantial investments through subsequent sales. When millions of dollars are at stake, investors require sufficient time to sell and ensure a marketable property exists for refinancing and for future buyers.

In making this request for legislative approval, I would like to assure legislators that the Alaska Railroad would make prudent use of a longer maximum lease option. A 95-year lease would not be the standard lease. Rather, it would be available for those infrequent opportunities when a developer or business is seeking to make considerable capital improvements and infrastructure investments. The Alaska Railroad will look closely at the economic life of proposed improvements and investments before making a 95-year long-term commitment to the use of railroad land.

Thank you for considering this important economic opportunity initiative.

Sincerely

Linda Leary
Board Chair, Alaska Railroad Corporation



ARRLA

Alaska Railroad Leaseholders Association
P.O. Box 112804
Anchorage, Alaska 99511-2804
Phone 907.276.4303

January 23, 2012

Alaska State Legislature
Capitol Building
Juneau, Alaska 99811

Dear Legislators:

The Alaska Railroad Leaseholders Association is in favor of Senate Bill 156. The Legislation which provides for extended terms for up to 95 years will give the Leaseholders the ability to provide for the economic development activities and financial requirements from the lending institutes for leased property.

Lease holders to Alaska Railroad property feel that it is in the best interest of the State of Alaska, the Railroad, and the Leaseholders to provide certainty for business and family interests which utilize railroad lease land.

Sincerely,

Richard Faulkner
President
Alaska Railroad Leaseholders Association



ANCHORAGE SAND and GRAVEL CO., INC.

1040 O'Malley Road • Anchorage, Alaska 99515 • (907) 349-3333 • FAX (907) 344-2844 • www.anchsand.com

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
Vice President/General Manager





- Main Office (907) 224-4050
- Police (907) 224-3338
- Harbor (907) 224-3138
- Fire (907) 224-3445
- City Clerk (907) 224-4046
- Community Development (907) 224-4049
- Utilities (907) 224-4050
- Fax (907) 224-4038

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





THE CITY OF WHITTIER

Gateway to Western Prince William Sound

P.O. Box 608 • Whittier, Alaska 99693 • (907) 472-2327 • Fax (907) 472-2404

January 16TH, 2012

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

Re: Alaska Railroad Ground Lease Extension to 95 years

Dear Alaska Railroad Board of Directors,

For the reasons listed below the City of Whittier supports the proposed legislation that would allow ARRC to extend the maximum lease term from 55 years to 95 years.

- 1. Financial institutions would be more likely to provide financial support to developers as well as business owners for high dollar projects.*
- 2. Businesses and improvements would become more sellable and transferrable to new owners because there would be more finance periods throughout the term of the lease.*
- 3. Owners could and would be more likely to make continued improvements with a longer lease period.*

The ARRC BOD would of course make the final determination on a case by case basis. Their approval would be determined by each proposal submitted to them.

This extension of the ARRC leases will allow developers and owners the flexibility that is necessary in the current market to make long term developments and improvements on property owned by the State of Alaska under Alaska Railroad Corporation's direction.

Thank-you,

Robert Prunella
Robert Prunella
City Manager
Whittier, Alaska

Trapline, LLC and Lumen Park, LLC
1113 W. Fireweed #202
Anchorage, Alaska 99503
(907) 277-2663

12/7/11

Jim Kubitz, Vice President
327 W. Ship Creek Ave.
Anchorage, Alaska 99501

Dear Jim,

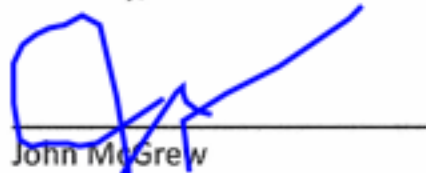
Thanks for meeting with us today to discuss real estate opportunities on Alaska Railroad land in Anchorage, Fairbanks, and Whittier.

As multi-family housing developers, we are very much interested in pursuing opportunities with the Railroad but we would be stymied by the 55 year lease term stipulation.

A longer ground lease term of 95 years would allow building owners to invest in maintaining their property over a longer period of time, matching the complete economic life of a building more closely to the ground lease term.

We hope the Alaska Railroad and the Alaska Legislature recognize that the 55 year lease term is out of step with the current lease market and is an impediment to Railroad land development.

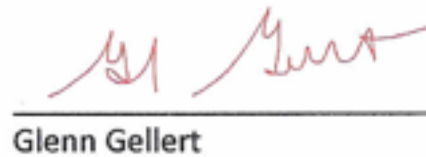
Sincerely,



John McGrew



Ron Bateman



Glenn Gellert