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March 29, 2019

Sent via US Mail:

Senator Chris Birch, Chairman
Senate Resource Committee
State Capitol, Room 125
Juneau, Alaska 99801-1182

Re: Senate Bill 95
Land Transaction between Alaska Railroad Corporation and Whittier
Manor Condominium Association, Inc.
Our File No.: 1388.001

Dear Senator Birch:

I am writing on behalf of the Whittier Manor Condominium Association (“Whittier Manor”) to provide background information about Senate Bill 95. Whittier Manor is a small condominium complex located next to the railroad tracks in Whittier, Alaska. It presently sits on land it leases from the Alaska Railroad Corporation (“ARRC”). Senate Bill 95 will finally result in Whittier Manor owning both its building and the land on which it sits.

By way of background, the federal government established the Whittier railroad port in 1944. The Whittier Manor building was built in early 1950’s. There are one hundred separate condominium units within this complex. Whittier Manor has leased the land on which its building sits since 1980. On that date, Whittier Manor entered into a forty-year lease agreement with the Department of Transportation Federal Railroad Administration which expires on December 31, 2019. In 1983, President Reagan authorized transfer of federal railroad properties to Alaska Railroad. In 1985 the railroad was transferred to the State of Alaska. Our original lease was with the Department of Transportation Federal Railroad Administration.

In 1998, ARRC and the City of Whittier entered into a Management Agreement over certain properties including Whittier Manor’s lot, allowing the City of Whittier to manage and recover rents from various properties within Whittier. This Management Agreement is in place through November 2033 with two thirty-five year extensions at the

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option of the City of Whittier. Effectively, this could allow the underlying property to be tied up until the year 2103. On January 1, 2020, the City of Whittier will effectively become the new landlord of Whittier Manor.

While the residents of Whittier Manor have always harbored a desire to own rather than lease the land on which their building sits, more serious considerations were given to accomplishing this transaction beginning approximately ten years ago. Residents of Whittier Manor unsuccessfully approached the ARRC on a number of occasions with the idea of purchasing the property. In 2016, this goal became more urgent when the City of Whittier proposed a thirteen year lease for the property beginning when it took over management in 2020. This proposal would have rendered the resale value of the condos essentially zero.

With these factors in mind, Whittier Manor sought out representatives from both ARRC and the City of Whittier to secure a longer term arrangement for the land. After nearly two years of on-and-off negotiations, the three parties have been able to negotiate a sale of the property at appraised value, an agreement to allocate the sale price between ARRC and the City of Whittier, and sale conditions that provide flexibility while giving the residents of Whittier Manor long-term peace of mind. Senate Bill 95 would allow these negotiations to become a reality.

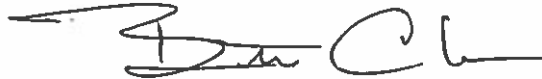
Whittier Manor seeks to purchase the land from ARRC because this will allow it to have more control over the destiny of the property. Until it purchases the property, Whittier Manor will be hindered in its ability to make changes to the building structure or take actions that affect the underlying land. This purchase will allow it to avoid escalating lease payments. Most importantly, the ownership of the land will open up financing options for buyers and sellers of the condominiums within the building. This transaction will have the further benefit of paying ARRC for land that is not currently or foreseeably necessary for railroad operations, paying the City of Whittier from the proceeds, and placing the property on the tax roll.

We hope this letter satisfactorily addresses any concerns you might have about this proposed legislation. We look forward to answering any other questions you might have moving forward.

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Very truly yours,

WOELBER & COLE, LLC

A handwritten signature in black ink, appearing to read "Brent R. Cole". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Brent R. Cole

BRC/jsd
Cc: Client