

Port of

Anch.

Option and First Right of Refusal to Lease Real Property

This Agreement, made and entered into this 25<sup>th</sup> day of January, 199~~7~~<sup>3</sup> by and between the Municipality of Anchorage, Alaska (the "Municipality") and CBA Technologies, Inc., a Massachusetts corporation ("CBA"), establishes the intent of the parties to enter into a long term real property lease of up to 100 acres of the North Tidelands property at the Port of Anchorage located within the municipality of Anchorage (the "Land"). In that regard, the parties have agreed as follows:

The Municipality hereby grants to CBA the first right of refusal for a period of up to one year to lease up to 100 acres of the Land subject to the terms and conditions as enumerated by this agreement.

In consideration, CBA shall continue to pursue the planning, development and operation of a materials loading facility for the export of coal (the "Facility").

CBA may exercise its right of first refusal to negotiate a lease agreement at any time during the term hereof upon written notice to the Municipality. Upon exercise of this right, the Municipality shall entertain negotiations with CBA for a long term lease of the designated unimproved parcel subject to the following terms and conditions:

1. An initial term of 35 years (the "Term") with two 30-year renewal options.

2. A negotiated annual base rent during the initial term of the lease of not more than \$.06 per square foot adjusted annually by reference to an index to be agreed upon but generally reflecting inflation and the real estate valuation of the property. The parties agree that in no event shall the aggregate rent for any year during the first 15 years of the initial term exceed \$250,000.00. Rent for option terms will be negotiated based upon fair market value at the end of the initial term.

3. Payment to the Municipality, on a monthly basis, of a wharfage fee for each ton of coal exported from the Municipality across or through the facility at a rate to be negotiated by the parties but which in no event shall exceed \$.50 per metric tonne of coal, subject to annual adjustment by reference to an index to be agreed upon by the parties.

4. CBA will deliver to the Municipality (a) a financial feasibility study (the "Feasibility Study") regarding the development of the project on or before six months from the date hereof and (b) a preliminary plan (the "Preliminary Plan") for the project by the later of six months following the date of delivery of the Feasibility Study or twelve months from the date hereof. Each of the Feasibility Study and the Preliminary Plan will contain such information as the parties shall agree but the Feasibility Study shall at a minimum include engineering plans, cost estimates, environmental assessments, infrastructure demands relating to rail and road access and other information having a

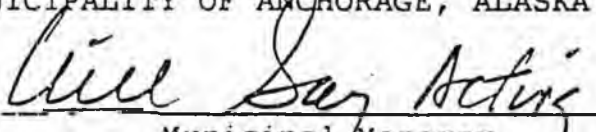
direct bearing on the Municipality's interests as potential lessor and operator of the Port of Anchorage. It is understood by the parties that these documents and their contents are to be considered matters of the public record.

5. Subject to the provisions of paragraph 4 herein, this Letter of Intent shall be open and irrevocable pursuant to the terms and conditions herein until the deadline for delivery of the Preliminary Plan pursuant to this letter.

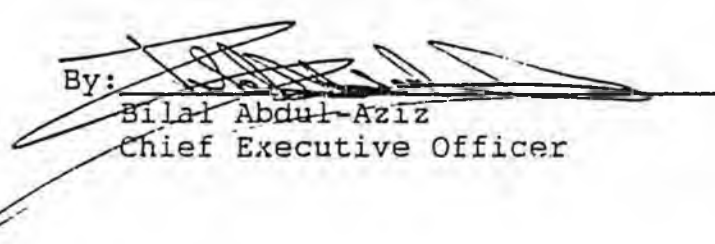
6. Both parties acknowledge that any lease agreed to shall be confirmed by the Assembly of the Municipality of Anchorage.

IN WITNESS WHEREOF, the parties acknowledge their agreement with the understanding expressed in the foregoing Letter of Intent by signing where indicated below.

MUNICIPALITY OF ANCHORAGE, ALASKA

By:   
Municipal Manager

CBA TECHNOLOGIES, INC.

By:   
Bilal Abdul-Aziz  
Chief Executive Officer

Point of Contact for CBA Technologies  
Possible North Tideland Project

Mr. William Hill, Jr., P.E.  
Senior Vice President  
Parsons Brinkerhoff Construction Services, Inc.  
Spring Park Technology Center  
475 Spring Park Place, Suite 500  
Herndon, Virginia 22070  
Phone: (703)834-3164  
FAX: (703)435-9008



**PORT OF  
ANCHORAGE**

**DON DIETZ**

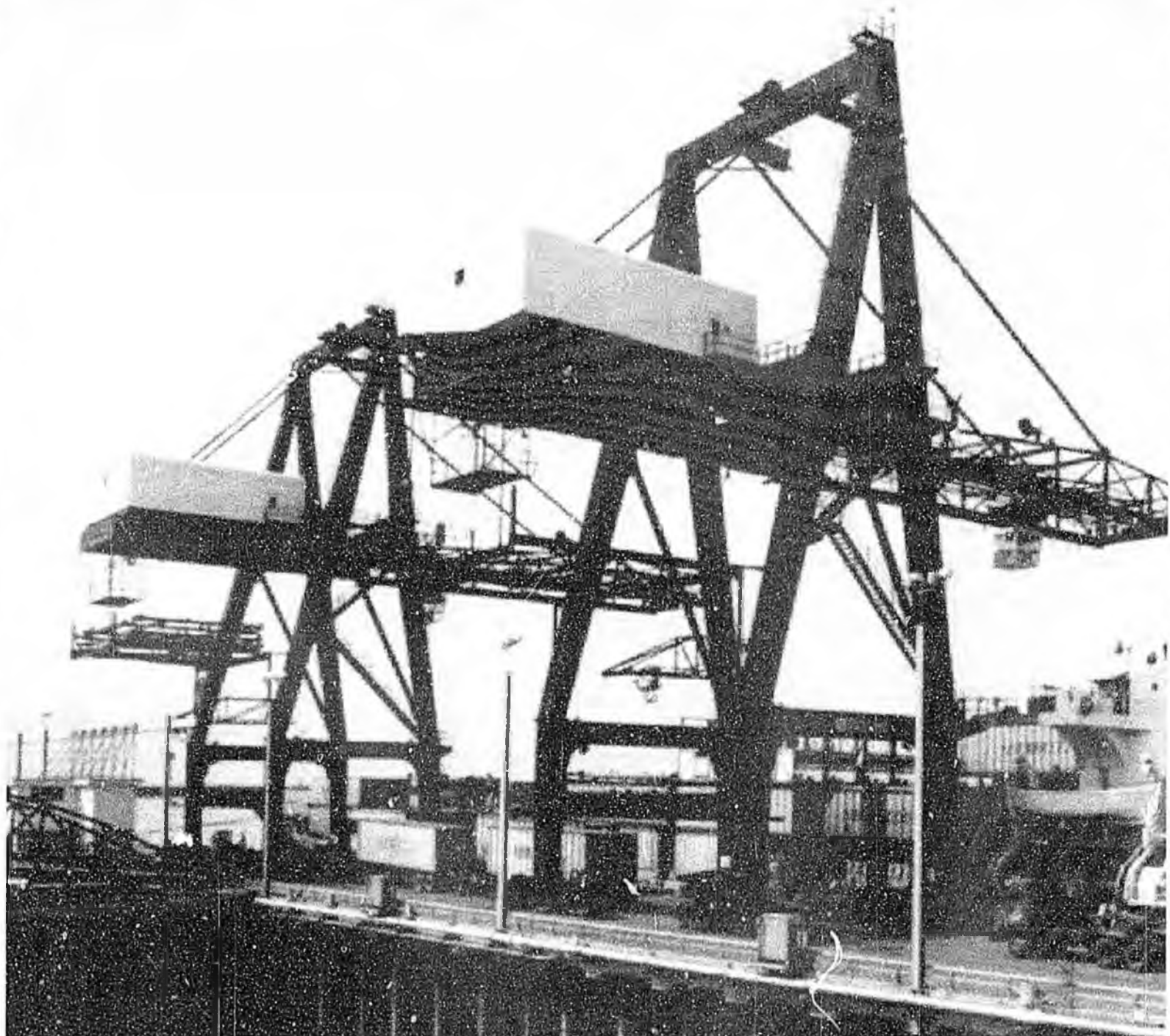
Port Director

*2000 Anchorage Port Road  
Anchorage, Alaska 99501  
Telephone (907) 272-1531  
FAX (907) 277-5636*



# **PORT OF ANCHORAGE**

**1993 CIB LEGISLATIVE REQUESTS**



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# INTRODUCTION

## PRIORITIES FOR ALASKA'S CENTRAL PORT

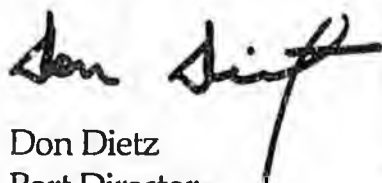
Dear Legislator:

The Port of Anchorage is Southcentral Alaska's regional port. It handles 80% of the state's cargo, generates thousands of jobs, and, as a Foreign Trade Zone, stimulates imports and exports. Due to its vital role in the Alaskan economy, it is appropriate for the state to fund the projects presented in this proposal as priorities in the Municipal Legislative Program.

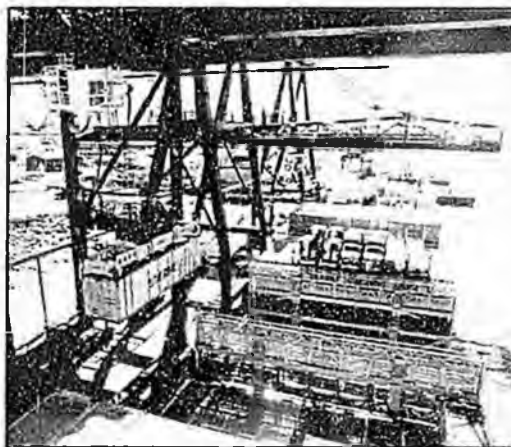
The Port facilities are sound, but many are over 30 years old and require substantial upgrading. At the same time, the Port must expand and modernize to reflect changes in shipping conditions. Over the past several years the Port of Anchorage has accomplished significant improvements, including the *successful* development of 17.45 leasable land-base acres in 1983 and 1986 using state grants. Since then, however, selected dock maintenance and land development within the port complex were deferred for several years during consideration of Fire Island as a regional port. Fire Island is no longer being considered a new regional port site in the near-term. Therefore, focus now must be on improving current working facilities at the Port of Anchorage.

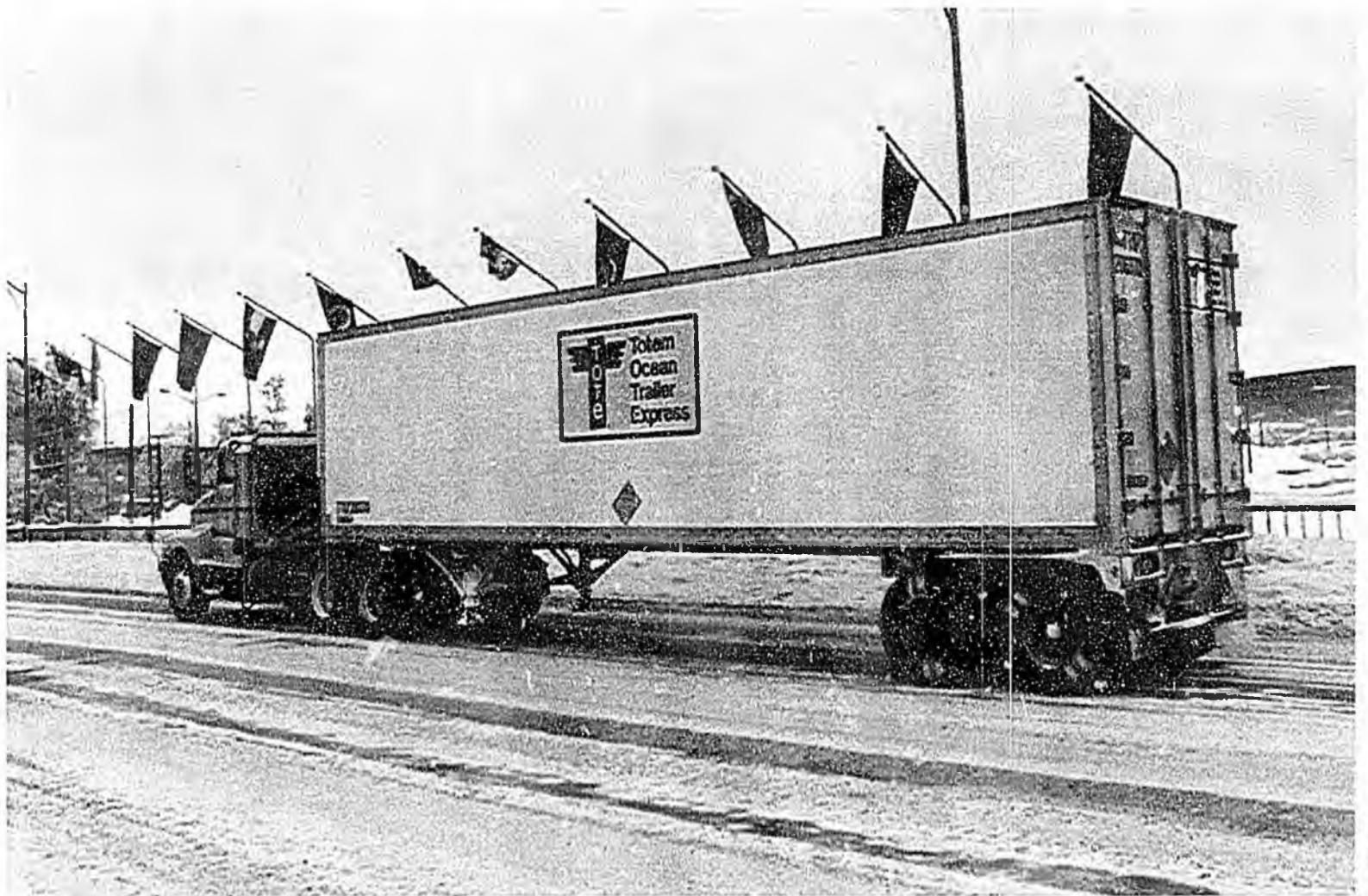
If the Port is to remain fully functional and competitive in the coming years, two projects which demand attention are: *Item A.* a new dock fendering system; and *Item B.* the development of 14-20 acres of land recently acquired by the Port. Your assistance in funding these projects will benefit the State of Alaska by improving the Port facilities which are so vital to the cost-effective movement of cargo to the Railbelt and beyond.

Sincerely,



Don Dietz  
Port Director



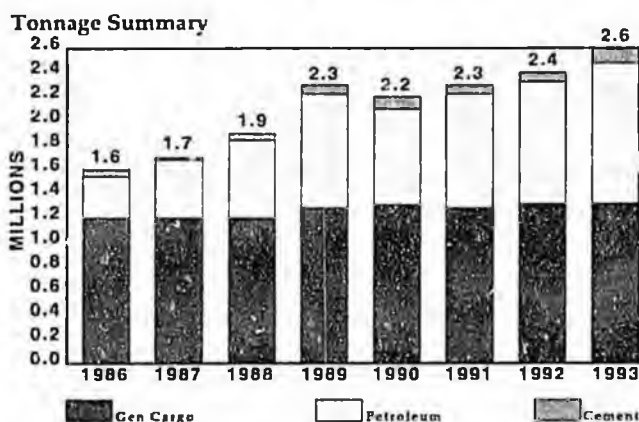


# ECONOMIC ACTIVITY

## AT THE PORT OF ANCHORAGE

The Port of Anchorage is the Railbelt's Regional Port. Almost every type of commercial commodity crosses its docks. The Port serves 80% of Alaska's populated area -- from Prudhoe Bay to Homer -- by means of rail, road and air connections.

Since 1986 general cargo tonnage has *increased* 21.6%. Imports and exports are on the rise. The costs of transportation and consumer goods are down.

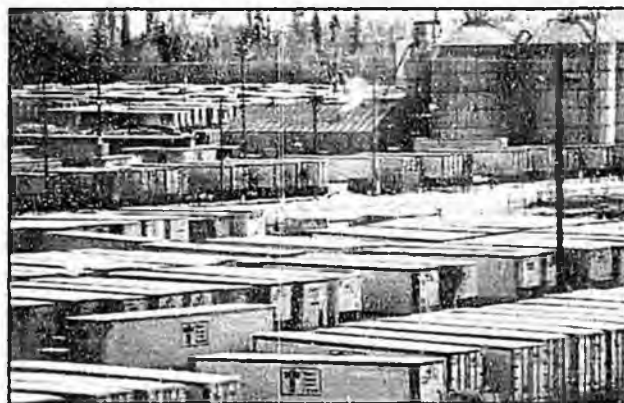


The economies of major containerized shipments into and out of Anchorage have even dropped low enough for shippers to consider regularly-scheduled liner service to Dutch Harbor and Kodiak.

These trends are attributable to more efficient ships, larger volumes, low-cost port operations, and competition

between carriers. The results are substantial, well documented *reductions* in the cost of transportation and the cost of living in the railbelt. These are trends the Port intends to continue.

However, the Port's existing 130-acre industrial site is *fully utilized* for commercial enterprises that use -- and pay -- for current Port operations. More developed land for containerized cargo, timber, and coal operations and facilities is vital if the region is to realize the full benefit of increased cargo and trade passing through the Port of Anchorage.

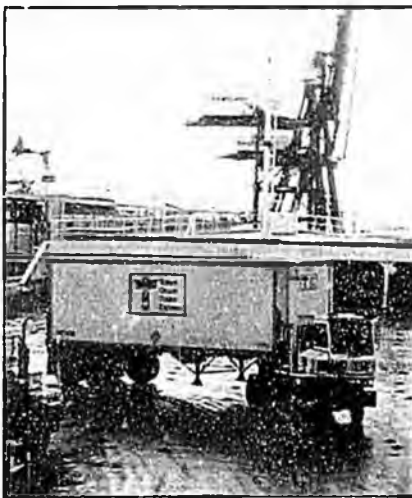
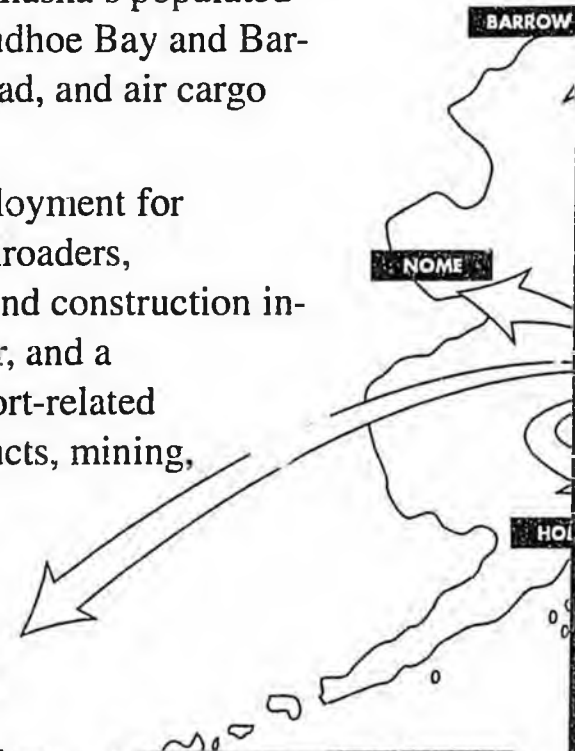


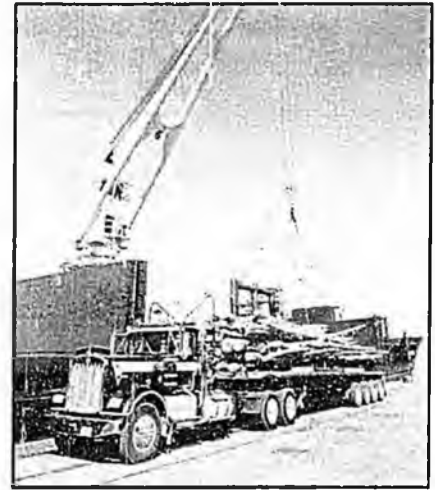
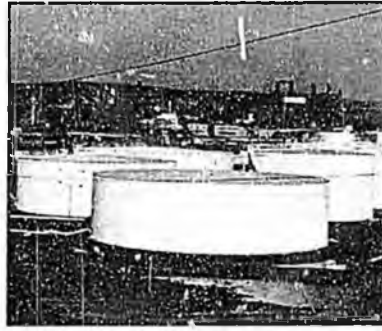


# THE PORT OF A REGIONAL

Serves fully 80% of Alaska's populated area, from Homer to Prudhoe Bay and Barrow by means of rail, road, and air cargo connections.

Generates direct employment for stevedores, truckers, railroaders, warehousemen, the oil and construction industries, the FIRE sector, and a growing number of export-related jobs in petroleum products, mining, and manufacturing.





# ANCHORAGE:

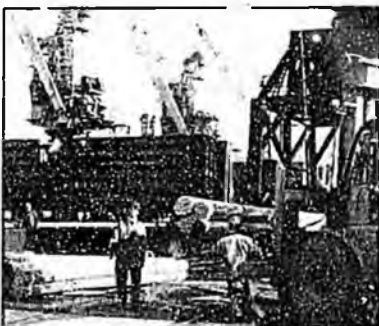
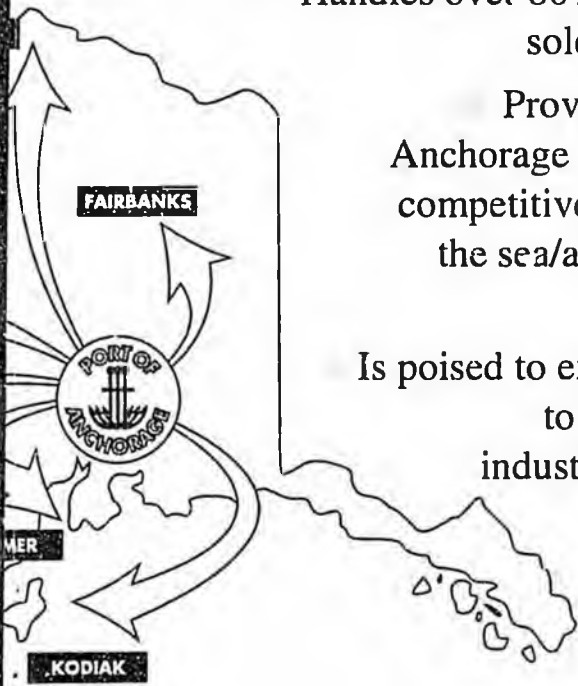
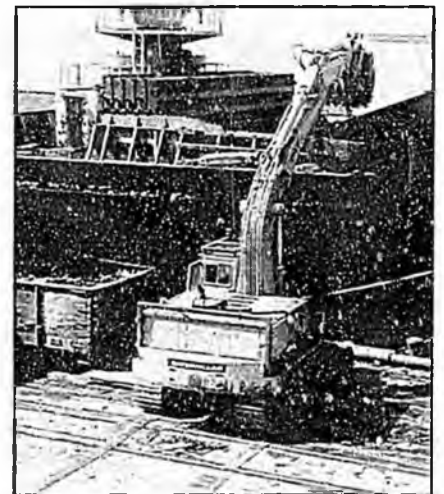
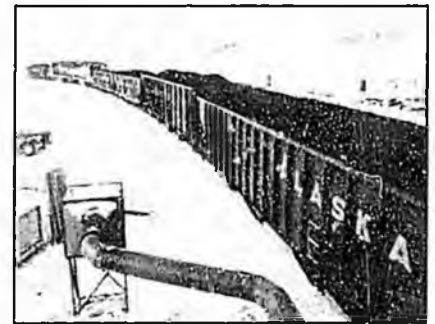
## PERSPECTIVE

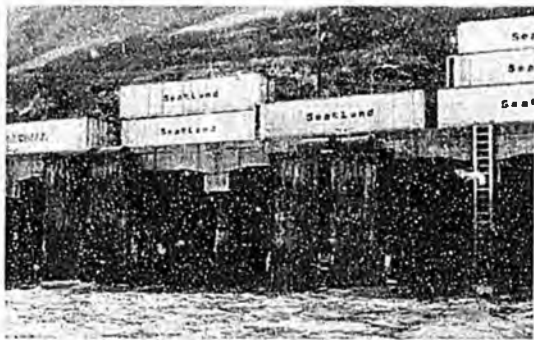
Handles over 80% of all consumer goods sold in the Railbelt Region.

Provides direct interties with Anchorage International Airport for competitive supplies of jet fuel and the sea/air movement of cargo to Bush Alaska.

Is poised to expand in direct response to and from export-related industries such as coal mining and forest products.

Offers Foreign Trade Zone services.





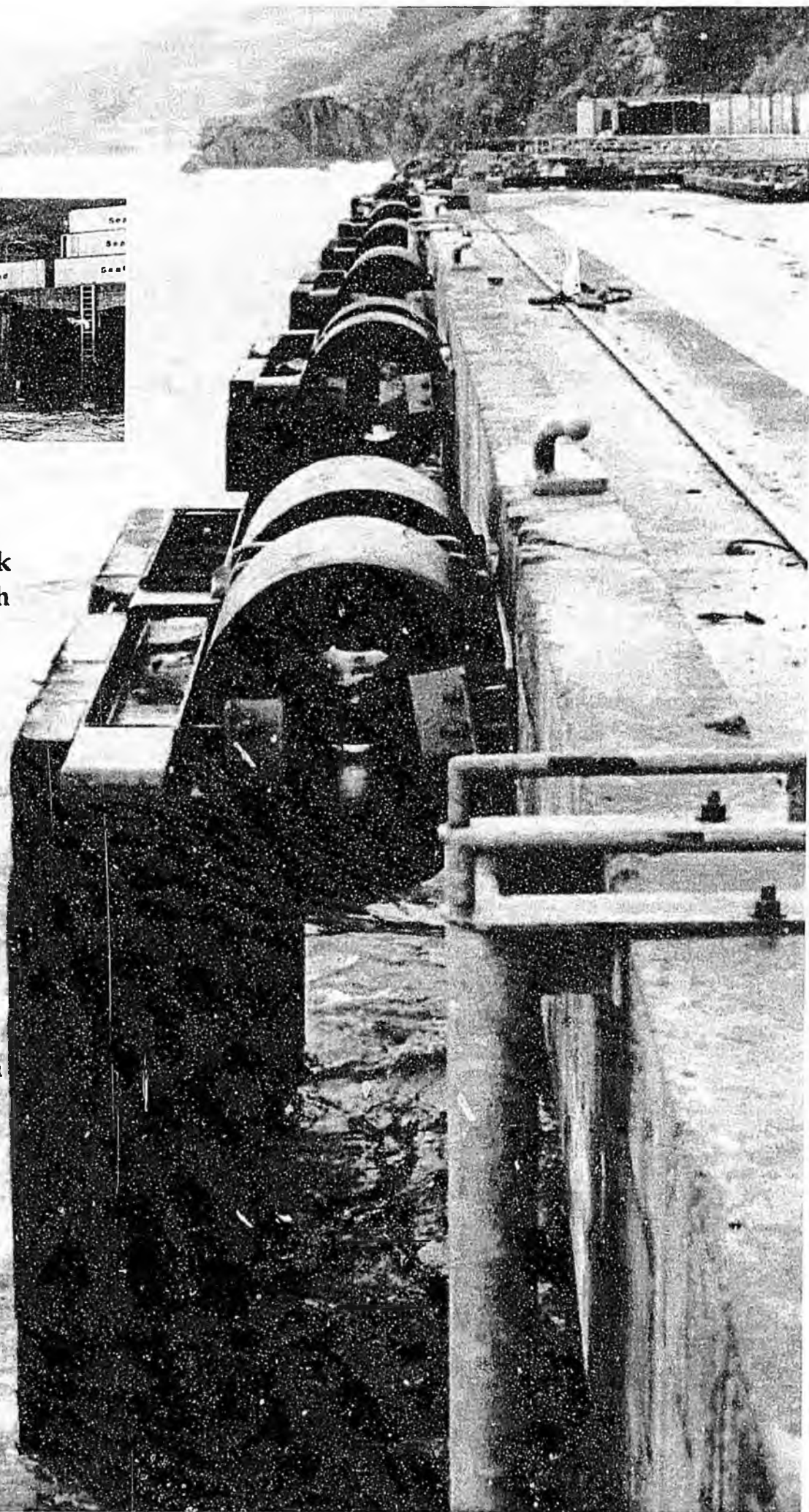
□ In the mid-80s the Port of Kodiak constructed this new dock fendering system with *state grants*.

□ Pictured are views of the new fendering system, which uses a rubberized, energy-absorbing design.

□ This type of fendering system is also in use at the Port of Anchorage's new POL Dock.

□ In both cases, the new fendering system has improved ship/barge berthing safety and has proved very successful from the Port users' operations perspective.

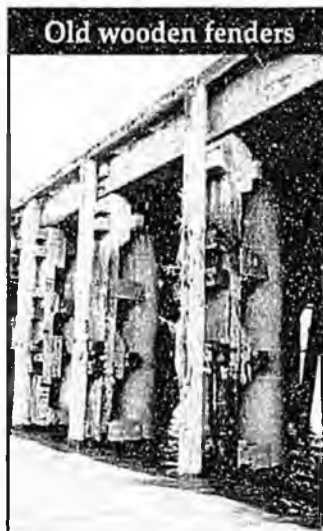
□ It has required *no maintenance*.



# FENDERING REPLACEMENT

## ITEM A IN THE CIB LEGISLATIVE REQUESTS

The Port of Anchorage requests state funds to upgrade the old wood timber dock fendering system. The existing dock fendering system was designed in 1960, over 30 years ago, to accommodate vessels that were in service at the time. Vessels then were smaller and lighter than vessels that now call at the Port. State-of-the-art fendering in 1960 consisted mainly of attached vertical wooden timbers which lacked the ability to absorb docking energies. Consequently, the larger present-day vessels docking at the Port of Anchorage regularly damage the old wooden fendering system. Repair and replacement of these wooden pilings is expensive, and very labor intensive.



The Port of Anchorage must replace the old timber fendering system with a new energy-absorbing rubberized system which will absorb expected berthing forces without causing unacceptable long-term effects to the dock structure. Under normal operating conditions, the new system will require *minimal* maintenance.



A preliminary consultant study has been conducted by the Port to estimate the cost of a fendering system which meets design criteria for vessel displacement, approach velocity, hull pressure, energy absorption, and ice loads. That estimate is \$7,000,000.





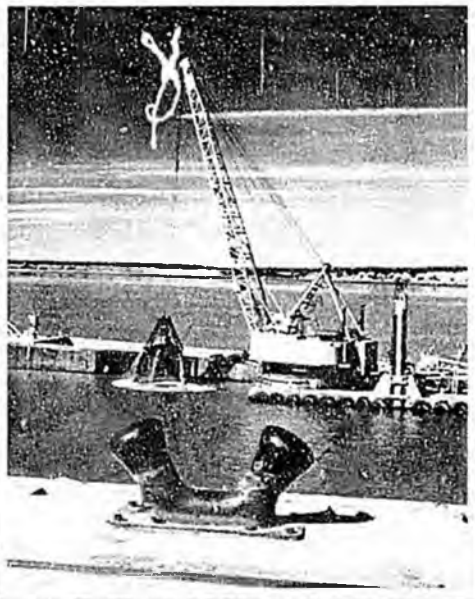
# AERIAL VIEW: THE PORT OF ANCHORAGE

## ITEM A: DOCK FENDERING REPLACEMENT

The new system will be maintenance-free.

## ITEM B: LAND DEVELOPMENT

No state grant funds would be used for land acquisition.



POPULATION FIGURES 1992	STATE PORT & HARBOR GRANTS RECEIVED		
		\$ (MILLION) FY 1978-1993	\$ PER PERSON
HOMER	3,937	30.3	7,696.21
NOME	4,559	25.4	5,571.39
ST. PAUL	763	23.9	31,323.72
ST. GEORGE	138	19.9	144,202.89
KODIAK	7,229	14.9	2,061.14
SEWARD	2,699	13.9	5,150.05
ANCHORAGE	237,907	12.3	51.70

CARRIER TONNAGE ESTIMATES

FAIRBANKS	25-30%
PRUDHOE BAY	5%
KENAI	15-20%
ANCHORAGE	48%
BUSH	2%

CARRIER TONNAGE ESTIMATES

FAIRBANKS	13%
CORDOVA	1%
ANCHORAGE	86%

COMPARISION GENERAL CARGO TONNAGE FOR MAJOR ALASKA PORTS IN 1992

ANCHORAGE	1,498,570.1
DUTCH HARBOR	NOT AVAILABLE
HOMER	42,200.0
JUNEAU	NOT AVAILABLE
KODIAK	53,512.6
SEWARD	42,275.0
VALDEZ	16,665.0
WHITTIER	RAIL CAR DELIVERY ONLY

# LAND DEVELOPMENT

## ITEM B IN THE CIB LEGISLATIVE REQUESTS

The Port of Anchorage requests state funds to develop 14 to 20 acres of recently-acquired tidal and submerged land. As presently envisioned, this land would be utilized to support the Port's continuing growth in cargo and other potential export facilities for materials such as coal, forest products, and mineral concentrates. The funds would pay for the initial development phase of filling, paving, lighting, and providing utilities. Designs have been drawn up and wetlands permits have been received for portions of the proposed land development, so construction could begin immediately. No state grant funds would be used for land acquisition. The estimated cost is \$7,000,000.

The Port of Anchorage is simultaneously pursuing funding through AMATS to realign the road and rail approaches to and through the Port and to provide grade separations at busy intersections. Some of this land development would provide additional space for container operations, and the remainder would become part of the route for realigned access roads and rail spurs.

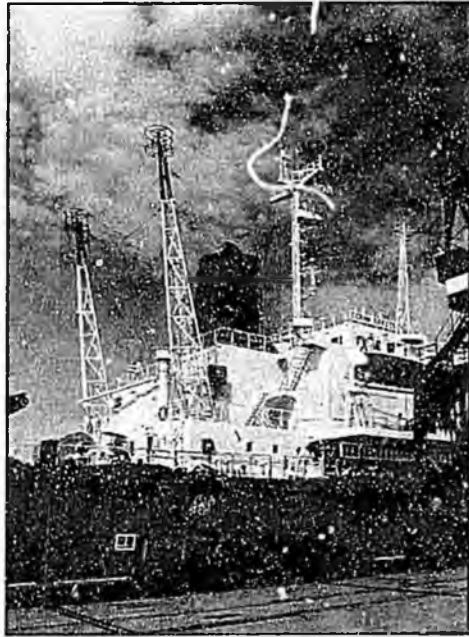
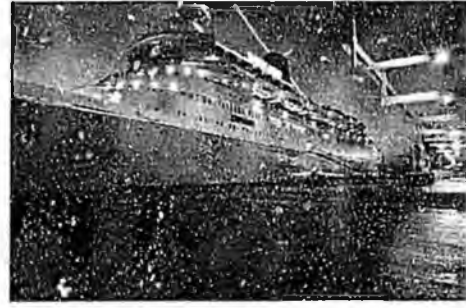
When all phases are completed, the Port of Anchorage will have made significant progress toward satisfying its mission: To provide a safe, efficient Port enterprise activity which *stimulates* economic development and the movement of goods into and out of Southcentral Alaska.

# SUMMARY

## 1993 CIB LEGISLATIVE REQUESTS

The primary purposes of the projects described in this proposal are to reduce operation and maintenance costs for the existing dock, and to help accommodate growth at the Port of Anchorage. Estimated costs are summarized below:

<b>ITEM A: Dock Fendering Replacement</b>	<b>\$ 7,000,000</b>
<b>ITEM B: Land Development</b>	<b>\$ 7,000,000</b>
<b>TOTAL</b>	<b>\$14,000,000</b>



# ALASKA'S HOME PORT

Linking Rail, Road, and Air Cargo from Homer to Prudhoe Bay

The Port of Anchorage is open year-round  
Container, RO-RO, dry bulk, and petroleum facilities

Shipside to rail capability

Designated Foreign Trade Zone

Visitors welcome



## PORT OF ANCHORAGE

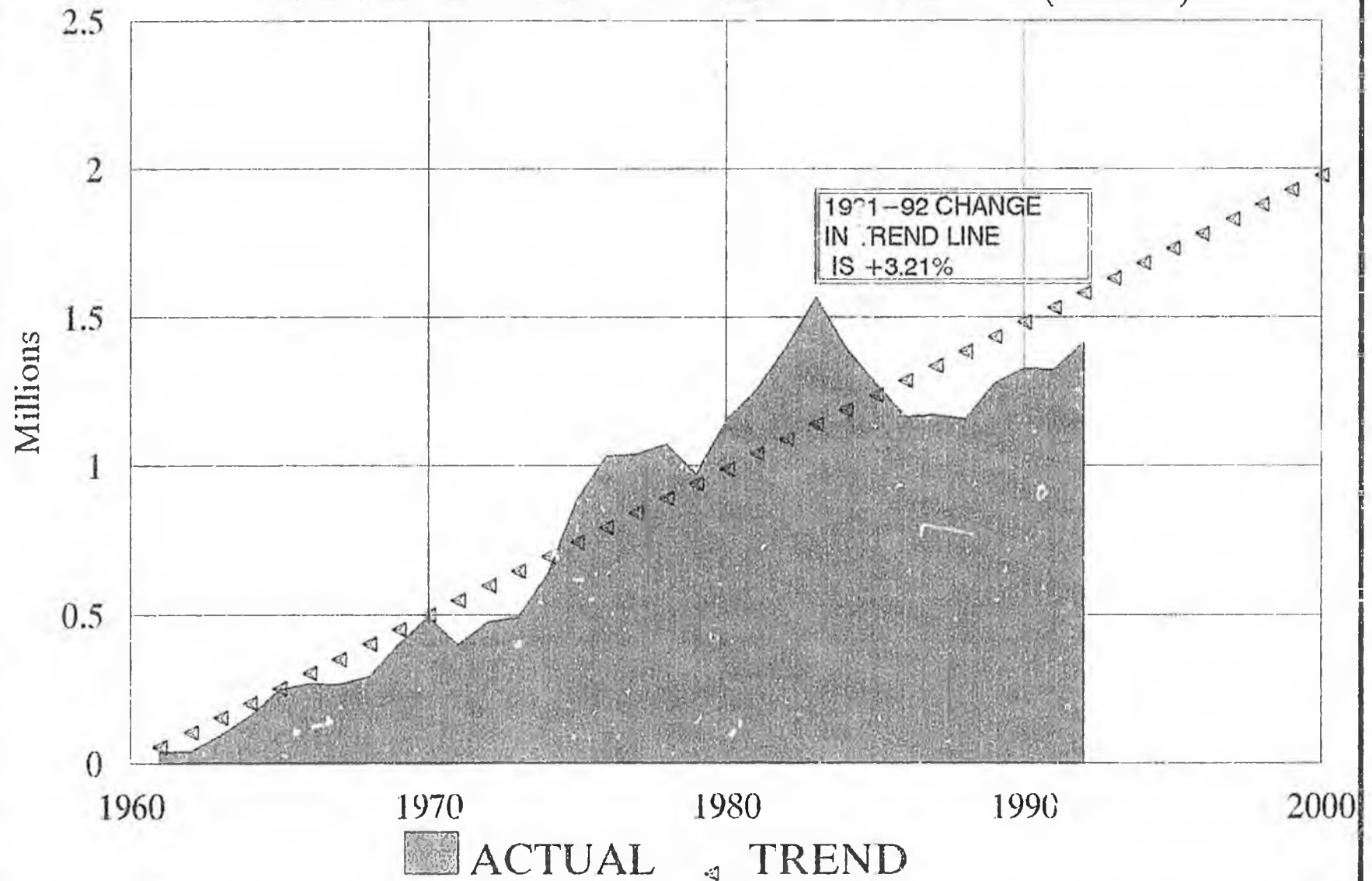
2000 Anchorage Port Road

Anchorage, Alaska 99501

(907) 272-1531 • FAX (907) 277-5636

# PORT OF ANCHORAGE

## GENERAL CARGO THROUGHPUT (TONS)



MUNICIPALITY OF ANCHORAGE  
1993 LEGISLATIVE PROGRAM  
Port of Anchorage  
Regional Port Facilities Improvement

The regional Port of Anchorage's 110-acre industrial site is fully utilized for commercial enterprises that use, and pay for, port operations. This Port serves 80% of Alaska's populated area, from Homer extending all the way to Prudhoe Bay and Barrow by means of rail, road and air cargo connections. It handles over 90% of all consumer goods sold in the railbelt. The Port of Anchorage's leasable land base, including 17.45 acres developed in 1983 and 1986 with State grants, is now all under long-term leases or rental agreements. There is no developed land available to accommodate new road, rail, or utility corridor extensions for new cargoes or expansion of customer activity.

Between 1986 and 1992, the Port's general cargo tonnage increased 16.2%. However, due to land constraints, the major general cargo carriers have only been able to increase their land bases by 15.4%. Since general cargo is steadily increasing at an average rate of 2.75% per year, the shortage of available usable land at the Port is critical now and will continue to negatively impact Port users unless new facilities are developed.

As land accessibility and availability becomes more constrained, the operational costs of port users is increased and these costs must be passed on to consumers in the region served by the Port of Anchorage. The Port already has the land - we require funding assistance to gain access to it.

The requested State grant funds would be used to develop 14-20 acres of the Port's available land for road, rail corridors and utility corridor extensions, which should be adequate to meet the anticipated requirements resulting from increases in general cargo as well as allowing the Port to accommodate some new cargoes. No state grant funds would be used for land acquisition. A consultant's cost estimate for the development, to include road development, excavation, fill, paving, shore protection and utilities, is \$7,000,000.