

September 23, 2025

City Manager Jackie Wilde
City of Whittier, Alaska
660 Whittier Street, Whittier, AK 99693-0608

Re: Response to Revised Land Purchase Proposal dated 7.7.2025

Dear City Manager Wilde,

Thank you for your letter dated July 7, 2025 containing the City of Whittier's (COW) revised proposal for the acquisition and potential disposal of noted Areas of Interest (AOIs). We appreciate your commitment to working collaboratively with the Alaska Railroad Corporation (ARRC) and your focus on responsible development within your community. We share similar goals for the ARRC Whittier Terminal Reserve as it serves a critical role in providing great benefit to ARRC's mission, our valued customers, and rail belt communities across the State, including the City of Whittier.

Given the importance of ARRC's Whittier Reserve to our mission, the ARRC Real Estate Committee at their meeting of September 11, 2025, continues to express concern related to the total acreage of ARRC land proposed for inclusion in the transaction, with respect to potential future impacts to ARRC's ability to best serve the State. After a thorough review of COW's Proposal #2, the Real Estate Committee directed management to pursue an approach that reduces the total acreage of ARRC land to be included and to structure the transaction as a straight proposal for sale, without requiring COW to transfer land in exchange. Accordingly, the following constitutes ARRC's counterproposal:

ARRC agrees sell to COW the following three parcels at Fair Market Value (see map attached for illustration only), as determined by the Black-Smith, Bethard & Carson, LLC Appraisal conducted on September 9, 2024, and dated November 8, 2024. ARRC makes this proposal subject to the five conditions noted below¹:

- ARRC AOI 1 – “The Sportsman’s Lounge” 0.8 acres**
- ARRC AOI 2 – “Harbor Parking Area/Whittier Creek/Well Site” 36 acres**
- ARRC AOI 3 – “Harbor Uplands” 10.2 acres**

1. The sale must be completed by January 31, 2027, unless both parties mutually agree in writing to an extension.
2. The final sale price will be established based on the fair market value per square foot and will consider the completed surveyed parcel configurations. Estimates of the expected value of the three parcels, which are subject to adjustment based on the surveyed parcel configurations, are as follows:

ARRC AOI 1 – The Sportsman’s Lounge 0.8 acres	~\$ 157,000
ARRC AOI 2 – Harbor Parking Area/Whittier Creek/Well Site 36 acres	~\$1,804,603
ARRC AOI 3 - ARRC AOI 3 – Harbor Uplands 10.2 acres	~\$2,931,718
TOTAL	~\$4,893,321

¹ All parcel sizes set forth in this document and all boundaries depicted on the attached map are approximate and subject to finalization of surveyed parcel configurations.

3. Payment of the sale price shall be in cash due in full at closing. No financing will be available from ARRC.
4. COW will be responsible for all survey and closing costs.
5. COW agrees that the Ground Lease and Management Agreement dated November 13, 1998 ("Master Lease") is terminated as of the date of the transaction. Prior to final closing of the sale transaction, ARRC and COW will collaborate to develop and mutually agree upon new contracts for those portions of the Master Lease area that were adequately developed by COW to meet the development requirements of the Master Lease, but which are excluded from the above-described land purchase transaction.

To ensure the process continues to move forward, in addition to legislative approval, next steps will include COW working with ARRC's Real Estate and Legal Departments to prepare a Purchase and Sale Agreement ("PSA") and any other contracts necessary to effectuate the above-described transaction. Assuming the foregoing is accomplished and contingent on the parties' agreement to proceed with the transaction, ARRC Management will present a resolution to the ARRC Real Estate Committee at its January 2026 meeting and, if the resolution is recommended for approval by the Committee, to the ARRC Board at its next general or special meeting.

For clarity, please note that prior to any sale of ARRC land, the ARRC Board must approve the transaction after making certain findings under AS 42.40.352, which relates to the sale of land not necessary for railroad purposes. Specifically, the Board must determine that (1) the land is not essential for railroad operations and (2) the sale serves the best interests of the State. ARRC Management staff believes that, with respect to a proposed sale to COW of parcels constituting ARRC AOs 1-3 on the terms and conditions described above, a determination by the Board that the transaction meets these criteria appears achievable.

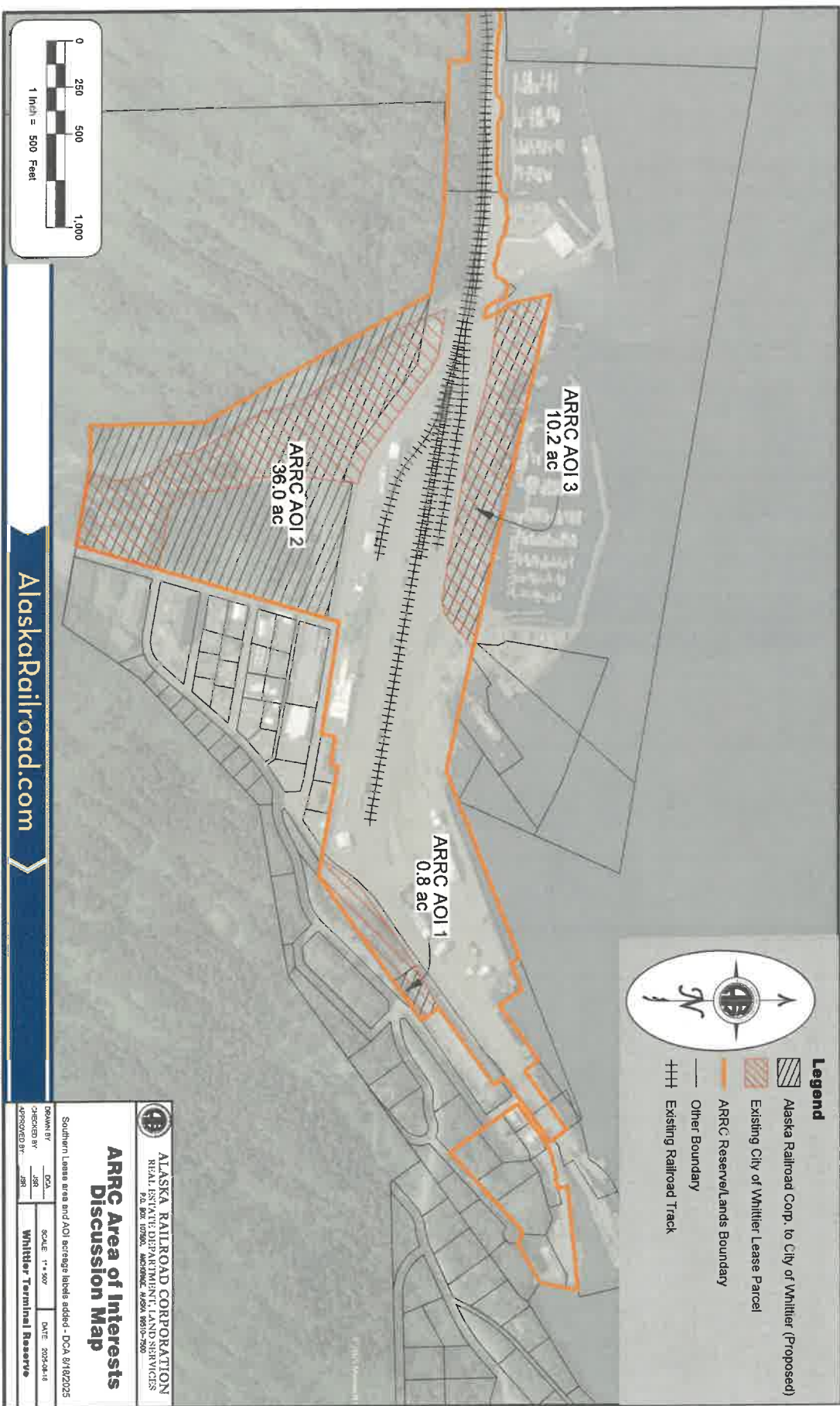
It is our belief and expectation that this proposal represents a mutual benefit to both COW and ARRC. We look forward to your consideration and confirmation of these terms by a written response to this proposal within the longer of (i) 60 days after the date of the proposal or (ii) 15 days after the date on which the Whittier City Council adopts a resolution either accepting or rejecting the proposal submitted by ARRC. Including a description of your preferred timeline for moving forward with the purchase and sale and other necessary agreements. Please do not hesitate to reach out if you have any questions or require further clarification.

Thank you in advance for your cooperation and collaboration. We are optimistic about the potential for development in Whittier and the benefits it can bring to our shared interests.

Sincerely,



Christy Terry
Vice President, Real Estate
Alaska Railroad Corporation



- Legend**
- Alaska Railroad Corp. to City of Whittier (Proposed)
 - Existing City of Whittier Lease Parcel
 - ARRC Reservelands Boundary
 - Other Boundary
 - Existing Railroad Track



AlaskaRailroad.com

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		ALASKA RAILROAD CORPORATION REAL ESTATE DEPARTMENT, LAND SERVICES P.O. BOX 107904, ANCHORAGE, ALASKA 99510-2900	
ARRC Area of Interests Discussion Map			
Southern Lease area and AOI acreage labels added - DCA 8/18/2025			
DRAWN BY: JBR CHECKED BY: JBR APPROVED BY: JBR	DCA JBR JBR	SCALE: 1" = 500' DATE: 2024-04-18	Whittier Terminal Reserve