

Agency: Commerce, Community and Economic Development**Grants to Municipalities (AS 37.05.315)****Grant Recipient: Matanuska-Susitna Borough****Federal Tax ID: 92-0030816****Project Title:****Project Type: New Construction and Land Acquisition**

Matanuska-Susitna Borough - Rail Extension to Port MacKenzie

State Funding Requested: \$60,000,000**House District: Mat-Su Areawide (7-11)**

Future Funding May Be Requested

Brief Project Description:

Provides funding for construction of a rail extension from the Alaska Railroad mainline to Port MacKenzie, a deep water port capable of docking and loading the largest cargo vessels in the world. By providing a shorter rail route to tidewater, the rail extension will substantially boost the export of Alaska's minerals, and other natural resources helping to diversify the statewide economy.

Funding Plan:

Total Project Cost:	\$272,500,000
Funding Already Secured:	(\$146,000,000)
FY2015 State Funding Request:	<u>(\$60,000,000)</u>
Project Deficit:	\$66,500,000

Funding Details:

\$10M - FY 2008 State Appropriation for EIS

\$17.5M - FY 2009 state appropriation for project

\$35M - FY 2011 state appropriation for project

\$30M - FY 2012 state appropriation for project

\$23.5M - FY 2013 state appropriation for project

\$30M - FY 2013 state general obligation bond for project

Detailed Project Description and Justification:

The Port MacKenzie Rail Extension will bring tremendous economic and employment benefits to Alaska. It will create jobs, lower transport costs, and increase economic development. This project will connect the Alaska Railroad Mainline to Port MacKenzie. With a shorter distance to tidewater from the Interior, the new segment of rail will save, over existing ports, more than \$100 million in construction costs for the State's proposed natural gas pipeline projects. Less expensive bulk transport costs will also help stimulate the development of natural resources and mines, such as the one-billion-ton limestone deposit near Livengood. The lower transportation costs created by the proposed rail extension, coupled with this limestone deposit, will create a major new export-related manufacturing opportunity for the production of cement. Indeed, with the rail extension, Alaska will be able to supply up to 15% of the nation's annual need for cement. The shorter mileage to tidewater will also reduce the cost of transporting coal by up to six dollars per ton, making coal from Alaska's Interior competitive on the world market. An independent study by the University of Alaska Fairbanks estimates the revenue to the State from development of new mines spurred on by the lower ore transportation cost will average \$300 million per year over the next 100 years. According to a study by the Institute of Social and Economic Research, the Port MacKenzie Rail

Extension Project will create up to 3,400 new jobs over a three year period in construction, 35 jobs in annual operations, and another 640 direct and indirect jobs.

Project Timeline:

The project schedule is totally dependent upon financing. If a State General Fund appropriation of \$60 million is approved by FY 2014, two construction contracts for rail embankment (Segments 2 and 5) would be bid in fall of 2013.

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

Matanuska-Susitna Borough

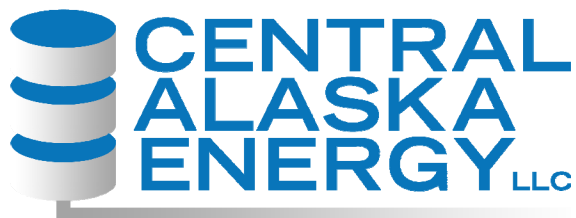
Grant Recipient Contact Information:

Name: John M. Moosey
Title: Borough Manager
Address: 350 E Dahlia Avenue
Palmer, Alaska 99645
Phone Number: (907)745-9689
Email: john.moosey@matsugov.us

Has this project been through a public review process at the local level and is it a community priority? Yes No

For use by Co-chair Staff Only:

11:56 AM 5/13/2014



11/04/11

Larry DeVilbiss
Mayor
Matanuska-Susitna Borough
350 E. Dahlia Ave.
Palmer, AK 99645

Dear Mr. DeVilbiss,

I would like to express my continued strong support for the Port MacKenzie rail extension project. Our plan at Central Alaska Energy is to construct a fuel terminal at Port MacKenzie. The terminal would hold primarily unleaded and diesel fuel for South-Central and Interior Alaska.

We chose to lease a site directly next to where the proposed rail line is being built and if it is built plan to construct a rail car loading system connected to our tank farm. Having access to the railroad lowers the cost of transportation which results in lower fuel prices to the consumer. Alaska needs to be prepared to deal with increased demand for ultra low sulfur diesel which is currently produced in limited quantities. Our new tank farm at Port MacKenzie will provide Alaskans access to other fuel markets (lower 48 or international) and bring new competition to the local market. By connecting the railroad to Port Mackenzie the range of that new competition can extend much further North to the Fairbanks area and serve a greater number of Alaskans than will be possible without the railroad.

I urge the legislature and governor to provide the \$60 million needed to move ahead with this project as part of the Fiscal Year 2012 Capital Budget.

Sincerely,

A handwritten signature in blue ink that reads "Justin Charon".

Justin Charon
Chief Executive Officer

Dear Mayor DeVilbiss,

I would like to establish PacArctic's interest in the Rail Expansion Project at Point MacKenzie. This project is of great importance to PacArctic Logistics LLC. We selected this property with great anticipation of the project being finished on the proposed schedule. PacArctic's long term planning certainly includes the use of the rail system once completed. The options of moving cargos in and out of Port/Point MacKenzie with the completed rail expansion will greatly increase our ability to move cargos exploring and utilizing the most economical shipping methods. Please keep me informed on any status changes and let me know if there is anything I can do to keep the project moving and on schedule.

Sincerely,



King R Hufford III
President
PacArctic Logistics LLC

**CITY OF WASILLA
RESOLUTION SERIAL NO. 12-03**

AN RESOLUTION OF THE WASILLA CITY COUNCIL SUPPORTING THE GOVERNOR OF ALASKA AND THE STATE LEGISLATURE FUNDING \$60 MILLION IN THE CAPITAL BUDGET TO CONTINUE FUNDING CONSTRUCTION OF A RAIL EXTENSION FROM PORT MACKENZIE TO THE ALASKA RAILROAD MAIN LINE.

WHEREAS, Port Mackenzie is a port with vast amounts of industrial land for development of large manufacturing projects and a deep draft dock which can handle the largest vessels in the world; and

WHEREAS, The Matanuska Susitna Borough and Alaska Railroad Corporation has constructed the embankment for the longest rail car loop in Alaska for the efficient off-loading and loading of bulk resources from train to ship and ship to train; and

WHEREAS, the distance from tidewater at Port Mackenzie to Interior Alaska offers lower transportation costs, and the Port Mackenzie rail extension will stimulate the development of bulk mineral deposits that can be exported from the Interior creating thousands of new jobs; and

WHEREAS, the new rail extension from Point Mackenzie to the Alaska Railroad main line will significantly reduce train traffic through Wasilla, will promote economic development at Port Mackenzie, and it will utilize Port Mackenzie for bulk commodities for shipping as intended in the Port Master Plan; and

WHEREAS, the cost for off-loading, staging, and rail transportation of north bound materials for large construction projects significant to the region and state from Port Mackenzie would be reduced when compared to those shipping costs from Anchorage or Seward; and

WHEREAS, by providing for \$60 million in the state capital budget, construction will have been funded for two-thirds of the entire rail embankment.

NOW, THEREFORE, BE IT RESOLVED, that the Wasilla City Council fully supports state funding of the rail extension from Point Mackenzie to the Alaska main line.

ADOPTED by the Wasilla City Council on January 9, 2012.

ATTEST:



KRISTIE SMITHERS, MMC, City Clerk


VERNE E. RUPRIGHT, Mayor

[SEAL]



Resolution Serial No. 12-03: Supporting the Governor of Alaska and the State Legislature funding \$60 million in the capital budget to continue funding construction of a rail extension from Port Mackenzie to the Alaska Railroad main line.

Agenda of: January 9, 2012

Date: December 27, 2011

Originator: Bert Cottle, Deputy Administrator

Route to:	Department	Signature	Date
X	Finance Director		12/27/11
X	Interim Deputy Administrator		12/28/11
X	City Clerk		1/3/12

REVIEWED BY MAYOR VERNE E. RUPRIGHT:

FISCAL IMPACT: yes or no **Funds Available** Yes or No

Account name/number:

Attachments:
Resolution Serial No. 12-03 (1 page)

SUMMARY STATEMENT: Adoption of Resolution Serial No. 12-03 supports the expansion of the rail extension to allow for further economic development in the Matanuska Susitna Borough to include economic development in the City of Wasilla.

STAFF RECOMMENDATION: Adopt Resolution Serial No. 12-03.

January 12, 2012

Mayor Larry DeVilbiss
Matanuska-Susitna Borough
350 E Dahlia Ave.
Palmer, AK 99645

Mayor DeVilbiss,


I write today to express my support for the rail to Port MacKenzie project.

The rail extension would help avoid the most congested portion of Alaska Railroad mainline, allow for efficient transfer between trains and ships, and provide 14 square miles of staging, storage and industrial zoned land.

Kinross Gold U.S.A., Inc. owns and operates the Fort Knox gold mine, a large-scale producing mine in Alaska's interior. The mine employs more than 500 local residents in year-round jobs and is a major driver in the local economy. While we don't export a great deal, the volume of freight that we receive is significant. In 2010, nearly \$5 million was spent on transportation alone. In addition, we require many of our vendors to guarantee certain quantities of mine-specific consumable products to be stored in-state. The Port MacKenzie rail extension has the potential to reduce our operating costs and improve our ability to be competitive.

Resource development is Alaska's strategic advantage but unfortunately the state's lack of infrastructure presents a formidable challenge. The proposed rail to Port MacKenzie can help carry Alaska forward and make the state's minerals more competitive on the world market.

Sincerely,



Lauren Roberts, PE
Regional Vice President, North America

LR/lk

JDM Consultants, LLC

P.O. Box 92325
Anchorage, Alaska 99509

+1(907)301-7992
jdm@acsalaska.net

1 December 2011

The Honorable Sean R. Parnell
Office of the Governor
P.O. Box 110001
Juneau, Alaska 99811

RE: Alaska Railroad Extension to Pt. McKenzie

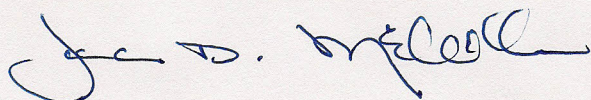
Governor Parnell:

I am writing you in support of the full \$60 million funding required next year to forward the extension of the Alaska Railroad to Pt. McKenzie. I represent Accelergy Corporation in Alaska, and their plans for a \$5 billion Coal-To-Liquids plant for Western Cook Inlet could hinge on the successful completion of this rail extension project.

In September 2010, an Accelergy principal (and I) made a presentation to the Legislative Energy Sub-Committee on their proposed Coal-To-Liquids (CTL) project, and made two commitments: to fund half the \$1 million cost of certifying Alaska's Cook Inlet coals to the military as a feedstock, and to build a Cook Inlet CTL plant if economics were warranted. The Legislature subsequently included a \$500,000 line item in the 2012 budget for certification, and that project is underway via AIDEA, with Accelergy providing a \$500,000 match. Usibelli will supply the 6-ton coal sample for liquefaction to jet fuel and subsequent certification by the US Air Force and US Army.

A final component of the certification project is to develop detailed cost estimates for operating this CTL production plant. Without the rail extension, Western Cook Inlet is not readily accessible for Usibelli coal, thus CTL project economics will greatly suffer. This could kill the proposed \$5 billion CTL project. I urge you to include the requested \$60 million for the Alaska Railroad extension to Pt. McKenzie in your upcoming budget to keep the CTL project viable.

Sincerely yours,
JDM CONSULTANTS, LLC



John D. McClellan, P.E.
Principal

December 1, 2011

Rick Mystrom
6370 E. Finger Lake Drive
Wasilla, AK 99654

RE: Port MacKenzie Rail Extension

Dear Mr. Mystrom:

We appreciated your briefing on the proposed Port MacKenzie railroad extension. We agree with you that the extension offers potential transportation alternatives to pipeline and other economic developments in Interior and Southcentral Alaska.

The purpose of this letter is to express our interest in the potential benefits the extension may be able to offer our pipeline project, though any actual use of the extension will depend upon a number of factors including but not limited to synchronization of our needs with the extension's availability. Please keep us informed of your progress. We plan to fully consider your plans and progress into our own planning as we approach our open season process in mid-2013.

Sincerely,



Dan Fauske

cc: Rick Mystrom
1813 W. 1st Avenue
Anchorage, AK 99501



3909 Arctic Blvd., Suite 400
Anchorage, AK 99503
(907) 222-9500 • fax (907) 222-9519

Date: March 8, 2011

Subject: Port MacKenzie Rail Extension Funding Letter

Ms. Elizabeth Gray
Acting Matanuska-Susitna Borough Manager
350 E. Dahlia Avenue
Palmer, Alaska 99645

Dear Ms. Gray,

I am the Director of Operations for the Construction Division of Alutiiq Manufacturing Contractors, LLC. We are currently leasing 31.5 acres of property from the Matanuska-Susitna Borough at Port MacKenzie. Alutiiq Manufacturing is currently utilizing our manufacturing plant on this property to construct modular building for shipment throughout the state of Alaska. The purpose of this letter is to voice Alutiiq's strong support for the Rail Extension Project at Port MacKenzie, and to urge the Governor and State legislature to provide funding in this year's Capital Budget for the rail extension.

The rail extension would become a great asset to our current operations, as well as help to develop the importing & exporting of materials and goods to Interior Alaska.

We also anticipate that with the development of this rail project, Alutiiq will be able to provide additional services to the North Slope oil companies with our Alutiiq Oilfield Solutions side of our company.

Again, we urge the legislature and governor to provide funding to move ahead with this project.

Sincerely,

A handwritten signature in blue ink, appearing to read "W. Jake Garner".

W. Jake Garner
Director of Operations
3909 Arctic Blvd. Suite 400
Anchorage, AK. 99503
(907) 440-7657



Adopted: 11/10/2011

Resolution No. 2011-36

Relating to Support for Funding of the Port MacKenzie Rail Extension Project

WHEREAS, the Alaska Railroad Corporation (ARRC) is an economic engine and backbone for Alaska's transportation infrastructure, hauling millions of tons of freight per year and providing critical support for resource industries such as coal, petroleum, and gravel; and

WHEREAS, the State of Alaska needs to diversify and strengthen its economy and an effective transportation system facilitates such diversification; and

WHEREAS, the Matanuska-Susitna Borough is building a 32-mile rail extension from Port MacKenzie's deep water port to the ARRC mainline at Houston and the ARRC is assisting in this effort by serving as a contractor and applicant to the Surface Transportation Board for approval of the project; and

WHEREAS, the ARRC serves ports in Seward, Whittier and Anchorage and the rail connection to Port MacKenzie, with its 9,000 acres of industrial zoned land, deep-draft dock and expanded barge dock facilities, is a logical next step in enhancing the State's transportation capacity for bulk natural resources; and

WHEREAS, ARRC expects that the new rail extension will lead to future bulk resource rail transport opportunities in the future as well as support Alaska's gas line and Susitna Dam projects that are under consideration; and

WHEREAS, the Port MacKenzie rail extension is featured as a top priority by Governor Parnell's Alaska Military Force Advocacy and Structure Team (AMFAST) because it will provide an additional rail route to tidewater that can serve both military logistics and national security needs; and

WHEREAS, this project is expected to create hundreds of jobs for Alaskans and is a project of statewide strategic significance enhancing opportunity for future development of Alaska's mining resources along the Alaska Railroad mainline ; and

WHEREAS, this project has recently generated two new leases from PacArctic and Alaska Central Energy which are companies positioning themselves to take advantage of future rail access.

NOW THEREFORE BE IT RESOLVED that the ARRC Board of Directors supports the Matanuska-Susitna Borough's request for the inclusion of \$60 million in the State's Fiscal Year 2013 Capital Project Budget to continue construction of the rail extension between Port MacKenzie and the ARRC mainline.

This is to certify that I am the Secretary of the Board of Directors of the Alaska Railroad Corporation, and the above Resolution No. 2011-36 is a true and correct copy of the resolution adopted by the Alaska Railroad Corporation's Board of Directors at its regular meeting on November 10, 2011.

Date

11/17/2012


Wendy G. Lindskoog
Board Secretary

Corporate Seal

1
2
3
4
5
6
7
8
9

**HOUSTON, ALASKA
RESOLUTION 11-21**

10
11
12
13
14
15
16
17
18
19

A RESOLUTION OF THE HOUSTON CITY COUNCIL IN SUPPORT OF THE GOVERNOR OF ALASKA AND THE STATE LEGISLATURE FUNDING \$60 MILLION IN THE CAPITAL BUDGET TO CONTINUE FUNDING CONSTRUCTION OF A RAIL EXTENSION FROM PORT MACKENZIE TO THE ALASKA RAILROAD MAIN LINE.

20
21
22
23
24
25
26

WHEREAS, the connection of the Port MacKenzie rail extension to the Alaska Railroad mainline falls within the boundaries of the City of Houston; and

27
28
29
30
31
32
33

WHEREAS, the City of Houston is in support of the Port MacKenzie rail extension project and recognizes the potential to develop property adjacent to the line for industrial uses which will also create jobs for local residents; and

34
35
36
37
38
39
40

WHEREAS, Port MacKenzie, is one of the few ports with vast amounts of industrial land for development of sizeable manufacturing projects, and a deep draft dock which can handle the largest vessels in the world; and

WHEREAS, the Matanuska-Susitna Borough/ARRC has constructed the embankment for the longest rail car loop in Alaska which, when connected to the rail mainline, will provide for the efficient off-loading and loading of bulk resources from train to ship; and

WHEREAS, the distance to tidewater at Port MacKenzie from Interior Alaska offers lower transportation costs, and the Port MacKenzie rail extension will stimulate the development of mineral deposits and export of coal from the Interior creating thousands of new jobs; and

WHEREAS, the new rail extension from Point MacKenzie to the Alaska Railroad main line would promote economic development at Port MacKenzie and the entire State of Alaska, and it would fully utilize Port MacKenzie for bulk commodities as intended in the Port Master Plan; and

WHEREAS, off-loading, staging, and rail transportation of north bound materials for large construction projects significant to the region and state from Port MacKenzie would be less costly than rail shipment from Anchorage or Seward; and

WHEREAS, with the addition of \$60 million in the state capital budget, two more segments of the rail extension alignment can be constructed, completing two-thirds of the entire rail embankment.

NOW, THEREFORE, BE IT RESOLVED THAT: The Houston City Council supports the addition of \$60 million in this year's state capital budget to continue the construction of the rail extension from Point MacKenzie to the Alaska main line.

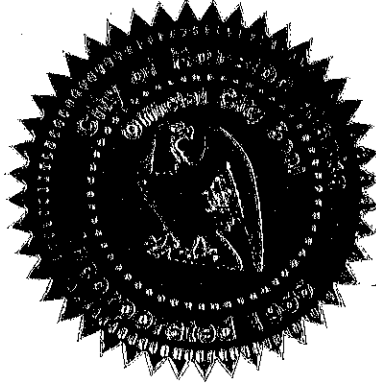
1 PASSED AND APPROVED by a duly constituted quorum of the Houston City Council, Alaska
2 this 8th day of December, 2011.
3
4

5 THE CITY OF HOUSTON, ALASKA

6
7 *Virgie Thompson*
8 Virgie Thompson, Mayor
9

10 ATTEST:

11 *Sonya Dukes*
12 _____
13 Sonya Dukes, City Clerk
14



DENALI BOROUGH

P. O. Box 480 • Healy, Alaska 99743
Phone (907) 683-1330 • Fax (907) 683-1340
dbgovt@mtaonline.net
www.denaliborough.govoffice.com



David M. Talerico, Mayor

December 13, 2011

Governor Sean Parnell
PO Box 11001
Juneau, Alaska 99811

Dear Governor Parnell,

I am writing this letter to support the Port Mackenzie Rail Extension Project, connecting the port to the existing Alaska Railroad track.

This project will have an extensive, positive long term impact on resource development, stimulation of the economy, and additional funding for government regionally and statewide.

Port Mackenzie can accommodate very large vessels enabling exported material to achieve maximum economic benefits regarding transportations costs. Port access will always be important in Alaska. This port will expand the ability for delivery of products to the Interior of Alaska when other ports are congested.

The creation of jobs and new opportunities along with development of major projects will continue for a very long time into Alaska's future.

Sincerely,

David M Talerico, Mayor
Denali Borough



Interior Alaska – The “Place” To Do Business

100 Cushman St., Suite 102 | Fairbanks, Alaska 99701-4665
ph (907) 452-1105 | fax (907) 456-6968 www.FairbanksChamber.org

Introduced By: Transportation Committee
Date Introduced: December 19, 2011
Date Passed: December 19, 2011
Date Transmitted: December 19, 2011

RESOLUTION 11-1219

A RESOLUTION BY THE GREATER FAIRBANKS CHAMBER OF COMMERCE SUPPORTING THE PORT MACKENZIE RAIL EXTENSION PROJECT

WHEREAS, the State of Alaska needs to diversify its statewide and regional economies and develop an efficient and effective transportation system to support such diversification; and

WHEREAS, the new rail link will shorten the distance to Tidewater, lowering transport costs for bulk resources, and open up the Interior to resource development; and

WHEREAS, it will increase employment and business opportunities in the Interior and South-central regions of Alaska.

NOW THEREFORE BE IT RESOLVED that the Greater Fairbanks Chamber of Commerce supports the inclusion of funding in the 2013 capital budget to continue construction of the rail extension between Port MacKenzie and the Alaska Railroad mainline.

BE IT FURTHER RESOLVED that this resolution be distributed to:

- Governor Sean Parnell, State of Alaska
- Mike Nizich, Chief of Staff, Office of the Governor
- Randy Ruaro, Deputy Chief of Staff, Office of the Governor
- Heather Brakes, Legislative Director, Office of the Governor
- Dan Sullivan, Commissioner, Department of Natural Resources
- Bryan Butcher, Commissioner, Department of Revenue
- Marc Luiken, Commissioner, Department of Transportation
- Karen Rehfeld, Director, Office of Management & Budget
- Larry DeVilbiss, Matanuska-Susitna Borough Mayor
- Dave Talerico, Denali Borough Mayor
- Alaska State Legislature
- Alaska State Chamber

GREATER FAIRBANKS CHAMBER OF COMMERCE

Lorna Shaw
Board of Directors, Chair

Lisa Herbert
Executive Director

Butch Stein
Transportation Committee, Chair

INVESTORS

DIAMOND

- BP Exploration
- ConocoPhillips
- ExxonMobil
- Fairbanks Daily News-Miner
- FMH & Denali Center
- Flint Hills Resources Alaska
- Mt. McKinley Bank
- Santina's Flowers & Gifts

PLATINUM

- Alyeska Pipeline Service Co.
- Carlson Center
- Doyon, Limited
- Fred Meyer Stores
- Golden Heart Utilities
- Wells Fargo Bank Alaska

GOLD

- Birchwood Homes
- Denali State Bank
- Design Alaska
- Doyon Utilities LLC
- First National Bank Alaska
- GCI
- Kinross-Fort Knox Mine
- Lynden
- MAC Federal Credit Union
- Northrim Bank
- Sumitomo Metal Mining Pogo LLC
- Usibelli Coal Mine

SILVER

- ACS
- Alaska Airlines
- Alaska Railroad
- Alaska USA
- AT&T
- Everts Air Cargo, Everts Air AK
- Exclusive Paving/Univ. Redi-Mix
- Fairbanks Natural Gas
- Flowline Alaska
- Fountainhead Development
- General Teamsters Local 959
- GVEA
- Hale & Associates, Inc.
- JL Properties, Inc.
- Key Bank
- Personnel Plus
- Shell Exploration & Production Company
- Spirit of Alaska FCU
- Tanana Valley Clinic
- TDL Staffing
- TOTE
- Tower Hill Mines-Livengood
- Gold Project
- WAL-MART Stores, Inc.
- Yukon Title Company



Fairbanks North Star Borough

Office of the Mayor

809 Pioneer Road

P.O. Box 71267

Fairbanks, Alaska 99707-1267

907/459-1300

Fax: 907/459-1102

Email: mayor@co.fairbanks.ak.us

January 12, 2012

The Honorable Sean Parnell
Governor
State of Alaska
P.O. Box 110001
Juneau, AK 99811-0001

Dear Governor Parnell:

Thank you for your support of the Tanana Bridge Project. This important infrastructure project, along with the Port MacKenzie extension, provides a foundation for significant long-term economic development in our State. Both MatSu and the Fairbanks North Star Borough continue to have significant infrastructure rail projects that will benefit from additional State appropriations.

We support State funding for both the MatSu rail upgrade at Port MacKenzie and the new rail extension at the northern terminus. The MatSu and Port Mackenzie projects will provide an additional port for transport of heavy equipment to possible future projects such as Susitna Dam, either large diameter or in-state gasline(s), mining activities such as the Tower Hill mine, and or other large projects. The project will also aid the military with movement of equipment.

Therefore, we support consideration of significant appropriation for either of these projects in your 2013 budget.

Sincerely,

Luke Hopkins, Mayor

cc: Larry DeVilbiss, MatSu Borough Mayor
Rick Mystrom, Economic Development Advisor
Patty Sullivan, Public Affairs Director, MatSu Borough

Klondike Concrete Co., Inc.

P.O. Box 671169
Chugiak, AK 99567
Phone: (907) 688-2161
Fax: (907) 688-6016

March 14, 2011

Subject: Port MacKenzie Rail Extension

Ms. Elizabeth Gray
Acting Matanuska-Susitna Borough Manager
350 E. Dahlia Avenue
Palmer, AK 99645

Dear Ms. Gray,

Klondike Concrete has been operating a warehouse at Port MacKenzie for the last several years for the purpose of importing bulk materials to be used in the local construction market. The proposed rail extension would greatly improve the ability to move bulk commodities in and out of Port MacKenzie.

Port MacKenzie is a very promising location but is very limited at this time due mostly to lack of access. The rail extension is one major step in making Port MacKenzie a viable port and bolstering the economy of South Central Alaska.

Thank you for your time.

Sincerely,

Steve Siegel
Klondike Concrete Co.

SS/dj



BOX 870213, WASILLA, ALASKA 99687
(907) 357-3722 OFFICE
(907) 357-3822 FACSIMILE

Ms. Elizabeth Gray
Acting Matanuska-Susitna Borough Manager
350 E. Dahlia Avenue
Palmer, Alaska 99645

4 March 2011

Dear Ms. Gray,

NPI, LLC has been the primary tenant at Port MacKenzie from the very beginning of Port operations and hopes to continue to grow and develop new opportunities through Port MacKenzie.

In the past six years, NPI has exported wood chips and lumber, facilitated gravel movement and has imported bulk steel and cement. We foresee a bright future at Port MacKenzie and the rail extension is vital to the continued growth and prosperity South Central Alaska and the Interior.

Rail access to the deep water dock at Port MacKenzie will allow bulk commodities to be more readily available to the world market and continue to build our economy. Port MacKenzie is unique amongst available ports in Alaska as it designed for industrial use and has adequate room to grow. Rail service will expedite more rapid growth and provide jobs to the local area.

This letter is in support of the continuation of the rail extension project to Port MacKenzie. This rail extension project adds much needed infrastructure to Alaska, giving all Alaskans the benefit of expanded economic opportunity.

NPI strongly supports the rail extension project and urges the legislature and the Governor to include the full \$55 million for this project in the FY 2012 Capital Budget.

Sincerely,
Dane Crowley
COO
NPI, LLC
Wasilla, AK



4300 B Street Suite 407 Anchorage, AK 99503

Ms. Elizabeth Gray
Acting Matanuska-Susitna Borough Manager
350 E. Dahlia Avenue
Palmer, Alaska 99645

Dear Ms. Gray,

I am director of Logistics and Marketing Resource Development for Koniag, Incorporated, and our company is leasing property from you at Port MacKenzie. We will be using this property to run a transportation logistics operation to convey goods between the Port MacKenzie rail extension and the Port MacKenzie dock for both bulk export and import. The purpose of this letter is to voice Koniag's strong support for the Rail Extension Project, and to urge the Governor and state legislature to provide \$55 million in this year's Capital Budget for the rail extension.

The importance of the rail extension to our operation is critical. We are specifically leasing more expensive land between Port MacKenzie Road and the rail extension so that we can provide a direct service between the port dock and the rail extension. We expect to be carrying everything from bulk natural resources such as riprap to general mining camp supplies, construction materials, and other forms of support materials required for resource development. Being 147 miles closer to tide water at Port MacKenzie greatly reduces the transportation costs for moving the type of bulk supplies, machinery, and natural resources that need to be moved to Interior Alaska.

Again, we urge the legislature and governor to provide \$55 million to move ahead with this project as part of the governor's Fiscal Year 2012 Capital Budget.

Sincerely,

King R Hufford III
Director of Logistics and Marketing
Koniag Inc.

Greater Palmer Chamber of Commerce
Resolution Serial No. 11-1220



A RESOLUTION OF THE GREATER PALMER CHAMBER OF COMMERCE IN SUPPORT OF THE GOVERNOR OF ALASKA AND THE STATE LEGISLATURE FUNDING \$60 MILLION IN THE CAPITAL BUDGET TO CONTINUE CONSTRUCTION OF A RAIL EXTENSION FROM PORT MACKENZIE TO THE ALASKA RAILROAD MAIN LINE.

WHEREAS, Port MacKenzie is one of the few ports with vast amounts of industrial land for development of sizeable manufacturing projects and a deep draft dock which can handle the largest vessels in the world; and

WHEREAS, the distance to tidewater at Port MacKenzie from Interior Alaska offers lower transportation costs than do other Southcentral Alaska ports; and

WHEREAS, the Port MacKenzie rail extension will stimulate the development and export of mineral deposits and coal from the Interior enabling the creation of thousands of new jobs; and

WHEREAS, the Matanuska-Susitna Borough/ARRC has constructed the embankment for the longest rail car loop in Alaska which, when connected to the rail mainline, will provide for the efficient off-loading and loading of bulk resources from train to ship; and

WHEREAS, by providing for \$60 million in the state capital budget, construction will be funded for two-thirds of the entire rail embankment.

NOW, THEREFORE BE IT RESOLVED that the Greater Palmer Chamber of Commerce fully supports the appropriation of \$60 million in this year's state capital budget to continue the construction of the rail extension from Point MacKenzie to the Alaska mainline.

ADOPTED by the Greater Palmer Chamber of Commerce on December 20, 2011.

PAMELA J. STEPHEN, President

RALPH RENZI, Executive Director

550 S. Alaska St., Ste 101
Palmer, AK 99645

P.O. Box 45
Palmer, AK 99645
Tel: 907-745-2880
Fax: 907-746-4164
www.palmerchamber.org
info@palmerchamber.org

Executive Director

Ralph Renzi
director@palmerchamber.org

Board of Directors

PAMELA J. STEPHEN, President
Healing Path Therapeutic Massage

JACCIE GAINES, Past President
Matanuska Valley Federal Credit Union

JESSICA THOMPSON, President-Elect
MTA

TERESA ROY, Secretary
Cover Ups

DAVID COMBS, Treasurer
Combs Insurance

STU GRAHAM, Director
The Alaska Club

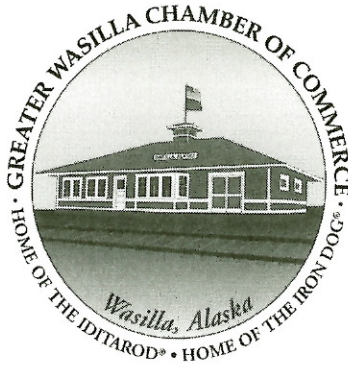
LORALI SIMON, Director
Usibelli Coal Mine

JEHNIFER EHMANN, Director
Excel Physical Therapy

DEANA MOORE, Director
Alaska USA

DON BENSON, Director
Alaska Natural Gas Development Authority

JESSE JONES, Director
Mat-Su Technical Service



**GREATER WASILLA CHAMBER OF COMMERCE
RESOLUTION No. 2011-03
SUPPORTING EXTENSION OF THE ALASKA RAILROAD FROM THE RAILROAD
MAIN LINE TO PORT MACKENZIE**

WHEREAS, bulk natural resource development and export is important to the economy of the Matanuska-Susitna Borough, the Denali Borough, the Fairbanks North Star Borough, and the State of Alaska; and

WHEREAS, the ability of the Alaska Railroad to continue to provide economical transportation of bulk commodities is vital to the economic health of Alaska; and

WHEREAS, Port MacKenzie, with its 8,940 acres of industrial development land and deep draft dock, is a developing port with capability for bulk natural resource transport; and

WHEREAS, Port MacKenzie is capable of handling panamax and cape-size vessels (the largest ships in the world); and

WHEREAS, Port MacKenzie is closer to tidewater than the existing ports of Southcentral Alaska; and

WHEREAS, a shorter distance to tidewater will make resource development in South Central and Interior Alaska more economical by lowering transportation costs; and

WHEREAS, the shorter rail distance to tidewater will further stimulate the use and export of coal from the Usibelli mine and other extracted material developments in the Denali Borough, Matanuska-Susitna Borough and Interior Alaska; and



WHEREAS, the rail extension will make development of natural resources (coal, limestone, sand and gravel, timber and metallic minerals, etc.) located in the rail belt and Interior more economically feasible; and

WHEREAS, the rail spur to Port MacKenzie will create more usage of the Alaska Railroad and increase the economic viability of the railroad; and

WHEREAS, the increase in economic activity will significantly contribute to the State's economic well being, increase employment of Alaskans, and contribute to the continued economic stability of one of the fastest growing regions in the nation.

NOW THEREFORE, be it resolved that the Greater Wasilla Chamber of Commerce strongly supports construction of the Alaska Rail line Extension from the Alaska Railroad mainline to Port MacKenzie.

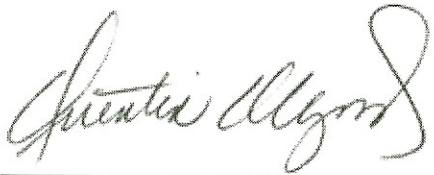
ADOPTED by the Greater Wasilla Chamber of Commerce this 18th day of October, 2011.

GREATER WASILLA CHAMBER OF COMMERCE

By: _____


Lyn Carden – Executive Director

By: _____


Quentin Algood – Secretary