

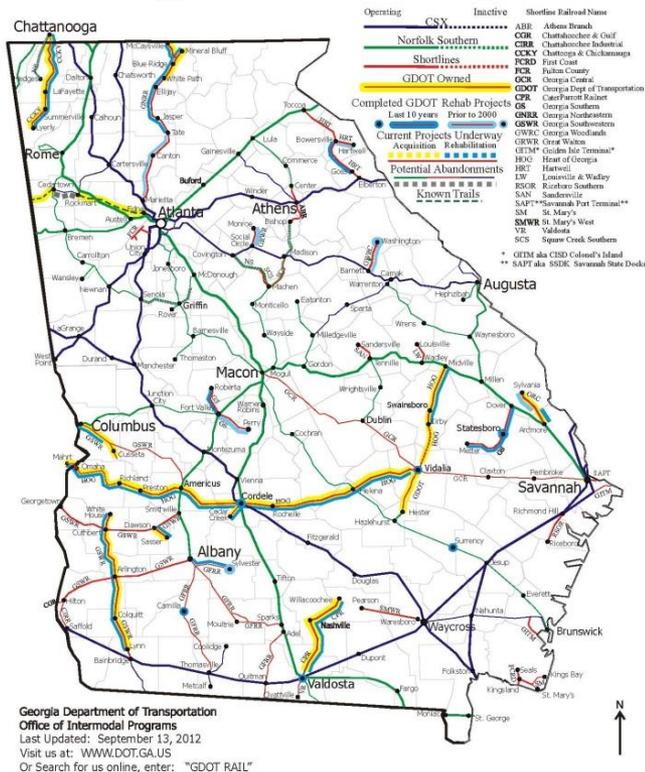
Rail Lease Review

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State Rail Program

Georgia's Rail System



... to preserve and enhance the State's rail transportation system for future development of freight and passenger rail service and thereby providing opportunities for economic development ...

Current Rail Leases

- The Department has nine lease agreements with six separate railroad companies. 2012 annual total: \$313,239
 - Base Rent
 - Yearly escalator clauses
 - Rent per Mile
 - Additional rent on gross or net revenue amounts
- Issues
 - Escalator Clauses based set at 4% per year
 - Additional Rent on Gross Revenues
 - Numerous leases on contiguous lines
 - Lease Terms expiring soon

Outreach

- Industry
- Review of other State Leases
- Similar State – Michigan
 - Currently working toward lease restructuring
 - Rent per carload mile

Lease Review

- Reviewed lease agreement language for updates
- Reviewed payment terms
- Identifying other revenue streams through property management
- Most Leases are expiring in the next 2 to 6 years
- Reviewed Acquisition Cost, Carload Miles

Considerations to Lease Agreement

- Review terms for expiring leases
- Updated legal language
- Consolidate leases on contiguous lines for efficiency
- Modify rental structure to promote growth
 - Establish base rate with annual escalator tied to CPI
 - Carload per mile basis
- Lease modifications will initially be revenue neutral but provide growth

Questions

