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FOR IMMEDIATE RELEASE

Discussions underway for proposed 'Red Rock' railroad classification yard

(State Capitol, Phoenix)—Representatives from Union Pacific Railroad, the State Land Department, and Pinal County have announced that a one-year study period is currently under way to explore the possible sale of State Trust land to Union Pacific for the construction of a major rail yard.

Initially proposed by Union Pacific in 2006, the project would involve the purchase of 950 acres of state trust land by Union Pacific near Red Rock in central Pinal County. The land would be developed into a Union Pacific classification yard where rail cars would be separated and classified and trains assembled, improving Union Pacific's ability to create value for its many customers in Arizona. Advocates of the project believe the new yard will create jobs and generate new tax revenue for local governments and schools.

A focused dialogue among the interested parties has culminated in an agreement to a study period of roughly one year in which a series of unanswered questions regarding Union Pacific's ability to purchase the property will be addressed. The stakeholders will carefully study how to protect the provision of access to the I-10 freeway and neighboring parcels of state land, address drainage and flood control and determine land value. The negotiations are expected to last at least one year, with a possible decision on whether to auction the land as early as 2014.

Zoe Gisela Richmond, Director of Public Affairs for Union Pacific, acknowledged that discussions are under way. "Union Pacific is committed to working with the State Land Department and Pinal County to purchase the land for the proposed 'Red Rock' classification yard. Union Pacific believes that the project will benefit not only the State Land Trust, but also the residents of central Pinal County who are eager for new jobs in their community."

Vanessa Hickman, Arizona State Land Commissioner, emphasized her Department's role in the negotiations process. "I am pleased that our ongoing dialogue with Union Pacific has transitioned into focused, small-group meetings dedicated to finding solutions that will enable this project to move forward. As the parties are aware, the State Land Department has a Constitutional obligation to ensure that all transactions are in the best interest of the State Land Trust, which provides funding to Arizona's public schools, universities, and other institutions. The scope of the process we have collectively defined is critical to establishing the framework which could make the sale of this property a win for the Trust."

Steve Miller, Chairman of the Pinal County Board of Supervisors, expressed his gratitude to the parties involved for their willingness to work together on the details of a potential transaction. "Pinal County strongly supports the proposed Red Rock project and is grateful for the opportunity to work with Union Pacific and State Land on the issues that need to be resolved for the project to move forward."

Miller continued, "Pinal County is determined to do everything possible to ensure the project's success, and to ensure that the concerns of nearby land owners and residents are fully addressed."

"The railroad classification yard will allow for greater capacity and efficiency in serving the Arizona marketplace, benefitting the statewide economy," said Sandra Watson, President and CEO of the Arizona Commerce Authority. "The Arizona Commerce Authority applauds all of the parties in these

negotiations for their willingness to meet and determine an outcome with such a significant statewide impact.”

State Senator Bob Worsley (R-Mesa), who initiated the discussions between the parties at the encouragement of longtime project supporter, State Senator Al Melvin (R-Saddlebrooke), offered his thanks to each stakeholder for their willingness to work together. “Let’s be clear—this is going to be a comprehensive process, but the meetings we’ve held so far have been positive and productive. I look forward to continuing the dialogue we’ve started so that we can generate more money for Arizona schools, more jobs for Arizona residents, and more growth for Arizona’s economy.”