



BOARD RULE NO. 21

Adopted: November 16, 2004

Subject: Corporate Contribution Policy

Summary: This rule sets forth the principles and guidelines that the Corporation will follow when making cash or in-kind donations to charitable and civic organizations. It describes the criteria applied in making funding decisions, the categories of eligible recipients, and the kind of contributions authorized.

Board Rule No. 21

Corporate Contribution Policy

The Alaska Railroad Corporation (referred to below as "ARRC") will adhere to the following principles and guidelines when providing corporate cash and in-kind contributions to charitable and civic organizations. The principles and guidelines contained in this policy may be changed from time to time when ARRC determines a change is appropriate.

1. PURPOSE

This policy is intended to give charitable and civic organizations, ARRC employees and other interested persons information about the ARRC's policy with respect to corporate giving decisions. This policy is also intended to define the formula upon which ARRC's annual corporate contributions budget will be based.

This statement is not intended to provide prospective contribution recipients with application procedures. Appropriate procedures and application forms for ARRC's public contribution program may be found on ARRC's website at www.AlaskaRailroad.com. ARRC's employee contribution program procedures and application forms may be found on ARRC's intranet website.

2. FUNDING CRITERION

ARRC uses the following criterion for its funding decisions:

2.01 WHERE WE FUND: ARRC contributions are awarded to nonprofit groups throughout Alaska with an emphasis placed on organizations in communities located along the railbelt.

2.02 WHAT WE FUND: ARRC contributions focus on organizations that enhance educational opportunities, community quality of life and economic health. ARRC has a special interest in increasing opportunities for Alaska youth to become productive citizens.

2.03 WHAT WE DO NOT FUND:

- Political organizations or activities
- Endowments
- Operating budgets (e.g. salaries, day to day expenses)

- Annual or automatic renewal grants
- Beauty pageants or participants
- Sports teams and sporting events. Exception: An ARRC employee or employee team may be supported upon approval.
- Gifts to individuals or to organizations for the benefit of a single individual
- Travel expenses of groups or individuals
- Faith based giving initiatives (programs where benefactors must participate in religious services in order to receive program services)
- Requests from organizations that discriminate based on race, creed, color, sex or national origin
- School requests outside of our school business partnerships with the exception of certain in-kind donations. *Please refer to the in-kind section 4.02 of this policy for more information.*
- Programs that unnecessarily duplicate services already provided in the community or for purposes that could be addressed through existing agencies.

3. RECIPIENT CATEGORIES

ARRC's Contribution Program considers three distinct recipient categories including Charitable and Civic organizations and organizations supported by ARRC employees.

3.01 **CHARITABLE ORGANIZATIONS**: Charitable organizations are non-profit organizations with a tax employer identification number that provide community services and philanthropy. ARRC refers to its funding criterion to determine which requests will be approved.

3.02 **CIVIC ORGANIZATIONS**: Civic organizations are non-profit organizations providing community services and opportunities for business development. ARRC participates through membership and event sponsorship in a number of civic organizations to improve community, government, and business relations and to foster state and community development.

3.03 **EMPLOYEES**: ARRC provides an Employee Contribution Program to recognize employee designated charitable activities. The Employee Contribution Program is administered separately from the Corporate Contribution Program. Organizations that receive funds from the Corporate Contribution Program are not eligible for the employee program.

4. CONTRIBUTION CATEGORIES

ARRC grants both cash and in-kind contributions.

4.01 CASH CONTRIBUTIONS: ARRC provides cash contributions to both Charitable and Civic Organizations. ARRC's Board of Directors must approve any cash contributions over \$10,000 and large in-kind donations of property or other assets of the corporation (e.g. surplus rail cars). Application procedures vary depending on the request.

A. CHARITABLE CASH REQUESTS: A Citizens Advisory Board (CAB) appointed by ARRC determines Requests for charitable cash contributions, and some in-kind contributions (e.g. posters, pins and rail ties). The CAB is composed of members who reside in communities throughout the railbelt. CAB members are familiar with community needs and have the experience to recognize those who will benefit most from ARRC contributions. Actions on requests are taken twice annually at CAB meetings, which are held in the spring and fall.

B. CIVIC CASH REQUESTS: Support for civic memberships and sponsorships are determined during ARRC's budget process in the fall of each year. Management on a case-by-case basis determines civic cash requests not funded in ARRC's operating budget.

4.02 IN-KIND CONTRIBUTIONS: ARRC provides in-kind contributions to both charitable and civic organizations. Application procedures vary depending on the request.

A. TRIP PASS, RAIL TIES AND PROMOTIONAL ITEMS: ARRC considers the donation of trip passes, rail ties and promotional items (e.g. posters, prints and pins) throughout the year. Community organizations interested in these items must submit a contribution application to the External Affairs Department for consideration.

B. RAIL CARS, BUILDINGS, PERSONAL PROPERTY, ETC: ARRC's Board of Directors is responsible for taking action on requests for charitable in-kind contributions of rolling stock and other ARRC assets. Requests are reviewed at Board Meetings on an as-needed basis.

- C. ARRC'S BUSINESS CAR AND TRAINS: It is ARRC's policy to donate the use of the rail business car (the Aurora) on a regularly scheduled train to three charitable organizations annually. It is also ARRC's policy to donate train rides for the public at its annual Open House events and for its school business partnership. ARRC Management will determine other donated trains on a case-by-case basis.

The donation of the Aurora business car to a charitable group will be rotated annually to provide greater access to all charitable organizations. ARRC will give higher priority to requests from charitable groups that use the business car in an auction or raffle to generate additional funding for the organization.

5. FUNDING FORMULA

The cap on ARRC's corporate contribution budget, totaling all cash and the value of in-kind donations, is determined annually by a formula based on a percentage of ARRC's net income.

6. EMPLOYEE CONTRIBUTION PROGRAM

ARRC provides an Employee Contribution Program to support its employees who participate in charitable activities. The funding criterion developed for the external corporate contribution policy applies to the employee program with the exception of sports participation. Applications and procedures for employee contributions may be found on ARRC's employee website.

7. CONTRIBUTION REQUEST FORMS

Contribution request forms for charitable cash, trip passes and poster and pin donations can be found on ARRC's website and must be submitted to the ARRC External Affairs Department. Donation requests for trains, ARRC's business car, and personal property, must be provided in writing to the Vice President of Corporate Affairs.