



**Alaska Railroad Corporation
Board of Directors
Real Estate Committee Agenda**

Date: March 19, 2020
Time: 9:00 a.m.
Location: Executive Conference Room

COVID-19:

- ARRC response update

Board Action Items for March 31 Board Meeting:

- *AFE's / Resolutions to be presented to the Board for approval:*
 - AFE# _____/Resolution No. 2020 - __ - Odom Corporation
 - Resolution No. 2020-__ - Department of Natural Resources/ARRC Land Exchange for Seward Highway Windy Corner Project
- *Contracts to be presented to the Board for approval:*
 - Contract # 20560 The Odom Corporation - Fairbanks

Briefing / Update

Land Sale/Exchange Status

- Eklutna, Inc.
- NeighborWorks

Other Topics

Executive Session

- Right-of-Way Status and Strategy
- Odom Transaction Financial Considerations

Committee Members:
Committee of the whole

Adopted:

Resolution No. 2020-XX

Relating to Real Estate Transaction
between the Alaska Railroad
Corporation and The Odom Corporation
Involving Land and Buildings in
Anchorage and Fairbanks

WHEREAS, The Odom Corporation (“Odom”) owns a parcel of land located at 240 West 1st Avenue in Anchorage, Alaska (“Odom Anchorage Parcel”) and leases two adjoining parcels from ARRC, as well as several buildings and associated appurtenances located on those parcels (“Anchorage Buildings”); and

WHEREAS, Odom leases a parcel of land located at 1991 Livengood Avenue in Fairbanks, Alaska (“Livengood Parcel”), upon which are located a building and appurtenances thereto owned by Odex Fairbanks, LLC, an affiliate of Odom (“Fairbanks Building”); and

WHEREAS, Odom proposes to construct new building facilities in Fairbanks on a parcel of ARRC-owned land located at the southeast corner of Peger Road and Phillips Field Road in the Chena Landings Subdivision within the Alaska Railroad Fairbanks Reserve (“Chena Landings Parcel”); and

WHEREAS, ARRC desires to obtain the Odom Anchorage Parcel, the Anchorage Buildings, and the Fairbanks Building, which will provide ARRC with valuable development opportunities in the Anchorage and Fairbanks Reserves; and

WHEREAS, Odom desires to continue to occupy the Livengood Parcel under a short-term commercial lease while it completes the development of its new building on the Chena Landings Parcel, which it desires to lease for a long term; and

WHEREAS, Odom is willing (i) to convey to ARRC the Odom Anchorage Parcel and the Anchorage Buildings in return for a payment equal to the appraised fair market value of the Odom Anchorage Parcel, and (ii) to convey to ARRC the Fairbanks Building in return for a payment of its appraised fair market value; and

WHEREAS, ARRC is willing, in exchange for the conveyances from Odom described above, (i) to terminate Odom’s three existing ground leases, (ii) to issue a new short-term commercial lease for the Livengood Parcel and the Fairbanks Building, (iii) to issue a long-term ground lease for the Chena Landings Parcel that includes a ten (10)-year

rent waiver, and (iv) to make to Odom a payment equal to \$1,605,000, which reflects the difference in value of the respective property and property rights being conveyed and/or terminated by the parties, as enumerated above; and

WHEREAS, the ARRC Board of Directors has considered the proposed transaction between ARRC and Odom described above and summarized on the attached Exhibit A and determined that said transaction would be in the best interest of ARRC; and

WHEREAS, in a separate action, taken simultaneously with the approval set forth herein, the ARRC Board of Directors is approving a long-term ground lease to Odom for the Chena Landings Parcel, which includes certain rent waiver is intended to be part of the consideration paid by ARRC to Odom in conjunction with the overall transaction described herein; and

WHEREAS, proposed AFE No. _____ would provide \$1,605,000 to fund the cash payment to be made by ARRC to Odom in the proposed transaction, as described above; and

WHEREAS, funding for this transaction will be 100% ARRC internal funds; and

WHEREAS, the authority of ARRC's President & Chief Executive Officer to approve an unbudgeted capital expenditure is limited to matters with an estimated total cost of no more than \$300,000, with higher estimated cost matters requiring Board approval pursuant to ARRC's Approval Authority Guide.

NOW THEREFORE BE IT RESOLVED that the ARRC Board of Directors has considered the proposed transaction with Odom presented by ARRC Management and hereby approves AFE No. _____ in the amount of \$1,605,000 and further approves, subject to the Board's approval of the proposed long-term lease for the Chena Landings Parcel, of ARRC taking the other actions necessary to enter into said transaction as described herein.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the ARRC Board of Directors hereby directs and authorizes the President and CEO, or his designee, to take such actions as are reasonably necessary to meet all obligations of ARRC relating to the transaction described above, including but not limited to negotiating, finalizing and executing all documents necessary to complete said transaction.

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**Alaska Railroad Corporation
Authorization for Expenditure Form**

For Accounting Use Only

AFE#

Page 1 of 2

General Information:	
AFE Title:	Purchase Odom Corporation Properties
Prepared By:	Shane Maloney
Resp. Center (Name):	Facilities/Real Estate
Resp. Center (#):	8900
Depreciation Center:	8900-Real Estate
Line of Business:	Real Estate/Facilities
Spending Timetable:	
2019	\$ 1,605,000
2020	\$ -
2021	\$ -
2022	\$ -
2023	\$ -
Total	\$ 1,605,000
Other Information	
Useful Life (Years):	50
Annual Depreciation:	\$ 32,100
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2020
Total Amount	\$	1,605,000
Source of Funding	ARRC	\$ 1,605,000
Source of Funding		\$ -
Source of Funding		\$ -
Grant Number		
Grant Name		
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 1,605,000	03/16/20
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 1,605,000	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Andrew Donovan		3-17-2020
Responsible Owner:	Andrew Donovan		3-17-2020
VP, Owner Department:	James Kubitz		3/17/2020
Functional User(s):	James Kubitz		3/17/2020
Chief Operating Officer:	Clark Hopp		
Grant Administration:	Shawnessy Leon	N/A	
Chief Financial Officer:	Barbara Amy		
Accounting Department:	Wendy Richerson		
CEO & President:	Bill O'Leary		
Board of Directors:	Craig Campbell		

Original Form Must Be Returned to Accounting

**Alaska Railroad Corporation
Authorization for Expenditure Form**

For Accounting Use Only

AFE#

Page 2 of 2

Is this project related to health and/or safety?	No	If yes describe:
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Scope of Work:

ARRC will purchase parcels of land currently owned by Odom Corporation at 240 West 1st Ave in Anchorage, Alaska for fair market value of \$730,000, where all buildings on the parcel will be conveyed to ARRC ownership as well. In addition, ARRC will purchase a building located 1991 Livengood Ave in Fairbanks, Alaska for fair market value of \$875,000, where Odom Corporation will lease back the building during construction of a new facility. Odom Corporation will enter a long-term ground lease on 7.3 acre parcel located in Chena Landing with a 10-year lease fee waiver. The appraised value of the Anchorage parcels are \$730,000 and Fairbanks asset is \$875,000 for a combined appraised value of \$1,605,000.

ARRC Business Justification:

This agreement between Odom Corporation and ARRC allows ARRC to own and control the properties in Anchorage. Owning these properties allows for future development of the Ship Creek District as reflected in the Ship Creek Master Development plan, as well as generate additional revenue. The Fairbanks property will be leased back to Odom Corporation at a rate of 4% of the appraised value (\$35,000) annually while they are constructing their new facility on the Chena Landing Parcel. Odom Corporation will enter a long-term ground lease on the Chena Landing parcel where ARRC agrees to waive lease fees for the first 10 years. In the remaining years (11-55), ARRC will receive standard annual market rent currently valued at \$100,000.

Alternatives Considered:

Continue status quo of below market rent and underutilized site with deteriorating improvements. Detrimental impact to the adjacent property if the 1st Ave property continue as an industrial use facility.

Preliminary Budget:

Line Description	Amount
Equipment	\$ -
Labor (Fully Burdened)	
Materials	
Contracts	
Other Expenses	\$ 1,605,000
Total	\$ 1,605,000

Note: All health and/or safety related project(s) should be the highest ranked project(s) in the department.

North C St.

1st Ave.

Odom Property
60,676 sq ft± (1.39 ac±)

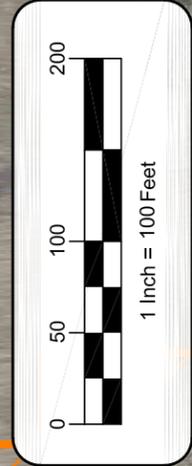
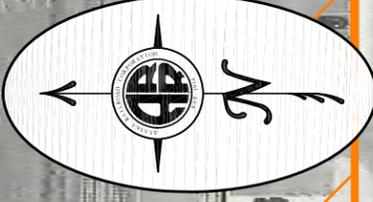
Lease 6506
35,037 sq ft± (0.80 ac±)

Lease 8364
54,996 sq ft± (1.26 ac±)

W. 2nd Ave.

Legend

-  Property Owned by Odom Corp.
-  Property Leased by Odom Corp. from Alaska Railroad Corp.
-  Property Owned by Alaska Railroad Corp.



Sheet 1 of 1



ALASKA RAILROAD CORPORATION
REAL ESTATE DEPARTMENT, LAND SERVICES
P.O. BOX 107500, ANCHORAGE, ALASKA 99510-7500

Odom Ownership Near ARRC Depot Overview

Drawn By: AMB
Checked By: AMB
Approved By: AMB

Date 1/20/2017
Scale:
1 inch = 100 feet

R:\00 RED\Other Misc\ANC\Odom Ownership Near Depot.dwg

LEASE SUMMARY

LESSEE: The Odom Corporation

CONTRACT NO: 20560

LEASE DESCRIPTION: Tract 1, Chena Landings Subdivision situated within the ARRC Fairbanks Reserve, containing approximately 7.3 acres, more or less.

KEY CONTRACT PROVISIONS:

Estimated Effective Date: Upon completion of the exchange of property interests between ARRC and the prospective lessee described in the summary below, estimated to close by August 1, 2020.

Lease Term: Not to exceed Fifty-Five (55) years.

Option to Extend: N/A

Lease Area: Approximately 7.3 acres.

Base Annual Rent: Rent will be assessed at an annual rate of 8% of appraised fair market value. Rent will be waived for lease years 1-10 as part of the consideration for the exchange of property interests described in the summary below, with remaining term @ 8% of appraised fair market value.

Prior Annual Rent: N/A

Rental Rate: 8% (subject to partial waiver as described below)

Rent Adjustment: Rent will be waived for lease years 1-10 as partial consideration for the exchange of property interests noted in the summary below. Rent for lease years 11-15 will be at fair market value based on appraisal. During lease years 15-34, rent will be adjusted every 5 years with adjusted annual rent not to exceed 135% of the prior year's annual rent or to decrease to less than 65% of the prior year's annual rent. Rent for lease years 36-40 will be adjusted to full fair market value regardless of caps. Rent for subsequent lease years will be adjusted every 5 years with adjusted annual rent not to exceed 135% of the prior year's annual rent or to decrease less than 65% of the prior year's annual rent.

PUBLIC NOTICE: Yes, public comment period expires March 30, 2020.

LEGAL REVIEW: Yes

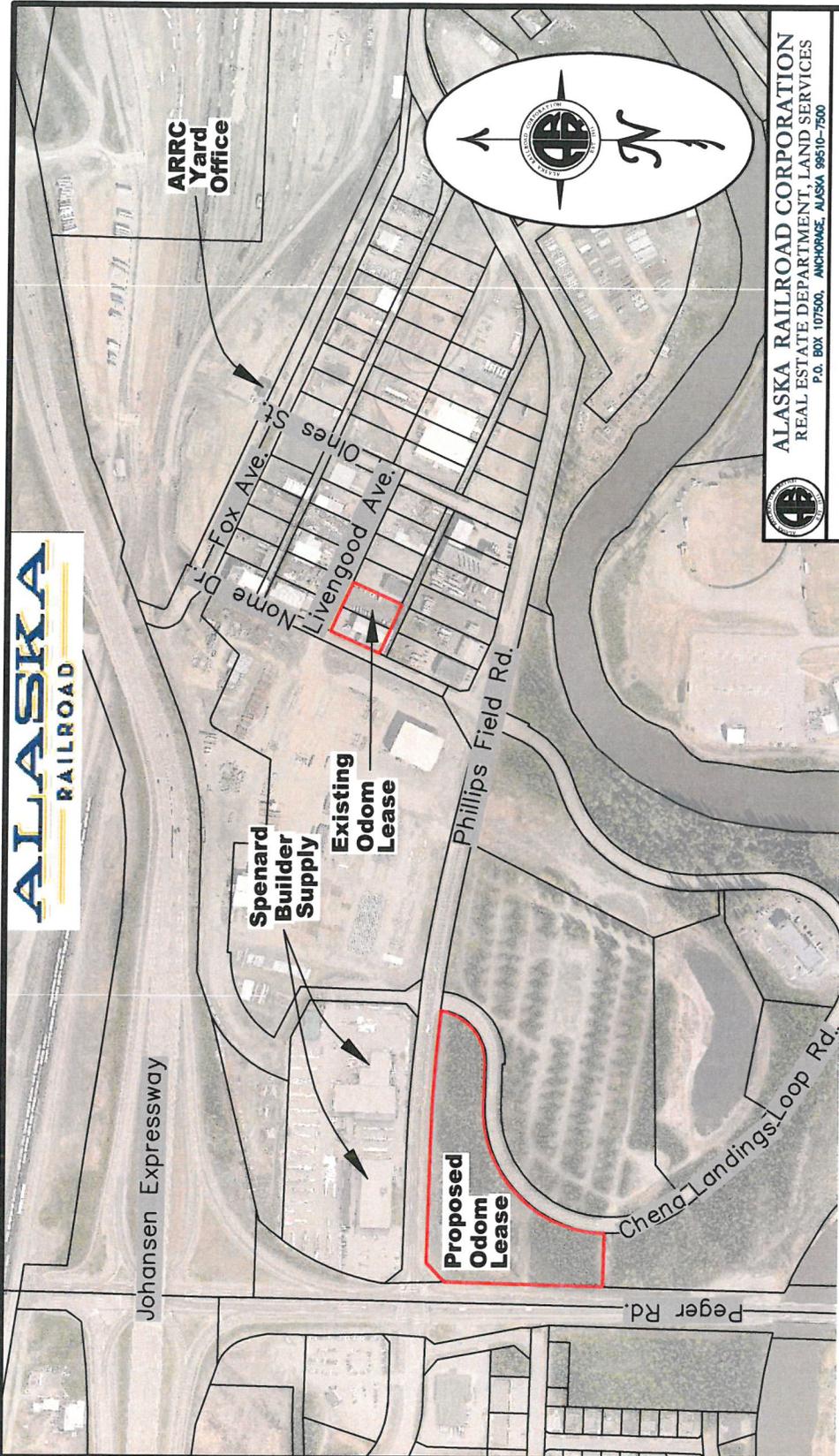
INTENDED USE: New development of office and warehouse use related to prospective lessee's business.

SUMMARY AND RECOMMENDATIONS: ARRC and The Odom Corporation will be performing an exchange of property interests that will include conveyance to ARRC of land and improvements owned by The Odom Corporation in Anchorage, the termination of two Anchorage ground leases, the purchase by ARRC of a building owned by Odom in Fairbanks, the termination of an existing Fairbanks ground lease and issuance by ARRC of a short-term commercial lease back to Odom

of the existing Fairbanks building and lease parcel, and the issuance of the new long-term lease that is the subject of this summary. The Odom Corporation intends to develop a new office and warehouse on the parcel that would be subject to the new long-term lease discussed herein. The intent of that planned development will be for The Odom Corporation to consolidate its Fairbanks operations. Because ARRC will realize the full value of the proposed temporary waiver of rent under this lease as consideration for other components of the exchange of property interests, the rent waiver would not conflict with the statutory requirement that ARRC obtain fair market value for a lease of its land. Also, because ARRC will not be conveying its entire interest in any parcel of land under the proposed exchange of property interests, legislative approval is not required for the overall exchange transaction. Approval of a new lease on the terms set forth above is recommended.

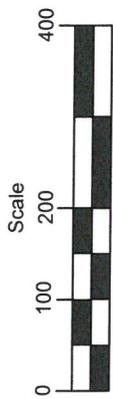
APPROVED: _____ Board Meeting Date: _____

Jennifer Haldane
ARRC Board Secretary



 **ALASKA RAILROAD CORPORATION**
 REAL ESTATE DEPARTMENT, LAND SERVICES
 P.O. BOX 107500, ANCHORAGE, ALASKA 99510-7500

DRAWN BY: AMB		SCALE: 1" = 200'	DATE: 2020-03-11
CHECKED BY: ***		Fairbanks Terminal Reserve	
APPROVED BY: ***		R:\00 RED\LEASES\FBX\20560-L.dwg	



1 Inch = 200 Feet
 For indexing purposes this property is located in the NW1/4 Sec. 9, T1S, R1W, F.M.



Odom Lease Overview



Phillips Field Rd.

Lease 20560
Chena Landings Tract 1
Plat 2000-31
320,210 sq ft± (7.351 ac±)

Chena Landings Loop Rd.

Peger Rd.

Tract 6

Tract 2



ALASKA RAILROAD CORPORATION
REAL ESTATE DEPARTMENT, LAND SERVICES
P.O. BOX 107500, ANCHORAGE, ALASKA 99510-7500

Contract No. 20560 - Exhibit A
The Odom Corporation

Area = 320,210 sq ft± (7.351 ac±)

ARRC title - Patent 50-2006-0464
USRS T1S, R1W, F.M., Sec. 9, Lots 1-5



1 Inch = 200 Feet

The meridian of this exhibit is based on Plat 2000-31.

For indexing purposes this property is located in the NW1/4 Sec. 9, T1S, R1W, F.M.

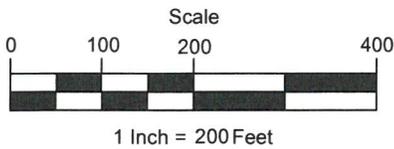
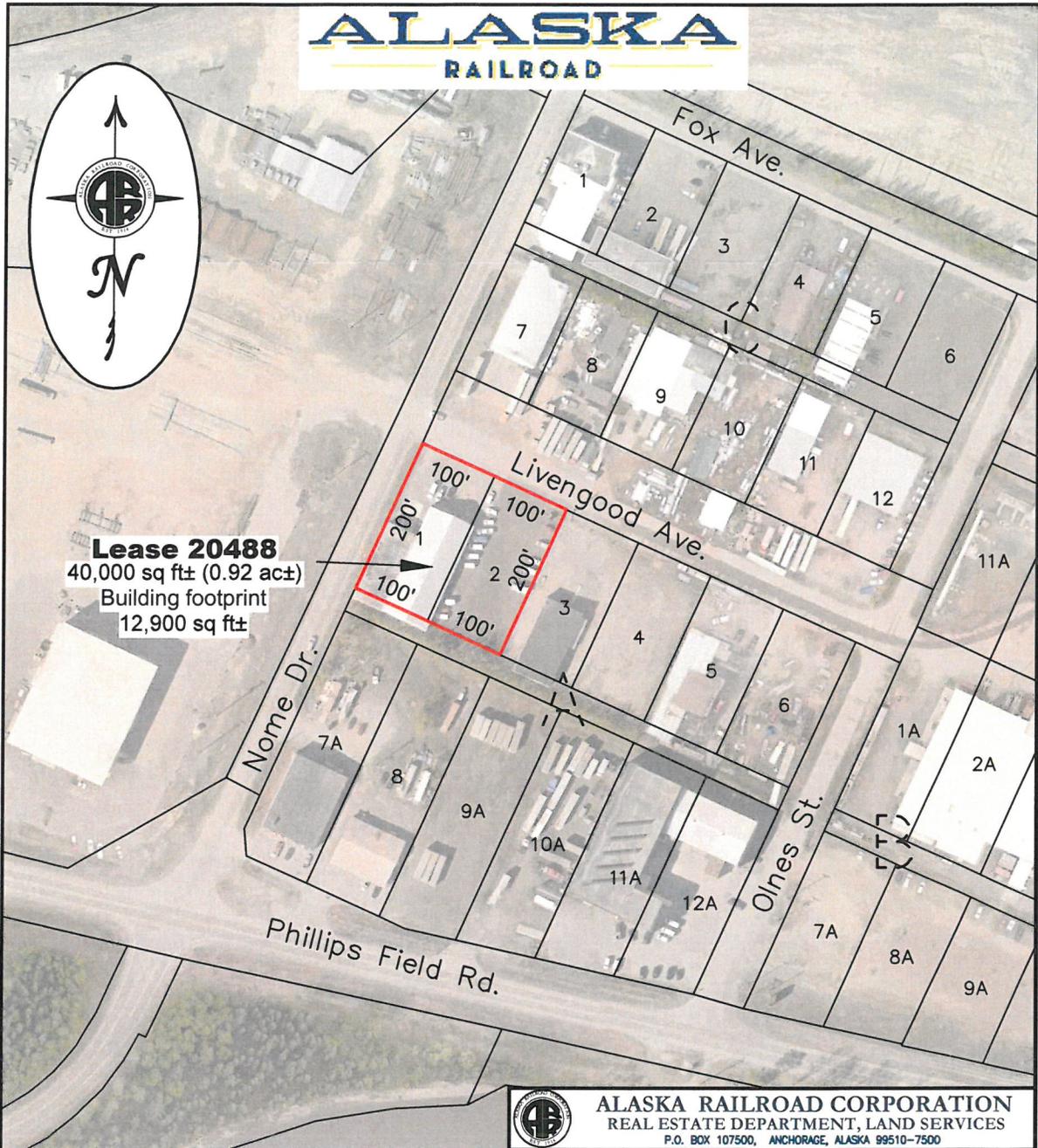
AlaskaRailroad.com

DRAWN BY: AMB	SCALE: 1" = 200'	DATE: 2020-03-11
CHECKED BY: DAS		
APPROVED BY: DAS	Fairbanks Terminal Reserve	
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ALASKA RAILROAD



Lease 20488
 40,000 sq ft± (0.92 ac±)
 Building footprint
 12,900 sq ft±



For indexing purposes this property is located in the NE1/4 Sec. 9, T1S, R1W, F.M.



ALASKA RAILROAD CORPORATION
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Contract No. 20488 - Exhibit A
 The Odom Corporation
Area = 40,000 sq ft± (0.92 ac±)

ARRC title - Patent 50-2006-0464
 USRS T1S R1W, F.M., Lots 1-5, Sec. 9

DRAWN BY:	AMB	SCALE: 1" = 200'	DATE: 2019-05-07
CHECKED BY:	DAS	Fairbanks Terminal Reserve	
APPROVED BY:	DAS		

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Adopted:

Resolution No. 2020-XX

Relating to Exchange of Land between the Alaska Railroad Corporation, the Alaska Department of Natural Resources and the Alaska Department of Transportation and Public Facilities for the Windy Corner Seward Highway Project

WHEREAS, Alaska Railroad Corporation (ARRC) is a public corporation and instrumentality of the State of Alaska that controls land for the operation and maintenance of the Alaska Railroad pursuant to state and federal law; and

WHEREAS, the Alaska Department of Natural Resources (DNR) is an executive branch agency of the State of Alaska that controls state land for the operation and management of the Chugach State Park pursuant to state and federal law; and

WHEREAS, the Department of Transportation & Public Facilities (DOT&PF) is an executive branch agency of the State of Alaska that controls state land for the operation and management of the Seward Highway right-of-way pursuant to state and federal law; and

WHEREAS, the Alaska Legislature has enacted Chapter 116 SLA 2000, recognizing that

- The Seward Highway within Chugach State Park is the sole highway link between the Kenai Peninsula and the rest of the state, an interstate highway on the national highway system, and a national scenic byway;
- The Seward Highway within Chugach State Park is affected by avalanches and other potential operational problems;
- Relocation or widening of the Seward Highway to avoid some of the operational problems will require relocation of some adjacent railroad and utility facilities; and
- Relocation of railroad facilities within Chugach State Park will allow some areas of the railroad track to be straightened; and

WHEREAS, the Alaska Legislature, in enacting Chapter 116 SLA 2000 has declared that it is the policy of the state that relocation or widening of the Seward Highway and relocation of railroad facilities within Chugach State Park is appropriate and may be

accomplished without significantly adversely affecting the purposes for which the Chugach State Park was established; and

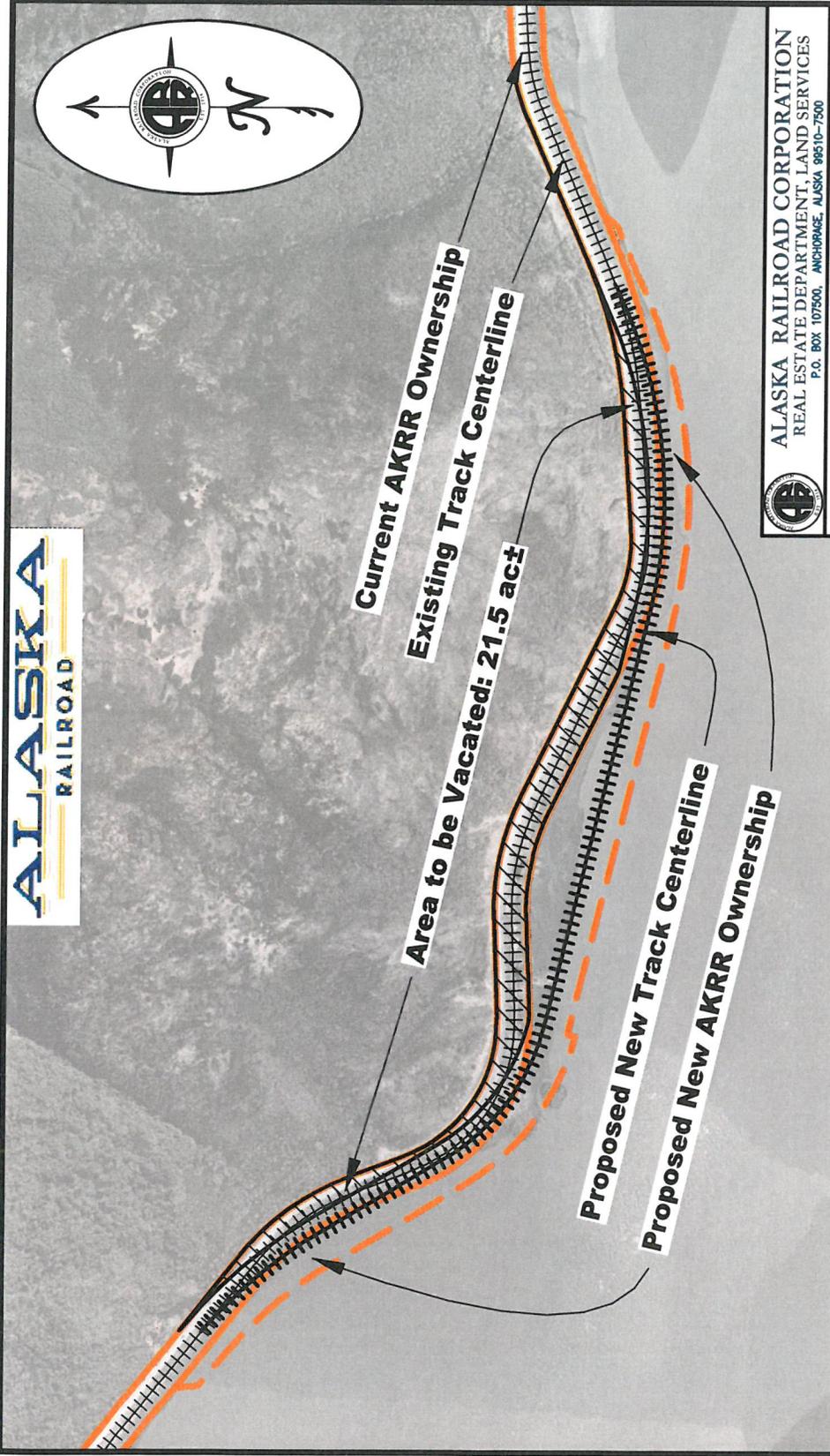
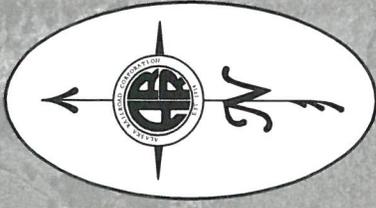
WHEREAS, the DNR Commissioner has issued a proposed official finding that there would be no significant adverse effect of the Seward Highway MP 105 to 107 Windy Corner Project (Windy Corner Project) on the Chugach State Park and stating that DNR would close any section line easement crossing the new railroad corridor for as long as the land is used for railroad or other transportation and utility corridor purposes listed in the Alaska Railroad Corporation Act, AS 42.40 (ARCA) and/or the federal Alaska Railroad Transfer Act, 45 U.S.C. §§1201 et seq. (ARTA); and

WHEREAS, Chapter 116 SLA 2000 authorizes DNR to grant a highway easement to DOT&PF, grant utility easements, convey a property interest in land to ARRC to allow relocation of the Alaska Railroad, and to receive land or interests in land in exchange for land or interests in land granted or conveyed under Chapter 116 SLA 2000; and

WHEREAS, ARRC, DNR and DOT&PF are in the process of negotiating an agreement, pursuant to Chapter 116 SLA 2000 and other applicable state and federal law, to exchange the land and interests in land described in Exhibit A to this resolution in order to advance the Windy Corner Project.

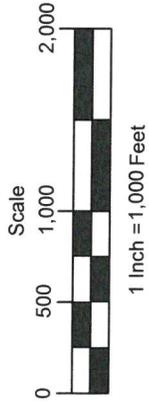
NOW THEREFORE, BE IT RESOLVED that the ARRC Board of Directors has considered the proposed land exchange transaction between ARRC, DNR and DOT&PF related to the Windy Corner Project and hereby approves that proposed exchange on the following conditions: (1) as required by Chapter 116 SLA 2000, ARRC shall receive at least the same quality of property interest in the land it receives from from DNR and/or DOT&PF that ARRC received from the federal government when the Alaska Railroad was transferred to the State of Alaska under ARTA; and (2) the section line easements shall be closed by DNR for the duration of the use of the relocated ARRC right-of-way for the railroad, other transportation and utility corridor purposes allowed therein under ARTA and ARCA.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the ARRC Board of Directors hereby directs and authorizes the President and CEO, or his designee, to take such actions as are reasonably necessary to meet all obligations of ARRC relating to the land exchange transaction described above, including but not limited to negotiating, finalizing and executing all documents necessary to complete said transaction.



ALASKA RAILROAD CORPORATION
 REAL ESTATE DEPARTMENT, LAND SERVICES
 P.O. BOX 107500, ANCHORAGE, ALASKA 99510-7500

Windy Corner
 Exchange Overview



DRAWN BY:	AMB	SCALE:	1" = 1,000'	DATE:	2020-03-16
CHECKED BY:	DAS	APPROVED BY:	DAS	Approx. ARRC MP 90.5 - 92.5	
R:\00 RED\Other Misc\Seward Highway\Windy Corner Area Overview.dwg					





EKLUTNA - ARRC = 6,965,264 SF
159.9 ACRES

NE 1/4 33' W/4 TRANSMISSION LINE
100' TRANSMISSION LINE EASEMENT

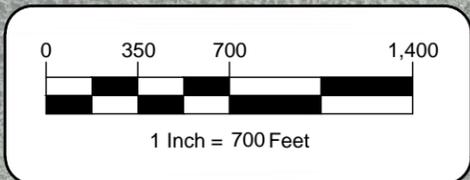


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ARRC Birchwood Reserve
ARRC/Eklutna Possible Land
Swap Overview With SPS
Total Area - 199.7 ac±

DRAWN BY: AAB SCALE: 1" = 600' DATE: 2016-08-14
CHECKED BY: AAB
APPROVED BY: AAB ARRC Birchwood Reserve
R:\00_00\Other Misc\ARRC - Eklutna - Birchwood_AKSZ411.dwg

AlaskaRailroad.com



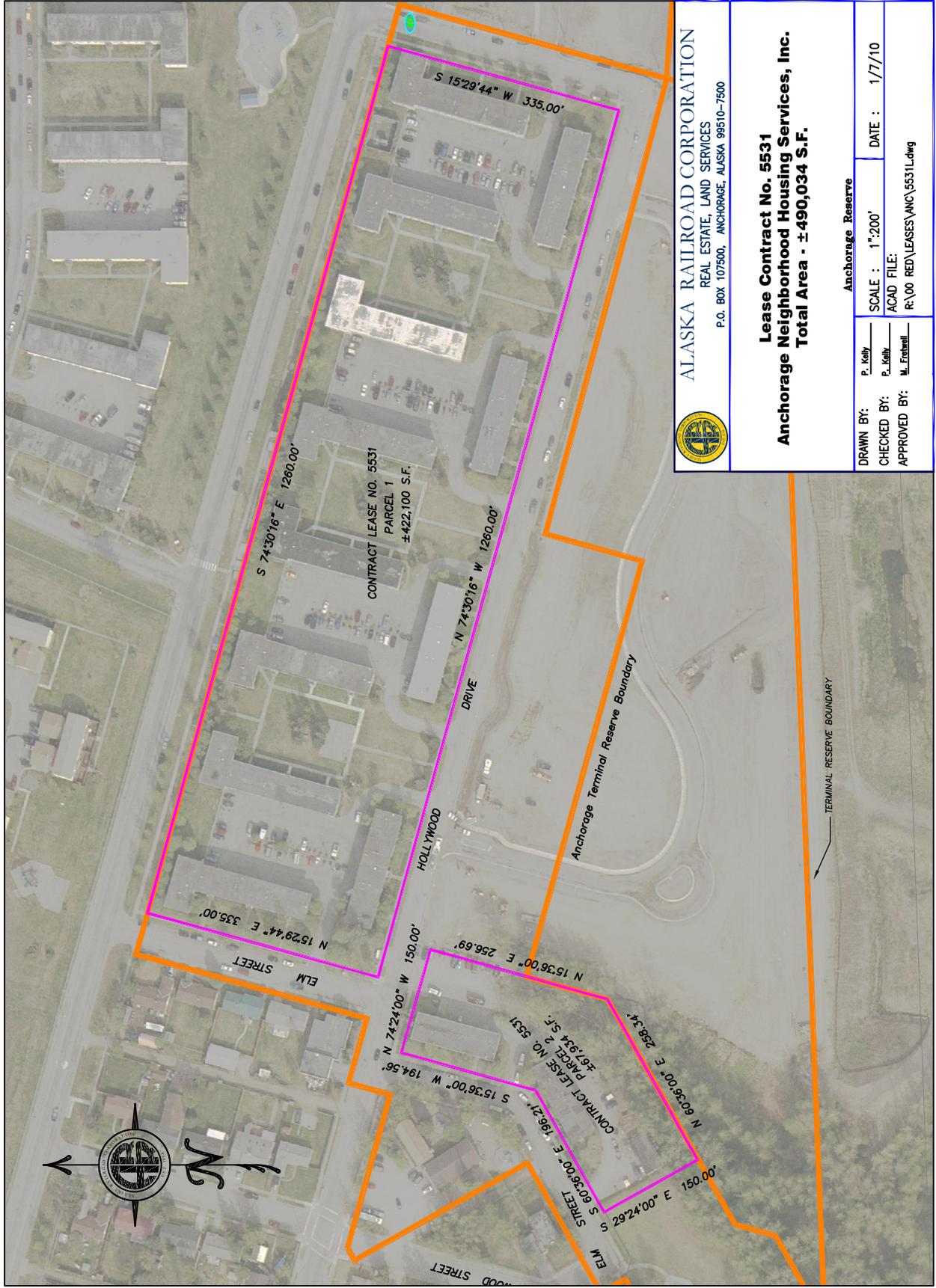
EKLUTNA - ARRC = 17,390,995 SF
399.2 ACRES

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**ARRC Eagle River Reserve
ARRC/Eklutna Possible Land
Swap Overview
Total Area - 399.2 ac±**

DRAWN BY:	AMB	SCALE: 1" = 600'	DATE: 2017-09-18
CHECKED BY:	AMB	Eagle River Reserve	
APPROVED BY:	AMB		

R:\00 RED\Other Misc\ER\ER Parcel C Trade Overview.dwg



ALASKA RAILROAD CORPORATION
 REAL ESTATE, LAND SERVICES
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Lease Contract No. 5531
Anchorage Neighborhood Housing Services, Inc.
Total Area - ±490,034 S.F.

DRAWN BY: P. Kelly	Anchorage Reserve	
	SCALE : 1"=200'	DATE : 1/7/10
	CHECKED BY: P. Kelly	ACAD FILE: R:\00 RED\LEASES\ANC\5531.dwg
APPROVED BY: M. Fratwell		