I. CALL TO ORDER

II. ESTABLISH QUORUM

III. SAFETY BRIEFING

IV. CHAIR COMMENTS

V. ADOPTION OF AGENDA

VI. CONFLICT OF INTEREST DISCLOSURES

VII. ADOPTION OF MINUTES
   1. Approval of Regular Meeting Minutes of February 9, 2021

VIII. OPPORTUNITY FOR PUBLIC COMMENT

IX. BRIEFING ITEMS
   A. Public Briefings (a portion may be held in Executive Session)
      1. CEO Update
      2. 2020 Financial Audit
      3. Safety Update
   B. Committee Reports
      1. Real Estate Committee
      2. Audit Committee
      3. Executive Committee
      4. A2A Ad-Hoc Committee

X. NEW BUSINESS
   C. Executive Session Briefings
      1. Contracts, Claims, Litigation, Personnel and Financial Matters
      2. Legislative Strategy
      4. Seward Dock Port Project

D. Adoption of Consent Agenda
   2. Resolution No. 2021-06 – Relating to Support of Funding of the Port MacKenzie Rail Extension Project
   3. Contract Lease No. 20645 – Craig Taylor Equipment (Anchorage)
   4. Contract Lease No. 20646 – Craig Taylor Equipment (Fairbanks)
   5. Contract Lease No. 20647 – Craig Taylor Equipment (Fairbanks)

XI. DIRECTOR/CEO/STAFF COMMENTS/OPPORTUNITY FOR PUBLIC COMMENT

XII. ADJOURNMENT
ALASKA RAILROAD CORPORATION
MINUTES OF THE REGULAR BOARD OF DIRECTORS MEETING

Anchorage, Alaska
Tuesday, February 9, 2021

I. CALL TO ORDER

Board Chair Craig Campbell called the meeting to order at 9:00 a.m. on Tuesday, February 9, 2021. The meeting was held via Zoom technology.

II. ESTABLISH QUORUM

Chair Campbell requested Board Secretary Jennifer Haldane establish a quorum. Vice Chair Judy Petry; Director John Binkley; Director John Shively; Commissioner, Department of Commerce Community and Economic Development, Julie Anderson; Commissioner, Department of Transportation & Public Facilities, John MacKinnon were all present at the commencement of the meeting. Director Jack Burton was excused.

A quorum of six board members was established by Ms. Haldane.

Staff members present:

B. Amy, Chief Financial Officer
T. Covington, Director, Safety
H. Dudick, Sr. Passenger Sales Account Executive
J. Haldane, Chief Human Resources Officer
C. Hopp, Chief Operating Officer
J. Kubitz, VP Real Estate
B. Lindamood, VP Engineering
B. O’Leary, President & Chief Executive Officer
D. Wade, VP Marketing & Customer Service

A. Behrend, Chief Counsel
A. Donovan, Director, Real Estate Permits & Leasing
T. Erickson, Director, Supply
L. Hall, Executive & Corporate Administrator
L. Knox, Director Financial Planning & Analysis
M. Maddox, Controller
T. Sullivan, Director, External Affairs

Members of the public present:

Clay Walker, Denali Borough Mayor
Jeff Raun, EXP, Inc. Senior Environmental Project Manager

T. Zdra, Passenger Sales Account Executive
III. SAFETY BRIEFING

Mr. Covington discussed COVID-19 and the occasional inaccuracy of related testing. He encouraged individuals not feeling like their normal healthy selves to follow CDC guidance and quarantine.

IV. ELECTION OF OFFICERS

Director Binkley moved that the Alaska Railroad Board of Directors retain the following slate of officers for the year 2021: Craig Campbell as Chair, Judy Petry as Vice Chair, Jennifer Haldane as Board Secretary and Andy Behrend as Assistant Board Secretary. Director Shively seconded the motion. There were no other nominations, discussion or objections and the motion advanced unanimously as presented by roll call vote.

V. CHAIR COMMENTS

Chair Campbell stated he is looking forward to continuing to promote ARRC’s mission of safety, service and profitability. He advised that Board Members should have received the 2021 Board of Directors meeting calendars. Chair Campbell asked that members advise the Board Secretary in advance of any schedule conflicts to ensure we have a quorum at all meetings. Lastly, he welcomed members of the public, noting his appreciation for stakeholders taking the time to participate, learn and share comments on Alaska Railroad business matters.

VI. ADOPTION OF AGENDA

Chair Campbell asked for a motion to approve the meeting agenda. Director Binkley moved to adopt the agenda, and Commissioner Anderson seconded the motion. During discussion, Chair Campbell asked for a motion to amend the Agenda, adding item XI. New Business, D. Adoption of Consent Agenda Item 8. Resolution 2021-04 Requesting the Biden Administration and the Alaska Congressional Delegation to Explore All Potential Avenues, Including a One-Year Waiver to the Passenger Vessel Service Act, to Ensure the Cruise Ship Industry can Resume Operations in Alaska in 2021. Director Shively moved to approve the amended agenda, and Commissioner Anderson seconded the motion. The agenda was approved as amended.

VII. CONFLICT OF INTEREST DISCLOSURES

Director Binkley disclosed that he may have a potential conflict of interest under Executive Session items relating to Litigation and Enstar Natural Gas Company. In addition, he disclosed that although he does not have a direct conflict at this time relating to the Seward Dock Project, he might develop such a conflict later. Director Binkley stated he will recuse himself from all non-public discussions and participation regarding both topics at Committee and Board meetings. Chair Campbell acknowledged Director Binkley’s new and ongoing disclosure of potential conflicts, and concurred with the request that Director Binkley be excused from those discussions. It was agreed that conference hosts would
separate Director Binkley from the group conference into a private Zoom room during those executive session discussions, and rejoin him into the meeting at the conclusion of those discussions.

VIII. ADOPTION OF MINUTES

Vice Chair Petry moved to adopt the special board meeting minutes of November 12, 2020. Director Shively seconded the motion to approve the meeting minutes. No discussion or changes were noted, and the minutes were unanimously approved. Commissioner Anderson moved to adopt the regular board meeting minutes of November 13, 2020. Director Shively seconded the motion. No discussion or changes were noted, and the minutes were unanimously approved. Commissioner Anderson moved to adopt the special board meeting minutes of December 22, 2020. Director Shively seconded the motion to approve the meeting minutes. No discussion or changes were noted, and the minutes were unanimously approved.

IX. OPPORTUNITY FOR PUBLIC COMMENT

Clay Walker, Denali Borough Mayor (re: 2021 summer season train schedule).

X. BRIEFING ITEMS

A. Public Briefings

1. CEO Update

Mr. O’Leary stated that staff remains watchful of the federal stimulus and transportation reauthorization bills, tax credits, and grant opportunities made available by the Biden Administration. He further shared that he and Mr. Sullivan attended virtual meetings with Alaska freshman legislators in Juneau prior to the start of session in order to facilitate their understanding of the railroad. Mr. O’Leary noted that the announcement from Canadian National Rail Barge discontinuing service to the Whittier dock was not a surprise due to steady declines. He added that the annual financial audit is ongoing, and KPMG auditors are on premises working with staff. Mr. O’Leary informed the Board that remote workers were currently scheduled to return to onsite work after April 30, 2021; however, that date was likely to be pushed out.

2. Safety Update

Mr. Covington provided a safety update stating that the 2020 Federal Railroad Administration (FRA) reportable safety incident data were trending downward as compared to 2019, and specifically noted an 80 percent reduction in track authority violations. He shared that the Safety Department closed the Occupational Safety and Health Administration (OSHA) complaint received in November 2020 relating to COVID-19 contaminated masks use, with OSHA advising that ARRC continue to work on the issue and educate employees about changing out to a clean mask when appropriate. Mr. Covington stated that OSHA’s overall inspection resulted in two minor citations unrelated
to COVID-19. He also informed the Board that a train-the-trainer learning opportunity is being presented during the month of February in support of the Incident Free Culture (IFC) initiative.

3. Business Report

Ms. Amy presented the year-to-date November 2020 business results, forecasted through December. She said the year-to-date net loss of $21.9 million was lower than reflected in budget revisions presented in June, with the COVID-19 pandemic being the largest impact to original budget. Highlights of Ms. Amy’s presentation included:

- Freight Revenue lagged revised budget by $1 million with the ARMs barge, local coal, and petroleum outperforming other business lines.

- Operating expenses came in $3.6 million under revised budget, primarily due to the 2018 and 2019 tax credit transactions in the first quarter of 2020. Salaries and wages were 2 percent under revised budget.

- Real Estate net revenue outperformed revised budget by about $900,000, largely by coming in under budget on the expense side. Revenue from Docks and Slips was down 76 percent from 2019.

- Passenger revenue under-performed revised budget by $500,000 or by 14 percent of the revised budget. The Denali Star, which is usually the largest passenger revenue line, underperformed due to the lack of cruise traffic. The Aurora winter train was also negatively impacted by the COVID-19 pandemic. The Glacier Discovery and Coastal Classic ridership was better than expected.

- As of November 30, 2020, ARRC’s cash balance was $41 million, recourse debt was $10.5 million, and net working capital was $62 million. Ms. Amy stated the ARRC has a very conservative balance sheet and it continues to maintain strong liquidity.

- Forecasted net income through December is a $10.6 million net loss, which is a $32.6 million decline from 2019.

B. Committee Reports

1. Real Estate Committee

Committee Chair Shively noted all Board Members attended the Real Estate Committee meeting on January 27, 2021. He advised that Craig Taylor Equipment and ARRC Real Estate continue to work through some leasing issues. Mr. Kubitz stated that Petro Star Lease Contract 20638, which is under consideration for adoption on the consent agenda, was reduced from a 55-year term to the company standard 35-year term. He said he expects to bring the Craig Taylor lease renewal applications to the March Board meeting.
2. Executive Committee

Chair Campbell said the Executive Committee also met on January 27. He advised the updates and discussions were directly related to items under new business agenda items. It was noted that Board books included a confidential redacted version of the minutes due to Director Binkley’s potential conflict of interest.

3. A2A Ad-Hoc Committee

Chair Campbell said that at the January 13 meeting, discussions involved the progress and status of the project, and he further noted the detailed written notes are confidential and were provided to Board Members as part of their packet.

4. Safety Committee

Committee Chair Shively said that at the January 13 meeting, discussions were directly related to 2021 safety goals and statistics which had been detailed during today’s meeting. He suggested that during the first quarter of next year an updated report be provided to the Board illustrating how ARRC performed against those goals.

XI. NEW BUSINESS

C. Executive Session Briefings

Vice Chair Petry moved to have the Board recess to Executive Session to discuss the respective listed Executive Session agenda items. Director Shively seconded the motion. There was no further discussion or objection. The motion was approved and the Board convened to Executive Session at 10:25 a.m. The following items were discussed in Executive Session:

1. Contracts, Claims, Litigation, Personnel and Financial Matters
2. A2A Update
3. Legislative Strategy
5. Seward Dock Update

For the record, during Executive Session Director Binkley was removed from the meeting prior to any previously noted conflict of interest discussions ensuing on item #1 Contracts, Claims, Litigation, Personnel and Financial Matters and item #5 Seward Dock Update. Chair Campbell called the Regular Board Meeting back to order at 1:01 p.m.

D. Adoption of Consent Agenda

Chair Campbell asked for a motion to adopt the first seven items of the Consent Agenda. Director Shively made a motion to adopt listed items D.1 through D.7 under the Consent
Agenda. Commissioner MacKinnon seconded the motion. There was no further discussion or objections and the following seven items were all approved:

1. Resolution No. 2021-01 – Relating to Approval of the Sixth Amendment to the ARRC 401(k) Tax Deferred Savings Plan for Represented Employees (IBT Rollover Contribution Sources)
2. Resolution No. 2021-02 – Relating to Self-Insurance and Operating Lines of Credit
3. Resolution No. 2021-03 – Relating to GOB Rewiring Project (AFE No. 10728-S1)
5. Contract Lease No. 20461 – MOA Port of Alaska (Anchorage)
6. Contract Lease No. 20635 – 400 N Sitka, LLC (Anchorage)
7. Contract Lease No. 20638 – Petro Star, Inc. (Fairbanks)

Chair Campbell read the full text of Resolution No. 2021-04 into the record, and passed the gavel to Vice Chair Petry so that the Chair could speak in favor of the motion:


Chair Campbell made a motion to approve Resolution 2021-04 and Commissioner MacKinnon seconded the motion. During discussion, Chair Campbell stated he supported delivery of a proactive statement to the federal administration requesting to bypass Canadian ports in order to allow cruise ships to access Alaska during 2021. A lengthy discussion in support of the resolution ensued resulting in approval by a unanimous roll call vote.

Vice Chair Petry returned the gavel to Chair Campbell.

XII. DIRECTOR/CEO/STAFF COMMENTS/OPPORTUNITY FOR PUBLIC COMMENT

Board Members offered comments regarding the pressing issues of the upcoming summer season. Chair Campbell acknowledged staff, and their support and cooperation in putting extra thought and effort into ARRC’s planning. He further expressed his appreciation for the opportunity to having diverse discussions amongst the Board regarding ARRC business matters.

XIII. ADJOURNMENT

Vice Chair Petry moved to adjourn, and Commissioner MacKinnon seconded the motion. The meeting adjourned at 1:25 p.m.
March 2021 Meeting - Annual Report Presentation
2020 Annual Report
ARRC Board of Directors Meeting

March 31, 2021
2020 Annual Report Highlights

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>2020</th>
<th>2019</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>($ 7.8)</td>
<td>$ 21.6</td>
<td>(136%)</td>
</tr>
<tr>
<td>Total assets &amp; deferred outflows</td>
<td>$1,060.2</td>
<td>$1,099.0</td>
<td>(4%)</td>
</tr>
<tr>
<td>Net position</td>
<td>$ 370.5</td>
<td>$ 378.3</td>
<td>(2%)</td>
</tr>
</tbody>
</table>

- Unmodified audit opinion
  (formerly unqualified)
## Earnings Comparison

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net operating income</strong></td>
<td>$(18.34)</td>
<td>$4.70</td>
<td>(490%)</td>
</tr>
<tr>
<td><strong>Net real estate income</strong></td>
<td>$10.41</td>
<td>$14.04</td>
<td>(26%)</td>
</tr>
<tr>
<td><strong>Gain (Loss) on sale of assets</strong></td>
<td>$0.22</td>
<td>$1.79</td>
<td>(88%)</td>
</tr>
<tr>
<td><strong>Investment income</strong></td>
<td>$0.33</td>
<td>$1.58</td>
<td>(79%)</td>
</tr>
<tr>
<td><strong>Interest expense (net of grant revenue)</strong></td>
<td>$(0.43)</td>
<td>$(0.50)</td>
<td>(14%)</td>
</tr>
<tr>
<td><strong>Net earnings</strong></td>
<td>$(7.81)</td>
<td>$21.62</td>
<td>(136%)</td>
</tr>
</tbody>
</table>

Operating ratio—audited financials: 1.14, 0.97
Balance Sheet Comparison

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>99,024</td>
<td>155,543</td>
<td>147,956</td>
<td>133,967</td>
<td>115,727</td>
<td>120,599</td>
</tr>
<tr>
<td>Non-current assets &amp; deferred outflows</td>
<td>961,186</td>
<td>943,495</td>
<td>947,881</td>
<td>936,843</td>
<td>967,333</td>
<td>993,535</td>
</tr>
<tr>
<td><strong>Total assets and deferred outflows</strong></td>
<td>1,060,210</td>
<td>1,099,038</td>
<td>1,095,837</td>
<td>1,070,810</td>
<td>1,083,060</td>
<td>1,114,134</td>
</tr>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>42,949</td>
<td>43,433</td>
<td>44,359</td>
<td>42,508</td>
<td>45,918</td>
<td>48,545</td>
</tr>
<tr>
<td>Non-current liabilities &amp; deferred inflows</td>
<td>646,786</td>
<td>677,315</td>
<td>694,805</td>
<td>689,604</td>
<td>720,804</td>
<td>744,898</td>
</tr>
<tr>
<td><strong>Total liabilities and deferred inflows</strong></td>
<td>689,735</td>
<td>720,748</td>
<td>739,164</td>
<td>732,112</td>
<td>766,722</td>
<td>793,443</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td>370,475</td>
<td>378,290</td>
<td>356,673</td>
<td>338,698</td>
<td>316,338</td>
<td>320,691</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>1,060,210</td>
<td>1,099,038</td>
<td>1,095,837</td>
<td>1,070,810</td>
<td>1,083,060</td>
<td>1,114,134</td>
</tr>
</tbody>
</table>

- The impact of the pandemic is reflected in the reduction of total assets from year end 2019 to year end 2020
- Despite the challenging economic environment, ARRC continued to pay down debt and maintain strong liquidity
Benefit Trust Funds Status

- Returns experienced were in excess of targets in 2020
  - 10.2% 1-year return for Pension Plan Trust as compared to the long-term target annual return of 7.25%
  - 7.8% 1-year return for Health Care Trust as compared to the long-term target annual return of 6.75%

- Estimated funded status very strong
  - **Pension**: 92.9% funded on an actuarial basis and on a market value basis
  - $17.9 million net pension liability
    - Outsized returns on the investment portfolio drove the $12.3 million decrease in the net pension liability since year end 2019
  - **Health Care trust**: 358.8% funded on an actuarial basis and 363.4% funded on a market value basis
    - The health care trust is over-funded on an actuarial basis by $39.2 million

- Actuarial valuation will be completed by mid-June 2021
Safety Report
Jan-Feb

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FRA Casualty Rate</strong></td>
<td>7.8</td>
<td>4.7</td>
</tr>
<tr>
<td><strong>Lost Time Rate</strong></td>
<td>5.8</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Lost Work Days</strong></td>
<td>218</td>
<td>191</td>
</tr>
<tr>
<td><strong>Restricted Work Days</strong></td>
<td>349</td>
<td>259</td>
</tr>
</tbody>
</table>

*FRA Casualty Rate = FRA Reportable Injuries (regardless of lost time) x 200,000 divided by total hours worked.
Lost Time Rate = Lost Time Cases x 200,000 divided by total hours worked.*
Board Members:

John Shively, Committee Chair – via Zoom
Craig Campbell, Committee Member – via Zoom
Judy Petry, Committee Member – via Zoom
Jack Burton, Committee Member – Excused
John Binkley, Committee Member – via Zoom
Commissioner MacKinnon, Committee Member – via Zoom
Commissioner Anderson, Committee Member – via Zoom

Staff:

Jim Kubitz, Andy Donovan, Paul Farnsworth, Kristen Gratrix, Erin Ealum, Andy Behrend, Jennifer Haldane, Bill O'Leary, Clark Hopp, Dale Wade, Barbara Amy, Brian Lindamood, Tim Sullivan, Michelle Maddox, LaFewt Knox, Kristine Stone

Members of the Public:

David Hoffman – Craig Taylor
Chris Devine – Craig Taylor
Unidentified public caller (907-232-0168)

Committee Chair Shively called the meeting to order at 9:01 a.m. Board Chair Campbell moved to amend the agenda to remove the proposed AFE relating to the Downtown Edge project, which motion was seconded by Board Vice-Chair Petry. There was no further discussion or objection and the agenda, as amended, was approved unanimously by the Committee.

Customer Communications:

Mr. Kubitz shared that he had been working with a rail customer for a move between Seward and Fairbanks and is finding space to accommodate the customer’s needs in both locations.

Mr. Kubitz shared that there were a few building vacancies such as one at the Karen's RV building on Viking Drive in Anchorage and that staff has been showing the space and hopes to have this rented soon.
Mr. Kubitz shared that a current tenant is looking at expansion and reinstalling track across Post Road.

Mr. Kubitz also stated that the Seward Freight Dock has been busy and that there had been recent occasions with multiple ships docked. He also shared that the SeaTac Barge would be back in Seward this weekend for their second docking of the winter. The SeaTac barge brings in Spenard Builders Supply materials into Seward during the winter when they cannot get into Port of Anchorage due to ice. There was further discussion about getting this customer back to moving their material by rail from Seward to Anchorage and Fairbanks versus trucking it.

**Board Action Items:**

Contracts to be presented to the Board of Directors for consideration:

Mr. Kubitz shared that the two customers online, Mr. David Hoffman and Mr. Chris Devine of Craig Taylor Equipment, would be able to provide comment after he went over the leases to be presented.

Contract No. 20645 Craig Taylor – Anchorage

Mr. Kubitz stated that a 15-year lease located adjacent to the ARRC Anchorage operations yard would be brought to the Board for consideration at the March 31 Board of Directors Meeting.

Contract No. 20646 Craig Taylor – Fairbanks

Contract No. 20647 Craig Taylor – Fairbanks

Mr. Kubitz stated that ARRC Operations had been consulted and agreed to proceed with 35-year terms for the leases in Fairbanks which will be presented at the March 31 Board meeting. Each of these locations is located on Well Street.

Mr. David Hoffman stated that he appreciated his company’s long relationship with ARRC and the attention of the Board to these leases, and that he looks forward to continuing that relationship.

**Briefing / Update**

Fairbanks

Chena Trail – Fairbanks Area Surface Transportation (FAST)

Mr. Kubitz shared that the permit the City of Fairbanks has for the Chena Trail has been reinstated based on its representation that funding is available to construct the trail. Mr. Kubitz asked Mr. Lindamood to share information from his recent attendance at FAST
meetings. Mr. Lindamood also shared that the Chena River Commission and the Policy Committee had met and desire to move forward with the current ARRC permit. Mr. Lindamood noted that he has concerns regarding the federal funds being able to be applied to the trail based on the current permit since DOT does not believe those funds can be used for the permitted trail. Mr. Lindamood anticipates that the City will soon ask for amendments to be made to the permit. Mr. Kubitz confirmed staff will keep the Committee informed of any new developments.

Anchorage

Depot Drive Improvements

Mr. Kubitz shared that he did not have a lot to report. Lighting and pavement went in before snowfall this winter and there currently is no funding in place for the next phase.

Fur Rondy

Mr. Kubitz shared that Fur Rondy had just concluded. This year’s event was a lighter version due to the pandemic. The Rondy fireworks are deployed from the ARRC-owned small boat harbor road, as are most of the fireworks events in Anchorage. The other Fur Rondy events held on ARRC land included the snow sculptures, the fur auction and the pony wheel.

Director Binkley took a moment to thank Mr. Kubitz and his staff for all the work put into the Ship Creek area. Director Binkley stated that the area really looks good and the improvements will continue to invite more customers and improve to the property value as well as adding to the entire downtown area.

Land Sale/Exchange Status

Chena Landings

Mr. Kubitz commented that we have not had recent sale activity in Chena Landings, but he anticipates renewed interest this spring.

Eklutna, Inc.

Mr. Kubitz shared that Mr. Behrend was continuing to work with Eklutna’s attorney on the final documents for the land exchange. Mr. Kubitz summarized the transaction and the benefit of owning the Birchwood rail yard, which ARRC is already using.

NeighborWorks

Mr. Kubitz reminded the group that the land NeighborWorks is acquiring from ARRC had to be re-platted by NeighborWorks as a requirement of the sale. The Municipality is requiring that all 2020 and 2021 taxes are to be paid by or on behalf of all of ARRC’s Ship
Creek-area tenants before proceeding with the re-plat. Mr. Kubitz stated that staff is currently working for a reasonable solution.

Wetland Mitigation Sales

Mr. Kubitz shared that staff is currently completing a sale of 1.221 credits to the Federal Highway Administration.

During the Committee comment period, Board Chair Campbell asked Mr. Behrend to comment regarding the land exchange with Eklutna. Mr. Behrend noted that the Land Exchange Agreement was recently signed, and that most of the required closing documents have been negotiated and are exhibits to that agreement. Based on those developments and recent discussions with Eklutna's attorney, Mr. Behrend is optimistic that the transaction will close, perhaps by late April or early May. Board Chair Campbell confirmed this land transaction has been in discussion since 1980's and he believes it is beneficial to both parties.

Board Chair Campbell made a motion to move the meeting into Executive Session at 9:30 a.m., and Director Petry seconded. There was no discussion or objection and the meeting moved into Executive Session.

At 10:07 a.m., Executive Session adjourned and the meeting was moved back into public session. The relevant Committee Members briefly discussed the starting time for the morning's next committee meeting, and the Real Estate Committee meeting was adjourned by Committee Chair Shively at 10:10 a.m.
2020 Financial Audit Approval Resolution No. 2021-05_DRAFT_afb_3-22-2021
Adopted:

Resolution No. 2021-05 Relating to the Approval of the 2020 Financial Annual Report

WHEREAS, pursuant to AS.42.40.260, the Alaska Railroad Corporation (ARRC) is required to publish an annual report within 90 days following the end of the fiscal year which describes the operations and financial condition of the corporation during the preceding fiscal year; and

WHEREAS, ARRC Management has prepared a draft of the annual report for 2020 which has been audited by KPMG, LLC, the corporation’s independent external audit firm; and

WHEREAS, the ARRC Board of Directors has reviewed the draft 2020 annual report attached hereto.

NOW THEREFORE BE IT RESOLVED, that the ARRC Board of Directors hereby approves the annual report attached hereto and directs the President & CEO or his designee to publish said report which shall be titled the “2020 Annual Report for the Alaska Railroad Corporation.”
ARRC Board Resolution in Support of Port MacKenzie Rail Extension
Adopted:

Resolution No. 2021-06
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 rail extension from Port MacKenzie to the ARRC mainline and the ARRC is assisting in this effort by serving as a contractor and successful 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 and deep-draft dock, is a logical next step in enhancing the State’s transportation capacity for bulk natural resources; and

WHEREAS, the new rail line will shorten the land transportation distance for moving minerals and freight to and from the Interior to tidewater and the ARRC expects that the rail extension will lead to future bulk resource rail transport opportunities in the future; and

WHEREAS, the Port MacKenzie rail extension will also provide a rail link between the Cook Inlet natural gas network and the Fairbanks North Star Borough; and

WHEREAS, the proposed Alaska to Alberta (A2A) project, if constructed, would generate numerous construction jobs and provide expanded economic opportunities for Alaska; and

WHEREAS, if the A2A project is constructed, Port MacKenzie would be the ideal Alaska terminus to support Alaska economic development and provide the Alaska Railroad Corporation with expanded service capabilities.

NOW THEREFORE BE IT RESOLVED that the ARRC Board of Directors supports the Matanuska-Susitna Borough’s request for the inclusion of $140 million in the State’s Fiscal Year 2022 Capital Project Budget to complete the next phase of construction of the rail extension between Port MacKenzie and the ARRC mainline.
LEASE SUMMARY

LESSEE: Craig Taylor Equipment

CONTRACT NO: 20645

LEASE DESCRIPTION: Parcel of land located within Lot 2 of U.S. survey 1170, officially filed December 13, 2010, of the Alaska Railroad Anchorage Terminal Reserve, containing 120,511 square feet, more or less.

KEY CONTRACT PROVISIONS:

Estimated Effective Date: April 1, 2021

Lease Term: Fifteen (15) Years

Option to Extend: N/A

Lease Area: 120,511 square feet, more or less.

Base Annual Rent: $ TBD (based on appraised value)

Prior Annual Rent: $66,374.00

Rental Rate: 8%

Rent Adjustment: Rent is 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

Extended Term Rent: NA

PUBLIC NOTICE: Yes, public comment period expires March 31, 2021.

LEGAL REVIEW: Yes

INTENDED USE: Retail and Maintenance.

SUMMARY AND RECOMMENDATIONS: The current lease of these premises expires on August 31, 2023. Although the current lessee originally sought a new long-term ground lease, ARRC operational planning calls for the eventual use of this land for ARRC operations, making a long-term lease infeasible. Consequently, the current lessee has elected to request a new ground lease with a term of fifteen (15) years in order to provide it with sufficient time to secure an alternate location for its business. The current/prospective lessee plans to continue its present use.

APPROVED:

Jennifer Haldane
ARRC Board Secretary

Board Meeting Date: 

27/34
**Lease 20645 Curve Table**

<table>
<thead>
<tr>
<th>Curve #</th>
<th>Length</th>
<th>Radius</th>
<th>Delta</th>
<th>Chd Brg</th>
<th>Chd Dist</th>
</tr>
</thead>
<tbody>
<tr>
<td>C1</td>
<td>69.32'</td>
<td>507.40'</td>
<td>15°46'00&quot;</td>
<td>S85°17'52&quot;W</td>
<td>977.49'22W</td>
</tr>
<tr>
<td>C2</td>
<td>9.32'</td>
<td>926.42'</td>
<td>0°34'41&quot;</td>
<td>S77°49'22&quot;W</td>
<td>1205.91'</td>
</tr>
</tbody>
</table>

**Permit 20256**

- S89°40'42"E 56.40'
- N77°19'23"E 511.53'
- N12°26'07"W 211.06'
- S77°27'40"W 419.34'
- C2 60'

**Lease 20645**

Area = 120,511 sq ft± (2.77 ac±)

The meridian of this exhibit is based on monuments 958 and 971 of Plat 2009-55.

For indexing purposes this property is located in the SE1/4 Sec. 7 T11N R3W S.M.
LEASE SUMMARY

LESSEE: Craig Taylor Equipment

CONTRACT NO: 20646

LEASE DESCRIPTION: Lots 3-6, Block J as shown on the unrecorded plat titled "Fairbanks Terminal Reserve Leasing Areas and Yard", having file number 3542, Sheet 2 of 3, dated Feb 23, 1961 within the ARRC Fairbanks Reserve, containing a total of approximately 20,000 sq ft.

KEY CONTRACT PROVISIONS:

Estimated Effective Date: April 1, 2021
Lease Term: Thirty-Five (35) Years
Option to Extend: N/A
Lease Area: Approximately 20,000 square feet
Base Annual Rent: $ TBD (based on appraised value)
Prior Annual Rent: $3,680 (prorata share of current lease rent for Contract No. 3202, as explained below)
Rental Rate: 8%
Rent Adjustment: Rent is 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
Extended Term Rent: NA

PUBLIC NOTICE: Yes, public comment period expires March 31, 2021.

LEGAL REVIEW: Yes

INTENDED USE: Long-term use by lessee shall be retail and maintenance related to lessee’s business; initially, premises will be subleased to a wholesale marijuana bakery business.

SUMMARY AND RECOMMENDATIONS: The prospective lessee is the current Lessee and has applied for a new thirty-five (35) year ground lease to consolidate multiple existing ground leases with varying terms. The existing ground lease that includes this parcel, Lease Contract No. 3202, expires on August 31, 2023. This parcel is located at a different location from the rest of the premises covered by Contract No. 3202, and is occupied by a subtenant. Lessee wishes to have a separate lease for this parcel and to combine the other parcels now under Contract Nos. 3202 and 9553 under a separate ground lease, which is also under review by the Board.

APPROVED: Jennifer Haldane
ARRC Board Secretary
The Lots and Blocks shown on this drawing are based on the Alaska Railroad unrecorded plat titled "Fairbanks Terminal Reserve Leasing Areas and Yard", having file number 3542, Sheet 2 of 3, dated Feb 23, 1961.

Area = 20,000 sq ft± (0.5 ac±)

For indexing purposes this property is located in the SW1/4 Sec. 3 T1S R1W F.M. Fairbanks Terminal Reserve.

Alaska Railroad Corporation
REAL ESTATE DEPARTMENT, LAND SERVICES
LEASE SUMMARY

LESSEE: Craig Taylor Equipment

LEASE DESCRIPTION: Lots 1 thru 4 of Block A, Lots 1 thru 8 of Block G, Lots 1 thru 4 of Block H and the 60' wide unused roadway between Lot 8, Block G and Lot 1, Block H as depicted on the unrecorded plat titled “Fairbanks Terminal Reserve Leasing Area and Yard” and the attached “Exhibit A”, containing 96,340 square feet, more or less.

KEY CONTRACT PROVISIONS:

Estimated Effective Date: April 1, 2021
Lease Term: Thirty-Five (35) Years
Option to Extend: N/A
Lease Area: 96,340 square feet, more or less.
Base Annual Rent: $ TBD (based on appraised value)

Prior Annual Rent: $17,726.56 (prorata share of current lease rent for Contract Nos. 3202 and 9553, as described below)
Rental Rate: 8%
Rent Adjustment: Rent is 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
Extended Term Rent: NA

PUBLIC NOTICE: Yes, public comment period expires March 31, 2021.
LEGAL REVIEW: Yes
INTENDED USE: Long-term use by lessee shall be retail and maintenance related to lessee’s business; initially, premises will be subleased to a fuel distribution company for offices, fuel and lubricant distribution facility, fuel storage, vehicle maintenance and other related business activity.

SUMMARY AND RECOMMENDATIONS: The prospective lessee is the current Lessee and has applied for a new thirty-five (35) year ground lease to consolidate multiple existing ground leases over varying terms. The existing ground leases that include this parcel, Lease Contract Nos. 3202 and 9553, expire on August 31, 2023, and August 31, 2031, respectively. This parcel is located at a different location from one of the parcels covered by Contract No. 3202, and is occupied by a subtenant. Lessee wishes to have a separate lease for this parcel. (The separate parcel currently under Contract No. 3202 will be covered under a separate ground lease, which is also under review by the Board.)

APPROVED: ________________________________ Board Meeting Date: ________________

Jennifer Haldane
ARRC Board Secretary
The Lots and Blocks shown on this drawing are based on the Alaska Railroad unrecorded plat titled "Fairbanks Terminal Reserve Leasing Areas and Yard", having file number 3542, Sheet 2 of 3, dated Feb 23, 1961. 

For indexing purposes this property is located in the SW 1/4 Sec. 3 T1S R1W Fairbanks Terminal Reserve Area = 96,340 sq ft± (2.2 ac±) 

Note: The 60' x 100' unused roadway between Lot 8, Block G and Lot 1, Block H is subject to Alaska Railroad Corporation Permit 3761 to the City of Fairbanks for street purposes.

Lease 20647

35/34