ALASKA RAILROAD CORPORATION

BOARD OF DIRECTOR’S
Regular Board Meeting

Tuesday, February 9, 2021
Commencing at 9:00 a.m.

Join Virtual Zoom Meeting Room

https://us02web.zoom.us/j/81331542578?pwd=NlRvOXdjQTNjUE5oekhGMDhad1ZLUT09

Meeting ID: 813 3154 2578
Passcode: 631762

Dial-In by your nearest location to join by audio only
1 346 248 7799 US (Houston)
1 669 900 6833 US (San Jose)
1 253 215 8782 US (Tacoma)
1 312 626 6799 US (Chicago)
1 929 205 6099 US (New York)
1 301 715 8592 US (Washington, D.C.)
I. CALL TO ORDER

II. ESTABLISH QUORUM

III. SAFETY BRIEFING

IV. ELECTION OF OFFICERS

V. CHAIR COMMENTS

VI. ADOPTION OF AGENDA

VII. CONFLICT OF INTEREST DISCLOSURES

VIII. ADOPTION OF MINUTES

1. Approval of Special (DNR-ARRC) Meeting Minutes of November 12, 2020
2. Approval of Regular Meeting Minutes of November 13, 2020
3. Approval of Special Meeting Minutes of December 22, 2020

IX. OPPORTUNITY FOR PUBLIC COMMENT

X. BRIEFING ITEMS

A. Public Briefings (a portion may be held in Executive Session)
   1. CEO Update
   2. Safety Update
   3. Business Report

B. Committee Reports
   1. Real Estate Committee
   2. Executive Committee
   3. A2A Committee
   4. Safety Committee

XI. NEW BUSINESS

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

D. Adoption of Consent Agenda (a portion of some items may be held in Executive Session)
   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. 2021-03RES 2021_03 Unbudgeted Communications Work at GOB_1_29_2021.docx – Relating to GOB Rewiring Project (AFE No. 10728-S)
   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)

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

XIII. ADJOURNMENT
111220 Special DNR-ARRC Mtg Notes
Alaska Railroad Corporation (ARRC)
Board of Directors Special Meeting Notes
Department of Natural Resources /ARRC
Thursday, November 12, 2020 commenced at 2:30pm
Location: Virtual (Zoom)/Telephonic

Meeting Attendees:

Julie Anderson, Department of Commerce Community & Economic Development Commissioner
Craig Campbell, ARRC Board Chairman
Corri Feige, Department of Natural Resources (DNR) Commissioner
John MacKinnon, Department of Transportation & Public Facilities Commissioner
Bill O’Leary, ARRC President and Chief Executive Officer
John Shively, ARRC Director

Topic of Discussion:

How DNR can work with ARRC to assist development projects moving forward. Commissioner Feige discussed how she wished to learn more about ARRC and its capabilities/limitations with regard to supporting development projects. Mr. O’Leary provided an overview of ARRC and its statutory requirement to be self-sustaining and therefore generate a profit which is re-invested into the massive infrastructure required to run a railroad in Alaska. Commissioner Feige specifically mentioned Aurora Services in Fairbanks and its need for spruce feedstock from the Mat-Su Valley. A discussion ensued about ARRC’s current freight services and ability to meet the prospective customer’s needs. Mr. O’Leary assured that we have capacity and are looking for additional business and that we have worked extensively with Aurora on other endeavors. ARRC will reach out to Aurora shortly. All agreed getting ARRC involved early in the process is preferable and ARRC will provide the Marketing Department contact information to Commissioner Feige.

Other discussion items touched on included ongoing initiatives regarding the “460” process, Windy Corner, and ARRC request for DNR land in the Grandview area. Mr. O’Leary will provide Commissioner Feige with a copy of ARRC’s request for the latter topic.

Participating ARRC Board members expressed thanks for having this meeting and providing a better vehicle to move development projects forward.

The Meeting concluded at 3:20 p.m.
I. CALL TO ORDER

Board Chair Craig Campbell called the meeting to order at 9:00 a.m. on Friday, November 13, 2020. 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 Jack Burton; 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.

A full board quorum was established by Ms. Haldane.

Staff members present:

B. Amy, Chief Financial Officer
T. Covington, Director, Safety
T. Erickson, Director, Supply Management
J. Haldane, Chief Human Resource 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
L. Hall, Executive & Corporate Administrator
L. Knox, Director Financial Planning & Analysis
M. Maddox, Assistant Controller
W. Richerson, Controller
T. Sullivan, Director, External Affairs

Participating Member of the Public:

James Brooks, Anchorage Daily News, Reporter

III. SAFETY BRIEFING

Mr. Covington discussed Governor Dunleavy’s emergency SMS text message of November 12 related to the State’s COVID-19 response, and health care system capacity. Mr. Covington urged everyone to employ mandated safety protocols in response to the ever-changing pandemic.
IV. CHAIR COMMENTS

Chair Campbell acknowledged that 2020 has been a tough and challenging year, and noted that the 2021 budgets had to incorporate a number of “What If” scenarios. He further discussed the development of the A2A Ad-hoc Committee to monitor the progression of the A2A Rail Project. Chair Campbell also mentioned the Department of Natural Resources and ARRC Special meeting held on Thursday, November 12, 2020, stating that the discussion with Commissioner Corri Feige was productive and enlightening. Lastly, he expressed gratitude toward ARRC management, staff, and employees in continuing to work strategically and safely in pursuit of the ARRC’s mission of Safety, Service and Profitability.

V. ADOPTION OF AGENDA

Chair Campbell asked for a motion to approve the meeting agenda. Director Shively moved to adopt the agenda. Vice Chair Petry seconded the motion. There was no discussion or revisions. The meeting agenda was adopted as presented.

VI. CONFLICT OF INTEREST DISCLOSURES

Director Binkley disclosed that he may have a potential conflict of interest related to the Seward Passenger Dock Update noted for discussion in executive session. He stated that although he does not have a direct conflict at this time, there is a potential that he may develop such a conflict later. Director Binkley requested to be excused from any non-public discussions regarding the Seward Passenger Dock Project. Chair Campbell acknowledged Director Binkley’s ongoing disclosure of this potential conflict and he concurred with the request. It was agreed that conference hosts would separate Director Binkley from the group conference into a private Zoom room during the Seward Dock discussion, and rejoin him into the meeting at the conclusion of that discussion.

VII. ADOPTION OF MINUTES

Vice Chair Petry moved to adopt the meeting minutes of September 24, 2020. Commissioner MacKinnon seconded the motion. No discussion or changes were noted, and the September 24, 2020, meeting minutes were approved by the Board as presented.

VIII. OPPORTUNITY FOR PUBLIC COMMENT

No members of the public offered comment to the Board.
IX. BRIEFING ITEMS

A. Public Briefings (a portion may be held in Executive Session)

1. CEO Update

Mr. O’Leary provided an overview of agenda items including requests for approval of the 2021 budgets and the updated 5-year Capital Improvement Plan. He outlined ARRC’s Five Strategic Goals and Initiatives noting that these goals are supported by the 2021 operating, capital, pension and health care trust budgets. Mr. O’Leary informed the Board that management is hosting two virtual employee town hall meetings in the coming week, and further noted that the 2021 Board meeting calendar will be emailed to the Board for review and approval soon.

2. Safety Report

Mr. Covington highlighted safety data through October 2020, noting fewer Federal Railroad Administration (FRA) reportable injuries year-over-year for 2020. He also said despite the potential for pandemic distractions the railroad has had fewer lost work and restricted work days in comparison to 2019. Mr. Covington reported that his Safety team has been in the field this fall ensuring employees have proper PPE to help avoid pre-winter incident spikes. The winter season will be focused on safe winter operations, training and Incident Free Culture (IFC) initiatives. Director Shively requested that the next Safety meeting agenda briefing items include the 2021 safety goals.

3. Positive Train Control (PTC) Update

Mr. Hopp said the PTC team is finalizing the final installation of PTC to meet the Federal mandate of installation by December 31 2020. He noted that 2021 PTC work would include the stabilization of PTC operations, development of a Precision Global Positioning System (GPS) and continued development of the Vital PTC system as an enhancement to the ARRC baseline PTC system.

4. 2021 Operating, Capital Budgets and Five-Year Capital Plan

Ms. Amy presented the Alaska Railroad Corporation 2021 Operating and Capital Budgets, and the 5-year Operating Plan and the 5-year Capital Improvement Plan to the Board reflecting on the challenges and continued revisions which may be ahead of ARRC while managing through the pandemic. Highlights of Ms. Amy’s presentation included:

- Even though ARRC expects to record a net loss for 2020, we still expect positive cash flow for the year, which allows us to continue to service debt and match grant funds
- ARRC has a very strong balance sheet, with strong liquidity, low leverage, and well-funded pension and post-retirement benefit plans
- ARRC is budgeting for 2021 to reflect a positive net income with sufficient cash flow to service our debt, match grant funds, and provide for an internally-funded capital program.
- ARRC’s 5-year capital program is quite healthy, with funding from a variety of sources, including grants from FRA, FTA (including CARES Act funds administered by FTA), and other grantor agencies, as well as from ARRC’s own cash flow.

More detailed information is set out in the presentation included in the Board meeting materials.

Chair Campbell requested Staff provide comparison totals on logistical transportation costs and rental fees associated with the annual rental contract of a Geometry Car compared to the purchase, operation, and maintenance of ARRC owning its own.

A lengthy discussion ensued related to the plan to repair and replace ARRC’s 170 trestle and steel bridges. Mr. Lindamood noted that the current bridge replacement schedule is based on ease of replacement, scope, capital, and availability of staff.

B. Committee Reports

1. Real Estate Committee

Committee Chair Shively stated that the Real Estate Committee met on November 5, 2020, via Zoom Audio/Video Conference. He said no action items were being presented to the for Board approval at this time. Mr. Kubitz reported that the only update since the committee meeting was that the Chugach Electric/Municipal Light & Power merger closed and the related right-of-way permit renewals are moving forward.

2. Executive Committee

Chair Campbell stated that the Executive Committee also met on November 5, via Zoom Audio/Video Conference. He said discussions were primarily updates related to today’s public briefings and some executive session agenda items.

3. A2A Ad-Hoc Committee

Chair Campbell stated that A2A Ad-Hoc Committee held its first meeting on October 27, 2020, to discuss the scope and objectives of the Committee. Committee members include himself, Vice Chair Petry and Commissioner Anderson.
XI. NEW BUSINESS

C. Executive Session Briefings

Director Shively moved to have the Board recess to Executive Session to discuss the listed executive session agenda items. Commissioner Anderson seconded the motion. There was no further discussion or objection; the motion was approved and the Board convened to Executive Session at 11:12 a.m.

1. Contracts, Claims, Litigation, Personnel and Financial Matters
2. A2A Rail Project Update
4. Seward Passenger Dock Project

Chair Campbell called the Regular Board Meeting back to order at 11:50 a.m. It was noted that Director Binkley had recused himself and staff removed him from the executive session into a private waiting room and rejoined him at the conclusion of the Seward Passenger Dock discussion.

D. Adoption of Consent Agenda

Commissioner MacKinnon made a motion to adopt all of the five items listed under Adoption of Consent Agenda. Director Shively seconded the motion.

1. Resolution No. 2020-19 – Relating to Approval of the 2021 Operating, Pension Trust and Alaska Railroad Corporation Health Care Trust Budgets
2. Resolution No. 2020-20 – Relating to Approval of the 2021 Capital Budget and AFE Nos. 10885, 10886, 10887, 10888, 10889, 10890, 10891, 10892, 10895, 10896, 10897, 10898, 10899, 10900, 10902, 10903)
3. Resolution No. 2020-21 – Relating to the 2021 Five-Year Capital Improvement Plan
4. Resolution No. 2020-22 – Relating to Additional and Redistributed Funding for Repair of November 30, 2018 Earthquake Damage (AFE No. 10884)
5. Resolution No. 2020-23 – Relating to Approval of the Restatement of the ARRC 457 Deferred Compensation Plan

There was no further discussion or objections. The Consent Agenda was approved unanimously.

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

Mr. O’Leary stated that a special board meeting in December may be necessary should bargaining unit members of Teamsters Local 959 ratify the Tentative Agreement recently reached between ARRC and the union.
Chair Campbell asked Mr. O'Leary to provide each Board Member with an individualized compensation report to review prior to year-end.

**XIII. ADJOURNMENT**

Chair Campbell adjourned the meeting at approximately 12:00 pm.
122220 SPEC Board Mtg Minutes
ALASKA RAILROAD CORPORATION
MINUTES OF THE SPECIAL BOARD OF DIRECTORS MEETING

Anchorage, Alaska
Tuesday, December 22, 2020

I. CALL TO ORDER

Board Chair Craig Campbell called the special meeting to order at 1:00 p.m. on Tuesday, December 22, 2020. 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 Jack Burton; 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 John Binkley was not in attendance.

A quorum was established by Ms. Haldane.

Staff members present:

B. Amy, Chief Financial Officer
J. Haldane, Chief Human Resource Officer
C. Hopp, Chief Operating Officer
R. Traini, Labor Relations Manager

A. Behrend, Chief Counsel
L. Hall, Executive & Corporate Administrator
B. O’Leary, President & Chief Executive

III. ADOPTION OF AGENDA

Chair Campbell asked for a motion to approve the meeting agenda. Director Shively moved to adopt the agenda, and Commissioner MacKinnon seconded the motion. The meeting agenda was adopted as presented.

IV. OPPORTUNITY FOR PUBLIC COMMENT

There were no members of the public present.

V. NEW BUSINESS

Director Burton moved to approve Resolution No. 2020-24. Commissioner MacKinnon seconded the motion. There was some discussion relating to general labor terminology contained in the contract. Chair Campbell requested a roll call vote for approval. All six participating members approved Resolution No. 2020-24.

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

Mr. O’Leary recognized Mr. Traini and Ms. Haldane for their efforts in reaching an agreement between ARRC and Teamsters Local 959. He thanked the Board for making time to approve the ratified agreement.

Chair Campbell and Board Members commended staff and the union’s bargaining committee on a job well done.

VII. ADJOURNMENT

Upon moving to adjourn by Vice Chair Petry and a second from Commissioner Anderson, Chair Campbell adjourned the meeting at 1:18 pm.
X. BRIEFING ITEMS

A. PUBLIC BRIEFINGS

ITEM 1: CEO Update

Update will be verbally presented at the Board Meeting
Feb 9 BOD Safety Report
Safety Report

*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

<table>
<thead>
<tr>
<th>Year</th>
<th>FRA Casualty Rate</th>
<th>Lost Time Rate</th>
<th>Lost Work Days</th>
<th>Restricted Work Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>5.1</td>
<td>3.7</td>
<td>1290</td>
<td>1202</td>
</tr>
<tr>
<td>2020</td>
<td>4.7</td>
<td>3.1</td>
<td>847</td>
<td>952</td>
</tr>
</tbody>
</table>

FRA Safety Data 2019 vs. 2020
YTD November Business Results

February 9, 2021

Barbara Amy, CFO

AlaskaRailroad.com
YTD net loss of $21.9 million was a smaller loss by $2.9 million than the loss expected according to the revised budget

- Freight revenue lagged revised budget by $1.0 million, or 1.5%
  - Most freight business lines underperformed, with the exception of the ARMS barge, which was 16% over revised budget, and Local Coal and Petroleum, which were over revised budget by 3% and 4%, respectively.

- Passenger revenue under-performed revised budget by $0.5 million, or 14.1%
  - COVID-19 disrupted demand for ARRC’s passenger trains and resulted in a dramatic downward revision of the passenger revenue budget. The largest impact to passenger revenue is the absence of the pull services for the cruise lines. ARRC has also had to make service frequency reductions due to reduced demand, and has combined services where possible.

- Operating expenses came in under revised budget by $3.6 million, or 3.4%
  - The recognition of two tax credit transactions in the first quarter of the year was the primary driver of the variance

- Real Estate net revenue outperformed revised budget by $0.9 million, or 10.0%, driven primarily by under-budget experience with respect to depreciation expense and appraisal fees.

ARRC cash balance and total debt (excluding FTA bonds) were $41.0 million and $10.5 million, respectively, and net working capital was $61.9 million.
Financial Position at November 30, 2020 ($ millions)

- Continuing to maintain strong liquidity at more than 2.0x current assets to current liabilities

- Decrease in year-over-year total debt as ARRC continues to repay loans
  - Note: debt financing for $8.0 million acquisition of flat cars added in December 2019

- ARRC’s trailing 12-month cash flow decreased on a year-over-year basis, and with issuance of new flat car acquisition debt in December of 2019, leverage ratios increased, however, they continue to reflect conservative use of debt in the capital structure
  - *debt-to-cash flow ratios are a measure of the company’s ability to repay its debt from cash flow generated by the business. We have adjusted the Total Debt ratio to reflect only 20% of the bonds par value outstanding.*

<table>
<thead>
<tr>
<th></th>
<th>11/30/2019</th>
<th>11/30/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recourse Debt / EBITDA</td>
<td>0.10x</td>
<td>1.40x</td>
</tr>
<tr>
<td>Total Debt (net of grant revenue) / EBITDA</td>
<td>0.40x</td>
<td>2.71x</td>
</tr>
</tbody>
</table>

Note: Total Debt includes ARRC FTA bonds but excludes unamortized bond premium
YTD November 2020 Freight Revenue Performance

**FREIGHT REVENUE**
*net of fuel surcharge*

- **1%** v. revised budget
- **9%** v. 2019

- **Units:** down 19% v. 2019
down 6% v. revised budget

- **Freight Revenue per unit:**
  - up 12% v. 2019
  - up 6% v. revised budget

  The addition of a 2\(^{nd}\) Petroleum customer in 2020 combined with declines in Gravel and containerized business lines drove the growth in freight revenue per unit, even as total volumes and total freight revenue declined year-over-year.
YTD November 2020 Passenger Revenue Performance

PASSENGER REVENUE

- 14% v. revised budget
- 92% v. 2019

• ARRC Ridership: down 94% v. 2019
  up 9% v. revised budget

• Revenue per ARRC passenger:
  down 16% v. 2019
  down 18% v. revised budget

• Ridership outperformed the mid-summer budget revision for the Coastal and Glacier trains, however, the Denali Star underperformed, which, given its higher price point, drove the overall underperformance versus revised budget.
REAL ESTATE REVENUE

flat - 17%

v. revised budget v. 2019

- Top three categories of real estate revenue comprise 93% of total real estate revenue
- The impact of the pandemic on Dock revenue is clear in the graph to the right as evidenced by the revenue decline as compared to prior year

Real Estate revenue variance

<table>
<thead>
<tr>
<th>Category</th>
<th>Revenue Growth v. 2019</th>
<th>Revenue Growth v. revised budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leases</td>
<td>-76%</td>
<td>0%</td>
</tr>
<tr>
<td>Corridor Permits</td>
<td>-7%</td>
<td>-1%</td>
</tr>
<tr>
<td>Permits</td>
<td>-44%</td>
<td>3%</td>
</tr>
<tr>
<td>Docks</td>
<td>-24%</td>
<td>25%</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
YTD November 2020 Operating Expense Performance

**OPERATING EXPENSES**

- **3%** v. revised budget
- **13%** v. 2019

- Lower ARMs barge revenue and the associated lower barge expense in 2020 as compared to prior year drove the change in the Contracts & Rents category.

- Lower fuel prices were a driver in the lower Utilities & Fuels category.

- Other Operating expenses (recoveries) in 2020 included two tax credit transactions (for tax years 2018 and 2019), which drove the higher recovery in the category.
YTD November 2020 Financial Performance

- Operating revenue under-performance as compared to revised budget is due to weaker than expected Freight and Passenger revenue, with the exception of the ARMS barge, Petroleum, Local Coal and the south-end summer passenger trains.
- Operating expenses were below revised budget and prior year,
  - The completion of two tax credit transactions in March of 2020 for tax years 2018 and 2019 were the driver of the under-budget experience.
- Real Estate net revenue performed well, coming in over revised budget, but underperformed prior year,
  - Lower than budgeted depreciation and appraisal fee expenses drove the performance versus revised budget.
  - The impact of the pandemic on Seward Passenger Dock revenue drove the variance to the prior year’s performance.
- Other Income (Expense) performed in line with revised budget and underperformed prior year,
  - Lower interest rates reduced interest earnings, and the addition of freight car debt raised interest expense v. prior year.
- As a result, Net Income (loss) outperformed revised budget, but underperformed prior year.

### Financial Performance Table

<table>
<thead>
<tr>
<th></th>
<th>YTD November 2020</th>
<th>YTD Revised Budget</th>
<th>Variance from budget</th>
<th>YTD November 2019</th>
<th>Variance from prior year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>$71.4</td>
<td>$73.0</td>
<td>$(1.6)</td>
<td>$117.1</td>
<td>$(45.6)</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$103.6</td>
<td>$107.3</td>
<td>$(3.6)</td>
<td>$118.8</td>
<td>$(15.1)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>$(32.2)</td>
<td>$(34.2)</td>
<td>2.1</td>
<td>$(1.7)</td>
<td>$(30.5)</td>
</tr>
<tr>
<td>Real Estate, net</td>
<td>$10.1</td>
<td>$9.2</td>
<td>0.9</td>
<td>$13.6</td>
<td>$(3.4)</td>
</tr>
<tr>
<td>Other Income (Expense)</td>
<td>$0.2</td>
<td>$0.3</td>
<td>$(0.1)</td>
<td>$2.6</td>
<td>$(2.5)</td>
</tr>
<tr>
<td>Net Income</td>
<td>$(21.9)</td>
<td>$(24.7)</td>
<td>2.9</td>
<td>$(14.5)</td>
<td>$(36.4)</td>
</tr>
</tbody>
</table>
YTD November 2020 Operating Highlights

Train Productivity (GTMs per train mile)
- YTD 2019: 2,448
- YTD 2020: 3,288
- 34.3% better

Average Train Length (Freight trains only)
- YTD 2019: 4,421
- YTD 2020: 4,087
- 7.6% worse

Locomotive Fuel Economy (GTMs per gallon)
- YTD 2019: 532
- YTD 2020: 516
- 3.0% worse

Freight Revenue per Carload (net of FSG for all carload freight)
- YTD 2019: $1,571
- YTD 2020: $1,813
- 15.4% better

Average Revenue per Employee (excludes grant and FSG revenue)
- YTD 2019: $208,932
- YTD 2020: $138,706
- 33.6% worse
Hot items for 1Q21

- **Positive Train Control ("PTC") system:** The core PTC system is fully implemented and operations have stabilized. The development focus is now on the Precision GPS and Vital Functions projects, which enhance the functionality of the core PTC system.

- **Over the road performance:** December/January Anchorage to Fairbanks freight trains over 95% on time performance

- **Van loaders 3 and 4 to be delivered:** The vendor is currently getting units 1 and 2 dialed in for the arctic environment.

- **Grant apps for INFRA/BUILD, or not.** As quickly as the NOFO’s for the grant programs were announced by the outgoing Trump Administration, they were rescinded by the incoming Biden Administration. We anticipate that an amended version of the two grant programs is likely to be announced in the coming months, and we will be watching for one of these or other grant programs that fit projects contemplated in our 5-year plan.

- **Experience study for the pension plan:** Every five years, ARRC engages its actuarial firm to conduct a study of the assumptions that underlie the pension and retiree health care trusts. The last experience study was conducted in the fall of 2015, and the next one will be underway this quarter.

- **Real Estate closing on Neighborworks sale, hopefully:** MoA tax issue with lessee’s holding up closing

- **RE potentially closing on Eklutna exchange**
**2020 Net Income Forecast**

Net income forecast for 2020, given actual YTD November performance and latest revised budget for the remainder of the year, is a $10.6 million net loss

- $32.6 million lower than the original budget net income for the year, due to the impacts of COVID-19 on Alaska’s economy and on all three types of ARRC’s revenue streams

- Given the extra year end processes, December is not yet closed, but we do see the following impacting our forecast:
  - The Pension and Healthcare Trusts outperformed their targets – Preliminary reports reflect that the pension trust assets returned 10.4% in 2020 and the healthcare trust assets returned 8.15%, as compared to targets of 7.25% and 6.85%, respectively. The over-performance is recognized at a rate of 20% per year for the next five years, so we are estimating the impact to net income to be a little less than $1.5 million
  - Over-reserved for medical benefit expenses – Given the impact of the pandemic on elective procedures, and given other improvements in our medical plan, medical benefit expenses were lower than expected for the year. Expect to see a downward adjustment to the reserve in December and a corresponding reduction in expense.

These two adjustments, along with other variances, could result in a net loss for the year in the range of $8.0 to $9.0 million
Director Shively called the meeting to order at 9:01 a.m.

Public Comment:

Mr. Kubitz introduced Mr. David Hoffman, one of the partners who own Craig Taylor. Craig Taylor is a Real Estate customer that has leases on ARRC property in both Anchorage and Fairbanks.

Mr. Hoffman provided a summary about Craig Taylor’s long-standing relationship with the railroad and stated that they have been lease customers in Fairbanks for 65 years and in Anchorage for 57 years. Mr. Hoffman explained that he and his partner acquired the business 7 years ago from Craig Taylor’s widow. He stated that they were looking to acquire another business and use the Whitney Road property as collateral. Mr. Hoffman stated that he learned in late 2020 that ARRC was not interested in another long-term lease and has since been in communications with the Real Estate Department. He
believes they had worked to a reasonable resolution, possibly a 15-year lease with a one year termination provision.

Mr. Kubitz stated that he has asked Craig Taylor to apply for a lease and that they would try to agree to terms and conditions that would be mutually beneficial for presentation at the March Board Meeting. Mr. Kubitz provided background and that Operations has had a long-term desire to expand into the area currently occupied by Craig Taylor.

Director Binkley and Commissioner Anderson expressed concern that staff had not communicated better with this valued customer regarding the lease extension and Operations’ requirements.

Customer Communications:

Mr. Kubitz shared with the group that staff had just attended the annual Building Owners and Managers Association (BOMA) annual financial forecast presentation, which was held virtually. Mr. Kubitz summarized the general forecast for the group.

Mr. Kubitz stated that staff has been actively showing the current vacancies in the Ship Creek area.

Mr. Kubitz shared that the building owned by Alaska Flor Wall will be vacated and owned by the railroad in August. The building is mostly sublet and it is hoped that the tenants will be retained.

Board Action Items:

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

Contract No. 20543 Vertical Bridge Development – ROW Milepost 11.68

Mr. Kubitz shared that the applicant has proposed to construct a new cell phone tower in the ARRC Right of Way (ROW), north of Seward where the Seward Highway and the ARRC ROW meet. The proposed term is a 5-year fixed term with nine 5-year options.

Contract No. 20461 MOA Port of Alaska – Anchorage

Mr. Kubitz stated that after the land sale was completed with the Municipality of Anchorage (MOA) regarding the port land sale, the MOA realized that it needed more land for a floating dock. The MOA has inquired about purchasing the additional land; however, staff expressed reluctance for additional land sales. A long-term lease has been applied for which will be brought to the February Board Meeting for approval.
Contract No. 20635 400 N Sitka, LLC - Anchorage

Mr. Kubitz explained that the applicant is the current subtenant, which is purchasing the building from the current ARRC lease tenant. A longer term lease is desired for purposes of obtaining financing. Staff recommends that the lease be approved at the February Board Meeting.

Contract No. 20638 Petro Star, Inc. – Fairbanks

Mr. Kubitz provided that Petro Star has applied for a new lease of 50 years for a site the currently lease on Phillips Field Road in Fairbanks. Recently, ARRC has entered into two 50-year leases with Petro Star for new construction in both Anchorage and Fairbanks; however, it has been standard practice to enter into 35-year terms when there are no new substantial improvements or anticipated site development being made to the site. Staff recommends a lease with at 35-year term to be approved at the February Board Meeting.

Briefing / Update

Fairbanks

Chena Trail – Fairbanks Area Surface Transportation (FAST)

Mr. Kubitz shared with the group that there was recent communication from Jackson Fox, Executive Director of FAST Planning, stating a new letter to the ARRC Board requesting continued dialogue on the project this spring/summer so the open federal project doesn’t sit idle and we can do our best to make the project more compatible with the ARRC’s interests in future development of the subdivision.

Craig Taylor

Mr. Kubitz provided a brief summary of Craig Taylor’s occupancy in Fairbanks and that there are no current plans from an operations perspective that would displace the customer at this time.

Anchorage

Depot Drive Improvements

Mr. Farnsworth stated that the current phase of the project was completed. The retaining wall is being monitored and issues are being mitigated as they are identified. The tenants that use Depot Drive have identified their desired driveway location which will be included in the next phase as funding becomes available.
MMME/ Alaska Marble

Mr. Kubitz shared that the customer has informed ARRC that they would be willing to give their buildings to ARRC and wrap up their lease obligations. Mr. Kubitz shared that while they are in close proximity to the operating yard, there are no current plans for use of this property.

NYE Fireworks

Mr. Kubitz shared that the New Year’s Eve fireworks were set off on ARRC property on Small Boat Harbor Road. This has been identified as the best location in Anchorage.

Fur Rondy

Mr. Kubitz shared that Fur Rondy events would happen this year, although fewer events will be held due to COVID-19. As in years past, the snow sculptures will be constructed in the parking lot across from the Comfort Inn and the Firework Show will still occur; however, the Model Railroad event in the Depot not expected to occur due to current social distancing protocols.

Odom Building – State of Alaska lease expansion

Mr. Kubitz shared that the State of Alaska, Department of Administration, has expanded their lease area in the Odom building and is now occupying the entire warehouse portion of the building for the storage of COVID supplies.

Seward

City of Seward – Development North Harbor

Mr. Kubitz provided that the City of Seward is investing some grant money into upgrading their boat launch in Seward near the ARRC Terminal. The launch is where they use the large travel lift; there are a lot of boat storage facilities in the area including ARRC property.

Land Sale/Exchange Status

Chena Landings

Mr. Kubitz stated that there have been no land sales in the Chena development since the last meeting. With spring approaching, we may see some new interest.
Eklutna, Inc.

Mr. Kubitz shared that Mr. Behrend had spent many hours on negotiating the land trade documents, not because it was disputed but due to the complicated details of the transaction. Mr. Behrend stated that he was very close to having the document package completed.

Wetland Mitigation Sales

Mr. Kubitz provided an update and noted that we recently had an inquiry for 1.2 mitigation credits for which we provided a quote. We have not heard back from the inquirer.

Executive Session

Chair Shively asked for a motion to go into Executive Session. Board Chair Campbell so moved and Commissioner Anderson seconded. Director Binkley stated for the record that if there was any discussion relating to the ENSTAR natural gas utility or the Seward Dock matter during Executive Session, he would recuse himself during any discussion of those matters due to potential conflicts. He noted that his son-in-law is the CEO of ENSTAR.

There was no objection to the motion to go into Executive Session, and Chair Shively moved the meeting into executive session at 9:59 a.m. The Committee returned into general session at 10:39 a.m., and the meeting was adjourned at 10:40 a.m.
Executive Session Briefings

1. Contracts, Claims, Litigation, Personnel and Financial Matters
2. A2A Update - Verbal
3. Legislative Strategy - Verbal
5. Seward Dock Update - Verbal
CEO Memo ref Sixth Amendment to Rep 401(k) Plan
Date: January 22, 2021
To: Bill O’Leary, President and CEO
From: Theresa MacLeod, Manager, ARRC Retirement Plans and Committee Secretary

Subject: Sixth Amendment to the ARRC 401(k) Tax Deferred Savings Plan for Represented Employees

The Collective Bargaining Agreement ("CBA") recently ratified by the International Brotherhood of Teamsters, Local 959 ("IBT") provides that rollovers (into the Plan) will be accepted from an:

- Individual Retirement Account described in Code Section 408(a)
- Individual Retirement Annuity described in Code Section 408(b)
- Annuity Plan or Contract described in Code Section 403(a) or 403(b)
- Eligible Plan described in Code Section 457(b)
- Qualified Trust described in Code Section 401(a).

Previously, the IBT employees were allowed to rollover monies into the Plan from an IRA or Conduit IRA, only.

Amendment to the 401(k) Tax Deferred Savings Plan for Represented Employees is necessary to incorporate this change.

Please let me know if you have any questions.
Resolution No. 2021-01 ref IBT Rollovers
Adopted:

Resolution No. 2021-01

Relating to Approval of the Sixth Amendment to the Alaska Railroad Corporation 401(k) Tax Deferred Savings Plan for Represented Employees (IBT Rollover Contribution Sources)

WHEREAS, the Alaska Railroad Corporation (“ARRC”) sponsors the Alaska Railroad Corporation 401(k) Tax Deferred Savings Plan for Represented Employees (the “Plan”); and

WHEREAS, Section 9.1 of the Plan provides for amendment of the Plan; and

WHEREAS, the International Brotherhood of Teamsters, Local 959 (“IBT”), has ratified a new Collective Bargaining Agreement (“CBA”) providing that the Plan will now accept from certain additional sources contributions known as Valid Rollover Contributions on behalf of all IBT represented employees; and

WHEREAS, the proposed amendment to the Plan is attached hereto as Appendix A; and

WHEREAS, amendment of the Plan requires Board of Directors approval.

NOW, THEREFORE, BE IT RESOLVED that the ARRC Board of Directors has reviewed and approves the proposed change to the Plan attached hereto as Appendix A, and hereby approves the amendment to the Plan to amend the acceptable Valid Rollover Contribution sources.

BE IT FURTHER RESOLVED that the President and CEO of ARRC, or his designee, is hereby authorized to:

(a) Execute the Sixth Amendment to the Plan, substantially in the form of Exhibit A attached hereto;

(b) Execute any and all other documents as he deems necessary or desirable to carry out the foregoing resolution;

(c) Take such actions as he deems necessary or desirable to effectuate the intent of this resolution and to meet statutory, regulatory or contractual requirements; and

(d) Certify this resolution to any necessary person, corporation or governmental entity.
SIXTH AMENDMENT
TO THE
ALASKA RAILROAD CORPORATION
401(k) TAX DEFERRED SAVINGS PLAN
FOR REPRESENTED EMPLOYEES

The Alaska Railroad Corporation 401(k) Tax Deferred Savings Plan for Represented Employees, restated January 1, 2016 (“Plan”), is hereby amended as follows, pursuant to Section 9.1 of the Plan, effective December 22, 2020, as follows:

1. Appendix C, IBT Appendix, Item 2, Section 3.6 Rollover Contributions is hereby deleted in its entirety, and the provisions of Plan Section 3.6 Rollover Contributions set forth in the main body of the Plan shall apply to Eligible Employees represented by the IBT.

IN WITNESS WHEREOF, Alaska Railroad Corporation has caused this Third Amendment to the Plan to be executed on this __________ day of ______________, 2021.

ALASKA RAILROAD CORPORATION

BY: _______________________________

ITS: _______________________________
RES No.2021-02 - 2021 Self Insurance and Operating Lines of Credit_FINAL
Adopted:

Resolution No. 2021-02        Relating to Renewal of Self Insurance and Operating Lines of Credit

WHEREAS, the Alaska Railroad Corporation ("ARRC") Board of Directors previously approved a $10,000,000 self-insurance line of credit, a $5,000,000 operating line of credit and a $15,000,000 operating line of credit with Wells Fargo Bank, N.A.; and

WHEREAS, the above referenced lines of credit expire on April 2, 2021; and

WHEREAS, ARRC continues to have a need for immediate access to funds in the event of major loss or damage and wishes to continue the protection offered by an insurance line of credit; and

WHEREAS, ARRC continues to have a need to maintain access to an operating line of credit to insure the availability of funds during times of cash shortfalls and to provide maximum flexibility in the management of its cash resources; and

WHEREAS, ARRC continues to have a need to maintain access to an operating line of credit to insure the availability of funds during times of cash shortfalls and to provide maximum flexibility in the management of its cash resources; and

WHEREAS, ARRC continues to have a need to maintain access to an operating line of credit to insure the availability of funds during times of cash shortfalls and to provide maximum flexibility in the management of its cash resources; and

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WHEREAS, ARRC continues to have a need to maintain access to an operating line of credit to insure the availability of funds during times of cash shortfalls and to provide maximum flexibility in the management of its cash resources; and

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WHEREAS, ARRC continues to have a need to maintain access to an operating line of credit to insure the availability of funds during times of cash shortfalls and to provide maximum flexibility in the management of its cash resources; and

WHEREAS, ARRC continues to have a need to maintain access to an operating line of credit to insure the availability of funds during times of cash shortfalls and to provide maximum flexibility in the management of its cash resources; and

NOW THEREFORE BE IT RESOLVED that the President & CEO, or his designee, is authorized (i) to negotiate, finalize and execute documents necessary to originate, maintain, use and renew a $10,000,000 self insurance line of credit, a $5,000,000 operating line of credit and up to a $15,000,000 operating line of credit with Wells Fargo Bank, N.A. on the terms and conditions set forth in the Lines of Credit Financing Proposal dated January 21, 2021 attached hereto as confidential Exhibit A, which was reviewed by the Board during Executive Session at its regular meeting held February 9, 2021, or on terms and conditions more favorable to the Corporation than those stated therein; and (ii) on behalf of ARRC to designate ARRC’s obligation under one or more of the lines of credit as a “qualified tax exempt obligation” under Section 265(b)(3) of the Internal Revenue Code of 1986 to the extent possible.
RES 2021-03 Unbudgeted Communications Work at GOB-1-29-2021
WHEREAS, the Alaska Railroad Corporation (ARRC) owns, maintains and operates communication assets throughout the state of Alaska; and

WHEREAS, beginning in 2019, the ARRC Communications & Signal Department commenced a project to install new network cabling, remove outdated cabling, construct communication closets and establish wireless access points in sections of the second and third floors of the General Office Building (GOB) to improve network connectivity; and

WHEREAS, the above-described rewiring project coincided with an office remodeling and consolidation project at the GOB; and

WHEREAS, during the above-described rewiring project, ARRC’s Communications & Signal Department discovered that not all existing communications wiring was installed in compliance with current building and fire codes and needed to be removed and replaced, and also determined that it was necessary to install communications closets on both the second and third floors of the GOB and that it would be beneficial to install extra network connections by adding more wireless access points to enhance wireless coverage within the GOB; and

WHEREAS, on or about January 7, 2019, the Corporation’s Chief Operating Officer approved AFE No. 10728 in the amount of $297,000 to the communications cable upgrade and communications closet installation work described above; and

WHEREAS, the project proceeded successfully, but the time and materials necessary for the contractor to complete the above-described work proved to have been underestimated, which caused the project to exceed its budget by $35,128.60; and

WHEREAS, AFE 10728 S-1 will provide additional funding in the amount of $35,128.60 to reflect the full actual cost of the above-described project; and

WHEREAS, funding for this project 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, and the additional funds provided by AFE No. 10728 S-1 would bring the total amount of the unbudgeted capital expenditures from AFE Nos. 10728 and 10728 S-1 to $332,128.60.

NOW THEREFORE BE IT RESOLVED that the ARRC Board of Directors has considered the proposed increase to the above-described unbudgeted GOB communications infrastructure upgrade project presented by ARRC Management and hereby approves AFE No. 10728 S-1 in the amount of $35,128.60 for the purposes stated therein which brings the total amount of AFE No. 10728 to $332,128.60.
**General Information:**

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<tr>
<th>AFE Title:</th>
<th>GOB Rewire</th>
</tr>
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<tbody>
<tr>
<td>Prepared By:</td>
<td>LaFewt Knox</td>
</tr>
<tr>
<td>Resp. Center (Name):</td>
<td>Communications &amp; Signals</td>
</tr>
<tr>
<td>Resp. Center (#):</td>
<td>2650</td>
</tr>
<tr>
<td>Depreciation Center:</td>
<td>2650-Telecommunications</td>
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<td>Line of Business:</td>
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**Spending Timetable:**

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<tr>
<th>Year</th>
<th>Amount</th>
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<tbody>
<tr>
<td>2019</td>
<td>297,000.00</td>
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<tr>
<td>2020</td>
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<tr>
<td>2021</td>
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<td>2022</td>
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<td>2023</td>
<td>0.00</td>
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<tr>
<td>Total</td>
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**Other Information**

- **Useful Life (Years):** 10
- **Annual Depreciation:** $33,213
- **Estimated Annual Operating Costs:** $0.00

**Required Signatures for Approval:**

<table>
<thead>
<tr>
<th>Position</th>
<th>Last Name(s)</th>
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<th>Date</th>
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<tr>
<td>Project Manager:</td>
<td>Joe Carlton</td>
<td></td>
<td>1/29/2021</td>
</tr>
<tr>
<td>Responsible Owner:</td>
<td>Joe Carlton</td>
<td></td>
<td>1/29/2021</td>
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<tr>
<td>VP, Owner Department:</td>
<td>Lloyd Tesch</td>
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<td>1/29/2021</td>
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<td>Functional User(s):</td>
<td>Joe Carlton</td>
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<tr>
<td>Chief Operating Officer:</td>
<td>Clark Hopp</td>
<td></td>
<td>1/29/2021</td>
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<tr>
<td>Grant Administration:</td>
<td>Shawnessy Leon</td>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td>Chief Financial Officer:</td>
<td>Barbara Amy</td>
<td></td>
<td>1/29/2021</td>
</tr>
<tr>
<td>Accounting Department:</td>
<td>Michelle Maddox</td>
<td></td>
<td>1/29/2021</td>
</tr>
<tr>
<td>CEO &amp; President:</td>
<td>Bill O’Leary</td>
<td></td>
<td>1/29/2021</td>
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<tr>
<td>Board of Directors:</td>
<td>Craig Campbell</td>
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**Included in Capital Budget:**

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<tr>
<th>Capital Budget</th>
<th>Year:</th>
<th>Unbudgeted 2019</th>
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<td>Total Amount</td>
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**AFE History:**

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<tr>
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<th>Amount</th>
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<tbody>
<tr>
<td>Original AFE</td>
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<tr>
<td>Supplemental #1</td>
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<td>01/26/21</td>
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<td>Supplemental #2</td>
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<td>Supplemental #7</td>
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<td>Total</td>
<td>332,128.60</td>
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</table>

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**Source of Funding**

- **ARRC**

---

**Alaska Railroad Corporation**

**Authorization for Expenditure Form**

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***Original Form Must Be Returned to Accounting***
Is this project related to health and/or safety? | If yes describe:
---|---

Scope of Work:
This work is to coincide with remodeling of GOB offices on the second and third floor. This project is to install new CAT 6 network cabling to each office enabling gigabit connections to the desktop. This project will also establish communications closets on each floor improving overall network connectivity to the user. Additionally, extra network connections will be provided to add more wireless access points enhancing wireless coverage to the building.

Supplemental No.1 increases project funding by $35,128.00 primarily to address unanticipated project costs associated with material & supply quantity needs. This supplemental will complete and close the project.

ARRC Business Justification:
ARRC Facilities is in the process of remodeling sections of the second and third floor of the GOB. During this remodel it's been discovered that all existing wiring is not installed according to current building and fire codes and is required to be removed. With the addition of new offices and cubicles new data drops are needed. Currently, Communications Technicians are installing new drops but a limited manpower pool does not allow the proper installation. This AFE will bring in contract resources to rewire both floors. This rewire will be installed according to all applicable code. Additionally, all existing cable is outdated and will not support current data speeds. This project will install cable to support gigabit connections to the desktop and 10 gigabit connections to the data center. This will be a dramatic increase in performance for all GOB users greatly enhancing productivity and allow the user of new applications including video communications.

Alternatives Considered:

Preliminary Budget:

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<td>Materials</td>
<td>137,658.13</td>
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<td>Contracts</td>
<td>159,258.11</td>
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<td>Other Expenses</td>
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<td><strong>Total</strong></td>
<td><strong>332,128.60</strong></td>
</tr>
</tbody>
</table>

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

PERMITTEE: Vertical Bridge Development, LLC

CONTRACT NO: 20543

PERMIT AREA DESCRIPTION: A parcel of land containing 600 square feet within the ARRC Right of Way (ROW) at ARRC Milepost 11.68, at the location known as “Divide”, Seward Highway Milepost 11.4.

KEY CONTRACT PROVISIONS:

- **Estimated Effective Date:** May 1, 2021
- **Permit Area:** 600 square feet
- **Permit Term:** Five (5) years
- **Option to Extend:** Nine (9) Five (5)-year options exercisable by permittee
- **Base Annual Rent:** $18,000
- **Prior Annual Rent:** N/A
- **Rent Adjustment:** Annual 3% increases

PUBLIC NOTICE: Yes, public comment period expires February 8, 2021

LEGAL REVIEW: Yes

INTENDED USE: Construction and operation of a new 150’ tower to serve as a cell tower site.

SUMMARY AND RECOMMENDATIONS: New permittee has requested a long-term agreement, which is necessary to accommodate the permittee’s contracts for use of the tower with a major communications company. Permittee will need to obtain all necessary permits to proceed with proposed development, and the proposed permit will so require. Plans and location have been reviewed by ARRC Operations and Engineering. The proposed permit will include a provision relating to termination of the permit or a change in location of the permit area in the event such is required due to changes to ARRC facilities. Approval of the proposed permit is recommended.

APPROVED: ________________________  Board Meeting Date: ____________

Jennifer Haldane
ARRC Board Secretary
Permit 20543
600 sq ft±
(20'± x 30'± Fenced Area)

Seward Hwy, Permit 9670
Alaska Railroad Right of Way

ARRC MP 11.68

Alaska Railroad Right of Way

For indexing purposes this property is located in the NW1/4 Sec. 19, T2N, R1E, S.M.
Contract Lease No. 20461 - MOA Port of Alaska
(Anchorage)
LEASE SUMMARY

LESSEE: Municipality of Anchorage/Port of Alaska  CONTRACT NO: 20461

LEASE DESCRIPTION: Approximately 253,000 sq. ft. (5.8 acres) of submerged/tidelands/filled lands located along Cook Inlet, within Parcel A of U.S. Survey 1170, Section 7, T13N, R3W, and Section 12, T13N, R4W, Seward Meridian.

KEY CONTRACT PROVISIONS:

Estimated Effective Date: April 1, 2021  Lease

Term: Fifty-Five (55) Years

Option to Extend: N/A

Lease Area: Submerged/tidelands/filled lands containing approximately 253,000 sq.ft.

Base Annual Rent: $63,756.00

Prior Annual Rent: N/A

Rental Rate: 9%

Rent Adjustment: 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.

PUBLIC NOTICE: Yes, public comment period expires February 9, 2021.

LEGAL REVIEW: Yes

INTENDED USE: Floating Dock.

SUMMARY AND RECOMMENDATIONS: Lessee has requested a new lease of submerged/tidelands/filled lands to support Port of Alaska expansion by accommodating the Port's relocated floating dock. The standard rental rate for leases in this vicinity is 9%. It is ultimately the desire of the Port of Alaska to purchase this parcel. The proposed lease will not contain any option to purchase the land and the Board is not being asked to consider or approve such an option, which would have to be approved by the legislature or be conditioned on such approval. Approval is recommended.

APPROVED: 
Jennifer Haldane
ARRC Board Secretary

Board Meeting Date: 

57/66
Contract No. 20461 - Exhibit A
Municipality/Port of Alaska
Approx. Area = 253,000 sq.ft.± (5.8 Ac.±)
A portion of Parcel A of U.S. Survey 1170
ARRC title - Patent 50-2011-0122

For indexing purposes this property is located in the NW1/4 Sec. 7 T13N R3W S.M. & the NE1/4 Sec. 12 T13N R4W S.M.
Contract Lease No. 20635 - 400 N. Sitka, LLC
(Anchorage)
LEASE SUMMARY

LESSEE: 400 N Sitka LLC

LEASE DESCRIPTION: Parcel of land covering real property consisting of Lots 186 through 191 of the ARRC Post Road Industrial Lease Lots located within the Alaska Railroad Terminal Reserve, containing 112,200 square feet, more or less.

KEY CONTRACT PROVISIONS:

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
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<tbody>
<tr>
<td>Estimated Effective Date</td>
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<tr>
<td>Lease Term</td>
<td>Thirty-Five (35) Years</td>
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<tr>
<td>Option to Extend</td>
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<tr>
<td>Lease Area</td>
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<tr>
<td>Base Annual Rent</td>
<td>$ TBD (based on appraised value)</td>
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<td>Prior Annual Rent</td>
<td>$75,076.20</td>
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<td>Rental Rate</td>
<td>8%</td>
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<td>Rent Adjustment</td>
<td>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</td>
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<tr>
<td>Extended Term Rent</td>
<td>NA</td>
</tr>
</tbody>
</table>

PUBLIC NOTICE: Yes, public comment period expires February 9, 2021.

LEGAL REVIEW: Yes

INTENDED USE: Light Manufacturing, Warehousing and Transportation of General Freight.

SUMMARY AND RECOMMENDATIONS: The prospective lessee, the subtenant of the current Lessee, will be purchasing the existing improvements and desires a new ground lease. Subject to Board approval of a new lease, the current Lease Contract No. 9210, which expires June 21, 2027, will be assigned to the prospective lessee and then converted to a new thirty-five (35)-year ground lease. The prospective lessee currently operates a warehousing and light manufacturing operation at this site and wants to continue its present use. Improvement plans include yard asphalt and, within five years, connection to city sewer. The estimated cost of each of these projects is $100,000. Approval is recommended.
APPROVED: ___________________________  Board Meeting Date: __________

Jennifer Haldane
ARRC Board Secretary
This exhibit is based on the unrecorded Alaska Railroad plat titled "Post Road Industry Spur and Lease Lots" and dated October 27, 1959, with File Number 3451.04, Sheet 1 of 2.

For indexing purposes this property is located in the SE1/4 Sec. 8, T13N, R3W, S.M.

Lease 20635
112,200 sq ft (2.6 ac±)

The record plat incorrectly shows this distance as 209.94'.
LEASE SUMMARY

LESSEE: Petro Star, Inc.  

CONTRACT NO: 20638

LEASE DESCRIPTION: Parcel of land located at the southwest corner of Illinois and Charles Streets within the ARRC Fairbanks Reserve, containing 146,592 square feet, more or less.

KEY CONTRACT PROVISIONS:

Estimated Effective Date: April 1, 2021  
Prior Annual Rent: $90,887.00

Lease Term: Thirty-Five (35) Years  
Rental Rate: 8%

Option to Extend: N/A  
Rent Adjustment: 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.

Lease Area: 146,592 square feet, more or less.  
Extended Term Rent: NA

Base Annual Rent: $93,818.88 (based on appraised value)

PUBLIC NOTICE: Yes, public comment period expires February 9, 2021.

LEGAL REVIEW: Yes

INTENDED USE: Bulk Fuel Storage and Distribution, and Service Station.

SUMMARY AND RECOMMENDATIONS: Current lessee is requesting a new lease for expiring ARRC Contract No. 7334. Lessee wants to continue its current use of this property for bulk fuel storage related to lessee’s business. Approval is recommended.

APPROVED: ______________________________  Board Meeting Date: ____________

Jennifer Haldane  
ARRC Board Secretary
For indexing purposes this property is located in the SE1/4 Sec. 3, T1S, R1W, F.M.
Lease 20638

146,590 sq ft (3.3 ac±)

For indexing purposes this property is located in the SE1/4 Sec. 3, T1S, R1W, F.M.

Scale: 1 Inch = 100 Feet

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