



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

Date: September 10, 2020

Time: 10 a.m.

<https://us02web.zoom.us/j/89996459544?pwd=M3pIR3FzUVY0M3E5alpucHRFaVpBUT09>

Meeting ID: 899 9645 9544 Passcode: 381566

Customer Communication:

- Customer Meetings

Board Action Items for September 24 Board Meeting:

- AFE's / Resolutions to be presented to the Board for approval: None
- Contracts to be presented to the Board for approval:
 - Contract # 20600 Denali Park Hotel, LLC – Healy
 - Contract # 20599 Winterhouse, Inc. – Valdez
 - Contract # 20467 Nordlys, LLC – Talkeetna

Briefing / Update

- Chena Trail –Fairbanks Area Surface Transportation (FAST)
- Port of Alaska – Tidelands Lease
- Odom Transaction Complete – State of Alaska Lease
- Depot Drive Improvements

Land Sale/Exchange Status

- Eklutna, Inc.
- NeighborWorks
- Chena Landings
- Wetland Mitigation Sales

Other Topics

Executive Session

- City of Nenana
- Seward Passenger Dock

Committee Members:

Committee of the whole

LEASE SUMMARY

LESSEE: Denali Park Hotel, LLC

CONTRACT NO: 20600

LEASE DESCRIPTION: Parcel of land situated within the Southeast ¼ of the Northeast ¼, Section 25, Township 12 South, Range 8 West and within Section 30, Township 12 South, Range 7 West, Fairbanks Meridian and lying west of the west right-of-way line of the Parks Highway, State of Alaska, Department of Highways Project No. F-037-2(2), and north of the northerly right-of-way line of Otto Lake Road.

KEY CONTRACT PROVISIONS:

Estimated Effective Date: October 1, 2020

Rental Rate: 8%

Lease Term: Not to exceed Ninety-Five (95) Years

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

Option to Extend: N/A

Lease Area: Approximately 12 acres

Base Annual Rent: \$14,880.00 (based on appraised value)

Extended Term Rent: NA

Prior Annual Rent: \$12,960.00

PUBLIC NOTICE: Yes, public comment period expires September 24, 2020.

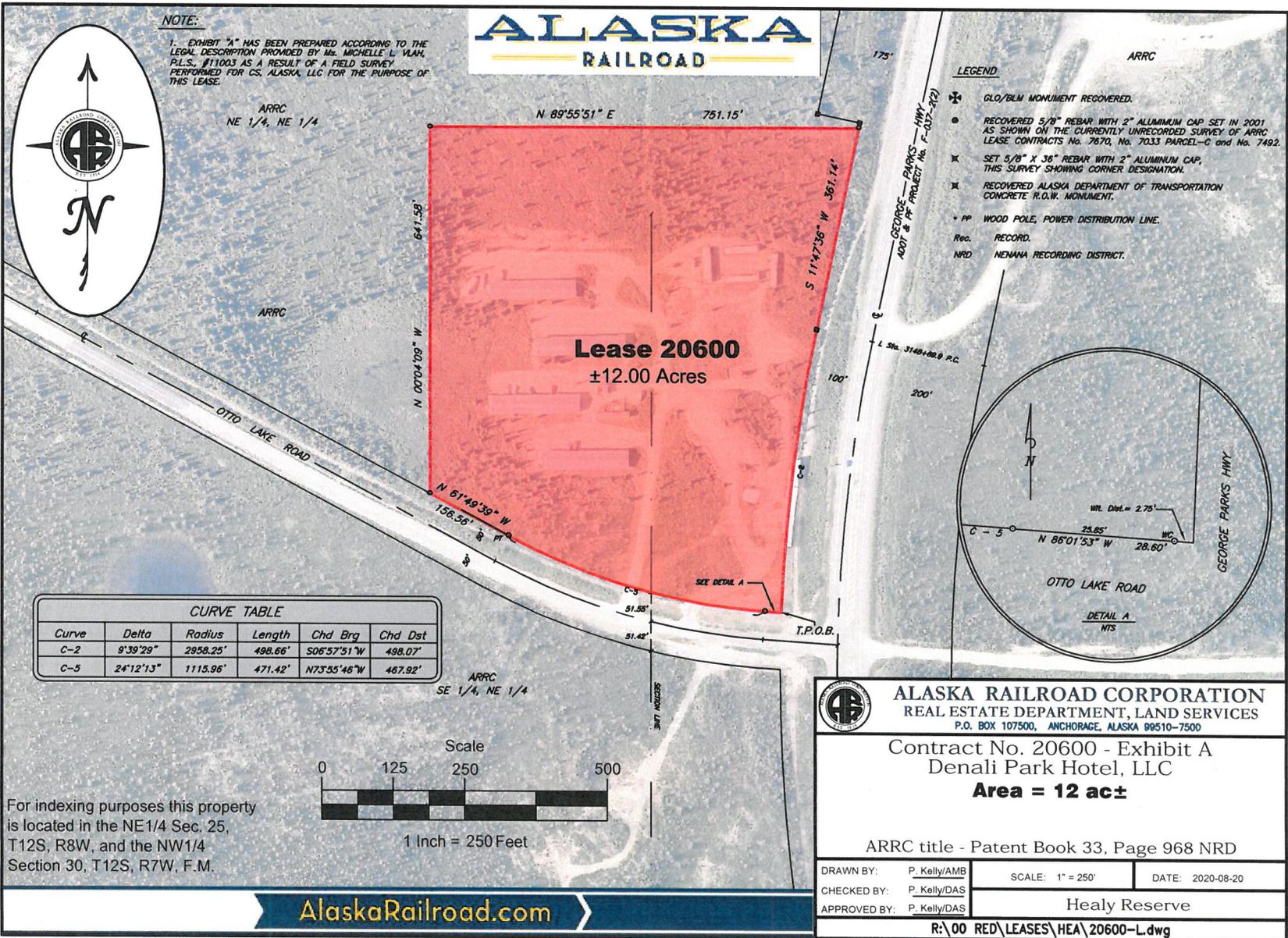
LEGAL REVIEW: Yes

INTENDED USE: Hotel

SUMMARY AND RECOMMENDATIONS: Current Lessee is requesting a new lease not to exceed Ninety-Five (95) years. Lessee currently operates a hotel at this site under ARRC Contract No. 20199, which is scheduled to expire on 8/30/2045 and although a lease longer than Thirty-Five years requires significant improvements, the lessee wants to continue its present use with no immediate plans to build additional improvements other than maintaining the existing improvements.

APPROVED: _____ **Board Meeting Date:** _____

Jennifer Haldane
ARRC Board Secretary



NOTE:

1. EXHIBIT "A" HAS BEEN PREPARED ACCORDING TO THE LEGAL DESCRIPTION PROVIDED BY Ms. MICHELLE L. VLAH, P.L.S., #11003 AS A RESULT OF A FIELD SURVEY PERFORMED FOR CS, ALASKA, LLC FOR THE PURPOSE OF THIS LEASE.



ARRC
NE 1/4, NE 1/4

N 89°55'51" E 751.15'

Lease 20600
±12.00 Acres

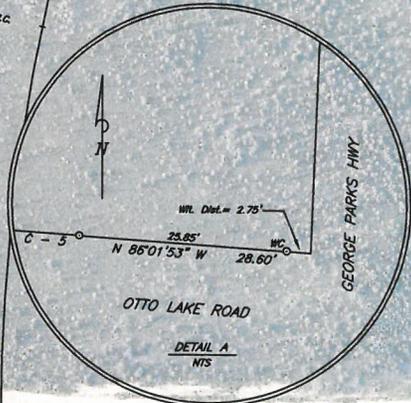
LEGEND

- ⊕ GLO/BLM MONUMENT RECOVERED.
- RECOVERED 5/8" REBAR WITH 2" ALUMINUM CAP SET IN 2001 AS SHOWN ON THE CURRENTLY UNRECORDED SURVEY OF ARRC LEASE CONTRACTS No. 7670, No. 7033 PARCEL-C and No. 7492.
- ✕ SET 5/8" X 3/8" REBAR WITH 2" ALUMINUM CAP, THIS SURVEY SHOWING CORNER DESIGNATION.
- ✕ RECOVERED ALASKA DEPARTMENT OF TRANSPORTATION CONCRETE R.O.W. MONUMENT.
- PP WOOD POLE, POWER DISTRIBUTION LINE.
- Rec. RECORD.
- NRD NENANA RECORDING DISTRICT.

CURVE TABLE					
Curve	Delta	Radius	Length	Chd Brg	Chd Dst
C-2	9°39'29"	2958.25'	498.66'	S06°57'51" W	498.07'
C-5	24°12'13"	1115.96'	471.42'	N73°35'46" W	467.92'



For indexing purposes this property is located in the NE 1/4 Sec. 25, T12S, R8W, and the NW 1/4 Section 30, T12S, R7W, F.M.



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

Contract No. 20600 - Exhibit A
Denali Park Hotel, LLC

Area = 12 ac ±

ARRC title - Patent Book 33, Page 968 NRD

DRAWN BY: P. Kelly/AMB	SCALE: 1" = 250'	DATE: 2020-08-20
CHECKED BY: P. Kelly/DAS	Healy Reserve	
APPROVED BY: P. Kelly/DAS		

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LEASE SUMMARY

LESSEE: Winterhouse, Inc.

CONTRACT NO: 20599

LEASE DESCRIPTION: That portion of Lot 3, U.S. Survey 3682 not encompassed by Valdez Glacier Road or McKinley Street, as depicted on the plat for U.S. Survey 3682, dated February 28, 1963 and the attached "Exhibit A", containing 136,727 square feet, more or less.

KEY CONTRACT PROVISIONS:

Estimated Effective Date: October 1, 2020

Prior Annual Rent: \$7,605.00

Lease Term: Twenty (20) Years

Rental Rate: 8%

Option to Extend: N/A

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

Lease Area: Approximately 136,727 sq.ft.

Base Annual Rent: \$8,750.53 (based on appraised value)

Extended Term Rent: NA

PUBLIC NOTICE: Yes, public comment period expires September 24, 2020.

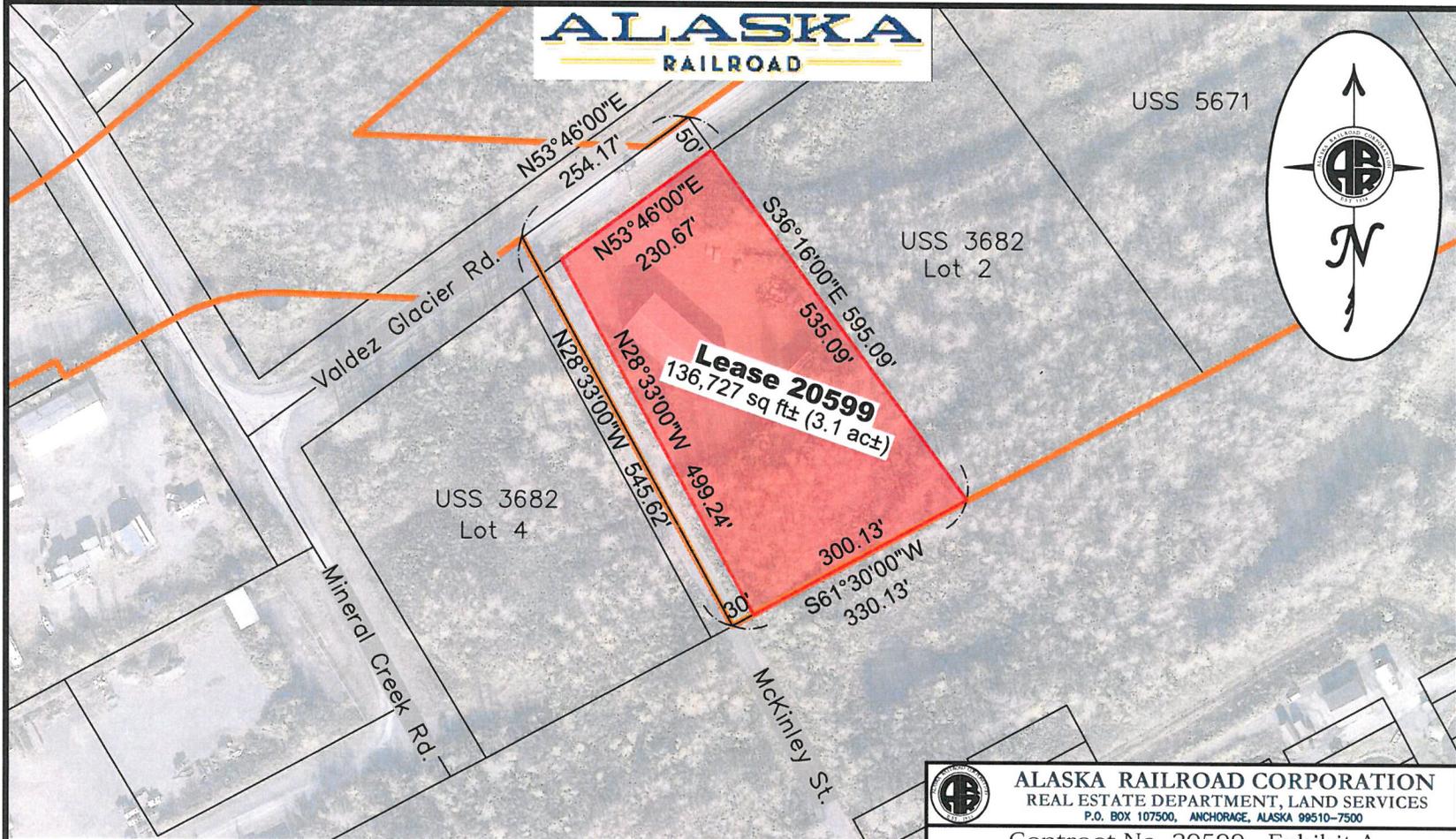
LEGAL REVIEW: Yes

INTENDED USE: Storage yard

SUMMARY AND RECOMMENDATIONS: Lessee's current lease expires on September 30, 2020, and Lessee is requesting a new lease for Twenty (20) years. Lessee wants to continue to use this property for a storage yard. Approval is recommended.

APPROVED: _____ **Board Meeting Date:** _____

Jennifer Haldane
ARRC Board Secretary



USS 5671

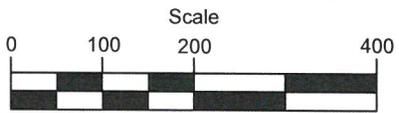
USS 3682 Lot 2

USS 3682 Lot 4

Valdez Glacier Rd.

Mineral Creek Rd.

McKinley St.



1 Inch = 200 Feet

The meridian of this exhibit is based on U.S. Survey 3682.

For indexing purposes this property is located in the N1/2 Sec. 3, T9S, R6W, C.R.M.

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

Contract No. 20599 - Exhibit A
Winterhouse, Inc.

Area = 136,727 sq ft ± (3.1 ac ±)

ARRC title - Patent 50-2005-0239 - USS 3682, Lot 3

DRAWN BY:	AMB	SCALE: 1" = 200'	DATE: 2020-08-06
CHECKED BY:	DAS	Valdez Terminal Reserve	
APPROVED BY:	DAS		
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LEASE SUMMARY

LESSEE: Nordlys, LLC

CONTRACT NO: 20467

LEASE DESCRIPTION: Talkeetna Reserve – Approximately 361,636 sq. ft. (8.30 acres) located along the Talkeetna River, within the Talkeetna Railroad Reserve of U.S. Survey 1260, Sec. 24, T26N, R5W, Seward Meridian

KEY CONTRACT PROVISIONS:

Estimated Effective Date: February 15, 2021

Lease Term: Five (5) years

Option to Extend: Three (3) Five (5)-year options exercisable by Nordlys

Lease Area: Approx. 361,636 sq.ft.

Base Annual Rent: Lease years 1-2 annual rent is \$50,000 or 10% of gross revenue, whichever is higher.

Prior Annual Rent: N/A

Rental Rate: 8% rental rate; calculation of actual rent for lease years 1-5 is reflected below

Rent Adjustment: Lease years 3-5 annual rent is \$75,000 or 10% of gross revenue, whichever is higher. If one or more optional extensions are exercised, the annual base rent will be adjusted, if necessary, to ensure 8% rental rate.

PUBLIC NOTICE: Yes, public comment period expires September 24, 2020. Public notice and opportunity also was completed in 2019 when the Board initially approved a lease for Nordlys.

LEGAL REVIEW: Yes

INTENDED USE: Hospitality and Support Services.

SUMMARY AND RECOMMENDATIONS: The Board initially reviewed and approved a request by Nordlys, LLC in 2019 for a lease in support of this project. That lease was not executed and Nordlys' plans for the project have since been significantly affected by the adverse impact of the COVID-19 on the Alaska tourism industry. Nordlys originally planned to construct 10 temporary dome structures to house its guests in 2020 with potential expansion to up to a total of 28 dome structures. Initial investment by Nordlys is anticipated to be \$1,750,000. Nordlys further anticipates guests using rail for at least one direction to or from Talkeetna as part of the travel experience package. The Board approved initial lease at its March 28, 2019 meeting, but while that lease agreement was pending signature by Nordlys, the pandemic caused it to revise its plans for 2020 and to decrease its guest forecast for the initial 2 years of the lease term. Because of these unforeseen changes, Nordlys has requested a new five (5) year ground lease with slightly adjusted rent terms, but still with three (3) five (5)-year extension options as was the case

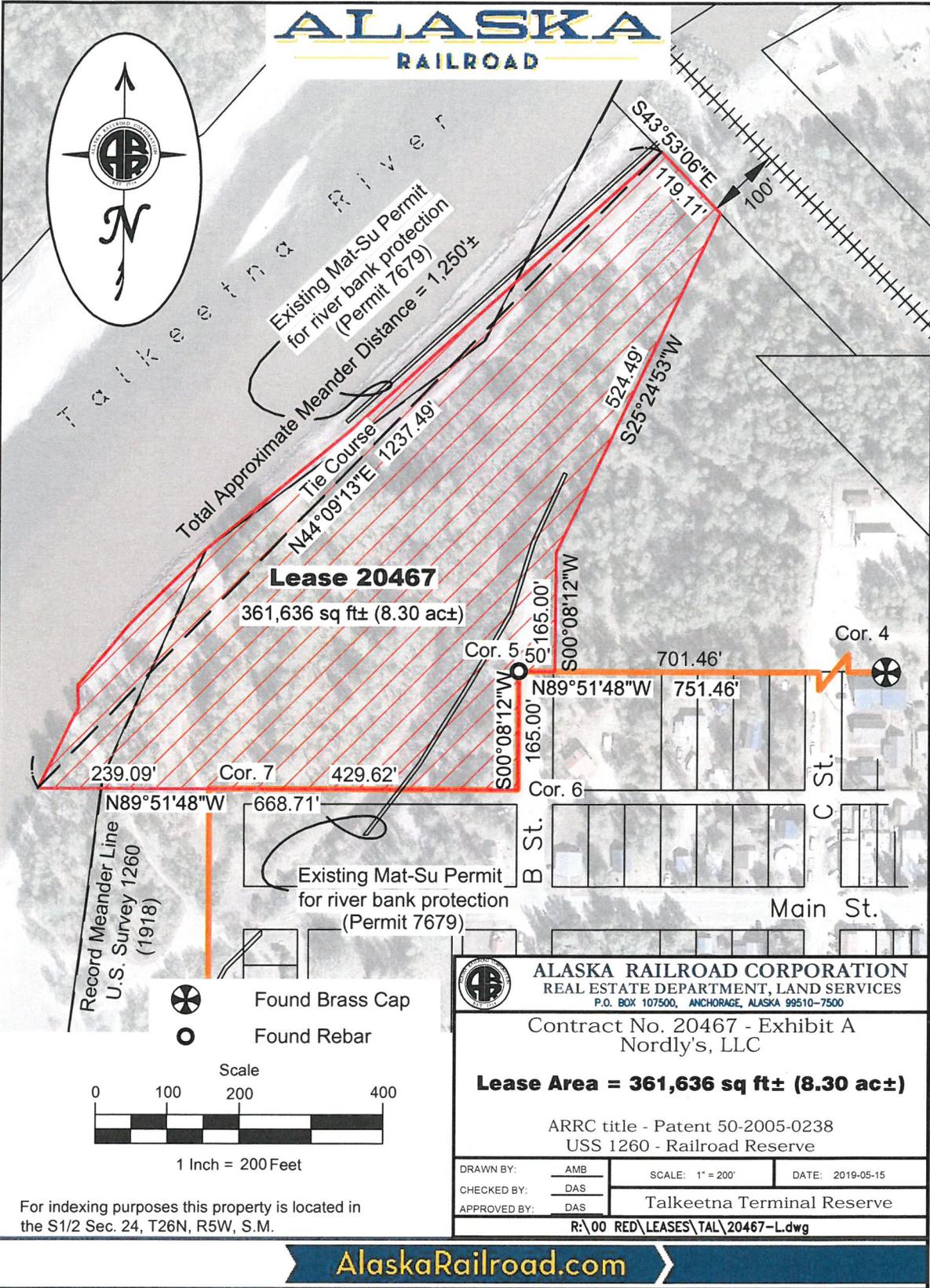
with the originally approved lease. The requested lease would commence effective February 15, 2021. Annual rent will include a floor amount of \$50,000 in lease years 1-2 and \$75,000 in lease years 3-5, but will revert to ten percent (10%) of Nordlys' annual gross revenues from the project in any lease year when such annual gross revenues exceed the applicable annual rent floor. For comparison, under the originally-approved lease, the annual rent floor was \$50,000 in lease year 1 and increased to \$75,000 for lease years 2 through 5. Approval is recommended.

APPROVED: _____ **Board Meeting Date:** _____

Jennifer Haldane
ARRC Board Secretary

DRAFT

ALASKA RAILROAD

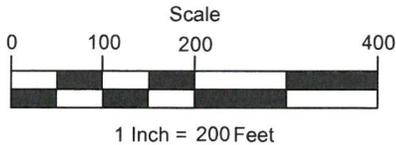


Lease 20467

361,636 sq ft± (8.30 ac±)

Record Meander Line
U.S. Survey 1260
(1918)

-  Found Brass Cap
-  Found Rebar



For indexing purposes this property is located in the S1/2 Sec. 24, T26N, R5W, S.M.

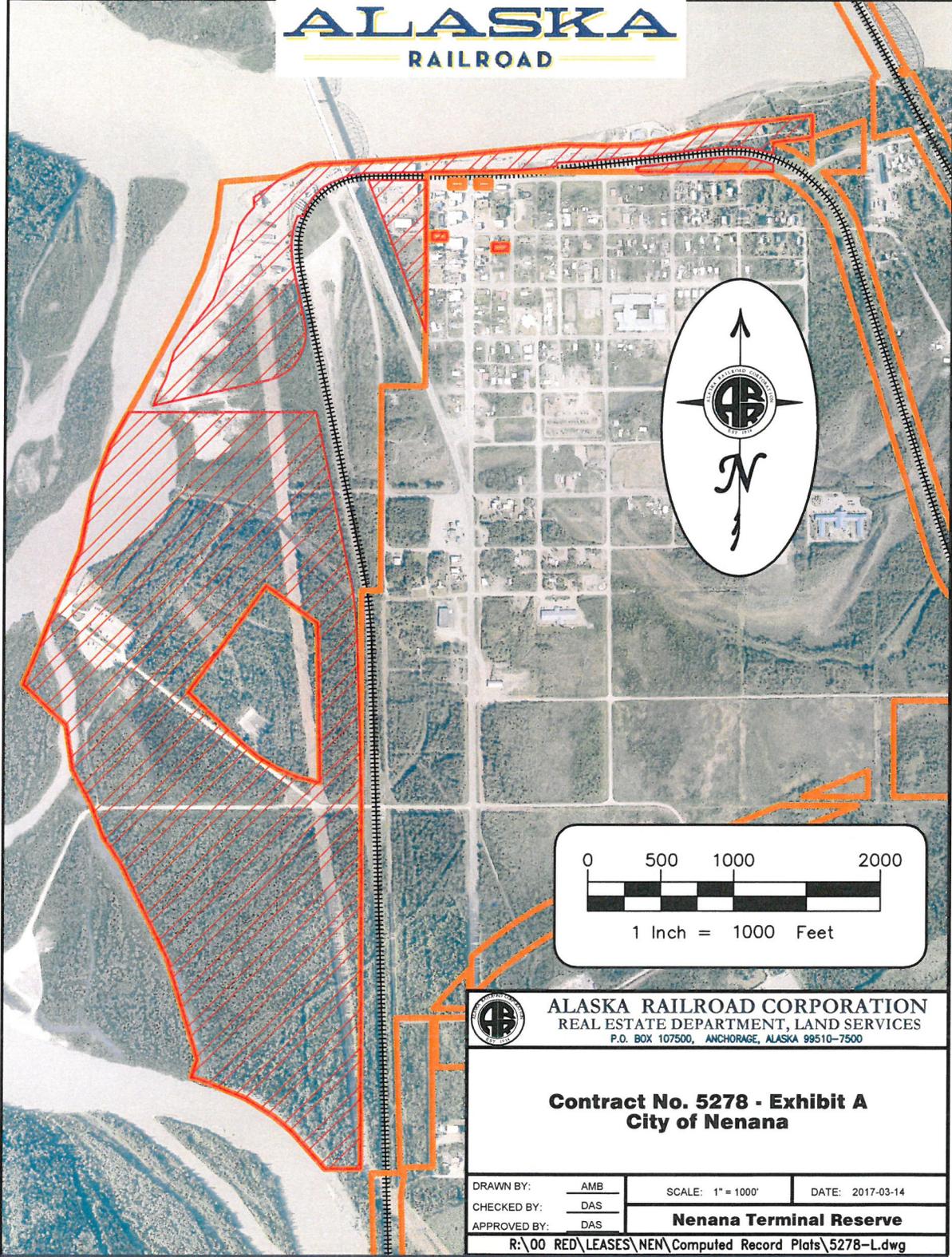
 ALASKA RAILROAD CORPORATION REAL ESTATE DEPARTMENT, LAND SERVICES <small>P.O. BOX 107500, ANCHORAGE, ALASKA 99510-7500</small>		
Contract No. 20467 - Exhibit A Nordly's, LLC		
Lease Area = 361,636 sq ft± (8.30 ac±)		
ARRC title - Patent 50-2005-0238 USS 1260 - Railroad Reserve		
DRAWN BY: AMB CHECKED BY: DAS APPROVED BY: DAS	SCALE: 1" = 200' Talkeetna Terminal Reserve	DATE: 2019-05-15
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Land Transactions Log

	Date Received	Lot No.	Offer Price	Status/Estimated Closing Date	Net Proceeds	Document Status
Chena	3/21/2018	L21	\$ 76,508.25	Closed August 28, 2018	\$ 76,018.28	Recorded August 30, 2018
Chena	7/13/2018	L22	\$ 100,165.00	Closed September 26, 2018	\$ 94,344.81	Recorded September 26, 2018
Chena	7/17/2018	L18	\$ 79,365.00	Closed August 9, 2018	\$ 74,724.75	Recorded August 13, 2018
Chena	7/26/2018	L14	\$ 52,830.00	Closed September 13, 2018	\$ 49,638.06	Recorded September 13, 2018
Chena	7/26/2018	L15	\$ 80,340.00	Closed September 13, 2018	\$ 75,641.31	Recorded September 13, 2018
Chena	8/15/2018	L19&20	\$ 161,460.00	Closed September 11, 2018	\$ 152,387.62	Recorded September 11, 2018
Chena	10/9/2018	L16&17	\$ 112,622.50	Closed November 21, 2018	\$ 112,001.50	Recorded November 21, 2018
Chena	8/14/2019	L6	\$ 42,655.00	Closed August 14, 2019	\$ 42,655.00	Recorded August 22, 2019
Chena	8/26/2019	L5	\$ 99,825.00	Closed September 23, 2019	\$ 93,579.25	Recorded September 23, 2019
Chena	5/20/2020	L7	\$ 75,000.00	Closed June 24, 2020	\$ 71,855.87	Recorded June 29, 2020
Chena	7/23/2020	L23	\$ 53,000.00	Closed August 28, 2020	\$ 53,000.00	Recorded August 31, 2020
Port of Alaska			\$ 1,500,000.00		\$ 1,497,679.29	Recorded November 19, 2019
Otto Lake - AK Tourism						
Phase I			\$ 400,000.00	Closed December 31, 2018	\$ 400,000.00	Assignment recorded 11/13/18- Amended Purchase and Sale Leasing Agreement and Exhibits signed 11/21/18 - Quit Claim Deed and Lease Termination signed 12/31/18 Recorded 1/9/19
Phase II				Corrective Legislation signed August 16, 2019 - received signed bill September 12, 2019		Notice of Termination recorded 10/7/19 - Quit Claim Deed recorded 10/7/19
Tri-Valley-Usibelli			\$ 604,000.00	October 19, 2018	\$ 601,262.30	Recorded and funds distributed 10/22/18
Eklutna/Parcel C Exchange			Exchange	Eklutna reviewing documents		Draft exchange document provided to Eklutna for review
49th State Building Purchase			\$ 1,000,000.00	Signed August 28, 2018	\$ 1,000,000.00	Recorded August 28, 2018
Total					\$ 4,394,788.04	

Pending Sales		Location	Offer Price	Status/Estimated Closing Date	Net Proceeds	Document Status
Neighborworks		Government Hill	\$ 2,600,000.00	Plat Pending - September '20	\$ 2,550,000.00	Tentative Platting Board Hearing 7/1/20
Chena Landings L23						
Total					\$ 6,944,788.04	

ALASKA RAILROAD



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

Contract No. 5278 - Exhibit A
City of Nenana

DRAWN BY:	AMB	SCALE: 1" = 1000'	DATE: 2017-03-14
CHECKED BY:	DAS	Nenana Terminal Reserve	
APPROVED BY:	DAS		
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