

ALASKA RAILROAD

BOARD OF DIRECTORS REGULAR Board Meeting

Wednesday, February 7, 2024
Commencing at 9:00 a.m. in person at
327 West Ship Creek Avenue, Anchorage, Alaska 99501

&

Join Zoom Meeting

<https://us02web.zoom.us/j/81909806587?pwd=a00vUm1sVHpsVzZmb1pnYjFvTE9yUT09>

Meeting ID: 819 0980 6587 / Passcode: 624046



Dial-In by your nearest location to join by audio only

- +1 669 900 6833 US (San Jose)
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- +1 253 215 8782 US (Tacoma)
- +1 346 248 7799 US (Houston)
- +1 669 444 9171 US
- +1 386 347 5053 US
- +1 507 473 4847 US
- +1 564 217 2000 US
- +1 929 205 6099 US (New York)
- +1 301 715 8592 US (Washington DC)
- +1 305 224 1968 US
- +1 312 626 6799 US (Chicago)
- +1 360 209 5623 US

**ARRC BOARD OF DIRECTORS MEETING
AGENDA**

Wednesday, February 7, 2024 ~ 9:00 a.m. - 2:00 p.m.
327 West Ship Creek Avenue, 3rd Floor, Anchorage, Alaska 99501
[Zoom Virtual Meeting Room](#)

- 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 Regular Meeting Minutes of November 14, 2023](#)
 - 2. [Approval of Special Meeting Minutes of January 23, 2024](#)
- 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. Audit Committee
- XI. NEW BUSINESS
 - C. **Executive Session Briefings**
 - 1. Contracts, Claims, Litigation, Personnel and Financial Matters
 - 2. 2022-2023 South End Passenger Service Performance Audit
 - 3. Legislative Strategy
 - 4. Seward Dock Update
 - 5. Business Development Report
 - D. **Adoption of Consent Agenda**
 - 1. [Resolution No. 2024-02 – Relating to Approval of the Combined 2022-2023 South End Passenger Service Performance Audit](#)
 - 2. [Resolution No. 2024-03 – Relating to Approval of the Topic for the 2024-25 Performance Audit](#)
 - 3. [Resolution No. 2024-04 – Second Amendment to the 457 Deferred Compensation Plan – Elimination of the First Day of the Month Rule](#)
 - 4. [Resolution No. 2024-05 – Relating to Approval of the First Amendment to the Alaska Railroad Corporation 401\(k\) Tax Deferred Savings Plan for Represented Employees \(UTU Rollover Contribution Sources\)](#)
 - 5. [Resolution No. 2024-06 – Relating to the Approval of the First Amendment to the Alaska Railroad Corporation Tax Deferred Savings Plan for Non-Represented Employees \(Employer Matching Contributions\)](#)
 - 6. [Contract No. 20993 Atlas Tower 1, LLC \(Portage\)](#)
- XII. OPPORTUNITY FOR PUBLIC COMMENT/DIRECTORS/CEO/STAFF COMMENTS
- XIII. ADJOURNMENT

November 14 2023 REGULAR Board Meeting Minutes

ALASKA RAILROAD CORPORATION MINUTES OF THE REGULAR BOARD OF DIRECTORS MEETING

Anchorage, Alaska
Tuesday, November 14, 2023

I. CALL TO ORDER

Board Chair John Shively called the meeting to order at 9:03 a.m. on Tuesday, November 14, 2023. The meeting was held in person at 327 West Ship Creek Avenue, Anchorage, Alaska 99501 with a virtual option available via Zoom technology.

II. ESTABLISH QUORUM

Chair Shively requested that Board Secretary Jennifer Mergens establish a quorum. Director John Binkley; Vice Chair Judy Petry; Director Gale Dinsmore; Commissioner, Department of Transportation & Public Facilities, Ryan Anderson; and Commissioner, Department of Commerce Community and Economic Development, Julie Sande were all in person. Director John Reeves participated virtually.

Ms. Mergens established a quorum of the full Board.

Staff members present:

J. Bennett, Chief Special Agent	A. Behrend, Chief Counsel
T. Covington, Director, Safety	C. Hopp, Chief Operating Officer
J. Mergens, Chief Human Resources Officer	L. Hall, Executive & Corporate Administrator
C. Terry, VP Real Estate	B. Lindamood, VP Engineering/Chief Engineer
L. Knox, Director Strategic & Financial Planning	M. Clemens, Director, External Affairs
A. Kinnaman, Controller	D. Wade, VP Marketing & Customer Service
B. Fleischer, Director, Technology	C. Clarke, Corporate Communications Officer
J. Garner II, Superintendent, Transportation	C. Isabelle-Glover, Director, Grants Administration
M. Maddox, Chief Financial Officer	T. Erickson, Director Supply Management
R. Traini, Director, Employment Practices	Y. Teytelman, Senior Attorney
B. O'Leary, President & Chief Executive Officer	P. Volmer, ARRC Terminal Operations

Guests and members of the public:

John Springsteen, Development Advisor, Office of the Governor
Justin Therriault
Cynthia Wentworth
Karen Button

III. SAFETY BRIEFING

Mr. Covington briefly discussed the safety program Work Like You're Hurt.

IV. CHAIR COMMENTS

Chair Shively complimented staff for their hard work developing the 2024 budgets and five-year capital plan.

V. ADOPTION OF AGENDA

Vice Chair Petry moved to adopt the agenda. Director Dinsmore seconded the motion. There was no discussion, and the meeting agenda was adopted as presented.

VI. CONFLICT OF INTEREST DISCLOSURES

No members stated any conflict of interest.

VII. ADOPTION OF MINUTES

Director Binkley moved to approve the Regular Board Meeting minutes of September 22, 2023. Director Dinsmore seconded the motion. No changes or objections were noted, and the meeting minutes were unanimously approved.

VIII. OPPORTUNITY FOR PUBLIC COMMENT

Cynthia Wentworth spoke in support of commuter rail and the Alaska State Fair Train.

Justin Therriault stated his support for the extension of the Fish Creek Trail project.

Karen Button spoke in support of the extension of the Fish Creek Trail and in support for the return of the Alaska State Fair Train.

IX. BRIEFING ITEMS

A. Public Briefings

1. CEO Update

Mr. O'Leary recapped events and activities celebrating the railroad's centennial year, noting the year will finish with employee town hall meetings and holiday celebrations. He said that staff will present to the State House Transportation Committee on November 20. Mr. O'Leary shared that in 2023 ARRC experienced an increase in passenger traffic and record volume for the ARMS barge business, and that ARRC forecasts net income of \$35 million for the year.

He said ARRC anticipates continued growth of passenger, freight, and interline business services through 2024.

Mr. O’Leary concluded his presentation with a review of the twelve Consent Agenda items before the Board.

2. Safety Report

Mr. Covington reviewed safety statistics YTD through October 2023 and as compared to 2022.

Vice Chair Petry asked if there was a trend in the type of injuries or departments incurring injuries. Mr. Covington stated that soft tissue injuries and slip-and-fall incidents continue to be most prevalent. Mr. Hopp noted that the severity level of injuries is still in decline, which is impressive considering the increased amount of overtime worked during a very busy year.

3. 2024 Operating and Capital Budgets; 5-Year Capital Plan

Ms. Maddox presented the 2024 Operating and Capital Budgets and 5-year plans. She shared that ARRC is expecting steady growth in freight and passenger business lines, driving an expected 6.2% growth in operating revenues and a 5.2% increase in operating expenses. Ms. Maddox said the capital budget for 2024 is \$107.5 million. She noted that detailed information relating to the 2023 forecast, the 2024 proposed budgets, the pension and healthcare plans, and the 5-Year Capital Plan were set out in the Board meeting materials. Mr. O’Leary stated that upon Board approval of the 2024 budgets and 5-Year Capital Plan, the latter would be shared with the State of Alaska by December 1, 2023, as statutorily required.

B. Committee Reports

1. Real Estate Committee

Committee Chair Binkley stated that the meeting notes for the November 1 Real Estate Committee meeting were provided in the Board materials. Ms. Terry provided a short summary of the lease contracts recommended for Board approval.

2. Executive Committee

Chair Shively stated that the Executive Committee met on November 1, and reminded the Board that the notes from the meeting are confidential and were included in Board meeting materials.

3. Audit Committee

Vice Chair Petry said the Committee met on November 13. She shared that the notes from the meeting are confidential and were emailed to Board members. Vice Chair Petry stated the Committee recommended a review of ARRC’s intermodal business as the 2024 Annual Performance Audit topic.

4. Safety Committee

Committee Chair Dinsmore stated that the Committee also met on November 1, and discussed 2023 safety statistical data as well as safety goals for 2024.

X. NEW BUSINESS

C. Executive Session Briefings

Vice Chair Petry moved to have the Board recess to Executive Session to discuss executive session agenda items. Director Dinsmore seconded the motion. There was no further discussion or objection, and the motion was approved. The Board convened to Executive Session at approximately 10:53 a.m. to discuss the following:

1. Contracts, Claims, Litigation, Personnel and Financial Matters
2. Northern Rail Extension
3. Seward Passenger Dock Project

Chair Shively called the meeting back into public session at 12:47 p.m.

D. Adoption of Consent Agenda

Director Dinsmore made a motion to adopt the 12 items listed in the Consent Agenda. Vice Chair Petry seconded the motion.

1. Resolution No. 2023-26 -- Relating to Approval of the 2024 Operating, Pension Trust and Alaska Railroad Corporation Health Care Trust Budgets
2. Resolution No. 2023-27 -- Relating to Approval of the 2024 Capital Budget and AFE Nos. 11187, 11188, 11189, 11190, 11191, 11192, 11193, 11194, 11195, 11196, 11197, 11198, 11200, 11201, 11202, 11203, 11204, 11205 and 11206
3. Resolution No. 2023-28 -- Relating to the 2024 Five-Year Capital Improvement Plan
4. Resolution No. 2023-29 -- Relating to a Funding Increase for the Replacement of Bridge 25.7 (AFE No. 10890 S-1)
5. Resolution No. 2023-30 -- Relating to a Funding Increase for the Locomotive 4321 Engine Overhaul Project (AFE No. 11082 S-1)
6. Resolution No. 2023-31 -- Relating to an Increase in Funding for Purchase of Real Property in Portage, Alaska (AFE No. 11178 S-1)
7. Resolution No. 2023-32 -- Relating to an Increase in Funding for the Vital Functions Project in Support of the Positive Train Control Program (AFE No. 10675 S-2)
8. Resolution No. 2023-33 -- Relating to Administrative Change to Provide Additional Clarity to Scope of Preconstruction Work Related to Seward Passenger Dock Reconstruction (AFE No. 11041 A-1)
9. Resolution No. 2023-34 -- Relating to Administrative Correction of Resolution No. 2022-23
10. Contract # 20989 -- Sunset Properties (Anchorage)

11. Contract # 20991 - Aurora Energy (Fairbanks)
12. Contract # 20992 - Halliburton (Fairbanks)

There was no further discussion or objection, and all twelve Consent Agenda items were unanimously approved.

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

Mr. O'Leary commended Ms. Maddox and her staff for all the work that went into preparing the 2024 budgets. Director Binkley commented that 2023 has been the most successful year he has seen in his time on the Board. Chair Shively stated that with the anticipated revenue numbers and capital project plans, the biggest challenge will be managing and balancing the growth.

XII. ADJOURNMENT

Chair Shively entertained a motion to adjourn. Director Binkley so moved, and Director Dinsmore seconded. The meeting adjourned at 12:54 p.m.

2024 Jan 23 Special Board Meeting Minutes

**ALASKA RAILROAD CORPORATION (ARRC)
MINUTES OF THE SPECIAL BOARD OF DIRECTORS MEETING**

**Anchorage, Alaska
Tuesday, January 23, 2024**

I. CALL TO ORDER

Board Chair John Shively called the special meeting to order at 8:30 a.m. on Tuesday, January 23, 2024. This special meeting was called for the specific purpose of discussing and, if deemed appropriate, taking action to authorize management staff to obtain financing for previously approved purchases of locomotives and flat cars under AFE Nos. 11190 and 11083.

II. ESTABLISH QUORUM

Chair Shively requested Board Secretary Jennifer Mergens establish a quorum. Vice Chair Judy Petry, Director John Binkley, and Director John Reeves were present at the start of the meeting.

An initial quorum of four members was established by Ms. Mergens. Director Dinsmore joined at approximately 8:32 a.m., resulting in a quorum of five directors.

Staff members present:

A. Behrend, Chief Counsel	M. Maddox, Chief Financial Officer
C. Hopp, Chief Operating Officer	B. Lindamood, VP, Chief Engineer
L. Knox, Director Financial Planning & Analysis	J. Mergens, Chief Human Resources Officer
A. Kinnaman, Controller	L. Hall, Executive & Corporate Administrator
B. O'Leary, President & Chief Executive Officer	C. Terry, VP Real Estate
	M. Clemens, Director, External Affairs
	D. Wade, VP Marketing & Customer Service

Guests:

John Springsteen, State Corporation Liaison, Office of the Governor

III. ADOPTION OF AGENDA

Vice Chair Petry moved to adopt the special meeting agenda as presented, and Director Binkley seconded the motion. There was no discussion and the agenda was adopted.

IV. CONFLICT OF INTEREST DISCLOSURES

No member disclosed any conflicts of interest related to the agenda items.

V. OPPORTUNITY FOR PUBLIC COMMENT

No member of the public provided comments.

VI. NEW BUSINESS

1. Resolution No. 2024-01 – Relating to an Authorization to Finance Previously Approved Purchases of Locomotives and Flat Cars

Ms. Maddox noted that of the seven financial institutions contacted to solicit offers, five offers were received. ARRC management determined that JP Morgan Chase Bank provided the most favorable financing terms, and recommends that financing offer for approval.

Director Binkley moved to approve Resolution No. 2024-01 and Vice Chair Petry seconded. There was no further discussion or objection, and the motion was unanimously approved.

VII. OPPORTUNITY FOR PUBLIC COMMENT/STAFF COMMENTS/DIRECTORS (For Agenda Items Only)

No member of the public provided comments.

VIII. ADJOURNMENT

Director Binkley moved to adjourn. Vice Chair Petry seconded the motion. The meeting was adjourned at 8:36 a.m.

X. BRIEFING ITEMS

A. PUBLIC BRIEFINGS

ITEM 1: CEO Update

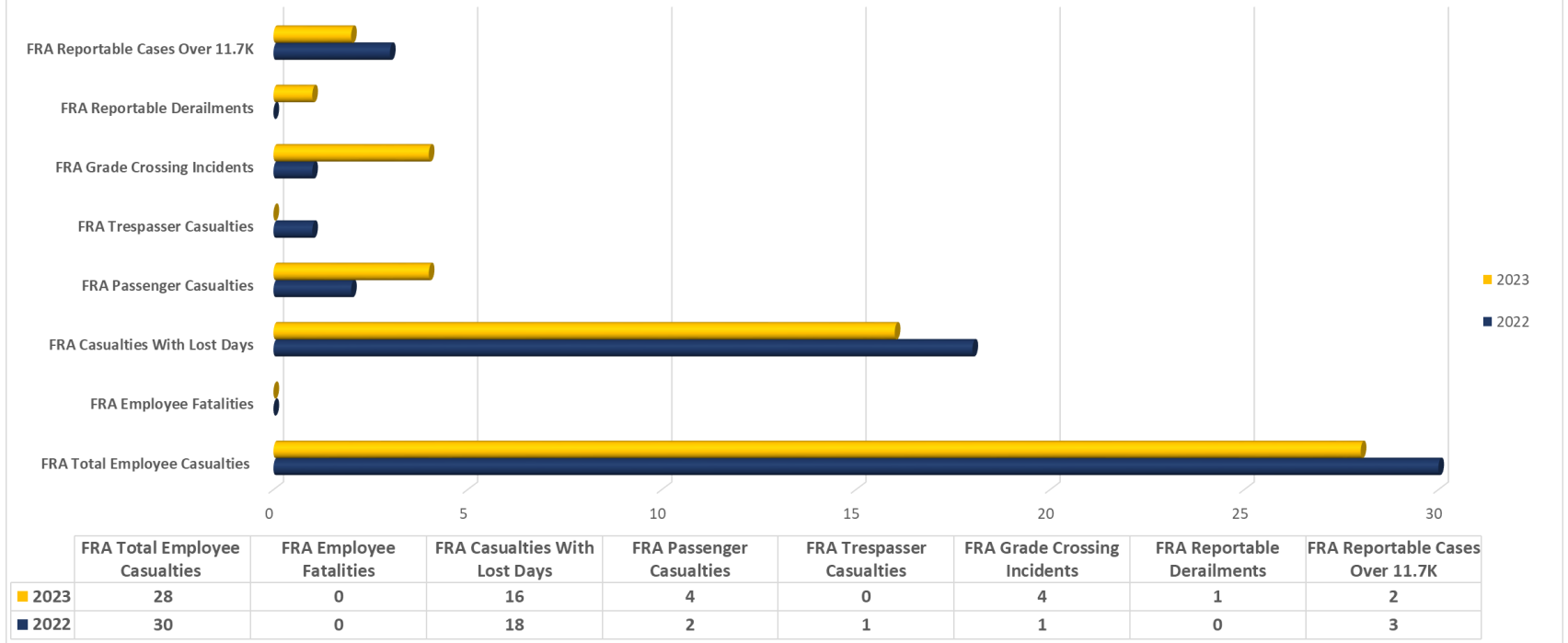
**Update will be verbally presented
at the Board Meeting**

Year-End ARRC BOD Safety Update



Safety Report

FRA Safety Data
2022 Vs. 2023 End Of Year



	FRA Total Employee Casualties	FRA Employee Fatalities	FRA Casualties With Lost Days	FRA Passenger Casualties	FRA Trespasser Casualties	FRA Grade Crossing Incidents	FRA Reportable Derailments	FRA Reportable Cases Over 11.7K
■ 2023	28	0	16	4	0	4	1	2
■ 2022	30	0	18	2	1	1	0	3

FRA Casualty Rate

2022 4.6
2023 4.0 (4.2 goal)

Lost Time Rate

2022 2.8
2023 2.1 (2.5 goal)

Lost Work Days

2022 610
2023 336

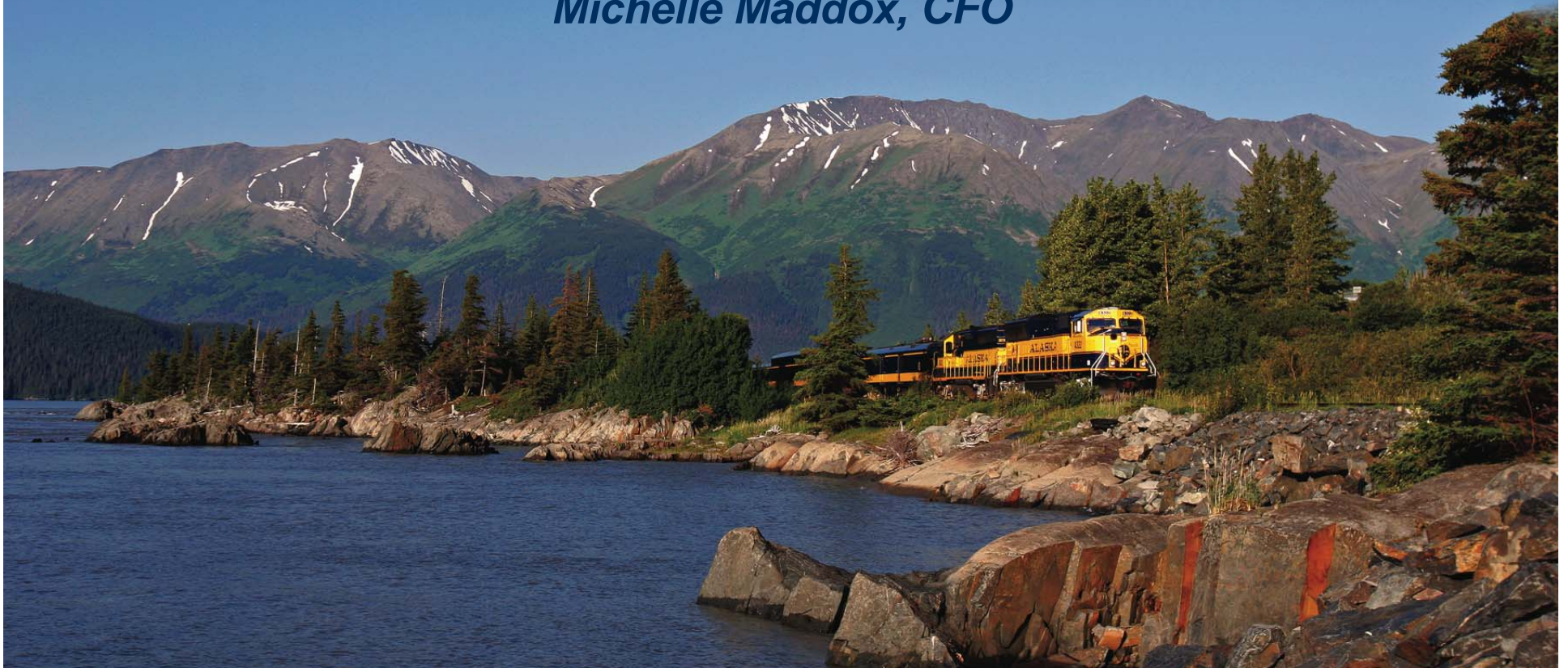
Restricted Work Days

2022 224
2023 670

YTD November Business Results

February 7, 2024

Michelle Maddox, CFO



[AlaskaRailroad.com](https://www.alaskarailroad.com)



YTD November 2023 Executive Summary

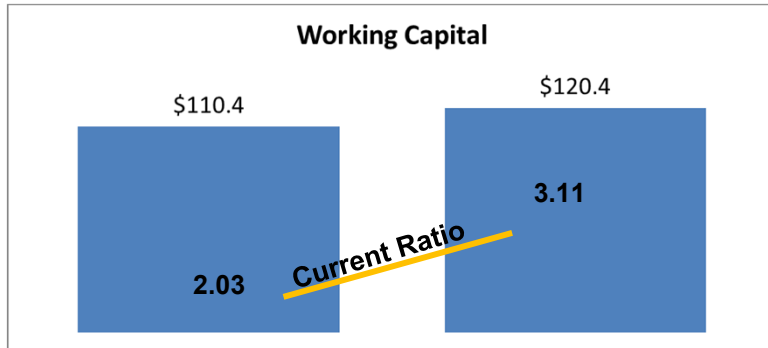
- **YTD net income of \$23.3 million exceeding revised budget by \$3.6 million.**
- *Freight revenue exceeded revised budget by \$3.4 million, or 3%*
 - *Out-performance is primarily due to ARMs business line which is 11% over revised budget*
- *Passenger revenue out-performed revised budget by \$2.0 million, or 4%*
 - *The Denali Star service came in 13% over revised budget, leading the outperformance of the category*
- *Operating expenses came in over revised budget by \$6.9 million, or 5%*
 - *Primarily due to Materials & Supplies, Contracts & Services, Barge Expense, and Locomotive Fuel all coming in over revised budget*
- *Real Estate net revenue out-performed revised budget by \$2.3 million, or 13%*
 - *Driven by out-performance in all revenue categories and lower expenses than in revised budget*
- *Other revenue out-performed revised budget by \$2.8 million, or 186%*
 - *Driven by gain on sale of assets and higher interest income than in revised budget*
- **ARRC cash balance and total debt were \$88.3 million and \$12.3 million, respectively, and net working capital was \$120.4 million.**



Financial Position

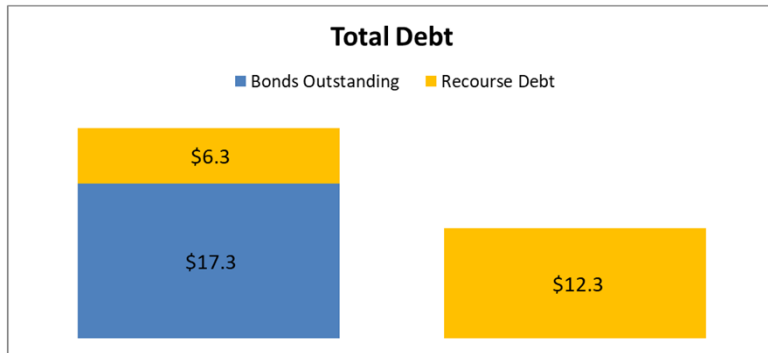
at November 30, 2023

(\$ millions)



11/30/2022

11/30/2023



11/30/2022

11/30/2023

- Continuing to maintaining strong liquidity at over 3.0x current assets to current liabilities
- Decrease in year-over-year total debt as ARRC, increase in recourse debt year-over-year
 - Final principal payment for 2015B series bonds was made on August 1, 2023
 - ARRC issued new 2022 Vehicle and Equipment Debt in Dec 2022
- ARRC's trailing 12-month cash flow and leverage ratios increased on a year-over-year basis
 - *debt-to-cash flow ratios are a measure of the company's ability to repay its debt from cash flow generated by the business. For prior year, we have adjusted the Total Debt ratio to reflect only 20% of the bonds par value outstanding.*

	11/30/2022	11/30/2023
Recourse Debt / EBITDA	0.11x	0.19x
Total Debt (net of grant revenue) / EBITDA	0.16x	0.19x

Note: Total Debt includes ARRC FTA bonds but excludes unamortized bond premium



YTD November 2023 Freight Revenue Performance

FREIGHT REVENUE

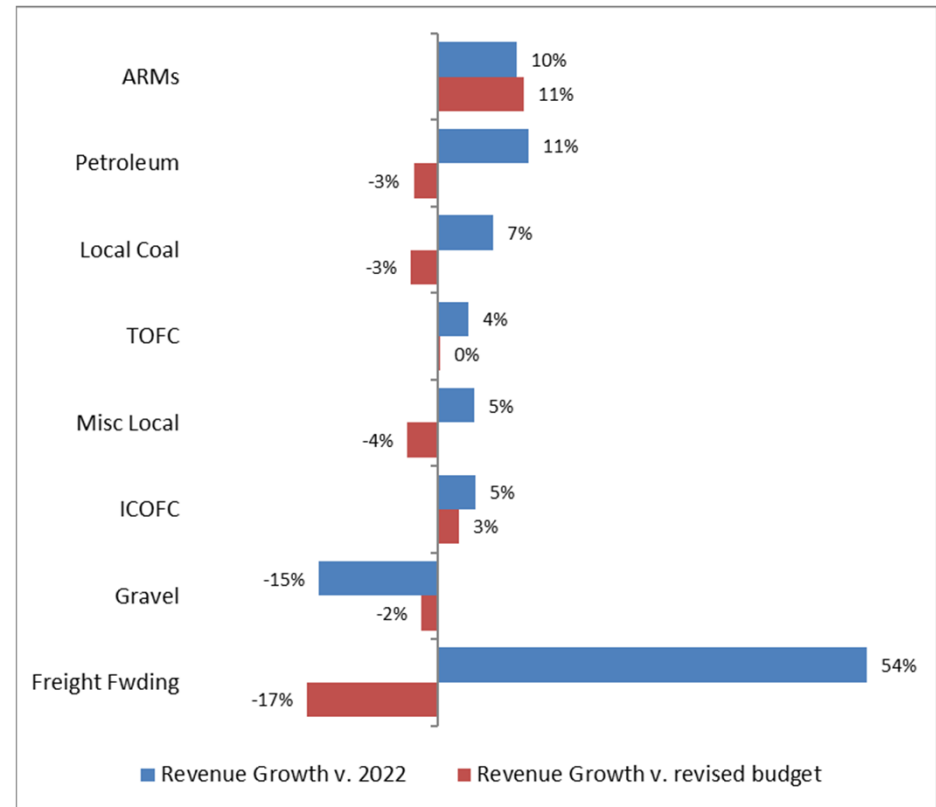
(net of fuel surcharge)

+ 3% v. revised budget

+ 7% v. 2022

- Units: down 13% v. 2022
down 4% v. revised budget
- Freight Revenue per unit:
 - up 24% v. 2022
 - up 7% v. revised budget
- *Most business lines out-performed 2022 with the exception of gravel*
- *Interline business out-performed revised budget, while other business lines under-performed revised budget*

Freight revenue variance



YTD November 2023 Passenger Revenue Performance

PASSENGER REVENUE

+ 4%

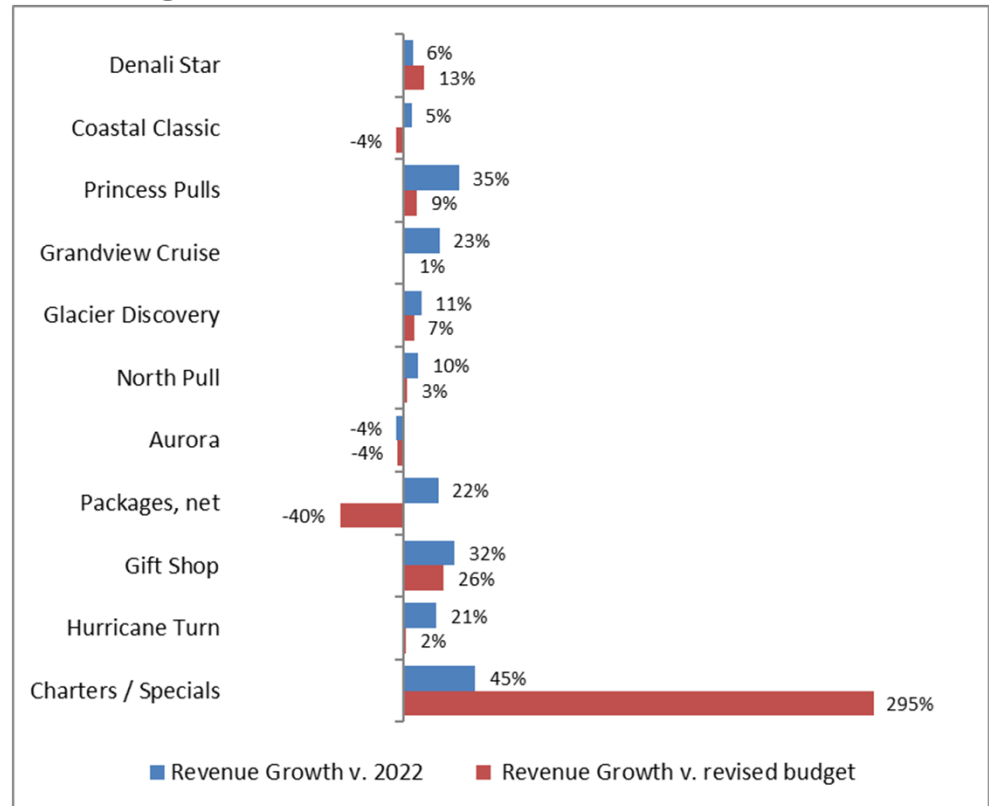
v. revised
budget

+ 11%

v. 2022

- ARRC Ridership: up 2% v. 2022
down 1% v. revised budget
- Revenue per ARRC passenger:
up 4% v. 2022
up 5% v. revised budget
- *Yield and ridership is higher than in 2022, yield was higher than revised budget but ridership was slightly lower than revised budget*
- *Combined Cruise Ship Pulls and Cruise Train revenue out-performed 2022 by 27% and revised budget by 6%*

Passenger revenue variance



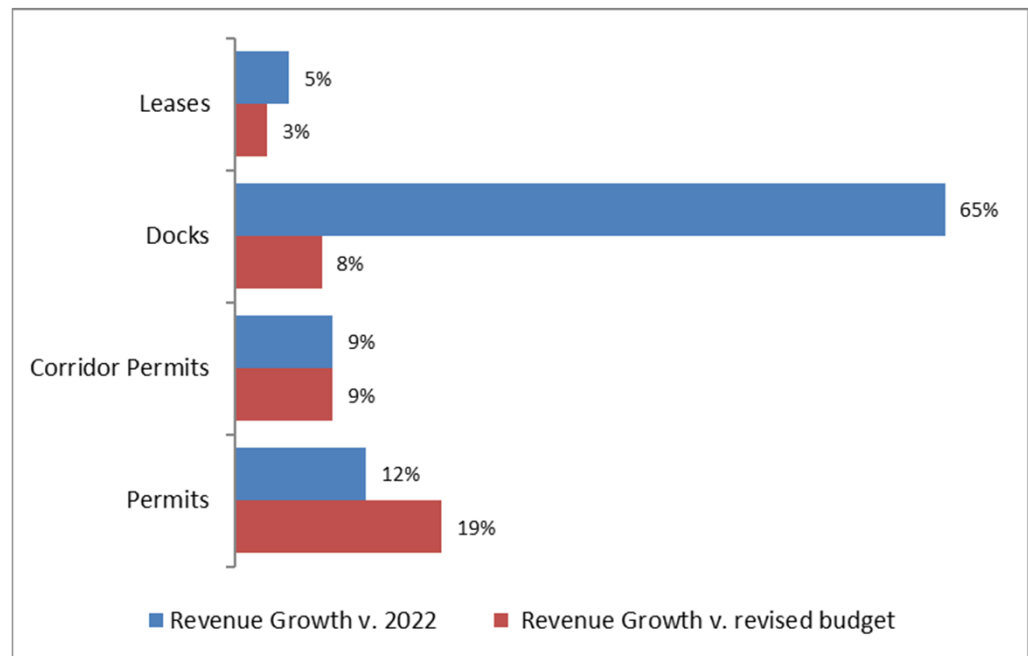
YTD November 2023 Real Estate Revenue Performance

REAL ESTATE REVENUE

+ 7% **+ 21%**
 v. revised budget v. 2022

- Top two categories of real estate revenue comprise 77% of total real estate revenue
- All Real Estate revenue categories outperformed revised budget and prior year, with the top out-performer being the Seward Docks

Real Estate revenue variance



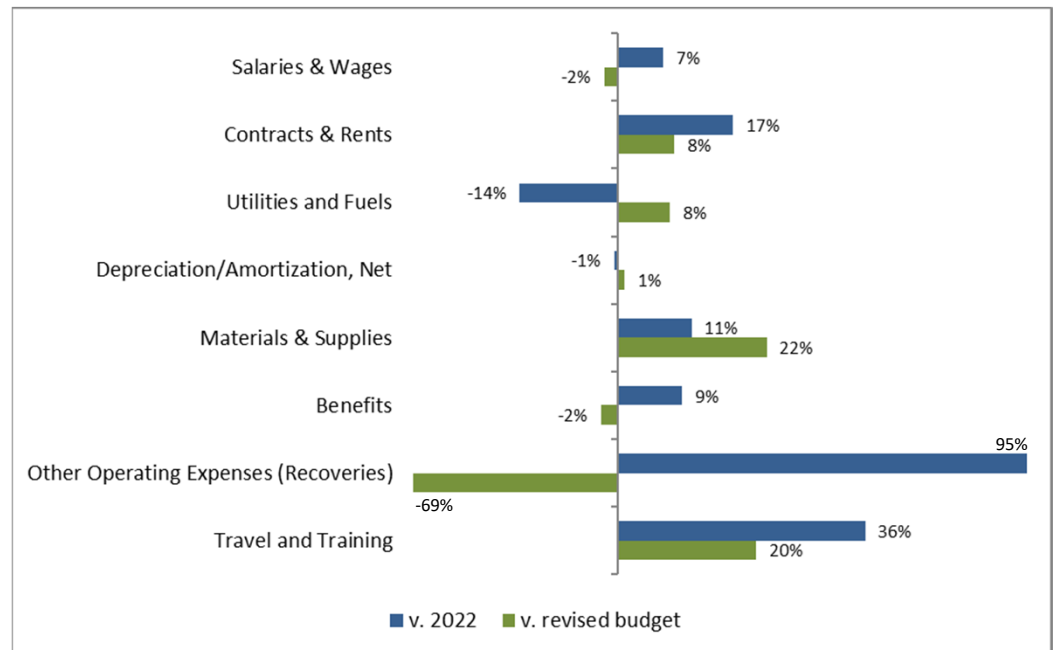
YTD November 2023 Operating Expense Performance

OPERATING EXPENSES

+ 5% v. revised budget
+ 9% v. 2022

- *Contracts and rents higher than revised budget and 2022 primarily due to additional contract expense directly related to increased revenue, CPI adjustments to contracts and new contract for temporary train crews*
- *Materials and supplies higher than revised budget and 2022 due to inflation*
- *Other Operating Expenses (Recoveries) larger expense than prior year due to higher equipment rates and usage, advertising, professional services, promotional and audit expenses*

Operating expense variance



YTD November 2023 Financial Performance

\$ millions

	YTD November 2023	YTD Revised Budget	Variance from budget	YTD November 2022	Variance from prior
Operating Revenues	\$ 160.4	\$ 154.9	\$ 5.4	\$ 147.9	\$ 12.5
Operating Expenses	\$ 162.0	\$ 155.1	\$ 6.9	\$ 148.4	\$ 13.6
Operating Income	\$ (1.6)	\$ (0.1)	\$ (1.5)	\$ (0.5)	\$ (1.1)
Real Estate, net	\$ 20.7	\$ 18.4	\$ 2.3	\$ 15.8	\$ 4.9
Other Income (Expense)	\$ 4.2	\$ 1.5	\$ 2.7	\$ 0.8	\$ 3.5
Net Income	\$ 23.3	\$ 19.7	\$ 3.6	\$ 16.1	\$ 7.2

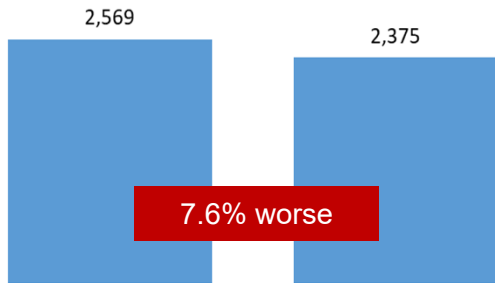
- *Operating revenue outperformed as compared to revised budget, due to outperformance of passenger revenue and freight revenue*
- *Operating expenses were over revised budget as well as over that of the prior year, driven primarily by contracts and rents, and materials and supplies.*
- *Real Estate net revenue out-performed revised budget and prior year*
- *Other Income (Expense) outperformed revised budget and prior year, due largely to more than expected interest income and gain on sale of assets*
- *As a result, Net Income (loss) outperformed revised budget and prior year*



YTD November 2023 Operating Highlights

Train Productivity

(GTM per train mile)

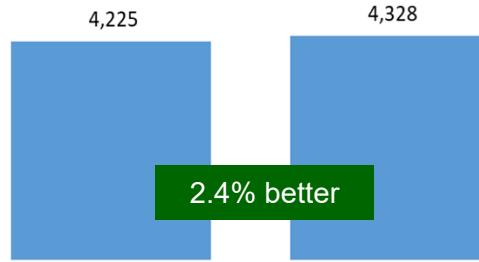


YTD
2022

YTD
2023

Average Train Length

(Freight trains only)

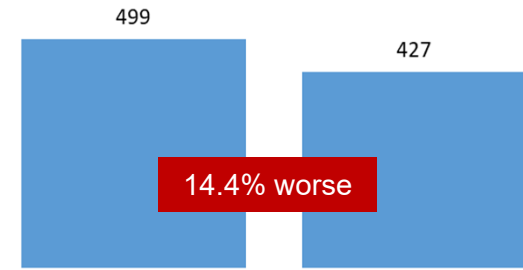


YTD
2022

YTD
2023

Locomotive Fuel Economy

(GTM per gallon)

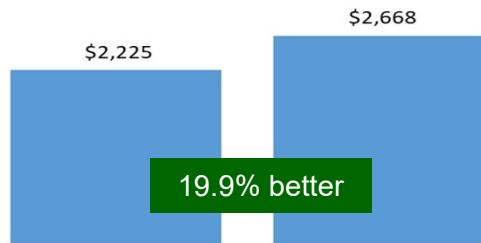


YTD
2022

YTD
2023

Freight Revenue per Carload

(net of FSG for all carload freight)

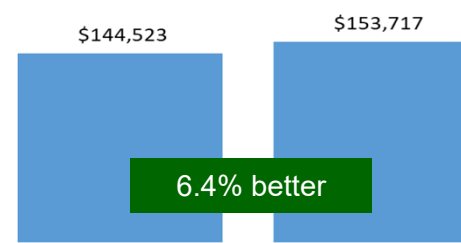


YTD
2022

YTD
2023

Average Revenue per Employee

(excludes grant and FSG revenue)



YTD
2022

YTD
2023



2023 Net Income Forecast

Net income forecast for 2023, given actual YTD November performance and latest revised budget for the remainder of the year, is \$37.3 million, which is \$3.9 million higher than the original budgeted net income for the year

- *Freight revenue forecast is \$2.9 million higher than reflected in original budget primarily due to the expected over-performance of ARMs*
- *Passenger revenue forecast is \$3.3 million over original budget primarily due to the expected out-performance of the Denali Star service*
- *Real Estate net revenue forecast is \$3.5 million over what was reflected in the original budget due to all revenue categories out-performing original budget*
- *Operating expense forecast is \$9.7 million over original budget due to CPI adjustments to existing contracts related to freight and passenger revenue business lines, a new contract for temporary train crews, and higher equipment usage costs, material and supplies expenses, and professional fees*
- *Other revenue forecast is \$3.9 million over original budget due to higher interest income earnings than expected and gain on sale of assets*



2024 January 23 Real Estate Committee Notes - Final



Alaska Railroad Corporation Board of Directors Real Estate Committee Notes

Date: January 23, 2024

Time: 9:00 a.m.

Location: Virtual Meeting

Board Members:

John Binkley, Committee Chair
John Shively, Committee Member
John Reeves, Committee Member
Judy Petry, Committee Member
TJ Dinsmore, Committee Member
Commissioner Ryan Anderson, Committee Member – excused
Commissioner Julie Sande, Committee Member

Staff present:

Christy Terry, Andy Donovan, Kristen Gratrix, Kellyan Taylor, Bill O’Leary, Jennifer Mergens, Dale Wade, Brian Lindamood, Amy Kinnaman, Kate Dueber, LaFewt Knox, Michelle Maddox, Andy Behrend, Clark Hopp, Jon Roder, Meghan Clemens, and Lorine Hall

Members of the Public present:

John Springsteen, Karen Button

Committee Chair Binkley called the meeting to order at 9 a.m.

Customer Communications:

Ms. Terry shared with the group that Big State Logistics has two new short term leases in Fairbanks which staff is working on.

Ms. Terry provided an update regarding the application by J.L. McCarrey III, Barbara N. McCarrey, Kristin McCarrey & Eric Finseth that the applicant is still reviewing the appraisal and is researching questions with the Municipality of Anchorage.

Ms. Terry notified the group that a public notice would be published for gravel sales for an existing gravel permittee in Healy.

Ms. Terry shared with the group that she has met with the Kenai Peninsula Borough and the Soldotna City Manager as well as the Homer Electric Association Special Project Director as they all have infrastructure on or near ARRC property.

Ms. Terry stated that she and Ms. Clemens had met with Mr. Springsteen and Alaska Housing Finance Corporation (AHFC).

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

Contract No. 20993 – Atlas Tower 1, LLC

Ms. Terry provided that Atlas Tower, has applied to construct a tower in the Portage Reserve. Atlas, an existing customer, has applied for a contract at this location previously and had obtained Board approval; however, the project did not advance at that time.

Briefing / Update

Seward

Dock Traffic

Ms. Terry shared that there has been heavy freight traffic in Seward. Four (4) pipe ships delivered cargo in fall 2023 and three (3) more are anticipated this spring. Frac sand has also come into the Port of Seward and was all moved north via rail. Ms. Terry stated that the SBS/Sea-Tac barge is potentially anticipated in Seward dependent on ice conditions in Cook Inlet. Ms. Terry also shared the forecasted 2024 and 2025 cruise ship docking schedule.

Dock and Depot projects

Ms. Terry shared that the permitting activities will take place this year for the United States Department of Transportation, Maritime Administration (MARAD) grant. The pre-bid site visit on the coal dock demo occurred last week. The dock itself is in great condition and the planned demolition is only for removal of the coal loading structures.

The Depot plan includes removing and replacing the luggage tent.

The Bridge at MP 25.7 (Trail River) is currently being replaced and that project is on schedule.

Anchorage

Depot Drive

The Request for Proposal (RFP) for the next phase of Depot Drive is going out for bid. This project is an additional step toward making the remaining parcel(s) more attractive.

Fur Rondy Festival

Ms. Terry shared with the group that this year's Fur Rondy event will be February 22nd – March 3rd. Two of the annual events held on ARRC property include the snow sculptures and fire work display.

Ms. Terry shared that she would be meeting next week with the Municipality of Anchorage and the Alaska Department of Transportation (DOT) as property owners of the hill and Qu yana Park above the Historic Depot on 1st Avenue to discuss mitigation of safety hazards and camps prior to the summer season.

Whittier

Head of Bay Project Update

Ms. Terry shared that we've been hearing the cruise dock project is on track with their first NCL ship planned for April 22. Ms. Terry attends the Whittier Chamber meetings and stated that the community is planning to be ready to accommodate the early season.

Fairbanks

ARRC Facilities Water Services

Ms. Terry reminded the group of the work to bring new water service to the Fairbanks yard. All of the interior work has been completed and we are currently awaiting ground conditions that allow connection in the spring. Fairbanks Fire Department is kept apprised of the situation.

Meeting with Fairbanks International Airport

Ms. Terry stated that staff had met with Fairbanks International Airport regarding relocating the Bureau of Land Management Alaska Fire Service Program from Fort Wainwright to the airport. ARRC is being included in project discussions due to a request to relocate rail to allow for the development.

Customer Party February 5

Ms. Terry reminded the group that the Fairbanks Customer Appreciation party is February 5th. This includes Real Estate as well as Freight and Passenger customers.

Nenana Land Bill

Ms. Terry drew attention to the included House Bill proposed by the Nenana Native Tribe to transfer ARRC property. Ms. Terry and Ms. Clemens meet with the City of Nenana and the Nenana Native Tribe regularly. The property is currently under lease to the City of

Nenana. Staff has been working with both parties to amend the bill to accommodate ARRC's future needs. There was further discussion regarding track realignments through Nenana.

Ms. Terry requested a motion for the committee to adjourn to Executive Session for the sole purpose of discussing corporate financial and economic considerations related to utility contracts, Committee Member Binkley asked for a motion to move into Executive session at 9:23 a.m. Committee Chair Shively so moved and Committee Member Reeves seconded.

At 10:34 a.m. Director Binkley moved the meeting back to public session.

Director Petry moved to adjourn and Director Dinsmore seconded. The motion passed with no discussion or objection, and the meeting adjourned at 10:35 a.m.

ARRC BOARD OF DIRECTORS MEETING EXECUTIVE SESSION AGENDA

XI. NEW BUSINESS

C. Executive Session Briefings

Wednesday, February 7, 2024

1. Contracts, Claims, Litigation, Personnel and Financial Matters
2. 2022-2023 South End Passenger Service Performance Audit
3. Legislative Strategy
4. Seward Dock Update
5. Business Development Report

All Matters Are Confidential. Public Members will be moved into a private waiting room and rejoined when public session reconvene.

XI. NEW BUSINESS

D. Adoption of Consent Agenda

- 1. Resolution No. 2024-02 – Relating to Approval of the Combined 2022-2023 South End Passenger Service Performance Audit**
- 2. Resolution No. 2024-03 – Relating to Approval of the Topic for the 2024-2025 Performance Audit**
- 3. Resolution No. 2024-04 – Relating to Approval of the Second Amendment to the 457 Deferred Compensation Plan – Elimination of the First Day of the Month Rule**
- 4. Resolution No. 2024-05 – Relating to Approval of the First Amendment to the Alaska Railroad Corporation 401(k) Tax Deferred Savings Plan for Represented Employees (UTU Rollover Contribution Sources)**
- 5. Resolution No. 2024-06 – Relating to the Approval of the First Amendment to the Alaska Railroad Corporation Tax Deferred Savings Plan for Non-Represented Employees (Employer Matching Contributions)**
- 6. Contract No. 20993 Atlas Tower 1, LLC (Portage)**

Adopted:

Resolution No. 2024-02

Relating to Approval of the Combined
2022-2023 South End Passenger
Service Performance Audit

WHEREAS, AS 42.40.270 requires the Board of Directors of the Alaska Railroad Corporation (ARRC) to have Performance Audits conducted to assure that the railroad is being managed and operated effectively and efficiently; and

WHEREAS, ARRC contracted with Global Voyages Group - David Giersdorf, which has the particular skills and ability to make such an assessment to perform a combined 2022-2023 Performance Audit to assess the Corporation's south end passenger service; and

WHEREAS, the Board has reviewed the combined 2022-2023 Performance Audit Report prepared by Global Voyages Group – David Giersdorf, along with ARRC's responses thereto, and finds that it satisfies the intent of the contract and the statutory requirement.

NOW, THEREFORE BE IT RESOLVED, that the ARRC Board of Directors hereby accepts the combined 2022-2023 Performance Audit Report as presented by Global Voyages Group – David Giersdorf.

XI. NEW BUSINESS

D. ADOPTION OF CONSENT AGENDA

**ITEM 1: Relating to Approval of the Combined
2022-2023 South End Passenger Service
Performance Audit**

REPORT IS CONFIDENTIAL

Adopted:

Resolution No. 2024-03

Relating to Approval of the Topic for the
2024-2025 Performance Audit

WHEREAS, AS 42.40.270 requires the Board of Directors of the Alaska Railroad Corporation (ARRC) to have an Annual Performance Audit conducted to assure that the railroad is being managed and operated effectively and efficiently; and

WHEREAS, every year the Board of Directors Audit Committee considers topics for the annual performance audit that would be beneficial to the company; and

WHEREAS, the topic of a performance audit selected by the Corporation is occasionally extensive and/or important enough that it is determined that a performance of such an audit may reasonably be conducted to satisfy two successive years of the annual performance audit requirement of AS 42.40.270; and

WHEREAS, for 2024-2025, the Audit Committee reviewed at its meeting on November 13, 2023, a recommendation from management staff that ARRC hire a consultant to perform an assessment of the Corporation's intermodal freight service (TOFC and COFC), with a scope of work substantially similar to that attached hereto; and

WHEREAS, the Audit Committee recommends that the Board of Directors approve the performance of such an assessment and that such assessment cover the performance audit requirements for the year 2024-2025.

NOW THEREFORE BE IT RESOLVED, the ARRC Board of Directors hereby adopts the recommendation of the Audit Committee and selects an assessment of the performance of the Corporation's intermodal freight service (TOFC and COFC) as the topic for the 2024-2025 performance audit. Management staff shall obtain proposals for such an assessment and shall present its recommended proposal to the Audit Committee for consideration.

Proposed Scope of Work for ARRC Intermodal Business Evaluation

ARRC Board Resolution No. 2024-03, Relating to Approval of the Topic for the 2024-2025 Performance Audit

ARRC's intermodal business (TOFC/COFC) has grown to represent a significant portion of ARRC's freight traffic. From the first trailers being placed upon flat cars in the 1950s, intermodal has evolved into two separate lines, TOFC (trailer-on-flat car) and COFC (container-on-flat-car) on two different lanes (Anchorage-Fairbanks and Whittier-Anchorage). However, these lines of business directly compete with over-the-road options and the competitive pressures demand an efficient operation. As certain ARRC intermodal rail cars begin to age out and the intermodal terminals need rehabilitation, this review would provide some guidance to ARRC as the capital investment is being planned with the intention of maximizing the value of that investment. Scope of this evaluation would include:

- Review existing intermodal operations, terminals, equipment, and over-the-road schedules and trains.
 - a. Benchmark ARRC intermodal operations and practices with other railroads in North America. Where aspects of ARRC operations or market are necessarily unique, those differences from North American practice should be documented.
 - b. Identify process, operational, safety, or other efficiencies that can be realized with the current infrastructure.
- Study of the intermodal business on the Railbelt and identify possible short-term and long-term traffic growth opportunities.
 - a. Through the analysis of the freight market and discussion with ARRC intermodal users and potential users, identify areas where ARRC is meeting the market and customers' needs, and areas that need improvement. Identify specific performance and operating metrics for intermodal performance to be measured.
 - b. Conduct market analysis to identify areas where ARRC is missing price opportunity in transportation or other value-added services (e.g. KFF, storing/relocating customer trailers).
- Provide recommendations for operational changes and/or capital investment for service improvements/efficiencies. Costs for the implementation of these changes and investment should be weighed against the additional revenue or cost savings.

DATE: January 16, 2024

TO: Bill O'Leary, President and CEO

FROM: Theresa MacLeod, Manager, Retirement Plans

SUBJECT: Second Amendment to the 457 Deferred Compensation Plan – Elimination of the First of the Month Rule

The ARRC 457 Deferred Compensation Plan provided that a Participant may enter into a Salary Reduction Agreement before the beginning of a calendar month, with respect to when the agreement becomes effective, *and* that a Participant may change or suspend a deferral election as of the first day of any month.

The SECURE 2.0 Act of 2022 provided for an optional provision allowing the elimination of the First Day of the Month Rule. This allowed plans to establish a deferral date that is administratively feasible with payroll. ARRC had one deferral calendar for the 401(k) Plans and a different calendar for the 457 Plan. Now, all Defined Contribution Plans can adhere to one calendar which assists the ARRC Payroll department in managing these deferral changes and assists our Participants' requested changes to occur more timely.

Amendment to the 457 Deferred Compensation Plan is necessary to incorporate this change.

Please let me know if you have any questions.

Resolution No. 2024-04

Relating to Approval of the Second
Amendment to the 457 Deferred
Compensation Plan – Elimination of the First
Day of the Month Rule

WHEREAS, the Alaska Railroad Corporation (“ARRC”) sponsors the Alaska Railroad Corporation 457 Deferred Compensation Plan (the “Plan”); and

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

WHEREAS, the Plan was adopted effective September 1, 2004; and

WHEREAS, the Plan was last amended and restated December 1, 2020; and

WHEREAS, adoption of the amendment of the Plan requires the approval of the ARRC Board of Directors; and

WHEREAS, Section 4.1 Deferral Election is amended to provide that all Salary Reduction Agreements, and Participant’s requested changes to their deferrals, become effective on the first bi-weekly payday that is at least 14 days after the date that the Participant requests such change, thereby eliminating the “calendar month” provision.

NOW, THEREFORE, BE IT RESOLVED that the ARRC Board of Directors has reviewed and approves the Second Amendment to the Plan substantially in the form of the Plan document amendment attached hereto as Exhibit A, which shall become effective March 1, 2024.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the ARRC Board of Directors hereby directs and authorizes the President and Chief Executive Officer, or their designee, to take such actions as are reasonably necessary to:

- (a) Execute the Second Amendment to the Plan, substantially in the form of Exhibit A attached hereto;
- (b) Execute any and all other documents as they deem necessary or desirable to carry out the foregoing resolution;
- (c) Take such actions as they deem 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.

This is to certify that I am the Secretary of the Board of Directors of the Alaska Railroad Corporation, and the above Resolution No. 2024-04 is a true and correct copy of the resolution adopted by the Alaska Railroad Corporation's Board of Directors at its regular board meeting on February 7, 2024.

Date _____

Jennifer Mergens
Board Secretary

Corporate Seal

**SECOND AMENDMENT
TO THE
ALASKA RAILROAD CORPORATION
457 DEFERRED COMPENSATION PLAN**

2020 Restatement

Alaska Railroad Corporation (the “Employer”) has adopted and maintains the Alaska Railroad Corporation 457 Deferred Compensation Plan (the “Plan”), originally effective September 1, 2004. Employer amended and restated the Plan effective December 1, 2020, and subsequently amended the restated Plan through the First Amendment. Employer hereby further amends the restated Plan pursuant to Section 9.1 as follows:

1. Section 4.1 Deferral Election, is amended by replacing it, in its entirety, with the following:

4.1 Deferral Election

- (a) **General.** All deferrals of Compensation made under the Plan shall be made by payroll deductions, or by deductions from fees for services by members of the Board of Directors, pursuant to a written agreement between the Participant and the Employer that authorizes the Employer to reduce the Participant’s current Compensation for future payment in accordance with the provisions of the Plan.
- (b) **Changes.** A Participant may change or suspend a deferral election pursuant to the written agreement with the Employer at any time, and such change to a Participant’s deferral election shall be effective on the first biweekly payday that is at least 14 days after the date that the Participant requests such change in writing.
- (c) **Limitations.** The Employer or the Committee may reduce or completely suspend the amount being deferred under a Participant’s deferral election pursuant to the written agreement at any time if such reduction or suspension is deemed by such Employer or the Committee to be necessary or appropriate to satisfy the requirements and limitations applicable to an eligible deferred compensation plan within the meaning of Section 457 of the Code.

2. **Effective Date:** This amendment is effective for amounts paid on or after January 1, 2024.

IN WITNESS WHEREOF, Alaska Railroad Corporation has caused this Second Amendment to the Plan to be executed on this ____ day of _____, 2024.

ALASKA RAILROAD CORPORATION

BY: _____

ITS: _____

DATE: January 23, 2024
TO: Bill O'Leary, President and CEO
FROM: Theresa MacLeod, Manager, Retirement Plans
SUBJECT: First Amendment to the Represented 401(k) Plan – UTU Rollover Options

The Collective Bargaining Agreement (CBA) recently ratified by the SMART/TD, Local 1626 (UTU), 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 UTU 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.

Adopted

Resolution No. 2024-05

Relating to Approval of the First Amendment to the Alaska Railroad Corporation 401(k) Tax Deferred Savings Plan for Represented Employees (UTU 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 Sheet Metal Air Rail Transportation (SMART) Transportation Division, Local 1626, 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 UTU 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 Director’s 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, which is effective August 24, 2023.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the ARRC Board of Directors hereby directs and authorizes the President and Chief Executive Officer, or their designee, to take such actions as are reasonably necessary to:

- (a) Execute the First Amendment to the Plan, substantially in the form of Appendix A attached hereto;
- (b) Execute any and all other documents as they deem necessary or desirable to carry out the foregoing resolution;
- (c) Take such actions as they deem 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.

This is to certify that I am the Secretary of the Board of Directors of the Alaska Railroad Corporation, and the above Resolution 2024-05 is a true and correct copy of the resolution adopted by the Alaska Railroad Corporation's Board of Directors at its regular board meeting on February 7, 2024.

Date _____

Jennifer Mergens
Board Secretary

Corporate Seal

FIRST 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 March 1, 2023 (“Plan”), is hereby amended as follows, pursuant to Section 9.1 of the Plan, effective August 24, 2023, as follows:

1. Appendix A, UTU Appendix, Item 5, Section 3.6 Rollover Contributions is hereby deleted in its entirety, and the provisions of Plan Section 3.4 Rollover Contributions set forth in the main body of the Plan shall apply to Eligible Employees represented by the UTU.

IN WITNESS WHEREOF, Alaska Railroad Corporation has caused this First Amendment to the Plan to be executed on this _____ day of _____, 2024.

ALASKA RAILROAD CORPORATION

BY: _____

ITS: _____

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

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

WHEREAS, the Plan was adopted effective September 1, 1985; and

WHEREAS, the Plan was amended and restated March 1, 2023; and

WHEREAS, adoption of an amendment to the Plan requires the approval of the ARRC Board of Directors; and

WHEREAS, ARRC desires to amend the Plan to increase the employer matching contribution from 50% of elective deferrals up to 4% of earnings to 50% of elective deferrals up to 6% of earnings;

NOW THEREFORE BE IT RESOLVED that the ARRC Board of Directors approves increasing the employer matching contribution by amending Plan Section 3.5 Employer Matching Contributions, to increase Employer Matching Contribution equal to 50¢ for each dollar contributed of the first 6 percent of the Participant's Earnings as documented in the First Amendment to the Plan attached hereto as Exhibit A.

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

- (a) Execute the First Amendment to the Non-Represented 401(k) Plan, substantially in the form of Exhibit A attached hereto;
- (b) Execute any and all other documents as they deem necessary or desirable to carry out the foregoing resolution;
- (c) Take such actions as they deem 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.

This is to certify that I am the Secretary of the Board of Directors of the Alaska Railroad Corporation, and the above Resolution No. 2024-06 is a true and correct copy of the resolution adopted by the Alaska Railroad Corporation's Board of Directors at its Board Meeting on February 7, 2024.

Date _____

Jennifer Mergens
Board Secretary

Corporate Seal

FIRST AMENDMENT
TO THE
ALASKA RAILROAD CORPORATION
401(k) TAX DEFERRED SAVINGS PLAN
FOR NON-REPRESENTED EMPLOYEES

The Alaska Railroad Corporation 401(k) Tax Deferred Savings Plan for Non-Represented Employees (the “Plan”), as amended and restated effective March 1, 2023 and is hereby further amended, pursuant to Section 9.1 of the Plan, effective February 11, 2024, as follows:

1. Section 3.5 Employer Matching Contributions is amended by replacing it in its entirety with the following:

3.5 Employer Matching Contributions

Each pay period, the Employer shall contribute on behalf of each Participant who is contributing to the Plan pursuant to Section 3.1, an Employer Matching Contribution equal to 50¢ for each dollar contributed of the first 6 percent of the Participant’s Earnings. Catch-up Contributions made pursuant to Section 3.2 are not matchable. Employer Matching Contributions shall be credited to the Participant’s Employer Matching Contribution Account.

A Participant whose Pretax Contributions and Roth Contributions are limited by the maximum dollar limit contained in Section 3.7 and who remains employed as of first day of the last pay period ending in the Plan Year shall receive a true-up Employer Matching Contribution in an amount necessary to increase their Employer Matching Contributions to the lesser of 50¢ for each dollar contributed during the calendar year or 3 percent of calendar year Earnings. This true-up contribution shall be credited to the Participant’s Employer Matching Contribution Account.

IN WITNESS WHEREOF, Alaska Railroad Corporation has caused this First Amendment to the Plan to be executed on this _____ day of _____ 2024.

ALASKA RAILROAD CORPORATION

BY: _____

ITS: _____

PERMIT SUMMARY

PERMITTEE: Atlas Tower 1, LLC.

CONTRACT NO: 20993

PERMIT DESCRIPTION: A parcel of land 65' by 65' in size in the ARRC Portage Reserve near Portage Glacier Highway.

KEY CONTRACT PROVISIONS:

Estimated Effective Date: March 1, 2024

Base Annual Rent: \$21,600.00.

Permit Term: Five (5) Years

Prior Annual Rent: N/A

Option to Extend: Seven options to extend, Five (5) years each

Rental Rate: N/A

Rent Adjustment: Annual 3% increases.

Lease Area: 4,225 SF

PUBLIC NOTICE: Yes, public comment period expired February 6, 2024

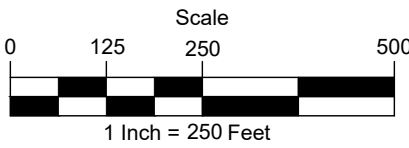
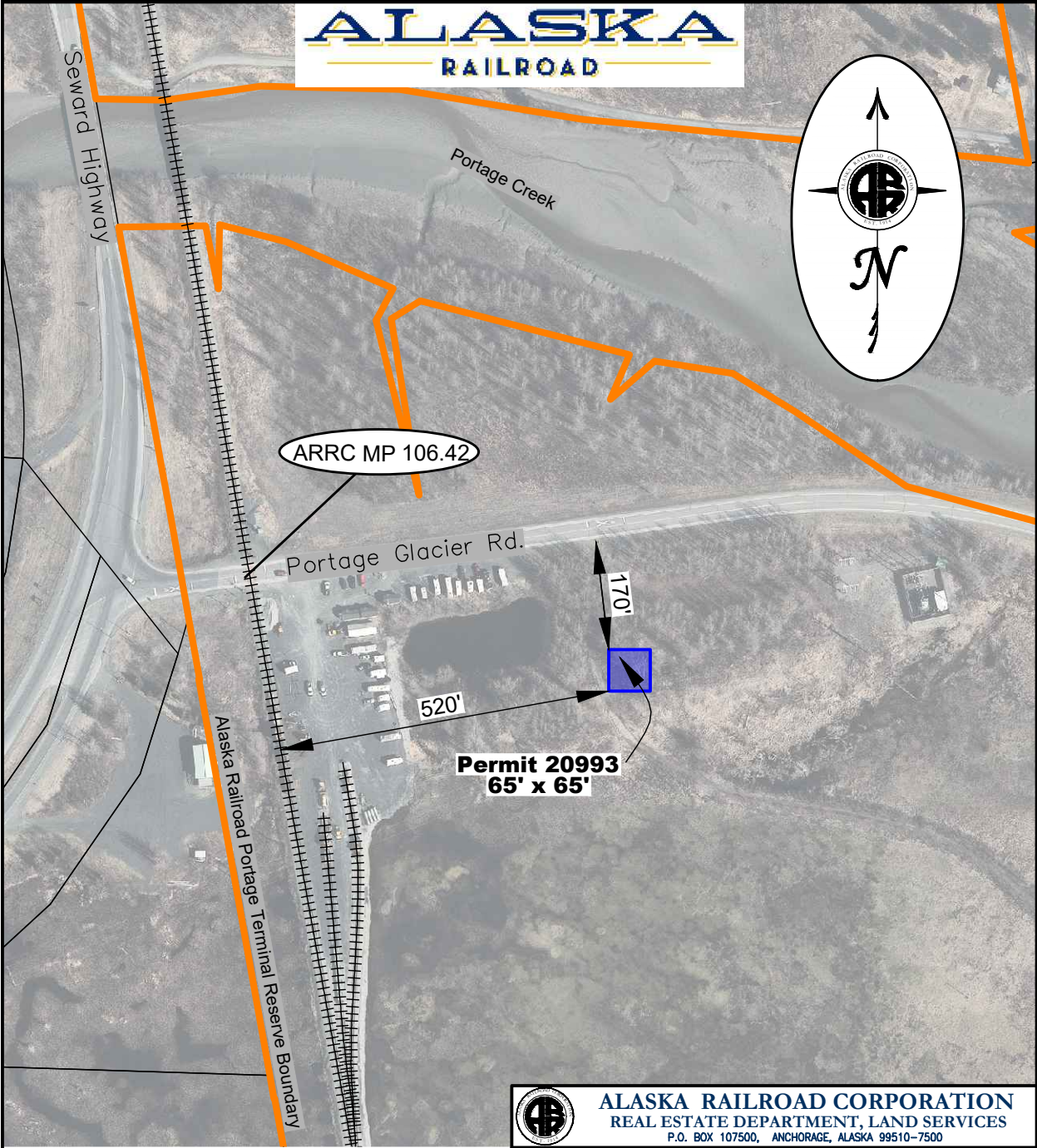
LEGAL REVIEW: Yes

INTENDED USE: Cell Tower Site.


SUMMARY AND RECOMMENDATIONS: Permittee will need to obtain all necessary permits to proceed with proposed development. ARRC Staff has confirmed that this site will not interfere with future ARRC Wetland Bank Mitigation plans. Accordingly, approval of the proposed permit is recommended.

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

**Jennifer Mergens
ARRC Board Secretary**



For indexing purposes this property is located in the Sec. 5, T8N, R3E, S.M.

	ALASKA RAILROAD CORPORATION REAL ESTATE DEPARTMENT, LAND SERVICES <small>P.O. BOX 107500, ANCHORAGE, ALASKA 99510-7500</small>	
	Contract No. 20993 - Exhibit A Atlas Tower 1, LLC Area = 4,225 sq ft±	
ARRC title - Patent 50-50-2005-0042 - USS 7012 Lot 30		
DRAWN BY: <u>DCA</u> CHECKED BY: <u>JSR</u> APPROVED BY: <u>JSR</u>	SCALE: 1" = 250'	DATE: 2023-11-15
Portage Terminal Reserve		
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