

BOARD RULE NO. 17

Adopted: November 23, 1993

Subject: Non-Transportation Activities of the Railroad

Purpose: The purpose of this policy is to set forth the position of the Board of Directors of the Alaska Railroad Corporation (ARRC) regarding the use of corporate assets to obtain an equity position in a non-transportation activity. Because of ARRC's status as a state-owned corporation, any investment in a non-transportation activity is a matter of substantial concern to members of the public and to the executive and legislative branches of state government. This policy is intended to express the general prohibition upon such investment and, at the same time, recognize that broad public support may, in extraordinary circumstances, exist for such investment.

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RULE NO. 17

**NON-TRANSPORTATION ACTIVITIES
OF THE ALASKA RAILROAD**

It is the policy of the Alaska Railroad Corporation (ARRC) not to use its real estate or other corporate assets to obtain an equity position in a non-transportation activity. A "non-transportation activity" is any activity not related to the core business of transportation. For purposes of this Policy, the term is specifically deemed to include hotels and other lodging facilities.

The Board of Directors recognizes that extraordinary circumstances may arise from time to time which may generate a public consensus supporting investment in an otherwise proscribed activity. If a specific activity is proposed by third parties that (a) is in the public interest and (b) does not compete with a viable private enterprise, the Board may authorize such activity. However, the Board cannot act without at least thirty (30) days' written notice to the public, the governor and the legislature. Notice to the governor and legislature will contain the information required for oversight reports under AS 42.40.280(b).

This policy does not supersede any applicable public notice and other requirements contained in the corporation's Long Term Lease Policy. It may not be revoked or amended without public notice in accordance with AS 42.40.180.