



Alberta to Alaska Railway

Briefing to Alaska Senate Transportation Committee
February 28, 2019
Sean McCoshen, CEO
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Jon Katchen, Counsel, Holland and Hart

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A2A Railway

A2A Railway is an infrastructure development company established to build, own, and operate, in partnership with the Alaska Railroad, a spur line to Port Mackenzie, a new rail line to the Yukon border and south to interconnect with the CP and CN railroads.

A2A railway was co-founded by Sean McCoshen and David Sharpe and is wholly owned by Sean McCoshen, a seasoned entrepreneur with experience in infrastructure development. The project is structured to include indigenous Alaska Native Corporations, Alaska tribes, and Canadian First Nations as owners.

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The Project

- The A2A Rail Development Corp. is developing a new rail corridor across the North connecting Alaska to the North American Railroad system. Key components of the general freight rail include:
 - Intersecting with the North American railroad system at Fort Nelson, BC, High Level, Alberta as well as Fort McMurray, Alberta
 - Transporting all forms of cargo both inbound and outbound
 - A design to handle a host of different resources including Alberta-sourced bitumen
 - An ability to add passenger service and local freight service to communities along the corridor
 - A connection with the existing Alaska Railroad system to deliver cargo to purpose built terminal facilities at ports located in Alaska, including the existing container Port of Alaska in Anchorage and Port Mackenzie, a bulk cargo port in the Mat-Su Borough.
- Builds on the work conducted by the Van Horne Institute in 2013
- Tremendous benefit to the people of the north.

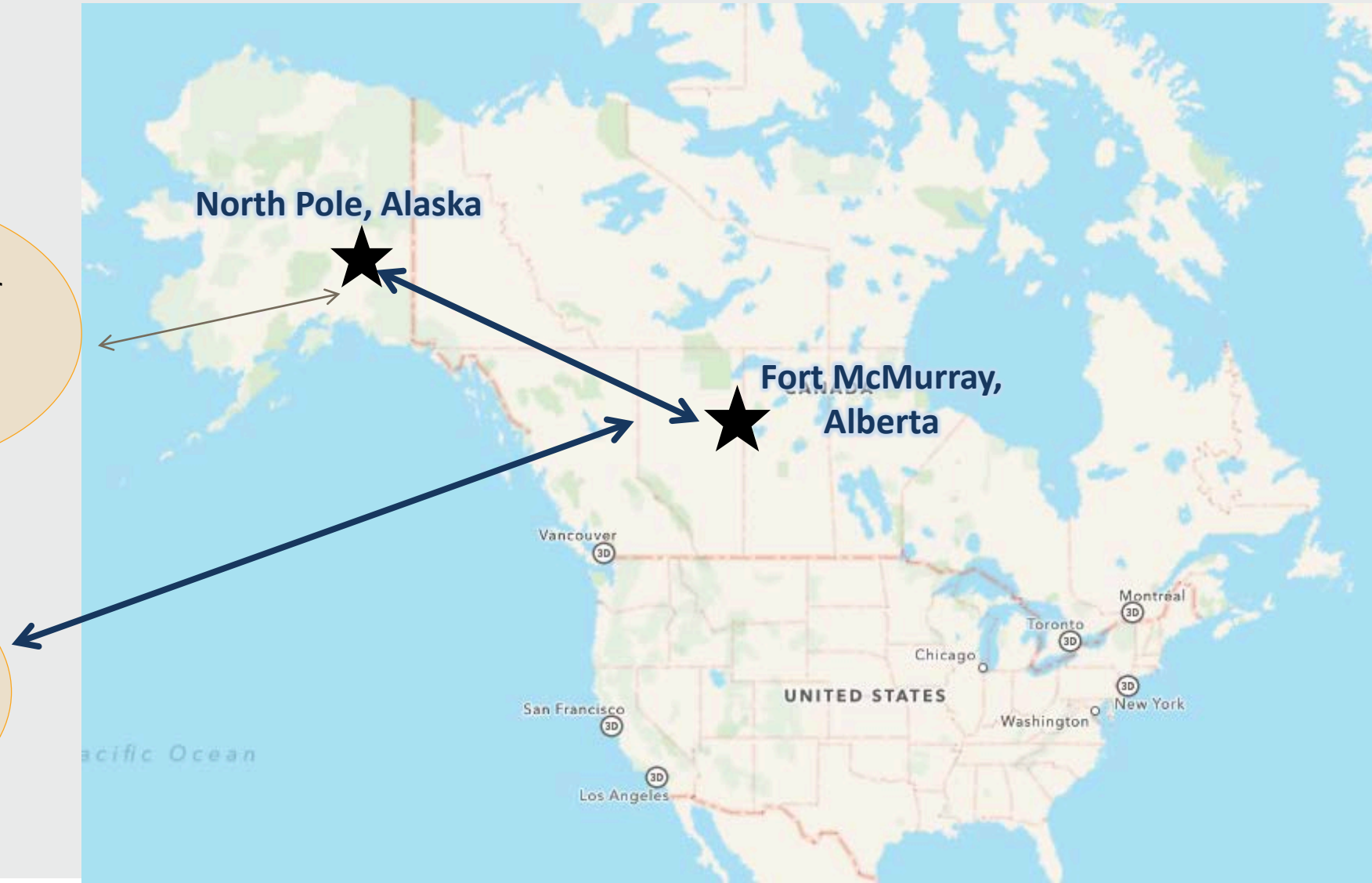
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The Corridor

Alaska ports are
2 - 4 days shorter
to Asia than
ports farther
south

New rail is 2,440
km (1,516 miles)





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Data SIO, NOAA, U.S. Navy, NGA, GEBCO
Image Landsat/Copernicus
Image IBCAO

Google Earth

Imagery Date: 12/13/2015 59°33'30.05" N 132°13'51.19" W elev 1036 m eye alt 3594.26 km



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A2A Rail Management Resources and Financial Backing

- The management team has retained advisors in all key aspects of project development
 - *Engineering – HDR*
 - *Environmental – HDR*
 - *Financial – Bridging Finance Inc.*
 - *Indigenous Engagement – Fogler Rubinoff LLP*
 - *Legal – Holland & Hart*
 - *Strategic advisors - Jack Ferguson, Mead Treadwell*
- The Principals behind A2A Rail have funded all development costs to date (\$35 million), own 100% of the equity and are prepared to fund construction of the rail spur (\$125 million)

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Background on Sean McCoshen, CEO

- Sean McCoshen is the co-founder of the Alberta – Alaska Railway Development Corporation. He is also the Chairman and Chief Executive Officer of the McCoshen Group, a family office, that owns 14 privately held companies ranging from housing, manufacturing, finance, retail, and rail.
- Established in 2012, The McCoshen Group has secured in excess of 1 billion dollars in transactions in less than 7 years. The McCoshen Group (MG) is a privately held company which has assets of \$740 million. Mr. McCoshen is the sole-shareholder. Alberta – Alaska Railway Development Corporation is TRACE certified.
- Prior to founding the McCoshen Group, Sean worked in private banking in conjunction with a number of large American-based private equity firms until his retirement in 2007.
- Sean grew up in Troy, New York and as a teenager moved to Winnipeg, Manitoba. He earned a Bachelor of Arts degree with a double major in Political Science and Philosophy from McGill University in Montreal and a Bachelor of Laws Degree from the University of Ontario in London, Ontario.
- He currently lives in Winnipeg Manitoba, Vancouver British Columbia and West Hollywood California with his 7-year-old son.

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A2A Rail Financial Plan

- The project cost is estimated to be approximately \$17 billion, \$3 billion or more will be spent in Alaska construction. Approximately \$4 billion in steady-state revenues annually are projected to cover costs of operation and capital.
- Private financing, with some support from global sovereign backed infrastructure funding institutions, is expected. Canada is launching an infrastructure bank. Throughput agreements between commodity buyers and sellers will help back construction financing.

8 Diversify the Alaskan Economy

- **An opportune time in transportation industry.**
 - **West Coast Ports and rail lines face capacity issues**
 - **Many inefficiencies exist with populations crowding facilities**
 - **Increasing demand for resources in Asian markets**
- **The biggest challenge to developing the Northern economy is the availability of efficient, cost effective transportation.**
 - **It has been estimated that \$750 billion worth of mineral resources are within 100 miles of the rail corridor.**
 - **Transportation alternatives will change the economics of many Alaskan enterprises**

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First Nations

- A2A understands that effective engagement with First Nations communities will improve the likelihood of robust regulatory approvals
- A2A has been engaging with Alaskan Native Corporations, Tribes and Canadian First Nations Communities for more than 3 years
- A2A has achieved exclusivity and business agreements with most of the strategically located indigenous groups in both Alaska and Canada
- A2A has developed a business structure that allows for equity participation for Alaska Native entities and Canadian First Nations along the rail corridor

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Master Agreement- Alaska Railroad

- A2A is developing a Master Agreement with the Alaska Railroad, key terms include:
 - Defining cooperation to achieve permitting, including the ROW and Presidential Permit
 - Identifying material lease terms
 - Establishing key economic principles that will support financing
- Success will drive higher utilization of ARRC facilities and greater revenues
- Will allow ARRC to better serve the Alaska's resource industry while maintaining passenger service

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Complete the Port Mackenzie Rail extension

- A2A will fund the unfunded portion of Mat-Su Borough's Rail extension project
 - Once the lease and operating agreement is finalized construction will commence
- A2A will design and develop a multi-purpose rail yard
 - The design will allow for rail shippers to move a variety of types of cargo both inbound and outbound

12 Phased approach to development

- The first Phase will see completion of the Port Mackenzie Rail extension
- The second phase will see development of Alaska rail to the Yukon border
- Third will see development of the Canadian portion to an interconnection point at Fort Nelson, BC
- The final phase will see development of the Canadian portion to Fort McMurray, Alberta which will offer an additional interconnection at High Level, Alberta

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Design for Efficiency and Safety

- The project has been designed with an eye to reducing fuel consumption and improving safety
 - The grade will average less than 1%
 - The degree of curvature will not exceed 5%
 - This is considerably better than existing CP or CN lines
 - The project will focus on handling goods that are not hazardous

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Next Steps

- **A2A is working with the Dunleavy Administration to:**
 - **Finalize the Master Agreement with the ARRC**
 - **Support in the negotiations with the Mat-Su Borough and Assembly**
 - **Support for the Presidential Permit**
 - **Support for the right of way, establishing the rail corridor**
 - **Cooperation to identify opportunities for ANCs and Village Corporations along the alignment**



End of Presentation