



**BOARD OF DIRECTORS
REGULAR Board Meeting**

Wednesday, June 25, 2025

Commencing at 9:00 a.m.

327 West Ship Creek Avenue, Anchorage, Alaska 99501

&

Join Virtual Zoom Meeting Room

<https://us02web.zoom.us/j/83458740856?pwd=UJzoBjxfkekYRaDuxJzZZwUlrJheV1.1>

Meeting ID: 834 5874 0856 Passcode: 054999



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

- +1 669 444 9171 US
- +1 253 215 8782 US (Tacoma)
- +1 346 248 7799 US (Houston)
- +1 253 205 0468 US
- +1 669 900 6833 US (San Jose)
- +1 719 359 4580 US
- +1 301 715 8592 US (Washington DC)
- +1 305 224 1968 US
- +1 309 205 3325 US
- +1 312 626 6799 US (Chicago)
- +1 360 209 5623 US
- +1 386 347 5053 US
- +1 507 473 4847 US
- +1 564 217 2000 US
- +1 646 931 3860 US
- +1 689 278 1000 US
- +1 929 205 6099 US (New York)

**ARRC BOARD OF DIRECTORS MEETING
AGENDA**

Wednesday, June 25, 2025 ~ 9:00 a.m.
327 West Ship Creek Avenue, 3rd Floor, Anchorage, Alaska 99501 & [Zoom Virtual Room](#)

- I. CALL TO ORDER**
- II. ESTABLISH QUORUM**
- III. SAFETY BRIEFING**
- IV. CHAIR COMMENTS**
- V. ADOPTION OF AGENDA**
- VI. CONFLICT OF INTEREST DISCLOSURES**
- VII. ADOPTION OF MINUTES**
 - 1. [Approval of Regular Meeting Minutes of March 28, 2025](#)
 - 2. [Approval of Special Meeting Minutes of May 9, 2025](#)
- VIII. OPPORTUNITY FOR PUBLIC COMMENT**
- IX. BRIEFING ITEMS**
 - A. Public Briefings (a portion may be held in Executive Session)**
 - 1. [CEO Update](#)
 - 2. [Safety Update](#)
 - 3. [Financial Report](#)
 - B. Committee Reports**
 - 1. [Real Estate Committee](#)
 - 2. [Executive Committee](#)
 - 3. Audit Committee
- X. NEW BUSINESS**
 - C. Executive Session Briefings**
 - 1. Contracts, Claims, Litigation, Personnel and Financial Matters
 - 2. Whittier Land Transfer
 - 3. Gasline Project Update
 - 4. Legislative Update
 - 5. Seward Passenger Dock Project Update
 - 6. Business Development Report
 - D. Adoption of Consent Agenda**
 - 1. [Resolution No. 2025-13 – Relating to Insurance Renewal for 2025-2026](#)
 - 2. [Resolution No. 2025-14](#) – Relating to Funding of Environmental Mitigation Required in Conjunction with the Seward Freight Dock and Corridor Improvements Project ([AFE No. 11387](#))
 - 3. [Resolution No. 2025-15](#) – Relating to Funding for the Locomotive 4317 Engine Rebuild Project ([AFE No. 11386](#))
 - 4. [Resolution No. 2025-16](#) – Relating to the [Approval of Third Amendment to the Alaska Railroad Pension Plan](#)
 - 5. [Resolution No. 2025-17](#) – Relating to the [Purchase of the Phillips Property in Fairbanks](#) from the Personal Representative of the Estate of Carroll Phillips, Jr. ([AFE No. 11385](#))
 - 6. [Resolution No. 2025-18](#) - Relating to the Selection of a Firm to Perform the 2025 through 2029 Annual Financial Audits and Other Financial-Related Services
 - 7. [Resolution No. 2025-19](#) – Authorizing an [Amendment to the Tony Knowles Coastal Trail Permit](#)
 - 8. [Contract No. 9800](#) - Municipality of Anchorage (Downtown Trail Connection) – Anchorage
 - 9. [Contract No. 21177](#) - [Great Northwest Moving Company](#) – Anchorage
 - 10. [Contract No. 9524A](#) - Global Tower Assets III – Portage
- XI. OPPORTUNITY FOR PUBLIC COMMENT/DIRECTORS/CEO/STAFF COMMENTS**
- XII. ADJOURNMENT**

2025 March 28 Regular Board Meeting Minutes

ALASKA RAILROAD CORPORATION MINUTES OF THE REGULAR BOARD OF DIRECTORS MEETING

**Anchorage, Alaska
Friday, March 28, 2025**

I. CALL TO ORDER

Chair John Shively called the meeting to order at 9:00 a.m. on Friday, March 28, 2025. The meeting was held in person at 327 West Ship Creek Avenue, 3rd Floor, Anchorage, Alaska 99501, with a virtual participation option.

II. ESTABLISH QUORUM

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

Ms. Mergens established a quorum of the full Board.

Staff members present:

A. Behrend, Chief Counsel	M. Maddox, Chief Financial Officer
A. Kinnaman, Controller	C. Terry, VP Real Estate
D. Wade, VP Marketing & Customer Service	M. Clemens, Director, External Affairs
G. Goemer, Director, Supply Management	B. O'Leary, President & Chief Executive Officer
C. Hopp, Chief Operating Officer	L. Knox, Director Financial Planning & Analysis
B. Lindamood, VP Engineering/Chief Engineer	Y. Inga, Human Resources Coordinator
L. Hall, Executive & Corporate Administrator	M. Clausus, Conductor Engineer
J. Mergens, Chief Human Resources Officer	C. Frank, Conductor/Brakeman/Engineer
C. Clarke, Corporate Communications Officer	S. Roberts, Chief Special Agent
K. Taylor, Manager Leasing, Real Estate	
B. Fleischer, Director, Information Technology	
D. Greenhalgh, Director Freight Sales & Marketing	

Guests and members of the public present:

Michael Dale, Big Lake Resident

III. SAFETY BRIEFING

Mr. Hopp said that with wildfire season is approaching and gave tips on clearing out combustible debris within a 20-foot circumference around the exterior of homes and businesses.

IV. CHAIR COMMENTS

Chair Shively had no remarks.

V. ADOPTION OF AGENDA

Director Binkley moved to adopt the revised agenda which was updated after the initial public posting, and Director Dinsmore seconded the motion. The revised agenda was unanimously approved as presented.

VI. CONFLICT OF INTEREST DISCLOSURES

No member stated any conflict of interest.

VII. ADOPTION OF MINUTES

Director Binkley moved to approve the Regular Board Meeting minutes of January 27, 2025. Director Dinsmore seconded the motion. The meeting minutes were unanimously approved as presented.

VIII. OPPORTUNITY FOR PUBLIC COMMENT/STAFF/DIRECTORS

Michael Dale provided comments in support of continued efforts to complete the Port MacKenzie Rail Extension.

IX. BRIEFING ITEMS

A. Public Briefings

1. CEO Update

Mr. O'Leary briefed the Board on relevant business matters arising since the January 27, 2025, meeting. He said the financial audit results show that 2024 was a strong year. Mr. O'Leary noted that while in Washington, D.C., recently, he and Ms. Clemens attended the AAR quarterly board meeting and met with Alaska's congressional delegation, and discussed key priorities related to the Alaska Railroad, including rail extensions, bond financing and sale update, the Surface Transportation Reauthorization bill, Juneau updates and the significant impact of formula funds on both the railroad and the state overall. Mr. O'Leary stated that the Board should expect a special Board Meeting in early May seeking approval of the Seward Passenger Dock bond sale. He said that the 2024 Corporate goal success metrics and the 2025 current goals were provided with the revised agenda. He reviewed the six items listed on the Consent Agenda.

Mr. O'Leary advised the Board that Mr. Wade will be retiring on May 31. Mr. Wade's dedication to the railroad exemplifies service excellence. Mr. O'Leary then shared that David Greenhalgh will be stepping into the position of Vice President of Marketing and

Customer Service. Mr. Greenhalgh brings 25 years of direct railroad experience and extensive expertise in operations, marketing, and freight sales.

Chair Shively, asked how ARRC's approved grants are being impacted by recent Presidential Executive Orders. Mr. O'Leary stated that the City of Seward's EPA Shore Power Grant is the only known one of critical concern. He said as of yet, there have been no impacts to the 2025 federal formula funds, and ARRC will continue to optimistically pursue future competitive grant funding opportunities.

2. Safety Update

Mr. Hopp noted that the safety data is through February 2025. He highlighted the increase in lost time rate which primarily stems from seven injuries, noting that winter weather conditions contributed to some of the injuries. He shared that the Safety Department initiated a campaign from Seward to Fairbanks during the month of March, and so far, there have been no reported injuries for the month. Mr. Hopp said that Safety and Operations have begun developing an operating plan in the event of a Mt. Spurr volcanic ashfall occurrence. The planning is comprehensive for the first twelve hours to include impacts to employees, passengers, and equipment. ARRC's Warehouse is obtaining PPE and other ashfall mitigation supplies for staff and equipment.

3. 2024 Financial Audit

Ms. Maddox reported that the financial audit for 2024 is complete and ARRC shows a net income of \$25.3 million. She said that although current liabilities are higher than previously, ARRC continues to maintain strong liquidity and cash flow with a net position of \$510.1 million. ARRC's operating ratio was 1.02 as compared to 0.92 in 2023, this difference is largely due to the timing of a grant that was executed shortly after December 31, 2024. If the grant was taken into account in 2024, ARRC's operating ratio would have been 0.96. Ms. Maddox reported that the Pension Plan Trust had an annual return of 10.74% and the Health Care Trust had an annual return of 7.85%. Currently, on an actuarial basis, ARRC's pension plan is 93.6% funded, and the health trust is 412.3% funded.

B. Committee Reports

1. Safety Committee

Committee Chair Dinsmore stated that the Safety Committee met on February 25, 2025. Mr. Hopp shared that the report included details related to extreme winter weather equipment testing and a military exercise. The meeting notes are confidential and were provided in the Board materials.

2. Executive Committee

Chair Shively said the Executive Committee met on March 13, noting the confidential meeting notes were included in the Board materials. He said that the discussions primarily surrounded the six items recommended for approval under the Consent Agenda.

3. Audit Committee

Committee Chair Petry said the Audit Committee met on March 27, 2025. She shared that KPMG auditors briefed the Committee on the audit findings, noting that the unmodified opinion was positive and thorough, and that the Committee recommended approval of Resolution No. 2025-06 Relating to the 2024 Annual Financial Audit Report.

X. NEW BUSINESS

C. Executive Session Briefings

Director Binkley moved to have the Board recess to Executive Session to discuss the listed Executive Session agenda items. Director Dinsmore seconded the motion. There was no further discussion or objection. The motion was approved and the Board convened to Executive Session at 9:54 a.m. The following items were discussed:

1. Contracts, Claims, Litigation, Personnel and Financial Matters
2. Legislative Strategy
3. Seward Dock Project Update

Chair Shively called the meeting back into public session at 11:26 a.m.

D. Adoption of Consent Agenda

Chair Shively read the Consent Agenda into the record. Director Binkley made a motion to adopt the listed items under the Consent Agenda. Vice Chair Petry seconded the motion. There was no further discussion or objections and the Consent Agenda, consisting of the following six items, was adopted:

1. Resolution No. 2025-06 Relating to the Approval of the 2024 Financial Annual Report
2. Resolution No. 2025-07 Relating to Repair of Freight Shed Roof Trusses (AFE No. 11275 S-1)
3. Resolution No. 2025-08 Relating to Revisions to the 2024 FTA Track Rehabilitation Program (AFE No. 11188 S-1)
4. Resolution No. 2025-09 Relating to an Increase in Funding for the Locomotive 4014 Engine Replacement Project (AFE No. 11369 S-1)
5. Resolution No. 2025-10 Relating to Approval of Compensation of Newly Appointed Vice President, Marketing & Customer Service
6. Contract Lease No. 21104 – ABLE, LLC

XII. OPPORTUNITY FOR PUBLIC COMMENT/STAFF/DIRECTORS

Chair Shively agreed with Director Dinsmore that he appreciates both staff and fellow Board Members' contributions. He concluded with the reminder that Board Members should look for an email from staff related to scheduling a special Board Meeting in early May and to reschedule the June Board Meeting.

XIII. ADJOURNMENT

Director Binkley moved to adjourn, and Director Dinsmore seconded the motion. The meeting adjourned at 11:33 a.m.

ATTESTED BY:

Jennifer Mergens
Board Secretary

Date _____

2025 MAY 9 Special Board Meeting Minutes

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

**Anchorage, Alaska
Friday, May 9, 2025**

I. CALL TO ORDER

Board Chair John Shively called the special meeting to order at 9:00 a.m. on Friday, May 9, 2025. This special meeting was called for the purpose of (1) Board review and approval of the Tentative Agreement between the Alaska Railroad and the Brotherhood of Railway Carmen Division of Transportation Communications Union and Resolution No. 2025-11 relating thereto, and (2) review and approval of Resolution No. 2025-12 relating to an increase in funding for the termination of MMME, LLC Leasehold (AFE No. 11044 S-2).

II. ESTABLISH QUORUM

Chair Shively requested that Board Secretary Jennifer Mergens establish a quorum. Chair John Shively, Vice Chair Judy Petry, Director John Binkley, Director John Reeves, Director Gale Dinsmore; Commissioner, Department of Transportation & Public Facilities, Ryan Anderson were present.

A quorum was established by Ms. Mergens.

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
R. Traini, Director, Employment Practices	L. Hall, Executive & Corporate Administrator
B. O'Leary, President & Chief Executive Officer	C. Terry, VP Real Estate
C. Clarke, Corporate Communications Officer	M. Clemens, Director, External Affairs
D. Greenhalgh, Director Freight Sales & Marketing	D. Wade, VP Marketing & Customer Service
	Y. Inga, Human Resources Coordinator

III. ADOPTION OF AGENDA

Director Binkley moved to adopt the agenda as presented, and Director Dinsmore 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 members of the public were present.

VI. NEW BUSINESS

A. Action Item

1. Resolution No. 2025-11 – Relating to Approval of the Collective Bargaining Agreement between the Alaska Railroad Corporation and the Brotherhood Railway Carmen Division of Transportation Communications Union/IAM Far North Lodge Local 6067 AFL-CIO/CLC

Chair Shively stated that if any discussion or details were required on the action item, an executive session would be necessary. Director Dinsmore moved to approve Resolution No. 2025-11 and Director Binkley seconded the motion. There was no further discussion or objection. The motion was adopted as presented.

2. Resolution No. 2025-12 – Relating to an Increase in Funding for Termination of MMME, LLC Leasehold (AFE No. 11044 S-2)

Vice Chair Petry moved to approve Resolution No. 2025-12 and Director Binkley seconded the motion. There was no further discussion or objection. The motion was adopted as presented.

Director Binkley stated that both action items were briefed during the Executive Committee meeting held on May 7, and both resolutions were recommended for Board approval.

VII. OPPORTUNITY FOR PUBLIC COMMENT (For Agenda Items Only)

No members of the public were present.

VIII. DIRECTORS/CEO/STAFF COMMENTS

Chair Shively thanked Board Members and staff for their participation.

IX. ADJOURNMENT

Vice Chair Petry moved to adjourn. Director Dinsmore seconded the motion. The meeting was adjourned at 9:06 a.m.

ATTESTED BY:

Jennifer Mergens
Board Secretary

Date _____

IX. BRIEFING ITEMS

A. PUBLIC BRIEFINGS

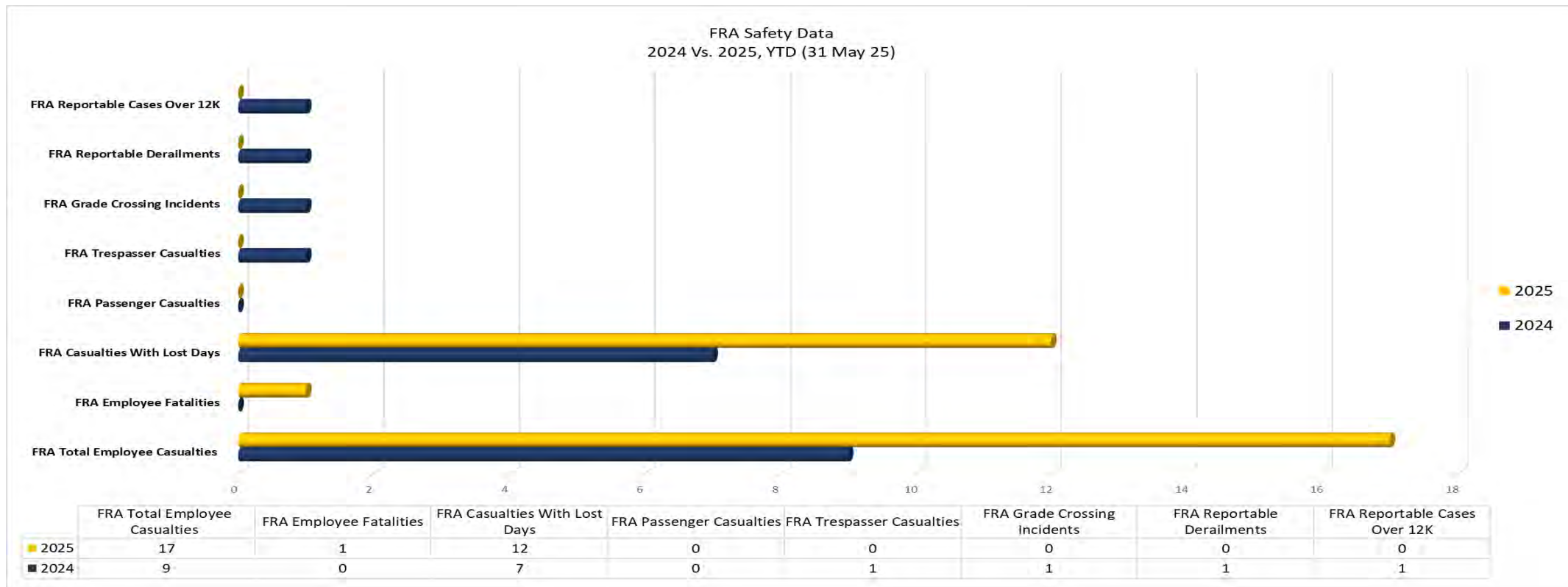
ITEM 1: CEO Update

Verbal presentation

ARRC-BOD Safety Report June 25 2025



Safety Report



	FRA Casualty Rate	Lost Time Rate	Lost Work Days	Restricted Work Days
2025	6.4	4.5	473	093
2024	3.6	2.9	045	088

**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*

IX. BRIEFING ITEMS

A. PUBLIC BRIEFINGS

3. FINANCIAL REPORT

Annual Benefits Reports:

- **Pension Plan**
- **Health Care Trust**
- **401(k) Tax Deferred Savings Plan**
- **457 Deferred Compensation Plan**

Verbal presentation at the Board Meeting



➤ YTD APRIL 2025 Business Results

Michelle Maddox, CFO
June 25, 2025

ALASKA
RAILROAD

Photo courtesy: Ben Traylor

YTD APRIL 2025 Executive Summary

YTD net loss of \$15.9 million was a larger loss by \$1.5 million than the loss expected according to the revised budget

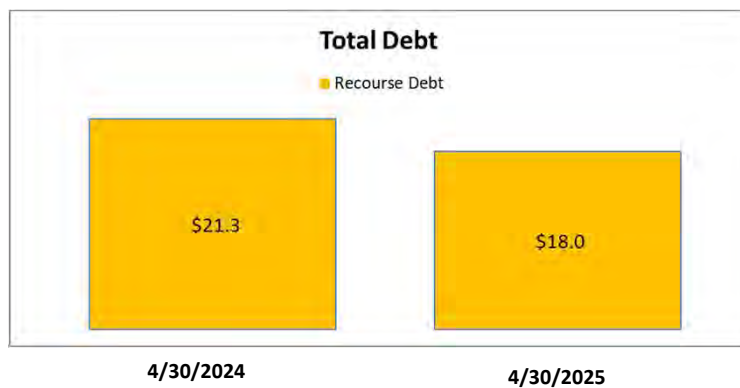
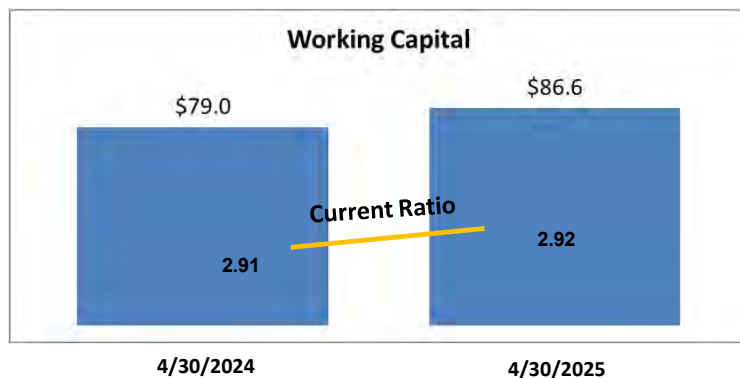
- Freight revenue under-performed revised budget by \$1.3 million, or 3.2%
 - Primarily due to under-performance of Local Coal, TOFC/COFC and Interline COFC business lines.
- Passenger revenue performed as expected, out-performing revised budget by \$43 thousand, or 2.2%
- Operating expenses came in over revised budget by \$1.1 million, or 1.7%
 - Primarily due to Materials and Supplies coming in over revised budget
- Real Estate net revenue under-performed revised budget by \$0.2 million, or 3.6%
 - Driven primarily by lower than expected lease revenue due to rent credit offered for prior year weather issues, and an unexpected lease term restructure
- Other revenue (expense) out-performed revised budget by \$0.9 million
 - Driven primarily by lower interest expense than expected due to Seward Passenger Dock loan not being issued and higher interest income than budgeted

ARRC cash balance and total debt were \$56.4 million and \$18.0 million, respectively, and net working capital was \$86.6 million.



Financial Position

at April 30, 2025
(\$ millions)



- Continuing to maintain strong liquidity at more than 2.0x current assets to current liabilities
- Decrease in year-over-year total debt
- ARRC's trailing 12-month cash flow decreased on a year-over-year basis and leverage ratios increased
 - *debt-to-cash flow ratios are a measure of the company's ability to repay its debt from cash flow generated by the business*

	4/29/2024	4/30/2025
Total Debt / EBITDA	0.38x	0.44x

YTD APRIL 2025 Freight Revenue Performance

FREIGHT REVENUE (net of fuel surcharge)

- 1%

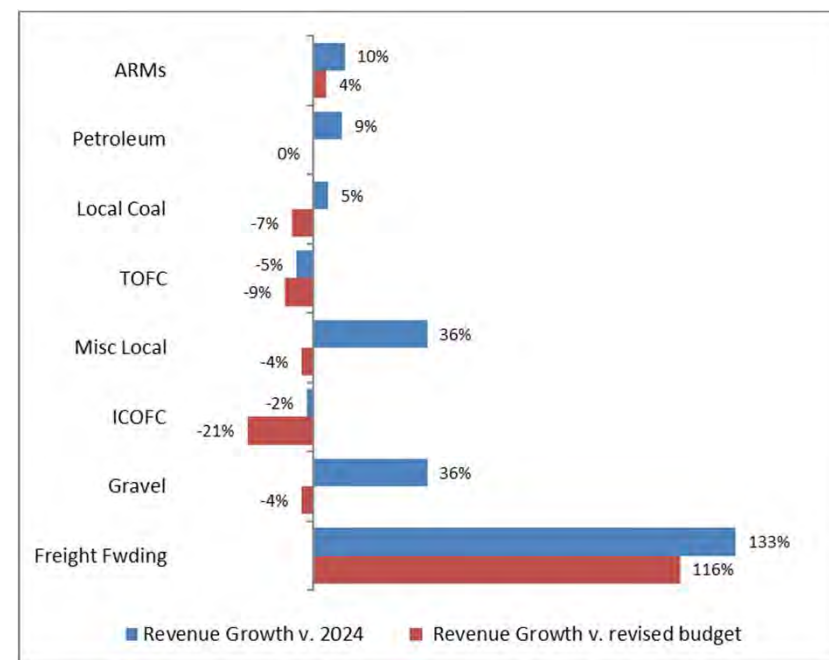
v. revised
budget

+ 10%

v. 2024

- Units: up 6% v. 2024
down 7% v. revised budget
- Freight Revenue per unit:
up 2% v. 2024
up 6% v. revised budget
- *ARMs and Freight Forwarding out-performed revised budget, with Petroleum performing as expected*
- *ARMs, Petroleum, Local Coal, Misc Local, Gravel and Freight Forwarding out-performed prior year*

Freight revenue variance



YTD APRIL 2025 Passenger Revenue Performance

PASSENGER REVENUE

+ 2%

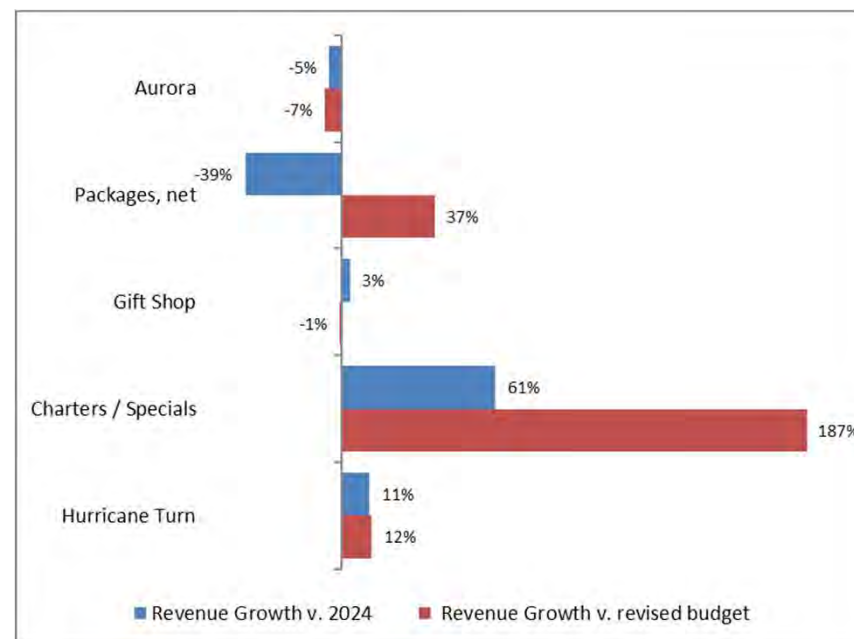
v. revised
budget

- 6%

v. 2024

- ARRC Ridership: down 1% v. 2024
up 3% v. revised budget
- Revenue per ARRC passenger:
down 5% v. 2024
down 1% v. revised budget
- *The Gift Shop, Charters/Special trains and Hurricane Turn out-performed prior year.*
- *Packages (net), Charters/Special trains and Hurricane Turn out-performed revised budget.*

Passenger revenue variance



YTD APRIL 2025 Real Estate Revenue Performance

REAL ESTATE REVENUE

- 4%

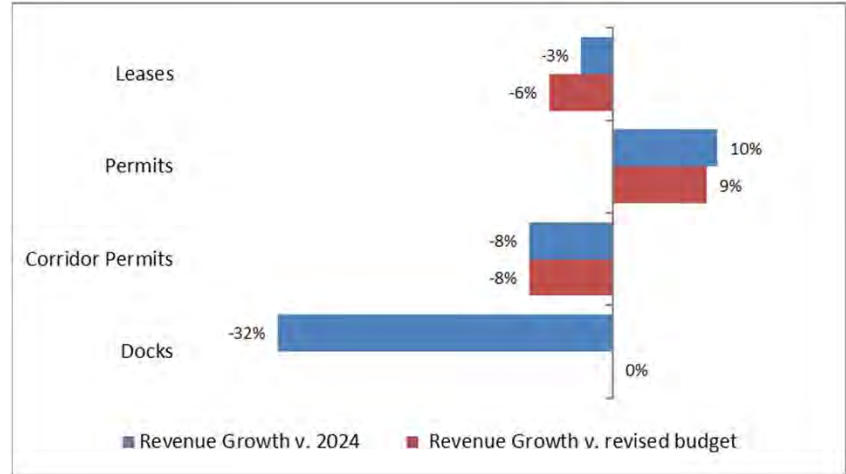
v. revised
budget

- 6%

v. 2024

- *Top category of real estate revenue makes up 59% of total real estate revenue*
- *Permits out-performed revised budget and prior year.*

Real Estate revenue variance



YTD APRIL 2025 Operating Expense Performance

OPERATING EXPENSES

+ 2%

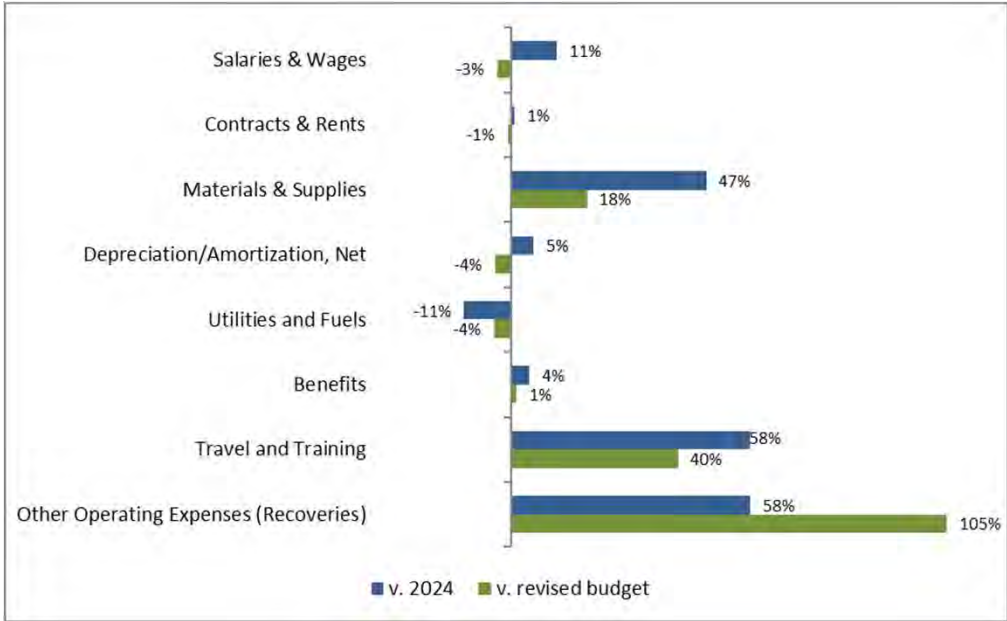
v. revised
budget

+ 9%

v. 2024

- Total operating expenses is over revised budget, primarily due to higher than expected material and supplies expense
- Total operating expenses is over prior year in most categories with the exception of fuel expense

Operating expense variance



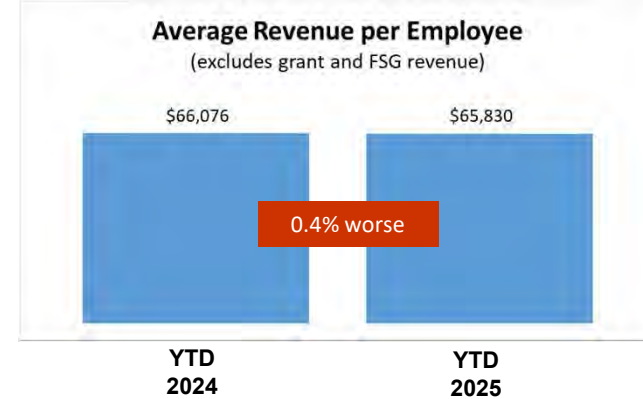
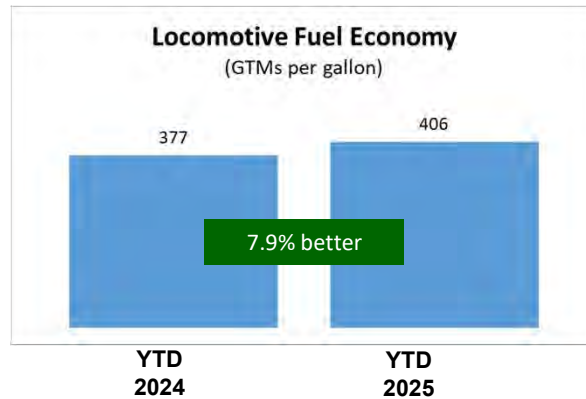
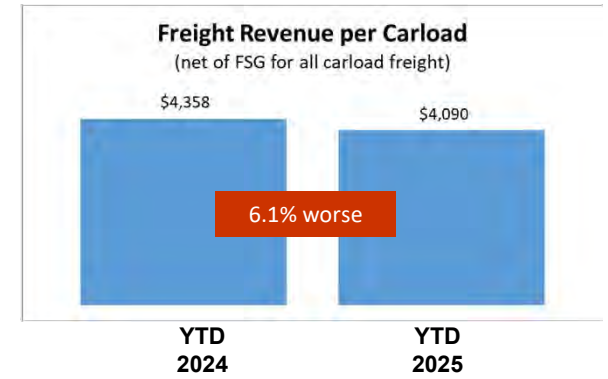
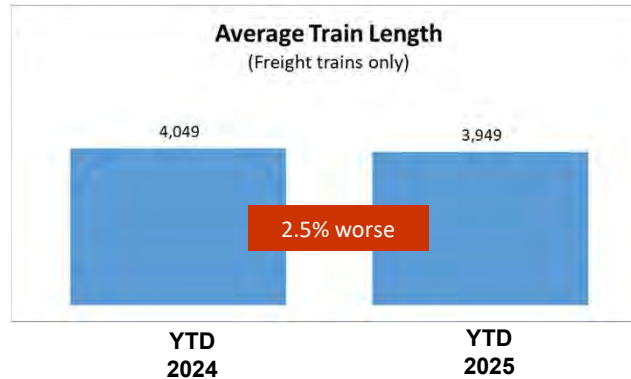
YTD APRIL 2025 Financial Performance

\$ millions

	YTD April 2025	YTD Revised Budget	Variance from budget	YTD April 2024	Variance from prior year
Operating Revenues	\$ 41.3	\$ 42.5	\$ (1.2)	\$ 39.1	\$ 2.2
Operating Expenses	\$ 62.2	\$ 61.2	\$ 1.1	\$ 57.1	\$ 5.1
Operating Income (Loss)	\$ (20.9)	\$ (18.6)	\$ (2.3)	\$ (18.0)	\$ (2.9)
Real Estate, net	\$ 4.4	\$ 4.6	\$ (0.2)	\$ 5.1	\$ (0.6)
Other Income (Expense)	\$ 0.6	\$ (0.3)	\$ 0.9	\$ 1.0	\$ (0.3)
Net Income (Loss)	\$ (15.9)	\$ (14.4)	\$ (1.5)	\$ (11.9)	\$ (3.9)

- Operating revenue under-performed as compared to revised budget, due to under-performance of freight revenue. Operating revenue out-performed as compared to prior year, due to out-performance of freight revenue.
- Operating expenses were over revised budget and prior year
- Real Estate net revenue under-performed as compared to revised budget and prior year
- Other Income (Expense) out-performed revised budget and prior year, due to lower interest expense due to Seward Passenger Dock loan not being issued as expected
- As a result, YTD Net Loss was larger then revised budget and prior year

YTD APRIL 2025 Operating Highlights



➤ YTD APRIL 2025 Net Income Forecast

Net income forecast for 2025, given actual YTD April performance and latest revised budget for the remainder of the year, is \$44.1 million, which is \$12.5 million larger than the original budget net income for the year

- *Forecast net income is lower than expected due to YTD larger net loss than expected*
- *Passenger revenue forecast is \$0.4 million lower than reflected in original budget due to anticipated lower ridership on the Coastal Classic*
- *Real Estate net revenue forecast is \$1.4 lower than reflected in original budget primarily due to termination notice of GSA lease that has since been rescinded and Seward Passenger Dock adjusted to reflect final schedule*
- *Operating expense forecast is \$11.3 lower than what was reflected in original budget with larger variances in Corporate Overhead, Mechanical department, fuel expense and depreciation expense*
 - *Variance for Corporate Overhead primarily due to 2024 PM grant being recognized in 2025*
 - *Variance for Mechanical is related to higher than expected expense for wages and benefits, rolling stock parts, heavy equipment parts, and physical inventory adjustment for oil & lube*
- *Interest income (expense) forecast variance is \$2.9 million due to Seward Passenger Dock bank loan not being issued*

➤ Trusts - Valuation Reports

Annual Valuation Reports were completed by the actuaries in early June for liability values as of 1/1/2025 and presented to the Pension and Healthcare Trust committees on June 13, 2025

- *The Pension Trust funded ratio was 93.2% on an actuarial basis and 92.4% on a market value basis as of 1/1/2025.*
- *The actuaries opined on the risks that the plan is subject to, with the most significant being investment risk, and that while they would recommend a lower discount rate assumption, they found management's rate to be reasonable.*
- *The Healthcare Trust funded ratio was 562.6% on an actuarial basis and 546.6% on a market value basis as of 1/1/2025.*
- *The actuaries opined on the actuarial assumptions and discussed gains occurred are due to a decrease in number of participants compared to expected in last valuation and medical claims increasing less than expected. While they recommend a lower discount rate assumption, they found management's rate to be reasonable.*

➤ 2025 Insurance Program Renewal

July 1 marks the start of the year for our annual insurance renewal, therefore, we are requesting authorization to renew the liability and property insurance programs within certain ranges

- *Up to 10% over 2024 premium levels for the liability program*
 - *This program provides ARRC up to \$75 million (including \$5 million self-insurance retention) in coverage, and is provided by a group of five insurers assembled by Marsh, our broker. This is our primary liability coverage, on top of which, lies the excess liability coverage, required by our contract with Meteorcomm*
- *Up to 10% over 2024 premium levels for the property program*
 - *This program provides ARRC up to \$100 million (including \$10 million self-insurance retention) in coverage, and is provided by a group of thirteen insurers assembled by Marsh, our broker. Severe storms chased some capacity out of rail property, but overall capacity for rail accounts has increased slightly as markets seek growth activity.*

Every effort will be made to renew below the limits provided



Alaska Railroad Corporation

Health Care Trust

Annual Performance Report – June 2025

The ARRC Health Care Trust Committee recently received the Trust’s Actuarial Valuation report which is an important source of information regarding the funded status of ARRC’s Health Care Trust. The report’s purpose is to determine the ARRC’s annual Actuarially Determined Contribution to the Plan, to measure the Trust’s funding status and progress, and to assist ARRC in making informed decisions regarding Plan benefits and investments. This Annual Report provides information, extracted from the valuation, on the Trust’s operations and finances, and highlights the most recent actions taken by the Committee.

Except for a loss of -1.56% in the fourth quarter, 2024 was a great year for the Health Care Trust. The trust returned 3.49% in the first quarter, 0.87% in the second quarter, and 4.95% in the third quarter. The Health Care Trust was able to finish the year with a Plan return of 7.9% on a market value basis (net of investment management and consulting fees) versus the benchmark of 5.95%. The 5-year average return is 4.69% (which is 0.72% ahead of the benchmark). The asset allocation continues to be 60% Fixed Income and 40% Equity due to the plan’s overfunded status (implemented in 2021), which has continued and helped the return relative to the older, more aggressive allocation. The Committee remains diligent in terms of cost management and has kept the Plan investment expense at 0.49% (which is 0.06% lower than 2023).

The Plan investments earned 3.9% on the smoothed actuarial asset value basis which is used to determine the Plan’s contribution amount. This actuarial loss on the smoothed actuarial value of assets (which were assumed to earn 6.00%) increased the unfunded actuarial accrued liability by approximately \$1.2 million. Significant gains occurred, approximately \$2.0 million, due to participant demographic experience – mainly due to retirees dropping coverage and fewer participants electing coverage than expected. Also, projected medical claims, net of premiums, increased less than expected which decreased the unfunded actuarial accrued liability by approximately \$1.8 million. Overall, the value of the Plan’s Accrued Liability decreased from \$13.81 million in 2023 to \$10.81 million in 2024, and the overfunded status of the Plan increased over the same period.

The Committee is pleased to report that the Trust still remains exceptionally well-funded at a funded ratio of 562.6% on an actuarial basis. The Railroad is not required to make an Annual Required Contribution to fund the Trust for 2025 due to its already overfunded status. Outlined below are a few additional statistics:

	2024 ACTIVITY	2023 ACTIVITY
Net Assets January 1	\$ 55,568,373	\$ 51,746,708
Employer Contributions	-	-
Net Investment Income (Loss)	4,339,277	5,011,515
Total Additions (Subtractions)	\$ 4,339,277	\$ 5,011,515
Health Care Trust Disbursement, Less Retiree Premiums	(700,502)	(1,094,765)
Administrative Expenses	(114,584)	(95,085)
Total Deductions	\$ (815,086)	\$ (1,189,850)
Net Assets December 31	\$ 59,092,564	\$ 55,568,373
Retiree & Survivor Count	26	34

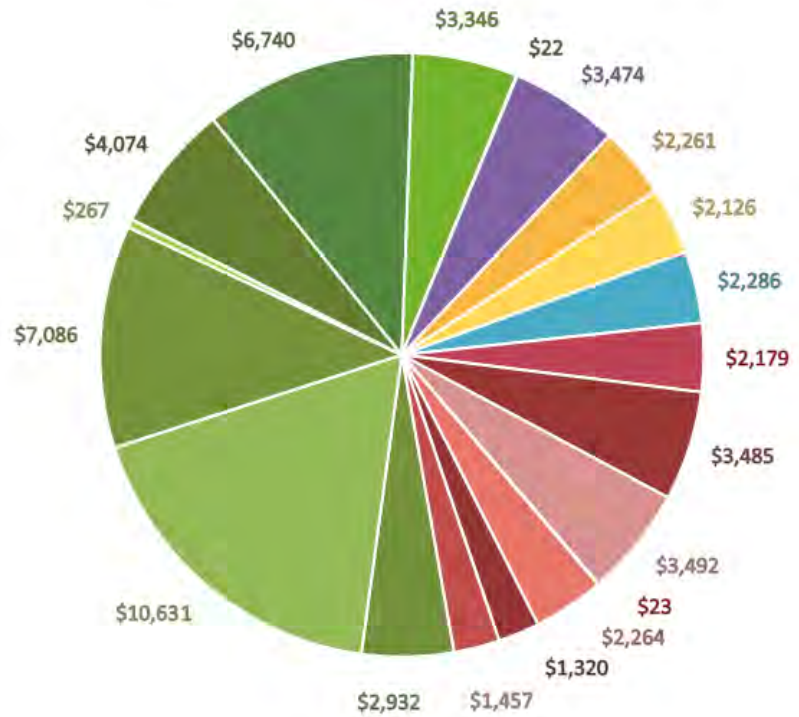
Additional accomplishments include:

- Restating the Health Care Trust Plan document effective October 1, 2024.
- Replacing the JP Morgan Mid Cap Value fund with the AllSpring Mid Value R6 fund.
- Approval of an amended Health Care Trust Investment Policy Statement.

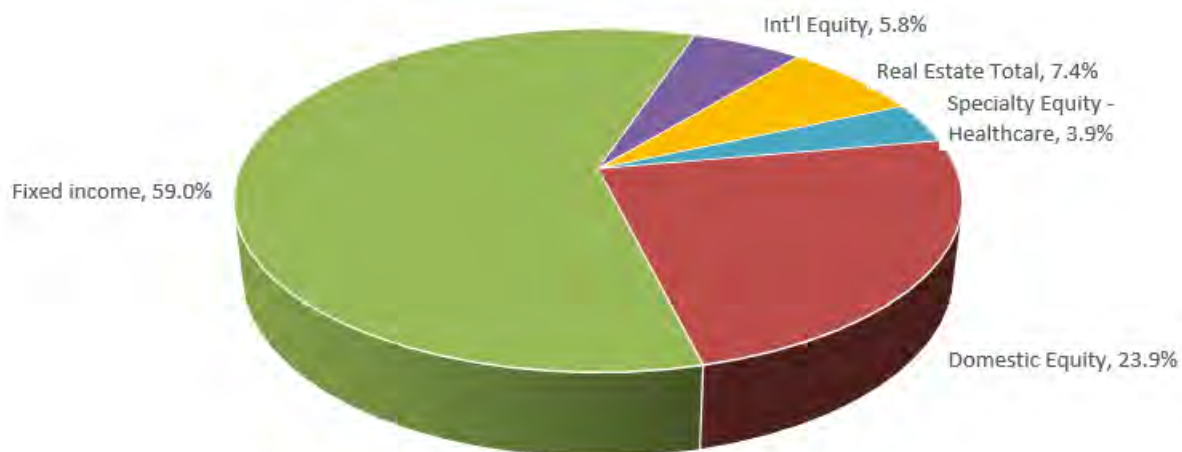
12/31/2024 ARRC Health Care Trust Funds & Assets

In Thousands

- Vanguard Short-Term Inv Grade Adm
- Dodge & Cox Income Fund I
- Sterling Capital Total Return Bond Fund
- Rimrock Low Volatility Fund (Holdback)
- T Rowe Price Global Multi-Sector Bond
- Hotchkis & Wiley High Yield
- DFA Inflation-Protected Secs Port Instl
- Cash
- MFS Int'l Eq
- Prime Property Fund LLC
- RREEF Fd of Amer REIT II
- Vanguard Health Care Index Adm
- AllSpring Special Mid-Cap Value Fund
- Vanguard Instl Index
- T Rowe Price US Equity Research
- JP Morgan Mid Cap Value
- MFS Mid Cap Growth R6
- American Century Small Cap Value
- Hood River Small Cap Growth



12/31/2024 Health Care Trust Asset Classes



Please contact the Committee Members if you have any questions.

Health Care Trust Committee Members & Staff:

Jennifer Mergens
Michelle Maddox
Megan Schmidt
Theresa MacLeod
Kristine Stone

Committee Chairman & Chief Human Resources Officer
Committee Member & Chief Financial Officer
Committee Member & Manager, Benefits & Records
Committee Member, Secretary, & Manager, Retirement Plans
Retirement and LMS Coordinator

Alaska Railroad Corporation

Pension Plan

Annual Report – June 2025

The Pension and Represented 401(k) Savings Plan Committee recently received the Plan’s Actuarial Valuation report which is an important source of information regarding the funded status of ARRC’s Pension Plan. The report’s purpose is to determine the ARRC’s annual Actuarially Determined Contribution to the Plan and to measure the Plan’s funding status and progress. This Annual Report provides information, extracted from the valuation, on the Plan’s operations and finances, and highlights the most recent actions taken by the Committee.

2024 saw the Pension Plan outperform its benchmark in three of the four quarters. Except for a -0.79% loss in the fourth quarter, the Plan had positive returns of 5.22% in the first quarter, 0.81% in the second quarter, and 5.24% in the third quarter. The Pension Plan was able to finish calendar year 2024 with a Plan return of 10.74% on a market value basis (net of investment management and consulting fees) versus its benchmark of 8.91%. This was a great year for the Plan. Over the past five years, the 5-year average return of 7.14% has exceeded the policy index by 0.81%, which ranks in the 53rd percentile among the peer universe. The Plan has maintained a disciplined approach to rebalancing (which adheres to the Investment Policy) and thereby keeps risk under control. Lastly, the Committee remains diligent in terms of cost management and has kept the Plan investment expense at 0.56% of assets (0.02% lower than 2023), while maintaining the asset allocation.

Plan investments earned a return of 6.8% on the smoothed actuarial asset value basis which is used to determine ARRC’s annual Plan contribution amount. This actuarial loss on the smoothed actuarial value of assets (which were assumed to earn 7.25%), increased the unfunded actuarial accrued liability by approximately \$1.1 million. There was a small loss of approximately \$0.3 million due to a larger COLA than expected and also a net loss of approximately \$3.6 million due to demographic experience being less favorable overall than assumed. The Committee is pleased to report that the Plan remains well funded at a funded ratio of 93.2% on an actuarial basis. As a result, the total Actuarially Determined Contribution, which is ARRC’s employer contribution to the Pension Plan, was determined to be \$3.51 million for 2025. Outlined below are a few additional statistics with respect to the Pension Plan:

	2024 ACTIVITY	2023 ACTIVITY
Net Assets January 1	\$ 259,895,664	\$ 235,728,957
Employee Contributions	5,774,050	5,327,500
Employer Contributions	3,211,836	3,147,623
Net Investment Income (Loss)	27,463,821	28,183,077
Total Additions (Subtractions)	\$ 36,449,707	\$ 36,658,200
Pension Benefits Paid	12,802,883	12,064,356
Administrative Expenses	428,270	427,137
Total Deductions	\$ 13,231,153	\$ 12,491,493
Net Assets December 31	\$ 283,114,218	\$ 259,895,664
Retiree Count	421	410

*2023 Pension Benefits paid were \$12,078,782. 2023 statistics revised to match ARRC financial statements.

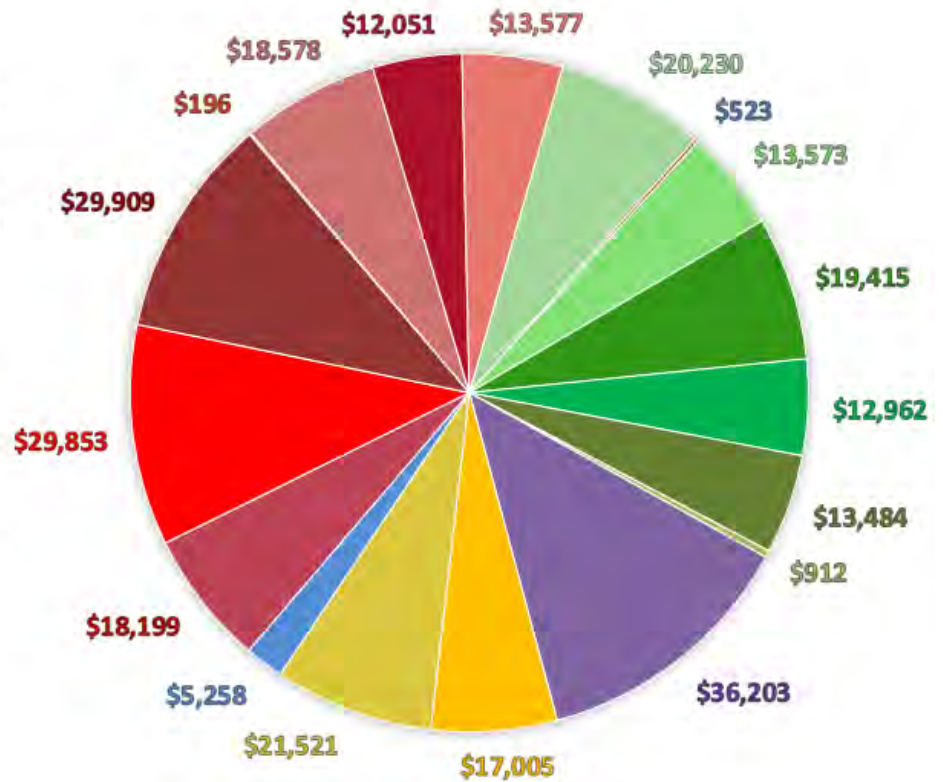
Additional accomplishments include:

- Amending the Plan: 1st Amendment removed specific job titles of Committee members & updated the forfeiture timing language; the 2nd Amendment updated the Buy-Back Procedures.
- Rebalancing the Plan: reallocated 1% of each of the Large Cap Equity funds & allocated proceeds to the RREEF position.
- Replacing the JP Morgan Mid Cap Value fund with the AllSpring Special Mid Value R6 fund.
- Updating the Pension Plan Summary Plan Description (SPD).
- Amending & restating the Plan’s Trust Agreement with Principal Custody Solutions.
- Approval of an amended Pension Plan Investment Policy Statement.
- Welcoming new Committee member, Chad Frank.

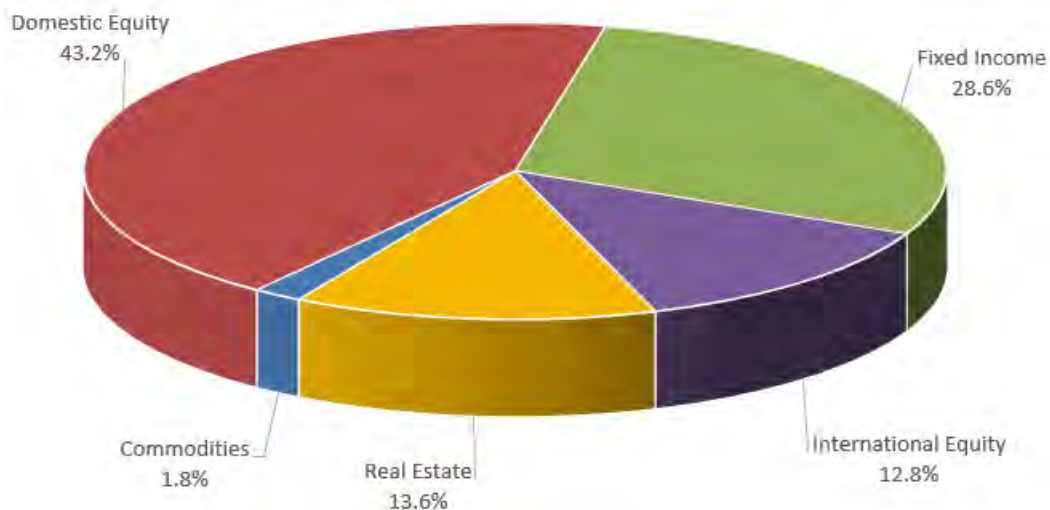
12/31/2024 PENSION PLAN FUNDS & ASSETS

In Thousands

- Dodge & Cox Income Fund I
- Rimrock Low Volatility (Holdback)
- T Rowe Price Global Multi-Sector Bond
- Hotchkis & Wiley High Yield
- DFA Inflation-Protected Secs Port Instl
- Sterling Capital Total Return Bond Fund
- Cash
- MFS Int'l Eq
- Prime Property Fund LLC
- RREEF Fd of Amer REIT II
- PIMCO Commodities- Real Return
- Allspring Special Mid-Cap Value Fund
- T Rowe Price Structured Research Tr-B
- Vanguard Inst- Index
- JP Morgan Mid Cap Value
- MFS Mid Cap Growth R6
- American Century Small Cap Value
- Hood River Small Cap Growth



12/31/2024 Pension Plan Asset Classes



Please contact the Alaska Railroad Pension Committee Members and staff if you have any questions.

Jennifer Mergens
Michelle Maddox
Theresa MacLeod
Dirk Hosler
Chad Frank
Kristine Stone

Committee Chairman & Chief Human Resources Officer
Committee Member & Chief Financial Officer
Committee Member & Manager, Retirement Plans
Committee Member & Labor Representative
Committee Member & Labor Representative
Retirement and LMS Coordinator

Alaska Railroad Corporation

401(k) Tax Deferred Savings Plan

Annual Performance Report – June 2025

The Represented and Non-Represented 401(k) Tax Deferred Savings Plan Committees are pleased to present the 401(k) Plan’s Annual Performance Report which provides valuable information on the Plan’s finances and activity status for the previous year. Some notable statistics are:

The Plan offers 24 investment funds & Participants’ funds were allocated as:

- ✓ Large Cap 29.9%
- ✓ Mid Cap 5.1%
- ✓ Fixed Income 20.4%
- ✓ Small Cap 5.3%
- ✓ International 6.6%
- ✓ Target Date Retirement Funds 31.9%
- ✓ Loan Fund 0.8%.
- The annualized rate of return for the Plan was 12.48% compared to 15.82% for 2023.
- The annualized weighted average Expense Ratio was 0.171%.
- The average participant balance was \$177,043.
- The Plan currently offers a choice of 24 investment funds.

Additional accomplishments include:

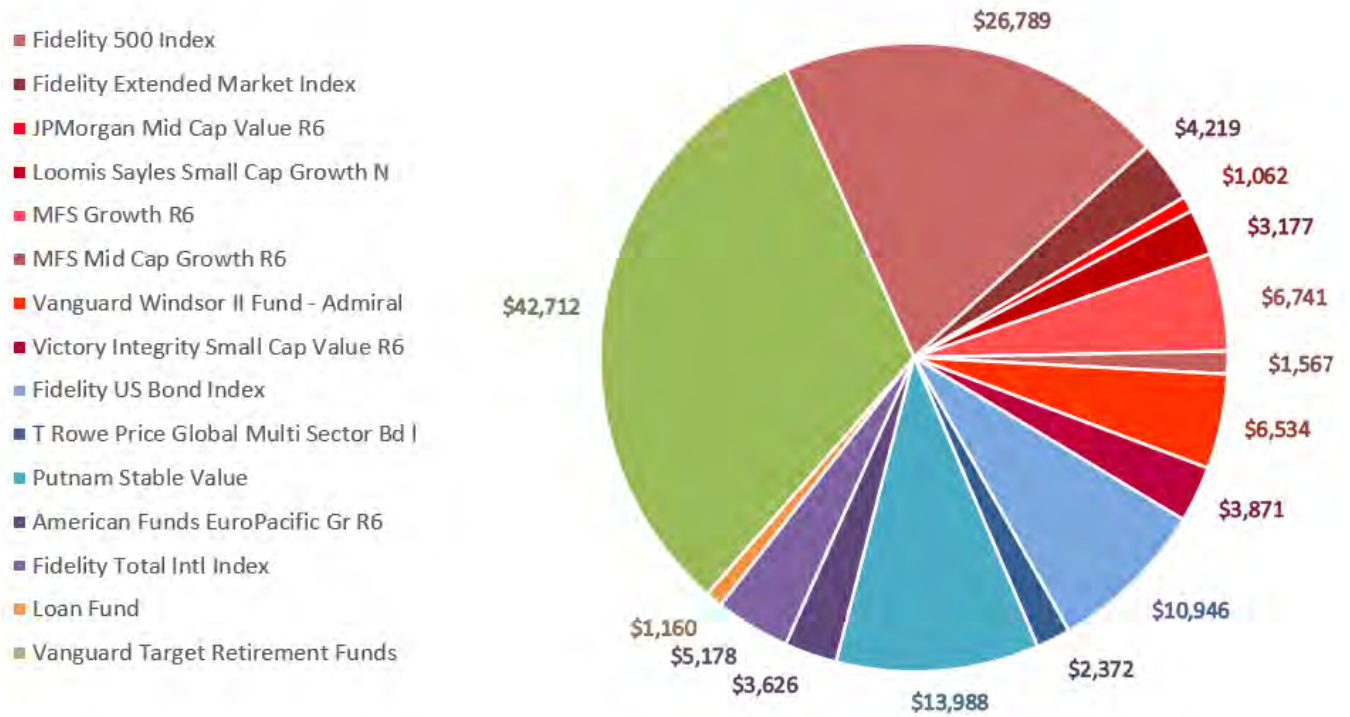
- Amending the Non-Represented Plan to increase the Employer Match from 50% of the first 4% to 50% of the first 6% of contributions (1st Amendment).
- Amending the Non-Represented & Represented Plans to clarify the *look-back period* of a previous loan is the “preceding Year” versus the “prior rolling 12-month period,” and to clarify a loan being paid in full versus being offset when receiving a distribution (2nd Amendment).
- Updating ARRC’s internal Loan Policy.
- Updating the 401(k) Summary Plan Descriptions (SPDs) for both Plans.
- Replacing the JP Morgan Mid Cap Value fund with the AllSpring Special Mid Value R6 fund.
- Moving the T. Rowe Price Multi-Sector Bond to the CIT version saving Participants 11 basis points.
- Implementation of the Secure Act Super Catch-Up for Employees ages 60-63 in 2025 thereby increasing their allowable Catch-Up contribution from \$7500 to \$11,250.
- Approval of an amended 401(k) Investment Policy Statement.
- Welcoming new Committee member, Chad Frank.
- Continuation of in-person presentations and quarterly communication campaigns.

401(k) Plan Activity

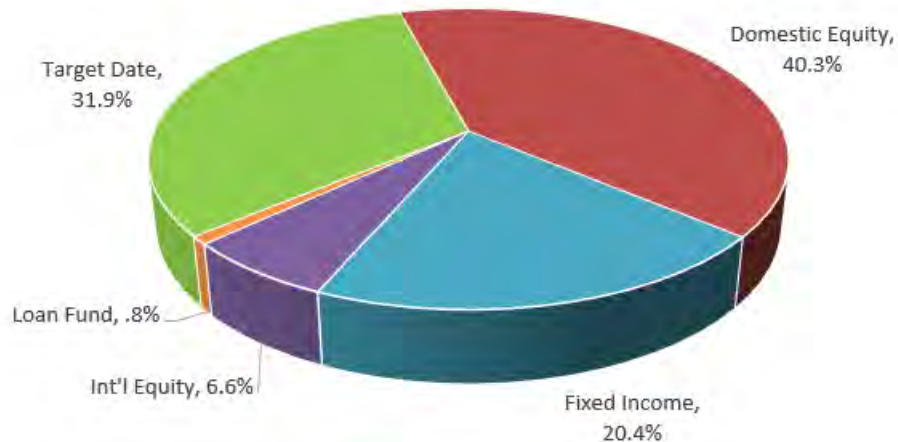
	2024	2023
Employee Contributions	\$4,851,345	\$4,454,663
Employer Match	\$1,228,772	\$1,014,927
Total	\$6,080,117	\$5,469,590
Plan Balance on 12/31	\$133,942,189	\$123,501,741
Average Balance	\$177,043	\$166,669
Active Participants as of 12/31 (employed)	500	490
All Participants	750	740

	% of Active Employees Participating	
	2024	2023
ARW	42%	46%
ATDA	77%	75%
TMSTR	58%	59%
Non-Rep	75%	79%
TCU	72%	87%
UTU	60%	64%
Total	56%	61%

12/31/2024 401(k) Asset Allocation, Total Fund with Loans
In Thousands



12/31/2024 Asset Classes



Please contact the Committee Members and staff if you have any questions.

401(k) Tax Deferred Savings Plan Committee Members & Staff:

Jennifer Mergens	Committee Chairman & Chief Human Resources Officer
Michelle Maddox	Committee Member & Chief Financial Officer
Chad Frank	Committee Member & Labor Representative
Dirk Hosler	Committee Member & Labor Representative
Theresa MacLeod	Committee Member & Manager, Retirement Plans
Kristine Stone	Retirement & LMS Coordinator

Alaska Railroad Corporation
457 Deferred Compensation Plan
Annual Performance Report – June 2025

The Non-Represented 457 Deferred Compensation Plan Committee is pleased to present the 457 Plan's Annual Report which provides valuable information on the Plan's finances and activity status for the previous year. Some notable statistics are:

- Participants' funds were allocated at the end of 2024 as follows:
 - ✓ Large Cap 31.1%
 - ✓ Mid Cap 4.5%
 - ✓ Fixed Income 14.2%
 - ✓ Small Cap 4.1%
 - ✓ International 7.7%
 - ✓ Target Date Retirement Funds 38.4%
- The average participant balance was \$142,659.
- The Plan currently offers a choice of 24 investment funds.

Additional accomplishments include:

- Implementation of the Secure Act Super Catch-Up for Employees who attain ages 60-63 in 2025 thereby increasing their allowable Catch-Up contribution from \$7,500 to \$11,250.
- Approval of an amended 457 Plan Investment Policy Statement.
- Continuation of in-person presentations and quarterly communication campaigns.

457 Plan Activity

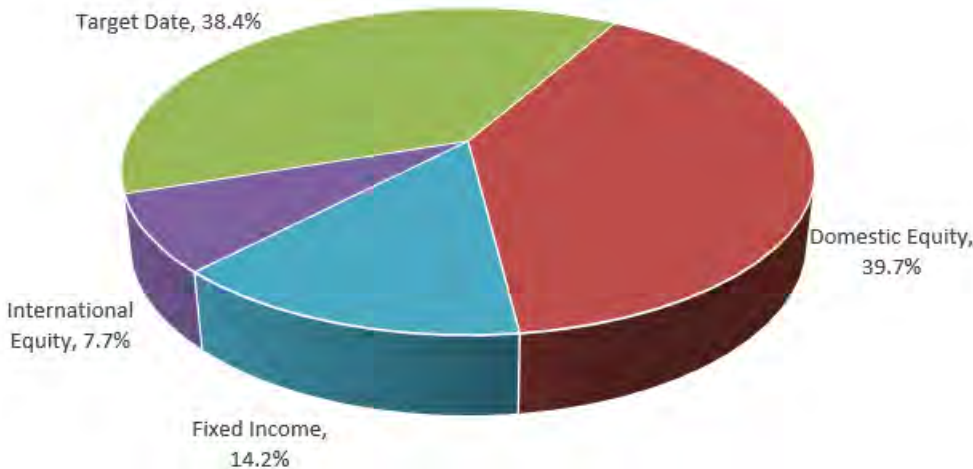
	2024	2023
Employee Contributions	\$519,990	\$508,805
Plan Asset Balance on 12/31	\$10,699,418	\$9,335,986
Average Balance	\$142,659	\$129,666
Active Participants	54	51
Eligible Participants	383	343
Percent of Active Employees Participating	19%	19%

12/31/2024 Asset Allocation 457 Plan
In Thousands

- Vanguard Target Retirement Funds
- Fidelity 500 Index
- Fidelity Extended Market Index
- JPMorgan Mid Cap Value R6
- Loomis Sayles Small Cap Growth N
- MFS Growth R6
- MFS Mid Cap Growth R6
- Vanguard Windsor II Fund - Admiral
- Victory Integrity Small Cap Value R6
- Fidelity US Bond Index
- T Rowe Price Global Multi Sector Bd I
- Putnam Stable Value Fund 15bps
- American Funds EuroPacific Gr R6
- Fidelity Total Intl Index instl Premium



12/31/2024 Asset Classes



Please contact the Committee Members or staff if you have any questions.

457 Deferred Compensation Plan Committee Members & Staff:	
Jennifer Mergens	Committee Chairman & Chief Human Resources Officer
Michelle Maddox	Committee Member & Chief Financial Officer
Theresa MacLeod	Committee Member & Manager, Retirement Plans
Kristine Stone	Retirement & LMS Coordinator

IX. BRIEFING ITEMS

B. Committee Reports

- 1. Real Estate Committee Notes**
- 2. Executive Committee Notes – Confidential**
- 3. Audit Committee Notes – Meeting is Tuesday, June 24, 2025. Confidential Notes will be emailed to board members prior to the Board meeting.**



Alaska Railroad Corporation Board of Directors Real Estate Committee Notes

Date: June 4, 2025

Time: 9:00 a.m.

Location: Hybrid 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
Commissioner Julie Sande, Committee Member - excused

Staff present:

Christy Terry, Andy Donovan, Kristen Gratrix, Bill O'Leary, Jennifer Mergens, David Greenhalgh, Brian Lindamood, Kate Dueber, Michelle Maddox, Andy Behrend, Clark Hopp, Jon Roder, LaFew Knox, Meghan Clemens, Lorine Hall, Kate Dueber, Yolanda Inga, Amy Kinnaman

Members of the public:

John Pekar, Kinney Engineering – in person
Kristina Busch, Department of Transportation – in person
Jackie Wilde, City of Whittier City Manager
Adison Spafford, City of Whittier Assistant City Manager
Tanya Hickok, Municipality of Anchorage
Noah King, Department of Transportation
Cherie Curry, Winfluence

Customer Communications:

Vice President of Real Estate Christy Terry asked the members of the public present to introduce themselves. She noted that they did not wish to provide public comment but instead were present to answer any questions regarding Contract No. 9800 relating to the Tony Knowles Coastal Trail.

Ms. Terry shared the good news that the Forest Service had rescinded their previous lease termination notice regarding their occupancy in the Freight Shed. ARRC has formally accepted that rescission. She also noted that there has been increased interest in the Birchwood yard, as well as in the parcels available in the Ship Creek area. On

Depot Drive, 49th State has had a soft opening of their tasting room. She noted that there is excavation material still stored on the west end of Depot Drive, which will be removed to make the remaining parcels more attractive. Ms. Terry shared that the Real Estate Department is revamping its customer newsletter and expects the first edition to go out in July.

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

Authorization for Expenditure No. 11385 / Resolution No. 2025-17– Phillips Trust Property

Ms. Terry stated that subject property is an approximately 43-acre parcel directly adjacent to the Fairbanks yard. This represents a once-in-a-lifetime opportunity to strategically expand the operations yard, which is currently at maximum capacity. The sale was a sealed bid process and the seller is requiring the sale be “as-is, where-is”. Although there are certain risks involved and potential hazard remediation costs may be significant, the cleanup requirements will differ based on the intended use. Ms. Terry also noted that the transaction will include ARRC receiving a quit claim of any interest the Phillips Estate may have in the adjacent right-of-way (“ROW”). There was discussion that the risk did not outweigh the benefit of this unique and strategic opportunity.

The Committee recommended Board approval.

Contract No. 9800 – Municipality of Anchorage (Downtown Trail Connection) – Anchorage

Ms. Terry described the project to connect the existing Tony Knowles Coastal Trail to the existing Ship Creek Trail via a new section of trail referred to as the Downtown Connector. As part of this project the existing Coastal Trail Permit would be modified to include the new Downtown Connector, the existing Ship Creek Trail and the fishing-related improvements that are now separately permitted in conjunction with Ship Creek. This would increase ease of permit administration.

The Committee recommended Board approval.

Contract No. 21177 – Great Northwest Moving Company – Anchorage

Ms. Terry shared that Great Northwest, an existing customer, has a lease that expires in 2032. The customer has applied for a new 20-year lease.

The Committee recommended Board approval.

Contract No. 9524A – Global Tower Assets III – Portage

Ms. Terry stated that the holder of an agreement for an existing cell tower in the ARRC ROW near Portage has applied for a term extension. A ten (10)-year term extension was agreed upon to recognize the potential for double track through this location. There will be language acknowledging the need to terminate the agreement or to relocate the facility should the double track occur.

Seward

Dock Traffic

Ms. Terry shared that there have been thirteen (13) ships at the cruise dock and two (2) double ship days. Activity at the Freight Dock has also been busy as this the time of year when projects the area and in Western Alaska start mobilizing. Pipe is expected in Seward in July; the pipe will be moved via train north.

MOU and Lease – Seward Airport

Ms. Terry shared that staff is working with the Department of Transportation (DOT) on a new lease for the Seward Airport. The current lease expires in March of 2026 and the areas will be revised to reflect the change in orientation of the runway and airspace. ARRC will remove Airport Road from the lease area to allow for better access to the parcels in support of the development of Lots 1-3 on the north end of the ARRC Seward Reserve. Commissioner Ryan Anderson shared that the Federal Aviation Administration has a requirement for exclusive use when included as part of the airport limiting the access to ARRC parcels 1-3 under the current configuration.

Seward Coal Loading Facility Property Update

Ms. Terry shared that staff is working with the city on a replat and rezone of the area from Industrial to Harbor Commercial to accommodate passenger support development.

Passenger Dock and Terminal Improvements

Ms. Terry shared that the passenger season has been going well, a new traffic plan has been implemented and the transportation providers have been accommodating for the passenger operations. Ms. Terry also provided the weekly project update and stated that the first of the two (2) floats for the new passenger dock have been completed and the second is underway. In September the floats will be brought into Seward by carrier ship, versus being towed.

Ms. Terry followed up that the May monthly report on the progress of the project is being reviewed by both Real Estate and Engineering. Ms. Terry also mentioned that Engineering had hired a project manager to focus on the quality control and quality assurance to ensure that ARRC is doing its own due diligence of the project.

Chairperson Binkley thanked Ms. Terry for her Friday Status reports updating the Board of the progress.

Whittier

Ms. Terry stated that she and Committee Chair Binkley would be in Whittier the following day to discuss and look at the multiple ongoing items.

Whittier Seafood

Ms. Terry shared that the buyer for Whittier Seafoods has re-engaged and would like a longer lease. A lease application has been provided.

ARRC Terminal Whittier Master Plan

Ms. Terry provided an update and timeline of completion of the ARRC Master Plan. Ms. Terry stated that she and Ms. Clemens have been joining ARRC's Marine Project Manager Liz Greer for Whittier meetings for over the past year and a half.

City of Whittier Waterfront Plan

The City of Whittier's waterfront plan is to improve economic development along the waterfront. Ms. Terry stated she is participating in the stakeholders' meetings regarding that plan.

Department of Transportation (DOT) - City of Whittier Transportation Plan

Ms. Terry shared that DOWL was awarded the contract in late 2024 to work on the DOT Transportation plan. Ms. Terry stated that ARRC is a stakeholder and part of the plan will review traffic with the Whittier Tunnel.

City of Whittier and ARRC Land Purchase, Sale, Exchange

Ms. Terry provided a brief overview and timeline of events that have occurred since the City of Whittier submitted their request to purchase land in early 2024. She stated that each parcel was carefully reviewed including projects with the ARRC Terminal Whittier Master Plan. Parcels identified for current and future ARRC operational needs were carved out. Ms. Terry did provide an overview of the parcels currently being considered by both parties. While the City of Whittier has expressed desire for an outright purchase, ARRC has requested a trade of properties and a cash exchange of any difference in value. Ms. Terry did provide information on the legislative bills on both the House and Senate side introduced at the last session and reminded the group that any future sale would still require a number of steps including ARRC Board approval.

Anchorage

Odom

Ms. Terry shared that staff is working on a rezone and replat of the parcels that underly the Odom building and adjacent parcels. Ms. Terry provided brief overview and that the process should be wrapped up by the end of August.

ASR – 2301 Spar Ave

Ms. Terry shared that ARRC leases a parcel from the Department of Natural Resources (DNR) which is currently permitted to an environmental company. The company is currently working with Alaska Department of Environmental Conservation (ADEC) to close out the property and ARRC is currently working with another environmental company to occupy the location once vacant.

Anchorage Trolley 920 Whitney

Ms. Terry shared that Anchorage Trolley is permitting property on Whitney and is currently improving the property with a wash down pad.

Bait Shack 2025 Community Events

Ms. Terry shared with the group information about another Ship Creek customer and their community involvement and contributions including clean-up days and fishing derbies.

Matanuska – Susitna Borough

Port Mackenzie Rail Extension

Ms. Terry shared that she and Ms. Clemens are meeting regularly with members of the Borough regarding the Port Mackenzie Rail Extension (PMRE) Project. A request has been made to CIRI for land rights to extend the MPRE ROW. ARRC Grant staff are also keeping an eye out for any grant opportunities.

Fairbanks

Aurora Energy

Ms. Terry shared that Aurora Energy had vacated the property referred to as the Pigeon Barn on the north side of Phillips Field Road where they had stored their kiln dried wood. Aurora continues to occupy the lease areas to the south.

Customer Party - HooDoo Event July 21

Ms. Terry shared that as response to the customer survey, and due to the unfortunate weather for the customer party, Real Estate is having a summer customer party in Fairbanks at the HooDoo Brewery. Invitations have just gone out.

Chena Landings Lot 8

Ms. Terry shared information on the recent sale of Lot 8 of the Chena Landings development.

At 10:15 a.m. Committee Member Petry made a motion for the Committee to move to executive session to discuss confidential financial and legal matters related to ARRC's discussions with the City of Whittier related to the potential purchase, sale, or exchange of land. Committee Member Shively seconded. The motion was approved and the Committee went into Executive Session.

At 10:16 a.m. the regular session reconvened and the meeting was adjourned.

ARRC BOARD OF DIRECTORS MEETING EXECUTIVE SESSION AGENDA

X. NEW BUSINESS

C. Executive Session Briefings

Wednesday, June 25, 2025

1. Contracts, Claims, Litigation, Personnel and Financial Matters
2. Whittier Land Transfer
3. Gasline Project Update
4. Legislative Update
5. Seward Passenger Dock Project Update
6. Business Development Report

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

X. NEW BUSINESS
D. Adoption of Consent Agenda
June 25, 2025

1. Resolution No. 2025-13 – Relating to Insurance Renewal for 2025-2026
2. Resolution No. 2025-14 – Relating to Funding of Environmental Mitigation Required in Conjunction with the Seward Freight Dock and Corridor Improvements Project (AFE No. 11387)
3. Resolution No. 2025-15 – Relating to Funding for the Locomotive 4317 Engine Rebuild Project (AFE No.11386)
4. Resolution No. 2025-16 – Relating to the Approval of Third Amendment to the Alaska Railroad Pension Plan
5. Resolution No. 2025-17 – Relating to the Purchase of the Phillips Property in Fairbanks from the Personal Representative of the Estate of Carroll Phillips, Jr. (AFE No. 11385)
6. Resolution No. 2025-18 - Relating to the Selection of a Firm to Perform the 2025 through 2029 Annual Financial Audits and Other Financial-Related Services
7. Resolution No. 2025-19 – Authorizing an Amendment to the Tony Knowles Coastal Trail Permit
8. Contract No. 9800 - Municipality of Anchorage (Downtown Trail Connection) – Anchorage
9. Contract No. 21177 - Great Northwest Moving Company – Anchorage
10. Contract No. 9524A - Global Tower Assets III – Portage

TO: ARRC Board of Directors

Through: Bill O'Leary, President & Chief Executive Officer
Michelle Maddox, Chief Financial Officer

FROM: Roberta Highstone, Risk Manager

DATE: May 30, 2025

SUBJECT: Insurance Renewals

The Alaska Railroad Corporation ("ARRC") renews its liability and property insurance policies on July 1, 2025. Various other policies will be renewed within a few months thereafter. This memo is intended to brief you on various aspects of these renewals prior to the June 25, 2025 Board Meeting when the insurance renewals will be presented as an action item.

ARRC maintains a comprehensive property and casualty insurance program, with significant self-insured retentions, as historically summarized in the attached charts. In past years, ARRC has been assisted in the design and implementation of its insurance program by Marsh & McLennan Agency, LLC ("Marsh"). As ARRC's Risk Manager, I work closely with the Marsh insurance professionals to make certain that all aspects of ARRC's exposures are addressed.

YEAR 2024-2025 PERFORMANCE

The insurance year of 2024-2025 has again been unremarkable as to concerns or incidents impacting ARRC's risk management program. As has been our procedure in the past, the ARRC Legal Department has thoroughly reviewed all incidents that could result in claims against current policies. No incidents have been identified as possibly resulting in a claim against any of the purchased insurance policies in the current claim year.

INSURANCE PROGRAM

The number of markets available to place ARRC's insurance continues to be very limited. Last year, ARRC's \$75 million general liability policy was underwritten through four U.S. underwriters and its \$323 million shared excess liability policy was underwritten by a consortium of twenty European and Bermuda underwriters. As in past years, we have scrutinized all markets with which ARRC does business for stability, terms of insurance policies, and cost.

As has been reported in the past, it is difficult to compare and assess ARRC's insurance program with the programs of other railroads. Frankly, it is impossible to find a railroad that substantially mirrors ARRC's passenger operations and freight commodity mix. ARRC's unique passenger business and high volumes of hazardous materials present

greater risks for underwriters than do other railroads with greater annual revenues. Additionally, ARRC is exposed to catastrophic perils of earthquake and flood, which translates into additional risk to be considered by the property underwriters. Nonetheless, ARRC's current program includes coverages and terms that compare well to other railroads.

ARRC's performance can be measured by our track record in the 40 years since the corporation began doing business. ARRC's spotless property and general liability claim record has benefited it in the marketplace. As shown on the attached charts, we have profited from a decrease in insurance costs over the years, and policy terms have been enhanced at little or no cost. ARRC's annual track renewal, track straightening, tie replacement, and bridge rehabilitation programs have impressed the underwriters with our commitment to and impact on safe operations. The importance of our infrastructure rehabilitation programs cannot be overstated when ARRC is assessed against all other railroads. Reductions in ARRC's premiums on the liability side have no doubt been impacted by our comprehensive capital improvement program. However, losses in the railroad industry, both domestic and foreign, have had a significant effect on the markets with which ARRC does business. Although neither incident resulted in claims against a policy and occurred in 1999, ARRC's own loss experience at Canyon and Gold Creek are issues that continue to be scrutinized by underwriters before setting rates.

Significant domestic and international incidents continue to impact the markets in which ARRC does business. In the year 2024 there were 27 separate billion-dollar events that impacted the property excess and reinsurance markets. Significantly impacting insurers who will write railroad property risk was Hurricane Helene which caused significant damage to two Class I railroads. As a result, the limited marketplace contracted slightly with one major underwriter (Mitsui) leaving the rail space.

Incidents that affect the liability market include an accident on October 29, 2020 a Kansas City Southern freight train derailed and five cars were punctured and leaked their contents causing evacuation of the area within one mile and the most recent on February 3, 2023 involving the derailment of the Norfolk Southern in East Palestine, OH. These incidents will definitely cause the underwriters to closely scrutinize operations involving the hauling of fuel or any hazardous materials through populated areas.

The Rail Liability markets have significantly changed in recent years, including reduction of an estimated \$500 million dollars of capacity in the commercial marketplace and the increase in the Rail Passenger Transportation Liability Cap from \$295 million to \$323 million. This has resulted in the Alaska Railroad Corporation having to increase its total liability limits to \$323 million, thereby increasing total costs of liability premiums.

For this current renewal period we are still in the midst of a challenging marketplace. Lower levels of passenger and freight volumes during the pandemic helped to keep our increase in premium low at the last renewal period, but with the return of more passengers and freight to ARRC's system in 2023 and still more in 2024 comes an increase in exposure that the insurers see as the justification for a larger increase in premium at this

renewal. For 2025, we are anticipating increased revenue and payroll, which is the driver of liability insurance premiums. With current market conditions for rail liability rates being up 5-10%, we predict that there will be an estimated increase of up to 10% for the premiums for our liability policies over the last renewal period.

There are intervening market pressures that have actually moved the insurance market in a positive direction for buyers. In spite of the challenges we see in the railroad property market, the macro property market has experienced an expansion in capacity which pushes insurers to be more competitive. This competitive environment does filter into rail and has offset much of the headwind. Property insurers are pricing their renewals more competitively in 2025.

Taking into account increased total insured valuations and inflation, property insurance rates continue to increase for programs that have multiple carriers, such as ARRC's program. Q1 of 2025 is the 24th consecutive quarter that has had increased rates. Increasing reinsurance and capital costs, strong capacity demand, limited new capacity (insurance companies) and continued loss are factors driving the increases as well. Reinsurance pricing in North America increased 40% - 60%. Reinsurance is when insurers pass a portion of their policies onto other insurers to reduce the financial cost in the event a claim is paid out.

The property market is in a state of change and we are seeing year on year rating anywhere from +5% to -5%. In spite of record catastrophic losses and significant business interruption events, the market remains resilient. The 2025 Atlantic storm season and drought/wildfire seasons are factors that we continue to watch as they will influence the trend we are seeing.

On this year's renewal we modestly increased the replacement costs of our buildings, bridges and locomotives, however other asset values remain unchanged. Overall, the values at risk have increased 3.5%. These percentages are based on construction trends, equipment costs and inflation. Based on the foregoing, we also predict that there will be an estimated increase of up to 10% for the premiums for our property policies over the last renewal period.

Several potential cost saving measures were considered, including giving consideration to possibly increasing deductibles and/or reducing coverage, however, Marsh feels that measures such as these are only generating minimal cost savings, and are therefore, not worth the additional risk.

As in prior years, we will not know the exact amount of the premiums until just before the renewal date, and the markets can be subject to volatile shifts between now and then. Since the renewal date is after the Board meeting in June, the Board must set an acceptable range of premium increase for renewal at this time.

2025-2026 INSURANCE REQUIREMENTS

Based on premium cost and ARRC's claims experience, ARRC should continue to self-insure a large proportion of its risks. As discussed in past years, the costs associated with "buying down" the self-insured retentions ("SIRs") to a lower level does not put ARRC in a better position to transfer risk, as the associated higher premium is simply not cost effective. We estimate that, on the property side, reducing the SIR from \$10 million to \$5 million could double the 2025-2026 premiums, which are already expected to increase even with the SIR remaining the same. Contract requirements with ARRC's "pull" partners requiring significant limits of insurance and strong indemnity language, as well as the \$10 million insurance line of credit, are risk transfer mechanisms that make better fiscal sense than to buy down the SIR on ARRC's two major policies.

In our judgment, the liability insurance limits should remain at the \$323,000,000 level due to the requirement imposed by the manufacturer of equipment for the federally mandated Positive Train Control Project. Several years ago, ARRC's broker was able to structure a shared policy for the excess coverage that the equipment manufacturer demanded. ARRC shares in this policy with several other railroads, as this is the most cost-effective way to put the excess coverage in place. In the case of the property insurance policy, I recommend that the limits remain at \$100,000,000. This recommendation is based on ARRC's current property valuations. Similarly, in the case of all other policies, limits should be renewed with no substantial changes in any segment of the program.

Finally, to meet those contingencies that fall within ARRC's self-insured retention, ARRC should continue its \$10 million line of credit that provides cash for incurred liabilities and amortizes losses over a period of years.

JUNE BOARD MEETING ACTION

At the June 25th Board Meeting, you will be asked to authorize renewal of the current insurance policies as discussed above. As no quotes will be available on the date of the meeting, the Board will need to set the parameters for all purchases. As stated, I request purchase authority of a maximum increase of up to 10% for liability policies and up to 10% for property policies. Every attempt will be made to control the premium expenditures and to obtain the best price.

Attachments

Adopted:

Resolution No. 2025-13

Relating to Insurance Renewal for
2025-2026

WHEREAS, the Alaska Railroad Corporation Act, AS 42.40.520, requires the Alaska Railroad Corporation (ARRC) to protect its assets, services, and employees by purchasing insurance or providing for certain self-insurance retentions; and

WHEREAS, ARRC has established a risk management program and contracted with Marsh & McLennan Agency, LLC to advise the corporation on its insurance needs and insurance availability and to assist ARRC in obtaining insurance; and

WHEREAS, ARRC's various liability and property insurance policies must be renewed on July 1st of each year; and

WHEREAS, ARRC's insurance brokers have carefully reviewed the corporation's insurance needs and the current state of the insurance markets; and

WHEREAS, based on their review, ARRC's insurance brokers have advised that the premiums for ARRC's liability insurance policies may increase, but not more than 10% over the aggregate premiums ARRC paid for liability insurance for the 2024-2025 insurance year; and

WHEREAS, based on their review, ARRC's insurance brokers have advised that the premiums for ARRC's property insurance policies may increase by an estimated 10% over the aggregate premiums ARRC paid for property insurance for the 2024-2025 insurance year; and

WHEREAS, a summary of the ARRC's current insurance coverages and premiums is attached hereto as Attachment "A"; and

WHEREAS, it is necessary for the Board to authorize insurance renewals at this time because quotes from insurance underwriters are not provided to ARRC until just prior to the July 1, 2025, renewal date.

NOW THEREFORE BE IT RESOLVED that the President and Chief Executive Officer, or his designee, is hereby authorized to procure ARRC's General Liability, Shared Excess Liability, Property, Fiduciary Liability, Directors & Officers Liability, Crime, and Boiler and Machinery insurance policies within the limits of coverage set forth in Attachment "A" and at an aggregate premium level not to exceed (i) a 10% increase over the total premiums paid for liability policies for the 2024-2025 insurance year; and (ii) a 10% increase over the total premiums paid for property insurance policies for the 2024-2025 insurance year.

ATTACHMENT “A”

**ALASKA RAILROAD CORPORATION
2024 - 2025
INSURANCE PROGRAM**

<u>Coverages</u>	<u>Retention/ Deductible</u>	<u>Policy Limits</u>	<u>2024- 2025 Premium</u>
Liability (third party personal injury & property damage)	\$5,000,000	\$70,000,000	\$1,033,410
Shared Excess Liability	\$75,000,000	\$225,000,000	\$ 792,345
Property (ARRC property damage)	\$10,000,000	\$100,000,000	\$1,711,953
Workers' Compensation	Self-Insured	N/A	
Fiduciary Liability	\$10,000	\$5,000,000	[included in D&O Policy]
Crime	\$10,000	\$1,000,000	[included in D&O Policy]
Directors & Officers	\$-0- for individuals; \$50,000 corporate retention per loss	\$5,000,000	\$ 117,583
Boiler & Machinery	\$10,000	\$24,000,000	<u>\$ 61,029</u>
Total 2024-2025 premiums = \$3,716,320			

Line of Credit (solely for insurance contingencies in excess of \$1,000,000)		\$10,000,000	\$35,000

Alaska Railroad Corporation

Liability Program since 1986

Policy Term	Retention	Primary Limits	Primary Premium	2 Excess	3rd excess	4th excess	5th excess	Shared Excess Limits *	TL Premium	Add'l Limits xs Primary	Total Limits	Gross Revenue
7-1-86/87	\$5,000,000	\$25,000,000	\$795,000						\$795,000		\$25,000,000	
7-1-87/88	\$5,000,000	\$25,000,000	\$705,445						\$705,445		\$25,000,000	
7-1-88/89	\$5,000,000	\$25,000,000	\$700,000						\$700,000		\$25,000,000	
7-1-89/90	\$5,000,000	\$25,000,000	\$675,000						\$675,000		\$25,000,000	
7-1-90/91	\$5,000,000	\$25,000,000	\$575,000						\$575,000		\$25,000,000	
7-1-91/92	\$5,000,000	\$25,000,000	\$575,000						\$575,000		\$25,000,000	\$68,600,000
7-1-92/93	\$5,000,000	\$25,000,000	\$575,000						\$575,000		\$25,000,000	\$67,018,000
7-1-93/94	\$5,000,000	\$25,000,000	\$575,000						\$575,000		\$25,000,000	\$66,000,000
7-1-94/95	\$5,000,000	\$25,000,000	\$575,000						\$575,000		\$25,000,000	\$62,600,000
7-1-95/96	\$5,000,000	\$25,000,000	\$548,375						\$548,375		\$25,000,000	\$59,400,000
7-1-96/97	\$5,000,000	\$25,000,000	\$520,000						\$520,000		\$25,000,000	\$64,300,000
7-1-97/98	\$5,000,000	\$25,000,000	\$520,000						\$520,000		\$25,000,000	\$63,500,000
7-1-98/99	\$5,000,000	\$25,000,000	\$450,000						\$450,000		\$25,000,000	\$69,600,000
7-1-99/00	\$5,000,000	\$25,000,000	\$450,000						\$450,000		\$25,000,000	\$69,600,000
7-1-00/01	\$5,000,000	\$25,000,000	\$450,000						\$450,000		\$25,000,000	\$69,600,000
7-1-01/02	\$5,000,000	\$25,000,000	\$450,000	\$125,000					\$575,000	\$25,000,000	\$50,000,000	\$69,600,000
7-1-02/03	\$5,000,000	\$25,000,000	\$565,000	\$187,500					\$752,500	\$25,000,000	\$50,000,000	\$77,000,000
7-1-03/04	\$5,000,000	\$25,000,000	\$593,250	\$197,000					\$790,250	\$25,000,000	\$50,000,000	\$70,672,000
7-1-04/05	\$5,000,000	\$25,000,000	\$504,263	\$167,450					\$671,713	\$25,000,000	\$50,000,000	\$79,852,000
7-1-05/06	\$5,000,000	\$25,000,000	\$454,000	\$150,000					\$604,000	\$25,000,000	\$50,000,000	\$83,072,000
7-1-06/07	\$5,000,000	\$25,000,000	\$431,300	\$142,500					\$573,800	\$25,000,000	\$50,000,000	\$88,000,000
7-1-07/08	\$5,000,000	\$25,000,000	\$388,170	\$128,250					\$516,420	\$25,000,000	\$50,000,000	\$95,143,047
7-1-08/09	\$5,000,000	\$25,000,000	\$378,500	\$125,000					\$503,500	\$25,000,000	\$50,000,000	\$100,864,000
7-1-09/10	\$5,000,000	\$25,000,000	\$370,930	\$116,375					\$487,305	\$25,000,000	\$50,000,000	\$91,905,000
7-1-10/11	\$5,000,000	\$25,000,000	\$345,000	\$113,000					\$458,000	\$25,000,000	\$50,000,000	\$83,583,000
7-1-11/12	\$5,000,000	\$25,000,000	\$345,000	\$113,000	\$75,000				\$533,000	\$50,000,000	\$75,000,000	\$90,550,000
7-1-12/13	\$5,000,000	\$25,000,000	\$319,725	\$115,500	\$76,500				\$511,725	\$50,000,000	\$75,000,000	\$98,838,540
7-1-13/14	\$5,000,000	\$25,000,000	\$319,725	\$115,500	\$76,500				\$511,725	\$50,000,000	\$75,000,000	\$89,327,431
7-1-14/15	\$5,000,000	\$25,000,000	\$319,725	\$115,500	\$76,500			\$166,666	\$678,391	\$175,000,000	\$200,000,000	\$89,154,159
7-1-15/16	\$5,000,000	\$25,000,000	\$319,725	\$115,500	\$76,500			\$166,666	\$678,391	\$175,000,000	\$200,000,000	\$83,282,000
7/1/16-17	\$5,000,000	\$25,000,000	\$310,255	\$112,250	\$60,000			\$166,666	\$649,171	\$170,000,000	\$195,000,000	\$80,119,067
7/1/17-18	\$5,000,000	\$25,000,000	\$310,255	\$112,250	\$60,000			\$245,275	\$727,780	\$270,000,000	\$295,000,000	\$81,451,769
7/1/18-19	\$5,000,000	\$25,000,000	\$317,355	\$115,671	\$61,800			\$268,750	\$763,576	\$270,000,000	\$295,000,000	\$86,942,647
7/1/19-20	\$5,000,000	\$25,000,000	\$327,795	\$119,477	\$63,833			\$282,184	\$793,289	\$270,000,000	\$295,000,000	\$90,040,864
7/1/20-21	\$5,000,000	\$15,000,000	\$271,725	\$240,000	\$112,500	\$125,000		\$624,225	\$1,373,450	\$303,000,000	\$318,000,000	\$62,177,948
7/1/21-22	\$5,000,000	\$15,000,000	\$275,000	\$252,500	\$118,125	\$131,250		\$670,285	\$1,447,160	\$303,000,000	\$318,000,000	\$53,033,000
7/1/22-23	\$5,000,000	\$15,000,000	\$317,695	\$295,914	\$130,097	\$143,062		\$670,285	\$1,557,053	\$303,000,000	\$318,000,000	\$98,410,181
7/1/23-24	\$5,000,000	\$15,000,000	\$360,280	\$343,333	\$130,097	\$143,062		\$670,285	\$1,647,057	\$303,000,000	\$318,000,000	\$118,915,992
7/1/24-25	\$5,000,000	\$15,000,000	\$366,225	\$349,200	\$153,500	\$124,485	\$40,000	\$715,392	\$1,748,802	\$303,000,000	\$318,000,000	\$129,897,000
7/1/25-26	\$5,000,000	\$15,000,000										\$131,052,000
			\$17,649,718					\$4,646,679	\$28,241,878		YOY % change	0.9%

Property Program since 1986

Policy Term	Deductible	Primary Layer	Total Premium	TIV	Total Rate
1986 - 2010			\$4,735,484		
7-1-10/11	\$10,000,000	\$25,000,000	\$414,204	\$838,002,700	\$0.0494
7-1-11/12	\$10,000,000	\$25,000,000	\$433,903	\$838,471,358	\$0.0517
7-1-12/13	\$10,000,000	\$25,000,000	\$447,065	\$852,796,065	\$0.0524
7-1-13/14	\$10,000,000	\$25,000,000	\$447,056	\$867,577,958	\$0.0515
7-1-14/15	\$10,000,000	\$65,000,000	\$501,090	\$1,218,528,258	\$0.0411
7-1-15/16	\$10,000,000	\$100,000,000	\$550,975	\$1,322,428,258	\$0.0417
7-1-16/17	\$10,000,000	\$100,000,000	\$502,214	\$1,329,905,858	\$0.0378
7-1-17/18	\$10,000,000	\$100,000,000	\$447,679	\$1,329,905,858	\$0.0337
7-1-18/19	\$10,000,000	\$100,000,000	\$858,688	\$2,067,747,050	\$0.0415
7-1-19/20	\$10,000,000	\$100,000,000	\$974,281	\$2,067,747,050	\$0.0471
7-1-20/21	\$10,000,000	\$100,000,000	\$1,310,633	\$2,094,753,568	\$0.0626
7-1-21/22	\$10,000,000	\$100,000,000	\$1,345,857	\$1,957,829,078	\$0.0687
7-1-22/23	\$10,000,000	\$100,000,000	\$1,451,806	\$2,055,134,645	\$0.0706
7-1-23/24	\$10,000,000	\$100,000,000	\$1,737,912	\$2,204,784,109	\$0.0788
7-1-24/25	\$10,000,000	\$100,000,000	\$1,711,953	\$2,234,019,856	\$0.0766
			\$17,870,800		

The loss record over time shows Alaska Railroad is committed to running a safe operation and natural perils have not impacted the insurance program.

Adopted:

Resolution No. 2025-14

Relating to Funding of Environmental Mitigation Required in Conjunction with the Seward Freight Dock and Corridor Improvements Project (AFE No. 11387)

WHEREAS, the Alaska Railroad Corporation (ARRC) owns and operates a dock at the head of Resurrection Bay, in Seward, Alaska (Seward Freight Dock), which primarily serves cargo vessels transporting containerized, breakbulk and bulk cargoes; and

WHEREAS, ARRC has developed the Seward Freight Dock and Corridor Improvements Project (Project) to extend the length of the primary Seward Freight Dock by approximately 375 feet to deeper water and to improve the safety of the roadway connection between the Seward Freight Dock and the nearby road system; and

WHEREAS, on May 14, 2020, in order to obtain funding for the Project, ARRC submitted an application to the Federal Maritime Administration (MARAD) for a Port Infrastructure Development Program (PIDP) discretionary grant; and

WHEREAS, on October 15, 2020, MARAD announced a PIDP grant award to ARRC for the Project in the amount of \$19,775,425 which represented 78.24% of the necessary Project funding (MARAD Grant); and

WHEREAS, at its meeting on September 22, 2021, the ARRC Board of Directors passed Resolution No. 2021-11 approving AFE No. 10963, which funded the Project with MARAD PIDP grant funds, matching funds from ARRC and in-kind matching value from the City of Seward, for total Project funding of \$25,279,425 and

WHEREAS, at its meeting of June 13, 2023, the Board of Directors passed Resolution No. 2023-17 approving AFE No. 10963 S-1, which added \$560,575 in internal overmatch funds to address a revised Project scope necessitated by Project cost escalations and resulted in total revised Project funding of \$25,840,000; and

WHEREAS, mitigation of Project-related environmental impacts to waters of the United States is required by the National Oceanic and Atmospheric Administration (NOAA) and U.S. Army Corps of Engineers (USACE) and is a required component of the USACE construction permit for the Project; and

WHEREAS, mitigation meeting the criteria of the construction permit must therefore be completed as one of the many components required for the construction of the Project to proceed; and

WHEREAS, the Alaska SeaLife Center is partnering with ARRC to develop a mitigation plan consisting of the creation of an artificial reef structure to be constructed in the vicinity of the Alaska SeaLife Center using components known as reef balls (Mitigation Plan); and

WHEREAS, although funding to develop and design the Mitigation Plan is included in the funding for the MARAD Grant, funding for the implementation and subsequent performance monitoring of the Mitigation Plan is not included in the MARAD Grant; and

WHEREAS, AFE No.11387 would provide ARRC internal funds totaling \$500,000 to fund the costs associated with implementing the Mitigation Plan, including purchasing reef ball molds, creating and installing the reef balls, and subsequent performance monitoring.

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.

NOW, THEREFORE, BE IT RESOLVED, that the ARRC Board of Directors has considered the proposed funding of the implementation and monitoring of the Mitigation Plan developed for the Seward Freight Dock and Corridor Improvements Project as presented by ARRC Management and hereby approves AFE No. 11387 in the total amount of \$500,000 for the purposes stated therein.

Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only

AFE# 11387

Page 1

General Information:	
AFE Title:	Seward Freight Dock Mitigation
Prepared By:	Elizabeth Greer
Resp. Center (Name):	Dock Operations & Maintenance
Resp. Center (#):	8910
Depreciation Center:	8910-Dock Ops & Maintenance
Line of Business:	Corporate
Spending Timetable:	
2025	\$ 250,000
2026	\$ 250,000
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 500,000
Other Information	
Useful Life (Years):	20
Annual Depreciation:	\$ 25,000
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Unbudgeted
Total Amount	\$ 500,000	
Source of Funding	ARRC	\$ 500,000
Source of Funding		\$ -
Source of Funding		
Grant Number	N/A	
Grant Name	N/A	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 500,000	05/30/25
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 500,000	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Elizabeth Greer	<i>Elizabeth Greer</i>	6/13/2025
Responsible Owner:	Shane Maloney	<i>Shane Maloney</i>	6/13/2025
VP, Owner Department:	Brian Lindamood	<i>Brian Lindamood</i>	6/16/2025
Functional User(s):	Dwayne Atwood	<i>Dwayne Atwood</i>	6/16/2025
Chief Operating Officer:	Clark Hopp	<i>Clark Hopp</i>	6/13/2025
Grant Administration:	Christina Isabelle	N/A	
Chief Financial Officer:	Michelle Maddox	<i>Michelle Maddox</i>	6/16/2025
Accounting Department:	Amy Kinnaman	<i>Amy Kinnaman</i>	6/13/2025
CEO & President:	Bill O'Leary	<i>Bill O'Leary</i>	6/13/2025
Board of Directors:	John Shively		

Original Form Must Be Returned to Accounting

Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only

AFE# 11387

Page 2

Is this project related to health and/or safety?	No	If yes describe:
Scope of Work:		
<p>The project will contract for the fabrication of an artificial reef using reef balls in Seward, AK near the Alaska SeaLife Center. This project facilitates the required environmental mitigation for the Seward Freight Dock (SFD) Expansion. Funding will support the purchase of reef ball molds, creation of the reef balls, installation and performance monitoring. Funding does not include design or permitting of this mitigation plan which is included in the scope of the SFD MARAD Grant.</p>		
ARRC Business Justification		
<p>Mitigation is required by regulatory agencies National Oceanic and Atmospheric Administration (NOAA) and U.S. Army Corp of Engineers (USACE) and a required component of the USACE construction permit. There is no mitigation bank available in this area and a mitigation project must be proposed for impacts to waters of the US. This mitigation project meets the criteria for the construction permit and is one of many components required for the SFD construction to proceed.</p> <p>The SeaLife Center is partnering with us on this effort which has been helpful in developing this mitigation plan.</p> <p>Scope to develop and design the Mitigation plan is included in the MARAD grant but does not include project implementation and performance monitoring.</p>		
Alternatives Considered:		
<p>Alternatives were considered by the project team and discussed with regulatory agencies. The mitigation needs to be acceptable by the agencies, and economical. Creation of a reef using reef balls was considered economical, the easiest, and a community enhancing project. Our partnership with the SeaLife Center allows development support and cost effective monitoring making this the preferred alternative.</p>		
Preliminary Budget:		
Line Description	Amount	
Equipment	\$	-
Labor (Fully Burdened)	\$	1,000
Materials		
Contracts	\$	484,000
Other Expenses	\$	15,000
Total	\$	500,000

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

Adopted:

Resolution No. 2025-15

Relating to Funding for the Locomotive 4317
Engine Rebuild Project (AFE No. 11386)

WHEREAS, the Alaska Railroad Corporation (ARRC) maintains a fleet of locomotives to supply horsepower needed to support ARRC's freight and passenger business lines; and

WHEREAS, Locomotive No. 4317 is one of the locomotives that ARRC relies upon to service ARRC's existing passenger and freight commitments; and

WHEREAS, ARRC maintains a locomotive maintenance plan that provides for the continued state of good repair of the locomotive fleet by incorporating regulatory compliance, condition assessment results and preventative maintenance activities aimed at supporting locomotive business service requirements; and

WHEREAS, despite the operation of the ARRC locomotive maintenance plan described above, the engine of Locomotive No. 4317 suffered a catastrophic engine failure on May 14, 2025, while enroute to Fairbanks, thereby rendering it unusable for the purposes described above; and

WHEREAS, the extent of the damage to the engine of Locomotive No. 4317 will require a total rebuild, including all 16 power assemblies, camshafts, rocker arms, upper-end hardware, auxiliary generator and turbo: and

WHEREAS, the 43XX series of ARRC locomotives are specially outfitted to provide tractive effort and electrical power to ARRC passenger coaches, making each unit critical to fulfilling its passenger commitments; and

WHEREAS, it is critical to the successful servicing of freight and passenger customers that Locomotive No. 4317 be repaired and returned to service; and

WHEREAS, AFE No. 11386 would provide funding for this mission-critical locomotive engine rebuild project in the amount of \$498,000, consisting of \$398,400 (80%) in FTA formula funds and \$99,600 (20%) in ARRC internal funds; and

WHEREAS, ARRC's Approval Authority Guide requires Board approval of unbudgeted capital expenditures in excess of \$300,000.

NOW THEREFORE BE IT RESOLVED, that the ARRC Board of Directors has considered the proposed expenditure for rebuilding the failed engine of Locomotive 4317 as presented by ARRC Management and hereby approves AFE No. 11386 in the amount of \$498,000 for the purposes stated therein.

Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only

AFE# 11386

Page 1

General Information:	
AFE Title:	4317 Engine Rebuild
Prepared By:	Jesse Moose
Resp. Center (Name):	Mechanical
Resp. Center (#):	1225
Depreciation Center:	1225-Locomotive Repair
Line of Business:	Transportation/Mechanical
Spending Timetable:	
2025	\$ 498,000
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 498,000
Other Information	
Useful Life (Years):	10
Annual Depreciation:	\$ 49,800
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Unbudgeted
Total Amount	\$ 498,000	
Source of Funding	ARRC (20%)	\$ 99,600
Source of Funding	FTA (80%)	\$ 398,400
Source of Funding		\$ -
Grant Number	N/A	
Grant Name	N/A	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 498,000	05/14/25
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 498,000	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Jesse Moose	<i>Jesse Moose</i>	6/10/2025
Responsible Owner:	Bryan Cothran	<i>Bryan Cothran</i>	6/10/2025
VP, Owner Department:	Lloyd Tesch	<i>Lloyd Tesch</i>	6/10/2025
Functional User(s):	Andrew Burgess	<i>Andrew Burgess</i>	6/10/2025
Chief Operating Officer:	Clark Hopp	<i>Clark Hopp</i>	6/10/2025
Grant Administration:	Christina Isabelle	<i>Christina Isabelle</i>	6/11/2025
Chief Financial Officer:	Michelle Maddox	<i>Michelle Maddox</i>	6/12/2025
Accounting Department:	Amy Kinnaman	<i>Amy Kinnaman</i>	6/12/2025
CEO & President:	Bill O'Leary	<i>Bill O'Leary</i>	6/11/2025
Board of Directors:	John Shively		

Original Form Must Be Returned to Accounting

Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only
AFE# 11386

Page 2

Is this project related to health and/or safety?		If yes describe:
Scope of Work:		
On May 14th, 2025 the 4317 suffered a catastrophic engine failure enroute to Fairbanks pulling the 130N. The engine will require a total rebuild. This will include all 16 power assemblies, camshafts, rocker arms with associated hardware, upper end hardware, the auxiliary generator, and turbo. Additional parts may be required as the engine is assessed.		
ARRC Business Justification		
The 43xx series of locomotives are specifically outfitted to provide tractive effort, as well as, electrical power to ARRC passenger coaches. In prime season this locomotive series has one unassigned locomotive per day, making each unit critical to fulfilling our passenger commitments for internal and external customers. These locomotives are so specialized that replacements are not available on the rental market.		
Alternatives Considered:		
No palatable alternatives exist.		
Preliminary Budget:		
Line Description	Amount	
Equipment	\$ -	
Labor (Fully Burdened)	\$ 66,000	
Materials	\$ 341,000	
Contracts	\$ 15,000	
Other Expenses	\$ 76,000	
Total	\$ 498,000	

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

Adopted:

Resolution No. 2025-16

Relating to Approval of the Third Amendment
to the Alaska Railroad Corporation Pension
Plan

WHEREAS, the Alaska Railroad Corporation (“ARRC”) sponsors the Alaska Railroad Corporation Pension Plan (the “Plan”); and

WHEREAS, Section 10.1 of the Plan provides for amendment of the Plan; and

WHEREAS, the Pension and Tax Deferred Savings Committee recommends providing future cost-of-living increases under the Plan for Tier 2 Participants effective January 1, 2026 with the cost-of-living increase amount calculated using the same terms that apply to Tier 1 Participants; and

WHEREAS, the recommended change retitles Section 4.7 Cost-of-Living Increases for Tier 1 Participants to Cost-of-Living Increases and restates the content thereof; and,

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

NOW, THEREFORE, BE IT RESOLVED that the ARRC Board of Directors has reviewed the proposed changes to the Plan and hereby approves the Third Amendment to the Plan in substantially in the form of the amendment attached hereto as Exhibit A, generally effective as of the date of approval by the ARRC Board of Directors.

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 Third Amendment 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.

[certification and signature page follows]

This is to certify that I am the Secretary of the Board of Directors of the Alaska Railroad Corporation, and the above Resolution No. 2025-16 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 June 25, 2025.

Date _____

Jennifer Mergens
Board Secretary

Corporate Seal

THIRD AMENDMENT
TO THE
ALASKA RAILROAD CORPORATION
PENSION PLAN

The Alaska Railroad Corporation Pension Plan (the “Plan”), as amended and restated effective January 1, 2023, and as subsequently amended through the Second Amendment, is hereby further amended, pursuant to Section 10.1, effective as of January 1, 2026, as follows:

A new Section 4.8 Cost-of-Living Increases for Tier 2 Participants is added to the Plan as follows:

4.8 Cost-of-Living Increases for Tier 2 Participants

For each Tier 2 Participant and such Participant’s surviving Spouse, as of the first day of each Plan Year starting with the 2026 Plan Year, all Retirement Benefits pursuant to this Article IV, death benefits pursuant to Section 6.1, and disability benefits pursuant to Section 6.2, which are in pay status shall be increased by increasing the amount paid in December of the immediately preceding year by the lesser of:

- (a) 50 percent of the change of the December U.S. Consumer Price Index for all Urban Consumers (CPI-U) from the second immediately preceding Plan Year to the immediately preceding Plan Year, or
- (b) 6 percent.

The cost-of-living increase is prospective only and does not apply to any period prior to January 1, 2026.

IN WITNESS WHEREOF, the Alaska Railroad Corporation has caused this Third Amendment to the Plan to be executed on this ____ day of _____ 2025.

ALASKA RAILROAD CORPORATION

BY: _____

ITS: _____

Adopted

Resolution No. 2025-17

Relating to the Purchase of the Phillips Property in Fairbanks from the Personal Representative of the Estate of Carroll Phillips, Jr. (AFE No. 11385)

WHEREAS, the Alaska Railroad Corporation (“ARRC”) has a unique market opportunity to acquire from the Estate of Carroll Phillips, Jr. (the “Estate”) a forty-three (43)-acre parcel of land adjacent to ARRC’s Fairbanks Railyard and improvements thereon (collectively, the “Property”), as well as to obtain a quit-claim deed of any interest the Estate may have in adjacent ARRC right-of-way parcels (“ROW Parcels”); and

WHEREAS, the Fairbanks Yard is already functioning at maximum operational capacity and obtaining a substantial adjacent parcel of land like the Property will allow ARRC to accommodate future operational growth, thereby solidifying ARRC’s broader economic goals in Fairbanks and the State of Alaska as a whole; and

WHEREAS, purchasing the Property will allow ARRC to provide additional Fairbanks Yard capacity that will enable it to more effectively support an expansion of oil, gas and mining activity, as well as other sectors of the Alaskan economy; and

WHEREAS, the foregoing benefits of purchasing the Property will help to support and grow ARRC’s role as a vital partner in promoting economic stability and growth in the City of Fairbanks, Interior Alaska and the State of Alaska as a whole; and

WHEREAS, the availability and opportunity to purchase such a strategically-located and substantial parcel of land for expansion of rail operations is rare and represents an opportunity that is unlikely to be repeated in the foreseeable future; and

WHEREAS, obtaining a quit claim deed of any interest the Estate may have in the ROW Parcels will ensure that ARRC’s interest in said ROW Parcels is unquestionable fee simple title; and

WHEREAS, AFE No. 11385 authorizes ARRC (i) to purchase the Property and (ii) to obtain a quit claim of any and all interest of the Estate in the ROW Parcels for a total price of \$1,820,000 in internal ARRC funds; and

WHEREAS, the Board of Directors has reviewed the terms of the proposed purchase attached hereto and approves of said purchase terms and conditions.

NOW, THEREFORE, BE IT RESOLVED that the ARRC Board of Directors hereby approves AFE No. 11385 in the amount of \$1,820,000 and hereby authorizes ARRC to purchase the Property and to obtain quit claim of any and all property interest of the Estate in the ROW Parcels pursuant to the terms and conditions attached hereto and hereby further authorizes the President and CEO, or his designee, to negotiate, finalize and execute all documents necessary to complete the purchase of the Property and the quit claim of the Estate's interest, if any, in the ROW Parcels.

Terms and Conditions for Acquisition of (i) a 43.38-Acre Parcel of Land Adjacent to the ARRC Fairbanks Railyard Currently Owned by the Estate of Carroll Phillips, Jr., and (ii) a Quit Claim Deed of Any and All Interest of Said Estate in Certain ARRC Right-of-Way Parcels (AFE No. 11385):

Property:

Sale Parcel (Land and Improvements): Approximately 43.38 acres (1,889,560 square feet) of land and all associated improvements located thereon in the vicinity of the ARRC Fairbanks Railyard, as described in more detail below.

Right-of-Way Parcels: Three parcels of land totaling approximately 14.19 acres (614,900 square feet) that are subject to not less than an Exclusive Use Easement, as defined by Section 603(11) of the Alaska Railroad Transfer Act, granted to the Alaska Railroad Corporation in Patent No. 50-2006-0464, recorded in the Fairbanks Recording District on October 5, 2006 as Document No. 2006-025473-0.

Sale Parcel Legal Description:

Those portions of Government Lot 11 and the S1/2 of the SE1/4 of Section 5, T. 1 S., R. 1 W., Fairbanks Meridian located south of the Railroad Right-of-Way as per US Survey 9070, described as follows:

Beginning at Corner Number 4, Lot 2, US Survey 9070 which is at the intersection of the Railroad Right-of-Way and the ordinary high water line of Noyes Slough; then southwesterly on the ordinary high water mark of Noyes Slough to the boundary line of Parcel 14 as depicted on Right of Way Map Proposed Highway Project F-M-0668 (3) recorded on May 9, 2003 in the Fairbanks Recording District as Plat 2003-54; then easterly and then northerly on the boundary of Parcel 14 to its intersection with the Railroad Right-of-Way; then northwesterly on the boundary of the Railroad Right-of-Way to the point of beginning. The parcel contains approximately 43.38 acres (1,889,560 Square Feet) and improvements located thereon.

Right-of-Way Parcels Legal Descriptions:

Those portions of US Survey 9070 within Government Lot 11 and the S1/2 of the SE1/4 of Section 5, T. 1 S., R. 1 W., Fairbanks Meridian described as follows:

PARCEL 1:

That portion of Lot 2 of US Survey 9070 located within Government Lot 11 of Section 5, T. 1 S., R. 1 W., F.M. and South of the Alaska Railroad Right-of-Way Centerline containing approximately 50,500 sq ft± (1.2 ac±).

PARCEL 2:

That portion of Lot 2 of US Survey 9070 located within the SE1/4 of Section 5, T. 1 S., R. 1 W., F.M. containing approximately 531,100 sq ft± (12.19 ac±).

PARCEL 3:

Lot 14 of US Survey 9070 containing approximately 33,300 sq ft± (0.8 ac±)

Title to be Conveyed:

Sale Parcel: Fee simple via a personal representative's warranty deed for the land. A bill of sale transferring the Estate's entire right, title and interest in the improvements located on the land and warranting that the Estate owns the entire right, title and interest in said improvements.

Right-of-Way Parcels: A personal representative's quit claim deed for the Estate's entire right, title and interest, if any, in the Right-of-Way Parcels.

Total Purchase Price: \$1,820,000

Estimated Date of Purchase: Before December 31, 2025

LAND PURCHASE SUMMARY

SELLER: Estate of Carroll Phillips, Jr.

RESOLUTION No. 2025-17

KEY PURCHASE PROVISIONS:

Estimated Effective Date: Upon closing in conformance with Section 3 of the Purchase and Sale Agreement ("PSA")

TO SELLER: \$1,810,010.00

TOTAL SALE PARCEL SIZE:
Approximately 43.38 acres (1,889,560 square feet)

TOTAL PURCHASE PRICE:
\$1,820,000 (\$1,810,000 purchase price plus \$10,000 to cover miscellaneous closing costs).

PUBLIC NOTICE: NA

LEGAL REVIEW: Yes

INTENDED USE: ARRC Operations

LAND DESCRIPTION: General Description of Sale Parcel (Land and Improvements): Approximately 43.38 acres (1,889,560 square feet) of land and all associated improvements located thereon in the vicinity of the ARRC Fairbanks Railyard, as described in more detail below.

General Description of Right-of-Way Parcels (Not included in Sale Parcel, but for which ARRC will receive a quit claim of any interest of the Seller as described below): Three parcels of land totaling approximately 14.19 acres (614,900 square feet) that are subject to not less than an Exclusive Use Easement, as defined by Section 603(11) of the Alaska Railroad Transfer Act, granted to the Alaska Railroad Corporation in Patent No. 50-2006-0464, recorded in the Fairbanks Recording District on October 5, 2006 as Document No. 2006-025473-0.

Sale Parcel Legal Description:

Those portions of Government Lot 11 and the S1/2 of the SE1/4 of Section 5, T. 1 S., R. 1 W., Fairbanks Meridian located south of the Railroad Right-of-Way as per US Survey 9070, described as follows:

Beginning at Corner Number 4, Lot 2, US Survey 9070 which is at the intersection of the Railroad Right-of-Way and the ordinary high water line of Noyes Slough; then

southwesterly on the ordinary high water mark of Noyes Slough to the boundary line of Parcel 14 as depicted on Right of Way Map Proposed Highway Project F-M-0668 (3) recorded on May 9, 2003 in the Fairbanks Recording District as Plat 2003-54; then easterly and then northerly on the boundary of Parcel 14 to its intersection with the Railroad Right-of-Way; then northwesterly on the boundary of the Railroad Right-of-Way to the point of beginning. The parcel contains approximately 43.38 acres (1,889,560 Square Feet) and improvements located thereon.

Right-of-Way Parcels Legal Descriptions:

Those portions of US Survey 9070 within Government Lot 11 and the S1/2 of the SE1/4 of Section 5, T. 1 S., R. 1 W., Fairbanks Meridian described as follows:

PARCEL 1:

That portion of Lot 2 of US Survey 9070 located within Government Lot 11 of Section 5, T. 1 S., R. 1 W., F.M. and South of the Alaska Railroad Right-of-Way Centerline containing approximately 50,500 sq ft± (1.2 ac±).

PARCEL 2:

That portion of Lot 2 of US Survey 9070 located within the SE1/4 of Section 5, T. 1 S., R. 1 W., F.M. containing approximately 531,100 sq ft± (12.19 ac±).

PARCEL 3:

Lot 14 of US Survey 9070 containing approximately 33,300 sq ft± (0.8 ac±)

SUMMARY AND RECOMMENDATIONS: The Alaska Railroad Corporation (ARRC) has a significant and unique opportunity to acquire a forty-three-acre parcel of land from the Estate of Carroll Phillips, Jr., located adjacent to ARRC's Fairbanks Railyard, along with a quit-claim deed for any interest the Estate may have in nearby ARRC right-of-way parcels. The current Fairbanks Yard operates at maximum capacity, making the acquisition of this land essential for accommodating future growth and enhancing ARRC's economic objectives in Fairbanks and throughout Alaska. This purchase will enable the expansion of Fairbanks Yard's capacity, facilitating support for developments in the oil, gas, and mining sectors, as well as other areas of the Alaskan economy. Moreover, acquiring the property will strengthen ARRC's role in fostering economic stability and growth in Fairbanks and the surrounding regions. Opportunities for purchasing such a strategically-located and sizeable parcel of land to expand rail operations are rare and unlikely to arise again soon. Furthermore, obtaining a quit claim deed for any interest in the right-of-way parcels will further secure ARRC's title to those properties.

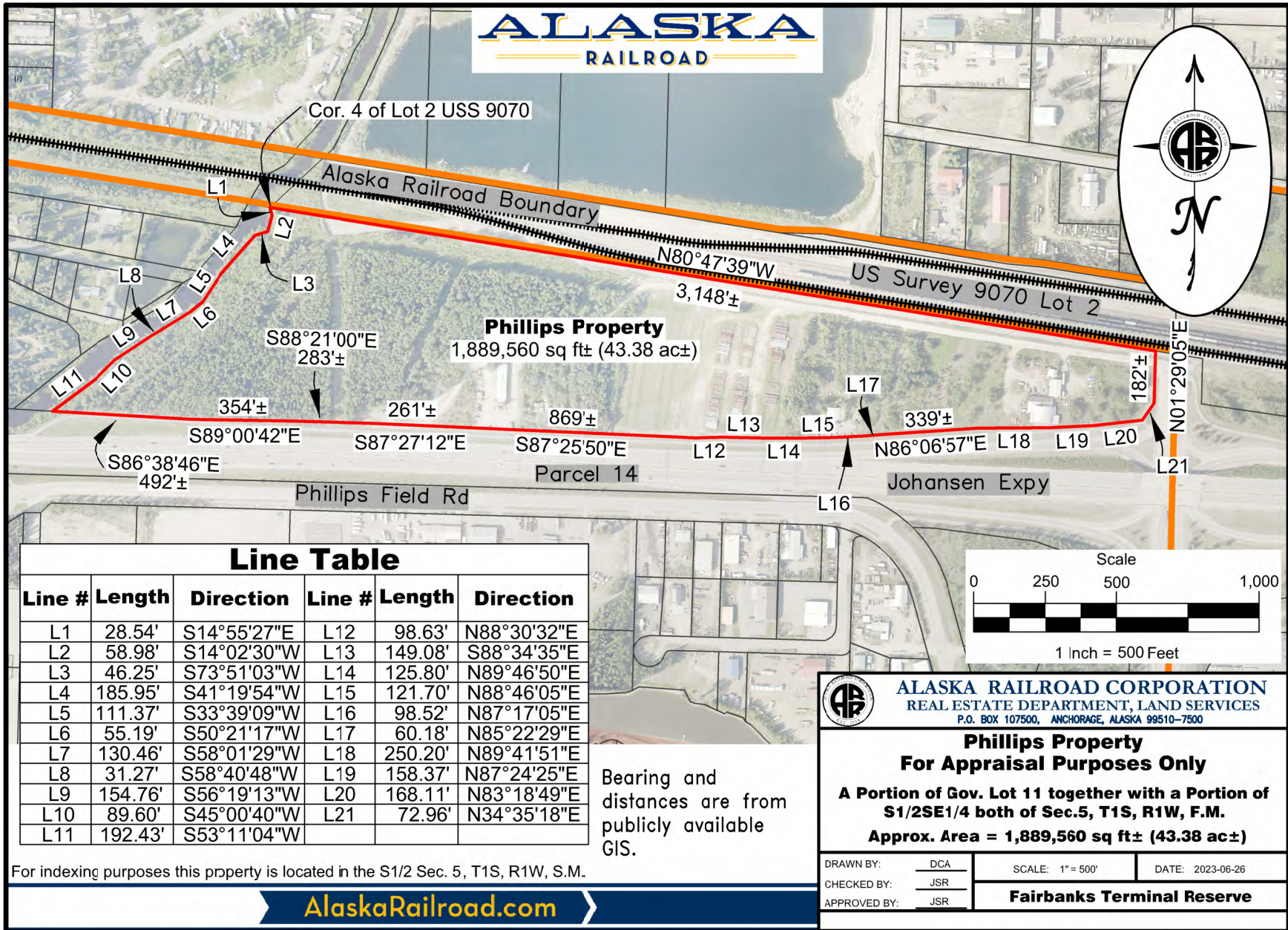
obtaining a quit claim deed for any interest in the right-of-way parcels will further secure ARRC's title to those properties.

As to the Sale Parcel, Seller will provide a warranty deed with respect to the Seller's title, but all other aspects of the conveyance of the Sale Parcel will be made on an "as-is, where-is" basis with all faults and with no adjustments for physical, functional, environmental or economic conditions. This "as-is, where-is" condition has been insisted on by Seller and Staff believes that agreeing to that approach is warranted in light of the unusual benefits provided by this unique opportunity.

The parties hope to proceed to closing as early as July 1, 2025, if the Board approves the transaction at the June 25, 2025 Board meeting and due diligence is satisfactory, although the parties will have until December 31, 2025, or as further extended by mutual agreement, to close in order to accommodate any delays. For the reasons described above, Staff recommends approval of the purchase, totaling \$1,820,000 from internal ARRC funds (\$1,810,000 purchase price plus \$10,000 to cover miscellaneous closing costs), to be authorized under AFE No. 11385, and approve the proposed purchase terms and conditions described above.

APPROVED: _____
Jennifer Mergens
ARRC Board Secretary

Board Meeting Date: _____



ALASKA RAILROAD

That portion of Lot 2 of US Survey 9070 located within Government Lot 11 of Section 5, T. 1 S., R. 1 W., F.M. and South of the Alaska Railroad Right-of-Way Centerline.

50,500 sq ft± (1.2 ac±)

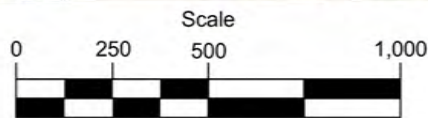
That portion of Lot 2 of US Survey 9070 located within the SE1/4 of Section 5, T. 1 S., R. 1 W.

531,100 sq ft± (12.19 ac±)

Lot 14 USS 9070
33,300 sq ft± (0.8 ac±)

Johansen Expy

Peger Road



1 Inch = 500 Feet

For indexing purposes this property is located in the S1/2 Sec. 5, T1S, R1W, S.M.

AlaskaRailroad.com



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

Parcels subject to ARTA easements within lands granted to Carroll Phillips Sr and Carroll Phillips Jr in Homestead Patents in the 1940's.

DRAWN BY: DCA
CHECKED BY: JSR
APPROVED BY: JSR

SCALE: 1" = 500'

DATE: 2023-06-26

Fairbanks Terminal Reserve

Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only

AFE# 11385

Page 1

General Information:	
AFE Title:	Phillips Fairbanks Property
Prepared By:	Kristen Gratrix
Resp. Center (Name):	Operations
Resp. Center (#):	8900
Depreciation Center:	8900-Real Estate
Line of Business:	Real Estate/Facilities
Spending Timetable:	
2025	\$ 1,820,000
2026	\$ -
2027	\$ -
2028	\$ -
2029	\$ -
Total	\$ 1,820,000
Other Information	
Useful Life (Years):	0
Annual Depreciation:	
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Unbudgeted
Total Amount	\$	1,820,000
Source of Funding	ARRC (100%)	\$ 1,820,000
Source of Funding		\$ -
Source of Funding		\$ -
Grant Number	N/A	
Grant Name	N/A	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 1,820,000	05/14/25
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 1,820,000	

Required Signatures for Approval:			
(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	Kristen Gratrix	<i>Kristen Gratrix</i>	6/10/2025
Responsible Owner:	Andy Donovan	<i>Andrew Donovan</i>	6/10/2025
VP, Owner Department:	Christy Terry	<i>Christy Terry</i>	6/13/2025
Functional User(s):	Lloyd Tesch	<i>Lloyd Tesch</i>	6/10/2025
Chief Operating Officer:	Clark Hopp	<i>Clark Hopp</i>	6/16/2025
Grant Administration:	Christina Isabelle	N/A	
Chief Financial Officer:	Michelle Maddox	<i>Michelle Maddox</i>	6/13/2025
Accounting Department:	Amy Kinnaman	<i>Amy Kinnaman</i>	6/13/2025
CEO & President:	Bill O'Leary	<i>Bill O'Leary</i>	6/13/2025
Board of Directors:	John Shively		

Original Form Must Be Returned to Accounting

Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only

AFE# 11385

Page 2

Is this project related to health and/or safety?	No	If yes describe:
Scope of Work:		
Sealed bid purchase of private property adjacent to the Fairbanks Reserve.		
ARRC Business Justification		
<p>Acquiring this 40-acre parcel adjacent to the Fairbanks railyard represents a once-in-a-lifetime opportunity. The availability of such a strategically placed piece of land for expansion is rare, and the opportunity to expand the yard may not present itself again. This acquisition not only addresses immediate operational needs but also solidifies ARRC's position for future growth, ensuring that we capitalize on a unique chance to enhance capabilities that might never be replicated. The current railyard is already functioning at maximum volume and this acquisition aligns with broader economic development goals for ARRC in the Fairbanks area and the state of Alaska. As oil, gas and mining operations expand, additional yard capacity will enable it to more effectively support these initiatives, reinforcing its role as a vital partner in promoting economic stability and growth in the city, region and State. The long-term benefits of acting now, while the opportunity exists, provide a compelling business case for moving forward with this acquisition.</p>		
Alternatives Considered:		
Preliminary Budget:		
Line Description	Amount	
Equipment	\$	-
Labor (Fully Burdened)		
Materials	\$	-
Contracts	\$	1,820,000
Other Expenses	\$	-
Total	\$	1,820,000

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

Adopted:

Resolution No. 2025-18

Relating to the Selection of a Firm to Perform
the 2025 through 2029 Annual Financial Audits
and Other Financial-Related Services

WHEREAS, the Alaska Railroad Corporation (ARRC) is required to obtain an annual financial audit as prescribed in the Alaska Railroad Corporation Act, AS 42.40.270; and

WHEREAS, ARRC issued a Request for Proposals (RFP) seeking proposals from financial auditors to perform ARRC's 2025 and 2026 financial audits, with three one-year options exercisable annually by ARRC for the performance of the 2027 through 2029 financial audits and other financial services, as described below; and

WHEREAS, the RFP's scope of work included (i) issuing annual financial audit opinions for 2025 and 2026 and, at ARRC's annual option, for 2027 through 2029; (ii) conducting a Single Audit; (iii) conducting Federal Transit Administration-National Transit Database (NTD) Agreed Upon Procedures; and (iv) performing other financial-related services for the same years identified above; and

WHEREAS, the ARRC Board of Directors Audit Committee met on June 24, 2025, to evaluate proposals received from financial auditors in response to the RFP for conducting upcoming financial audits of ARRC and the other financial-related services described above; and

WHEREAS, based upon its review of the proposals received, the Audit Committee recommends that [REDACTED] be selected to perform the 2025 and 2026 annual financial audits, with three options for the Corporation to extend [REDACTED]'s contract in one-year increments to include performing the 2027 through 2029 annual financial audits, and to perform the other financial-related services described herein.

NOW, THEREFORE, BE IT RESOLVED, that the ARRC Board of Directors hereby adopts the recommendation of the Audit Committee and hereby selects [REDACTED] to perform the 2025 and 2026 annual financial audits and other financial-related services, with three options for the Corporation to extend [REDACTED]'s contract in one-year increments to include performing the 2027 through 2029 annual financial audits and other financial-related services for those years.

Adopted:

Resolution No. 2025-19

Authorizing an Amendment to the Tony Knowles Coastal Trail Permit

WHEREAS, upon request of a municipality or the state, the Alaska Railroad Corporation (ARRC) may authorize use of railroad land for a walkway or trail pursuant to AS 42.40.420; and

WHEREAS, on April 20, 1986, the ARRC Board of Directors (Board) adopted Resolution 86-16 which approved the issuance of a permit to the Municipality of Anchorage (Municipality) to locate and construct the Tony Knowles Coastal Trail (Coastal Trail) on ARRC land and right-of-way between ARRC Mileposts 112.54 and 113.88; and

WHEREAS, on April 20, 2000, the Board of Directors adopted Resolution No. 2000-16 approving a permit to the Municipality for the Ship Creek Trail to be constructed along Ship Creek in the Alaska Railroad Anchorage Reserve (Ship Creek Trail); and

WHEREAS, on May 21, 2013, the Board of Directors adopted Resolution No. 2013-23 approving a new permit to the Municipality for the Coastal Trail (Coastal Trail Permit), which permit is valid for the life of the Coastal Trail facility; and

WHEREAS, the Municipality desires to construct a new segment of pedestrian/multi-use pathway to be located in part on ARRC land that will connect the Tony Knowles Coastal Trail to the Ship Creek Trail (Downtown Trail Connector); and

WHEREAS, the Municipality further desires to add both the portions of the Downtown Trail Connector that will be located on ARRC land and the Ship Creek Trail to the coverage of the Coastal Trail Permit; and

WHEREAS, ARRC and the Municipality have agreed on the terms and conditions of a permit amendment to the Coastal Trail Permit that would add the Ship Creek Trail and the Downtown Trail Connector to the coverage of the Coastal Trail Permit; and

WHEREAS, the Board believes the Coastal Trail, the Ship Creek Trail and the Downtown Connector Trail are worthy public amenities that do not present operational difficulties that cannot be overcome with cooperation between the parties.

NOW, THEREFORE, BE IT RESOLVED that the Board finds that the amendment of the existing Coastal Trail Permit to include the Ship Creek Trail and the portions of the Downtown Connector Trail located on ARRC land will not create a safety hazard and will not unreasonably interfere with continued or expanded operations in ARRC's utility corridor or its Anchorage Reserve lands; and

BE IT FURTHER RESOLVED, that the President and CEO of the corporation, or his

designee is authorized to execute an amendment to the Coastal Trail Permit with the Municipality that adds to its coverage the Ship Creek Trail and the portions of the Downtown Connector Trail to be located on ARRC land, as set forth in the facilities description set forth in Exhibit A to this resolution.

Exhibit A - Resolution No. 2025-19
Facilities List

ID NO.	FACILITY DESCRIPTION	Prior ARRC	Reserve or ROW	MP FROM	MP TO
1	A segment of the Tony Knowles Coastal Trail together with associated appurtenances located within Lot 2 of US Survey 9083. The centerline of the segment measures approximately 810 feet. Appurtenance include an underground tunnel crossing the railroad mainline track at MP 112.65, a 600 sq ft wayside viewing platform known as the Audubon Wayside and all other associated facilities.	5798 & 9800	ROW	112.56	112.66
2	A segment of the Tony Knowles Coastal Trail together with associated appurtenances located within Lot 1 and Parcel A of US Survey 9083. The centerline of the segment measures approximately 4475 feet. Appurtenances include an underground tunnel crossing the railroad mainline track at MP 112.89, a wayside at MP 112.94, the Hannah Cove Wayside between MP 113.43 and 113.48, a wayside between MP 113.62 and 113.66, the location where the Downtown Trail Connector intersects with the Tony Knows Coastal Trail at MP 113.64, an underground tunnel crossing at MP 113.66 and all other associated facilities.	5798 & 9800	ROW	112.87	113.67
3	A segment of the Tony Knowles Coastal Trail together with associated appurtenances located within Lot 1 and Parcel A of US Survey 9083 and Lot 2A Block 12 of USS 406. The centerline of the segment measures approximately 1055 feet. Appurtenances include a connector trail to Elderberry Park at MP 113.72, and all other associated facilities.	5798 & 9800	ROW	113.7	113.86
4	Appurtenances of the Tony Knowles Coastal Trail located within Tract 1 of the Downtown Edge Subdivision recorded as Plat No. 2018-48. Appurtenances include lateral support facilities needed for the trail segment whose centerline which is not located on ARRC lands.	5798 & 9800	ANCHORAGE	--	--
5	The Downtown Trail Connector, which connects the Tony Knowles Coastal Trail at MP 113.62 to North "C" Street with a spur to the Ship Creek Small Boat Launch Area, together with associated appurtenances located within Tract B of Plat No. 2019-45, Tract G of Plat 2021-30, Tract F of Plat 2021-30, Tract C of Plat 96-151 and Tract 1 of Plat No. 2018-48. The total centerline length of the Downtown Connector Trail on Alaska Railroad Corporation lands is approximately 5370 feet. Appurtenances include a connector to the Tony Knowles Coastal Trail at MP 113.64, all lateral support facilities such as riprap walls/culverts, waysides, a concrete flood structure under the Small Boat Launch Road Bridge, a concrete flood structure under the Ship Creek Railroad Bridge at MP 114, pedestrian barriers, and a wayside directly adjacent to North "C" Street and all other associated facilities as depicted on the final planset for the State of Alaska Department of Transportation and Public Facilities Proposed Highway AMATS: Downtown Trail Connection Project No. 0001662/CFWY00586.	None	ANCHORAGE	--	--

Exhibit A - Resolution No. 2025-19
Facilities List

ID NO.	FACILITY DESCRIPTION	Prior ARRC	Reserve or ROW	MP FROM	MP TO
6	A segment of the Ship Creek Trail located between North "C" Street and the east side of the A-C Couplet on the South Bank of Ship Creek referred to in ARRC Permit No. 9153 as Kings Landing at Ship Creek, together with associated appurtenances located within Tract C of Plat 96-151, Tract B of Plat 96-80, Tract A of Plat 93-105 and Tract F of Plat 2021-30. The total centerline length of the trail segment is approximately 560 feet. Associated appurtenances include a wayside directly adjacent to North "C" Street, the approach trail to a pedestrian bridge over Ship Creek referred to as the "Pocket Bridge", the creek bank erosion control facilities, ADA fishing platform, pedestrian bridge, and all other improvements lying north of the south edge of the Ship Creek Trail as per that certain Bill of Sale by and between the Municipality of Anchorage and the Alaska Railroad Corporation executed July 1, 2016.	9153	ANCHORAGE	--	--
7	The pedestrian bridge over Ship Creek referred to as the "Pocket Bridge" consisting of approximately 375 feet of trail.	--	ANCHORAGE	--	--
8	A segment of unpaved/unimproved trails on the North Bank of Ship Creek located between Small Boat Launch Road at its western extent to the Chugach Bridge Parking Area (See Facility ID No. 9), together with associated appurtenances located within Tract G of Plat 2021-30, Tract F of Plat 2021-30, and Tract C of Plat 96-151. The centerline length of the trail segment is approximately 2500 feet. Appurtenances include all sets of access stairs located in the vicinity of the Small Boat Launch Road bridge over Ship Creek, a wayside directly adjacent to North "C" Street, the connector trail with to the "Pocket Bridge" and all other associated facilities.	9153	ANCHORAGE	--	--
9	A pedestrian walkway across the existing dam structure formerly known as the Chugach Dam, previously permitted to the MOA under ARRC Contract No. 7922 Supplement 3, dated August 5, 2022 and ARRC Contract No. 6402 dated June 12, 1991, located within Tract F of Plat 2021-30, together with associated appurtenances. The total centerline length of the trail in this facility is approximately 470 feet. Appurtenances include the parking area and access trails on the north side of the bridge and all other associated facilities. This facility is not intended to include the actual dam structure and only include those support structures of the dam essential to support the pedestrian pathway on the bridge.	7922	ANCHORAGE	--	--
10	AN ADA accessible fishing platform located within Tract F of Plat 2021-30. The length of the trail segment in this facility is approximately 70 feet.	--	ANCHORAGE	--	--
11	A segment of the Ship Creek Trail between the A-C Couplet to Reeve Boulevard and the north boundary of Lot 5A Block 39D of Plat C-225 together with associated appurtenances located within Tract F of Plat 2021-30 and Block 46A East Addition of the Anchorage Townsite as depicted on USS 408. The centerline of the trail segment measures approximately 5,260 feet in length. Appurtenances include an access trail to the Chugach Dam (see Facility 9), a bridge crossing over the railroad mainline track at MP 115.15, a bridge over Ship Creek and all other associated facilities.	7922	ANCHORAGE	--	--

Exhibit A - Resolution No. 2025-19

Facilities List

ID NO.	FACILITY DESCRIPTION	Prior ARRC	Reserve or ROW	MP FROM	MP TO
12	A segment of the Ship Creek Trail between Lot 5A Block 39D of Plat C-225 and the East boundary of the Alaska Railroad Anchorage Reserve at the boundary between USS 9112 and a tract of land depicted as Commercial Drive Tr 1 on the MOA GIS site located within USS 408, Lot 2 of USS 1170 and USS 9112. The centerline of the trail segment measures approximately 6,350 feet in length. Appurtenances include the North Post Road underpass, an access trail to Viking Drive, an access trail to Reeve Boulevard, an underpass under Reeve Boulevard and all other associated facilities.	7922	ANCHORAGE	--	--
13	A segment of the Ship Creek Trail located between Reeve Boulevard and a tract of land depicted as Commercial Drive Tr 1 on the MOA GIS site together with associated appurtenances located within USS 9112. The centerline of the trail segment is approximately 50 feet long.	7922	ANCHORAGE	--	--

PERMIT SUMMARY

PERMITTEE: Municipality of Anchorage (MOA)

CONTRACT NO: 9800

PERMIT AREA DESCRIPTION: This permit currently covers the Tony Knowles Coastal Trail, while a second permit, Contract No. 7922, covers the Ship Creek Trail. The planned Downtown Connector Trail will be a pedestrian/bicycle trail, and its associated facilities and appurtenances, measuring approximately 11 foot wide and totaling 5,250 feet in length, whose purpose is to connect the Ship Creek Trail and the Tony Knowles Coastal Trail in Downtown Anchorage as part of AMATS Project No. 0001662/CFHWY00586. The Downtown Connector Trail will be located on lands legally described as Tract B of Alaska Railroad Ship Creek Tidelands Subdivision recorded as Plat 2019-45 in the Anchorage Recording District and Lot 2 of US Survey No. 1170 filed in the records of the General Land Office.

KEY CONTRACT PROVISIONS:

Estimated Effective Date: September 4, 2029

Base Annual Rent: \$1,000

Permit Term: Life of the facility

Prior Annual Rent: \$400

Option to Extend: None

Rent Adjustment: Annual 3% increases.

Permit Area: 11 foot wide & 5,250' in total length
(Downtown Connector only)

PUBLIC NOTICE: Yes, public comment period expires June 24, 2025

LEGAL REVIEW: Yes

INTENDED USE: Public Trail.

SUMMARY AND RECOMMENDATIONS: Existing permittee of the Tony Knowles Coastal Permit (Contract No. 9800) and the Ship Creek Trail (Contract No. 7922) has requested to add an additional proposed pedestrian/bicycle trail segment known as the "Down Town Trail Connector" which will connect the existing Tony Knowles Coastal Trail and the existing Ship Creek Trail. The proposed permit supplement will add both the Down Town Trail Connection segment and the Ship Creek Trail to the existing Coast Trail Permit. Approval of the proposed amended permit is recommended.

APPROVED: _____

Board Meeting Date: _____




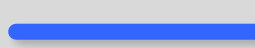

Jennifer Mergens
ARRC Board Secretary

AMATS

DOWNTOWN TRAIL CONNECTION

Project No. CFHWY00586/0001662

Legend

-  Railroad Property
-  Railroad
-  RR Crossing
-  Existing Pathway
-  Proposed Pathway



LEASE SUMMARY

LESSEE: Great Northwest Moving Company

CONTRACT NO: 21177

LEASE DESCRIPTION: Lease of a parcel of land, Lot 1B, Block 41A of the East Addition to the Anchorage Townsite, situated in the ARRC Anchorage Reserve, containing approximately 110,164 square feet (2.5 acres).

KEY CONTRACT PROVISIONS:

Estimated Effective Date: August 1, 2025

Prior Annual Rent: \$109,309.04 annually

Lease Term: Twenty (20) Years

Rent Rate: 8%

Option to Extend: N/A

Rent Adjustment: Rent 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: 110,164 sq. ft., more or less.

Base Annual Rent: \$TBD (based on 2025 appraised value)

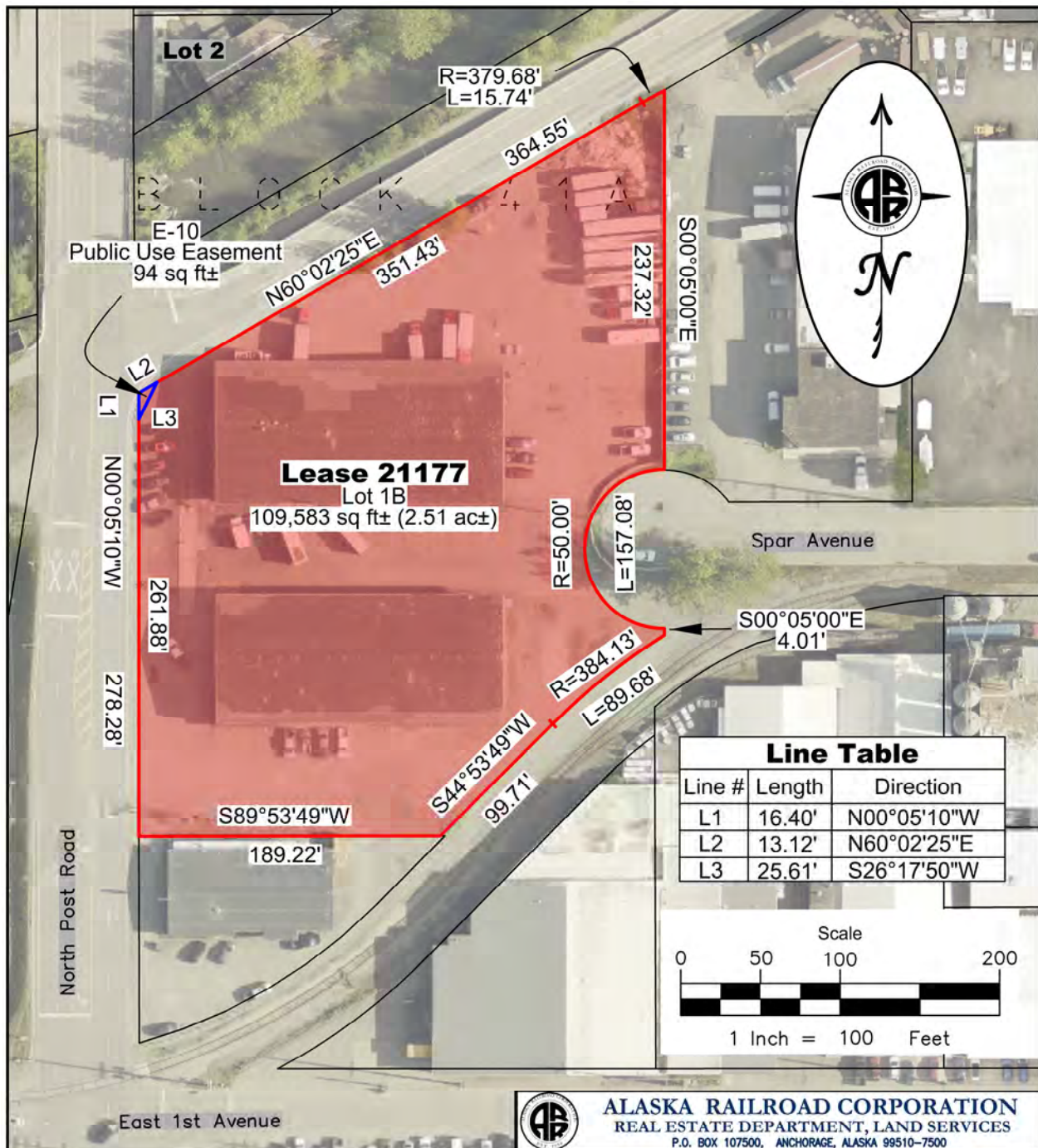
PUBLIC NOTICE: Yes, public comment will expire June 24, 2025.

LEGAL REVIEW: Yes

INTENDED USE: Moving and storage operations consistent with Lessee's business.

SUMMARY AND RECOMMENDATIONS: Lessee currently leases the property under a ground lease for a term of thirty-five (35) years. The current lease is scheduled to expire December 31, 2032. Lessee is requesting a new twenty (20)-year ground lease. Approval is recommended.

APPROVED: _____ Board Meeting Date: _____
Jennifer Mergens
ARRC Board Secretary



- Bearing and distances are based on Recorded State of Alaska Department of Transportation and Public Facilities Public Use Easement Document number 2004-090637-0.
- For indexing purposes this property is located in the NW1/4 Sec.17, T13N, R3W, S.M.



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

Contract No. 21177 - Exhibit A
Great Northwest Moving Company
Area = 109,583 sq ft± (2.51 ac±)

ARRC title - Patent 50-2016-0049
USS 408 Block 41A & 41D

DRAWN BY: DCA
 CHECKED BY: JSR
 APPROVED BY: JSR

SCALE: 1" = 100'

DATE: 2025-05-22

Anchorage Terminal Reserve

AlaskaRailroad.com

PERMIT SUMMARY

PERMITTEE: Global Tower Assets III, LLC

CONTRACT NO: 9524A

PERMIT AREA DESCRIPTION: A parcel of land 1,400 square feet in size, in the ARRC Right-of-Way (ROW) at ARRC Milepost 66.5, North of Portage, Alaska.

KEY CONTRACT PROVISIONS:

Estimated Effective Date: Upon signature

Base Annual Rent: \$29,996.71

Permit Term: 10 years

Prior Annual Rent: \$29,122.54

Option to Extend: None

Rent Adjustment: Annual 3% increases.

Permit Area: 1,400 square feet

PUBLIC NOTICE: Yes, public comment period expired June 24, 2025

LEGAL REVIEW: Yes

INTENDED USE: Existing 70' Cell Tower Site.

SUMMARY AND RECOMMENDATIONS: Permittee has requested a term extension for its current permit. The proposed permit supplement 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 as currently anticipated. Approval of the proposed permit renewal is recommended.

APPROVED: _____ Board Meeting Date: _____

Jennifer Mergens
ARRC Board Secretary

