ALASKA RAILROAD

BOARD OF DIRECTORS
REGULAR Board Meeting

Friday, September 25, 2026
Commencing at 9:00 a.m. in person at
Pike's Waterfront Lodge – 1st Floor Binkley Room
1850 Hoselton Rd, Fairbanks, AK 99709
&

Join Virtual Zoom Meeting Room

https://us02web.zoom.us/j/84357527358?pwd=Lb2medbuy6ETKGeze1QPr7saIUmRVw.1
Meeting ID: 843 5752 7358
Passcode: 068975

One tap mobile
+12532050468,,84357527358# US
+12532158782,,84357527358# US (Tacoma)

Join by SIP
• 84357527358@zoomcrc.com
Passcode: 068975

Join instructions
https://us02web.zoom.us/meetings/84357527358/invitations?signature=VKvQHrXxIuLKYoz99pOzZDF7Z6j2wzzbnoFS_Ud78dw

ARRC BOARD OF DIRECTORS
MEETING AGENDA

Friday, September 25, 2026 ~ 9:00 a.m.
Pikes Waterfront Lodge – Binkley Room, 1850 Hoselton Drive, Fairbanks, Alaska 99709

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 June 5, 2026
2. Approval of Special Meeting Minutes of June 18, 2026
3. Approval of Special Meeting Minutes of July 7, 2026
4. Approval of Special Meeting Minutes of July 20, 2026
5. Approval of Special Meeting Minutes of August 25, 2026

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. Business Report
4. Cyber Security and AI Review

B. Committee Reports

1. Real Estate Committee
   - Fairbanks Oil-to-Gas Change Out Program
2. Executive Committee
3. Safety Committee
4. Audit Committee
5. NorthStar Infrastructure Partnership Review Committee

X. NEW BUSINESS

C. Executive Session Briefings

1. Contracts, Claims, Litigation, Personnel and Financial Matters
2. Port MacKenzie Rail Extension (PMRE) Update
3. Business Development Report

D. Adoption of Consent Agenda

1. Resolution No. 2026-14 Relating to an Increase in Funding of Seward Freight Dock and Corridor Improvements Using MARAD PIDP Grant Funds (AFE No. 10963 S-2)
2. Contract No. 21356 – Alaska Ice Holdings, LLC.

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

XII. ADJOURNMENT

2026 June 5 Regular Board Meeting Minutes_FINAL

ALASKA RAILROAD CORPORATION
MINUTES OF THE REGULAR BOARD OF DIRECTORS MEETING

Seward, Alaska
Friday, June 5, 2026

I. CALL TO ORDER

Chair John Shively called the meeting to order at 9:00 a.m. on Friday, June 5, 2026, at the Alaska SeaLife Center - Bear Mountain Conference Room, 301 Railway Avenue, Seward, Alaska 99664, with a virtual participation option.

II. ESTABLISH QUORUM

Chair Shively requested that Board Secretary Jennifer Mergens establish a quorum. Chair Shively; Director Judy Petry; 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 all were present. Vice Chair John Binkley joined after the roll call.

Ms. Mergens established a quorum of six Board Members.

Staff members present:

A. Behrend, Chief Counsel
A. Kinnaman, Controller
M. Clemens, Director, External Affairs
S. Roberts, Chief Special Agent
L. Hall, Executive & Corporate Administrator
C. Keogh, Director, Safety, Rules & Operations
J. Mergens, Chief Human Resources Officer
Shaughn Lazaros, Technology Service
M. Maddox, Chief Financial Officer
C. Terry, VP Real Estate
C. Hopp, Chief Operating Officer
B. O'Leary, President & Chief Executive Officer
D. Greenhalgh, VP Marketing Customer Service
C. Clarke, Corporate Communications Officer

Guests and members of the public present:

Representative Kevin McCabe
Clay Venetis

III. SAFETY BRIEFING

Mr. Keogh shared the procedures for responding to an emergency, indicating the appropriate building exits and evacuation protocols, and explained how to proceed safely to the designated meeting area if an emergency were to occur during the meeting.

IV. CHAIR COMMENTS

Chair Shively expressed appreciation for the Sea Life Center allowing ARRC to utilize the meeting room. He also thanked Board Members for attending the Alaska Executive Branch Ethics Act training on April 28th.

V. ADOPTION OF AGENDA

Director Dinsmore moved to adopt the amended agenda, and Director Petry seconded the motion. The amended agenda was unanimously approved as reposted and presented.

VI. CONFLICT OF INTEREST DISCLOSURES

Director Dinsmore stated that he would recuse himself from any discussion relating to a particular matter in the litigation report if it arose during Executive Session. Director Reeves stated that he has a commercial interest in certain aspects of freight logistics, and if any confidential discussions arise in that area that pose a conflict, he would recuse himself, as appropriate. No other members disclosed any conflicts of interest.

VII. ADOPTION OF MINUTES

Director Petry moved to approve the minutes of the March 27, 2026, Regular Board Meeting. Commissioner Anderson seconded the motion. The meeting minutes were unanimously approved as presented.

VIII. OPPORTUNITY FOR PUBLIC COMMENT/STAFF/DIRECTORS

Representative McCabe presented ARRC Board Chair John Shively with a 50-year public service honor award from the 34th Alaska Legislature. Chair Shively noted that this type of award happens because hundreds of very good people helped him along the way.

Clay Venetis asked for consideration for a community Polar Express Train to run from Fairbanks to Nenana during the winter months. Chair Shively noted that a staff member would reach out and discuss his request.

IX. BRIEFING ITEMS

A. <u>Public Briefings</u>

1. CEO Update

Mr. O'Leary briefed the Board on relevant business matters arising since the March 27, 2026, meeting. He noted ARRC summer passenger season is in full swing, and ARRC has experienced a strong start to 2026. Mr. O'Leary said that ARRC has achieved strong on time performance so far. He said that delays in the opening of the Seward passenger dock required adjustments to train operations, but the team adapted admirably and ensured our customers remained supported. Mr. O'Leary further stated that the May financials closed and will be provided when available. He shared that with regard to Administrative Order No. 360, ARRC provided an opportunity to receive verbal public comments as well as written comments, however, none were received. Mr. O'Leary said that he and Ms. Clemens will be attending an AAR quarterly meeting in Washington, D.C., next week, and meeting with Alaska's congressional delegation to discuss key priorities related to the Alaska Railroad, including rail extensions, bond financing and sale update, the Surface Transportation Reauthorization Bill, and the significant impact of formula funds on both the Railroad and the State overall.

Mr. Lindamood provided an update to the Board on reef mitigation related to AFE #11387S-1, which is required as part of the Seward Freight Dock Project. The railroad is working with the Alaska SeaLife Center to place reef balls that provide habitat for marine life. He noted the mitigation program must be approved and in place prior to the scheduled construction start date.

Mr. O'Leary said that he emailed the 2026 Corporate Goals to the Board yesterday. Chair Shively asked that the Board review and send any comments by email to both him and Mr. O'Leary no later than June 19. Mr. O'Leary completed his presentation by discussing the six action items listed on the Consent Agenda.

2. Safety Update

Mr. Keogh provided an update on safety statistics. He shared his goal of increasing the availability of data to better examine areas of concern and identify opportunities for improvement, including operational monitoring and incident trends. Mr. Keogh reiterated that employees should always report near-misses and incidents when in doubt, as this information is critical for identifying risks and improving safety. He further noted that he is working toward a more collaborative approach with all departments. Director Dinsmore noted that the Timetable Manual is more resourceful and user-friendly.

Commissioner Sande asked about ARRC's cybersecurity program. Mr. Hopp stated that a committee involving different departments meets quarterly. Ms. Maddox stated that the Transportation Security Administration requirements have been implemented, including audits. She stated that stress testing is completed using internal and third-party resources. Commissioner Sande asked for a presentation on this topic at the next Board meeting. Chair Shively requested that a current Cyber Security and Artificial Intelligence (AI) report be provided at the next regularly scheduled Board Meeting.

3. Financial Report

Ms. Maddox reported on the first quarter financials. Highlights of her presentation included:

- Freight revenue underperformed the revised budget by $1.4 million, primarily due to weaker performance in TOFC/COFC and interline business lines.
- Passenger revenue outperformed the revised budget by $0.1 million, driven by strong performance of the Aurora Winter Train and special trains.

- Operating expenses exceeded the revised budget by $1.0 million, primarily due to higher fuel costs.
- Real estate net revenue outperformed the revised budget by $0.4 million, driven by stronger lease and permit revenue and lower-than-expected expenses.
- Net income for 2026 is forecast at $20.2 million, which is $8.2 million lower than the original budget.
- Operating expenses are projected to be $12.2 million higher than reflected in the original budget, primarily due to higher fuel costs, increased equipment rates, and anticipated expenses related to rail expansion initiatives.
- The annual insurance renewal begins on July 1, and ARRC is asking for approval for up to a 10% increase over 2026 premium levels for both the liability and property programs.

B. <u>Committee Reports</u>

1. Real Estate Committee

Committee Chair Binkley reported that the Real Estate Committee convened on May 20, 2026, with five Board Members in attendance. Ms. Terry shared details related to Board Resolution No. 2026-07 and the two contract leases that were reviewed and recommended for approval by the Committee. She confirmed that the public comment periods would conclude before the end of May.

2. Executive Committee

Chair Shively reported that, at Director Reeves' request, the Executive Committee meeting was noticed and held publicly at 10:00 a.m. on May 20 and was open for all Board Members to attend. He noted that the three Committee Members and Director Reeves were in attendance. Chair Shively stated that three resolutions were reviewed and recommended for Board approval.

a. Executive Committee Membership - Director Reeves

Director Reeves inquired about making the Executive Committee a committee of the whole so that any member who wanted could attend. Chair Shively reminded Director Reeves that would require that the meeting be publicly noticed. General discussion ensued.

Since Board Committee membership and participation is set by the Chair, Chair Shively noted the reorganization of committees as follows:

Executive Committee members will remain Vice Chair Binkley, Director Petry and Chair Shively.

Real Estate Committee members will consist of Director Reeves, Commissioner Sande and Vice Chair Binkley who will serve as the Committee Chair. The meetings will no longer be publicly noticed.

Safety Committee members will consist of Director Petry, Director Reeves, and chaired by Director Dinsmore.

The Audit Committee members will consist of Commissioner Sande, Vice Chair Binkley and chaired by Director Petry.

Vice Chair Binkley stated that he recommends a three-member committee structure to keep committees nimble and to allow for deeper review of specific issues.

X. NEW BUSINESS

C. Executive Session Briefings

Vice Chair 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 10:41 a.m. The following items were discussed:

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

Chair Shively called the meeting back into public session at 12:14 p.m.

D. Adoption of Consent Agenda

Chair Shively read the Consent Agenda into the record. Director Dinsmore made a motion to adopt the listed items under the Consent Agenda. Director 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. 2026-07 - Relating to Insurance Renewal for 2026-2027
2. Resolution No. 2026-08 - Relating to a Request for the Conveyance of State Land Between Healy and Clear, Alaska, Located East of the Nenana River in the Vicinity of ARRC Milepost 379.6 to 379.8 to ARRC Under AS 42.40.360
3. Resolution No. 2026-09 - Relating to Increase in Funding of Environmental Mitigation Required in Conjunction with the Seward Freight Dock and Corridor Improvements Project (AFE No. 11387 S-1)
4. Resolution No. 2026-10 - Relating to Port of Whittier Operational Efficiency Project (AFE No. 11475)
5. Contract No. 21287 - 200 Post Road LLC – Anchorage Reserve
6. Contract No. 21314 - Tesoro Logistics Operations, LLC – Anchorage Reserve

XII. OPPORTUNITY FOR PUBLIC COMMENT/STAFF/DIRECTORS

Director Reeves made a request to Chair Shively regarding the possibility of opening the Executive Committee meeting to all Board Members. Chair Shively stated that he will review the Board's bylaws, poll Board Members, and communicate his decision via email.

Chair Shively expressed agreement with the observations shared by Board Members concerning the opportunity to hold a meeting in Seward, suggesting ARRC should consider doing it annually. He also commented on the potential for business growth through the gas line installation and completing PMRE. The Board acknowledged the teamwork and dedication demonstrated in overcoming the challenges relating to having the Seward Terminal ready to receive cruise ships.

XIII. ADJOURNMENT

Vice Chair Binkley moved to adjourn, and Director Dinsmore seconded the motion. The meeting adjourned at 12:24 p.m.

ATTESTED BY:

____
Jennifer Mergens
Board Secretary

Date ________________________

2026 JUNE 18 Special Board Meeting Minutes

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

Anchorage, Alaska
Thursday, June 18, 2026

I. CALL TO ORDER

Board Chair John Shively called the special meeting to order at 1:00 p.m. on Thursday, June 18, 2026. This special meeting was called for the purpose of discussing the status of ARRC's proposed FRA CRISI grant application related to the completion of the Port MacKenzie Rail Extension (PMRE) project and considering Resolution No. 2026-11 pertaining to the structure and sources of the proposed match for said FRA CRISI grant.

II. ESTABLISH QUORUM

Chair Shively requested that Assistant Board Secretary Andy Behrend establish a quorum. Chair John Shively, Director Petry, Director Gale Dinsmore; Commissioner, Department of Commerce Community and Economic Development, Julie Sande; and Commissioner, Department of Transportation & Public Facilities, Ryan Anderson were present.

A quorum of five board members was established by Mr. Behrend.

Staff members present:

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

Guest:

Jessica Burnett

III. ADOPTION OF AGENDA

Director Petry moved to adopt the agenda as presented and Commissioner Anderson seconded the motion. There was no discussion or objection 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 (For Agenda Items Only)

No members of the public were present.

VI. NEW BUSINESS

A. Action Items

1. Discussion of ARRC's proposed FRA CRISI grant application related to the completion of the Port MacKenzie Rail Extension (PMRE) project and considering adoption of Resolution No. 2026-11, directing ARRC staff to submit said FRA CRISI grant application, identifying sources of the proposed match for said application, and, if applicable, authorizing staff to secure financing for the same.

Mr. O'Leary provided an update on a proposed Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant application to complete the Port Mackenzie Rail Extension (PMRE). The estimated cost to finish the project is $315 million, requiring a $63 million match. Matching funds are expected to come from multiple sources, including ARRC cash, in-kind contributions such as aggregate and land, unspent Matanuska-Susitna Borough funds, and up to $34 million from the Alaska Industrial Development and Export Authority (AIDEA). Mr. O'Leary said ARRC plans to submit the application on July 23, ahead of the July 25 CRISI grant deadline.

Mr. O'Leary noted that, at its June 17 board meeting, AIDEA ratified the use of up to $34 million for the grant match, citing the project's importance to supply chain efforts supporting interior mining projects. Once completed, PMRE will remain a railroad asset. During ARRC's visit last week to Washington, D.C., Federal Railroad Administrator David Fink expressed support for the PMRE project and interest in visiting the site in the coming months.

Commissioner Sande moved to adopt Resolution 2026-11 as presented, and Commissioner Anderson seconded the motion. Chair Shively invited comments from each Board member. Commissioner Sande noted the progress in collaboration between ARRC and AIDEA, while acknowledging that some project details still require further discussion. Commissioner Anderson asked whether ARRC would own the asset and serve as the sole applicant for the CRISI grant; and Mr. O'Leary confirmed both. Director Petry thanked Commissioner Sande for her efforts and said the project would benefit the State of Alaska. Director Dinsmore said work that began more than a year ago is now coming together productively, and Director Binkley agreed with the comments shared by other members. Chair Shively said it has been an interesting process to reach this point and that the project will be a valuable addition to ARRC and the State of Alaska. He added that the Board looks forward to hearing from the FRA.

There was no additional discussion or objection and Resolution No. 2026-11 directing ARRC staff to apply for the CRISI grant and authorizing the use of all 2026 and 2027 ARRC Railroad Expansion Reserve funds toward the required match, while continuing to work with partners to secure the remaining funds, was adopted.

Director Petry asked when the FRA expects to announce grant awards. Mr. O'Leary said he suspected during the September timeframe prior to November elections.

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

No members of the public provided comment.

VIII. DIRECTORS/CEO/STAFF COMMENTS

Chair Shively asked Director Petry to include a detailed briefing on Artificial Intelligence (AI) along with the Audit committee's briefing of Cyber Security applications, usage and issues related to ARRC and to share the reported results and information at September's Board meeting. Chair Shively presented Mr. O'Leary with his 25-year service pin and letter. He also acknowledged that Vice Chair Binkley had joined the meeting during closing comments. Chair Shively noted that we will have another special board meeting in July.

IX. ADJOURNMENT

Director Dinsmore moved to adjourn. Director Petry seconded the motion. The meeting was adjourned at 1:22 p.m.

ATTESTED BY:

____
Jennifer Mergens
Board Secretary

Date ____________________________

2026 JULY 7 Special Board Meeting Minutes

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

Anchorage, Alaska
Tuesday, July 7, 2026

I. CALL TO ORDER

Board Chair John Shively called the special meeting to order at 9:01 a.m. on Tuesday, July 7, 2026. This special meeting was called for the purpose of Board review and approval of Resolution No. 2026-12 – Relating to Approval of the Collective Bargaining Agreement between the Alaska Railroad Corporation and the American Train Dispatchers Association

II. ESTABLISH QUORUM

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

A quorum was established by Ms. Mergens.

Staff members present:

A. Behrend, Chief Counsel
C. Hopp, Chief Operating Officer
B.O'Leary, President & Chief Executive Officer
L. Hall, Executive & Corporate Administrator
A. Kinnaman, Controller
M. Maddox, Chief Financial Officer
C. Clarke, Corp Comm Officer
J. Mergens, Chief Human Resources Officer
C. Terry, VP Real Estate
D. Greenhalgh, VP, Marketing and Customer Service

III. ADOPTION OF AGENDA

Director Dinsmore moved to adopt the agenda as presented and Director Petry seconded the motion. There was no discussion or objection 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 (For Agenda Items Only)

No members of the public were present.

VI. NEW BUSINESS

A. <u>Action Items</u>

1. Resolution 2026-12 – Relating to Approval of the Collective Bargaining Agreement between the Alaska Railroad Corporation and the American Train Dispatchers Association.

Director Petry moved to adopt Resolution No. 2026-12, and Director Dinsmore seconded the motion. Director Dinsmore then moved to have the Board recess to Executive Session to discuss the changes to the collective bargaining agreement. Director Petry seconded the motion. There was no further discussion or objection, and the Board convened to Executive Session at 9:03 a.m. Chair Shively called the public session of the meeting back to order at 9:06 a.m.

Chair Shively asked if there were any objections to adopting Resolution No. 2026-12. There was no discussion or objection and the resolution was adopted.

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

No members of the public were present.

VIII. DIRECTORS/CEO/STAFF COMMENTS

Chair Shively stated he appreciated the work to reach agreement with the union.

IX. ADJOURNMENT

Vice Chair Binkley moved to adjourn. Director Dinsmore seconded the motion. The meeting was adjourned at 9:08 a.m.

ATTESTED BY:

____
Jennifer Mergens
Board Secretary

Date ____________________________

2026 JULY 20 Special Board Meeting Minutes

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

Anchorage, Alaska
Monday, July 20, 2026

I. CALL TO ORDER

Board Chair John Shively called the special meeting to order at 11:15 a.m. on Monday, July 20, 2026. This special meeting was called for the purpose of Board review and approval of Resolution No. 2026-13 – Relating to Approval of Amendment 2 to New Seward Passenger Dock and Terminal Purchase and Sale Agreement.

II. ESTABLISH QUORUM

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

A Board quorum of five members was established by Ms. Mergens. Vice Chair John Binkley joined after a quorum was established.

Staff members present:

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

Guests:

Keith Laufer
Kris Erchinger

III. ADOPTION OF AGENDA

Director Petry moved to adopt the agenda as presented and Director Dinsmore seconded the motion. There was no discussion or objection 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 (For Agenda Items Only)

Mr. Laufer thanked the Board for holding this Special Board meeting. No other members of the public provided comment.

VI. NEW BUSINESS

A. Action Items

1. Resolution No. 2026-13 – Relating to Approval of Amendment 2 to New Seward Passenger Dock and Terminal Purchase and Sale Agreement.

Mr. O'Leary stated that Board Resolution 2026-13 authorizes Amendment 2 to the Seward Dock and Terminal Purchase and Sale Agreement. The amendment provides for a revised final construction timeline and payment schedule in advance of ARRC's anticipated closing date to purchase the dock and terminal facilities. He noted that ARRC will continue to serve cruise ship calls at the new dock and looks forward to the developer's contractor completing the remaining work.

Commissioner Anderson asked whether ARRC would be taking ownership of an incomplete dock. Mr. O'Leary explained that approval would allow closing, transfer of full title, and payment of purchase price from bond proceeds, while withholding sufficient funds until all remaining construction and punch-list items are completed. Mr. O'Leary confirmed that the final completion deadline is December 31, 2026, and that the holdback amount would not be released until all items are completed. Ms. Terry shared that the last cruise ship of the season is scheduled for September 30, 2026. Mr. Laufer stated that, depending on weather conditions, the remaining scope of work is expected to take approximately three weeks. Vice Chair Binkley asked for assurance that the cost and holdback amounts were adequate. Mr. Hopp stated that the holdback amount was reviewed by two engineering firms, as well as ARRC's engineering group. General discussion ensued.

Director Petry moved to adopt Resolution No. 2026-13, relating to approval of Amendment 2 to the New Seward Passenger Dock and Terminal Purchase and Sale Agreement, as presented. Director Dinsmore seconded the motion. With no further discussion, Chair Shively requested a roll call vote, and all six board members present voted in favor of adopting Resolution No. 2026-13.

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

Mr. Laufer thanked the Board for coming together on such short notice. No other members of the public provided comment.

VIII. DIRECTORS/CEO/STAFF COMMENTS

Mr. O'Leary thanked the Board and all members of senior staff for the long and continuous hours of detailed review. Chair Shively shared his appreciation as well.

IX. ADJOURNMENT

Director Dinsmore moved to adjourn. Commissioner Anderson seconded the motion. The meeting was adjourned at 11:43 a.m.

ATTESTED BY:

____

Jennifer Mergens
Board Secretary

Date __________________________

2026 AUGUST 25 Special Board Meeting

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

Anchorage, Alaska
Tuesday, August 25, 2026

I. CALL TO ORDER

Board Chair John Shively called the special meeting to order at 11:00 a.m. on Tuesday, August 25, 2026. This special meeting has been called for the purpose of Board discussion of whether the Board should authorize the Corporation's management to enter into negotiations with Alaska Infrastructure Partners ("AIP") regarding whether the Corporation should become a counterparty to AIP for purposes of developing and negotiating a Project Agreement for the proposed Port MacKenzie Rail Extension (PMRE) Project.

II. ESTABLISH QUORUM

Chair Shively requested that Board Secretary Jennifer Mergens establish a quorum. Chair John Shively, Vice Chair John Binkley, Director Judy Petry, Director John Reeves; Commissioner, Department of Commerce Community and Economic Development, Julie Sande; and Commissioner, Department of Transportation & Public Facilities, Ryan Anderson were all present. Director Gale Dinsmore joined after a quorum was established. A board quorum of six members was established by Ms. Mergens.

Staff members present:

A. Behrend, Chief Counsel
C. Hopp, Chief Operating Officer
D. Greenhalgh, VP, Marketing & Customer Service
L. Hall, Executive & Corporate Administrator
B. O'Leary, President & Chief Executive Officer
M. Clemens, Director, External Affairs
G. Goemer, Director, Supply Management
M. Maddox, Chief Financial Officer
B. Lindamood, VP, Chief Engineer
J. Mergens, Chief Human Resources Officer
C. Terry, VP Real Estate
C. Clarke, Corporate Communications Officer
T. Wareham, Deputy Chief Counsel
A. Kinnaman, Controller

Guests:

Rick Mayfield (Macquarie Group)
Geoff Segal (Macquarie Capital)
Mark Davis (AIDEA)
Adam Cook (Birch Horton)
Randy Ruaro (AIDEA)
Leonard Robinson (AIDEA)
Treaven Martinus (Martinus)
John Pickhaver (Macquarie Group)
Jarred Roker (Martinus)
Alan Summerville (VHB)
Brandon Brefczynski (AIDEA)

III. ADOPTION OF AGENDA

Director Petry moved to adopt the agenda as presented and Vice Chair Binkley seconded the motion. There was no discussion or objection 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 (For Agenda Items Only)

No members of the public provided comment.

VI. NEW BUSINESS

A. Action Items

Mr. O'Leary stated today's meeting was to discuss the Port MacKenzie Rail Extension (PMRE) and the Alaska Infrastructure Partners (AIP) proposal. Two members of the MacQuarie team are presenting to the Board on that topic. He noted that the Alaska Industrial Development and Export Authority (AIDEA) was represented online and in person. Mr. O'Leary provided no other opening comments.

Chair Shively observed that the subject matter should be discussed in executive session, as reflected in the meeting agenda. Vice Chair Binkley moved to have the Board move into Executive Session to discuss the agenda topic. Director Petry seconded the motion. There was no further discussion or objection. The motion was approved and the Board convened to Executive Session at 11:05 a.m.

Chair Shively called the meeting back into public session at 12:57 p.m.

Chair Shively stated that the next step was to proceed with a motion relating to the subject matter discussed in Executive Session. Vice Chair Binkley agreed. He expressed his and the Board's appreciation of AIDEA's commitment to making the PMRE project happen. He stated that it makes sense for ARRC to be the entity that enters into the Project Agreement as a counterparty. At that point, Vice Chair Binkley moved that "the Railroad enter into negotiations with AIP as the counterparty towards working towards a Project Agreement; however, not on the timeline that was laid out and presented to us in AIP's presentation."

Chair Shively asked whether there was a second to the motion. Director Petry seconded Vice Chair Binkley's motion. Chair Shively asked Vice Chair Binkley if he wished to provide any discussion. Vice Chair Binkley stated that he did not believe the November 2 deadline was realistic. Similarly, the deadlines to close by January 11, 2027, and then to have all the financing in place by April 11, 2027, also seemed unrealistic. He noted that ARRC needs to work with AIP and AIDEA to potentially have something drafted that could be presented to the Legislature, since that body would have to be engaged in the final approval of any of the financing mechanisms envisioned. Based on those considerations, Vice Chair Binkley stated a goal of having a draft agreement prepared by January 31, 2027, in order to present that to the Legislature. In summary, Vice Chair Binkley spoke in favor of ARRC being "the counterparty to the agreement and to work with AIP and AIDEA to extend that summary schedule, that timeline, out to have a draft done by January 31 of 2027."

Commissioner Anderson expressed his belief that in the scenario envisioned by the Vice Chair's motion, "if there was a decision to accelerate things, there's nothing that would prohibit us from accelerating." He asked the Vice Chair whether the purpose of resetting the timeline to a later point was to provide ARRC staff more time or to address other resource concerns. In response, Vice Chair Binkley indicated that he thought both considerations applied. He stated that in addition to staff availability and associated resources, having additional time also made sense given pending grant applications, which could have a significant effect on what the Project Agreement would look like. He noted that the draft agreement was 200 pages long, that the Board had not seen it yet, and that staff only received it the previous week. He noted that the agreement would take some time to digest and might also be affected by the other factors noted above.

There was no further discussion or objection, and the motion was adopted.

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

No members of the public provided comment.

VIII. DIRECTORS/CEO/STAFF COMMENTS

Mr. O'Leary thanked all Board members and ARRC staff for the productive discussion and thoughtful consideration of the matter. Chair Shively concurred, noting that while the discussion took longer than planned, this level of deliberation is necessary when making investment decisions involving hundreds of millions of dollars. He appreciated the Board's additional time commitment and stated that ARRC was on a sound path and no longer needed to rush the process. He especially thanked Commissioners Sande and Anderson for providing helpful perspective related to AIDEA.

IX. ADJOURNMENT

Director Dinsmore moved to adjourn. Vice Chair Binkley seconded the motion. The meeting was adjourned at 1:08 p.m.

ATTESTED BY:

____
Jennifer Mergens
Board Secretary

Date ____________________________

IX. BRIEFING ITEMS

A. PUBLIC BRIEFINGS

ITEM 1: CEO Update

Verbal presentation

IX. BRIEFING ITEMS

A. PUBLIC BRIEFINGS

ITEM 2: Safety Update

Presentation will be uploaded prior to the Board meeting

YTD July 2026 Business Results

Michelle Maddox, CFO
September 25, 2026

Photo courtesy: Ben Traylor

Photo courtesy: Ben Traylor

ALASKA RAILROAD

YTD JULY 2026 Executive Summary

YTD net income of $2.2 million was a smaller net income by $1.5 million according to the revised budget

- *Freight revenue under-performed revised budget by $5.0 million, or 6.7%*
  - *All the freight business lines are experiencing lower volumes than expected in revised budget, with larger variances in the Interline and Gravel business lines*
- *Passenger revenue out-performed revised budget by $2.0 million, or 5.6%*
  - *Primarily due to out-performance of Denali Star and Glacier Discovery*
- *Operating expenses came in as expected*
  - *Larger variances in utilities and fuels, and wages and benefits*
- *Real Estate net revenue out-performed revised budget by $0.2 million, or 1.1%*
  - *Driven primarily by higher-than-expected lease and permit revenue and lower expenses*
- *Other revenue (expense) out-performed revised budget by $1.2 million*
  - *Driven primarily by additional investment earnings and sale of assets*

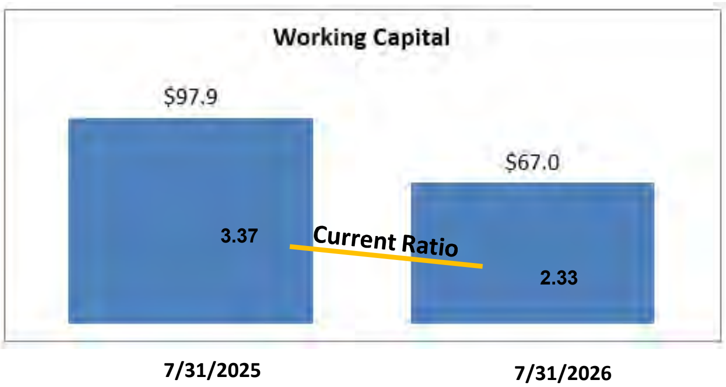
ARRC cash balance and total debt were $40.8 million and $129.5 million, respectively, and net working capital was $67.0 million

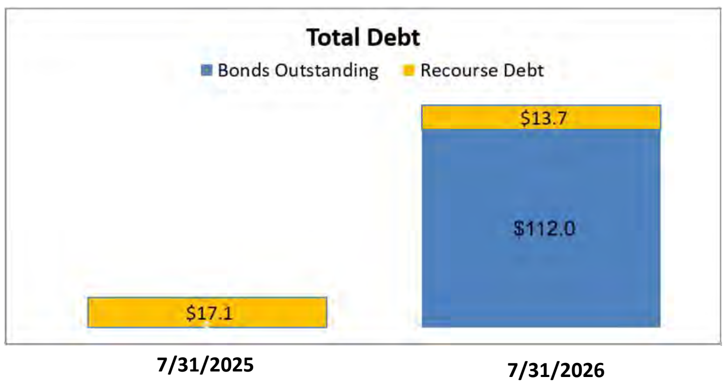
ALASKA RAILROAD

Financial Position

at July 31, 2026

($ millions)





- Continuing to maintain strong liquidity at more than 2.0x current assets to current liabilities
- Decrease in year-over-year recourse debt, increase is year-over-year total debt
  - Issued Seward Passenger Dock revenue bonds in August 2025
- ARRC's trailing 12-month cash flow increased on a year-over-year basis, recourse debt leverage ratio decreased, and total debt leverage ratio 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*

	7/31/2025	7/31/2026
Recourse Debt / EBITDA	0.47x	0.23x
Total Debt / EBITDA	0.47x	2.10x

ALASKA RAILROAD

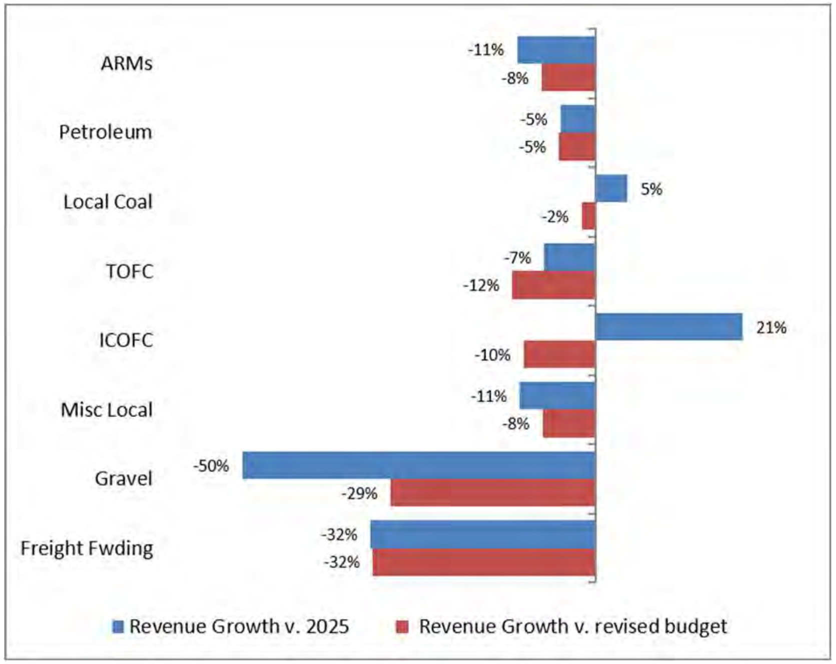
YTD JULY 2026 Freight Revenue Performance

FREIGHT REVENUE
(net of fuel surcharge)

- 8%	- 10%
v. revised budget	v. 2025

- Units: down 10% v. 2025
  down 17% v. revised budget
- Freight Revenue per unit:
  up 9% v. 2025
  up 2% v. revised budget
- *All business lines under-performed revised budget*
- *Local Coal and iCOFC out-performed prior year*

Freight revenue variance



ALASKA RAILROAD

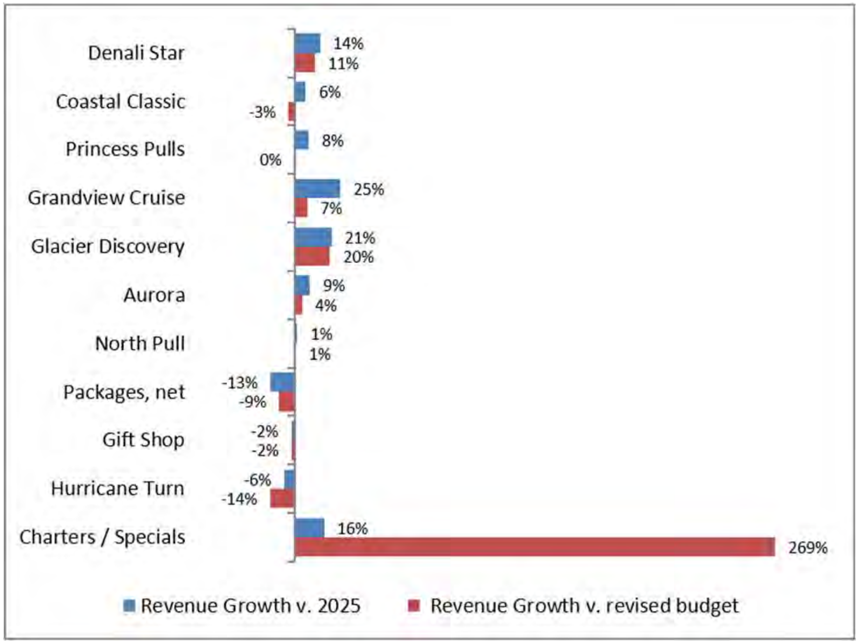
YTD JULY 2026 Passenger Revenue Performance

PASSENGER REVENUE

+ 6%	+ 11%
v. revised budget	v. 2025

- ARRC Ridership: up 4% v. 2025
  up 6% v. revised budget
- Revenue per ARRC passenger:
  up 7% v. 2025
  up 1% v. revised budget
- *Denali Star, Grandview Cruise, Glacier Discovery, Aurora, North Pull, and Charters/Special out-performed revised budget.*
- *Most train service business lines out-performed prior year.*

Passenger revenue variance



ALASKA RAILROAD

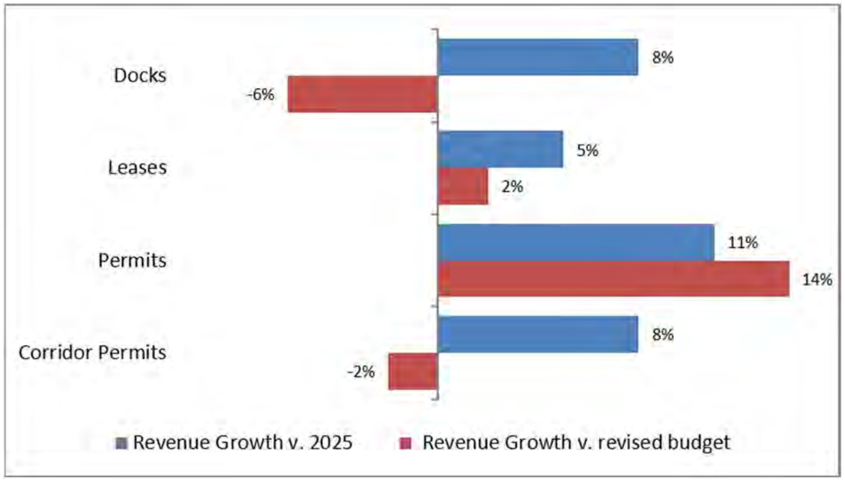
YTD JULY 2026 Real Estate Revenue Performance

REAL ESTATE REVENUE

- 1%	+ 7%
v. revised budget	v. 2025

- *Leases and permits revenue out-performed revised budget*
- *All Real Estate revenue business lines out-performed prior year.*

Real Estate revenue variance



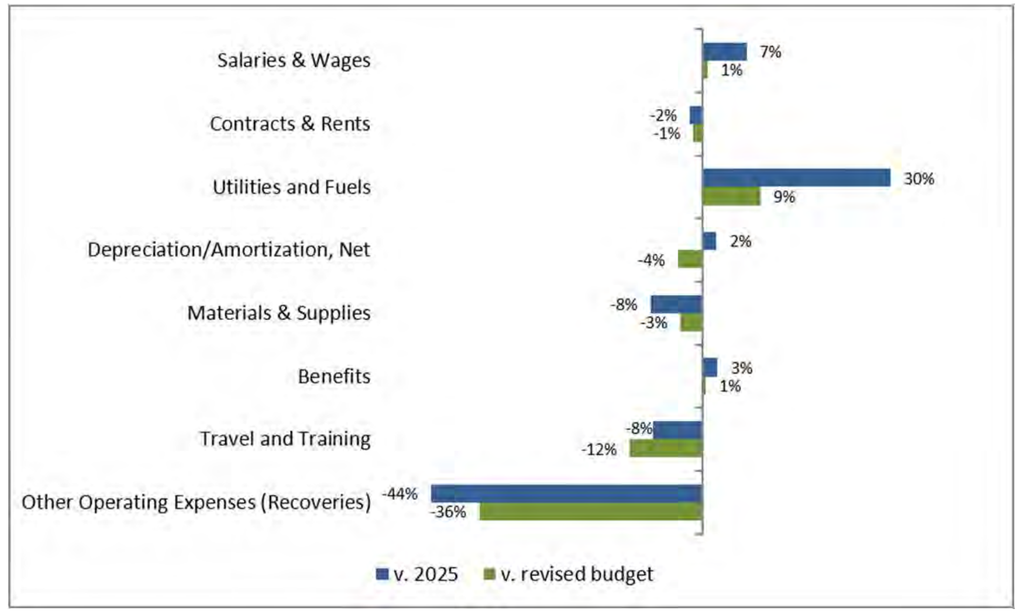
YTD JULY 2026 Operating Expense Performance

OPERATING EXPENSES

0%	+ 4%
v. revised budget	v. 2025

- *Total operating expenses are as expected compared to revised budget, with larger variances in fuel expense, training & travel, and other operating expenses (recoveries)*
- *Total operating expenses is over prior year, primarily due to increase of fuel expense & salaries and wages*

Operating expense variance



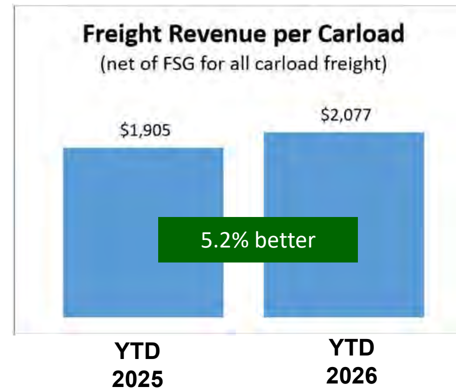
YTD JULY 2026 Financial Performance

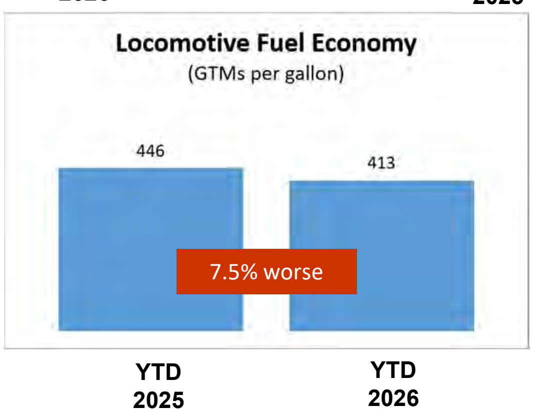
$ millions

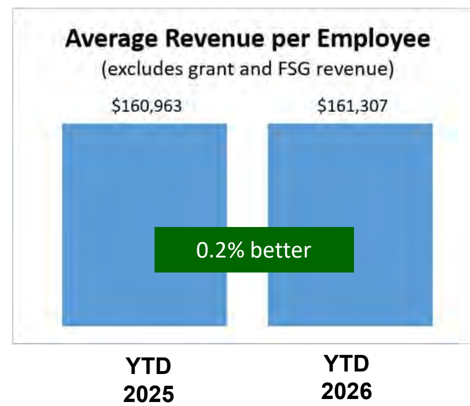
	YTD Jul 2026		YTD Revised Budget		Variance from budget		YTD Jul 2025		Variance from prior year	
Operating Revenues	$	107.6	$	110.4	$	(2.8)	$	106.3	$	1.3
Operating Expenses	$	121.0	$	121.0	$	(0.0)	$	115.9	$	5.1
Operating Income (Loss)	$	(13.5)	$	(10.6)	$	(2.8)	$	(9.7)	$	(3.8)
Real Estate, net	$	15.5	$	15.3	$	0.2	$	14.0	$	1.4
Other Income (Expense)	$	0.2	$	(1.0)	$	1.2	$	1.1	$	(0.9)
Net Income (Loss)	$	2.2	$	3.7	$	(1.5)	$	5.5	$	(3.3)

- *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 passenger revenue.*
- *Operating expenses are as expected compared to revised budget and were over prior year*
- *Real Estate net revenue out-performed as compared to revised budget and prior year*
- *Other Income (Expense) out-performed revised budget and under-performed prior year*
- *As a result, YTD Net Income is lower than revised budget and prior year*

YTD JULY 2026 Operating Highlights







YTD JULY 2026 Net Income Forecast

Net income forecast for 2026, given actual YTD July performance and latest revised budget for the remainder of the year, is $24.6 million, which is $3.9 million smaller than the original budget net income for the year

- *Freight revenue forecast is $2.7 million larger than reflected in original budget due to upcoming additional interline barge service and larger fuel surcharge revenue*
- *Passenger revenue forecast is $1.5 million larger than reflected in original budget due to strong performance of Denali Star*
- *Real Estate net revenue forecast is $0.8 million lower than reflected in original budget primarily due to lower Seward Passenger Dock revenue than expected*
- *Operating expense forecast is $8.5 million larger than reflected in original budget with larger variances in Transportation, Marketing and Customer Service, and Engineering, primarily due to higher fuel costs, and higher equipment rates than expected*
- *Other revenue forecast variance is $1.2 million primarily due to additional investment earnings and sale of assets*

ALASKA RAILROAD

Trusts - Valuation Reports

Annual Valuation Reports were completed by the actuaries in early June for liability values as of 1/1/2026 and presented to the Pension and Healthcare Trust committees on June 11, 2026

- *The Pension Trust funded ratio was 92.8% on an actuarial basis and 95.3% on a market value basis as of 1/1/2026*
  - *Investment performance was strong during the year; changes in the unfunded actuarial liability were primarily driven by demographic experience and the previously approved extension of COLA benefits to Tier 2 members.*
  - *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 557.3% on an actuarial basis and 565.9% on a market value basis as of 1/1/2026*
  - *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.*
  - *While they recommend a lower discount rate assumption, they found management's rate to be reasonable.*

2026 Annual Rpt - 401(k) Plan v6 9-3-26

Alaska Railroad Corporation
401(k) Tax Deferred Savings Plan
Annual Performance Report – July 2026

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 regarding the Plan's financial condition and activity for the previous year. Some notable statistics are:

The Plan offers 24 investment funds and Participant assets were allocated as follows:

- Large Cap – 28.7%
- Mid Cap – 5.4%
- Fixed Income – 19.6%
- Small Cap – 4.3%
- International – 7.9%
- Target Date Retirement Funds – 33.3%
- Loan Fund – 0.8%

- The annualized rate of return for the Plan was 14.42% compared to 12.48% in 2024.
- The annualized weighted average expense ratio was 0.164% compared to 0.171% in 2024.
- The average participant account balance increased to $191,332, compared to $177,043 in 2024.
- Total Plan assets increased to approximately $148.5 million.
- Plan participation increased to 770 participants, up from 750 participants the previous year.

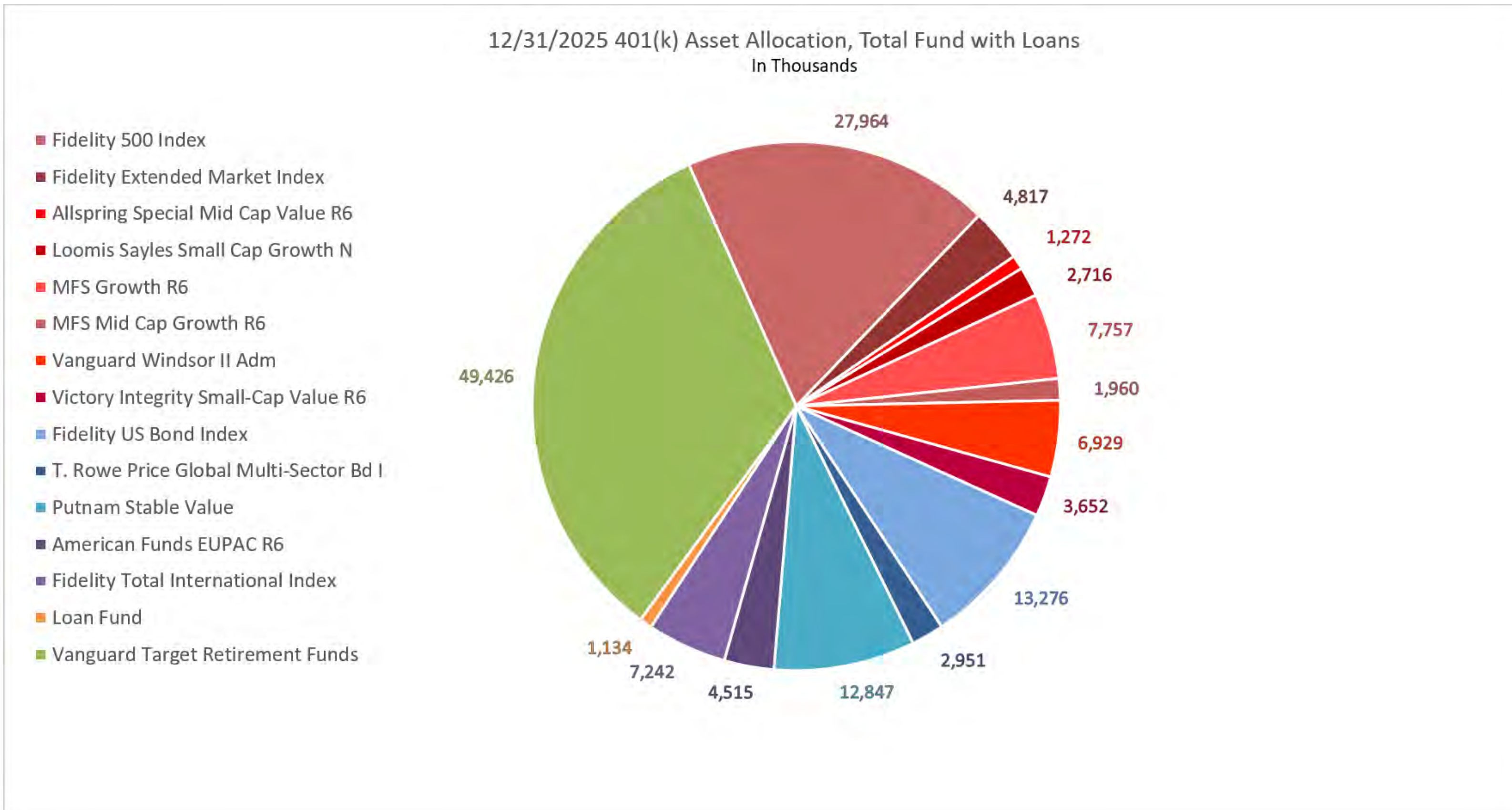
Additional accomplishments include:

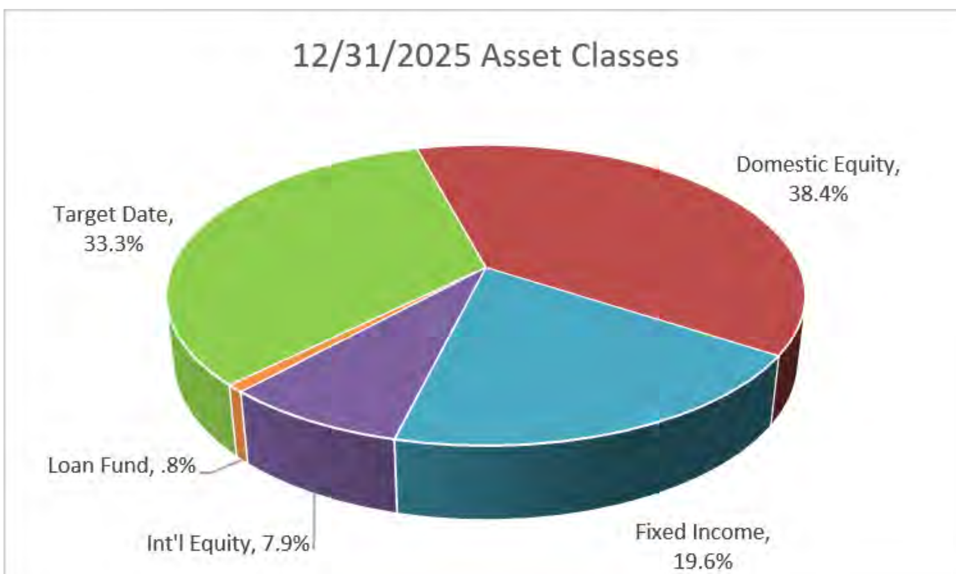
- Review of a Vanguard Target Date Series analysis produced by Morgan Stanley, the Plan's Investment Advisor, whereby the Committee concluded that the series remains a compelling offering for Defined Contribution Plans.
- Approval of an Empower contract amendment allowing *Float* monies (which are generated when assets are liquidated from the Plan & placed in a bank account while a Participant's distribution is being issued) to be deposited into a Plan expense account that can be utilized to pay for Plan-related expenses instead of being retained by the bank.
- Implementation of cybersecurity measures for the Defined Contribution Plan vendors by obtaining security policies, employee cybersecurity training program details, background check processes, sub-contractor agreements and associated security standards.
- Approval of an amended 2026 401(k) Plan Investment Policy Statement.
- Continuation of participant education efforts, communications, and retirement planning resources for employees.

401(k) Plan Activity

	2025	**2024**
Employee Contributions	$5,421,132	$4,851,345
Employer Match	$1,357,227	$1,228,772
Total	**$6,778,359**	**$6,080,117**
Plan Balance on 12/31	$147,325,691	$133,942,189
Average Balance	$191,332	$177,043
Active Participants as of 12/31 (employed)	523	500
All Participants	770	750

	% of Active Employees Participating	
	2025	**2024**
ARW	41%	42%
ATDA	71%	77%
TMSTR	50%	58%
Non-Rep	74%	75%
TCU	68%	72%
UTU	58%	60%
Total	54%	56%





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

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

Jennifer Mergens	Committee Chair & 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
Amy Kinnaman	Committee Member & Controller
Kristine Stone	Retirement & LMS Coordinator

2026 Annual Rpt - 457 Plan v3 8-27-26

Alaska Railroad Corporation
457 Deferred Compensation Plan
Annual Performance Report – July 2026

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 financial condition and activity during the previous year. Some notable statistics are:

Participants' funds were allocated at the end of 2025 as follows:

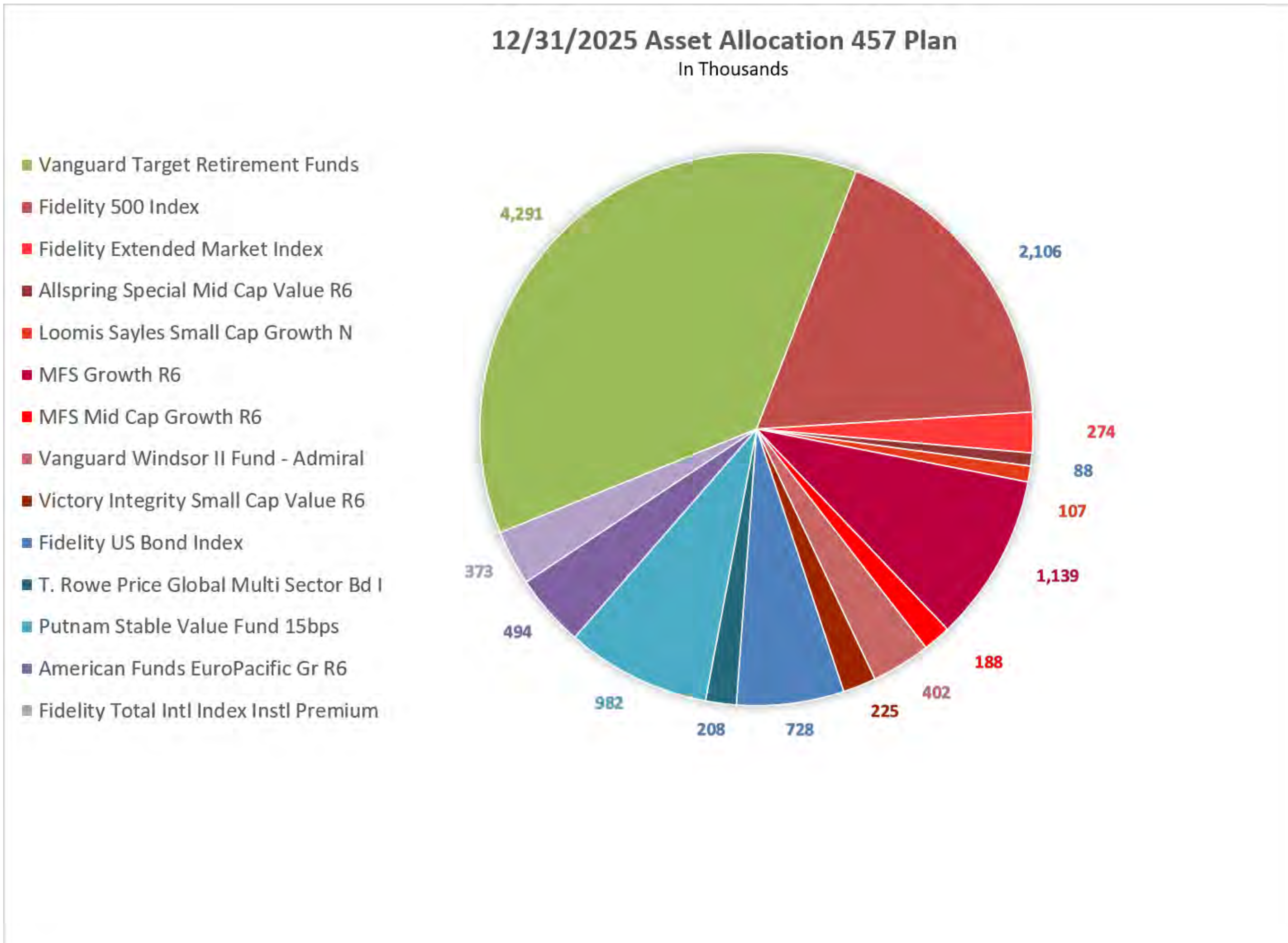
- Large Cap – 31.4%
- Mid Cap – 4.7%
- Fixed Income – 16.5%
- Small Cap – 2.9%
- International – 7.5%
- Target Date Retirement Funds – 37.0%
- Total participant assets were approximately $11.6 million as of December 31, 2025.
- The Plan continues to offer a choice of 24 investment funds.

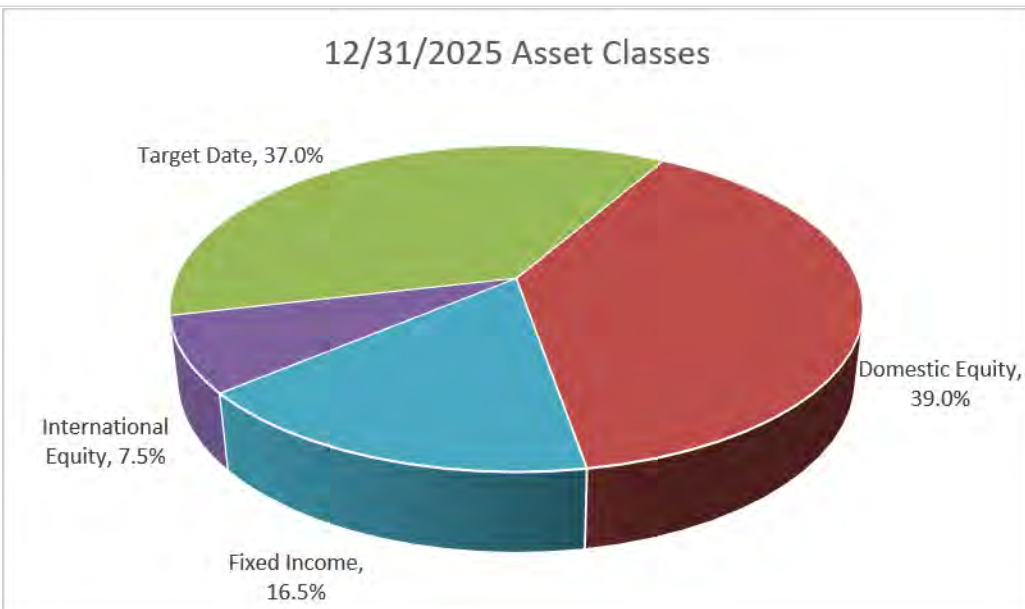
Additional accomplishments include:

- Review of a Vanguard Target Date Series analysis produced by Morgan Stanley, the Plan's Investment Advisor, whereby the Committee concluded that the series remains a compelling offering for Defined Contribution Plans.
- Approval of an Empower contract amendment allowing *Float* monies (which are generated when assets are liquidated from the Plan & placed in a bank account while a Participant's distribution is being issued) to be deposited into a Plan expense account that can be utilized to pay for Plan-related expenses instead of being retained by the bank.
- Implementation of cybersecurity measures for the Defined Contribution Plan vendors by obtaining security policies, employee cybersecurity training program details, background check processes, sub-contractor agreements and associated security standards.
- Approval of an amended 2026 457 Plan Investment Policy Statement.
- Continuation of participant education efforts, in-person presentations, and quarterly communication campaigns to support retirement readiness.

457 Plan Activity

	2025	2024
Employee Contributions	$536,339	$519,990
Plan Asset Balance on 12/31	$11,602,357	$10,699,418
Average Balance	$141,492	$142,659
Active Participants	63	54
Eligible Participants	256	383
Percent of Active Employees Participating	21%	19%





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

<u>457 Deferred Compensation Plan Committee Members & Staff</u>:

Jennifer Mergens	Committee Chair & Chief Human Resources Officer
Michelle Maddox	Committee Member & Chief Financial Officer
Theresa MacLeod	Committee Member & Manager, Retirement Plans
Amy Kinnaman	Committee Member & Controller
Kristine Stone	Retirement & LMS Coordinator

2026 Annual Rpt - HCT v3 8-26-26

Alaska Railroad Corporation
Health Care Trust
Annual Performance Report – July 2026

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.

The Health Care Trust had a strong year in 2025, earning 9.4% on a market value basis, net of investment management and consulting fees. The Trust continued to benefit from its conservative asset allocation of 60% Fixed Income and 40% Equity, providing favorable returns while maintaining a lower level of investment risk. Over the long term, the Trust has continued to generate solid investment results while remaining focused on preserving assets needed to fund future retiree medical obligations. The Committee remains diligent in its ongoing commitment to cost-effective investment management and has maintained the Plan's investment expense ratio at approximately 0.49% of assets.

On a smoothed actuarial asset value basis, which is used for funding purposes, Trust investments earned 4.7% in 2025, compared to the actuarial assumption of 6.00%, resulting in an actuarial loss of approximately $0.8 million. Favorable participant demographic experience generated a gain of approximately $0.2 million, primarily due to fewer participants electing coverage than expected. Medical claims experience was generally in line with expectations and had a neutral impact on the Plan's funded status. As of January 1, 2026, the Trust had an actuarial value of assets of approximately $62.8 million and an actuarial accrued liability of approximately $11.3 million, resulting in an overfunded position of approximately $51.5 million.

The Committee is pleased to report that the Trust remains exceptionally well-funded with an actuarial funded ratio of 557.3% and a market value funded ratio of 565.9%. Due to the Trust's substantial overfunded status, the Alaska Railroad is not required to make an Actuarially Determined Contribution (ADC) for 2026. The Committee continues to closely monitor investment performance, healthcare cost trends, and participant demographics to ensure the long-term financial strength of the Trust. Outlined below are additional statistics with respect to the Health Care Trust:

	2025 ACTIVITY	2024 ACTIVITY
Net Assets January 1	$ 59,092,564	$ 55,568,373
Employer Contributions	-	-
Net Investment Income (Loss)	5,538,567	4,339,277
Total Additions (Subtractions)	**$** 5,538,567	**$ 4,339,277**
Health Care Trust Disbursement, Less Retiree Premiums	(721,363)	(700,502)
Administrative Expenses	(129,946)	(114,584)
Total Deductions	**$ (851,309)**	**$ (815,086)**
Net Assets December 31	**$ 63,779,822**	**$ 59,092,564**
Retiree & Survivor Count	26	26

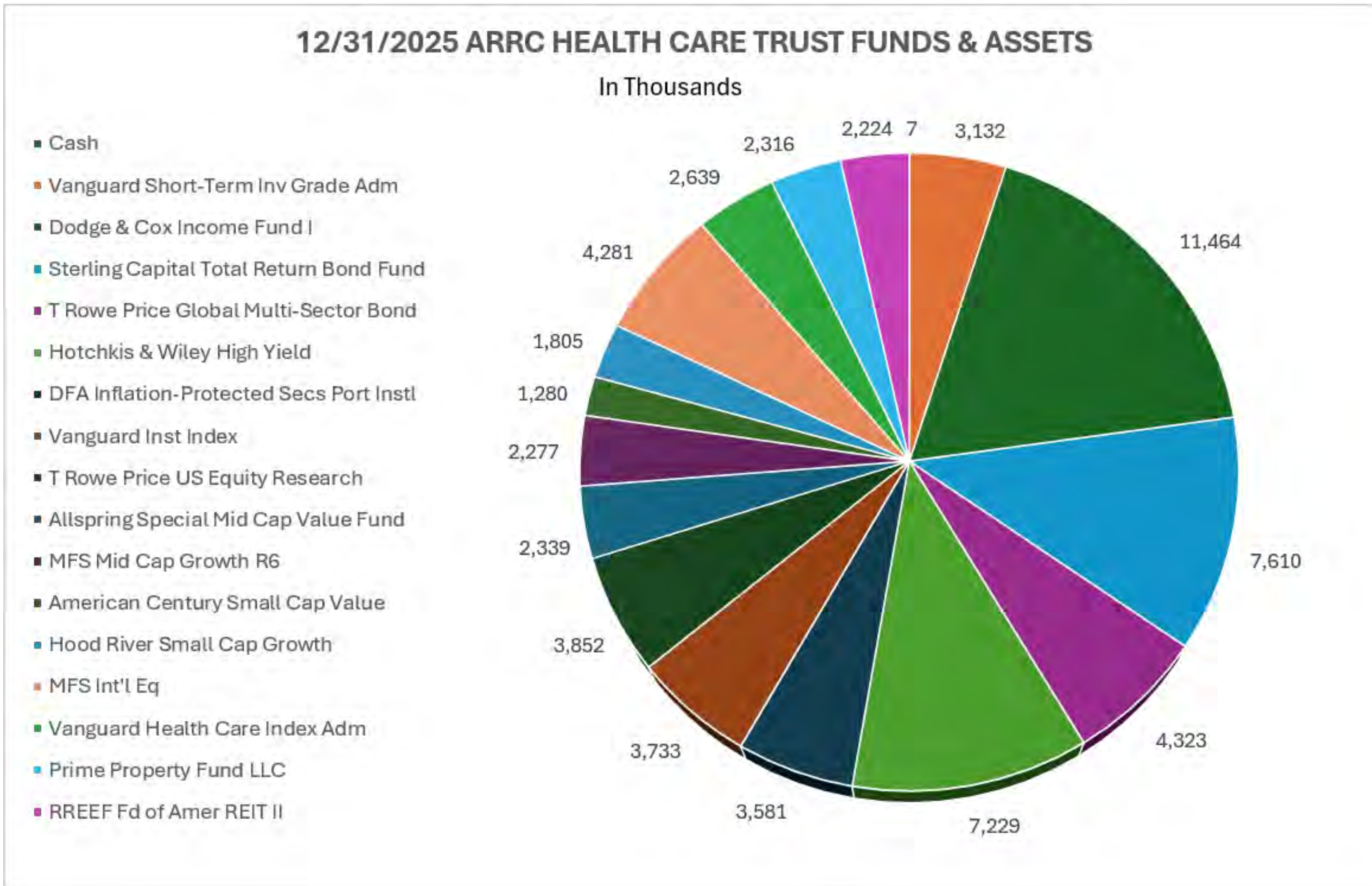
Additional accomplishments include:

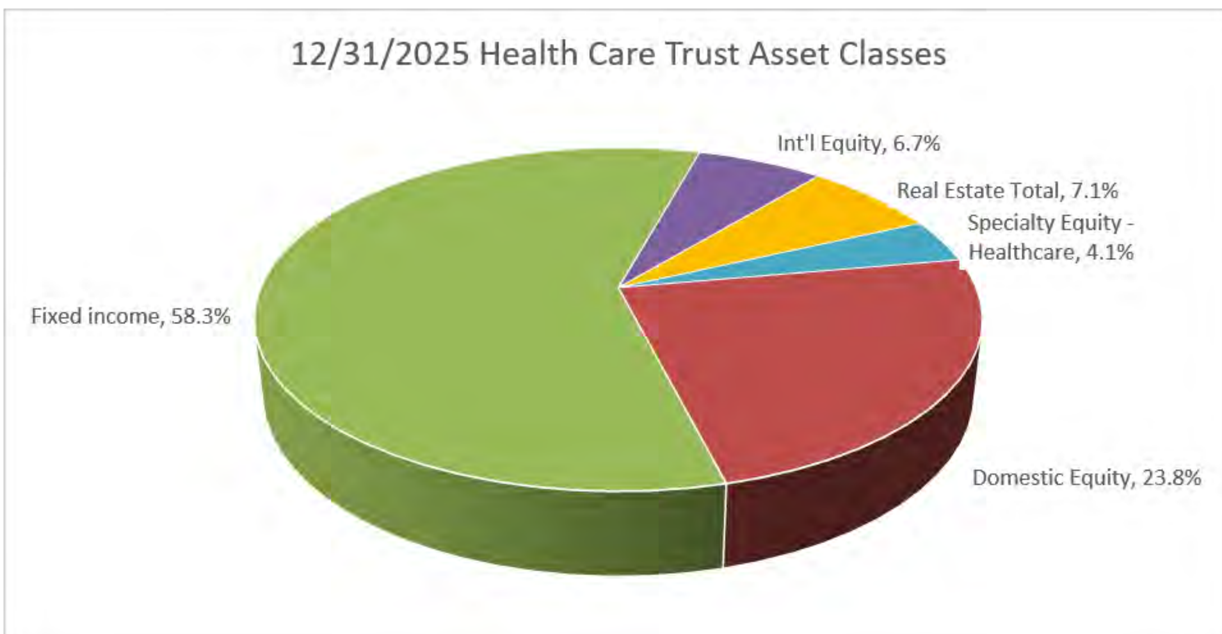
• Rebalancing the Plan's RREEF position which was underweight. To move closer to target, $300,000 of the T. Rowe Price Structured Research Fund was sold and the proceeds were allocated to the RREEF position.

• Implementation of cybersecurity measures for Health Care Trust vendors by obtaining security policies, employee cybersecurity training program details, background check processes, sub-contractor agreements and associated security standards.

• Approval of an amended 2026 Health Care Trust Investment Policy Statement.

• Welcoming new Committee member, Amy Kinnaman.





Please contact the Committee Members if you have any questions.

<u>Health Care Trust Committee Members & Staff</u>:

Jennifer Mergens	Committee Chair & Chief Human Resources Officer
Michelle Maddox	Committee Member & Chief Financial Officer
Theresa MacLeod	Committee Member & Manager, Retirement Plans
Amy Kinnaman	Committee Member & Controller
Kristine Stone	Retirement and LMS Coordinator

2026 Annual Rpt - PEN v5 8-28-26

Alaska Railroad Corporation

Pension Plan

Annual Report – July 2026

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.

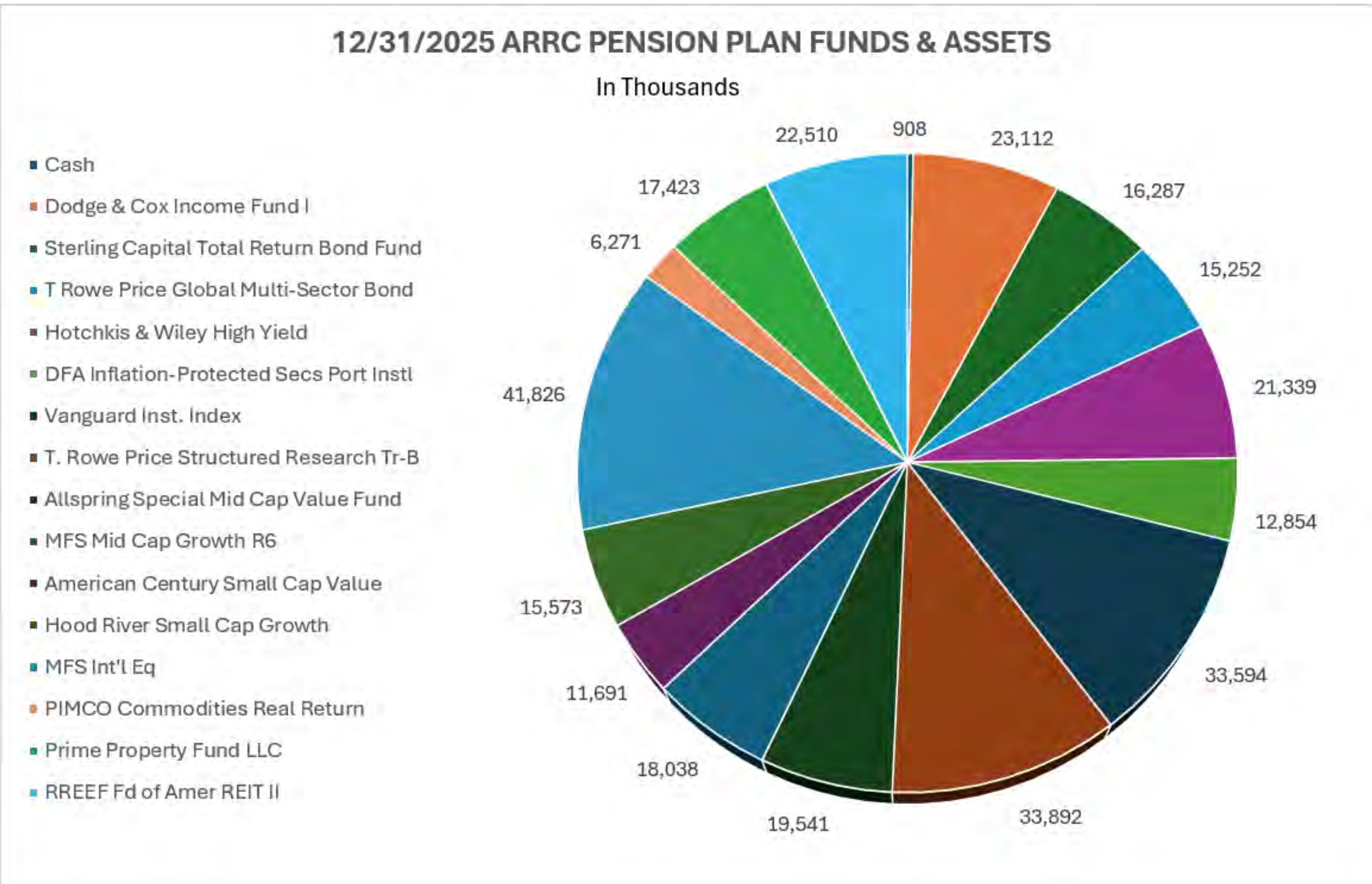
In 2025, the Pension Plan generated a return of 11.11%, net of investment management and consulting fees. While the Plan underperformed its policy benchmark return of 13.04% for the calendar year, the Plan continued to demonstrate strong long-term results. Over the past five years, the Plan achieved an annualized return of 7.27%, exceeding the policy benchmark by 0.77% and ranking the Plan in the 45th percentile among similarly sized public pension plans. The Committee maintains a disciplined approach to rebalancing in accordance with the Investment Policy Statement, helping to control risk while preserving long-term performance. In addition, the Committee remains focused on cost management, keeping total investment expenses at approximately 0.55% of assets, a slight reduction from the prior year, while maintaining the Plan's diversified asset allocation.

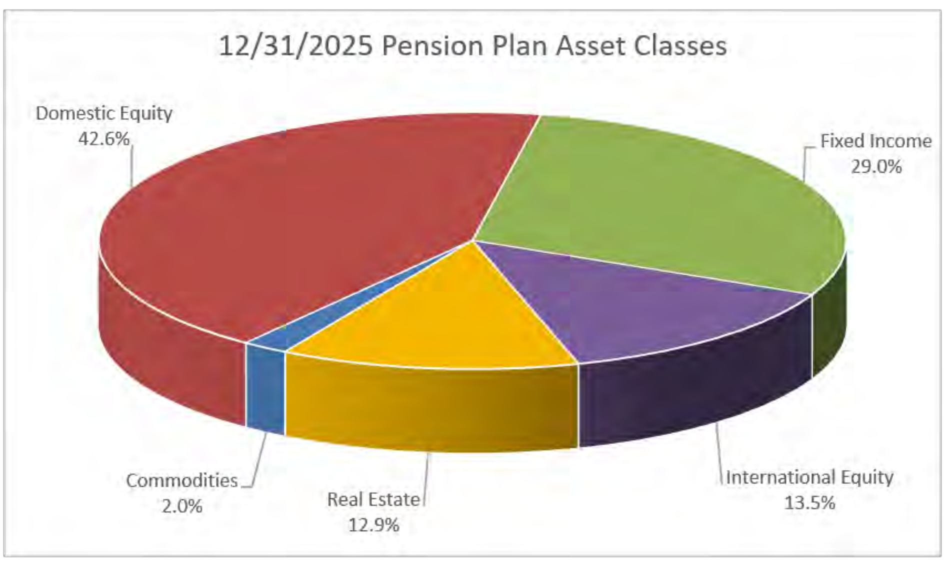
On a smoothed actuarial asset value basis, which is used to determine ARRC's annual Pension Plan contribution, plan investments earned a return of 7.4% during 2025. Although actuarial experience resulted in a slight decline in the funded status, the Plan remains financially strong. As of January 1, 2026, the Plan's actuarial funded ratio was 92.8%, with an unfunded actuarial accrued liability of approximately $23.4 million. The market value funded ratio remained strong at 95.3%. The Committee is pleased to report that the Plan remains well funded and continues to be governed prudently. As a result, the Actuarially Determined Contribution (ADC), which represents ARRC's employer contribution to the Pension Plan, was established at approximately $4.1 million for 2026, or 5.59% of projected payroll. The Committee continues to monitor investment and demographic experience carefully while maintaining a long-term focus on the Plan's sustainability.

	2025 ACTIVITY	2024 ACTIVITY
Net Assets January 1	$ 283,114,218	$ 259,895,664
Employee Contributions	6,315,452	5,774,050
Employer Contributions	3,511,310	3,211,836
Net Investment Income (Loss)	31,332,595	27,463,821
Total Additions (Subtractions)	**$ 41,159,357**	**$ 36,449,707**
Pension Benefits Paid	13,866,835	12,802,883
Administrative Expenses	422,187	428,270
Total Deductions	**$ 14,289,022**	**$ 13,231,153**
Net Assets December 31	**$ 309,984,552**	**$ 283,114,218**
Retiree Count	440	421

Additional accomplishments include:

- Moving the T. Rowe Price Bond Fund to the Collective Investment Trust (CIT) version, providing a savings of 11 basis points, or 0.11%, for Participants.
- Rebalancing the Plan's RREEF position which was underweight. To move closer to target, $3.5m of the Vanguard Institutional Index Fund was sold and the proceeds were allocated to the RREEF position.
- Selection and implementation of the conversion process to the new Pension Recordkeeper, CBIZ Benefits.
- Approval of the Third Amendment which provides an annual Cost-of-Living increase for Tier 2 Participants.
- Implementation of cybersecurity measures for Pension Plan vendors by obtaining security policies, employee cybersecurity training program details, background check processes, sub-contractor agreements and associated security standards.
- Increasing the Pension Trust cash balance target from $1.0 million to $1.3 million to better support monthly benefit payment obligations and reduce the need for unplanned asset trades.
- Approval of an amended 2025 Pension Plan Investment Policy Statement.





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

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

Cybersecurity and AI Review

Board Meeting
September 25, 2026

Photo Courtesy: Chris Kruse

ALASKA RAILROAD

Cybersecurity and AI Status

Progress since the 2025 Board update

RISK

Coordinated risk assessments completed across the three technology departments

VALIDATION

Red/Blue assessment and tabletop exercise completed

ACCESS

Local administrator privileges removed from user accounts

DATA

New monitoring improves visibility over sensitive data and access

PEOPLE

Cybersecurity training and phishing testing continue

AI

Risk-based governance is being developed, and approved enterprise AI tools are available

How ARRC Manages Cybersecurity Risk

A broader, coordinated view of technology risk

1 Assess

All three technology departments completed new risk assessments

2 Prioritize

Results provide a common basis for comparing exposure, dependencies, and control gaps

3 Remediate

Results are used to develop and prioritize corrective work plans, including the Red/Blue after-action response

Board takeaway: ARRC now has a more consistent and repeatable process for identifying, comparing, and addressing technology risk

Testing Our Defenses: Red / Blue Exercise

A controlled test of ARRC's ability to detect and respond to activity resembling a real attacker inside the network

Red	Blue	After Action Report	Plan
Simulate attacker activity	Validate detection and response	Document findings	Address prioritized items

Current status: Assessment and exercise completed and after-action report items are being addressed

ALASKA RAILROAD

Employees Are Part of the Control Environment

Awareness training and phishing testing measure how our people respond

1	2	3
Train	**Test**	**Improve**
Awareness training continues in 2026	Simulated phishing tests measure response to real-world tactics	Results show where added training is needed

2026 goals: at least 75% of office employees complete awareness training and the average quarterly phishing-test failure rate is reduced to 2.5%

Board takeaway: employees remain a critical line of defense

Reducing Access and Protecting Data

Less standing privilege, better visibility over sensitive information

Least privilege

Local administrator permissions have been removed from user accounts, reducing the potential impact of compromised credentials, malware, and unintended system changes. Approved elevation tools provide necessary access without permanent administrator rights

Data visibility

Varonis is being implemented to identify sensitive data and unexpected or excessive access. It helps flag misplaced data and permission concerns for review and correction

Control objective: fewer attack paths, better data visibility

AI Governance by Risk

GREEN

AI assists a person

Drafting
Summarizing
Research and analysis
Brainstorming

The person reviews and performs the work

YELLOW

AI uses non-public ARRC information

Confidential documents
Operational data
Decision support
Non-Public Information

Approved enterprise tools and data controls are required

RED

AI takes action for ARRC

Updates records
Sends communications
Triggers workflows
Approves or makes changes

Advance governance, security review, and business approval are required

Risk increases as AI moves from providing advice to taking action

Building Responsible AI Capability

Policy, oversight and capacity for responsible AI adoption

AI Acceptable Use Policy

Sets expectations for day-to-day user activity: protection of ARRC information, human review, and accountability for AI-assisted work

AI Automation Policy

Addresses AI that can take action or affect production systems, requiring governance, defined boundaries, logging, and oversight

BI and AI capacity will help connect approved data, reporting, responsible AI use cases, and governance

Employee and Board Use of AI

DO

- ✓ **Use an ARRC-provided, approved AI application when working with ARRC information**
- ✓ Work only with information you are authorized to access
- ✓ Use AI to draft, edit, summarize, brainstorm, research and analyze
- ✓ Verify facts, numbers, citations and conclusions before relying on them
- ✓ Follow ARRC confidentiality, records, legal and security requirements

DON'T

- × **Upload ARRC confidential or non-public information to a personal or public AI account**
- × Assume a confident AI answer is accurate
- × Allow AI to make or execute an ARRC decision without appropriate review
- × Bypass normal access, approval, security or records requirements
- × Share output without checking the source material

Board Access to ARRC AI Tools

How to get set up and use the approved environment

Getting set up

Contact the Service Desk to have your ARRC-provided AI account enabled. Support and brief orientation are available on request

Using it well

Use it for board and ARRC material instead of a personal or public AI account and verify output before relying on it

Service Desk: 907-265-2570

Compliance and Control Framework

Risk reduction supports established regulatory and business-control obligations

Transportation Security

Continue risk assessment, implementation-plan, incident-reporting, testing, and inspection readiness activities

HIPAA Security

Continue governance, secure handling, monitoring, retention, and business-continuity controls for protected health information

PCI DSS

Continue minimizing payment-card exposure through controlled processing and financial safeguards

2026 initiatives strengthen the same core themes: risk management, least privilege, monitoring, data protection, and accountable governance

Conclusion and Continued Focus

ARRC continues to mature its cybersecurity and AI controls

ASSESS	CONTROL	GOVERN
Coordinated risk assessments and independent testing improve visibility	Least privilege, employee awareness, and data monitoring reduce exposure	Policies and review requirements support responsible AI use

Continued focus: address assessment findings, measure training and phishing results, advance AI governance, and keep testing whether controls work

IX. BRIEFING ITEMS

B. Committee Reports (Confidential)

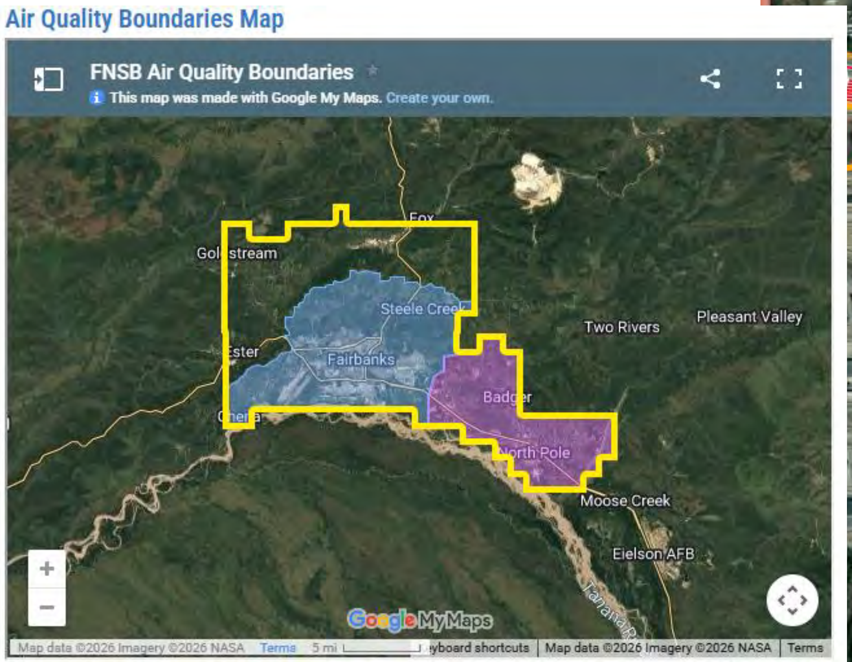
1. **Real Estate Committee**
   - **Fairbanks Oil-to-Gas Change Out Program**
2. **Executive Committee**
3. **Safety Committee**
4. **Audit Committee**
5. **NorthStar Infrastructure Partnership Review Committee**

Fairbanks Oil-to-Gas Rebate Considerations

Board Meeting
Christy Terry, Vice President Real Estate
September 25, 2026

Photo courtesy: Joanie Havenner

Leaseholder Area of Request – located within the Air Quality Boundaries



Project details and eligibility

FNSB program offsets qualifying costs to replace or convert oil-fired heating equipment

1

Who qualifies

Legal property owner; property in the PM2.5 nonattainment area; property taxes current.

2

What is funded

Replace oil equipment with natural gas or propane: up to $9,000. Convert existing oil equipment: up to $3,000.

3

How it proceeds

Apply before work begins; verification first; Borough-listed installer required; funding is not guaranteed until a purchase order is issued.

4

Completion

Approved applicants have 90 days; replacement equipment must be destroyed and installation verified before reimbursement.

Benefit to the business that owns the building

Lower project cost
Reimbursement can offset up to $9,000 for replacement or $3,000 for conversion.

Reduced upfront burden
Optional vendor-direct payment can send reimbursement to the installer, limiting applicant out-of-pocket cost.

Modernized heating system
The building owner receives the new or converted equipment and associated operating benefit.

Potential business continuity benefit
A newer system may support reliability, but the Borough provides no warranty for equipment or installation.

The building owner captures the immediate economic rebate benefit, while ARRC retains the long-term land-use deed restriction.

Split Qualifying Criteria and Agreements

ARRC | Landowner

- Must sign as legal property owner (land) within the Area
- Must notify FNSB of any sale or lease transfer
- Deed restriction binds the property in perpetuity
- FNSB will/may hold us accountable for the Lessee/Building owner items also

Immediate and Long-term effects

ARRC aligns with lease holder for their benefit. ARRC property may never again host a newly installed wood, pellet, or coal appliance under the recorded deed restriction.

Lessee | Building owner

- Agrees to replace or convert to natural gas or propane
- Signs as legal property owner (improvements)
- Must notify FNSB of any sale or lease transfer
- Must keep taxes current
- Must dispose of appliances per guidelines
- Must register remaining appliances not replaced
- Must remain owner through completion

Immediate and Long-term effects

The lessee receives the upgraded heating asset and project cost offset.
The lessee may see long term heating cost savings.

ALASKA RAILROAD

Pros and cons for ARRC

Strategic benefits are real, but the property restriction is perpetual, and the financial benefit is indirect

Potential advantages

✓ Supports cleaner-air objectives in the Fairbanks Area
✓ Helps a leaseholder improve a building without ARRC funding the rebate
✓ May reduce tenant operating burden and support continued occupancy
✓ May be a marketing incentive for the area
✓ Can demonstrate cooperative support for Borough and Fairbanks Area environmental programs

Potential disadvantages

! ARRC must accept a recorded, perpetual restriction on its land
! Only the building owner receives the direct rebate and equipment benefit
! Restriction may limit future heating options for later tenants or redevelopment
! ARRC may be held accountable to participate in ownership, tax, verification and sale-related compliance
! Participation will create expectations for similar requests from other leaseholders

Path Forward

Board Question: Is the public and tenant benefit sufficient to justify a permanent deed restriction on ARRC property?

THE FNSB **OTG** CHANGE OUT PROGRAM:

"NEED TO KNOW" ITEMS PRIOR TO APPLYING

- **THIS PROGRAM IS VOLUNTARY! YOU DO NOT HAVE TO USE THE FNSB AIR QUALITY REPLACEMENT/REMOVAL PROGRAM.**

Our main communication is by email. We will always send out next steps by email; request items needed by email; and we always respond to emails received from you. If you don't get a response from us within a few days, call us to make sure we received your email.

- **Do not remove any devices until directed to do so by the FNSB Air Quality Office.** Appliances must be installed and operational to qualify.

- **The Borough Air Quality Office must be informed if you are considering selling or are in the process of selling your property in the near future.** You must be the legal owner of the property throughout the entire change out process, up to receiving payment to either the installer or yourself. This will avoid payment forfeiture. There are options for those selling their property sooner than later.

- **DEED RESTRICTION: The applicant(s) shall sign a recordable document, provided by the Air Quality Office, restricting future installations of solid fuel burning appliances, SFBAs, on the property AND REQUIRING APPROPRIATE NOTICE TO PURCHASERS IN THE SELLER'S DISCLOSURE STATEMENT.** (SFBAs, eg: wood, pellet and coal burning appliances) (Oil & Gas burning appliances are not SFBAs).

- **Any money paid out through the program is taxable**, whether you use the vendor direct or the self-reimbursement option.

FNSB Air Quality Heating Oil to Gas Conversion Program

If you own property located within the $PM_{2.5}$ Nonattainment Area of the Fairbanks North Star Borough (Borough) and are interested in changing out a fuel oil burning heating appliance to an appliance designed to use natural gas or propane (collectively "gas"), or convert an existing oil burning heating appliance to use gas, use this application packet.

Note: The Borough is subject to the Alaska Public Records Act, AS 40.25 et seq. and this application document may be subject to public disclosure under state law.

APPLICATION INSTRUCTIONS

1. FILLING OUT THE APPLICATION & OTHER DOCUMENTS

a. Page 2 – Eligibility Requirements. Read each question and initial either "YES" or "NO." If you answer "NO" to any of the questions, or if you have any questions, call the Borough Air Quality Office at 459-1005 or email aqip@fnsb.gov prior to filling out the remainder of the application. Answering "NO" may mean you will not be eligible for the program.

b. Page 3 – Map of the Borough's $PM_{2.5}$ Nonattainment Area for reference.

c. Pages 4 & 5 – Property owner, property, and program information. Complete all sections.

d. Page 6 & 7 – Terms and Conditions. Read carefully through **ALL** terms and conditions. All property owners must sign. If additional signatures are required, submit an extra signature page. If signing on behalf of a business or a trust, submit documentation showing who can sign on behalf of the entity.

e. W-9 – Required. Only **ONE** property owner signs the W-9. Use mailing address. Funding is considered taxable income, and you will receive a 1099 for tax purposes.

f. Vendor Direct Payment Form – Optional. See form for additional details.

2. SUBMIT APPLICATION PAGES 2, 4-7, and W9 TO THE BOROUGH AIR QUALITY OFFICE FOR INITIAL PROCESSING. The Vendor Direct Payment Form does not need to be submitted at this time.

3. AFTER APPLICATION IS SUBMITTED TO THE BOROUGH AIR QUALITY OFFICE

a. Initial screening takes a minimum of 3-4 weeks.

b. Staff will contact you via email (when possible) regarding the verification process. The appliance(s) being applied for must be documented in order to ensure that the appliance(s) are approvable for the program. **DO NOT remove the appliance(s) prior to a verification process.**

c. Applications are prioritized according to greatest air quality benefit. If an application does not receive a high enough priority to be approved for the requested option, staff will notify applicant of any other approvable options.

d. Funding is limited and **NOT** guaranteed unless a purchase order has been issued. **NOTE:** Applications must be received prior to any work being done. Invoices with dates prior to the date of a purchase order are NOT eligible for reimbursement.

e. If an application is approved, you will be mailed an acceptance packet that includes instructions on how to proceed along with a copy of the purchase order. You will have 90 days from the issue date of the purchase order in which to complete all program requirements. Actions taken will depend upon the program(s) you have been approved for.

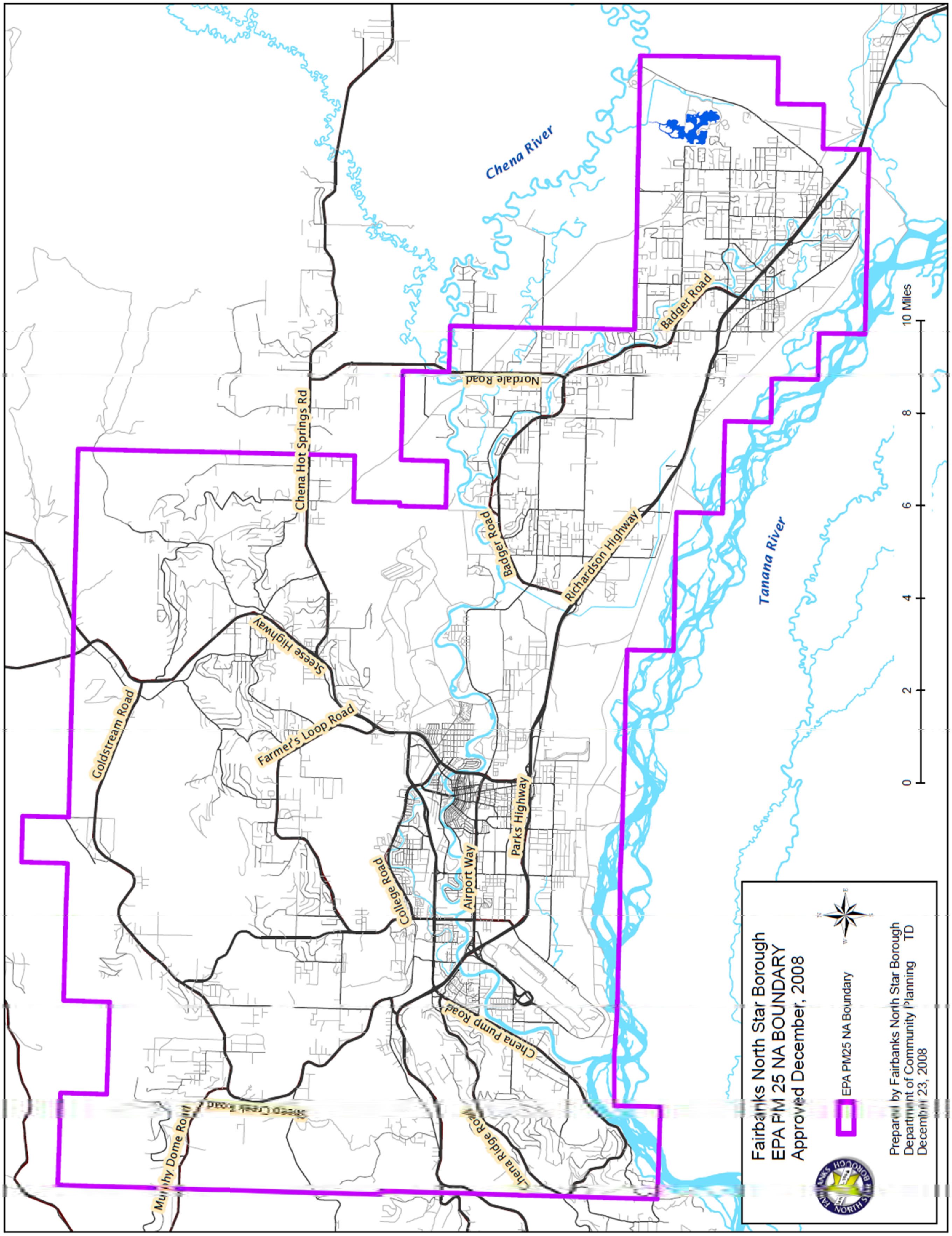
ELIGIBILITY REQUIREMENTS

Below are several questions that outline the basic qualifying criteria for participating in the program. If you answer "NO" to any of the questions, or if you have any questions, call the AQ Office at (907) 459-1005 or email aqip@fnsb.gov before proceeding with filling out the rest of the application.

Note: NO NEW WOOD OR PELLET HEATING APPLIANCES MAY BE INSTALLED AT ANY TIME DURING THE APPLICATION PROCESS UNLESS APPROVED THROUGH THIS PROGRAM

	Initial below YES	NO
1. I am replacing or converting an existing oil burning heating appliance with an appliance that uses either natural gas or propane, (an FNSB Listed Installer MUST do the work).	____	____
2. The property is located within the Borough's PM2.5 Nonattainment Area (see map on page 3). For more detail visit: aqfairbanks.com/338/Program-Boundaries	____	____
3. I am the legal owner of the property in question.	____	____
4. I will inform the Borough's Air Quality staff of any plans to sell the property prior to completion of the program. I understand that if the property is sold prior to finishing the program requirements, I will forfeit any right to program funds.	____	____
5. I am willing to sign a deed restriction that restricts all future installations of wood, pellet, or coal burning appliances on the property.	____	____
6. I understand that property taxes must be up to date throughout the entire process, and if at any point become delinquent, I may forfeit any right to program funds.	____	____
7. I am willing to comply with the destruction requirements of the appliance (for replacement option only).	____	____
8. I am willing to register any solid fuel burning appliances that are to remain on the property with the Alaska Department of Environmental Conservation (ADEC). This appliance must be EPA Certified with a rating of 2.0 grams per hour or less, less than 15 years old, and if a wood stove must have a catalytic converter.	____	____

FNSB Air Quality Heating Oil to Gas Conversion Program



FNSB Air Quality Heating Oil to Gas Conversion Program

PROPERTY OWNER INFORMATION

Name(s) of All Property Owner(s): ____

Note: If there are multiple property owners, choose only one to complete the accompanying W-9.

Phone Number(s): Best Daytime: ______________________________ Alternate: ______________________

Mailing Address: ____

City: ________________________________ State: ___________ Zip Code: _______________

E-mail Address: ____

Have you previously submitted an application to the Air Quality office for any program? ____ YES ____ NO

PROPERTY INFORMATION

Property Address: ____ Zip Code: _______________

Is this your primary residence? ____ YES ____ NO If not, explain: ______________________

Has there been a previous application for this property? ____ YES ____ NO ____ I DON'T KNOW

PROGRAM INFORMATION

Answer the following questions as they pertain to the property listed above:

What program(s) are you interested in?

- Replacement (i.e. completely replace current fuel oil heating system) with:

  ___ Natural Gas ___ Propane <-- Reimbursement of up to $9,000 for these options

- Conversion (i.e. convert existing fuel oil heating system) to run on:

  ___ Natural Gas ___ Propane <-- Reimbursement of up to $3,000 for these options

If switching to natural gas, answer the following:

- Is the gas line at the building? ___ Yes ___ No
  - If No,
    - Is gas available on the street? ___ Yes ___ No
    - Do you have an application in with Interior Gas Utility/Fairbanks Natural Gas?

      ___ YES ___ NO

FNSB Air Quality Heating Oil to Gas Conversion Program

Fill out the following section only for the **oil heating appliance(s)** you are converting or replacing.

Make/Model/Serial Number of Appliance to be Converted or Replaced	Installed through Borough's Change Out Program?
1)	Yes No Unknown
2)	Yes No Unknown
3)	Yes No Unknown

Fill out the following section only for any wood, pellet, or coal burning appliance(s) (SFBAs) that are to remain on the property. These appliances will be required to be registered with the State of Alaska (ADEC) before any kind of payment can be issued.

Make/Model/Serial Number of SFBA	Installation Date?	EPA Certified? (Circle one)	Installed through Borough's Change Out Program?
1)		Yes No Unknown If yes, emission rating? __________	Yes No Unknown
2)		Yes No Unknown If yes, emission rating? __________	Yes No Unknown
3)		Yes No Unknown If yes, emission rating? __________	Yes No Unknown

FNSB Air Quality Heating Oil to Gas Conversion Program

TERMS AND CONDITIONS

IMPORTANT! Read carefully. By signing below, you are representing and agreeing to the following:

- I am a legal owner of the property for which I am applying or am authorized to act on behalf of the trust or business that owns the property (submit paperwork) and will inform the Borough AQ Office if this changes for any reason. I also understand that in order to complete the program I must still be the legal owner, and that if the property is sold that I may forfeit my right to reimbursement.
- **I understand that I will be required to sign a deed restriction that restricts all future installations of wood, pellet, and coal burning appliances (solid fuel burning appliances, SFBAs) on this property.**
- **I understand that any existing SFBAs must meet Alaska Department of Environmental Conservation (ADEC) device requirements for a 4yr No Other Adequate Source of Heat (NOASH) waiver (currently set at being EPA Certified with a rating of 2.0 gr/hr or less and must be less than 15 years old), and are required to be registered with ADEC prior to reimbursement.**
- I understand that monies received are considered **taxable income** and that I must submit a completed W-9 in order to receive payment from the Borough.
- I understand that I will be ineligible for the program if I have delinquent property tax or penalty or interest owed and that I must still be up to date on my property taxes at the completion of the program requirements or I may forfeit my right to reimbursement.
- I agree to allow a Borough-approved verifier to physically verify the installation and type of each appliance being applied for, and to verify that any replacement units meet the Program requirements.
- I understand that applications are processed in the order received. A scoring process will determine priority of fund distributions, and an application may be denied that does not receive a high enough priority score. Funding is limited, so reimbursement incentives **are NOT guaranteed** unless I have received a purchase order that has a valid date.
- I understand that if a purchase order is issued, I will receive an instruction packet and a copy of the purchase order in the mail, and that I will have only 90 days from the date of authorization to complete all of the program requirements.
- I understand that I must use an FNSB Listed Installer, and that I am responsible for arranging all up-front costs that might be associated with purchasing and installing any new appliances, new hardware, and/or removing the old appliance(s), and that I will be required to submit paid original, itemized receipts to the AQ Office to receive reimbursement.
- I understand that if I am approved, my old appliance(s) must be brought to a local, licensed, recycling facility (e.g., C & R Pipe) to be destroyed, and that upon delivery for destruction, the appliance(s) becomes Borough property and will not be returned. Reimbursement will require a receipt for delivery and photo documentation.
- I understand that the Borough does not warranty any appliances or components reimbursed by this program, nor does the Borough warranty the installation of said appliances or components.

FNSB Air Quality Heating Oil to Gas Conversion Program

IMPORTANT LEGAL INFORMATION – READ CAREFULLY

I understand that eligibility for the Borough's Change Out Program depends on my compliance with all applicable local, state, and federal regulations. FNSBC 21.28.040(A)(4)(a)(v).

I understand that since February 28, 2015, regulations have been in place that only allow certain compliant State and Borough listed EPA Certified wood, pellet and coal burning appliances to be installed in the Borough's PM2.5 Nonattainment Area (PM2.5 NA). Since this time, it has been unlawful to install non-listed and non-EPA certified wood, pellet, and coal heating appliances in the PM2.5 NA. (18 AAC 50.077) (18 AAC 50.079)

I understand that it is therefore unlawful for me to install non-compliant wood, pellet and coal fired heating appliances in the PM2.5 NA for the purpose of benefitting from the Borough's Change Out Program.

I further understand that the Borough will report all such installations to the Alaska Department of Environmental Conservation, (ADEC), or the United States Environmental Protection Agency, (EPA), for criminal or civil enforcement actions, as appropriate.

By signing below, I/we acknowledge that I/we understand, accept and will abide by the program terms outlined in this application, including all applicable local, state, and federal regulations. NOTE: All property owners must sign below. (Include additional signature page if necessary.)

By signing below, I certify under penalty of perjury that the information provided by me in this application is true.

Signature: ____

Printed Name: ____________________________ Date: ______________________

Signature: ____

Printed Name: ____________________________ Date: ______________________

Submit the Eligibility Requirements page, pages 4-7 of the application, and the W9 to:

Borough Air Quality 3175 Peger Road, Fairbanks, AK 99709

Or email to aqip@fnsb.gov

Air Quality Improvement Programs

Vendor Direct Payment Agreement

OPTIONAL

- **OPTIONAL** – If approvable for the replacement or repair programs, the applicant(s) may elect to have reimbursement mailed directly to the vendor (aka installer or Borough Listed Installer), limiting the initial out-of-pocket costs to the applicant. Submittal of this form to the Borough gives the Borough permission to issue a purchase order in the name of the vendor.
- **BOROUGH LISTED INSTALLERS** – The chosen vendor must be on the Borough Listed Installer list. This is not a formal agreement between an applicant and vendor.
- **FILL OUT FORM WITH VENDOR** – Must be completed in full and signed by **BOTH** applicant and vendor. It is the **applicant's responsibility to have this form signed by the vendor**, and to make sure it is submitted to the Air Quality office. Do not submit form without all signatures.
- **SUBMIT TO AIR QUALITY OFFICE** – Can be submitted via email at aqip@fnsb.gov, or mailed/dropped off at 3175 Peger Road, Fairbanks, AK 99709. Must be submitted before a purchase order can be created.
- **ELIGIBLE EXPENSES** – Depends on the program. See application packet for reimbursement amounts. Any non-reimbursable expenses and/or any cost above the maximum allowable amount are the applicant's responsibility. If there are any questions about eligible expenses, it is up to either the applicant or the vendor to contact the Borough Air Quality Office **PRIOR** to the sale being finalized.
- **TAXABLE INCOME** – Any reimbursement from the Borough is considered taxable income to the applicant, and a 1099 will be issued to the applicant for tax purposes after final reimbursement has been issued.

Name of Applicant(s): ____

Physical Address: ____ Zip Code: ______________

Indicate the type(s) and number of appliances to be replaced or repaired on the lines below and circle the option(s) of what it is being replaced with. If choosing "Other," explain on the line provided.

Replace: # ___ Wood/pellet/coal heater(s) with: Gas Oil Pellet Wood Other ______________________

___ Wood/pellet/coal hydronic heater(s) with: Gas Oil Pellet Wood Other _______________

___ Oil burning heating appliance with: Natural Gas Propane

Conversion of an existing oil burning heating appliance to: Natural Gas Propane

Repair of EPA Certified wood stove: # ___ Catalytic Converter # ___ Other Emissions-Reducing Components

Additional notes: ____

By signing below I acknowledge that I understand, accept and will abide by the program terms outlined in the application form for the program for which I have applied.

Applicant Signature: ____ Date: ________________

By signing below I acknowledge that I understand that reimbursement will not be issued until after all program requirements have been met.

Authorized Vendor Signature: ____ Date: ________________

Printed Name: _________________________________ Name of Vendor: ____________________________

The Borough is subject to the Alaska Public Records Act, AS 40.25 et seq. and this document may be subject to public disclosure under state law.

(Revised 5-04-26)

This page intentionally left blank

Form **W-9**
(Rev. October 2018)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

▶ Go to *www.irs.gov/FormW9* for instructions and the latest information.

Give Form to the requester. Do not send to the IRS.

Print or type.
See Specific Instructions on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only **one** of the following seven boxes.

☐ Individual/sole proprietor or single-member LLC ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ▶ ________

Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is **not** disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

☐ Other (see instructions) ▶

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any) ________

Exemption from FATCA reporting code (if any) ________

(Applies to accounts maintained outside the U.S.)

Mailing Address

5 Address (number, street, and apt. or suite no.) See instructions.

Requester's name and address (optional)

6 City, state, and ZIP code

7 List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN,* later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number

☐☐☐ – ☐☐ – ☐☐☐☐

or

Employer identification number

☐☐ – ☐☐☐☐☐☐☐

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here **Signature of U.S. person ▶** **Date ▶**

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to *www.irs.gov/FormW9.*

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding, *later.*

ARRC BOARD OF DIRECTORS MEETING
EXECUTIVE SESSION AGENDA

X. NEW BUSINESS

C. Executive Session Briefings

Friday, September 25, 2026

1. Contracts, Claims, Litigation, Personnel and Financial Matters
2. Port MacKenzie Rail Extension (PMRE) Update
3. 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

Friday, September 25, 2026

1. **Resolution No. 2026-14 Relating to an Increase in Funding of Seward Freight Dock and Corridor Improvements Using MARAD PIDP Grant Funds (AFE No. 10963 S-2)**

2. **Contract No. 21356 – Alaska Ice Holdings, LLC.**

Adopted:

Resolution No. 2026-14

Relating to Increase in Funding of Seward Freight Dock and Corridor Improvements Using MARAD PIDP Grant Funds (AFE No. 10963 S-2)

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, the Seward Freight Dock is a key structure supporting cargo ship dockings important to the Alaskan economy; and

WHEREAS, ARRC dock facilities in Seward, including both the Seward Freight Dock and the nearby Seward Passenger Dock, continue to experience growing demand, which results in operational conflicts between freight and cruise movements both onshore and in the harbor; 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 to accommodate growing freight cargoes and to minimize operational conflicts between freight and cruise movements, both onshore and in the harbor; and

WHEREAS, the Project also will address and improve the safety of the roadway connection between the Seward Freight Dock and the nearby road system to provide improved safety between onshore freight movements and cruise passengers by separating pedestrian traffic from freight and heavy truck traffic; 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; 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 78.24% MARAD PIDP grant funds ($19,779,425) and matching funds from ARRC, consisting of 19.16% ($4,842,640) in internal ARRC funds and 2.60% ($657,360) of in-kind matching value from the City of Seward in the form of gravel fill to be used on the Project, for total Project funding of $25,279,425; and

WHEREAS, substantial Project cost escalations were identified in early 2023 and ARRC consequently revised the scope of the Project to keep it in line with the original MARAD grant-funded budget while preserving many of the original Project goals; and

WHEREAS, MARAD approved the revised Project scope on May 19, 2023; and

WHEREAS, at its general meeting of June 13, 2023, the ARRC Board of Directors passed Resolution No. 2023-17 approving AFE No. 10963 S-1, which provided ARRC internal overmatch funds totaling $560,575 to fund additional costs associated with the revised scope of work approved by MARAD, which AFE appropriately reflected the City of Seward's project contribution as a budgetary savings to the gravel fill on the Project's scope of work approved by MARAD and not as a monetary in-kind contribution; and

WHEREAS AFE No. 10963 S-1 brought the total amount of AFE No. 10963 to $25,840,000; and

WHEREAS, construction bids received for the Project were significantly higher than engineer estimates, prompting ARRC to complete an Independent Cost Estimate, which validated the higher market-based construction costs; and

WHEREAS, the additional funding requested in AFE No. 10963 S-2 will support critical project elements, including fender system fabrication and delivery, and address construction cost increases necessary to complete the Project as scoped, to maintain MARAD grant commitments, and to achieve successful Project delivery; and

WHEREAS, AFE No. 10963 S-2 requests $3,314,767 in additional ARRC overmatch funding for the Seward Freight Dock Expansion Project to address the higher construction costs described above, and would therefore revise the funding of the Project to include 76.55% MARAD PIDP grant funds ($19,779,425); 21.28% ARRC matching funds ($5,500,000), and a total of $3,875,342 in internal ARRC overmatch funds, for total funding of $29,154,767; and

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 increase in funding to the Seward Freight Dock and Corridor Improvements Project as presented by ARRC Management and hereby approves AFE No. 10963 S-2 in the total amount of $3,314,767 for the purposes stated therein, which brings the total amount of AFE No. 10963 to $29,154,767.

Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE# 10963 S-2

Page 1

General Information:	
AFE Title:	**Seward Freight Dock**
Prepared By:	**Breanna Byrd**
Resp. Center (Name):	**Engineering**
Resp. Center (#):	**8910**
Depreciation Center:	**8910-Dock Ops & Maintenance**
Line of Business:	**Corporate**

Included in Capital Budget:		
Capital Budget	Year:	Budgeted 2022
Total Amount	$	29,154,767
Source of Funding	ARRC (21.28%)	$ 5,500,000
Source of Funding	MARAD (76.55%)	$ 19,779,425
Source of Funding	ARRC Overmatch	$ 3,875,342
Grant Number	693JF72140001	
Grant Name	2020 MARAD Port Infrastructure Development Program (PIDP)	

Spending Timetable:		
2023	$	1,384,000
2024	$	1,200,000
2025	$	26,570,767
2026	$	-
2027	$	-
Total	$	29,154,767

AFE History:		
	Amount	**Date Prepared**
Original AFE	$ 25,279,425	07/30/21
Supplemental #1	$ 560,575	06/05/23
Supplemental #2	$ 3,314,767	08/10/26
Supplemental #3	$ -	
Supplemental #4	$ -	
Supplemental #5	$ -	
Supplemental #6	$ -	
Supplemental #7	$ -	
Total	$ 29,154,767	

Other Information	
Useful Life (Years):	50
Annual Depreciation:	$ 583,095
Estimated Annual Operating Costs	$ -

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Elizabeth Greer**	Elizabeth Greer	9/15/2026
Responsible Owner:	**Shane Maloney**	Shane Maloney	9/15/2026
VP, Owner Department:	**Brian Lindamood**		9/18/2026
Functional User(s):	**Andy Donovan**	Kristen Gratrix	9/15/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	9/16/2026
Grant Administration:	**Christina Isabelle**	Christina Isabelle	9/15/2026
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	9/15/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	9/15/2026
Board of Directors:	**John Shively**		

*****Original Form Must Be Returned to Accounting*****

Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE# 10963 S-2

Is this project related to health and/or safety?	**Yes**	**If yes describe:**

The Corridor Improvement Project Component will create a roadway connection between the Freight Dock and the existing Airport Road, providing improved safety between onshore freight movements and pedestrians by separating pedestrian traffic from freight and heavy truck traffic.

Scope of Work:

The project will extend the length of the primary Freight Dock by approximately 375 feet to deeper water to accommodate growing freight cargoes and to minimize operational conflicts between freight and cruise movements, both onshore and in the harbor. The dock extension will have a width of 320 feet and include widening more narrow sections of the existing dock from 200 feet to 320 feet.

The Corridor Improvement Project Component will create a roadway connection between the Freight Dock and the existing Airport Road, allowing greater separation and safety margins between onshore freight
movements and cruise passenger pedestrian movements.

This multi-year project will provide for design, environmental documentation, and construction.

The federal Maritime Administration is providing 78.24% of the funding through a Port Infrastructure Development Program (PIDP) FY20 discretionary grant. ARRC is providing 21.76% match, of which $657,360 will be in-kind match from the City of Seward using gravel fill.

Supplemental No.1 reduces the project scope to keep project costs in line with original budget. Dock width reduction, as detailed in the enclosed Seward Alaska Marine Terminal Freight Dock & Corridor Improvement – Scope Modification Memorandum, was the primary scope modification to reduce the project cost. The revised project still address the port congestion issues and operations improvements.

Supplemental No. 2 requests an additional $3,314,767 in ARRC overmatch funding to address increased construction costs for the Seward Freight Dock Expansion project.

ARRC Business Justification:

ARRC dock facilities in the Seward Marine Terminal continue to experience growing demand, which results in operational conflicts between freight and cruise movements both onshore and in the harbor. The planned replacement of the aging Seward Passenger Dock, and the reduced docking availability during that construction project, will present an additional temporary challenge to docking space within the Terminal.

The Corridor Improvement Project component will address and improve the safety of the roadway connection between the Freight Dock and the existing Airport Road. The project will provide improved safety between onshore freight movements and pedestrians by separating pedestrian traffic from freight and heavy truck traffic. This project component is anticipated to extend Port Avenue through Railroad property, connecting it with Airport Road. This will allow heavy commercial traffic to intercept the Seward Highway further north of town, avoiding the pedestrian and vehicular traffic in the Terminal along Port Avenue.

Supplemental No.1 requests additional funding to address increased project costs. Scope reductions were made to the MARAD funded Seward Marine Terminal Freight Dock/Corridor Improvement project to keep project costs in line with original grant funded budget. Inflationary factors increased projects costs approximately 37%, or an additional $9.5M on ARRC funded contribution. The scope modification did not removal all cost overruns so additional funding is required.

That level of budget over-run was not financial viable. While not preferable, the scope modification is thought to achieved many of the original project goals. The project modification was approved by the Maritime Administration U.S. Department of Transportation, May 19th 2023. Project modification results in a funding supplemental increase $560K and a funding source change of $657K from the City of Seward to ARRC. The Supplemental increase results in an additional $1.2M of ARRC funding.

Supplemental No. 2 requests $3.3 million in additional ARRC overmatch funding for the Seward Freight Dock Expansion Project. Construction bids received under the ITB were significantly higher than the Engineer's Estimate, prompting ARRC to complete an Independent Cost Estimate (ICE), which validated higher market-based construction costs. The requested funding will support critical project elements, including fender system fabrication and delivery, and address construction cost increases necessary to complete the project as scoped, maintain MARAD grant commitments, and achieve successful project delivery.

Funding Source	10963	10963 S-1	10963 S-2	Change
ARRC	$ 4,846,640	$ 5,500,000	$ 5,500,000	$ -
ARRC Over-Match	$ -	$ 560,575	$ 3,875,342	$ 3,314,767
MARAD	$19,779,425	$ 19,779,425	$19,779,425	$ -
City of Seward	$ 657,360		$ -	$ -
Total	**$25,283,425**	**$ 25,840,000**	**$29,154,767**	**$ 3,314,767**

Alternatives Considered:

Do nothing alternative leaves in place insufficient docking space and roadway safety concerns within the Seward Terminal.

Smaller, phased projects have also been considered. If the PIDP grant funds had not been awarded, smaller independent utility projects would have been pursued over multiple plan years as funding was available.

Preliminary Budget:

Line Description	**Amount**
Equipment	$ -
Labor (Fully Burdened)	$ 2,584,000
Materials	$ -
Contracts	$ 26,570,767
Other Expenses	$ -
Total	$ 29,154,767

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

LEASE SUMMARY

LESSEE: Alaska Ice Holdings, LLC CONTRACT NO: 21356

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 109,583 square feet (2.51 acres)

KEY CONTRACT PROVISIONS:

Estimated Effective Date: October 1, 2026

Lease Term: Thirty-five (35) Years

Option to Extend: N/A

Lease Area: 109,583 sq. ft., more or less.

Base Annual Rent: $96,350.00 (based on 2025 appraised value)

Prior Annual Rent: $96,350.00 annually

Rent Rate: 8%

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.

PUBLIC NOTICE: Yes, public comment will expire September 11, 2026.

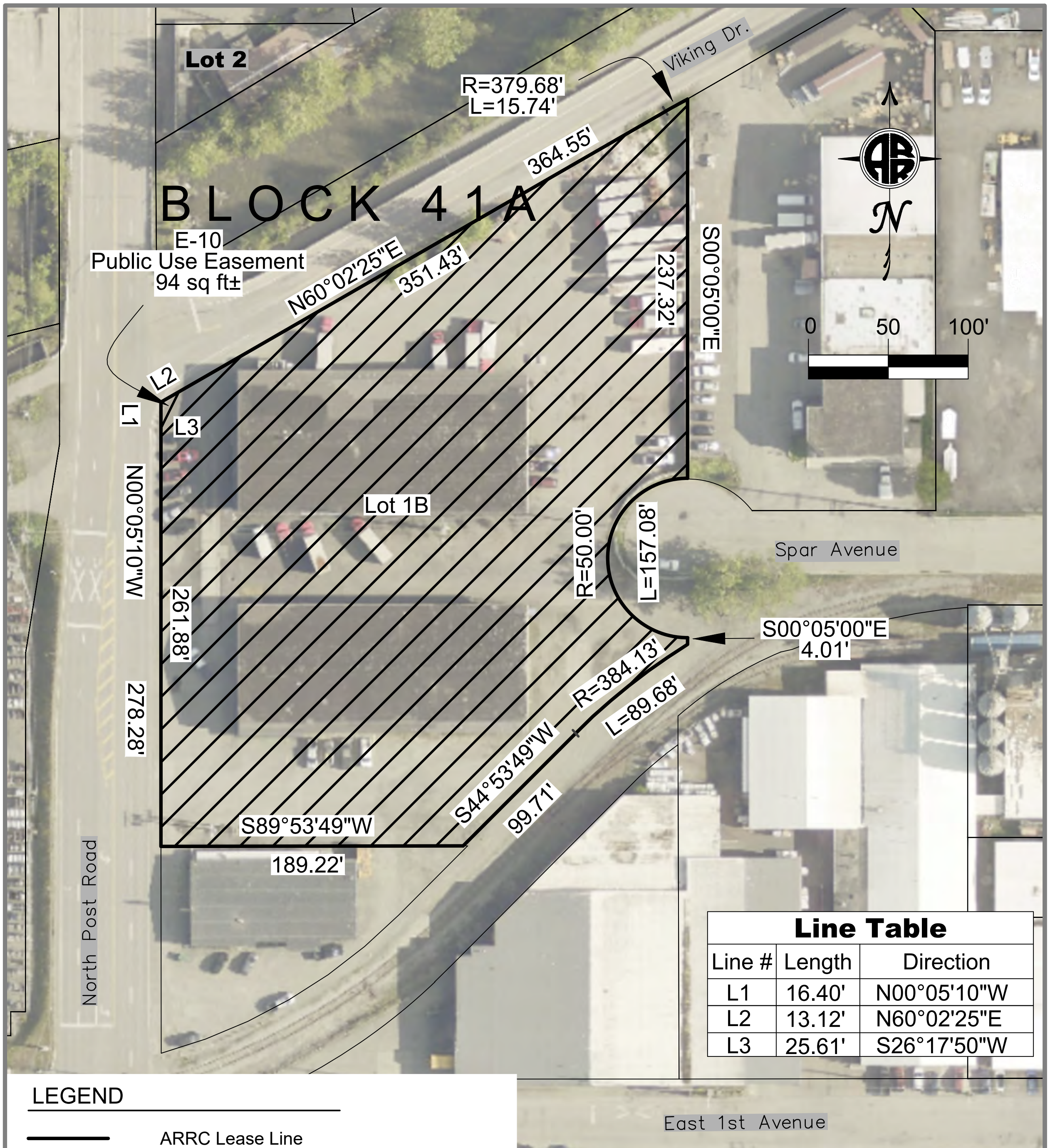
LEGAL REVIEW: Yes

INTENDED USE: Ice manufacturing and distribution consistent with Lessee's business.

SUMMARY AND RECOMMENDATIONS: Prospective lessee is in the process of taking assignment of current lease property under a ground lease for a term of twenty (20) years. The current lease is due to expire October 31, 2045. Lessee is requesting a new thirty-five (35)-year ground lease to support financing for potential site improvements. Approval is recommended.

APPROVED: ______________________________ Board Meeting Date: ______________

Jennifer Mergens
ARRC Board Secretary



Line Table

Line #	Length	Direction
L1	16.40'	N00°05'10"W
L2	13.12'	N60°02'25"E
L3	25.61'	S26°17'50"W

LEGEND

ARRC Lease Line

ARRC Lease Parcel

MOA Parcel Line

NOTES

1. Background imagery is publicly available from MOA collected in 2024.
2. Bearing and distances are based on Recorded State of Alaska Department of Transportation and Public Facilities Public Use Easement Document number 2004-090637-0.

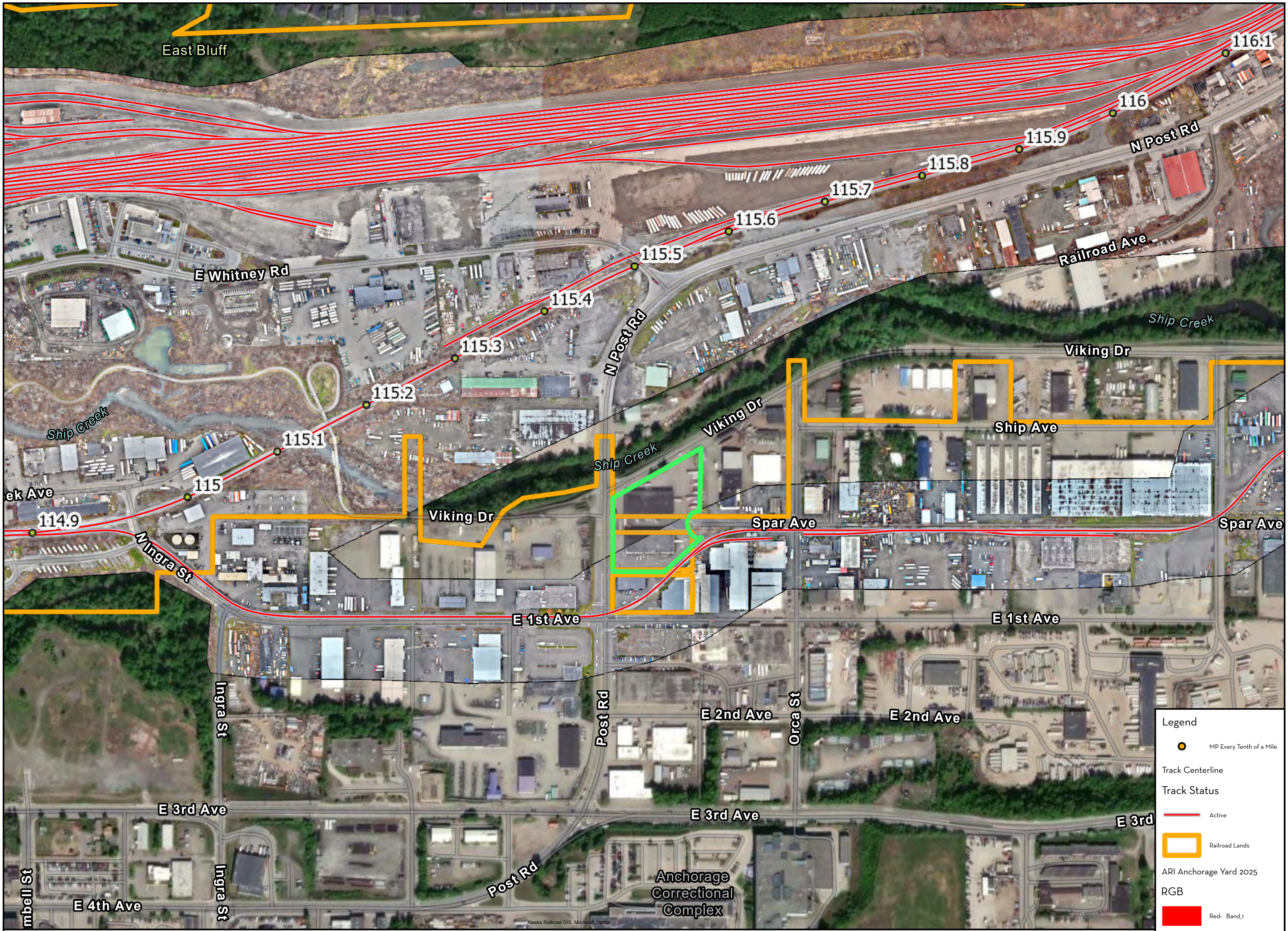
DRAWING NAME: L21356.dwg

EXHIBIT A | ARRC CONTRACT NO. 21356
GROUND LEASE - ALASKA ICE HOLDINGS, LLC
Area = 109,583 sq ft± (2.51 ac±)
LOCATED WITHIN
USS 408 Block 41A & 41D
NW1/4 Sec.17, T13N, R3W, S.M.

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

ANCHORAGE RECORDING DISTRICT	SHEET 01 OF 01

DRAWN: DCA	CHECKED: DWC	08/20/2026



0 0.03 0.07 0.13 Miles

N W E S

This product is for informational purposes and may not be suitable for engineering or surveying purposes. It does not represent an on the ground survey and represents only the approximate location of items and boundaries.

21356 - Alaska Ice - Expanded View