BOARD OF DIRECTORS
Board Meeting

Tuesday, November 17, 2026
Commencing at 9:00 a.m. in person at
327 West Ship Creek Avenue, Anchorage, Alaska 99501
&
Join Virtual Zoom Meeting Room
https://us02web.zoom.us/j/83068516616?pwd=hboAnDeZvWaYxFjg5YRaFS46iPK8Ig.1
Meeting ID: 830 6851 6616 **Passcode:** 895845



One tap mobile
+16699006833,,83068516616# US (San Jose)
+17193594580,,83068516616# US

Join by SIP
• 83068516616@zoomcrc.com
Passcode: 895845

Join instructions
https://us02web.zoom.us/meetings/83068516616/invitations?signature=U05PmBbrOhHg5lWaWapky1pW8-pNuNFwv4cTkZYfP0I

ARRC BOARD OF DIRECTORS
MEETING AGENDA

Tuesday, November 17, 2026, 9:00 a.m.
In-Person: 327 W. Ship Creek Avenue, Anchorage, Alaska 99501 / **Virtually**: Zoom Meeting Room

I. CALL TO ORDER

II. ESTABLISH QUORUM

III. SAFETY BRIEFING

IV. CHAIR COMMENTS

V. ADOPTION OF AGENDA

VI. CONFLICT OF INTEREST DISCLOSURES

VII. ADOPTION OF MINUTES

1. Approval of Regular Meeting Minutes of September 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. 2027 Operating & Capital Budgets

B. Committee Reports

1. Real Estate Committee
2. Executive Committee
3. Audit Committee
4. NIP Review Committee

X. NEW BUSINESS

C. Executive Session Briefings

1. Contracts, Claims, Litigation, Personnel and Financial Matters
2. NIP Proposal
3. Port MacKenzie Rail Extension (PMRE) Next Steps
4. 2024-2026 Performance Audit
5. Seward Passenger Dock Update
6. Business Development Report

D. Adoption of Consent Agenda

1. Resolution No. 2026-15 Relating to Approval of the 2027 Capital Budget and AFE Nos. 11498, 11499, 11500, 11501, 11502, 11503, 11504, 11505, 11506, 11507, 11508, 11509, 11510, 11511, 11512, 11513, 11514, 11518
2. Resolution No. 2026-16 Relating to Approval of the 2027 Operating, Pension Trust and Alaska Railroad Corporation Health Care Trust Budgets
3. Resolution No. 2026-17 Relating to Approval of the 2027 Five-Year Capital Improvement Plan
4. Resolution No. 2026-18 Relating to Approval of the Restatement of the ARRC Welfare Benefits Plan
5. Resolution No. 2026-19 Relating to the Approval of the Restatement of the ARRC Flexible Benefits Plan
6. Resolution No. 2026-20 Relating to Increase in Funding for the Vital Functions Project in Support of the Positive Train Control Program (AFE No. 10675 S-6)
7. Resolution No. 2026-21 Relating to Increase in Funding for the Construction of Healy Operations Support Facilities (AFE No. 11410 S-1)
8. Resolution No. 2026-22 Relating to Locomotive Power Car Conversion Project (AFE No. 11406)
9. Resolution No. 2026-23 Relating to Rehabilitation of Bridge at ARRC MP 284.2 - FRA FSP (AFE No. 11516)

(continued)

10. Resolution No. 2026-24 Relating to Seward Freight Dock Expansion – Phase 2 Build Grant FY 2026 (AFE No. 11517)
11. Resolution No. 2026-25 Relating to Termination of Memorandum of Understanding with Alaska Infrastructure Partners, LLC
12. Resolution No. 2026-26 Relating to Completion of Port MacKenzie Rail Extension Project -- FRA CRISI Grant FY 2026 (AFE No. 11515)
13. Resolution No. 2026-27 Relating to a Request Under AS 42.40.360 for the Transfer to the Alaska Railroad Corporation of State Land Necessary for Purposes of the Port MacKenzie Rail Extension Project
14. Resolution No. 2026-28 Relating to Approval of the Combined 2024-2026 Intermodal Freight Service (TOFC and COFC) Performance Audit
15. Resolution No. 2026-29 Relating to the Extension of the Deadline for the City of Whittier and the Alaska Railroad Corporation to Close the Purchase/Sale of Railroad Land Located in Whittier, Alaska, and to Terminate the Parties' Master Lease
16. Resolution No. 2026-30 Relating to the Purchase of Building Improvements Owned by Ship Creek Industrial Complex, LLC on Land Leased from ARRC and Located at 229 East Whitney Road (AFE No. 11519)
17. Contract No. 21389 – Northern Insulation Solutions, Inc. (Anchorage Reserve)

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

XII. ADJOURNMENT

2026 SEPTEMBER 25 Board Meeting Minutes

ALASKA RAILROAD CORPORATION
MINUTES OF THE REGULAR BOARD OF DIRECTORS MEETING

Fairbanks, Alaska
Friday, September 25, 2026

I. CALL TO ORDER

Chair John Shively called the meeting to order at 9:00 a.m. on Friday, September 25, 2026. The meeting was held in person in the Binkley Room at Pike's Waterfront Lodge located at 1850 Hoselton Road, Fairbanks, Alaska 99705, with a virtual participation option.

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, Director Gale Dinsmore; Commissioner, Department of Transportation & Public Facilities, Ryan Anderson; and Commissioner, Department of Commerce Community and Economic Development, Julie Sande were present.

A full quorum was established by Ms. Mergens.

Staff members present:

A. Behrend, Chief Counsel
C. Terry, VP Real Estate
M. Clemens, Director, External Affairs
J. Mergens, Chief Human Resources Officer
M. Maddox, Chief Financial Officer
C. Keogh, Director, Safety, Rules & Operations
B. Fleischer, Director, Information Technology
B. O'Leary, President & Chief Executive Officer
K. Taylor, Manager Leasing, Real Estate
G. Goemer, Director, Supply Management
C. Hopp, Chief Operating Officer
A. Kinnaman, Controller
B. Lindamood, VP Engineering
L. Hall, Executive & Corporate Administrator
D. Greenhalgh, VP Marketing Customer Service
K. Gratrix, Director Real Estate Leasing
S. Roberts, Chief Special Agent
C. Clarke, Corporate Communications Officer
K. Dueber, Director Right of Way & Public Projects

Guests and members of the public present:

Bonné Therriault Woldstad
Theresa Woldstad
Tim Eklund
Kenneth Woldstad
Angel Knapp
Leah Scott

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 noted that the ARRC Real Estate Customer Appreciation party is this evening and the Fairbanks Community Open House will be held on Saturday morning.

V. ADOPTION OF AGENDA

Vice Chair Binkley moved to adopt the meeting agenda, and Commissioner Anderson seconded the motion. The posted agenda was unanimously approved as presented.

VI. CONFLICT OF INTEREST DISCLOSURES

Director Dinsmore indicated that he would recuse himself if a particular matter contained in the litigation report was discussed. No other members disclosed any conflicts of interest.

VII. ADOPTION OF MINUTES

Vice Chair Binkley moved to approve all five sets of meeting minutes, including the Regular Board Meeting minutes of June 5, 2026, and the Special Board Meeting minutes of June 18, July 7, July 20, and August 25, 2026. Director Dinsmore seconded the motion. All five sets of meeting minutes were unanimously approved as presented.

VIII. OPPORTUNITY FOR PUBLIC COMMENT/STAFF/DIRECTORS

Ms. Woldstad reiterated her interest in ARRC's federally transferred and patented lands, land claims, and right-of-way issues affecting her family's land located in the North Star Borough.

Ms. Knapp requested the Board's consideration and support for a grant application to replace their fifty-year-old forced-air heating system. Vice Chair Binkley confirmed with Ms. Knapp that she and her husband are small business owners who lease the property from ARRC and that converting their furnace to natural gas offers a unique, affordable opportunity. He invited her to stay for discussion of the Fairbanks Oil to Gas Change Out Program during the Real Estate Committee report.

IX. BRIEFING ITEMS

A. Public Briefings

1. CEO Update

Mr. O'Leary said that while ARRC is still finalizing the passenger counts, it was a productive season. The Coastal Classic held steady, while the Denali Star Train showed a 5% increase over 2025, and the Glacier Discovery Train showed a 7% increase. He noted there was a decline in gravel volumes, while cruise train numbers and dockings at the Seward Dock held consistent. Operationally, ARRC had fewer weather and fire-related issues to contend with, which helped smooth operations and on-time performance. Mr. O'Leary shared that the 2027 budget is currently being put together. He also shared that the gubernatorial candidates were invited to meet with management in order to better understand ARRC as a valuable state resource.

Ms. Terry provided updates on the Seward Passenger Dock, noting that overall construction remains on schedule as the punchlist items are completed. She shared that construction of the Seward Passenger Dock continues at an accelerated pace, with the dock surface expected to be completed by mid-October before work shifts to utility installation. Ms. Terry shared that following the recent fire damage at Huna Totem's Whittier Dock, ARRC plans to review lessons learned from that incident once available to help ARRC to strengthen emergency response procedures and preparedness efforts at the Seward Dock. A hands-on emergency response drill is planned for next year to evaluate current safety plans and identify any opportunities for improvement. Ms. Terry said that ARRC is well-positioned for the 2027 cruise season and beyond.

Mr. Greenhalgh reported that ARRC is supporting the high-profile train charter and commissioning of the USS Ted Stevens on October 3. Of the roughly 3,000 guests expected in Whittier, about 1,000 will travel by train. The reception will be held at the Huna Totem Dock as previously planned, and guests will return the same way they arrived. All entities are working together with the Commissioning Committee to ensure success.

Ms. Clemens provided an update on a letter received in July addressed to the Board of Directors and management from homeowners in the Atwood neighborhood requesting a quiet zone permit for Judge's Crossing. The Municipality of Anchorage (AWWU) is the permit holder of that crossing. She said that a meeting is scheduled for mid-August with all stakeholders.

Ms. Mergens shared an update on Administrative Order AO 360 detailing the Governor's directive to reduce guidance documents and regulations by 25% over a two-year period. An ARRC working group achieved a cumulative reduction of 67%. The reduction plan was submitted to the DCCED to include ARRC's reduction plan with DCCED's master plan.

Mr. O'Leary closed his update by noting that the Consent Agenda contains two items, each recommended for approval by its respective Committee, and by highlighting upcoming events.

2. Safety Update

Mr. Keogh provided a safety update highlighting near misses and property damage as areas of focus. In response to Commissioner Anderson's question, Mr. Keogh explained that environmental issues include minor diesel and hydraulic fluid spills.

Mr. Keogh said that since the second quarter the lost time rate is decreasing, and it is expected that the FRA casualty rate will also improve by year-end. Mr. Keogh shared that the current FRA casualty rate is 5.4 compared to 5.1 last year. In the past two months, five FRA inspection teams have been on property and concluded their audits with zero citations issued.

Mr. Keogh noted that fall and winter safety focus is about training and prevention. He said there will be a lot of training this winter including 20 conductor trainees, 5 student engineers, and 10 Maintenance of Way employees. The most recent conductor trainee applicant pool exceeded 400, with 352 applicants qualified.

Director Dinsmore said we need to retain a workforce of mature, experienced train conductors during the winter in order to train newer ones. Mr. Keogh and Mr. Hopp noted that ARRC Human Resources' recruiting efforts and screening, in addition to other factors such as involving train and engine employees in the interview process, have resulted in better applicant selection and retention, and that hands-on experience gained in the field during winter is valuable.

3. Business Report

Ms. Maddox reported on financials through July 2026. Highlights of her presentation included:

- Year-to-date net income is $2.2 million, which is $1.5 million below the revised budget. The reduction is primarily attributed to underperformance in freight revenue, which came in $5.0 million below expectations.
- Passenger revenue is outperforming the revised budget by $2.0 million, largely due to strong Denali Star and Glacier Discovery Train results.
- Real estate revenue is outperforming the revised budget by $0.2 million, driven by higher-than-expected lease and permit revenue.

Looking ahead, the 2026 net income forecast is $24.6 million, which is $3.9 million below the original budget. Key drivers include:

- Freight revenue is forecast to exceed the original budget by $2.7 million due to additional interline barge service and higher fuel surcharge revenue. Mr. Greenhalgh confirmed docked barges over the past two years were 68 and 71 respectively, and 77 are expected in 2027.
- Passenger revenue is forecast to exceed the original budget by $1.5 million due to strong Denali Star performance.

- Operating expenses are forecast to exceed the original budget by $8.5 million, primarily due to higher fuel costs and equipment rates.

Annual valuations of the Pension Trust and Healthcare Trust were completed in June and showed:

- The Pension Trust funded ratio was 92.8% on an actuarial basis and 95.3% on a market value basis as of January 1, 2026.
- The Healthcare Trust funded ratio was 557.3% on an actuarial basis and 565.9% on a market value basis as of January 1, 2026.

4. Cyber Security and AI Report

Ms. Maddox and Ms. Fleischer reported that ARRC has made significant progress in this area since 2023. They provided an update on ARRC's cybersecurity practices and use of AI, sharing that ARRC has continued to strengthen its cybersecurity and technology practices through risk assessments, security testing, improved data monitoring, and ongoing employee training. IT has also taken steps to reduce risk by limiting unnecessary system access and improving how information is used and protected across the organization. At the same time, ARRC is developing a thoughtful approach to the use of AI within the organization by providing approved tools, establishing governance practices, and helping employees understand how to use these technologies responsibly and effectively. General discussion ensued.

Commissioner Anderson inquired about cybersecurity policy and audits specifically for Board Members. Mr. O'Leary stated that ARRC has policies related to computer and technology use. Ms. Fleischer confirmed that regulatory agency requirements associated with payment card information use and Transportation Security Administration requirements are in place.

Chair Shively stated that he would like an AI work session scheduled for Board Members which covers how to use and integrate AI software and products safely. He also requested that ARRC's AI-related policies be shared with the Board.

B. Committee Reports

1. Real Estate Committee

Real Estate Update:

Committee Chair Binkley stated that the Real Estate Committee met on September 10, 2026, and all committee members were present. Ms. Terry shared that one lease was reviewed and recommended for Board approval. She noted that no public comments were received prior to the close of business on September 24. Ms. Terry also shared that Mr. Donovan is retiring on October 1 after 24 years of railroad service, and Ms. Gratrix has been promoted to Director.

Fairbanks Oil-to-Gas Change Out Program

Ms. Terry briefed the Board on the Fairbanks North Star Borough's Oil-to-Gas Rebate Program, which could help an ARRC leaseholder offset the cost of upgrading a building's heating system through rebates of up to $9,000. While the direct financial benefit would accrue to the building owner, participation would require ARRC, as the landowner, to accept a perpetual deed restriction. The program's primary benefit is supporting the broader clean-air initiatives in the Fairbanks area while helping modernize heating systems.

General discussion ensued. The Board agreed to support the lessee's request, and Ms. Terry agreed to follow through on next steps.

2. Executive Committee

Chair Shively said the Executive Committee met on September 10, 2026, noting the confidential meeting notes were included in the Board materials. He said discussions primarily surrounded details related to the items listed under the Consent Agenda.

3. Safety Committee

Committee Chair Dinsmore said the Safety Committee met on July 22, 2026, with the confidential meeting notes provided to the Board. He highlighted improved morale within the Transportation Department, as evidenced by on-time performance. Mr. Hopp reiterated that the 2026 passenger season saw the best on-time passenger performance in recent memory, with seasonal on-time arrival percentages of 96% for the Coastal Classic, 95% for the Northbound Denali Star, 84% for the Glacier Discovery and 68% for the Southbound Denali Star.

4. Audit Committee

Committee Chair Petry said the Audit Committee members met on September 14, 2026, to discuss the 2024-2025 performance audit on intermodal business. She noted management will provide a memo to the Audit Committee in mid-October addressing the audit report, with the full report going to the Board in November.

5. NorthStar Infrastructure Partnership (NIP) Review Committee

Committee Chair Reeves said the NIP Review Committee met on August 27, 2026, and more discussion is required. He said since that meeting, he was contacted by NIP's lobbyist, but he did not meet with him, and instead invited the lobbyist to come to the Board Meeting if he had anything to share with the Board.

X. NEW BUSINESS

C. Executive Session Briefings

Director Petry 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 into Executive Session at 11:14 a.m. The following items were discussed:

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

Chair Shively called the meeting back into public session at 12:22 p.m.

B. Adoption of Consent Agenda

Chair Shively read the Consent Agenda into the record. Director Petry made a motion to adopt the items listed under the Consent Agenda. Director Dinsmore seconded the motion. There was no additional discussion or objection and the Consent Agenda, consisting of the following two items, was adopted:

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/STAFF/DIRECTORS

Chair Shively noted that the next regularly scheduled Board Meeting is November 17 in Anchorage, but noted there may be a need for a Special Board Meeting before then. He echoed fellow Board Members' comments that the State of Alaska is in a period of tremendous opportunity.

XII. ADJOURNMENT

Director Binkley moved to adjourn, and Director Dinsmore seconded the motion. The meeting adjourned at 12:26 p.m.

ATTESTED BY:

_____

Jennifer Mergens
Board Secretary

Date _____

IX. BRIEFING ITEMS

A. PUBLIC BRIEFINGS

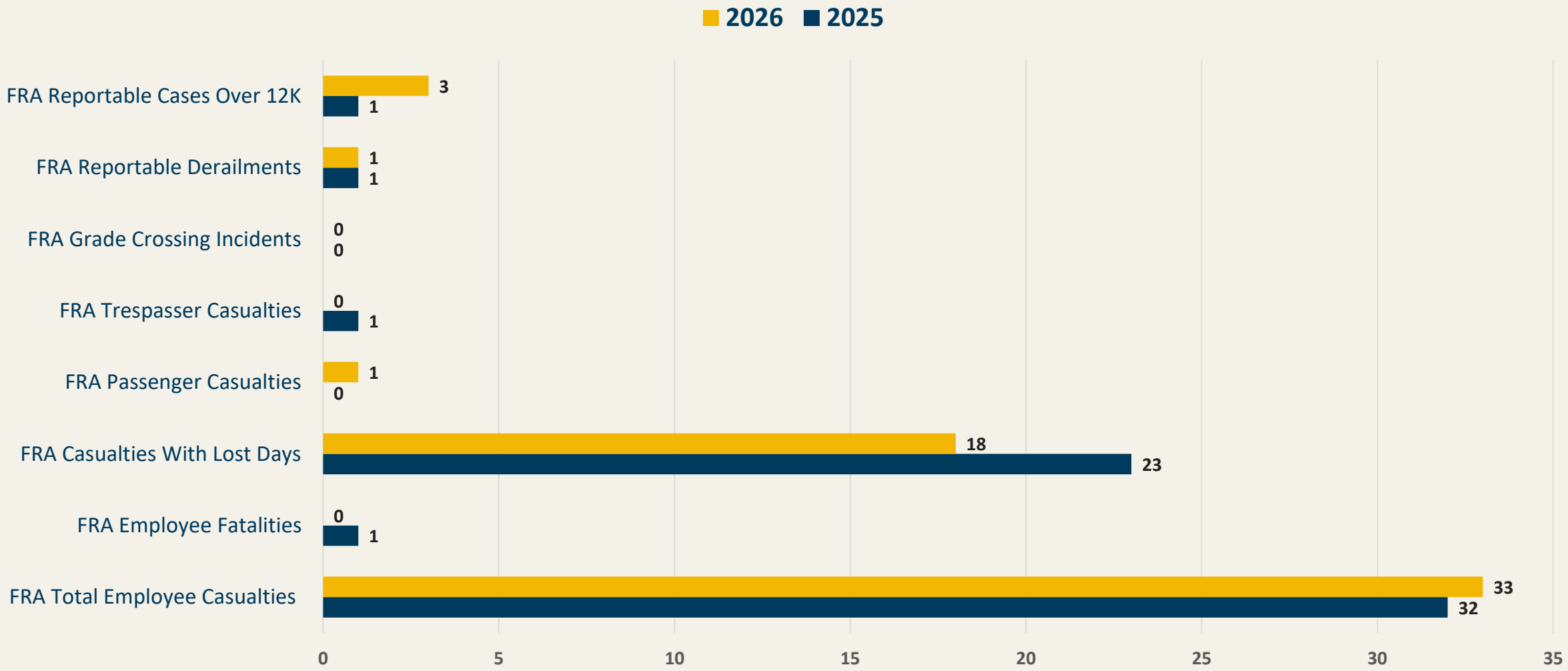
ITEM 1: CEO Update

Verbal presentation

BOD Safety Slide 11.10.2026 - Presented Nov 2026

FRA REPORTABLE OUTCOMES | YTD NOVEMBER 10, 2025 VS. NOVEMBER 10, 2026

Presented November 17, 2026



Year	FRA Casualty Rate	Lost Time Rate	Lost Workdays	Restricted Workdays
2025	5.0	3.5	502	239
2026	5.5	3.0	334	617

FRA Casualty Rate *= FRA Reportable Injuries (regardless of lost time) x 200,000 divided by total hours worked.*

Lost Time Rate *= Lost Time Cases x 200,000 divided by total hours worked*



2027 Operating & Capital Budgets & 5-year plans

ARRC Board Meeting
Michelle Maddox, CFO
November 17, 2026

Photo courtesy: Chris Kruse

ALASKA RAILROAD



Contents

- *Overview 2026 Forecast*
- *2027 Operating Budget*
- *2027 Pension Trust and Healthcare Trust Operating Budgets*
- *2027 Capital Budgets*
- *5-Year Operating and Capital Plans*



Overview 2026 Forecast



Overview 2026 Forecast

2026 Original Budget Net Income:	**$ 28.5 million**
Net operating income:	$ 4.8 million
EBITDA:	$ 55.7 million

- Freight revenue forecast is $4.3 million higher than reflected in original budget primarily due to ARMs business line with added capacity and higher fuel surcharge revenue than expected due to higher cost of fuel
- Passenger revenue forecast is $1.5 million higher than reflected in original budget primarily due to the strong performance of Denali Star
- Real Estate net revenue forecast is $1.0 million lower than reflected in the original budget due largely to fewer Seward Passenger Dock cruise ships than expected
- Operating expense forecast is $11.8 million higher than what was reflected in original budget primarily due to higher cost of fuel and additional barge expense
- Other income forecast is $1.3 million higher than reflected in original budget primarily due to higher interest income than expected and gain on sale of asset

2026 Forecast Net Income:	**$ 22.9 million**
Net operating income (loss):	($ 1.0) million
EBITDA:	$ 48.4 million

SEPTEMBER 2026 Balance Sheet

Most recent balance sheet reflects strong financial position

- Current ratio greater than 3.4x
  - Cash balance includes a large amount of funding committed to ongoing capital projects but not yet spent
  - Current restricted assets include bond proceeds held by the trustee that are designated for the final purchase payment of the Seward Passenger Dock upon final completion expected in December 2026
- Recourse debt to EBITDA of 0.21x and total debt to EBITDA of 1.97x, based on trailing twelve months (TTM) EBITDA as of September 30, 2026
- Pension liabilities of $22.5 million
  - Pension Trust 92.8% funded based on actuarial value of assets at most recent valuation date
- Post-Retirement Healthcare Trust asset of $52.7 million
  - Healthcare Trust 557.3% funded based on actuarial value of assets at most recent valuation date

	9/30/2026
Assets	
Cash and Cash Equivalents	$ 60,615,100
Account and Grants Receivables	37,909,251
Other Current Assets	31,549,505
Restricted Assets	37,587,207
Total Current Assets	**$ 167,661,063**
Property and Equipment, Net	750,378,350
Other Assets	675,935,818
Total Assets	**$ 1,593,975,231**
Liabilities & Equity	
Liabilities	
Accounts & Payroll Payable	$ 39,263,576
Current Portion of LT Debt and Revenue Bonds Payable	3,626,389
Other Current Liabilities	7,069,416
Total Current Liabilities	**$ 49,959,381**
Long Term Debt and Bonds Payable	136,490,429
Deferred Grant Revenues	555,982,505
Pension Liability	22,457,703
Other Long-Term Liabilities	264,014,328
Total Liabilities	**$ 1,028,904,346**
Equity	
Investment - State of Alaska	34,173,555
Fund Equity	530,897,330
Total Equity	**$ 565,070,885**
Total Liabilities & Equity	**$ 1,593,975,231**



2027 Operating Budget

2027 Operating Budget Overview

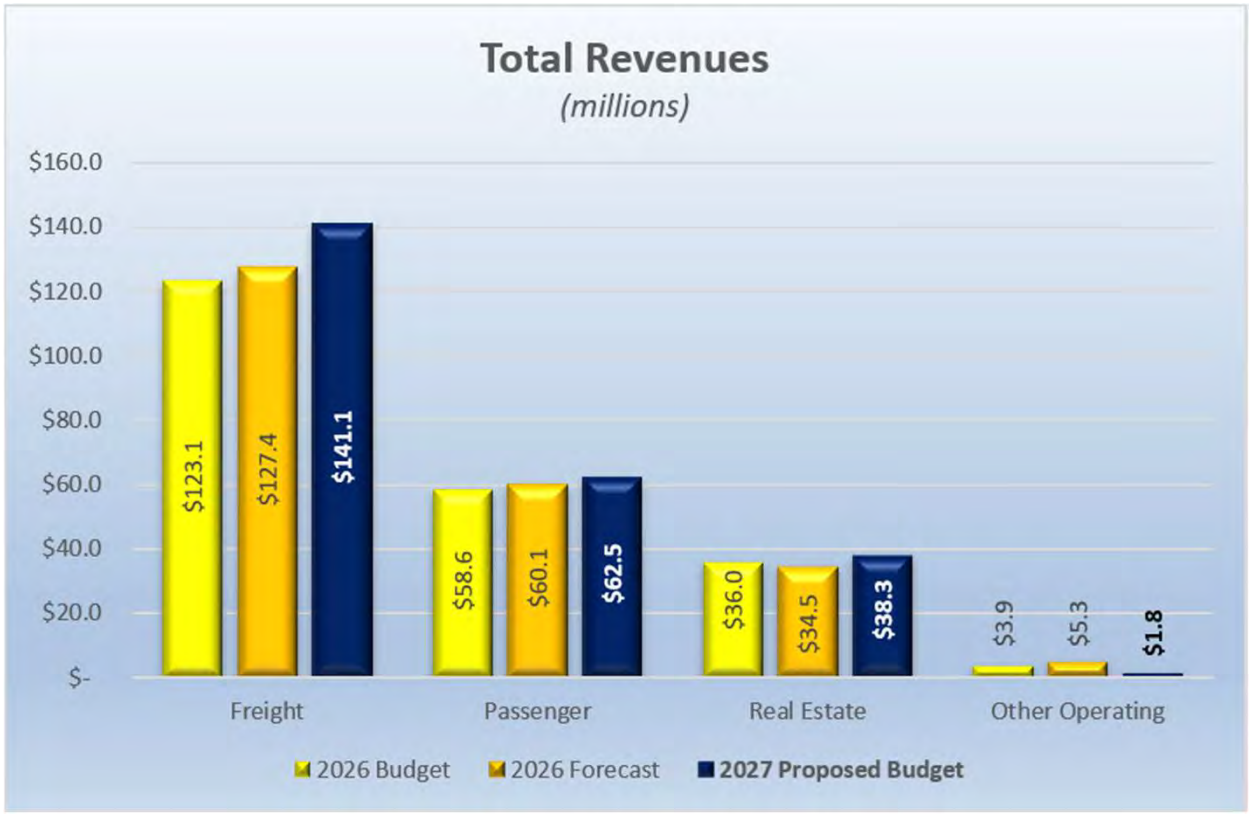
2027 Budget Net Income:	**$ 28.1 million**
Net operating income:	$ 8.1 million
EBITDA:	$ 60.0 million

- *ARRC expects freight revenue to grow by $10.6 million in 2027 (net of fuel surcharge revenue), or 9.7%, over 2026 forecast, with ARMs, Petroleum, Gravel, TOFC, iCOFC, and Local Coal experiencing growth*
- *Passenger revenue is expected to grow by $2.4 million in 2027, or 4.0%, over 2026 forecast, driven by a rate increase and passenger growth*
- *Real Estate revenue including lease interest income for 2027 reflects an 11.1% increase, or $3.8 million, primarily driven by expected increase in cruise line passengers at the Seward Passenger Dock*
- *ARRC expects an overall increase in the operating expenses of $6.9 million, or 3.6%, over 2026 forecast, with the primary variance in Contracts and Rents by $4.3 million, or 10.0%, Wages and Benefits by $2.5 million, or 2.8%, and Utilities and Fuels by $1.6 million, or 5.4% over 2026 forecast*
- *Real Estate expense for 2027 reflects a 42.9% increase, or $3.9 million, primarily driven by Seward Passenger Dock depreciation expense*
- *Interest income is expected to be $3.1 million lower, as the bond purchase fund that generated 2026 investment earnings will be fully spent by year end 2026*

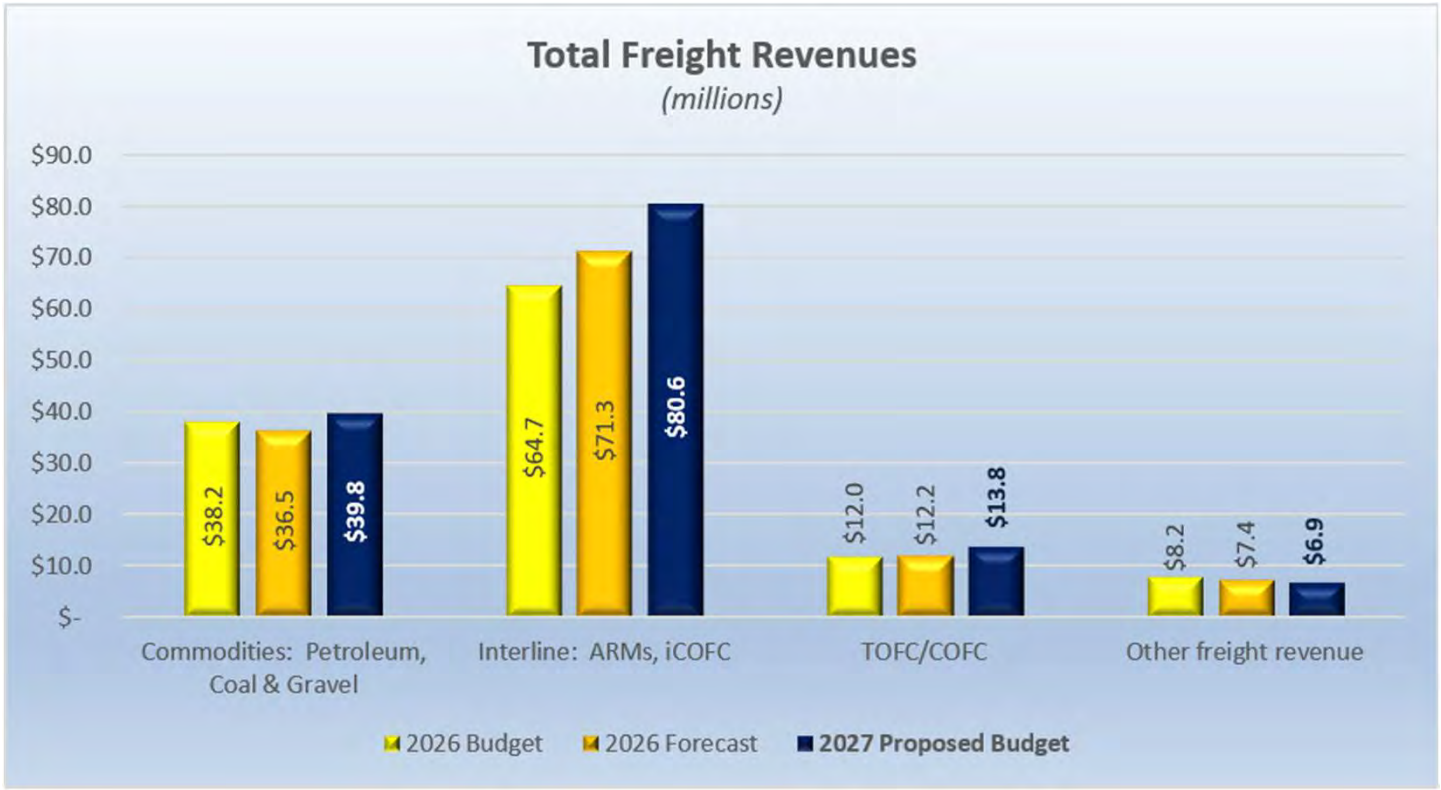
2027 Operating Budget Comparison

	2027 Proposed Budget	2026 Forecast	Variance
Operating Revenue			
Freight	$ 141,066,920	$ 127,422,882	$ 13,644,038
Passenger	62,476,068	60,096,613	2,379,455
Other	377,147	429,124	(51,977)
Total Operating Revenue	203,920,135	187,948,619	15,971,516
Operating Expenses			
Wages and Benefits	90,798,250	88,289,094	2,509,156
Travel and Training	3,912,820	3,648,360	264,460
Contracts and Rents	47,550,993	43,235,646	4,315,347
Materials and Supplies	20,407,747	19,957,254	450,493
Utilities and Fuels	31,595,908	29,971,290	1,624,618
Depreciation/Amortization, Net of Grant Revenue	23,606,090	23,303,679	302,411
Other Expenses (Recoveries)	(22,030,722)	(19,434,820)	(2,595,902)
Total Operating Expense	195,841,086	188,970,503	6,870,583
Net Income from Operations	8,079,049	(1,021,884)	9,100,933
Other Income (Expense)			
Real Estate Revenue	33,342,754	29,595,285	3,747,469
Interest Income - Leases (GASB 87)	4,996,242	4,917,504	78,738
Real Estate Expense	(12,939,842)	(9,057,449)	(3,882,393)
Real Estate Net Income	25,399,154	25,455,340	(56,186)
Gain/(Loss) on Sale of Capital Assets	-	308,814	(308,814)
Interest Income	1,462,513	4,584,722	(3,122,209)
Interest Expense	(6,825,349)	(6,453,193)	(372,156)
Net Other Inc (Exp)	(5,362,836)	(1,559,657)	(3,803,179)
Other Inc (Exp), Net	20,036,318	23,895,683	(3,859,365)
Net Income	$ 28,115,367	$ 22,873,799	$ 5,241,569

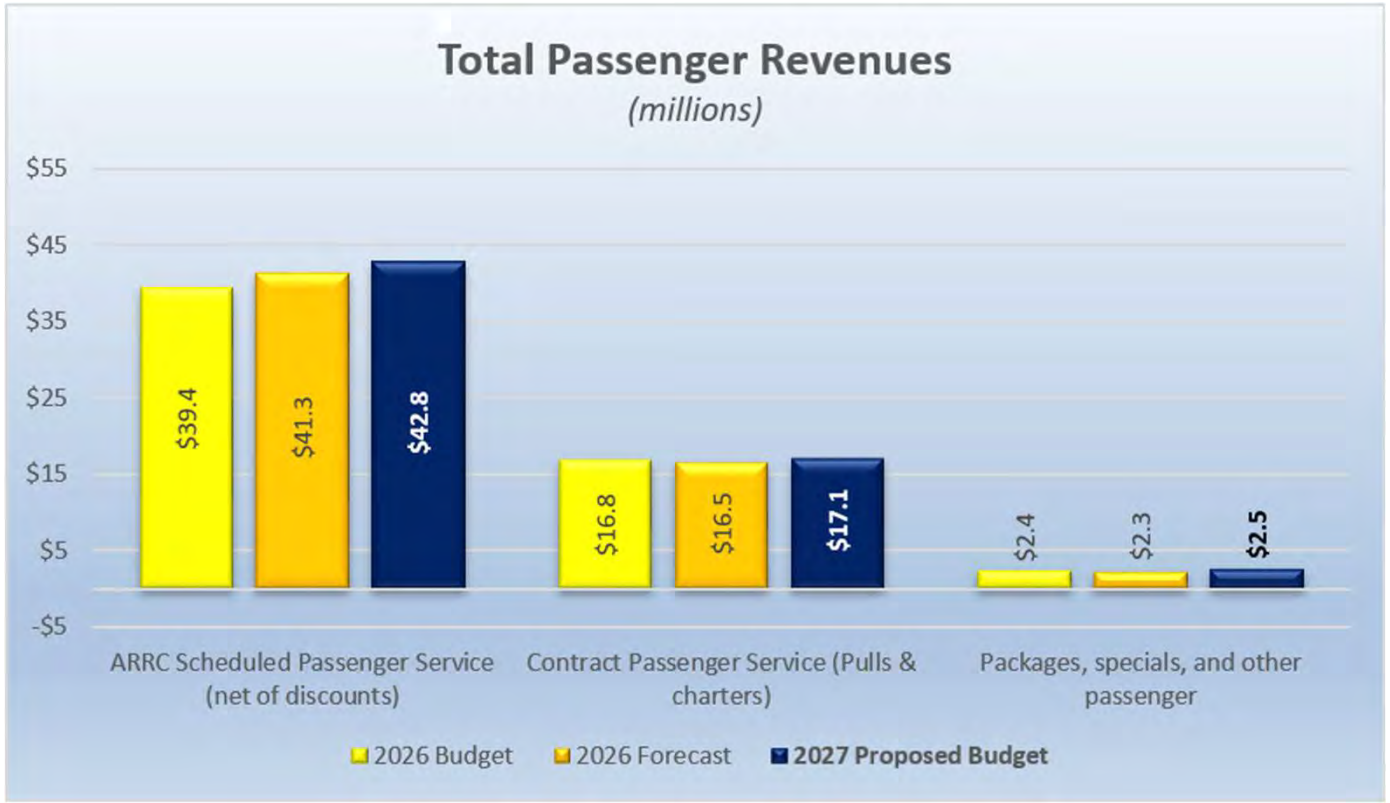
2027 Revenue Budget Comparison



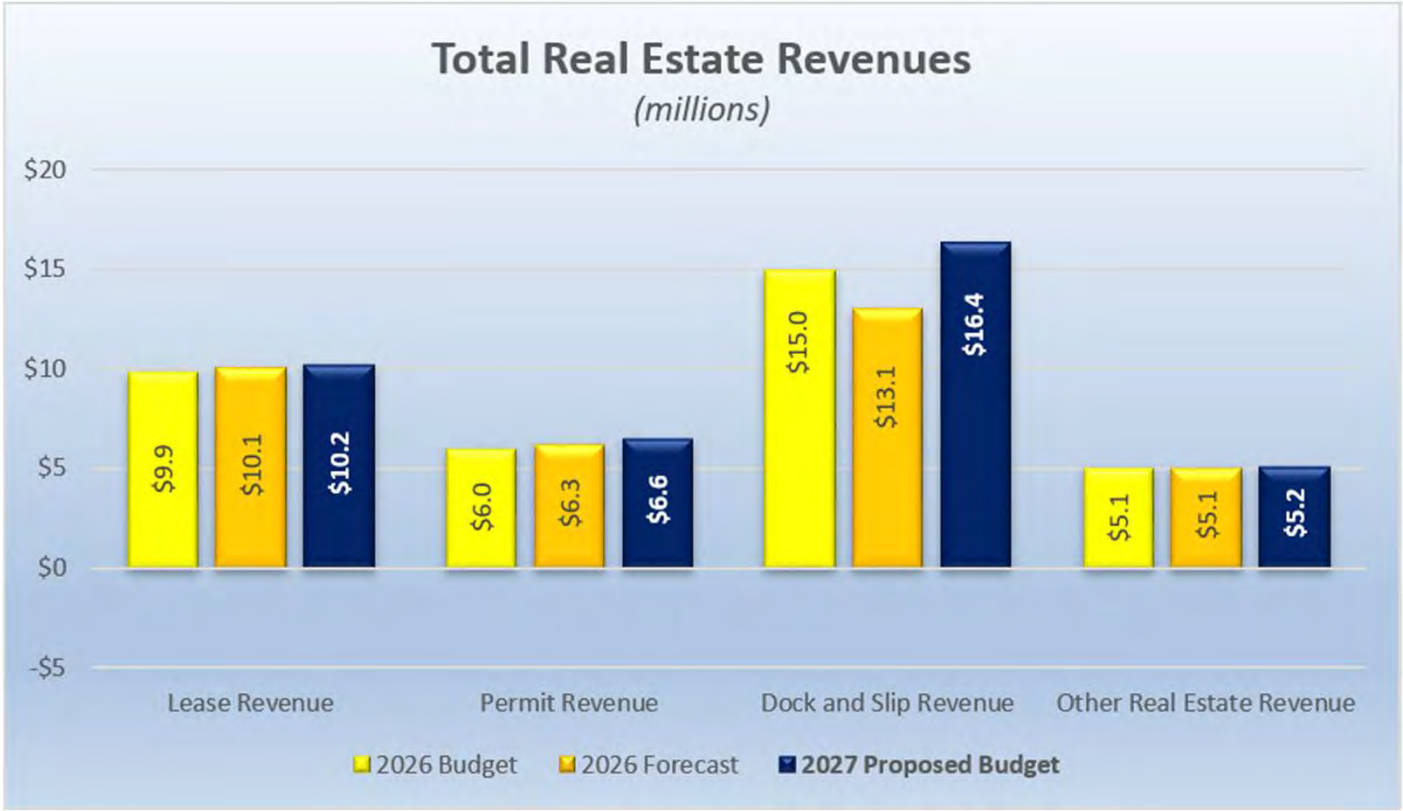
2027 Freight Revenue by Category Comparison



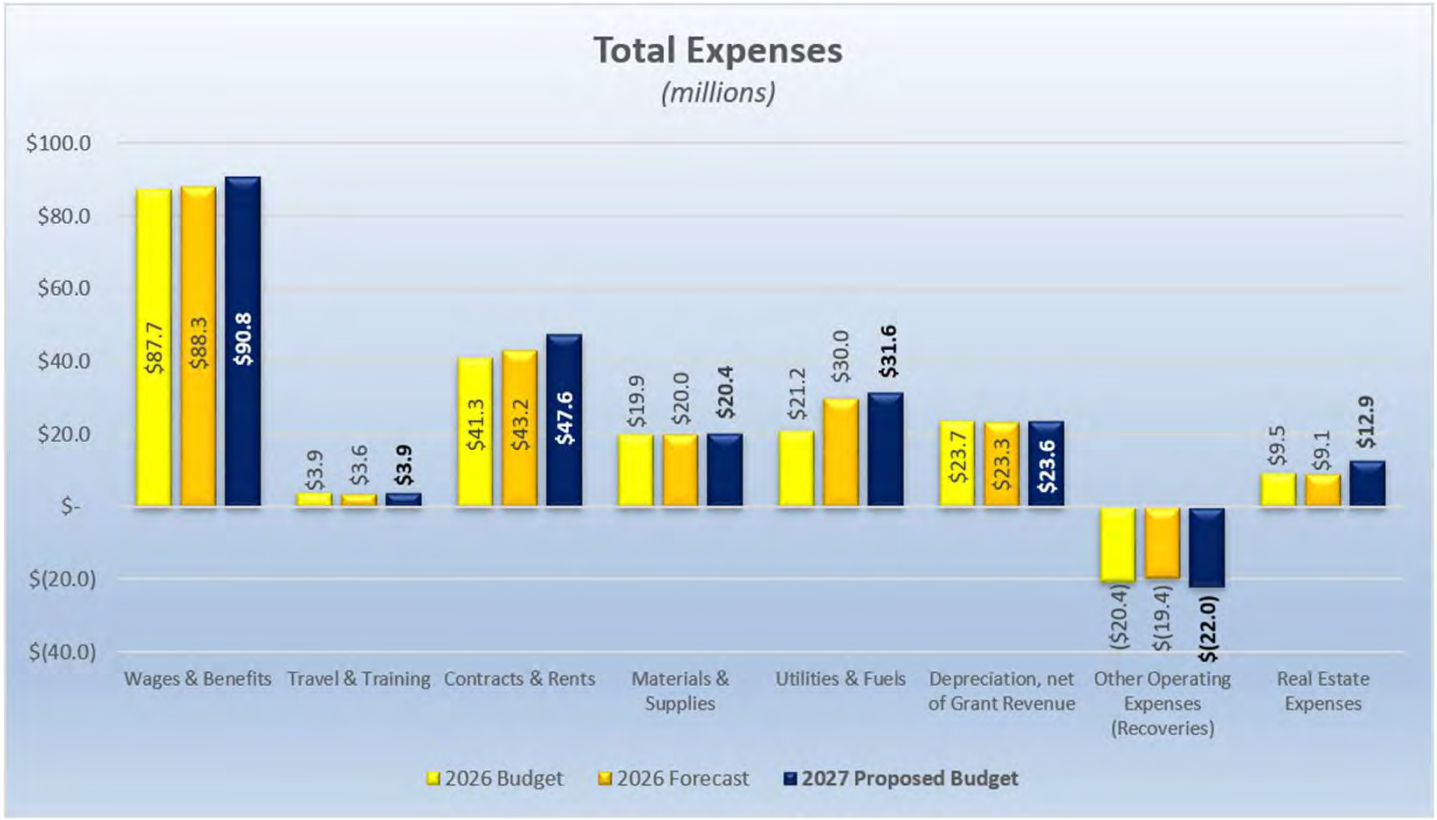
2027 Passenger Revenue by Category Comparison



2027 Real Estate Revenue by Category Comparison



2027 Total Expenses by Category Comparison





2027 Pension Trust and Healthcare Trust Operating Budgets

2027 Pension / Healthcare Trust Administration Budgets

- ARRC Pension and Healthcare Plan documents permit administrative costs to be deducted from plan assets
- Combined assets total $388.9 million as of November 9, 2026
- Administrative costs include ARRC staff wages/salaries, training, and professional services (investment advisor, actuarial services, legal services, trustee fees, etc.)
- Proposed administrative budgets are 0.24% of plan assets

2027 Budget for ARRC Pension Plan

PENSION				
(in thousands)				
	2027 Proposed Budget	**2026 Forecast**	**Variance**	**2026 Budget**
Wages & Benefits	230.7	188.9	41.8	202.7
Travel, lodging, training	29.7	23.2	6.5	24.5
Services & Contracts	443.1	514.8	(71.7)	460.2
Materials & Supplies	1.0	0.3	0.7	1.0
Total Expenses	**704.5**	**727.2**	**(22.7)**	**688.4**

- Wages and benefits are forecasted to finish 2026 below budget due to a temporary vacancy in the Retirement Administrator position. The proposed 2027 budget for wages and medical benefits is higher than the original 2026 budget.
- Travel, lodging, and training forecasts are lower than budget due to the timing of invoices. The proposed 2027 budget is higher than the 2026 budget due to additional costs for the Trustee Institute preconference.
- Services and contracts expense is lower in the proposed 2027 budget than in 2026, reflecting the completion of the recordkeeping transition. In 2026, costs are higher because we are maintaining both the current and new recordkeepers during the implementation period.

2027 Budget for Healthcare Trust Plan

HCT				
(in thousands)				
	2027 Proposed Budget	2026 Forecast	Variance	2026 Budget
Wages & Benefits	56.7	39.4	17.3	42.0
Travel, lodging, training	24.7	12.5	12.2	24.7
Services & Contracts	142.5	106.2	36.3	141.3
Materials & Supplies	0.5	0.1	0.4	0.5
Total Expenses	**224.4**	**158.2**	**66.2**	**208.5**

- Wages and benefits are forecasted to finish 2026 below budget due to a temporary vacancy in the Retirement Administrator position. The proposed 2027 budget for wages and medical benefits is higher than the original 2026 budget.
- Travel, lodging, and training forecasts are lower than budget due to a temporary position vacancy and fewer people attending the annual conference.
- Services and contracts are forecasted to finish 2026 below budget due to lower-than-expected legal fees. The decrease is related to the Third-Party Administrator contract review and the restatement of the Welfare Benefits Plan, which is now expected to be completed in 2027.



2027 Capital Budgets

Overview – 2027 Capital Budget

- Approximately $432.3 million in total funding planned for capital projects
  - 2027 FTA grant funds of $45.1 million for eligible projects identified
  - FRA CRISI STC grant funds of $9.3 million for eligible projects identified
  - Internal funding of $10.1 million from 2027 cash flow
  - Debt financing of $12.0 million for the acquisition of the 229 E Whitney Road building and vehicles & equipment
  - Competitive grant awards:
    - FRA CRISI grant funds of $311.3 million for Port Mackenzie Rail Extension
    - FRA FSP grant funds of $36.0 million for Bridge 284.2 Rehabilitation - Hurricane Gulch
    - MARAD BUILD grant funds of $8.5 million for Seward Freight Dock Expansion - Phase 2

Capital Program

Fund Source	Federal Share	ARRC/Other	Total
Federal Transit Administration (net of programmed items)	$ 36,047,437	$ 9,011,859	$ 45,059,296
FRA CRISI STC	7,500,000	1,875,000	9,375,000
2027 ARRC Internally Funded Projects	-	10,099,375	10,099,375
Debt Funding	-	12,000,000	12,000,000
Competitive Grant Awards			
FRA CRISI - Port Mackenzie Rail Extension	249,052,399	62,263,100 *	311,315,499
FRA FSP - Bridge 284.2 Rehabilitation – Hurricane Gulch	28,800,000	7,200,000	36,000,000
MARAD BUILD - Seward Freight Dock Expansion - Phase 2	8,489,855	-	8,489,855
Total Capital Program	**$ 329,889,691**	**$ 102,449,334**	**$ 432,339,025**

*Port Mackenzie Rail Extension match of $62,263,100 is funded from multiple sources: ARRC, AIDEA, and MSB

2027 FTA Grant Capital Budget

FTA Formula Funded Capital Program		2027
Total Funding from Formula Program	**$**	**68,434,401**
Preventive Maintenance		23,375,105
Total Programmed Items	$	23,375,105
Total Grant Funds Available for Projects	**$**	**45,059,296**
2027 Track Rehabilitation Program		28,880,000
2027 Bridge Rehabilitation Program		4,649,463
MP127.5 - Bridge Rehabilitation		2,138,986
2027 Bridge Program		2,050,000
2027 Passenger Car Rehabilitation		1,925,000
Section Ops - Healy Construction (supplemental)		1,425,000
2027 Culvert Program		1,420,000
2027 Complex Culvert Program		1,245,784
All other projects (under $500K each)		1,325,063
Total Proposed FTA Formula Fund Program	**$**	**45,059,296**

2027 FTA Grant Capital Budget

Department	Description	Category	Proposed FTA Grant Capital budget
Non-Discretionary Projects			
Passenger	Wheel Chair Lift	Non-Discretionary	$ 125,000
Continuing Programs			
MOW	2027 Track Rehabilitation Program	Continuing Programs	$ 28,880,000
Engineering	2027 Bridge Rehabilitation Program	Continuing Programs	4,649,463
Engineering	MP127.5 - Bridge Rehabilitation	Continuing Programs	2,138,986
MOW	2027 Bridge Program	Continuing Programs	2,050,000
Passenger	2027 Passenger Car Rehabilitation	Continuing Programs	1,925,000
Facilities	2027 Operations Support Facilities – Healy Construction (supplemental)	Continuing Programs	1,425,000
MOW	2027 Culvert Program	Continuing Programs	1,420,000
Engineering	2027 Complex Culvert Program	Continuing Programs	1,245,784
Communication	2027 Network Services	Continuing Programs	357,963
Technology	2027 PC Refresh	Continuing Programs	307,000
Engineering	MP 199 Flood Zone Mitigation	Continuing Programs	110,100
Strategic Business Initiatives			
Facilities	2027 Operations Support Facilities	Strategic Business Initiatives	$ 225,000
Mechanical	Wheel Lathe (supplemental)	Strategic Business Initiatives	200,000
	Total FTA Grant Funded Capital Projects		**$ 45,059,296**



Competitive Grant Awards

- **Port Mackenzie Rail Extension** **$ 311,315,499**
  - **FRA FY 2025-2026 Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program**
    - Project Scope: Project scope includes project development, final design, right-of-way acquisition, and construction of a new 32-mile rail line to connect Port Mackenzie south of Houston, Alaska, to Alaska Railroad's mainline. The project will create a new port connection to support Alaska's mineral and energy endowment.

- **Bridge 284.2 Rehabilitation – Hurricane Gulch** **$ 36,000,000**
  - **FRA FY 2024-2026 Federal-State Partnership (FSP) for Intercity Passenger Rail Program**
    - Project Scope: The project will rehabilitate the bridge to extend the bridge's life by 100 or more years. Major rehabilitation efforts include strengthening, bearing replacement, concrete substructure encasement, adding structure mounted access systems for inspection and maintenance, and slope stabilization.

- **Seward Freight Dock Expansion - Phase 2** **$ 8,489,855**
  - **FY 2026 Better Utilizing Investments to Leverage Development (BUILD) Grant, administered by the Maritime Administration (MARAD)**
    - Project Scope: The second phase of the project will widen the Port of Seward Freight Dock from approximately 200 feet at its narrowest point to a uniform width of approximately 300 feet, increasing the dock area available to accommodate freight volumes and additional vessel types.

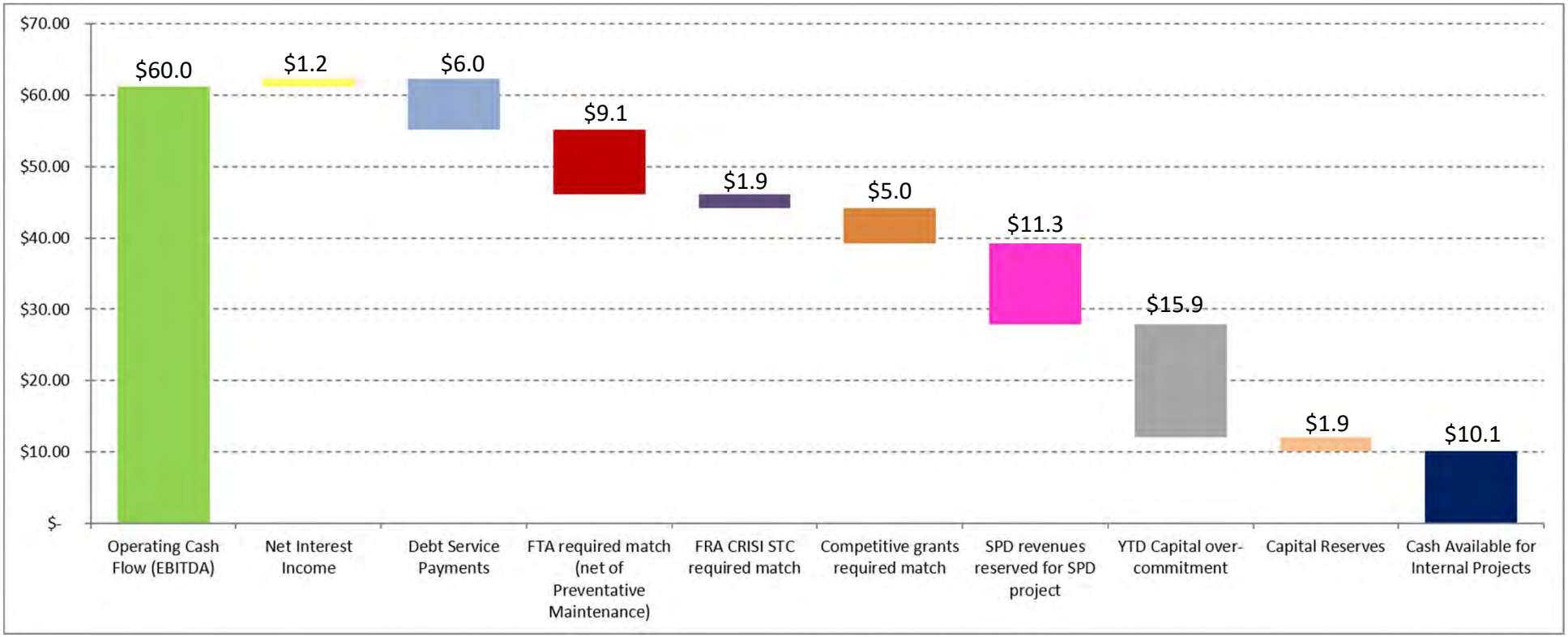
2027 FRA CRISI STC Grant Capital Budget

- **Locomotive Overhaul** **$ 4,015,610**
  - Rationale: This project funds the overhaul of select locomotives in the 40xx- and 30xx-series by swapping in overhauled engines, with each removed engine sent for overhaul so a ready-to-install engine of each type is on hand at project close. The project also installs the fleet-standard Railhead camera system. Most of the fleet is due or overdue for overhaul, and running past recommended intervals raises the risk of failures and service disruptions. Proactive overhauls cost less than leasing replacements and help keep the fleet reliable.

- **Passenger Car Rehabilitation** **$ 2,617,390**
  - Rationale: This project maintains and rehabilitates the passenger car fleet to keep equipment in a state of good repair and reduce the risk of injury to passengers, contractors, and the employees who maintain it. The program includes exterior paint and repairs, HVAC conversions, PA speaker and battery replacements, upholstery replacement, and equipment and refrigerated storage upgrades.

- **Rail Equipment** **$ 2,742,000**
  - Rationale: This project funds the purchase of a rail tamper and a ballast regulator to support track maintenance and keep assets in a state of good repair. The equipment is identified through the Multi-Year Investment Plan and reviewed with the Vehicles & Equipment Committee. New, reliable equipment supports safe operations and reduces risk exposure for employees, while delaying replacement increases maintenance downtime and capital maintenance costs as equipment ages.

2027 Internal Cash Generation for Capital Projects



($ millions)

2027 Internal Capital Budget

Department	Description	Category	Proposed Internal budget
Non-Discretionary Projects			
ATCS	PTC Vital Functions (Supplemental)	Non-Discretionary	$ 1,315,762
MOW	2027 BR 102.5 Stream Channel Stabilization	Non-Discretionary	460,000
Continuing Programs			
MOW	2027 Track Rehabilitation Program - ARRC	Continuing Programs	$ 1,300,000
Engineering	2027 Docks & Slips	Continuing Programs	1,125,000
Mechanical	2027 Locomotive Engine Overhaul Program	Continuing Programs	892,284
Real Estate & Facilities	2027 Roofing Upgrades - Bldg 26 Phase 1	Continuing Programs	800,000
Mechanical	2027 GP Overhaul Program	Continuing Programs	680,229
MOW	2027 Riprap & Drainage Maintenance	Continuing Programs	250,000
MOW	2027 Yard & Branch Improvements	Continuing Programs	250,000
MOW	2027 Avalanche & Slide Zone Risk Mitigation	Continuing Programs	249,100
Real Estate & Facilities	2027 Tenant Improvements	Continuing Programs	200,000
Security	2027 Public Transportation System Security	Continuing Programs	200,000
Technology	2027 Mobile and Web Applications	Continuing Programs	200,000
ERP	2027 Service Management and Automation	Continuing Programs	80,000
Technology	2027 Printer Refresh	Continuing Programs	60,000
Strategic Business Initiatives			
Signal	VHLC Replacements - Construction Phase	Strategic Business Initiatives	688,000
Engineering	Seward Freight Dock Anodes	Strategic Business Initiatives	650,000
Real Estate & Facilities	Seward Terminal Upgrades	Strategic Business Initiatives	250,000
Real Estate & Facilities	Whittier Terminal Office Replacement	Strategic Business Initiatives	250,000
Mechanical	Fairbanks Car Shop Equipment	Strategic Business Initiatives	199,000
	Total Internally Funded Capital Projects		**$ 10,099,375**



5-Year Operating and Capital Plans

5-Year Operating Plan

5-Year Operating Plan (in millions)

	2027	2028	2029	2030	2031
Net Operating Income	$ 8.1	$ 8.2	$ 8.4	$ 8.7	$ 9.0
Net Real Estate Income	20.4	21.2	22.1	22.8	24.3
Net Other Income	(0.4)	(0.2)	0.1	0.2	0.3
Net Income	**$ 28.1**	**$ 29.2**	**$ 30.6**	**$ 31.7**	**$ 33.6**

- The 5-year operating plan begins with annual projections of each of ARRC's Freight, Passenger, and Real Estate revenue lines based on what Marketing and Real Estate have determined from their discussions with customers

- Operating expenses are projected with adjustments for line items that do not follow predictable patterns, such as pension expense

5-Year Internal Capital Cash Generation

5-Year Internal Capital Cash Generation (in millions)

	2027	2028	2029	2030	2031
Net Income	$ 28.1	$ 29.2	$ 30.6	$ 31.7	$ 33.6
Depreciation	29.7	29.6	28.8	27.4	25.3
Less: Non cash pension/prm in net income	(3.1)	(3.1)	(3.1)	(3.1)	(3.1)
Less: SPD revenue pledged to SPD bonds	(5.6)	(5.9)	(6.6)	(7.2)	(7.8)
Less: Principal Pymts on LT Debt	(5.2)	(7.2)	(5.7)	(6.2)	(4.9)
Less: Federal Match & Capital Reserve	(16.2)	(20.5)	(20.5)	(20.6)	(20.6)
Less: YTD Capital over-commitment	(15.9)	-	-	-	-
Less: Rail Expansion Reserve	(1.7)	(1.8)	(1.8)	(1.9)	(2.0)
Total Internal Capital Available	**$ 10.1**	**$ 20.4**	**$ 21.7**	**$ 20.2**	**$ 20.5**

- The 5-year internal capital budget begins with the 5-year net income estimates, and then adjusts for non-cash items and known cash flow priorities before coming to an estimate of cash flow available for the internally funded capital budget

- The Seward Passenger Dock ("SPD") improvement fee revenues are pledged to the SPD bonds for the purpose of paying bond debt service (net of interest income and expense included in Net Income)

5-Year Capital Plan – Sources of Funding

5-Year fund sources (in millions)

Fund Source	2027	2028	2029	2030	2031	5Y Total
Federal Transit Administration Funds (net of preventative maintenance)	$ 45.1	$ 46.0	$ 46.7	$ 47.4	$ 48.1	$ 233.3
Competitive Grants	355.8	-	-	-	-	355.8
CRISI STC	9.3	-	-	-	-	9.3
Internal Cash Available for Internal Projects and Rail Expansion Reserve	10.1	20.4	21.7	20.2	20.5	92.9
Debt	12.0	5.0	5.0	5.0	5.0	32.0
Total Capital Program	**$ 432.3**	**$ 71.4**	**$ 73.4**	**$ 72.6**	**$ 73.6**	**$ 723.3**

- Other sources of funds may be added to the fund source list during this 5-year period as they become available for large projects

5-Year Capital Plan – FTA Formula Funds

FTA Formula Funded Capital Program	2027	2028	2029	2030	2031	5-Year Total
Federal Transit Administration - Funded Projects						
FTA Formula Funds	$ 68,434,401	$ 69,755,868	$ 70,802,206	$ 71,864,239	$ 72,942,202	$ 353,798,915
Total Funding From Formula Program	$ 68,434,401	$ 69,755,868	$ 70,802,206	$ 71,864,239	$ 72,942,202	$ 353,798,915
Preventive Maintenance	$ 23,375,105	$ 23,725,732	$ 24,081,618	$ 24,442,842	$ 24,809,484	$ 120,434,780
Total Programmed Items	$ 23,375,105	$ 23,725,732	$ 24,081,618	$ 24,442,842	$ 24,809,484	$ 120,434,780
Total Grant Funds Available for Projects	$ 45,059,296	$ 46,030,136	$ 46,720,588	$ 47,421,397	$ 48,132,718	$ 233,364,135
Track Rehabilitation Program	$ 28,880,000	$ 29,220,000	$ 28,278,000	$ 24,505,000	$ 22,672,000	$ 133,555,000
Bridge Rehabilitation Program	4,649,463	1,885,136	5,192,588	5,116,397	7,710,718	24,554,302
MP127.5 - Bridge Rehabilitation	2,138,986	-	-	-	-	2,138,986
Bridge Program	2,050,000	2,000,000	3,000,000	5,000,000	5,000,000	17,050,000
Passenger Car Rehabilitation	1,925,000	1,600,000	2,000,000	2,000,000	2,100,000	9,625,000
Operations Support Facilities	1,650,000	500,000	500,000	5,000,000	5,000,000	12,650,000
Culvert Program	1,420,000	2,300,000	2,350,000	2,400,000	2,450,000	10,920,000
Complex Culvert Program	1,245,784	2,000,000	2,000,000	2,000,000	2,000,000	9,245,784
Network Services	357,963	1,500,000	1,500,000	700,000	500,000	4,557,963
PC Refresh	307,000	450,000	450,000	450,000	450,000	2,107,000
Wheel Lathe (supplemental)	200,000	-	-	-	-	200,000
Wheel Chair Lift	125,000	-	-	-	-	125,000
MP 199 Flood Zone Mitigation	110,100	-	-	-	-	110,100
Retaining Wall (MP 52.3)	-	2,875,000	-	-	-	2,875,000
Transit Asset Management	-	1,300,000	1,200,000	-	-	2,500,000
TSA Security Directive	-	250,000	100,000	100,000	100,000	550,000
ROW Sight Triangle Clearing	-	150,000	150,000	150,000	150,000	600,000
Total Estimated FTA Formula Funds Program	$ 45,059,296	$ 46,030,136	$ 46,720,588	$ 47,421,397	$ 48,132,718	$ 233,364,135

5-Year Capital Plan – Competitive Grants & FRA CRISI STC

Competitive Grants	2027	2028	2029	2030	2031	5-Year Total
Port MacKenzie Rail Extension	$ 311,315,499	$ -	$ -	$ -	$ -	$ 311,315,499
Bridge Rehabilitation - Hurricane Bridge 284.2	36,000,000		-	-	-	36,000,000
Seward Freight Dock Expansion	8,489,855	-	-	-	-	8,489,855
Total Projects Funded by Competitive Grants	$ 355,805,354	$ -	$ -	$ -	$ -	$ 355,805,354

FRA CRISI STC	2027	2028	2029	2030	2031	5-Year Total
Locomotive Overhaul	$ 4,015,610	$ -	$ -	$ -	$ -	$ 4,015,610
Rail Equipment	2,742,000	-	-	-	-	2,742,000
Passenger Car Rehabilitation	2,617,390	-	-	-	-	2,617,390
Total Projects Funded by FRA CRISI STC	$ 9,375,000	$ -	$ -	$ -	$ -	$ 9,375,000

5-Year Capital Plan – Internally Funded Projects

Internal Funding	2027	2028	2029	2030	2031	5-Year Total
Non-Discretionary Projects						
PTC Vital Functions (Supplemental)	$ 1,315,762	$ -	$ -	$ -	$ -	$ 1,315,762
2027 BR 102.5 Stream Channel Stabilization	460,000	-	-	-	-	460,000
Total - Non-Discretionary Projects	**$ 1,775,762**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,775,762**
Continuing Programs						
Track Rehabilitation Program - ARRC	$ 1,300,000	$ 1,500,000	$ 1,500,000	$ 1,500,000	$ 1,500,000	$ 7,300,000
Docks & Slips	1,125,000	2,382,000	1,680,000	1,130,000	1,130,000	7,447,000
Locomotive Engine Overhaul Program	892,284	800,000	800,000	800,000	800,000	4,092,284
Roofing Upgrades	800,000	800,000	400,000	400,000	400,000	2,800,000
GP Overhaul Program	680,229	750,000	750,000	750,000	750,000	3,680,229
Riprap & Drainage Maintenance	250,000	500,000	500,000	500,000	500,000	2,250,000
Yard & Branch Improvements	250,000	500,000	500,000	500,000	500,000	2,250,000
Avalanche & Slide Zone Risk Mitigation	249,100	260,000	800,000	800,000	800,000	2,909,100
Tenant Improvements	200,000	200,000	200,000	200,000	200,000	1,000,000
Public Transportation System Security	200,000	200,000	200,000	200,000	200,000	1,000,000
Mobile and Web Applications	200,000	200,000	200,000	200,000	200,000	1,000,000
Service Management and Automation	80,000	80,000	80,000	80,000	80,000	400,000
Printer Refresh	60,000	35,000	35,000	35,000	35,000	200,000
Bridge Program - ARRC	-	6,919,000	10,030,000	9,285,000	9,455,000	35,689,000
Communications	-	500,000	500,000	500,000	500,000	2,000,000
Energy Management	-	350,000	350,000	350,000	350,000	1,400,000
Facilities General Repair	-	330,000	330,000	330,000	330,000	1,320,000
Section Improvements	-	220,000	220,000	220,000	220,000	880,000
Land And Utilities	-	75,000	75,000	75,000	75,000	300,000
Electrical Upgrades	-	70,000	70,000	70,000	70,000	280,000
Total - Continuing Programs	**$ 6,286,613**	**$ 16,671,000**	**$ 19,220,000**	**$ 17,925,000**	**$ 18,095,000**	**$ 78,197,613**

5-Year Capital Plan – Internally Funded Projects *(continued)*

Internal Funding *(continued)*	2027	2028	2029	2030	2031	5-Year Total
Strategic Business Initiatives						
VHLC Replacements - Construction Phase	$ 688,000	$ -	$ -	$ -	$ -	$ 688,000
Seward Freight Dock Anodes	650,000	-	-	-	-	650,000
Seward Terminal Upgrades	250,000	-	-	-	-	250,000
Whittier Terminal Office Replacement	250,000	-	-	-	-	250,000
Fairbanks Car Shop Equipment	199,000	-	-	-	-	199,000
ERP/TMS System Upgrades	-	1,100,000	500,000	250,000	250,000	2,100,000
Disaster Recovery Business Continuity	-	494,000	-	-	-	494,000
AI and BI Project	-	130,000	-	-	-	130,000
ARRC GIS	-	100,000	100,000	100,000	100,000	400,000
Depot Digital Signage	-	50,000	-	-	-	50,000
Rail Studio Enhancements	-	50,000	50,000	-	-	100,000
Total - Strategic Business Initiatives	**$ 2,037,000**	**$ 1,924,000**	**$ 650,000**	**$ 350,000**	**$ 350,000**	**$ 5,311,000**
Rail Expansion Initiatives						
Rail Expansion Reserve*	$ -	$ 1,760,000	$ 1,840,000	$ 1,900,000	$ 2,020,000	$ 7,520,000
Total - Rail Expansion Initiatives	**$ -**	**$ 1,760,000**	**$ 1,840,000**	**$ 1,900,000**	**$ 2,020,000**	**$ 7,520,000**
Total Internally Funded Project Requests	**$ 10,099,375**	**$ 20,355,000**	**$ 21,710,000**	**$ 20,175,000**	**$ 20,465,000**	**$ 92,804,375**
Debt	**2027**	**2028**	**2029**	**2030**	**2031**	**5-Year Total**
Vehicles and Equipment Program	$ 5,500,000	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 25,500,000
229 E Whitney Road - Building Acquisition	6,500,000	-	-	-	-	6,500,000
Total Projects Funded by Debt	$ 12,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 32,000,000
Total Capital Budget	**$ 432,339,025**	**$ 71,385,136**	**$ 73,430,588**	**$ 72,596,397**	**$ 73,597,718**	**$ 723,348,864**

**The 2027 Rail Expansion Reserve is included as part of the non-federal match for the PMRE FRA CRISI grant.*

5-Year Capital Plan – Competitive Grant Plan

Capital Projects Requiring Funding	2027	2028	2029	2030	2031	5-Year Total
Locomotives	-	12,500,000	12,500,000	12,500,000	12,500,000	50,000,000
Retaining Walls	-	-	12,000,000	12,000,000	12,000,000	36,000,000
Bridge Rehabilitation						
BR 152.1 & 152.3	15,000,000	-	-	-	-	15,000,000
Pony Trusses BR 354.0/355.2	-	35,000,000	-	-	-	35,000,000
BR 351.4	-	-	35,000,000	-	-	35,000,000
BR 264.1	-	-	-	35,000,000	-	35,000,000
BR 14.5	-	-	-	-	35,000,000	35,000,000
Whittier Barge Slip	-	-	75,000,000	-	-	75,000,000
Whittier Seawall	-	-	-	-	30,000,000	30,000,000
Rail Expansion (Livengood - Dunbar Extension)	-	-	-	1,000,000,000	-	1,000,000,000
Total Capital Projects Requiring Funding	$ 15,000,000	$ 47,500,000	$ 134,500,000	$ 1,059,500,000	$ 89,500,000	$ 1,346,000,000

- Funding has not yet been identified for these projects. Implementation will depend on securing funding through competitive federal grants or other funding or financing sources.

IX. BRIEFING ITEMS

B. Committee Reports

All Board Committee Meeting Notes are Confidential

ARRC BOARD OF DIRECTORS MEETING
EXECUTIVE SESSION AGENDA

X. NEW BUSINESS

C. Executive Session Briefings

Tuesday, November 17, 2026

1. Contracts, Claims, Litigation, Personnel and Financial Matters
2. NIP Proposal
3. Port MacKenzie Rail Extension (PMRE) Next Steps
4. 2024-2026 Performance Audit
5. Seward Passenger Dock Update
6. Business Development Report

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

X. NEW BUSINESS

D. Adoption of Consent Agenda

1. **Resolution No. 2026-15 Relating to Approval of the 2027 Capital Budget and AFE Nos. 11498, 11499, 11500, 11501, 11502, 11503, 11504, 11505, 11506, 11507, 11508, 11509, 11510, 11511, 11512, 11513, 11514, 11518**
2. **Resolution No. 2026-16 Relating to Approval of the 2027 Operating, Pension Trust and Alaska Railroad Corporation Health Care Trust Budgets**
3. **Resolution No. 2026-17 Relating to Approval of the 2027 Five-Year Capital Improvement Plan**
4. **Resolution No. 2026-18 Relating to Approval of the Restatement of the ARRC Welfare Benefits Plan**
5. **Resolution No. 2026-19 Relating to the Approval of the Restatement of the ARRC Flexible Benefits Plan**
6. **Resolution No. 2026-20 Relating to Increase in Funding for the Vital Functions Project in Support of the Positive Train Control Program (AFE No. 10675 S-6)**
7. **Resolution No. 2026-21 Relating to Increase in Funding for the Construction of Healy Operations Support Facilities (AFE No. 11410 S-1)**
8. **Resolution No. 2026-22 Relating to Locomotive Power Car Conversion Project (AFE No. 11406)**
9. **Resolution No. 2026-23 Relating to Rehabilitation of Bridge at ARRC MP 284.2 - FRA FSP (AFE No. 11516)**
10. **Resolution No. 2026-24 Relating to Seward Freight Dock Expansion – Phase 2 Build Grant FY 2026 (AFE No. 11517)**

11. **Resolution No. 2026-25 Relating to Termination of Memorandum of Understanding with Alaska Infrastructure Partners, LLC**
12. **Resolution No. 2026-26 Relating to Completion of Port MacKenzie Rail Extension Project -- FRA CRISI Grant FY 2026 (AFE No. 11515)**
13. **Resolution No. 2026-27 Relating to a Request Under AS 42.40.360 for the Transfer to the Alaska Railroad Corporation of State Land Necessary for Purposes of the Port MacKenzie Rail Extension Project**
14. **Resolution No. 2026-28 Relating to Approval of the Combined 2024-2026 Intermodal Freight Service (TOFC and COFC) Performance Audit**
15. **Resolution No. 2026-29 Relating to the Extension of the Deadline for the City of Whittier and the Alaska Railroad Corporation to Close the Purchase/Sale of Railroad Land Located in Whittier, Alaska, and to Terminate the Parties' Master Lease**
16. **Resolution No. 2026-30 Relating to the Purchase of Building Improvements Owned by Ship Creek Industrial Complex, LLC on Land Leased from ARRC and Located at 229 East Whitney Road (AFE No. 11519)**
17. **Contract No. 21389 – Northern Insulation Solutions, Inc. (Anchorage Reserve)**

Adopted:

Resolution No. 2026-15

Relating to Approval of the 2027 Capital Budget and AFE Nos. 11498, 11499, 11500, 11501, 11502, 11503, 11504, 11505, 11506, 11507, 11508, 11509, 11510, 11511, 11512, 11513, 11514, and 11518

WHEREAS, the Board of Directors of the Alaska Railroad Corporation (ARRC) is required to approve the Corporation's annual Capital Budget each fiscal year as specified in AS 42.40.120(c)(12) of the Alaska Railroad Corporation Act; and

WHEREAS, the approval to begin a capital project with an estimated cost of more than $500,000 or an estimated completion time of more than one year requires specific Board approval pursuant to AS 42.40.120(c)(13); and

WHEREAS, the Board of Directors has reviewed and discussed the proposed 2027 Capital Budget submitted by Management at its November 17, 2026 Board Meeting, which Budget is summarized on Attachment A hereto; and

WHEREAS, the Board of Directors finds that the 2027 Capital Budget is appropriate to meet the corporation's needs and responsibilities under the Alaska Railroad Corporation Act.

NOW THEREFORE BE IT RESOLVED, that the ARRC Board of Directors hereby adopts the 2027 Capital Budget as summarized on Attachment A hereto and hereby approves the commencement of the capital projects listed on Attachment A and AFE Nos. 11498, 11499, 11500, 11501, 11502, 11503, 11504, 11505, 11506, 11507, 11508, 11509, 11510, 11511, 11512, 11513, 11514, and 11518 related to said projects.

ATTACHMENT A
Resolution No. 2026-15

Project Decription	Internal	Debt	FTA	CRISI STC	Total Funding
2027 Track Rehabilitation Program	$ -	$ -	$ 28,880,000	$ -	$ 28,880,000
CEI Building Purchase	$ -	$ 6,500,000	$ -	$ -	$ 6,500,000
2027 Vehicle & Equipment Program	$ -	$ 5,500,000	$ -	$ -	$ 5,500,000
2027 Bridge Rehabilitation Program	$ -	$ -	$ 4,649,463	$ -	$ 4,649,463
Locomotive Overhaul	$ -	$ -	$ -	$ 4,015,610	$ 4,015,610
Rail Equipment	$ -	$ -	$ -	$ 2,742,000	$ 2,742,000
Passenger Car Rehabilitation	$ -	$ -	$ -	$ 2,617,390	$ 2,617,390
MP127.5 Bridge Rehabilitation	$ -	$ -	$ 2,138,986	$ -	$ 2,138,986
2027 Bridge Program	$ -	$ -	$ 2,050,000	$ -	$ 2,050,000
2027 Passenger Car Rehabilitation Program	$ -	$ -	$ 1,925,000	$ -	$ 1,925,000
2027 Operations Support Facilities - Healy Construction (supplemental)	$ -	$ -	$ 1,425,000	$ -	$ 1,425,000
2027 Culvert Program	$ -	$ -	$ 1,420,000	$ -	$ 1,420,000
PTC Vital Functions (supplemental)	$ 1,315,762	$ -	$ -	$ -	$ 1,315,762
2027 Track Rehabilitation Program	$ 1,300,000	$ -	$ -	$ -	$ 1,300,000
2027 Complex Culvert Program	$ -	$ -	$ 1,245,784	$ -	$ 1,245,784
2027 Docks & Slips	$ 1,125,000	$ -	$ -	$ -	$ 1,125,000
2027 Locomotive Overhaul Program	$ 892,284	$ -	$ -	$ -	$ 892,284
2027 Roofing Upgrades - Bldg 26 Phase 1	$ 800,000	$ -	$ -	$ -	$ 800,000
VHLC Replacements - Construction Phase	$ 688,000	$ -	$ -	$ -	$ 688,000
2027 GP Overhaul Program	$ 680,229	$ -	$ -	$ -	$ 680,229
Seward Freight Dock Anodes	$ 650,000	$ -	$ -	$ -	$ 650,000
2027 BR 102.5 Stream Channel Stabilization	$ 460,000	$ -	$ -	$ -	$ 460,000
2027 Network Services	$ -	$ -	$ 357,963	$ -	$ 357,963
2027 PC Refresh	$ -	$ -	$ 307,000	$ -	$ 307,000
2027 Riprap & Drainage Maintenance	$ 250,000	$ -	$ -	$ -	$ 250,000
2027 Yard & Branch Improvements	$ 250,000	$ -	$ -	$ -	$ 250,000
Seward Terminal Upgrades	$ 250,000	$ -	$ -	$ -	$ 250,000
Whittier Terminal Office Replacement	$ 250,000	$ -	$ -	$ -	$ 250,000
2027 Avalanche & Slide Zone Risk Mitigation	$ 249,100	$ -	$ -	$ -	$ 249,100
2027 Section Operations Facilities - Cantwell PE (supplemental)	$ -	$ -	$ 225,000	$ -	$ 225,000
Wheel Lathe (supplemental)	$ -	$ -	$ 200,000	$ -	$ 200,000
2027 Tenant Improvements	$ 200,000	$ -	$ -	$ -	$ 200,000
2027 Public Transportation System Security	$ 200,000	$ -	$ -	$ -	$ 200,000
2027 Mobile and Web Applications	$ 200,000	$ -	$ -	$ -	$ 200,000
Fairbanks Car Shop Equipment	$ 199,000	$ -	$ -	$ -	$ 199,000
Wheelchair Lifts	$ -	$ -	$ 125,000	$ -	$ 125,000
MP199 Flood Zone Mitigation - Final Design	$ -	$ -	$ 110,100	$ -	$ 110,100
2027 Service Management and Automation	$ 80,000	$ -	$ -	$ -	$ 80,000
2027 Printer Refresh	$ 60,000	$ -	$ -	$ -	$ 60,000
Total	**$ 10,099,375**	**$ 12,000,000**	**$ 45,059,296**	**$ 9,375,000**	**$ 76,533,671**

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Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE# 11498

General Information:	
AFE Title:	**2027 Track Rehabilitation Program - FTA**
Prepared By:	**Rachel Maddy**
Resp. Center (Name):	**MOW**
Resp. Center (#):	**1330**
Depreciation Center:	**1318-Maintenance Depreciation**
Line of Business:	**Corporate**

Spending Timetable:		
2027	$	28,880,000
2028	$	-
2029	$	-
2030	$	-
2031	$	-
Total	$	28,880,000

Other Information		
Useful Life (Years):		25
Annual Depreciation:	$	1,155,200
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2027	Budgeted
Total Amount	$		28,880,000
Source of Funding	ARRC (20%)	$	5,776,000
Source of Funding	FTA (80%)	$	23,104,000
Source of Funding		$	-
Grant Number			
Grant Name			

AFE History:			
		Amount	**Date Prepared**
Original AFE	$	28,880,000	08/17/26
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	28,880,000	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Rachel Maddy**	Rachel Maddy	11/4/2026
Responsible Owner:	**Lloyd Tesch**	Lloyd Tesch	11/4/2026
VP, Owner Department:	**Clark Hopp**	Clark Hopp	11/4/2026
Functional User(s):	**Lloyd Tesch**	Lloyd Tesch	11/4/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/4/2026
Grant Administration:	**Christina Isabelle**	Christina Isabelle	11/5/2026
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/4/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/4/2026
Board of Directors:	**John Shively**		

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Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE# 11498

Is this project related to health and/or safety?	Yes	If yes describe:
Adequate tie condition, regular surfacing, and rail replacement are essential to maintaining integrity of the track structure and avoiding derailments.		

Scope of Work:

Under the Tie Program, **40,000** hardwood crossties and switch ties will be installed in the main line and sidings. Additionally, 2,500 hardwood crossties and switch ties will be installed in the Suntrana Branch and Anchorage Yard. **($15,500,000)**

Under the Rail Program, **26,000'** CWR will be re-laid. The Rail Program also funds ongoing thermite welding and rail pickup from previous year's programs, as well as Rail Flaw Detection. **($11,180,000)**

In addition to the Tie and Rail Programs, the Track Rehabilitation Program includes a surfacing Program for surfacing within the districts **($3,500,000)**.

Some of the activities in the 2027 Track Rehab Program are ineligible for federal funding: Tie replacement on Suntrana Branch and Anchorage yard, and rail flaw detection. The cost of these activities is estimated to be **$1,300,000**. Thus, at a minimum, the 2027 Track Rehab Program budget request of **$30,180,000** must be funded with **$1,300,000** of ARRC internal funding.

ARRC Business Justification

Rail: Failure to replace worn rail increases the risk of rails breaking in service, increases the need for surfacing and tie replacement, and more frequently results in damaged wheels.

Ties: Replacing deteriorated ties with new wood ties is necessary to avoid gage and surface problems.

Surfacing: Surfacing reduces slow orders and improves train running times. Surfacing also results in a smoother train ride, reduced track maintenance, and reduced mechanical wear on equipment.

Rail Flaw Detection: This function is required annually by FRA.

Alternatives Considered:

None.

Preliminary Budget:

Line Description		Amount
Equipment	$	7,733,000
Labor (Fully Burdened)	$	8,107,000
Materials	$	12,310,000
Contracts	$	730,000
Other Expenses	$	-
Total	$	28,880,000

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

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Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE# 11499

General Information:	
AFE Title:	**2027 Vehicle & Equipment Program**
Prepared By:	**Pete Shortt**
Resp. Center (Name):	**Internal Service Fund**
Resp. Center (#):	**1461 & 1462**
Depreciation Center:	**1461-ISF-Vehicle Maintenance**
Line of Business:	**Corporate**

Spending Timetable:		
2027	$	3,875,000
2028	$	1,625,000
2029	$	-
2030	$	-
2031	$	-
Total	$	5,500,000

Other Information		
Useful Life (Years):		10
Annual Depreciation:	$	550,000
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2027	Budgeted
Total Amount	$		5,500,000
Source of Funding	ARRC (Debt)	$	5,500,000
Source of Funding			
Source of Funding			
Grant Number	N/A		
Grant Name	N/A		

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	5,500,000	11/03/26
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	5,500,000	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Pete Shortt**	Pete Shortt	11/6/2026
Responsible Owner:	**Rachel Maddy**	Rachel Maddy	11/6/2026
VP, Owner Department:	**Lloyd Tesch**	Lloyd Tesch	11/6/2026
Functional User(s):	**Lloyd Tesch**	Lloyd Tesch	11/6/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/9/2026
Grant Administration:	**Christina Isabelle**	**N/A**	
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/6/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/6/2026
Board of Directors:	**John Shively**		

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Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE# 11499

Is this project related to health and/or safety?	YES	If yes describe:
Replace, rehabilitate, and maintain vehicles and equipment in a state of good repair to ensure safe and functional devices and systems are in place and operational to support the intended function. Purchase new equipment to facilitate safe operations and reduce risk exposure for our employees.		

Scope of Work:

This project will provide funding to procure vehicles, equipment, and/or non-mobile (small) equipment as needed to support operations and maintenance activities of the Railroad. The project supports general capital improvements, overhauls, and repairs to existing assets.

ARRC Business Justification

ARRC requires the use of non-mobile/small equipment as well as on- and off-track vehicles and equipment to meet customer commitments and ongoing maintenance and operations requirements.

The vehicle and equipment fleet must be maintained, rehabilitated, and/or replaced to ensure that assets are in a state of good repair and available for safe use for their intended purposes.

The Fleet Manager collaborates with ARRC operations departments to update the Multi-Year Investment Plan.

The Fleet Manager then meets with the VEOC (Vehicles & Equipment Committee) to review strategy, budget, and acquisition approach. The Vehicle and Equipment Program typically requires annual funding to ensure asset needs in general operations and maintenance plans are meet. All these assets fulfill an operational need identified in the Vehicles & Equipment Multi-Year Investment Plan.

Alternatives Considered:

Do nothing alternative leaves ARRC's fleet in a state of disrepair and unable to support activities as needed. It also increases maintenance downtime, expenses, and capital maintenance costs due to increased fleet's age, wear on fleet units, and continued significant cost increases in the manufacturing environment.

Preliminary Budget:

Line Description		Amount
Equipment	$	5,196,000
Labor (Fully Burdened)	$	44,000
Materials	$	-
Contracts	$	-
Other Expenses	$	260,000
Total	$	5,500,000

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

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Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE# 11500

General Information:	
AFE Title:	**2027 Bridge 127.5 Rehab FTA**
Prepared By:	**Tyler Tubbs**
Resp. Center (Name):	**Capital Projects**
Resp. Center (#):	**2200**
Depreciation Center:	**2200-Engineering**
Line of Business:	**Engineering**

Spending Timetable:		
2027	$	2,138,986
2028	$	-
2029	$	-
2030	$	-
2031	$	-
Total	$	2,138,986

Other Information		
Useful Life (Years):		30
Annual Depreciation:	$	71,300
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2027	Budgeted
Total Amount	$		2,138,986
Source of Funding	ARRC (20%)	$	427,797
Source of Funding	FTA (80%)	$	1,711,189
Source of Funding		$	-
Grant Number			
Grant Name			

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	2,138,986	09/03/26
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	2,138,986	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Tyler Tubbs**	Tyler Tubbs	11/9/2026
Responsible Owner:	**Blake Adolfae**	Blake Adolfae	11/6/2026
VP, Owner Department:	**Brian Lindamood**		11/6/2026
Functional User(s):	**Andrew Burgess**	Andrew Burgess	11/6/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/9/2026
Grant Administration:	**Christina Isabelle**		
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/9/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/7/2026
Board of Directors:	**John Shively**		

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Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE# 11500

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

Yes, this project directly relates to the serviceability and safety of the bridge.

Scope of Work:

This project is part of ARRC's ongoing bridge rehabilitation program and includes the replacement of the existing bridge at Milepost (MP) 127.5 in Eagle River. The existing structure is a 308-foot steel bridge that is being replaced with a new 360-foot steel bridge to support long-term operational reliability, safety, and asset sustainability.

Following completion of the Federal Transit Administration (FTA) National Environmental Policy Act (NEPA) process and final design, construction activities commenced in April 2025. The project includes bridge replacement, associated track and infrastructure improvements, construction management, and project closeout activities necessary to place the new structure into service.

Current projections indicate an additional funding requirement of $7.5 million to complete the bridge replacement. ARRC currently has approximately $5.0 million in budget revision requests under FTA review, including funding anticipated through grants AK-2024-023 and AK-2025-014. The FY 2027 funding request has been reduced from $7.5 million to $2.1 million based on the anticipated use of available prior-year funds. Additional funding may be required if the related budget revisions are not approved by FTA.

Project Name	ARRC FY	AFE	Project Budget	Desc
127.5 PE & FD	2021	10944	$ 1,702,593.00	Complete
127.5 Const	2022	10964	$ 21,060,760.00	Active
	2024	11187	$ 15,677,000.00	Active
	2025	11309	$ 5,000,000.00	Active
AK-2024-023	**2026**	**12290**	**$ 1,222,014.00**	**Estimated**
AK-2025-014	**2026**	**11187 A-2**	**$ 4,139,000.00**	**Estimated**
127.5 2027	**2027**	**11500**	**$ 2,138,986.00**	**2027 Request**
BR 127.5			**$ 50,940,353.00**	

ARRC Business Justification

This work is required to maintain the safety and reliability of railroad operations. The bridge is reaching the end of its useful life span and this project will enhance the stability of the track infrastructure, protect critical state infrastructure, improve safety for the ARRC and its customers, including passengers, and maintain the integrity of the railroad.

If this aging infrastructure is not replaced, the railroad runs the risk of a catastrophic failure that would halt all mainline rail traffic. Passengers would have to be bussed to Birchwood yard to be loaded/unloaded.

Alternatives Considered:

The Engineering department has been evaluating the condition of all BR 127.5 over the past couple years. Conditions have been identified that indicated this bridge is at the end of its useful life and cannot be permanently repaired in an economic manner. There are no other reasonable alternatives.

Preliminary Budget:

Line Description	Amount
Equipment	$ 52,912
Labor (Fully Burdened)	$ 120,551
Materials	$ -
Contracts	$ 1,965,523
Other Expenses	$ -
Total	$ 2,138,986

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

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Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE# 11501

General Information:	
AFE Title:	**2027 Bridge Program - FTA**
Prepared By:	**Rachel Maddy**
Resp. Center (Name):	**MOW**
Resp. Center (#):	**1341**
Depreciation Center:	**1318-Maintenance Depreciation**
Line of Business:	**Corporate**

Spending Timetable:		
2027	$	2,050,000
2028	$	-
2029	$	-
2030	$	-
2031	$	-
Total	$	2,050,000

Other Information		
Useful Life (Years):		25
Annual Depreciation:	$	82,000
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2027	Budgeted
Total Amount	$		2,050,000
Source of Funding	ARRC (20%)	$	410,000
Source of Funding	FTA (80%)	$	1,640,000
Source of Funding		$	-
Grant Number			
Grant Name			

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	2,050,000	08/17/26
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	2,050,000	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Jake Turner**	Jake Turner	11/5/2026
Responsible Owner:	**Rachel Maddy**	Rachel Maddy	11/5/2026
VP, Owner Department:	**Clark Hopp**	Clark Hopp	11/9/2026
Functional User(s):	**Lloyd Tesch**	Lloyd Tesch	11/5/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/9/2026
Grant Administration:	**Christina Isabelle**	Christina Isabelle	11/5/2026
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/5/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/5/2026
Board of Directors:	**John Shively**		

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Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE# 11501

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

The Bridge Gang is directly responsible for implementating an ongoing program of bridge repair, rehabilitation, and improvement to address normal wear and tear on bridges as well as unexpected maintenance events. The Bridge Gang also addresses repairs, rehabilitation, and improvements to large culverts and retaining walls. This work is necessary to maintain the integrity of the infrastructure required for safe train operations.

Scope of Work:

The Bridge Gang capital program includes all planning, permitting, training, tools, materials, equipment, and labor to continue the ongoing and programmatic repair, rehabilitation, and replacement work required to keep ARRC bridges, large culverts, and retaining walls in a safe, functional state. The Bridge Gang also addresses unexpected maintenance events.

The 2027 Bridge Gang program ($5,300,000) specifically includes:
- federally eligible superstructure and tie deck work ($3,200,000*)
- bridge work ineligible for federal funding ($2,100,000**) - Note that this covers work that MUST BE INTERNALLY FUNDED

*The overall 2027 federal bridge program has been reduced by $1,150,000. This amount is expected to be covered by carrying forward 2025 FTA funding.

**The overall 2027 internal bridge program has been reduced by $2,100,000. This amount is expected to be covered by carrying forward 2026 internal funding.

ARRC Business Justification

A consistently supported bridge rehabilitation and improvement program allows ARRC to maintain the structural integrity of system bridges, support consistent or increasing track speeds, and improve the corporation's ability to meet customer needs in a timely manner.

Failure to support an ongoing bridge program compromises the integrity of the track infrastructure. The timing and cost of derailments or catastrophic failure, including the resulting revenue losses, are difficult to estimate. Short of these types of incidents, lost revenue would be due to declining track speeds and slower trains, as the quality of bridge structures degrades to the point that they could not safely support the greater speeds.

Alternatives Considered:

None

Preliminary Budget:

Line Description	Amount
Equipment	$ -
Labor (Fully Burdened)	$ 2,050,000
Materials	$ -
Contracts	$ -
Other Expenses	$ -
Total	$ 2,050,000

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

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Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE# 11502

General Information:	
AFE Title:	**2027 Passenger Car Rehabilitation Program - FTA**
Prepared By:	**Cody Lourie**
Resp. Center (Name):	**Passenger Car Shop**
Resp. Center (#):	**1243**
Depreciation Center:	**1243-Passenger Car Repair**
Line of Business:	**Corporate**

Spending Timetable:		
2027	$	845,000
2028	$	1,080,000
2029	$	-
2030	$	-
2031	$	-
Total	$	1,925,000

Other Information		
Useful Life (Years):		25
Annual Depreciation:	$	77,000
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2027	Budgeted
Total Amount	$		1,925,000
Source of Funding	ARRC (20%)	$	385,000
Source of Funding	FTA (80%)	$	1,540,000
Source of Funding		$	-
Grant Number	TBD		
Grant Name	TBD		

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	1,925,000	10/22/26
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	1,925,000	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Cody Lourie**	Cody Lourie	11/9/2026
Responsible Owner:	**Mark Baehm**	Mark Baehm	11/9/2026
VP, Owner Department:	**Lloyd Tesch**	Lloyd Tesch	11/8/2026
Functional User(s):	**John Simmons**		11/9/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/9/2026
Grant Administration:	**Christina Isabelle**		
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/9/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/8/2026
Board of Directors:	**John Shively**		

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Alaska Railroad Corporation

Authorization for Expenditure Form

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AFE# 11502

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

The ARRC may face the risk of minor or major injury to a passenger or employee if maintenance items are not corrected and equipment is allowed to fall out of a state of good repair. The ARRC's Passenger capital team is focused on capital investments that reduce risk to passengers as well as contractors and ARRC employees charged with maintaining the equipment.

Scope of Work:

The program includes the 40-year rebuild of truck sets on ARR 208 and 401, exterior paint and repairs of ARR 103 and 651, HVAC system conversion on ARR 451, dishwasher replacement in two Goldstar cars, 25-year galley replacement in ARR 651, 10-year interior overhauls in ARR 201, lavatory subfloor replacement in ARR 207, interior upkeep items in ARR 651 and 653, PA speaker replacements in ARR 651-654, and battery replacements in ARR 201 and 202.

ARRC Business Justification

The rolling 5-year rehabilitation plan is developed jointly by the Marketing and Sales Department, the Mechanical Department, and the Project Manager to ensure it remains complete and prioritized on an ongoing basis. This program maintains, rehabilitates, and replenishes ARRC passenger car assets. All investments are focused on providing materials that meet the customer needs, provide longevity and extended replacement cycle periods.

Funding is requested in accordance with the rolling 5-year rehabilitation plan and is consistent with 20 year Transit Asset Management (TAM) prioritization based on equipment condition assessments. The scope of the work may change based on work reprioritization.

Alternatives Considered:

None. Continuing capital rehabilitation ensures that passenger rolling stock is safe and in good operating condition to support passenger rail services.

Preliminary Budget:

Line Description		Amount
Equipment	$	16,000
Labor (Fully Burdened)	$	279,000
Materials	$	82,000
Contracts	$	1,373,000
Other Expenses	$	175,000
Total	$	1,925,000

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

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Alaska Railroad Corporation

Authorization for Expenditure Form

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AFE# 11503

General Information:	
AFE Title:	**2027 Bridge Rehabilitation Program - FTA**
Prepared By:	**Breanna Byrd**
Resp. Center (Name):	**Engineering**
Resp. Center (#):	**2200**
Depreciation Center:	**2200-Engineering**
Line of Business:	**Engineering**

Spending Timetable:		
2027	$	4,649,463
2028	$	-
2029	$	-
2030	$	-
2031	$	-
Total	$	4,649,463

Other Information		
Useful Life (Years):		5
Annual Depreciation:	$	929,893
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2027	Budgeted
Total Amount	$		4,649,463
Source of Funding	ARRC (20%)	$	929,893
Source of Funding	FTA (80%)	$	3,719,570
Source of Funding		$	-
Grant Number	TBD		
Grant Name	TBD		

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	4,649,463	
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	4,649,463	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Tyler Tubbs Gabriel Thomas Sean Mesloh**	Tyler Tubbs 11/6/2026 Sean Mesloh 11/6/2026	11/6/2026
Responsible Owner:	**Blake Adolfae**	Blake Adolfae	11/6/2026
VP, Owner Department:	**Brian Lindamood**		11/6/2026
Functional User(s):	**Andrew Burgess**	Andrew Burgess	11/6/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/9/2026
Grant Administration:	**Christina Isabelle**		
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/6/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/6/2026
Board of Directors:	**John Shively**		

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Alaska Railroad Corporation

Authorization for Expenditure Form

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AFE# 11503

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

The Alaska Railroad operates over the oldest transportation infrastructure in the State. Large scale and timely capital rehabilitation, repair, and replacement of this vital infrastructure are necessary for the reliability and overall safety of train operations. This project is an element of an ongoing bridge rehabilitation and replacement program needed to combat the steady degradation of bridge structures. This project is essential for reliable and safe train operations and maintaining the integrity of the rail system.

Scope of Work:

The project scope supports the replacement and/or rehabilitation of the bridge infrastructure eligible for federal funds. Specifically, funding addresses the engineering, design, permitting and environmental analysis of bridges at mileposts 3.0, 152.1, 152.3, 199.0, 207.8, 210.7, 319.7 and construction at milepost 467.8.

ARRC Business Justification

Location	Total
3.0	$258,363
152.1	$251,473
152.3	$215,910
199.0	$400,000
207.8	$84,638
210.7	$285,000
319.7	$279,079
467.8	$2,875,000
Total:	$4,649,463

Alternatives Considered:

Doing nothing is not an option. As these legacy bridge structures continues to age, ARRC experiences increased maintenance costs and faces eventual failure of the bridge structures.

Preliminary Budget:

Line Description	Amount
Equipment	$ -
Labor (Fully Burdened)	$ 325,462
Materials	$ 139,484
Contracts	$ 4,184,517
Other Expenses	$ -
Total	$ 4,649,463

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

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Alaska Railroad Corporation

Authorization for Expenditure Form

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AFE# 11504

General Information:	
AFE Title:	**2027 Culvert Program - FTA**
Prepared By:	**Rachel Maddy**
Resp. Center (Name):	**MOW**
Resp. Center (#):	**1330**
Depreciation Center:	**1318-Maintenance Depreciation**
Line of Business:	**Corporate**

Spending Timetable:		
2027	$	1,420,000
2028	$	-
2029	$	-
2030	$	-
2031	$	-
Total	$	1,420,000

Other Information		
Useful Life (Years):		25
Annual Depreciation:	$	56,800
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2027	Budgeted
Total Amount	$		1,420,000
Source of Funding	ARRC (20%)	$	284,000
Source of Funding	FTA (80%)	$	1,136,000
Source of Funding		$	-
Grant Number	TBD		
Grant Name	TBD		

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	1,420,000	08/17/26
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	1,420,000	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Rachel Maddy**	Rachel Maddy	11/5/2026
Responsible Owner:	**Lloyd Tesch**	Lloyd Tesch	11/5/2026
VP, Owner Department:	**Clark Hopp**	Clark Hopp	11/9/2026
Functional User(s):	**Lloyd Tesch**	Lloyd Tesch	11/5/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/9/2026
Grant Administration:	**Christina Isabelle**		
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/5/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/5/2026
Board of Directors:	**John Shively**		

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Authorization for Expenditure Form

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AFE# 11504

Is this project related to health and/or safety?	**Yes**	**If yes describe:**
The culvert program is charged with inspection, maintenance, improvement, and replacement of worn, damaged, and failing drainage features throughout the rail belt. Drainage features such as culverts and ditches are critical infrastructure items that carry water way from the roadbed, preventing saturation, degradation, and washout.		

Scope of Work:

The culvert program includes design, permitting, material procurement, mobilization, site work, and demobilization required to rehabilitate and/or replace 15 culverts in 2027. ($1,420,000).

ARRC Business Justification

Drainage features such as culverts and ditches are critical to track integrity. Generally, the useful life of a standard culvert in optimal conditions is about 40 years. Replacement, rehabilitation, and maintenance of culverts should happen on a regular programmatic basis to maintain the integrity of the track structure and minimize the risk of culvert failure / track structure failure, thereby reducing costs associated with unexpected washouts and increased transport time due to slow orders.

Alternatives Considered:

None

Preliminary Budget:

Line Description	**Amount**
Equipment	$ 420,000
Labor (Fully Burdened)	$ 525,000
Materials	$ 475,000
Contracts	$ -
Other Expenses	$ -
Total	$ 1,420,000

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

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AFE# 11505

General Information:	
AFE Title:	**2027 Complex Culvert Program**
Prepared By:	**Gabriel Thomas**
Resp. Center (Name):	**Capital Projects**
Resp. Center (#):	**2200**
Depreciation Center:	**2200-Engineering**
Line of Business:	**Engineering**

Spending Timetable:		
2027	$	934,338
2028	$	311,446
2029	$	-
2030	$	-
2031	$	-
Total	$	1,245,784

Other Information		
Useful Life (Years):		25
Annual Depreciation:	$	49,831
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2027	Budgeted
Total Amount	$		1,245,784
Source of Funding	ARRC (20%)	$	249,157
Source of Funding	FTA (80%)	$	996,627
Source of Funding		$	-
Grant Number	TBD		
Grant Name	TBD		

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	1,245,784	06/11/26
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	1,245,784	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Gabriel Thomas**		11/6/2026
Responsible Owner:	**Blake Adolfae**	Blake Adolfae	11/6/2026
VP, Owner Department:	**Brian Lindamood**		11/6/2026
Functional User(s):	**Lloyd Tesch**	Lloyd Tesch	11/6/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/9/2026
Grant Administration:	**Christina Isabelle**		
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/6/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/6/2026
Board of Directors:	**John Shively**		

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AFE# 11505

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

Culvert rehabilitation is essential for ensuring track safety. Potential track issues resulting from failing culverts include:

1. In-Track Sinkholes
2. Embankment Failures & Washouts
3. Saturated railbed & associated frost heaving and localized settlement

Proper assessment, prioritization, and rehabilitation of culverts will provide for long-term track safety improvements that will reduce ARRC's exposure to lost time, lost productivity, train derailments, property damage and environmental hazards.

Scope of Work:

The 2027 Complex Culvert Program intends to perform construction at culverts located at MP225.97 and MP147.1. Project specific information about the construction of these culverts can be found below.

MP210.7: Provide the necessary funding to complete the full project scope, including replacement of the culverts beneath the ARRC depot driveway and the mainline tracks at MP225.97, near Talkeetna. Construction will incorporate fish passage requirements for both culverts, including embedding gravel substrate within the pipes.

MP147.1: This Project will abandon the failing 72 in-diameter equalization culvert which does not connect directly to a body of water at MP 147.1 by filling the existing corrugated metal pipe (CMP) culvert with flowable fill.

Project Name	AFE	Project Budget
MP 147.1 Construction	TBD	454,799.00
MP 225.97 Construction	TBD	790,985.00
2027 Complex Culvert Program Total:		**1,245,784.00**

ARRC Business Justification

The focus of the Complex Culvert Program is to repair and replace inadequate or failing culverts. If this work is not performed, these culverts can fail, causing the roadbed to wash away or the tracks to become impassable. If the mainline is damaged and taken out of service, critical revenue will be lost. Damaged roadbeds may cause an unexpected train derailment resulting in property damage and endangering the lives of those involved in the incident. Additionally, there is a much higher cost associated with reactively replacing failed embankments and culverts. Poor weather conditions, lack of personnel / equipment availability, and strict time constraints may not only reduce the quality of the repair, but also increase the overall replacement cost. Preventively maintaining and replacing necessary culverts prior to their inevitable failure, will ensure greater track safety and service reliability for ARRC's customer needs, all while also reducing ARRC liabilities and ongoing maintenance cost.

Alternatives Considered:

Alternatives to the proposed project include items that are already performed in the field, such as maintenance. However, maintenance has limited reach and cannot properly address the structurally compromised culverts, or improve their capacity or functionality. Culverts identified herein are in need of total rehabilitation and replacement moving forward.

Preliminary Budget:

Line Description		Amount
Equipment	$	4,279
Labor (Fully Burdened)	$	73,350
Materials	$	-
Contracts	$	1,168,155
Other Expenses	$	-
Total	$	1,245,784

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

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Alaska Railroad Corporation

Authorization for Expenditure Form

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AFE# 11506

General Information:	
AFE Title:	**2027 Locomotive Overhaul Project - CRISI STC**
Prepared By:	**Jesse Moose**
Resp. Center (Name):	**Mechanical**
Resp. Center (#):	**1225**
Depreciation Center:	**1225-Locomotive Repair**
Line of Business:	**Transportation/Mechanical**

Spending Timetable:		
2027	$	4,015,610
2028	$	-
2029	$	-
2030	$	-
2031	$	-
Total	$	4,015,610

Other Information		
Useful Life (Years):		5
Annual Depreciation:	$	803,122
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2027	Budgeted
Total Amount	$		4,015,610
Source of Funding	CRISI STC (80%)	$	3,212,488
Source of Funding	ARRC (20%)	$	803,122
Source of Funding		$	-
Grant Number			
Grant Name			

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	4,015,610	
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	4,015,610	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Jesse Moose**	Jesse Moose	11/9/2026
Responsible Owner:	**Stephen Hupe**	Stephen Hupe	11/9/2026
VP, Owner Department:	**Lloyd Tesch**	Lloyd Tesch	11/8/2026
Functional User(s):	**Stephen Hupe**	Stephen Hupe	11/9/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/9/2026
Grant Administration:	**Christina Isabelle**		
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/9/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/8/2026
Board of Directors:	**John Shively**		

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AFE# 11506

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

This project supports the safe operation of trains across the AKRR system and helps protect employees by reducing the risk of unplanned shutdowns.

Scope of Work:

This project involves the overhaul of two 40xx-series locomotives and two 30xx-series locomotives. As budgeted, ARRC will purchase a Running Take-Out (RTO) engine (for the 30xx series) and have it overhauled by an outside vendor on a UTEX or Repair/Return basis. The overhauled engine will be installed in s locomotive of the appropriate series. For the 40xx series locomotives, the extra engine, previously purchased and rehabilitated, will be utilized.

The removed engine will then be sent for overhaul and prepared for installation in the next locomotive.

This project also includes the installation of our fleet standard Railhead locomotive camera system.

At the conclusion of the project, an additional engine of each type will be positioned on the shop floor and ready for installation.

ARRC Business Justification

ARRC locomotives form a critical backbone of the railroad and are essential to maintaining reliable passenger and freight service. Currently, a majority of the railroad's locomotive fleet is due or overdue for overhaul. Operating locomotives beyond their recommended overhaul intervals increases the risk of unplanned failures and service disruptions, jeopardizing our commitments to both passenger and freight customers.

Leasing additional locomotives to supplement the fleet is an expensive alternative, with costs of approximately $650 per locomotive per day. Proactive overhauls provide a more cost-effective approach to maintaining fleet availability and reliability while reducing the risk of catastrophic engine failures, which can result in significantly higher repair costs and extended periods of downtime.

Continuing the overhaul program will help maintain the fleet in a state of good repair, improve reliability, and reduce the risk and cost of unplanned locomotive outages.

Alternatives Considered:

There are no other viable alternatives.

Preliminary Budget:

Line Description		Amount
Equipment	$	41,251
Labor (Fully Burdened)	$	371,255
Materials	$	17,442
Contracts	$	3,585,662
Other Expenses	$	-
Total	$	4,015,610

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

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Alaska Railroad Corporation

Authorization for Expenditure Form

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AFE# 11507

General Information:	
AFE Title:	**Passenger Car Rehabilitation - CRISI STC**
Prepared By:	**Cody Lourie**
Resp. Center (Name):	**Passenger Car Shop**
Resp. Center (#):	**1243**
Depreciation Center:	**1243-Passenger Car Repair**
Line of Business:	**Corporate**

Spending Timetable:		
2027	$	169,000
2028	$	700,097
2029	$	613,348
2030	$	632,097
2031	$	502,848
Total	$	2,617,390

Other Information		
Useful Life (Years):		25
Annual Depreciation:	$	104,696
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2027	Budgeted
Total Amount	$		2,617,390
Source of Funding	CRISI STC (80%)	$	2,093,912
Source of Funding	ARRC (20%)	$	523,478
Source of Funding		$	-
Grant Number			
Grant Name			

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	2,617,390	10/29/26
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	2,617,390	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Cody Lourie**	Cody Lourie	11/6/2026
Responsible Owner:	**Mark Baehm**	Mark Baehm	11/9/2026
VP, Owner Department:	**Lloyd Tesch**	Lloyd Tesch	11/6/2026
Functional User(s):	**John Simmons**		11/6/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/9/2026
Grant Administration:	**Christina Isabelle**		
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/6/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/6/2026
Board of Directors:	**John Shively**		

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AFE# 11507

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

The ARRC may face the risk of minor or major injury to a passenger or employee if maintenance items are not corrected and equipment is allowed to fall out of a state of good repair. The ARRC Passenger capital team is focused on capital investments that reduce risk to passengers, contractors, and ARRC employees charged with maintaining the equipment.

Scope of Work:

The passenger car rehabilitation program includes:

Exterior paint, repairs and HVAC conversion, galley equipment replacement, and galley and lavatory subfloor replacement in ARR 554.

Exterior paint, repairs, galley equipment replacement, passenger seat upholstery replacement and carpet replacement in ARR 555, 556, and 557.

ARRC Business Justification

The rolling 5-year rehabilitation plan is developed jointly by the Marketing and Sales Department, the Mechanical Department, and the Project Manager to ensure it remains complete and prioritized on an ongoing basis. This program maintains, rehabilitates and replenishes ARRC passenger car assets. All investments are focused on providing materials that meet the customers needs, provide longevity and extended replacement cycle periods.

Funding is requested in accordance with the rolling 5-year rehabilitation plan and is consistent with 20 year TAM prioritization based on equipment condition assessments. The scope of the work may change based on work reprioritization.

Alternatives Considered:

None. Continuing capital maintenance ensures that passenger rolling stock is safe and in good operating condition to support passenger rail services.

Preliminary Budget:

Line Description	Amount
Equipment	$ 145,000
Labor (Fully Burdened)	$ 260,000
Materials	
Contracts	$ 2,212,390
Other Expenses	
Total	$ 2,617,390

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

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Alaska Railroad Corporation

Authorization for Expenditure Form

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AFE# 11508

General Information:	
AFE Title:	**2027 GP Overhaul Program**
Prepared By:	**Jesse Moose**
Resp. Center (Name):	**Mechanical**
Resp. Center (#):	**1225**
Depreciation Center:	**1225-Locomotive Repair**
Line of Business:	**Transportation/Mechanical**

Spending Timetable:		
2027	$	680,229
2028	$	-
2029	$	-
2030	$	-
2031	$	-
Total	$	680,229

Other Information		
Useful Life (Years):		5
Annual Depreciation:	$	136,046
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2027 Budgeted	
Total Amount	$		680,229
Source of Funding	ARRC	$	680,229
Source of Funding		$	-
Source of Funding		$	-
Grant Number	N/A		
Grant Name	N/A		

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	680,229	11/02/26
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	680,229	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Jesse Moose**	Jesse Moose	11/6/2026
Responsible Owner:	**Stephen Hupe**	Stephen Hupe	11/6/2026
VP, Owner Department:	**Lloyd Tesch**	Lloyd Tesch	11/5/2026
Functional User(s):	**Stephen Hupe**	Stephen Hupe	11/6/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/9/2026
Grant Administration:	**Christina Isabelle**	**N/A**	
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/5/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/5/2026
Board of Directors:	**John Shively**		

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Alaska Railroad Corporation

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AFE# 11508

Is this project related to health and/or safety?	Yes	If yes describe:
This project overhauls the locomotive engine assuring the safe transit of trains over the system.		

Scope of Work:

This project provides for the overhaul of an engine within our GP fleet. To minimize locomotive downtime, we propose having an outside contractor overhaul the engine from locomotive 2007 (now 1776) in advance, so that a replacement engine is ready for installation when needed. This approach is consistent with our strategy for the SD70MAC fleet. We propose removing the engine from the locomotive and replacing it with our overhauled engine.

This project also includes the install of our fleet standard Railhead Locomotive camera system.

At the conclusion of the project, an additional engine will be positioned on the shop floor and ready for machining and overhaul, providing a continuous supply of engines to support the ongoing GP series locomotive overhaul program.

ARRC Business Justification

The GP fleet is critical to the safe and efficient movement of passengers and freight across the rail system. The majority of these locomotives are currently due or overdue for overhaul. To maintain the fleet in a safe, reliable, and serviceable condition—and to preserve our state of good repair—these locomotives must undergo the necessary overhauls.

Alternatives Considered:

NONE

Preliminary Budget:

Line Description		Amount
Equipment	$	46,137
Labor (Fully Burdened)	$	415,235
Materials	$	1,863
Contracts	$	216,994
Other Expenses	$	-
Total	$	680,229

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

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Alaska Railroad Corporation

Authorization for Expenditure Form

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AFE# 11509

General Information:	
AFE Title:	**2027 Track Rehabilitation Program - ARRC**
Prepared By:	**Rachel Maddy**
Resp. Center (Name):	**MOW**
Resp. Center (#):	**1330**
Depreciation Center:	**1318-Maintenance Depreciation**
Line of Business:	**Corporate**

Spending Timetable:		
2027	$	1,300,000
2028	$	-
2029	$	-
2030	$	-
2031	$	-
Total	$	1,300,000

Other Information		
Useful Life (Years):		25
Annual Depreciation:	$	52,000
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2027 Budgeted	
Total Amount	$		1,300,000
Source of Funding	ARRC (100%)	$	1,300,000
Source of Funding		$	-
Source of Funding		$	-
Grant Number			
Grant Name			

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	1,300,000	08/17/26
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	1,300,000	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Rachel Maddy**	Rachel Maddy	11/4/2026
Responsible Owner:	**Lloyd Tesch**	Lloyd Tesch	11/4/2026
VP, Owner Department:	**Clark Hopp**	Clark Hopp	11/4/2026
Functional User(s):	**Lloyd Tesch**	Lloyd Tesch	11/4/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/4/2026
Grant Administration:	**Christina Isabelle**	**n/a**	
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/6/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/4/2026
Board of Directors:	**John Shively**		

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AFE# 11509

Is this project related to health and/or safety?	Yes	If yes describe:
Adequate tie condition, regular surfacing, and rail replacement are essential to maintaining integrity of the track structure and avoiding derailments.		

Scope of Work:

Under the Tie Program, **40,000** hardwood crossties and switch ties will be installed in the mainline and sidings. Additionally, 2,500 hardwood crossties and switch ties will be installed in the Suntrana Branch and Anchorage Yard. **($15,500,000)**

Under the Rail Program, **26,000'** CWR will be re-laid. The Rail Program also funds ongoing thermite welding and rail pickup from previous year's programs, as well as Rail Flaw Detection. **($11,180,000)**

In addition to the Tie and Rail Programs, the Track Rehabilitation Program includes a surfacing Program for surfacing within the districts **($3,500,000)**.

Some of the activities in the 2027 Track Rehab Program are ineligible for federal funding: Tie replacement on Suntrana Branch and Anchorage yard, and rail flaw detection. The cost of these activities is estimated to be **$1,300,000**. Thus, at a minimum, the 2027 Track Rehab Program budget request of **$30,180,000** must be funded with **$1,300,000** of ARRC internal funding.

ARRC Business Justification

Rail: Failure to replace worn rail increases the risk of rails breaking in service, increases the need for surfacing and tie replacement, and more frequently results in damaged wheels.

Ties: Replacing deteriorated ties with new wood ties is necessary to avoid gage and surface problems.

Surfacing: Surfacing reduces slow orders and improves train running times. Surfacing also results in a smoother train ride, reduced track maintenance, and reduced mechanical wear on equipment.

Rail Flaw Detection: This function is required annually by FRA.

Alternatives Considered:

None.

Preliminary Budget:

Line Description		Amount
Equipment	$	325,000
Labor (Fully Burdened)	$	310,000
Materials	$	465,000
Contracts	$	200,000
Other Expenses	$	-
Total	$	1,300,000

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

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Alaska Railroad Corporation

Authorization for Expenditure Form

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AFE# 11510

General Information:	
AFE Title:	**2027 Docks and Slips Program**
Prepared By:	**Elizabeth Greer**
Resp. Center (Name):	**Project Management**
Resp. Center (#):	**8910**
Depreciation Center:	**8910-Dock Ops & Maintenance**
Line of Business:	**Corporate**

Spending Timetable:		
2027	$	1,125,000
2028	$	-
2029	$	-
2030	$	-
2031	$	-
Total	$	1,125,000

Other Information		
Useful Life (Years):		5
Annual Depreciation:	$	225,000
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2027	Budgeted
Total Amount	$		1,125,000
Source of Funding	ARRC (100%)	$	1,125,000
Source of Funding		$	-
Source of Funding		$	-
Grant Number	N/A		
Grant Name	N/A		

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	1,125,000	09/22/26
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	1,125,000	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Elizabeth Greer**	Elizabeth Greer	11/5/2026
Responsible Owner:	**Andrew Gallagher**	Andrew Gallagher	11/9/2026
VP, Owner Department:	**Brian Lindamood**		11/5/2026
Functional User(s):	**Shane Maloney**	Shane Maloney	11/6/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/9/2026
Grant Administration:	**Christina Isabelle**	**N/A**	
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/5/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/5/2026
Board of Directors:	**John Shively**		

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AFE# 11510

Is this project related to health and/or safety?	Yes	If yes describe:
The annual docks and slips program keeps our marine assets in functional condition.		

Scope of Work:

This project continues the multi-year program of on-going capital for docks and slips maintained by ARRC. This year's Program is anticipated to include capital maintenance projects as identified on the annual prioritized plan to address critical work system-wide.

The planned work for 2027's program includes annual PM and ARRC staff, scheduled inspections, and allowances for unanticipated repairs. Work Specific to 2027 includes Whittier Marine Terminal repairs.

ARRC Business Justification

A consistently supported docks and slips rehabilitation and improvement program allows ARRC to maintain the structural integrity of marine assets, and improve the corporation's ability to meet customer needs in a timely manner.

Alternatives Considered:

There are no known alternatives to basic capital maintenance. Facilities require various levels of maintenance. New facilities can be designed and constructed for lower maintenance levels, however, existing assets have less opportunity to improve durability and maintenance levels. The primary driver for many of the facilities is corrosion; not wear from use.

Preliminary Budget:

Line Description	Amount
Equipment	$ -
Labor (Fully Burdened)	$ 150,000
Materials	$ -
Contracts	$ 900,000
Other Expenses	$ 75,000
Total	$ 1,125,000

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

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Authorization for Expenditure Form

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AFE# 11511

General Information:	
AFE Title:	**2027 SD-70 MAC Locomotive Overhaul**
Prepared By:	**Jesse Moose**
Resp. Center (Name):	**Mechanical**
Resp. Center (#):	**1225**
Depreciation Center:	**1225-Locomotive Repair**
Line of Business:	**Transportation/Mechanical**

Spending Timetable:		
2027	$	892,284
2028	$	-
2029	$	-
2030	$	-
2031	$	-
Total	$	892,284

Other Information		
Useful Life (Years):		5
Annual Depreciation:	$	178,457
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2027 Budgeted	
Total Amount	$		892,284
Source of Funding	ARRC	$	892,284
Source of Funding		$	-
Source of Funding		$	-
Grant Number	N/A		
Grant Name	N/A		

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	892,284	11/02/26
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	892,284	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Jesse Moose**	Jesse Moose	11/6/2026
Responsible Owner:	**Stephen Hupe**	Stephen Hupe	11/6/2026
VP, Owner Department:	**Lloyd Tesch**	Lloyd Tesch	11/6/2026
Functional User(s):	**Stephen Hupe**	Stephen Hupe	11/6/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/9/2026
Grant Administration:	**Christina Isabelle**	**N/A**	
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/6/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/6/2026
Board of Directors:	**John Shively**		

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Alaska Railroad Corporation

Authorization for Expenditure Form

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AFE# 11511

Is this project related to health and/or safety?	YES	If yes describe:
This project supports the safe operation of trains across the AKRR system and helps protect employees by reducing the risk of unplanned shutdowns.		

Scope of Work:

This project involves the overhaul of one 40xx-series locomotive. As budgeted, ARRC will purchase a Running Take-Out (RTO) engine and have it overhauled by an outside vendor on a UTEX or Repair/Return basis. The overhauled engine will be installed in one of our 40xx-series locomotives.

This project also includes the installation of our fleet standard Railhead locomotive camera system.

At the conclusion of the project, an additional engine will be positioned on the shop floor and ready for overhaul, providing a continuous supply of engines to support the ongoing 40xx-series locomotive overhaul program.

The scope includes the purchase of a spreader bar for lifting locomotive engines.

ARRC Business Justification

ARRC locomotives form a critical backbone of the railroad and are essential to maintaining reliable passenger and freight service. Currently, most locomotives in the railroad's fleet are due or overdue for overhaul. Operating locomotives beyond their recommended overhaul intervals increases the risk of unplanned failures and service disruptions, jeopardizing our commitments to both passenger and freight customers.

Leasing additional locomotives to supplement the fleet is an expensive alternative, with costs of approximately $650 per locomotive per day. Proactive overhauls provide a more cost-effective approach to maintaining fleet availability and reliability while reducing the risk of catastrophic engine failures, which can result in significantly higher repair costs and extended periods of downtime.

Continuing the overhaul program will help maintain the fleet in a state of good repair, improve reliability, and reduce the risk and cost of unplanned locomotive outages.

Alternatives Considered:

There are no other viable alternatives.

Preliminary Budget:

Line Description	Amount
Equipment	$ 9,089
Labor (Fully Burdened)	$ 81,797
Materials	$ 3,879
Contracts	$ 797,519
Other Expenses	$ -
Total	$ 892,284

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

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Alaska Railroad Corporation

Authorization for Expenditure Form

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AFE# 11512

General Information:	
AFE Title:	**Roofing Upgrades Bldg 26 Phase 1**
Prepared By:	**Adam Godfrey**
Resp. Center (Name):	**Facilities/Real Estate**
Resp. Center (#):	**1840**
Depreciation Center:	**1840-Shops/Warehouses**
Line of Business:	**Corporate**

Spending Timetable:		
2027	$	800,000
2028	$	-
2029	$	-
2030	$	-
2031	$	-
Total	$	800,000

Other Information		
Useful Life (Years):		5
Annual Depreciation:	$	160,000
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2027	Budgeted
Total Amount	$		800,000
Source of Funding	ARRC	$	800,000
Source of Funding		$	-
Source of Funding		$	-
Grant Number	N/A		
Grant Name	N/A		

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	800,000	11/02/26
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	800,000	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Jesse Moose**	Jesse Moose	11/6/2026
Responsible Owner:	**Shane Maloney**	Shane Maloney	11/6/2026
VP, Owner Department:	**Christy Terry**	Christy Terry	11/6/2026
Functional User(s):	**Shane Maloney**	Shane Maloney	11/6/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/9/2026
Grant Administration:	**Christina Isabelle**	**N/A**	
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/6/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/6/2026
Board of Directors:	**John Shively**		

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AFE# 11512

Is this project related to health and/or safety?	No	If yes describe:

Scope of Work:

This joint, ongoing project replaces and renovates roofs. In 2027, we plan to replace the north portion of the Heavy Equipment Repair Shop roof, and in 2028, the south portion. The roof has leaked repeatedly, and its membrane is blistering. Repairing it now will avoid the added cost of replacing water-damaged structural material.

ARRC Business Justification

This ongoing, multi-year project replaces and renovates roofs. Many ARRC facilities are old, and their roofs endure heavy wear. Over the past few years, the program has successfully identified and rehabilitated failing roofs, reducing the cost of patching and replacing structural material. We plan to replace the north portion of the Heavy Equipment Repair Shop roof in 2027 and the south portion in 2028. The roof has leaked repeatedly, and its membrane is blistering. Repairing it now will avoid the added cost of replacing water-damaged structural material.

Alternatives Considered:

Preliminary Budget:

Line Description	Amount
Equipment	$ -
Labor (Fully Burdened)	$ 10,000
Materials	$ -
Contracts	$ 790,000
Other Expenses	$ -
Total	$ 800,000

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

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Authorization for Expenditure Form

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AFE# 11513

General Information:	
AFE Title:	**Seward Freight Dock Anodes**
Prepared By:	**Elizabeth Greer**
Resp. Center (Name):	**Project Management**
Resp. Center (#):	**8910**
Depreciation Center:	**8910-Dock Ops & Maintenance**
Line of Business:	**Corporate**

Spending Timetable:		
2027	$	650,000
2028	$	-
2029	$	-
2030	$	-
2031	$	-
Total	$	650,000

Other Information		
Useful Life (Years):		5
Annual Depreciation:	$	130,000
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2027	Budgeted
Total Amount	$		650,000
Source of Funding	ARRC (100%)	$	650,000
Source of Funding			
Source of Funding		$	-
Grant Number			
Grant Name			

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	650,000	11/02/26
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	650,000	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Elizabeth Greer**	Elizabeth Greer	11/6/2026
Responsible Owner:	**Andrew Gallagher**	Andrew Gallagher	11/9/2026
VP, Owner Department:	**Brian Lindamood**		11/6/2026
Functional User(s):	**Shane Maloney**	Shane Maloney	11/6/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/9/2026
Grant Administration:	**Christina Isabelle**	**N/A**	
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/6/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/6/2026
Board of Directors:	**John Shively**		

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AFE# 11513

Is this project related to health and/or safety?	No	If yes describe:
N/A		

Scope of Work:

Install anodes on the face of the Seward Freight Dock, both the existing and extended faces.

ARRC Business Justification

Cost of Life extension is substantially less than replacement

Alternatives Considered:

Coating Replacement was orginally proposed. It is better corrosion protection, but much more costly

Preliminary Budget:

Line Description	Amount
Equipment	$ -
Labor (Fully Burdened)	$ 10,000
Materials	$ -
Contracts	
Other Expenses	$ 640,000
Total	$ 650,000

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

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AFE# 11514

General Information:	
AFE Title:	**VHLC Replacements - Construction Phase**
Prepared By:	**Earlene Aquino**
Resp. Center (Name):	**Signals**
Resp. Center (#):	**2100**
Depreciation Center:	**2100-Signal Department**
Line of Business:	**Transportation/Mechanical**

Spending Timetable:		
2027	$	688,000
2028	$	-
2029	$	-
2030	$	-
2031	$	-
Total	$	688,000

.	
Useful Life (Years):	5
Annual Depreciation:	$137,600
Estimated Annual Operating Costs	$ -

Included in Capital Budget:			
Capital Budget	Year:	2027 Budgeted	
Total Amount	$		688,000
Source of Funding	ARRC (100%)	$	688,000
Source of Funding		$	-
Source of Funding		$	-
Grant Number	N/A		
Grant Name	N/A		

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	688,000	08/24/26
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	688,000	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Dave Rizk**	Dave Rizk	11/6/2026
Responsible Owner:	**Joe Carlton**	Joe Carlton	11/6/2026
VP, Owner Department:	**Lloyd Tesch**	Lloyd Tesch	11/6/2026
Functional User(s):	**Timothy Malley**	Timothy Malley	11/6/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/9/2026
Grant Administration:	**Christina Isabelle**	**N/A**	
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/6/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/6/2026
Board of Directors:	**John Shively**		

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AFE# 11514

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

The likelihood of a VHLC-induced signal failure resulting in a signal dropping in front of an approaching train continues to increase as the equipment remains in service. Such a failure could place a train into an emergency braking event, creating a significant risk to passenger and crew safety. Replacing the aging VHLC equipment is necessary to reduce the probability of these failures and maintain the safe and reliable operation of the signal system.

Scope of Work:

This request funds the 2027 construction phase to replace six legacy Vital Harmon Logic Controller (VHLC) installations at the Houston Wye with ARRC-standard MicroLok controllers. Locations include CP K320, CP 1742 Main, CP 1742 Aux, CP 1865, CP 1928, and CP 1949. Work includes procurement of controllers, boards, cables, and supporting hardware; configuration; lab testing; field installation; cutover testing; documentation; and retirement of obsolete equipment.

ARRC Business Justification

Houston Wye is a critical signal location, and these six legacy VHLC units are no longer aligned with ARRC's standard wayside signal-control platform. The units have reached the end of their lives, use legacy EPROM-based configuration, require a separate spare-parts inventory, and require specialized knowledge for a small population of equipment. This increases troubleshooting time and makes recovery from failures more difficult than with the standard MicroLok platform.

The existing VHLCs have operational reliability concerns, including age-related and temperature-related resets. A vital controller reset can cause signals to drop, delay trains, and require a field response. It may also cause undesired emergency braking. Replacing these units with MicroLok controllers improves state of good repair, reduces support risk, simplifies training, and removes an avoidable reliability risk from important control points.

Alternatives Considered:

The alternatives are to continue maintaining the VHLCs, repair obsolete components as failures occur, or install a different controller platform. Those options do not resolve parts availability, training burden, configuration limitations, or long-term support risk. The MicroLok replacement is the preferred alternative because it corrects the asset condition issue while aligning Houston Wye with ARRC's standard signal-control platform.

Preliminary Budget:

Line Description	**Amount**
Equipment	$ 41,400
Labor (Fully Burdened)	$ 170,742
Materials	$ 390,621
Contracts	$ -
Other Expenses	$ 85,237
Total	$ 688,000

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

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Authorization for Expenditure Form

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AFE# 11518

General Information:	
AFE Title:	**2027 Vehicle & Equipment Program - CRISI STC**
Prepared By:	**Pete Shortt**
Resp. Center (Name):	**Internal Service Fund**
Resp. Center (#):	**1462**
Depreciation Center:	**1462-ISF-Equipment Maintenance**
Line of Business:	**Corporate**

Spending Timetable:		
2027	$	1,815,000
2028	$	927,000
2029	$	-
2030	$	-
2031	$	-
Total	$	2,742,000

Other Information		
Useful Life (Years):		20
Annual Depreciation:	$	137,100
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2027	Budgeted
Total Amount	$		2,742,000
Source of Funding	CRISI STC (80%)	$	2,193,600
Source of Funding	ARRC (20%)	$	548,400
Source of Funding			
Grant Number	TBD		
Grant Name	TBD		

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	2,742,000	11/05/26
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	2,742,000	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Pete Shortt**	Pete Shortt	11/6/2026
Responsible Owner:	**Rachel Maddy**	Rachel Maddy	11/6/2026
VP, Owner Department:	**Lloyd Tesch**	Lloyd Tesch	11/6/2026
Functional User(s):	**Lloyd Tesch**	Lloyd Tesch	11/6/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/9/2026
Grant Administration:	**Christina Isabelle**		
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/6/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/6/2026
Board of Directors:	**John Shively**		

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AFE# 11518

Is this project related to health and/or safety?	YES	If yes describe:
Replace, rehabilitate, and maintain vehicles and equipment in a state of good repair to ensure safe and functional devices and systems are in place and operational to support the intended function. Purchase new equipment to facilitate safe operations and reduce risk exposure for our employees.		

Scope of Work:

This project will provide funding to procure vehicles, equipment, and/or non-mobile (small) equipment as needed to support operations and maintenance activities of the Railroad. The project supports general capital improvements, overhauls, and repairs to existing assets.

ARRC Business Justification

ARRC requires the use of non-mobile/small equipment as well as on- and off-track vehicles and equipment to meet customer commitments and ongoing maintenance and operations requirements.

The vehicle and equipment fleet must be maintained, rehabilitated, and/or replaced to ensure that assets are in a state of good repair and available for safe use for their intended purposes.

The Fleet Manager collaborates with ARRC operations departments to update the Multi-Year Investment Plan.

The Fleet Manager then meets with the VEOC (Vehicles & Equipment Committee) to review strategy, budget, and acquisition approach. The Vehicle and Equipment Program typically requires annual funding to ensure asset needs in general operations and maintenance plans are meet. All these assets fulfill an operational need identified in the Vehicles & Equipment Multi-Year Investment Plan.

Alternatives Considered:

The Do-Nothing Alternative would leave the ARRC fleet in a continued state of disrepair, reducing its ability to reliably support operational activities and increasing maintenance downtime. As fleet units continue to age and experience additional wear, maintenance and repair expenses, as well as capital maintenance costs, would rise. These impacts would be further compounded by ongoing and significant cost increases within the manufacturing environment.

Preliminary Budget:

Line Description		Amount
Equipment	$	2,602,000
Labor (Fully Burdened)	$	20,000
Materials	$	-
Contracts	$	-
Other Expenses	$	120,000
Total	$	2,742,000

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

Adopted:

Resolution No. 2026-16

Relating to Approval of the 2027 Operating, Pension Trust and Alaska Railroad Corporation Health Care Trust Budgets

WHEREAS, the Board of Directors of the Alaska Railroad Corporation is required to approve the corporation's Annual Operating Budgets each fiscal year as specified in Section AS 42.40.120(c)(12) of the Alaska Railroad Corporation Act; and

WHEREAS, the Board of Directors has reviewed and discussed the 2027 proposed Operating Budget as submitted by Management at its November 17, 2026 Board Meeting and finds the budget to be acceptable and in the best interests of the corporation; and

WHEREAS, the Board of Directors has reviewed and discussed the 2027 proposed Pension Trust and Alaska Railroad Corporation Health Care Trust Budgets as submitted by Management at its November 17, 2026 Board Meeting; and

WHEREAS, the Board of Directors finds that the 2027 Pension Trust and Alaska Railroad Corporation Health Care Trust Budgets are appropriate to meet the corporation's responsibilities under the Alaska Railroad Corporation Act.

NOW THEREFORE BE IT RESOLVED that the Board of Directors hereby adopts the 2027 Pension Trust and Alaska Railroad Corporation Health Care Trust Budgets as presented by Management at the November 17, 2026 Board Meeting; and

BE IT FURTHER RESOLVED that the Board of Directors hereby adopts the 2027 proposed Operating Budget as presented by Management at the November 17, 2026 Board Meeting with the changes, if any, designated thereon, which will henceforth be known as the 2027 Approved Operating Budget of the Alaska Railroad Corporation.

Adopted:

Resolution 2026-17

Relating to the 2027 Five Year Capital Improvement Plan

WHEREAS, Section AS 42.40.290(a) of the Alaska Railroad Corporation Act requires the corporation to prepare and the Board of Directors to adopt a long-range capital improvement and program plan that describes the corporation's anticipated capital improvements during each of the five years after the plan is adopted; and

WHEREAS, Section AS 42.40.290(b) of the Alaska Railroad Corporation Act requires the Board of Directors to annually review and approve revisions to the long-range capital improvement and program plan and to provide copies of the updated plan to the Governor and Legislature by December 1 of each year; and

WHEREAS, the Board of Directors has reviewed and discussed the proposed revisions to the long-range capital improvement and program plan as submitted by Management; and

WHEREAS, the Board of Directors have made such additional revisions to the long-range capital improvement and program plan as deemed appropriate.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Alaska Railroad Corporation hereby adopts the capital improvement and program plan as submitted by Management. The Board hereby authorizes and directs the President and CEO, or his designee, to provide copies of the updated plan to the Governor and Legislature by December 1, 2026.

ALASKA RAILROAD

MEMORANDUM

TO: Bill O'Leary, President & CEO

FROM: Jennifer Mergens, Chief Human Resources Officer

DATE: October 21, 2026

SUBJECT: ARRC Welfare Benefits Plan & ARRC Flexible Benefits Plan Restatements

Attached are restatements of ARRC's Welfare Benefits Plan and Flexible Benefits Plan. Periodic restatement of benefit plan documents is necessary to incorporate amendments made over time, clarify and modernize plan language, and reflect changes in benefit offerings, service providers, and administrative processes. ARRC worked with outside benefits counsel, Stoel Rives, in completing these restatements.

The primary changes to the Welfare Benefits Plan involve the Benefits Committee and Plan Administration provisions. Those provisions were revised to align with the language contained in the Retiree Health Plan as the Benefits Committee serves as plan administrator for both plans. This plan has not been restated since its inception in 2013, however, it was amended in 2014 and 2017.

The primary changes to the Flexible Benefits Plan include the addition of voluntary benefit offerings and the identification of the vision plan as a separate benefit, rather than as part of the medical plan. The restatement also incorporates several language changes recommended by counsel which include clarifying language surrounding the Flexible Spending Accounts and Health Savings Accounts as well as other tweaks throughout. This plan was last restated in 2020.

Attachments

Adopted:

Resolution No. 2026-18

Relating to Approval of the Restatement of the Welfare Benefits Plan

WHEREAS, the Alaska Railroad Corporation ("ARRC") sponsors the Alaska Railroad Corporation Welfare Benefits Plan ("Welfare Benefits Plan"), which has been amended from time to time since its adoption effective January 1, 2013; and

WHEREAS, Section 7.1 of the Welfare Benefits Plan provides for amendment of the Welfare Benefits Plan; and

WHEREAS, the ARRC desires to amend and restate the Welfare Benefits Plan to incorporate prior amendments, make clarifying changes and updates to align with current plan design, funding, and administration, and make other updates as necessary to comply with applicable laws; and

WHEREAS, the proposed restated Welfare Benefits Plan is attached hereto as Appendix A.

NOW, THEREFORE, BE IT RESOLVED that the ARRC Board of Directors has reviewed and approves of the restatement of the Welfare Benefits Plan effective January 1, 2027.

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

(a) Execute the restated Welfare Benefits Plan substantially in the form of Appendix A attached hereto;

(b) Take such actions as they deem necessary or desirable to effectuate the intent of this resolution and to meet statutory, regulatory, or contractual requirements; and

(c) Certify this resolution to any necessary person, corporation, or governmental entity.

This is to certify that I am the Secretary of the Board of Directors of the Alaska Railroad Corporation, and the above Resolution No. 2026-18 is a true and correct copy of the resolution adopted by the Alaska Railroad Corporation's Board of Directors at its regular board meeting on November 17, 2026.

Date _____

_____
Jennifer Mergens
Board Secretary

Corporate Seal

Adopted:

Resolution No. 2026-19

Relating to Approval of the Restatement of the Flexible Benefits Plan

WHEREAS, the Alaska Railroad Corporation ("ARRC") sponsors the Alaska Railroad Corporation Flexible Benefits Plan ("Flexible Benefits Plan"), which is a component plan of the Alaska Railroad Corporation Welfare Benefits Plan; and

WHEREAS, the Flexible Benefits Plan has been amended and restated from time to time since its adoption; and

WHEREAS, Section 11.1 of the Flexible Benefits Plan provides for amendment of the Flexible Benefits Plan; and

WHEREAS, the ARRC desires to amend and restate the Flexible Benefits Plan to make clarifying changes and updates to align with current plan design, funding, and administration, and make other updates as necessary to comply with applicable laws; and

WHEREAS, the proposed restated Flexible Benefits Plan is attached hereto as Appendix A.

NOW, THEREFORE, BE IT RESOLVED that the ARRC Board of Directors has reviewed and approves of the restatement of the Flexible Benefits Plan effective January 1, 2027.

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

(a) Execute the restated Flexible Benefits Plan substantially in the form of Appendix A attached hereto;

(b) Take such actions as they deem necessary or desirable to effectuate the intent of this resolution and to meet statutory, regulatory, or contractual requirements; and

(c) Certify this resolution to any necessary person, corporation, or governmental entity.

This is to certify that I am the Secretary of the Board of Directors of the Alaska Railroad Corporation, and the above Resolution No. 2026-19 is a true and correct copy of the resolution adopted by the Alaska Railroad Corporation's Board of Directors at its regular board meeting on November 17, 2026.

Date _____

_____
Jennifer Mergens
Board Secretary

Corporate Seal

Adopted:

Resolution No. 2026-20

Relating to Increase in Funding for the Vital Functions Project in Support of the Positive Train Control Program (AFE No. 10675 S-6)

WHEREAS, in 2008 Congress passed the Rail Safety Improvement Act of 2008 which mandated that all railroads that operate regularly-scheduled passenger trains install a Positive Train Control System (PTC) no later than December 31, 2015, which deadline was later extended to December 31, 2020; and

WHEREAS, PTC enhances safety through improvements including authority limit enforcement, speed enforcement, protection to roadway workers' work limits and reduced risk of derailment caused by misaligned switches; and

WHEREAS, the Federal Railroad Administration (FRA) announced on August 23, 2018, that the Alaska Railroad Corporation (ARRC) would receive a grant of nearly $10.4 million for Federal Fiscal Year 2018 to support PTC development, with funding derived from the Consolidated Rail Infrastructure and Safety Improvements (CRISI) Grant Program; and

WHEREAS, the grant funds described were to be used to support ARRC's Advanced Train Control Systems (ATCS) Department and contractor efforts to refine ARRC's PTC system; and

WHEREAS, the Board of Directors at its meeting of September 25, 2018, passed Resolution No. 2018-23 approving AFE No. 10675, relating to funding of the Vital Functions Project in support of the Positive Train Control Program; and

WHEREAS, AFE No. 10675 authorized the expenditure of $12,970,880, 100% in FRA grant funds, for the design and development of vital functions, including the Independent Vital Server (IVS), as more specifically described in said AFE; and

WHEREAS, ARRC met the December 31, 2020 deadline for implementing PTC and currently operates with PTC; and

WHEREAS, due to schedule overruns caused by the primary vendor, additional funding became necessary to complete the development, testing and installation of the vital functions described above into the existing PTC system; and

WHEREAS, at its meeting of November 15, 2022, the Board of Directors passed Resolution No. 2022-25, approving AFE No. 10675 S-1, which increased funding for the Vital Functions Project by $2,761,627 in internal ARRC funds for a total project funding of $15,732,507; and

WHEREAS, the Vital Functions Project, which was then in later rounds of Lab Integration Testing, once again encountered schedule overruns caused by ARRC's primary vendor, required additional funding in order to complete Lab Integration Testing and subsequent Field Qualification testing, to develop Production software, to finalize safety plan documentation and to install the Vital Functions supplemental technologies; and

WHEREAS, at its meeting of November 14, 2023, the Board of Directors passed Resolution No. 2023-32, approving AFE No. 10675 S-2, which increased funding for the Vital Functions Project by $1,000,000 in internal ARRC funds for a total project funding of $16,732,507; and

WHEREAS, during 2024, ARRC experienced additional schedule overruns, which in turn resulted in increased design and implementation costs and the need to complete additional rounds of Lab Integration Testing, Field Qualification Testing, development of the production software and installation of the supplemental technologies; and

WHEREAS, at its meeting of November 14, 2024, the Board of Directors passed Resolution No. 2024-35, approving AFE No. 10675 S-3, which increased funding for the Vital Functions Project by $1,460,000 in internal ARRC funds for a total project funding of $18,192,507; and

WHEREAS, in 2025, ARRC engaged in additional rounds of testing, development of the production software and installation of supplemental technologies (i.e., Vital Functions), but schedule overruns caused by the primary vendor resulted in additional time and cost being required to complete the scope of work; and

WHEREAS, at its meeting of November 29, 2025, the Board of Directors passed Resolution No. 2025-36, approving AFE No. 10675 S-4, which increased funding for the Vital Functions Project by $1,250,000 in internal ARRC funds for a total project funding of $19,422,507; and

WHEREAS, on August 17, 2026, the President & Chief Executive Officer approved AFE No. 10675 S-5, which increased funding for the Vital Functions Project by $293,500 in internal ARRC funds for a total project funding of $19,736,007 in order to support continued software development activities through 2026, which was necessary to avoid ARRC-caused delays and to provide resources necessary for ongoing testing, development, and production releases; and

WHEREAS, additional funding is now necessary to support continued development, testing, deployment and stabilization activities during an extended project schedule; and

WHEREAS, the additional funding for the project will be 100% internal ARRC funds; 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 additional Vital Functions Project funding proposal as presented by ARRC Management and hereby approves AFE No. 10675 S-6 in the amount of $1,315,762 for the purposes stated therein, which brings the total amount of AFE No. 10675 to $21,051,769.

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Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

10675 S-6

General Information:	
AFE Title:	**PTC Vital Functions - FRA FY18**
Prepared By:	**Breanna Byrd**
Resp. Center (Name):	**ATCS**
Resp. Center (#):	**2620**
Depreciation Center:	**4100-Transportation Administratior**
Line of Business:	**Corporate**

Spending Timetable:		
2024	$	16,732,507
2025	$	1,460,000
2026	$	1,543,500
2027	$	1,315,762
2028	$	-
Total	$	21,051,769

Other Information		
Useful Life (Years):		10
Annual Depreciation:	$	2,105,177
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2019 Unbudgeted	
Total Amount	$	21,051,769	
Source of Funding	**FRA (80%)**	$	10,376,704
Source of Funding	**ARRC (20%)**	$	2,594,176
Source of Funding	**ARRC (Over Match)**	$	8,080,889
Grant Number	FY 18 FR-CRS-0047-20-01		
Grant Name	Vital Functions for PTC to Improve Safety and Velocity		

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	12,970,880	09/12/18
Supplemental #1	$	2,761,627	11/07/22
Supplemental #2	$	1,000,000	12/23/23
Supplemental #3	$	1,460,000	11/07/24
Supplemental #4	$	1,250,000	10/29/25
Supplemental #5	$	293,500	08/17/26
Supplemental #6	$	1,315,762	10/16/26
Supplemental #7	$	-	
Total	$	21,051,769	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Lane Davis**		11/4/2026
Responsible Owner:	**Lane Davis**		11/4/2026
VP, Owner Department:	**Clark Hopp**	Clark Hopp	11/4/2026
Functional User(s):	**Andrew Burgess**	Andrew Burgess	11/4/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/4/2026
Grant Administration:	**Christina Isabelle**	Christina Isabelle	11/5/2026
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnnaman**	Amy Kinnaman	11/4/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/4/2026
Board of Directors:	**John Shively**		

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Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE# 10675 S-6

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

This project implements additional safety capabilities to the Positive Train Control system, including an Independent Vital Server (IVS). The IVS will provide an added level of safety by validating all mandatory directives which include movement authorities and restrictions, and verify that the text and track segments are safe and delivered without corruption. The IVS will allow for a paperless cab known as electronic-only distribution which will eliminate the read-repeat and ok verbal process. The tablet that will be used by MOW will improve safety by eliminating read/repeat errors and provide for warnings if near and/or outside authority limits. It will also provide electronic approval for trains through work zones.

Scope of Work:

The project will include the design and development of vital functions, including the Independent Vital Server (IVS) which provides an added level of safety by validating all mandatory directives to ensure they are safe, correct, and delivered without corruption. Additionally the IVS will provide a means for electronic only delivery. Another vital function will be Electronic Radio Blocking (e-Radio Blocking) in order to fleet trains. Additionally, this project will include the purchase of 100 tablets for Maintenance of Way and On-Track Equipment . These tablets will support a locator application to ensure locations of critical features, Employee In Charge (EIC) application, and a smart mobile client which will be developed through this project. The smart mobile client will provide limits warning to issued mandatory directives and an EIC application will electronically authorize a train through a work-zone at speeds specified by the EIC.

Supplemental No.1 increases project funding to complete original scope of work. Additional project development & support and product testing are required.

ARRC Business Justification:

The vital functions will greatly increase operational efficiency, thereby offsetting the loss in operational efficiency that will result when PTC is implemented. The electronic only delivery removes extra steps in the read/repeat process between the train crew and dispatcher. E-Radio Blocking will allow the ability to fleet trains in dark territory, which is currently done on ARRC track but will no longer be possible when PTC as a non-vital system is implemented. In addition to the increased operational efficiency, there are numerous safety benefits, described above.
Supplemental No.1's $2.7M funding increases is required to complete original scope of work. Vendor driven schedule overruns has significantly increased vendor's project support, project development and testing.
Supplemental No2's $1M funding increase is required to complete original scope of work. Vendor driven schedule overruns continue to be an issue. Schedule delays have increased design and implementation costs.
Supplemental No.3 increases funding to complete original scope of work. Schedule delays have increased design and implementation costs. Funding increase will also support the completion of additional rounds of Lab Integration Testing, Field Qualification Testing, development of the production software and installation of the supplemental technologies.
Supplemental No. 4 will support costs for additional time the ARRC resources will spend on the project as well as the Software Developer (Wabtec) and Test Contractor supporting ARRC's testing (Tech Mahindra). Additional funding is required due to schedule overruns caused by the primary vendor (Wabtec) to complete and deliver the scope of work.
Supplemental No. 5 increases funding to support continued software development activities through 2026. Additional funding is required to avoid ARRC-caused delays and provide the resources necessary for ongoing testing, development, and production releases. Schedule extensions through 2026 have increased support requirements for both ARRC staff and contracted testing resources (Tech Mahindra). The requested funding will support continued project execution through 2026.
Supplemental No. 6 increases funding to support continued development, testing, deployment, and stabilization activities through the extended project schedule. The additional funding will support completion of the remaining implementation activities and project closeout.

Alternatives Considered:

Do not implement vital functions - estimate that we will no longer be able to make customer schedules and that time between Anchorage and Fairbanks will be over 12 hours, greatly impacting operations.

Preliminary Budget:

Line Description	**Amount**
Equipment	$ 1,611,966
Labor (Fully Burdened)	$ 7,185,108
Materials	$ -
Contracts	$ 11,580,987
Other Expenses	$ 673,708
Total	$ 21,051,769

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

Adopted:

Resolution No. 2026-21

Relating to an Increase Funding for Construction of Healy Section Ops Support Facilities (AFE No. 11410 S-1)

WHEREAS, in 2019, ARRC initiated a program to upgrade all of the living and work areas at the ARRC sections to modern facilities in order to enhance employee's quality of living when assigned to these remote areas; and

WHEREAS, this program moves remote employee living facilities further from active tracks and section facilities to improve safety, provide better rest and separation from work activities; and

WHEREAS, at its special Board meeting of December 11, 2025, the ARRC Board of Directors approved AFE No. 11410 in the amount of $5,200,000 as part of the ARRC 2026 Capital Budget, which providing funding for the construction of employee support facilities at the Healy section (the “Project”); and

WHEREAS, the Project includes construction of an oval-shaped drive surrounding a central fill area, on which five new double-unit cabin shelters, one of which is ADA accessible, will be constructed, along with an office/break shelter and a shower/restroom facility; and

WHEREAS, additional features include 20 RV stalls equipped with power receptacles, a water storage and distribution shelter, and two septic systems, one serving the RV stalls and another serving the cabins and shower/restroom facility; and

WHEREAS, AFE No. 11410 S-1 will increase the funding for the Project by $1,425,000, in order to address increased expected construction costs due to higher electrical costs, additional light poles and culvert heat traces, expanded clearing and site work, grading changes, and conversion from a well system to a water tank and distribution pump system; and

WHEREAS, the above-described funding increase for the Project ultimately will result in a more robust design similar to the design of ARRC’s Cantwell section house facility, to include increased storage capacity, a roof designed to hold heavier snow loads, metal insulated panels for the roof and walls, a larger and better-designed foundation, and electrical upgrades; and

WHEREAS, funding for this project will be 80% FTA and 20% ARRC internal funds; and

WHEREAS, the approval to begin a capital project with an estimated cost of more than $500,000 or an estimated completion time of more than one year requires specific board approval pursuant to AS 42.40.120(c)(13).

NOW THEREFORE BE IT RESOLVED that the ARRC Board of Directors has considered the proposed increase to the Healy Section Ops Construction Project presented by ARRC Management and hereby approves AFE No. 11410 S-1 in the amount of $1,425,000 for the purposes stated therein which brings the total amount of AFE No. 11410 to $6,625,000.

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Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE# 11410 S-1

General Information:	
AFE Title:	**Section Ops - Healy Construction**
Prepared By:	**Adam Godfrey**
Resp. Center (Name):	**Facilities/Real Estate**
Resp. Center (#):	**1845**
Depreciation Center:	**1845-Section Buildings**
Line of Business:	**Real Estate/Facilities**

Spending Timetable:		
2026	$	-
2027	$	6,340,000
2028	$	285,000
2029	$	-
2030	$	-
Total	$	6,625,000

Other Information		
Useful Life (Years):		5
Annual Depreciation:	$	1,325,000
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2026	Budgeted
Total Amount	$		6,625,000
Source of Funding	ARRC (20%)	$	1,325,000
Source of Funding	FTA (80%)	$	5,300,000
Source of Funding		$	-
Grant Number	Pending		
Grant Name	Pending		

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	5,200,000	10/30/25
Supplemental #1	$	1,425,000	10/26/26
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	6,625,000	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**James Ashton**	James Ashton	11/4/2026
Responsible Owner:	**Shane Maloney**	Shane Maloney	11/4/2026
VP, Owner Department:	**Christy Terry**	Christy Terry	11/4/2026
Functional User(s):	**Shane Maloney**	Shane Maloney	11/4/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/4/2026
Grant Administration:	**Christina Isabelle**	Christina Isabelle	11/5/2026
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/4/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/4/2026
Board of Directors:	**John Shively**		

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Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE# 11410 S-1

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

This program moves remote employee living facilities further from active tracks and section facilities to improve safety, provide better employee rest and separation from work activities.

Scope of Work:

This funding is for the construction of support facilities at the Healy section. The project includes an oval-shaped drive surrounding a central fill area, on which five new double-unit cabin shelters, one of which is ADA accessible, will be built, along with an office/break shelter and a shower/restroom facility. Additional features include 20 RV stalls equipped with power receptacles, a water storage and distribution shelter, and two septic systems, one serving the RV stalls and another serving the cabins and shower/restroom facility.

Supplemental No. 1 – Increases the budget by $1,425,000, from $5,200,000 to $6,625,000. The original budget was approved in 2025 based on the 60% design estimate. Updated construction costs are expected to exceed the approved amount due to higher electrical costs, additional light poles and culvert heat trace, expanded clearing and site work, grading changes, and conversion from a well system to a water tank and distribution pump system. With design complete, the additional funding will cover these scope changes and anticipated construction cost increases.

ARRC Business Justification

In 2019, ARRC initiated a program to upgrade all of the living and work areas at the sections to modern facilities that will enhance the employees quality of living when assigned to these remote areas. This is a quality of life and health/safety project intended to improve living conditions for our remote employees.

Alternatives Considered:

The design is complete and ready for bidding upon STIP approval. Selecting another location at this point would be costly and time consuming, although other locations are available. Other alternatives include continuing to use the existing infrastructure and lodging remote workers in Healy hotels, or delaying construction until additional funding becomes available. However, further delays would likely increase the project's total cost.

Preliminary Budget:

Line Description	**Amount**
Equipment	$ 6,000
Labor (Fully Burdened)	$ 132,000
Materials	$ -
Contracts	$ 6,487,000
Other Expenses	$ -
Total	$ 6,625,000

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

Adopted:

Resolution No. 2026-22 Relating to Locomotive Power Car Conversion Project (AFE No. 11406)

WHEREAS, ARRC maintains a fleet of SD70 Locomotives that are critical to the reliability of its passenger train service; and

WHEREAS, maintenance of the SD70 Locomotive fleet has become more problematic and expensive in recent years, and ARRC has worked to identify ways to enhance passenger train reliability; and

WHEREAS, the Locomotive Power Car Conversion Project ("Project") is designed to increase passenger train reliability by supplementing ARRC's head end power (HEP) equipment while streamlining locomotive utilization; and

WHEREAS, the foregoing approach will allow existing HEP-equipped locomotives assigned to passenger consists to use their entire power generation capacity for tractive effort, and will allow flexibility in assigning non-HEP locomotives to passenger duties when combined with the new power car; and

WHEREAS, flexibility in locomotive assignment will increase passenger train reliability and the use of smaller modular generator sets will improve fuel efficiency, as well as build in redundancy; and

WHEREAS, the Project includes removal of certain equipment from an obsolete GP 38 locomotive and installing into that unit a parallel-generator system for electrical power generation; and

WHEREAS, The Project previously was authorized under AFE No. 11318, which identified FTA funding under the 2026 Passenger Car Rehabilitation Program consisting of 80% FTA funds and 20% ARRC internal funds, and work on the Project commenced; and

WHEREAS, upon review, the Project was determined not to be within the approved scope of ARRC's existing FTA-funded passenger car or locomotive rehabilitation projects, and Management has determined accordingly that the Project, including costs already incurred thereunder, should be funded entirely with ARRC internal funds; and

WHEREAS, AFE No. 11406 will (i) establish child 11406 as a Parent, (ii) capture the transfer of funds in the amount of $1,300,000 from AFE 11318 (2026 Passenger Car Rehabilitation Program FTA), and reclassify funding for the Program from FTA funds to ARRC internal funds; and

WHEREAS, AFE No. 11406, with funding reclassified as described above, would provide funding for this mission-critical Project in the amount of $1,300,000, consisting of 100% ARRC internal funds; and

WHEREAS, the approval to begin a capital project with an estimated cost of more than $500,000 or an estimated completion time of more than one year requires specific board approval pursuant to AS 42.40.120(c)(13).

NOW THEREFORE BE IT RESOLVED, that the ARRC Board of Directors has considered the proposed funding reclassification and expenditure for the Project as presented by ARRC Management and hereby approves AFE No. 11406 in the amount of $1,300,000 for the purposes stated therein.

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Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE 11406

General Information:	
AFE Title:	**LOCO POWER CAR CONVERSION - ARRC**
Prepared By:	**Earlene Aquino**
Resp. Center (Name):	**Passenger Car Shop**
Resp. Center (#):	**1243**
Depreciation Center:	**1243-Passenger Car Repair**
Line of Business:	**Corporate**

Spending Timetable:		
2026	$	1,300,000
2027	$	-
2028	$	-
2029	$	-
2030	$	-
Total	$	1,300,000

Other Information		
Useful Life (Years):		25
Annual Depreciation:	$	52,000
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2025	Budgeted
Total Amount	$		1,300,000
Source of Funding	ARRC (100%)	$	1,300,000
Source of Funding		$	-
Source of Funding		$	-
Grant Number	N/A		
Grant Name	N/A		

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	1,300,000	10/27/26
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	1,300,000	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Cody Lourie**	Cody Lourie	11/5/2026
Responsible Owner:	**Mark Baehm**	Mark Baehm	11/9/2026
VP, Owner Department:	**Lloyd Tesch**	Lloyd Tesch	11/5/2026
Functional User(s):	**John Simmons**		11/5/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/9/2026
Grant Administration:	**Christina Isabelle**	**N/A**	
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/5/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/5/2026
Board of Directors:	**John Shively**		

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Alaska Railroad Corporation

Authorization for Expenditure Form

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AFE# 11406

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

The intent of this project is to increase the availability and reliability of electrical power supply for passenger operations over HEP supplied from split locomotives to support safe, reliable passenger train operations.

Scope of Work

This funding will support the proof-of-concept conversion of an obsolete GP38 locomotive into a dedicated electrical generation power car.

General maintenance associated with supporting our SD70 Locomotive Fleet has become more problematic and expensive. This project is expected to increase passenger train reliability by supplementing our Head End Power (HEP) equipment while streamlining locomotive utilization. This allows existing HEP equipped locomotives assigned to passenger consists to use their entire power generation capacity toward tractive effort, and allows flexibility in assigning non-HEP locomotives to passenger duties when combined with the newly built power car. Flexibility in locomotive assignment will increase passenger train reliability and the use of smaller modular generator sets will improve fuel efficiency as well as build in redundancy.

This work is expected to include the removal of the prime mover, alternator and ancillary equipment from an obsolete GP38 and add back a parallel-generator system for electrical power generation. Additional work will include rehabilitation of the existing body and installation of a HEP wiring package and ancillary equipment to support the modular gensets.

The power car conversion was previously authorized under AFE 11318, which identified FTA funding, and work has commenced. However, the conversion is not covered by the approved scope of the existing FTA funded passenger car or locomotive rehabilitation projects. Accordingly, this work, including costs already incurred, will be funded entirely with ARRC funds. This AFE is to establish child 11406 as a Parent, capture the transfer of funds from AFE 11318 (2026 Passenger Car Rehabilitation Program FTA) for $1,300,000.00 and reclassify funding from FTA to ARRC.

	FTA 80%	ARRC 20%	Total AFE	Separate Child 11406, reduce Child 11464 and reclassify funding from FTA to ARRC	AFE 11318 S-5	Child 11406 will be reclassified as AFE 11406 ARRC Funded
AFE 11318 Approved Budget	$ 2,396,646.00	$ 599,161.00	$ 2,995,807.00	$ (1,300,000.00)	$ 1,695,807.00	$ 1,300,000.00
DETAIL						
AFE 11318 (Parent)	$ 1,116,646.00	$ 279,161.00	$ 1,395,807.00	$ -	$ 1,395,807.00	$ -
JOB 11406 (Child)	$ 800,000.00	$ 200,000.00	$ 1,000,000.00	$ (1,000,000.00)	$ -	$ 1,000,000.00
JOB 11464 (Child)	$ 480,000.00	$ 120,000.00	$ 600,000.00	$ (300,000.00)	$ 300,000.00	$ 300,000.00
Total	$ 2,396,646.00	$ 599,161.00	$ 2,995,807.00	$ (1,300,000.00)	$ 1,695,807.00	$ 1,300,000.00

ARRC Business Justification

This addresses growing issues associated with supplying HEP (Head End Power) from our passenger locomotives. General maintenance associated with supporting our SD70 Locomotive Fleet has become more problematic and expensive. This project is expected to supplement our HEP capabilities and increase locomotive utilization. This proof of concept would remove the oldest locomotive in our fleet and convert it to a power car to provide HEP.

This will allow the existing HEP equipped locomotives to use their entire tractive effort toward pulling the train consist, and allow flexibility in assigning locomotives to passenger duties. Additionally, ARRC will realize fuel savings by using smaller more efficient modular motors to drive the generators, as well as build in redundancy.

Alternatives Considered:

None. Continuing capital maintenance ensures passenger rolling stock is in safe and in good operating condition to support passenger rail services.

Preliminary Budget:

Line Description	Amount
Equipment	$ 440,000
Labor (Fully Burdened)	$ 300,000
Materials	$ 60,000
Contracts	$ 500,000
Other Expenses	$ -
Total	$ 1,300,000

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

Adopted:

Resolution No. 2026-23 — Relating to Rehabilitation of Bridge at ARRC MP 284.2 – FY 2027 FRA FSP (AFE No.11516)

WHEREAS, the 914-foot, nine-span bridge located at MP 284.2 on the Alaska Railroad Corporation (ARRC) mainline where it crosses Hurricane Gulch (Bridge 284.2), which was built in 1921, is nearing the end of its useful life and requires substantial rehabilitation measures be taken to allow for its continued use as a critical part of ARRC's mainline infrastructure and operations; and

WHEREAS, Bridge 284.2 has significant historical importance to ARRC and therefore its preservation is rooted deeply into the foundations of railway operations in Alaska, and its rehabilitation has been identified by ARRC Management as a top priority project; and

WHEREAS, the proposed rehabilitation project will extend the useful life of Bridge 284.2 by enhancing the stability of the track infrastructure and improving safety for ARRC and its customers, while preserving a historic piece of railroad infrastructure; and

WHEREAS, completion of the Bridge 284.2 rehabilitation project will enable ARRC to continue to provide uninterrupted freight and intercity passenger rail services on its mainline between Anchorage and Fairbanks and to operate industry-standard 286,000-pound freight cars across Bridge 284.2 without restriction, thereby promoting economic vitality in the region, preserving rail access to military installations, and mitigating the risk of an emergency rail line outage caused by bridge failure; and

WHEREAS, the rehabilitation of Bridge 284.2 will also support the goals of ARRC's ongoing Bridge Rehabilitation Project, which seeks to rebuild and rehabilitate ARRC's older bridges over time as funding allows, and also is identified in the State Rail Plan and the Statewide Transportation Improvement Plan; and

WHEREAS, AFE No. 11516 authorizes the expenditure of $36,000,000 to complete the engineering and construction of the Bridge 284.2 rehabilitation project; and

WHEREAS, funding for this project will be 80% in FRA funds under the FY 2024-2026 Federal State Partnership (FSP) for Intercity Passenger Rail Program in the amount of $28,800,000 and 20% ARRC internal funds in the amount of $7,200,000; and

WHEREAS, the approval to begin a capital project with an estimated cost of more than $500,000 or an estimated completion time of more than one year requires specific board approval pursuant to AS 42.40.120(c)(13).

NOW THEREFORE BE IT RESOLVED, that the ARRC Board of Directors has considered the Bridge 284.2 Rehabilitation Project proposal as presented by ARRC Management and hereby approves AFE No. 11516 in the amount of $36,000,000 for the purposes stated therein.

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Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE# 11516

General Information:	
AFE Title:	**2027 BR Rehab 284.2 Construction - FRA**
Prepared By:	**Tyler Tubbs**
Resp. Center (Name):	**Capital Projects**
Resp. Center (#):	**2200**
Depreciation Center:	**2200-Engineering**
Line of Business:	**Engineering**

Spending Timetable:		
2027	$	7,600,000
2028	$	28,400,000
2029		
2030	$	-
2031	$	-
Total	$	36,000,000

Other Information		
Useful Life (Years):		30
Annual Depreciation:	$	1,200,000
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2027	Budgeted
Total Amount	$		36,000,000
Source of Funding	ARRC (20%)	$	7,200,000
Source of Funding	FRA (80%)	$	28,800,000
Source of Funding		$	-
Grant Number	TBD		
Grant Name	TBD		

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	36,000,000	08/20/26
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	36,000,000	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Tyler Tubbs**	Tyler Tubbs	11/4/2026
Responsible Owner:	**Blake Adolfae**	Blake Adolfae	11/4/2026
VP, Owner Department:	**Brian Lindamood**		11/8/2026
Functional User(s):	**Lloyd Tesch**	Lloyd Tesch	11/4/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/4/2026
Grant Administration:	**Christina Isabelle**	Christina Isabelle	11/5/2026
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/4/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/4/2026
Board of Directors:	**John Shively**		

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Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE# 11516

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

Safety is the primary purpose of the ARRC Bridge Rehab Program, which will help protect ARRC, its employees, its customers, and the public from potential harm. Replacement and rehabilitation of aging bridges ensure ARRC assets are maintained in a state of good repair, resulting in a higher level of safety.

BR 284.2 is a component of the ARRC Bridge Rehab Program.

Scope of Work:

FRA FY2024 - 2026 FSP for Intercity Passenger Rail Program grant was awarded September 2, 2026, with an FRA federal share of $28,800,000.

BR 284.2 Construction Scope: Rehabilitate the 914-foot, nine-span bridge crossing Hurricane Gulch. Work includes rehabilitating the 384 foot deck arch span, realigning or replacing the expansion bearings at piers 2 and 5, repairing spalling concrete at existing foundations, installing maintenance and inspection platforms, securing piers 3 and 4 into the existing slopes with rock bolt anchors, stabilizing the south canyon wall to mitigate future erosion, and stabilizing the eroding channel along the southwest corner of Abutment 1.

AFE	Project Name	FRA (80%)	ARRC (20%)	Total
TBD	BR 284.2 Construction	$ 28,800,000.00	$ 7,200,000.00	$36,000,000.00
	Project Total:	$ 28,800,000.00	$ 7,200,000.00	$36,000,000.00

ARRC Business Justification

The project will decrease maintenance costs, extend the useful life of the bridge, improve transportation efficiency, and reduce the likelihood of rail outage as a result of failure.

Alternatives Considered:

1) No build.
2) Full replacement of superstructure and substructure.
3) Rehabilitation of superstructure and substructure. This is the selected alternative.
4) Combination of rehabilitation and replacement of substructure and superstructure.

Preliminary Budget:

Line Description	Amount
Equipment	$ 32,400.00
Labor (Fully Burdened)	$ 492,480.00
Materials	$ -
Contracts	$ 35,475,120.00
Other Expenses	$ -
Total	$ 36,000,000.00

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

Adopted:

Resolution No. 2026-24

Relating to Seward Freight Dock Expansion – Phase 2 BUILD Grant FY 2026 (AFE No. 11517)

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 developed the Seward Freight Dock and Corridor Improvements Project (Project), Phase 1 of which will 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, Phase 2 of the Project will widen the dock to a uniform width of approximately 300 feet along the entire top of dock surface, allowing for increased volumes and more types of commodities to be handled, including critical food shipments and other types of containerized freight and Roll-on/Roll-off (RO/RO) cargo; and

WHEREAS, the Project also will address and improve 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, funding for Phase 1 of the Project was obtained via a Port Infrastructure Development Program discretionary grant (PIDP Grant), which was awarded to ARRC on October 15, 2020, by the U.S. Maritime Administration (MARAD); 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 Phase 1 of 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, due to cost escalations and a revised scope of work for Phase 1, AFE No. 10963 was later supplemented twice, with the ARRC Board of Directors approving AFE No. 10963 S-1 at its general meeting of June 13, 2023, via Resolution No. 2023-17, and AFE No. 10963 S-2 at its general meeting of September 25, 2026, via Resolution No. 2026-14; and

WHEREAS, with respect to Phase 2 of the Project, the United States Department of Transportation on July 7, 2026, awarded ARRC a competitive grant under the FY 2026 Better Utilizing Investments to Leverage Development (BUILD) program, a competitive discretionary program administered through MARAD (the BUILD Grant); and

WHEREAS, AFE No. 11517 authorizes the expenditure of $8,489,855 to complete Phase 2 of the Project; and

WHEREAS, funding for the Project will be 100% in USDOT funds under the FY 2026 MARAD BUILD Grant in the amount of $8,489,855; and

WHEREAS, the approval to begin a capital project with an estimated cost of more than $500,000 or an estimated completion time of more than one year requires specific board approval pursuant to AS 42.40.120(c)(13).

NOW THEREFORE BE IT RESOLVED, that the ARRC Board of Directors has considered the Phase 2 of the Seward Freight Dock and Corridor Improvements Project proposal as presented by ARRC Management and hereby approves AFE No. 11517 in the amount of $8,489,855 for the purposes stated therein.

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Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE# 11517

General Information:	
AFE Title:	**Seward Freight Dock Expansion - Phase 2 BUILD FY26**
Prepared By:	**Breanna Byrd**
Resp. Center (Name):	**Capital Projects**
Resp. Center (#):	**2200**
Depreciation Center:	**8910-Dock Ops & Maintenance**
Line of Business:	**Real Estate/Facilities**

Spending Timetable:		
2027	$	20,000
2028	$	2,310,000
2029	$	6,150,000
2030	$	9,855
2031	$	-
Total	$	8,489,855

Other Information		
Useful Life (Years):		50
Annual Depreciation:	$	169,797
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2027	Budgeted
Total Amount	$		8,489,855
Source of Funding	ARRC (0%)	$	-
Source of Funding	MARAD (100%)	$	8,489,855
Source of Funding		$	-
Grant Number			
Grant Name			

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	8,489,855	08/27/26
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	8,489,855	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Elizabeth Greer**	Elizabeth Greer	11/6/2026
Responsible Owner:	**Shane Maloney**	Shane Maloney	11/6/2026
VP, Owner Department:	**Brian Lindamood**		11/6/2026
Functional User(s):	**Kristen Gratrix**	kristen Gratrix	11/6/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/9/2026
Grant Administration:	**Christina Isabelle**		
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/6/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/6/2026
Board of Directors:	**John Shively**		

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Alaska Railroad Corporation

Authorization for Expenditure Form

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AFE# 11517

Is this project related to health and/or safety?	Yes	If yes describe:
Operations on the Freight Dock are constrained by the width. Widening the dock will provide for additional operating space to support safer cargo movement.		

Scope of Work:

This project is the second phase of the Seward Freight Dock Expansion effort (a two-phase program).

Phase 1, 10963 MARAD PIDP FY20, is currently underway to extend the existing 620-foot-long Seward Freight Dock an additional 375 feet into deeper water, which will allow for the berthing of two 400-foot barges and longer cargo ships.

Phase 2 will widen the dock to a uniform width of approximately 300 feet along the entire top of dock surface, allowing for increased volumes and more types of commodities to be handled, including critical food shipments and other types of containerized freight and Roll-on/Roll-off (RO/RO) cargo.

USDOT selected the Port of Seward Capacity and Resiliency Project for an $8,489,855 FY2026 Better Utilizing Investments to Leverage Development (BUILD) grant, equal to the estimated project cost. This grant is administered through U.S. Maritime Administration (MARAD).

Total	MARAD 100%	ARRC 0%
$ 8,489,855.00	$ 8,489,855.00	$ -

ARRC Business Justification

Phase 2 will provide additional cargo handling and staging space, improve operational efficiency, and expand range of freight and RO/RO cargo the terminal can accomodate. Together with Phase 1, the improvements are intended to strengthen Seward's role as an alternate gateway for essential supplies to Alaska.

Alternatives Considered:

Without BUILD grant funds, smaller projects with independent utility would have been pursued over multiple planning years as funding becomes available.

Preliminary Budget:

Line Description	Amount
Equipment	
Labor (Fully Burdened)	$ 267,600
Materials	
Contracts	$ 8,222,255
Other Expenses	
Total	$ 8,489,855

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

Adopted:

Resolution No. 2026-25

Relating to Termination of Memorandum of Understanding for Pre-Development of the Alaska Infrastructure Partners (AIP) Project

WHEREAS, in June 2007, the Alaska Railroad Corporation (ARRC) and Mat-Su Borough (MSB) signed a Memorandum of Agreement to pursue environmental work, engineering, and alternative analysis in support of the federal Surface Transportation Board (STB) environmental document for a 32-mile rail line from Houston, Alaska, to Port MacKenzie, which project is referred to as the Port MacKenzie Rail Extension (PMRE); and

WHEREAS, MSB served as the Project Sponsor for the PMRE, with ARRC responsible for rail-related technical expertise, environmental approval and project management; and

WHEREAS, when complete, the PMRE likely would operate as part of the Alaska Railroad system; and

WHEREAS, in 2011 ARRC received approval from the federal Surface Transportation Board to construct and operate PMRE; and

WHEREAS, ARRC has completed all significant bridge and embankment work for Segments 1, 3, 4, 5, and 6, and completion of further segments and components of the PMRE, including segments 2, 7 and 8, terminal facilities and environmental mitigation, would offer additional infrastructure benefits to the State and its communities, citizens and business interests, as well as to the United States military; and

WHEREAS, the ARRC Board of Directors, at its general meeting on March 29, 2024, approved Resolution No. 2024-08, which directed ARRC Management Staff to provide information and cooperation to entities seeking to provide or obtain funding for the remaining segments of the PMRE; and

WHEREAS, in 2025, Macquarie Capital Infrastructure Investments, LLC and Martinus Group Holdings Pty, Ltd., acting in a joint venture informally known as Alaska Infrastructure Partners (collectively, AIP), proposed a three-phased project to construct and finance the PMRE (AIP Project) to a group of agencies and instrumentalities of the State of Alaska, including ARRC, the Alaska Gasline Development Corporation (AGDC), the Alaska Department of Transportation and Public Facilities (DOT&PF), MSB and, later, the Alaska Industrial Development and Export Authority (AIDEA) (collectively, the State Parties); and

WHEREAS, the AIP Project proposal included three phases, including two pre-development phases denoted as Phase 1 and Phase 2, and a construction and operational phase denoted as Phase 3, during which PMRE construction would be finished and the commencement of rail operations on the PMRE would trigger a 30-year period during which financing of the project would be paid off; and

WHEREAS, during Fall 2025, AIP and AGDC, with the participation of the other State Parties, negotiated a Pre-Development Agreement ("PDA") between AIP and AGDC, by which they agreed to proceed with Phase 1 and an initial proposal, which would be reviewed by the State Parties, which would then decide whether they wished to continue into Phase 2 of pre-development; and

WHEREAS, the State Parties entered into a binding Memorandum of Understanding (MOU) to coordinate negotiations and activities pertaining to the PDA; and

WHEREAS, in June 2026, AGDC assigned its rights and obligations under the PDA to AIDEA, and AIDEA provided AIP with a Notice to Proceed to PDA Phase 2, which would include negotiation of a Project Agreement (PA) to govern Phase 3; and

WHEREAS, on June 23, 2026, ARRC applied to the Federal Railroad Administration (FRA) for a grant under its Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program, seeking federal funds which, if awarded in the full amount requested and with local matching in-kind or cash funds pledged by ARRC, AIDEA, and MSB, would provide a funding alternative to the AIP Project for the PMRE; and

WHEREAS, the ARRC Board of Directors, at its special meeting on August 25, 2026, authorized ARRC Management Staff to proceed with negotiation of the PA for the AIP Project, as requested by AIDEA; and

WHEREAS, ARRC reviewed the draft of the PA that AIP had provided to AIDEA, identified numerous concerns, and transmitted those concerns to AIP in accordance with the milestone schedule agreed upon by ARRC and AIP and offered dates for negotiation based on availability of counsel; and

WHEREAS, on October 19, 2026, the FRA notified ARRC that its grant application had been selected for an award up to the full amount ARRC had requested under the FRA's CRISI Program; and

WHEREAS, on October 27, 2026, AIDEA issued notice to AIP that it was terminating the PDA for convenience pursuant to PDA Section 22.1, as required for the best interests of AIDEA and specifying a termination effective date of November 26, 2026; and

WHEREAS, so long as the PDA remains in effect the State Parties, including ARRC, remain subject to the PDA's exclusivity provisions, which prohibit the undertaking of any

procurement for delivery of the AIP Project via an alternative approach such as that which ARRC would pursue under the CRISI grant; and

WHEREAS, ARRC has no remaining obligations under the MOU, and termination of its participation in the MOU removes ARRC from the exclusivity provisions of the PDA, allowing it to proceed with advancement of the PMRE under the CRISI grant; and

WHEREAS, Section 6.2 of the MOU would allow ARRC to terminate its participation in the MOU upon a decision by the ARRC Board of Directors to not participate further in the AIP Project.

NOW, THEREFORE, BE IT RESOLVED, that the President & CEO is hereby authorized, pursuant to Section 6.2 of the MOU, to terminate ARRC's participation in the MOU and the AIP Project.

Adopted:

Resolution No. 2026-26 Relating to the Completion of Port MacKenzie Rail Extension

WHEREAS, the Alaska Railroad Corporation (ARRC) is an economic engine and backbone for Alaska's transportation infrastructure, hauling millions of tons of freight per year and providing critical support for resource industries such as petroleum, coal, and gravel; and

WHEREAS, the State of Alaska needs to diversify and strengthen its economy, and an effective transportation system facilitates such diversification; and

WHEREAS, in June 2007, ARRC and Matanuska-Susitna Borough (MSB) signed a Memorandum of Agreement to pursue environmental work, engineering, and alternative analysis in support of the federal Surface Transportation Board (STB) environmental document for a 32-mile rail line from Houston, Alaska, to Port MacKenzie, which project is referred to as the Port MacKenzie Rail Extension (PMRE); and

WHEREAS, the ARRC serves ports in Seward, Whittier and Anchorage, and the rail connection to Port MacKenzie with a deep-draft dock and 9,000 acres of industrial zoned land is a logical next step in enhancing the State's transportation capacity for bulk natural resources; and

WHEREAS, MSB served as the Project Sponsor for the PMRE, with ARRC responsible for rail-related technical expertise, environmental approval and project management; and

WHEREAS, when complete, the PMRE likely would operate as part of the Alaska Railroad system; and

WHEREAS, in 2011 ARRC received approval from the federal Surface Transportation Board to construct and operate the PMRE; and

WHEREAS, the PMRE will foster development of Alaska's economy by providing year-round freight service to Port MacKenzie as a deep-water port to support businesses and the military, including existing industries in the mining and petrochemical sectors across the state; and

WHEREAS, the PMRE enhances the resiliency of Southcentral Alaska's supply chain infrastructure by improving access to Port MacKenzie and reducing the distance between tidewater and Interior Alaska; and

WHEREAS, ARRC has completed all significant bridge and embankment work for Segments 1, 3, 4, 5, and 6, and completion of further segments and components of the PMRE, including segments 2, 7 and 8, terminal facilities and environmental mitigation, would offer the additional infrastructure benefits described above to the State and its communities, citizens and business interests, as well as to the United States military; and

WHEREAS, the ARRC Board of Directors, at its general meeting on March 29, 2024, approved Resolution No. 2024-08, which directed ARRC Management Staff to provide information and cooperation to entities seeking to provide or obtain funding for the remaining segments of the PMRE; and

WHEREAS, the ARRC Board of Directors, at its special meeting of December 11, 2025, approved a proposal by Management Staff to set up a reserve of $1.4 million, to be designated as 2026 ARRC Railroad Expansion Reserve funds, and provided for additional funds to be dedicated to those funds in subsequent years to be available for funding matters associated with development of rail extensions; and

WHEREAS, the ARRC Board of Directors, at its general meeting of March 27, 2026, approved Resolution No. 2026-06, which authorized Management Staff to utilize up to the total of the 2026 and 2027 Railroad Expansion Reserve funds to support pre-development, financial, and commercial activities necessary to advance the PMRE, with the intent of the Board to maintain flexibility and keep all financing options under consideration, including public, private, and Alaska Railroad-led financing approaches, and with any final financing, partnership, or construction decisions subject to subsequent Board approval; and

WHEREAS, the ARRC Board of Directors, as stated in Resolution No. 2026-06, continues to support the ultimate final construction and operation of the PMRE for the reasons noted above; and

WHEREAS, Management Staff identified as a viable approach to advancing the goal of completing construction of the PMRE to link the Port with ARRC's mainline at Houston, Alaska, the submission of a grant application to the Federal Railroad Administration (FRA) Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant program; and

WHEREAS, the FRA CRISI grant program is an 80/20 program, offering a maximum 80% of federal funding and requiring a minimum 20% non-federal match; and

WHEREAS, ARRC coordinated with other project stakeholders including the MSB and the Alaska Industrial Development & Export Authority (AIDEA) to identify and secure eligible in-kind contributions toward the match, as well as direct financial support; and

WHEREAS, in support of the non-federal match requirement, ARRC was prepared to commit the $3.08 million in combined 2026 and 2027 ARRC Railroad Expansion Reserve Funds previously approved in Resolution No. 2026-06 to advance the completion of the PMRE.

WHEREAS, the AIDEA Board of Directors, at its meeting of June 17, 2026, approved its Second Amended Resolution No. G2-07, a copy of which is attached as Exhibit No. 1 to this resolution and which, among other things, described ARRC's intent to submit a CRISI grant application for the completion of the PMRE, and which authorized the Executive Director of AIDEA "to use up to $34 million dollars from the Revolving Fund as matching funds for an FRA / CRISI grant award to the AKRR"; and

WHEREAS, the ARRC Board of Directors, at its special meeting of June 18, 2026, approved Resolution No. 2026-11, in which the Board stated that it continued to strongly support the completion of the construction of remaining segments and components of the PMRE from Houston, Alaska to Port MacKenzie, directed Management Staff to apply for the above-described FRA CRISI Grant to complete the PMRE, and authorized and directed Management Staff to utilize up to the total of the 2026 and 2027 Railroad Expansion Reserve funds toward funding the required match for the FRA CRISI Grant, as well as to provide any available in-kind match that was acceptable to the FRA toward such required match; and

WHEREAS, on October 19, 2026, FRA announced a CRISI grant award to ARRC for the Project in the amount of $249,052,399 which represented 80% of the necessary PMRE project funding (CRISI Grant); and

WHEREAS, proposed AFE No.11515 would authorize the expenditure of up to $311,315,499 to fund costs associated with the completion of the PMRE, including construction of the remaining components of the PMRE from Houston, Alaska to Port MacKenzie; and

WHEREAS, funding for this project is 80% CRISI Grant funds in the amount of $249,052,399 and a total of 20% in matching funds and in-kind match in the total amount of $62,263,100, with said match to be provided by a combination of $3,080,000 in ARRC internal 2026 and 2027 Railroad Expansion Reserve Funds, up to $34,000,000 in AIDEA matching funds and available in-kind match acceptable to the FRA, including but not limited to interests in land or other forms of in-kind match supplied by ARRC, AIDEA, MSB or other parties; and

WHEREAS, the approval to begin a capital project with an estimated cost of more than $500,000 or an estimated completion time of more than one year requires specific board approval pursuant to AS 42.40.120(c)(13).

NOW, THEREFORE, BE IT RESOLVED, that the ARRC Board of Directors has considered the proposed funding of the completion of the PMRE, including construction of the remaining components of the PMRE from Houston, Alaska to Port MacKenzie, as presented by ARRC Management and hereby approves AFE No. 11515 in the total amount of $311,315,499 for the purposes stated therein.

BE IT FURTHER RESOLVED, that the President & CEO and his delegees are hereby authorized and instructed to engage with AIDEA, MSB, and other parties to identify any additional sources of in-kind matches that may be necessary to generate the required match for the FRA CRISI Grant application, and to otherwise effectuate and support said FRA CRISI Grant and the completion of the PMRE.

Exhibit No. 1 to ARRC Board Resolution 2026-26.

AIDEA Board of Directors Second Amended Resolution No. G2-07, approved at the AIDEA Board of Directors meeting of June 17, 2026.

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY
SECOND AMENDED RESOLUTION NO. G26-07

AUTHORIZING A BUDGET FOR GENERAL COSTS AND ACQUISITION OF INTERESTS IN REAL PROPERTY ASSOCIATED WITH ECONOMIC DEVELOPMENT, JOBS, AND EXPORT OF MATERIALS AND PRODUCTS

WHEREAS, one of the purposes of the Alaska Industrial Development and Export Authority (the "Authority") is to develop and provide financing for economic development and job creation for projects and facilities that "are essential to the development of the natural resources and the long-term economic growth of the state, and will directly and indirectly, alleviate unemployment in the state…";

WHEREAS, the Alaska State Legislature has specifically found that:

> "[i]t is in the public interest to promote the prosperity and general welfare of all the citizens of the state by … encouraging the production of raw materials and goods, …"

AS 44.88.010(10)(B);

WHEREAS, one of the purposes of the Authority (the "Authority") is to acquire ownership interests in projects, and at times operate owned projects and at times manage and oversee various economic development projects and assets throughout the State of Alaska;

WHEREAS, AIDEA has acquired multiple interests in real property, including, but not limited to the following previously owned, leased, or operated assets:

- Ketchikan Shipyard (KSY)
- DeLong Mountain Transportation System (DMTS) and Ore Storage Terminal
- FedEx Hangar Facility (FEDEX)
- USCG Headquarters at JBER, through the DMVA
- Snettisham Hydroelectric Facility (SNETT);

WHEREAS, AIDEA has established a Real Estate subcommittee which will review issues and opportunities for AIDEA to acquire interests in real property, obtain studies and materials relat4ed to the use of real property and improvements on real property and make recommendations to the full Board of the Authority.

WHEREAS, some costs will be incurred associated with the review and study of potential interests in real property and improvements on real property for possible acquisition, use, construction, oversight, maintenance, and legal obligations, all of which entail expenditures for items such as title reports, legal services, engineering services, professional services, and other related needs;

WHEREAS, as an example, the Authority is considering non-shipyard-related improvements and leasing at the Ketchikan shipyard that could generate significant amounts of revenue. In addition, the Authority is reviewing and studying possible land and improvement needs at Port Mackenzie;

WHEREAS, these Project Administrative Costs are not included within the Authority's general operating budget, which is funded by the enterprise fund and is intended to support the Authority's Day-to-day operational needs such as payroll, travel, supplies, and equipment;

WHEREAS, historically, the Authority has relied on project-specific Board authorizations or miscellaneous fund sources to cover these Project Administrative Costs resulting in inconsistent funding availability, and

WHEREAS, establishing a single, one-time dedicated authorization for real estate related due diligence, including issues related to design, permitting, engineering, and acquisition costs is in the best interests of the Authority and the public it serves;

WHEREAS, the Port Mackenzie Rail Extension Project (PMRE) is an essential part of an overall transportation system from the Ambler Mining District and other locations in Alaska with mines or potential mines;

WHEREAS, the Alaska Railroad Corporation (AKRR) intends to submit a grant request for funding to complete the PMRE to the Federal Railroad Administration. (CRISI grant) A CRISI grant requires an 80/20 match – 20% match to federal funds. (As much as $60 million in non-federal funds)

WHEREAS, AIDEA's financial interests in funding and advancing the Ambler Access Project and other mining development in Alaska, as well as its statutory mission to create jobs, increase economic development and exports support providing potential matching funds for the AKRR CRISI grant application.

NOW, THEREFORE, BE IT RESOLVED BY THE ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY AS FOLLOWS:

Section 1. The Authority may expend up to $4,000,000 from any source to pay for the types of costs described herein, including, but not limited to, legal services, engineering services, professional services, title reports, travel, and other project-related expenses.

Section 2. The Authority may use its contract and financial authority to issue a guarantee of up to $10,000,000 for associated work, studies, and acquisition of land and improvements.

Section 3. Expenditures made under this Resolution shall be approved by the Executive Director.

Section 4. This authorization shall commence immediately upon enactment of this resolution and funds shall be available until expended.

Section 5. The Executive Director shall report back to the Real Estate subcommittee results of studies, reviews, financing, etc., related to due diligence upon real property and improvements as requested and reports to the full Board as requested. Expenditures made under this Resolution shall be incorporated into the Authority's financial statements.

Section 6. The Executive Director is authorized to use up to $34 million dollars from the Revolving Fund as matching funds for an FRA / CRISI grant award to the AKRR. The Executive Director shall take steps to secure interests in land around and near the PMRE project to secure a site to store mineral, process mineral ore, and to load it onto vessels for delivery.

Section 7. This Second Amended Resolution becomes effective immediately upon passage and approval.

Dated at Anchorage, Alaska, this 17th day of June, 2026.

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY CORPORATE SEAL 1967

Chair

Secretary

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Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE# 11515

General Information:	
AFE Title:	**Port Mackenzie Rail Extension - FRA CRISI**
Prepared By:	**Breanna Byrd**
Resp. Center (Name):	**Capital Projects**
Resp. Center (#):	**2200**
Depreciation Center:	**2200-Engineering**
Line of Business:	**Corporate**

Spending Timetable:		
2027	$	7,416,714
2028	$	44,305,588
2029	$	156,510,318
2030	$	103,082,879
2031	$	-
Total	$	311,315,499

Other Information		
Useful Life (Years):		32
Annual Depreciation:	$	9,728,609
Estimated Annual Operating Costs	$	-

Included in Capital Budget:			
Capital Budget	Year:	2027	Budgeted
Total Amount	$		311,315,499
Source of Funding	ARRC/Others (20%)	$	62,263,100
Source of Funding	FRA CRISI (80%)	$	249,052,399
Source of Funding		$	-
Grant Number			
Grant Name			

AFE History:			
		Amount	**Date Prepared**
Original AFE	$	311,315,499	10/20/26
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	311,315,499	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Blake Adolfae**	Blake Adolfae	11/9/2026
Responsible Owner:	**Lloyd Tesch**	Lloyd Tesch	11/9/2026
VP, Owner Department:	**Brian Lindamood**		11/9/2026
Functional User(s):	**Andrew Burgess**	Andrew Burgess	11/9/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/9/2026
Grant Administration:	**Christina Isabelle**		
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/9/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/9/2026
Board of Directors:	**John Shively**		

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

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Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE# 11515

Is this project related to health and/or safety?	No	If yes describe:

Scope of Work:

FRA awarded $249,052,399 in federal funding for the project on October 19, 2026, under its FY2025–2026 CRISI Grant Program.

The non-federal match will total $62,263,100 and consist of cash contributions from ARRC and funding partners, along with in-kind contributions of land, gravel, and other materials.

The Port MacKenzie Rail Extension (PMRE) is a multiphase project to construct a 32-mile rail line connecting the Houston, AK area to Port MacKenzie in the Matanuska-Susitna Borough. The project has eight segments. Embankment construction is complete on Segments 1, 3, 4, 5, and 6, and ballast, ties, and rail have been installed on Segment 6. Remaining work includes completing track infrastructure on Segments 1, 3, 4, and 5 and completing Segments 2, 7, and 8.

Task Objectives:
- **Complete the NEPA review process and obtain environmental approvals.**
- **Update plans and specifications for the remaining work to support competitive bidding.**
- **Complete the remaining PMRE improvements, including track infrastructure, civil work, communications systems, terminal facilities, and environmental mitigation.**

Available Information:
- **The budget is based on plans, specifications, and bid schedules. Cost estimates reflect the varying level of design completion for each segment.**

Fund Source	Desc	Federal Share	Non-Federal Match	Total
ARRC	Cash		$ 3,080,000	$ 3,080,000
AIDEA	Cash		$ 32,671,964	$ 32,671,964
MSB - Cash	Cash		$ 677,377	$ 677,377
MSB - In-Kind	Land		$ 10,200,000	$ 10,200,000
	Materials		$ 15,633,759	$ 15,633,759
FRA CRISI	Match	$ 249,052,399		$ 249,052,399
	TOTAL	**$ 249,052,399**	**$ 62,263,100**	**$ 311,315,499**

ARRC Business Justification

The PMRE will provide rail access to Port MacKenzie, expanding Alaska's freight transportation infrastructure and supporting economic development by providing an efficient transportation option for Interior Alaska resources and other freight moving to and from the port.

Alternatives Considered:

N/A

Preliminary Budget:

Line Description	Amount
Equipment	$ 2,956,817
Labor (Fully Burdened)	$ 5,913,635
Materials	$ 104,338,281
Contracts	$ 196,628,357
Other Expenses	$ 1,478,409
Total	$ 311,315,499

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

Adopted:

Resolution No. 2026-27

Relating to a Request Under AS 42.40.360 for the Transfer to the Alaska Railroad Corporation of State Land Necessary for Purposes of the Port MacKenzie Rail Extension Project

WHEREAS, the Alaska Railroad Corporation (ARRC) is an economic engine and backbone for Alaska's transportation infrastructure, hauling millions of tons of freight per year and providing critical support for resource industries such as petroleum, coal, and gravel; and

WHEREAS, the State of Alaska needs to diversify and strengthen its economy, and an effective transportation system facilitates such diversification; and

WHEREAS, the ARRC serves ports in Seward, Whittier and Anchorage, and the rail connection to Port MacKenzie with a deep-draft dock and 9,000 acres of industrial zoned land is a logical next step in enhancing the State's transportation capacity for bulk natural resources; and

WHEREAS, in June 2007, ARRC and Matanuska-Susitna Borough (MSB) signed a Memorandum of Agreement to pursue environmental work, engineering, and alternative analysis in support of the federal Surface Transportation Board (STB) environmental document for a 32-mile rail line from Houston, Alaska, to Port MacKenzie, which project is referred to as the Port MacKenzie Rail Extension (PMRE); and

WHEREAS, when complete, the PMRE will operate as part of the Alaska Railroad system; and

WHEREAS, in 2011 ARRC received approval from the federal Surface Transportation Board to construct and operate the PMRE; and

WHEREAS, the PMRE will foster development of Alaska's economy by providing year-round freight service to Port MacKenzie as a deep-water port to support businesses and the military, including existing industries in the mining and petrochemical sectors across the state; and

WHEREAS, the PMRE will enhance the resiliency of Southcentral Alaska's supply chain infrastructure by improving access to Port MacKenzie and reducing the distance between tidewater and Interior Alaska; and

WHEREAS, the ARRC Board of Directors, as stated in Resolution No. 2026-06, continues to support the ultimate final construction and operation of the PMRE for the reasons noted above; and

WHEREAS, Management Staff identified as a viable approach to advancing the goal of completing construction of the PMRE to link the Port with ARRC's mainline at Houston, Alaska, the submission of a grant application to the Federal Railroad Administration (FRA) Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant program; and

WHEREAS, the FRA CRISI grant program is an 80/20 program, offering a maximum 80% of federal funding and requiring a minimum 20% non-federal match; and

WHEREAS, ARRC is coordinating with other project stakeholders including the MSB and the Alaska Industrial Development & Export Authority (AIDEA) to identify and secure eligible in-kind contributions toward the match, as well as direct financial support; and

WHEREAS, the ARRC Board of Directors, at its special meeting of June 18, 2026, approved Resolution No. 2026-11, in which the Board stated that it continued to strongly support the completion of the construction of remaining segments and components of the PMRE from Houston, Alaska to Port MacKenzie, directed Management Staff to apply for the above-described FRA CRISI Grant to complete the PMRE, and authorized and directed Management Staff to utilize certain ARRC funds toward funding the required match for the FRA CRISI Grant, as well as to provide any available in-kind match that was acceptable to the FRA toward such required match; and

WHEREAS, on October 19, 2026, FRA announced a CRISI grant award to ARRC for the Project in the amount of $249,052,399 which represented 80% of the necessary PMRE project funding (CRISI Grant); and

WHEREAS, The CRISI Grant requires ARRC to secure the remaining 20% in matching funds and in-kind match in the total amount of up to $62,263,100, with said match to be provided by a combination of matching funds and available in-kind match acceptable to the FRA; and

WHEREAS, such in-kind match may include, among other things, land that is needed by ARRC for present and/or future railroad purposes in conjunction with the PMRE; and

WHEREAS, ARRC continues to foster economic development for the State of Alaska through railroad operations and land management; and

WHEREAS, the acquisition of land by ARRC in the vicinity of the PMRE would provide ARRC with operational and maintenance benefits for ARRC's construction and later operations on the PMRE; and

WHEREAS, subsection AS 42.40.360(b) of the Alaska Railroad Corporation Act provides that the Board may request the Commissioner of the Alaska Department of Natural Resources to convey State land to ARRC that is needed for present or future railroad purposes.

NOW THEREFORE BE IT RESOLVED that the ARRC Board of Directors finds that the State land located in the vicinity of the PMRE and specifically described below is needed by ARRC to locate additional railroad and freight related facilities in the future that will enhance ARRC's ability to market, operate and maintain freight facilities and services between Houston and Port MacKenzie, Alaska; and the Board hereby formally requests that the Commissioner of the Alaska Department of Natural Resources transfer ownership of said land to ARRC in accordance with the provisions of AS 42.40.370. Said land is described as:

Tracts 10A and 13A, Point MacKenzie Terminal Reserve Subdivision, filed in the Palmer Recording District as Plat No. 2025-179, Third Judicial District, State of Alaska. The parcels are located within Township 15 North, Range 4 West, Seward Meridian, and located within Sections 19, 30, and 31, containing 885.16 acres.

Adopted:

Resolution No. 2026-28

Relating to Approval of the Combined 2024-2026 Intermodal Freight Service (TOFC and COFC) Performance Audit

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

WHEREAS, ARRC contracted with DB E.C.O. North America, Inc., which has the particular skills and ability to make such an assessment, to perform what was initially designated as a combined 2024-2025 Performance Audit to assess the Corporation's intermodal freight service (TOFC and COFC); and

WHEREAS, the scope of the above-described performance audit expanded to encompass a broader range of subject matter, work, information and time than initially expected, so that it ultimately was redesignated as a combined 2024-2026 Performance Audit; and

WHEREAS, the Board has reviewed the combined 2024-2026 Performance Audit Report prepared by DB E.C.O. North America, Inc., along with ARRC's responses thereto, and finds that it satisfies the intent of the contract and the statutory requirement.

NOW, THEREFORE BE IT RESOLVED, that the ARRC Board of Directors hereby accepts the combined 2024-2026 Performance Audit Report as presented by DB E.C.O. North America, Inc.

Adopted

Resolution No. 2026-29

Relating to the Extension of the Deadline for the City of Whittier and the Alaska Railroad Corporation to Close the Purchase/Sale of Railroad Land Located in Whittier, Alaska, and to Terminate the Parties' Master Lease

WHEREAS, the Alaska Railroad Corporation ("ARRC") owns three parcels of land comprising a total area of approximately forty-seven (47) acres within the Alaska Railroad Whittier Reserve in Whittier, Alaska (collectively, the "Property"); and

WHEREAS, ARRC and the City of Whittier (the "City") are parties to a Ground Lease and Management Agreement dated November 13, 1998 (the "Master Lease") which applies to various parcels of land in the ARRC Whittier Reserve, including the three parcels that comprise the Property; and

WHEREAS, on December 13, 2024, ARRC and the City entered into a Memorandum of Understanding regarding a potential purchase or exchange of lands within the ARRC Whittier Reserve and elsewhere in the City of Whittier and the termination of the Master Lease in order to allow each party to develop and control appropriate parcels of land in a manner consistent with their needs and best interests; and

WHEREAS, after engaging in negotiations with the City, ARRC offered to sell the Property to the City in exchange for (i) payment of appraised fair market value determined by reference to an appraisal dated November 8, 2024, conducted by Black-Smith, Bethard & Carlson (the "Appraisal") as adjusted based on a final resurvey of the Property area, and (ii) termination of the Master Lease; and

WHEREAS, the Whittier City Council voted to accept ARRC's offer at its meeting of December 16, 2025, and the parties then entered into a Conditional Letter of Intent with respect to that proposed transaction ("CLOI"); and

WHEREAS, the ARRC Board of Directors, on February 5, 2026, approved Resolution No. 2026-03, which authorized the sale of the Property, less subsurface rights, to the City of Whittier in exchange for a cash payment of $4,893,321 based on the Appraisal; and

WHEREAS, the ARRC Board's approval of Resolution No. 2026-03 was made pursuant to certain required findings made therein by the Board of Directors and subject to (i) approval of the proposed sale of the Property by the Alaska Legislature; (ii) termination of the Master Lease; and other terms and conditions, all as further described in said resolution; and

WHEREAS, the Alaska Legislature passed legislation approving the proposed sale of the Property, less subsurface rights, to the City of Whitter during the 2026 legislative session, which was allowed to become law without the Governor's signature, and was engrossed as Chapter No. 42 of the 2026 Alaska Session Laws, with an effective date of July 3, 2026; and

WHEREAS, following legislative approval, ARRC and the City began negotiations toward a Purchase and Sale Agreement ("PSA") to effectuate the above-described transaction and took other steps consistent therewith, including but not limited to the provision to the City by ARRC in August 2026 of final resurvey instructions required to determine exact parcel sizes and, in turn, the final price to be paid by the City for the Property based on the Appraisal.

WHEREAS, the CLOI provides a deadline of January 31, 2027, for closing on the purchase/sale transaction for the Property and termination of the Master Lease; and

WHEREAS, ARRC and the City of Whittier wish to continue to pursue the above-described transaction, but require additional time beyond January 31, 2027, to allow for the final negotiation of the PSA, the final resurvey, and other activities associated with closing the purchase of the Property and termination of the Master Lease; and

WHEREAS, the ARRC Board of Directors finds it appropriate to extend the January 31, 2027, deadline for an amount of time that will allow the above-described activities to take place, but that also will require the parties to move ahead diligently.

NOW, THEREFORE, BE IT RESOLVED that the ARRC Board of Directors hereby reconfirms its approval of the proposed sale of the Property to the City of Whittier and the associated termination of the Master Lease, on all the terms and conditions set forth in Resolution No. 2026-03 and the CLOI, provided that the Board further agrees and authorizes that the deadline for closing said transaction should be extended to and include July 31, 2027.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the ARRC Board of Directors hereby directs and authorizes the President and CEO, or his designee, to take such actions as are reasonably necessary to meet all obligations of ARRC relating to the sale of the Property and termination of the Master Lease as described above, including but not limited to (i) issuing required public notices; and (ii) negotiating, finalizing and executing all documents necessary to complete said transaction on or before July 31, 2027.

Adopted:

Resolution No. 2026-30

Relating to the Purchase of Building Improvements Owned by Ship Creek Industrial Complex, LLC on Land Leased from ARRC and Located at 229 East Whitney Road (AFE No. 11519)

WHEREAS, the Alaska Railroad Corporation ("ARRC") owns a parcel of land on East Whitney Road in the Alaska Railroad Anchorage Reserve, located within Lot 2, U.S. Survey 1170, as more fully described and depicted on Exhibit 1 to this resolution (the "Leased Premises"); and

WHEREAS, ARRC owns an additional parcel of land in the vicinity of the Leased Premises that is subject to (i) a Special Land Use Permit, ARRC Contract No. 20349 (the "Permitted Premises"), as also depicted on Exhibit 1; and

WHEREAS, the Leased Premises and the Permitted Premises are referred to herein collectively as the "Premises"; and

WHEREAS, the Premises are currently leased by ARRC to Ship Creek Industrial Complex, LLC, an Alaska Limited Liability Company ("Ship Creek"), under ARRC Lease Contract No. 9998 (the "Ground Lease") and ARRC Contract No. 20349 (the "SLUP"); and

WHEREAS, all buildings and associated improvements currently located on the Premises (the "Building Improvements") are in good condition and are consistent with both the highest and best use of the Premises and with ARRC's development plans for the Premises; and

WHEREAS, ARRC and Ship Creek are mutually agreeable to entering into a transaction whereby (1) ARRC would (a) terminate the Ground Lease and the SLUP; and (b) pay up to $6,585,000 to (i) purchase the Building Improvements, which amount shall be paid to Ship Creek; (ii) pay closing costs (which are to be equally split between ARRC and Ship Creek); and (iii) ARRC and Ship Creek will each be responsible to cover its own due diligence expenses; and

WHEREAS, ARRC's acquisition of the Building Improvements will provide additional flexibility to address current and future operational space requirements within the Anchorage Yard facilities and support the consolidation of Mechanical, Signal/Telecom, TOFC and other personnel, as necessary, into a strategically located, rail-served facility; and

WHEREAS, ARRC's acquisition of the Premises will provide direct control of a strategic location on ARRC-owned land and improve ARRC's ability to manage and coordinate current and future rail operational needs within the Anchorage Yard; and

WHEREAS, AFE No. 11519 authorizes ARRC to purchase the Building Improvements for up to $6,500,000, and in addition to pay 50% of associated closing costs, and 100% of its own due diligence costs, in a total amount not to exceed $6,585,000; and

WHEREAS, the funding for the real estate transaction under AFE No. 11519 will be derived in whole or in part by means of financing obtained by ARRC at commercially favorable rates; and

WHEREAS, the Board of Directors finds that the proposed transaction supports more efficient utilization of ARRC property, consolidation of operational functions, replacement of aging facilities, and improved long-term management of ARRC's Anchorage Terminal Reserve assets;

NOW, THEREFORE, BE IT RESOLVED that the ARRC Board of Directors has considered and hereby approves AFE No. 11519 in the amount of $6,585,000 and hereby authorizes ARRC to purchase the Building Improvements and to incur associated costs pursuant to the terms and conditions described herein and further hereby authorizes the President and CEO, or his designee, to negotiate, finalize and execute all documents necessary to complete said transaction.

NOW THEREFORE BE IT FURTHER RESOLVED, that the ARRC Board of Directors hereby approves that all or a portion of the $6,585,000 in funding provided by AFE No. 11519 may be obtained by the Corporation through obtaining said funds through financing at commercially reasonable rates, which such financing shall require approval of the Board of Directors my means of a subsequent resolution.

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Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE# 11519

General Information:	
AFE Title:	**229 E. Whitney Road Acquisition**
Prepared By:	**Clark Hopp**
Resp. Center (Name):	**Real Estate**
Resp. Center (#):	**8900-Real Estate**
Depreciation Center:	**8900-Real Estate**
Line of Business:	**Corporate**

Spending Timetable:		
2027	$	6,585,000
Total	$	6,585,000

Other Information		
Useful Life (Years):		40
Annual Depreciation:	$	164,625
Estimated Annual Operating Costs	$	180,000.00

Included in Capital Budget:			
Capital Budget	Year:	2027	Budgeted
Total Amount	$		6,585,000
Source of Funding	ARRC (Debt)	$	6,585,000
Source of Funding		$	-
Source of Funding		$	-
Grant Number			
Grant Name			

AFE History:			
	Amount		**Date Prepared**
Original AFE	$	6,585,000	11/05/26
Supplemental #1	$	-	
Supplemental #2	$	-	
Supplemental #3	$	-	
Supplemental #4	$	-	
Supplemental #5	$	-	
Supplemental #6	$	-	
Supplemental #7	$	-	
Total	$	6,585,000	

Required Signatures for Approval:

(if applicable)	Last Name(s) (Print)	Signature	Date
Project Manager:	**Kristen Gratrix**	Kristen Gratrix	11/8/2026
Responsible Owner:	**Shane Maloney**	Shane Maloney	11/8/2026
VP, Owner Department:	**Christy Terry**	Christy Terry	11/8/2026
Functional User(s):	**Lloyd Tesch**	Lloyd Tesch	11/8/2026
Chief Operating Officer:	**Clark Hopp**	Clark Hopp	11/9/2026
Grant Administration:	**Christina Isabelle**	**N/A**	
Chief Financial Officer:	**Michelle Maddox**		
Accounting Department:	**Amy Kinnaman**	Amy Kinnaman	11/9/2026
CEO & President:	**Bill O'Leary**	Bill O'Leary	11/8/2026
Board of Directors:	**John Shively**		

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

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Alaska Railroad Corporation

Authorization for Expenditure Form

For Accounting Use Only

AFE# 11519

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

The acquisition will provide modern, functional space for Mechanical, Signal/Telecom, TOFC and other personnel, while supporting the eventual retirement and demolition of Building 63, an aging facility that has exceeded its useful life. Consolidating personnel, equipment, and materials into a more suitable facility is expected to improve working conditions, reduce operational inefficiencies, and provide better separation and coordination of shop, warehouse, vehicle, and employee activities.
The project is safety-related, but it is not being undertaken to correct a specifically identified regulatory violation or imminent safety hazard.

Scope of Work:

The project involves the acquisition of approximately 67,348 square feet of existing industrial building improvements at 229 E. Whitney Road, located on Alaska Railroad-owned property within the Anchorage Terminal Reserve, for a purchase price of $6.5 million.
The scope includes completing due diligence, finalizing the purchase agreement, securing Board approval and financing, and acquiring the existing office, warehouse, shop, yard, parking, truck-scale, and rail-served facilities.
Following acquisition, ARRC will develop and implement a phased transition plan to consolidate Signal, Mechanical, and TOFC operations into the facility. This will include evaluating departmental space requirements, identifying necessary building modifications, coordinating existing tenant lease expirations, and relocating personnel, equipment, and materials over an anticipated 2–5-year period.
The acquisition will also provide replacement operational capacity necessary to retire and ultimately demolish Building 63, reducing reliance on aging infrastructure and improving the long-term utilization of Anchorage Yard facilities.
The immediate project scope is limited to the acquisition and associated transaction costs. Future building modifications, departmental relocations, and demolition activities will be evaluated and authorized separately as necessary.

ARRC Business Justification

The acquisition of the 229 E. Whitney Road facility addresses ARRC's long-term need for additional operational space and improved facility utilization within the Anchorage Yard.
The approximately 67,348-square-foot industrial facility provides a combination of office, warehouse, shop, yard, parking, and rail-served space that would be difficult and costly to replicate within the existing terminal.
Acquiring the facility will allow ARRC to consolidate Signal, Mechanical, and TOFC operations, improving operational efficiency, reducing fragmented departmental locations, and providing replacement capacity for aging infrastructure, including Building 63, which is beyond its useful life.
The $6.5 million acquisition also provides ARRC with direct control of a strategically located facility on land it already owns. Existing net tenant rental income of $568,980 annually will help offset acquisition and operating costs during a phased transition to railroad operations over the next 2–5 years. See "Detailed Budget" tab for a detailed breakdown.
The primary business justification is long-term operational efficiency, avoided facility replacement and maintenance costs, and improved utilization of existing railroad property rather than financial return from real estate investment alone.

Alternatives Considered:

Alternatives to the proposed acquisition include continuing to utilize existing Anchorage Yard facilities, renovating or expanding current buildings, constructing new facilities on ARRC-owned property, or leasing additional industrial space. Maintaining existing facilities would not address the long-term need for departmental consolidation or the replacement of Building 63, which has exceeded its useful life. Renovation or new construction would require substantial capital investment and could create additional operational disruptions. Leasing alternative facilities would not provide the same long-term control or operational advantages of acquiring improvements on property ARRC already owns.
The proposed acquisition provides an opportunity to obtain an existing, rail-served industrial facility with substantial office, warehouse, shop, and yard capacity while utilizing rental income from current tenants to help offset costs during a phased transition.
The acquisition is considered the preferred alternative based on its strategic location, existing infrastructure, operational flexibility, and potential to avoid more costly future facility investments.

Preliminary Budget:

Line Description	Amount
Equipment	
Labor (Fully Burdened)	$ 5,000
Materials	
Contracts	$ 6,500,000
Other Expenses	$ 80,000
Total	$ 6,585,000

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

L E A S E S U M M A R Y

LESSEE: Northern Insulation Solutions, Inc, CONTRACT NO: 21389

LEASE DESCRIPTION: Lots 42, 43, and 44 of the ARRC Post Road Lease Lots, situated within the ARRC Anchorage Reserve. Located at the corner of Post Road and Reeve Boulevard. Contains approximately 60,000 square feet (1.38 acres).

KEY CONTRACT PROVISIONS:

Estimated Effective Date: January 1, 2027

Lease Term: Thirty-five (35) Years

Option to Extend: None.

Lease Area: 60,000 sq. ft., more or less.

Base Annual Rent: $52,800.00 (based on 2024 appraised value)

Prior Annual Rent: $52,800.00 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 November 12, 2026.

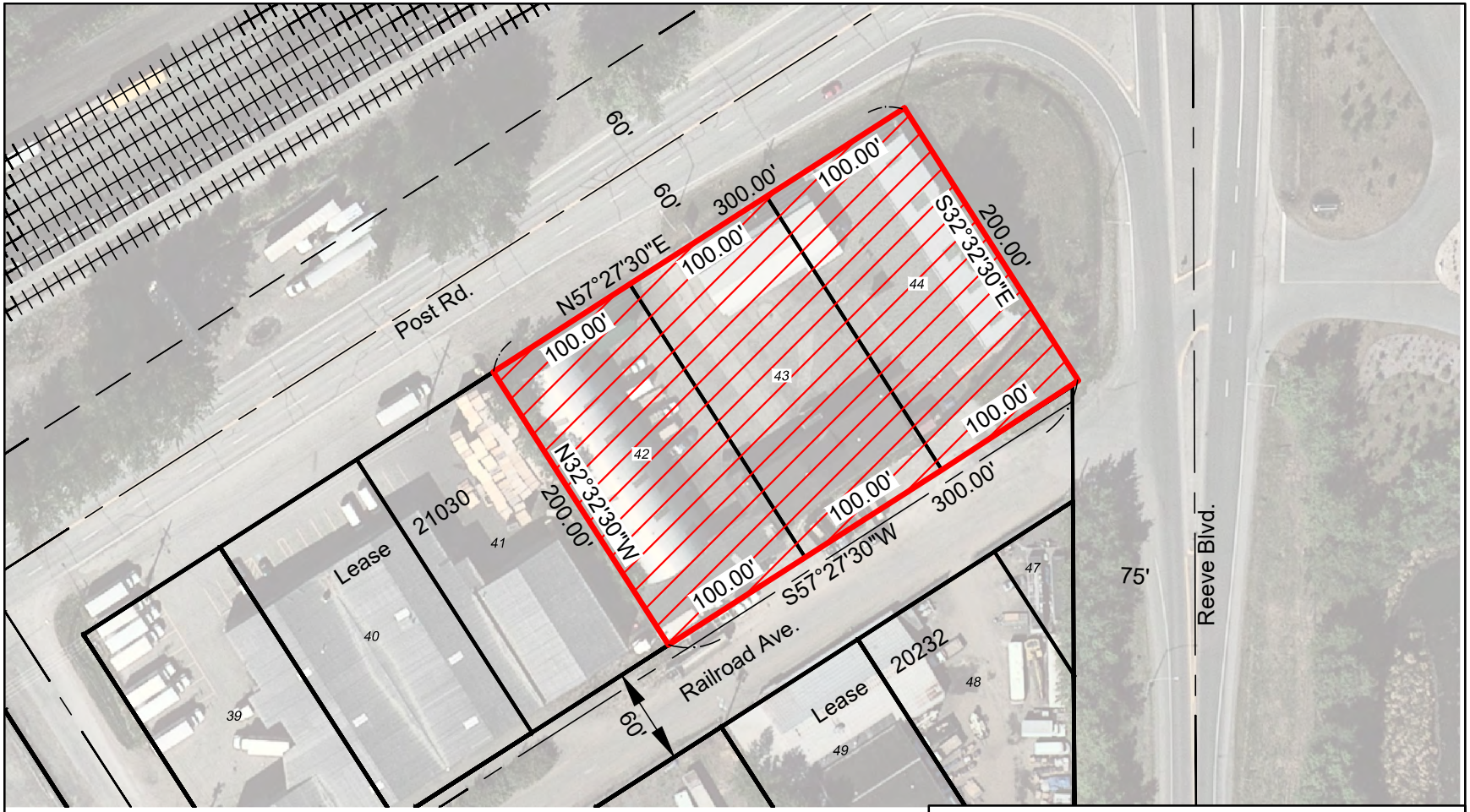
LEGAL REVIEW: Yes

INTENDED USE: Office space, warehousing and distribution consistent with Lessee's business.

SUMMARY AND RECOMMENDATIONS: Lessee currently leases the property under a ground lease for a term of thirty-five (35) years. The current lease is scheduled to expire on December 31, 2038. Lessee is requesting a new thirty-five (35)-year ground lease to support continued site improvements. Approval is recommended.

APPROVED: _____ Board Meeting Date: _____

Jennifer Mergens
ARRC Board Secretary



DRAWING LOCATION: 21389-L.dwg

LEGEND

Lease 21389

Other Parcels

0 50 100'

N

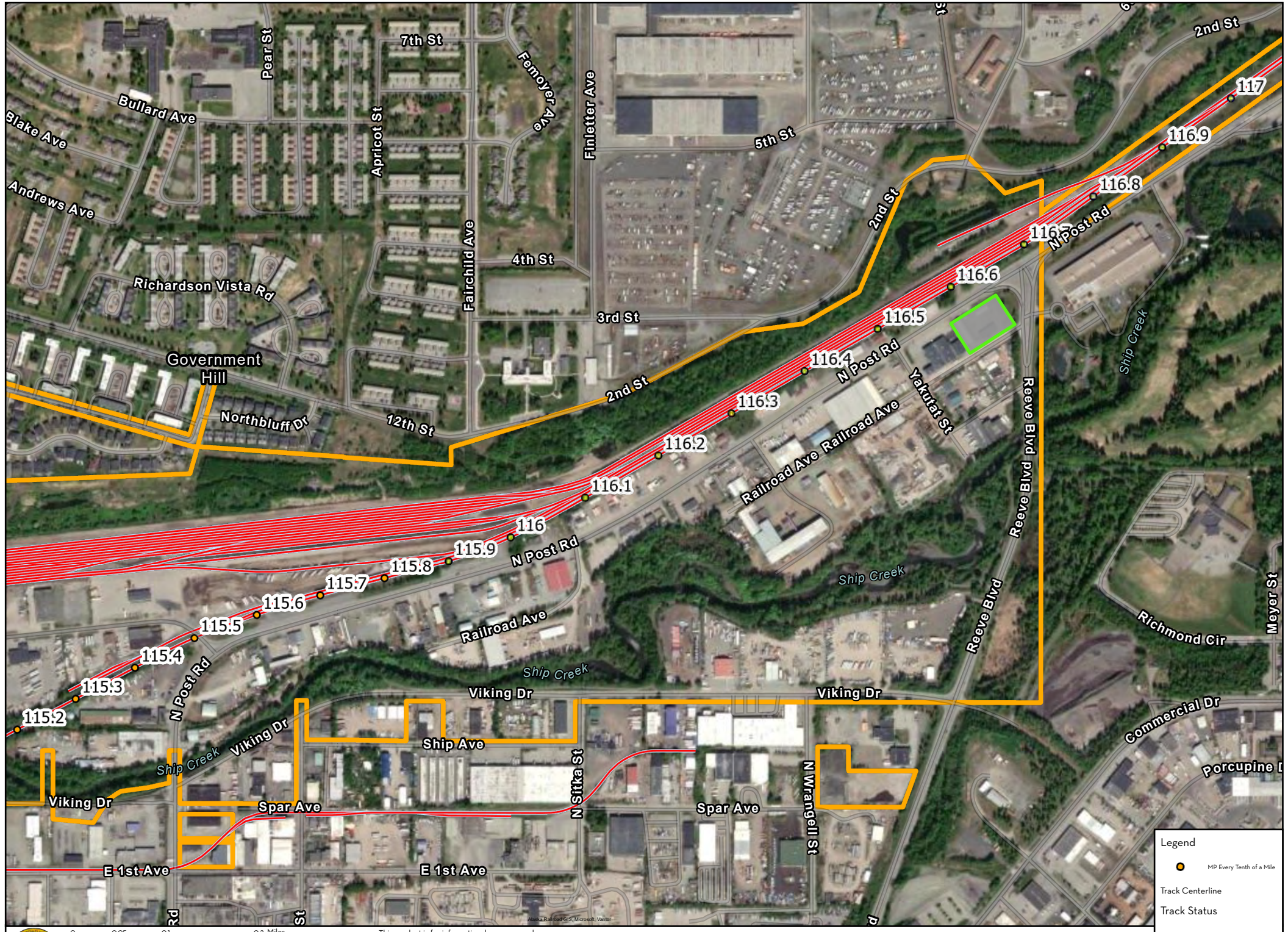
NOTES

1. Background imagery is publicly available from Google.
2. The dimensions shown on this exhibit are based on those shown on Sheet 2A of the unrecorded plat titled Post Road Lease Lots, dated October 27,1959 redrawn April 2, 1974, and having file number 3451.
3. Contact the Alaska Railroad Corporation for information related to the retracement of this lease boundary.
4. Schedule 1 Legal Description attached hereto and made a part of this Exhibit A.

EXHIBIT A | ARRC CONTRACT NO. 21398
Northern Insulation Solutions Inc.
Area = 60,000 sq ft± (1.377 ac±)
LOCATED WITHIN
US Survey 9112

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

ANCHORAGE RECORDING DISTRICT		SHEET 1 OF 1
DRAWN: DAS/AMB	CHECKED: JSR	DATE: 10/27/2026


7th St
Pear St
Femoyer Ave
Finletter Ave
2nd St
Bullard Ave
Blake Ave
Apricot St
5th St
117
116.9
Andrews Ave
116.8
Fairchild Ave
4th St
2nd St
N Post Rd
116.7
116.6
Richardson Vista Rd
3rd St
116.5
Government Hill
116.4
N Post Rd
Ship Creek
Yakutat St
2nd St
116.3
Northbluff Dr
12th St
Railroad Ave
Railroad Ave
Reeve Blvd
116.2
116.1
116
115.9
N Post Rd
115.8
115.7
Ship Creek
115.6
Reeve Blvd
115.5
Railroad Ave
Richmond Cir
Meyer St
115.4
Ship Creek
115.3
Viking Dr
Viking Dr
Commercial Dr
115.2
N Post Rd
Viking Dr
Ship Ave
Ship Creek
N Sitka St
N Wrangell St
Spar Ave
Spar Ave
Viking Dr
E 1st Ave
E 1st Ave
Legend
MP Every Tenth of a Mile
Track Centerline
Track Status
Active
Railroad Lands
0
0.05
0.1
0.2 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.
Alaska Railroad GIS, Microsoft, Vantor
L21389 - Northern Insulation Solutions Inc.
ALASKA RAILROAD
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