

**Alaska Railroad Corporation
Board of Directors
Executive Committee Meeting Agenda**

Date: Wednesday, May 20, 2026

Time: 10:00 a.m.

Join Zoom Meeting

<https://us02web.zoom.us/j/82290084358?pwd=C9DBOokh9kSaltRvPoplhoN00Lbzy5.1>

Meeting ID: 822 9008 4358 ~ Passcode: 326380

Dial In: 1 669 444 9171 or 1 346 248 7799

1. [Financial Report](#)
2. [2026 Corporate Goals](#)
3. Resolutions, Action Items and AFEs
 - a. [Resolution No. 2026-06 Relating to Approval](#) of [Insurance Renewals 2026-2027](#)
 - b. Resolution No. 2026-08 Relating to Increase in Funding of Environmental Mitigation Required in Conjunction with the Seward Freight Dock and Corridor Improvements Project ([AFE No. 11387 S-1](#))
 - c. Resolution No. 2026-09 Relating to Port of Whittier Operational Efficiency Project ([AFE No. 11475](#))
4. Executive Session Briefings
 - a. Contracts, Claims, Litigation, Personnel and Financial Matters
 - b. Legislative Update
 - c. PMRE Update
 - d. Seward Passenger Dock
 - e. Gasline Project Update

Committee Members:

John Shively, Chair

Judy Petry

John Binkley

Meeting is open to all other Board Members at their discretion

Staff Members

Bill O'Leary

Jennifer Mergens

Andy Behrend

Michelle Maddox

Meghan Clemens

Clark Hopp

Christy Terry

Brian Lindamood

Lorine Hall

David Greenhalgh

Amy Kinnaman



YTD APRIL 2026 Executive Summary

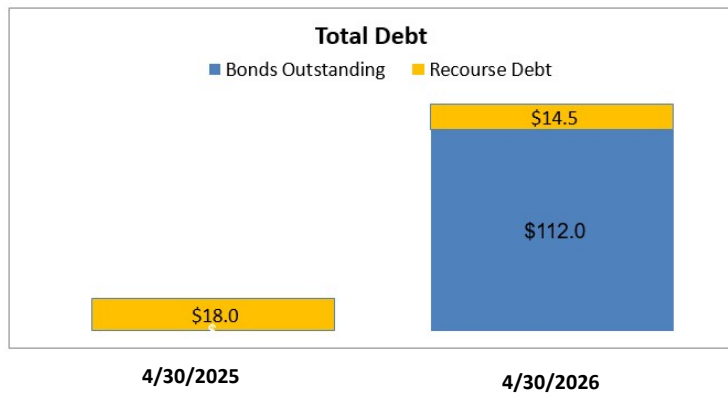
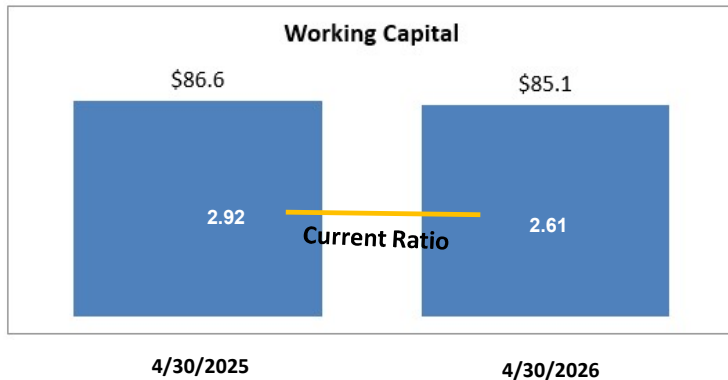
YTD net loss of \$19.5 million was a larger loss by \$1.9 million than the loss expected according to the revised budget

- *Freight revenue under-performed revised budget by \$1.4 million, or 3.5%*
 - *Primarily due to under-performance of TOFC/COFC and Interline business lines*
- *Passenger revenue out-performed revised budget by \$0.1 million, or 6.0%*
 - *Primarily due to over performance of Aurora Winter Train and Special trains*
- *Operating expenses came in over revised budget by \$1.0 million, or 1.6%*
 - *Primarily due to the higher cost of fuel*
- *Real Estate net revenue out-performed revised budget by \$0.4 million, or 8.4%*
 - *Driven primarily by out-performance of lease and permit revenue, and lower-than-expected expenses*

ARRC cash balance and total debt were \$45.7 million and \$130.5 million, respectively, and net working capital was \$85.1 million

Financial Position

at April 30, 2026
(\$ millions)



- Continuing to maintain strong liquidity at more than 2.0x current assets to current liabilities

- Decrease in year-over-year recourse debt, increase is year-over-year total debt

- Issued Seward Passenger Dock revenue bonds in August 2025

- ARRC's trailing 12-month cash flow decreased on a year-over-year basis and leverage ratios increased

- *debt-to-cash flow ratios are a measure of the company's ability to repay its debt from cash flow generated by the business*

	4/30/2025	4/30/2026
Recourse Debt / EBITDA	0.44x	0.24x
Total Debt / EBITDA	0.44x	2.13x



➤ YTD APRIL 2026 Net Income Forecast

Net income forecast for 2026, given actual YTD April performance and the latest revised budget for the remainder of the year, is \$20.2 million, which is \$8.2 million lower than the original budget net income for the year

- *Forecast net income is lower than expected due to a larger YTD net loss than expected*
- *Freight revenue forecast is \$4.7 million higher than reflected in the original budget due to anticipated increases in fuel surcharge revenue*
- *Passenger revenue forecast is \$0.4 million lower than reflected in original budget due to NCL not utilizing the cruise train the upcoming passenger season*
- *Real Estate net revenue forecast is \$0.6 million lower than reflected in the original budget primarily due to the first few cruise ships being unable to dock in Seward*
- *Operating expense forecast is \$12.2 million higher than reflected in the original budget with larger variances in Transportation, Marketing and Customer Service, Engineering, and Corporate Overhead, primarily due to higher fuel costs, higher equipment rates than expected, and anticipated expenses related to rail expansion initiatives*





2026 Strategic Goals and Initiatives

Strategic Goal 1: Uphold a Culture of Safety and Excellence

1. Review and strengthen corporate safety training programs to ensure full compliance with regulatory requirements, internal standards, and best practices.
2. Implementation of final phase of Fatigue Risk Management Program, to include finalization and approval of the voluntary software applications rollout plan as well as approval of the ARRC Medical Monitoring Plan scope and governance.
3. Track and improve safety-related statistics, with the targeted goal to reduce ARRC's year-end Casualty Rate to less than 4.5.
4. Advance ARRC's goal of being an employer of choice by deepening employee engagement through visible leadership presence, town halls, worksite visits, employee gatherings, recognition and milestone events, and meaningful action on quality-of-life issues identified through direct employee dialogue.

Strategic Goal 2: Enhance Stewardship and Stakeholder Relations

1. Continue support of Alaskan non-profit organizations and charitable services, to include facilitation of employee volunteer events and fundraising drives, and corporate in-kind donations of rail tickets and charter cars for auction with a goal of no less than \$100,000 in value of such in-kind donations by year-end.
2. Prioritize effective and consistent relationships with key stakeholders, including local, state and federal officials, as well as customers and community members. Participate in relevant community councils and trade associations, provide briefings and presentations about ARRC initiatives, and work with stakeholders to address challenges and pursue mutually advantageous opportunities.
3. Maintain responsive and effective communications efforts through traditional and social media channels to ensure Alaskans and other members of the public are aware of corporate initiatives, challenges and achievements.

Strategic Goal 3: Grow Revenue by Sustaining and Expanding Business Opportunities

1. Increase freight revenue (net of fuel surcharge) by 3% compared to 2025.
 - a. Increase system capacities to allow for increased volume and improved efficiencies, including additional rail-barge capacity between Lower 48 rail network and Whittier.
 - b. Emphasize excellent customer service, communication and collaboration, internally and externally, in an active effort to attract new customers and retain existing customers and a goal to improve customer survey feedback results over 2025.
2. Increase passenger revenue by 8% compared to 2025.
 - a. Launch modernized external website to promote stakeholder engagement, assist with marketing initiatives, and create an easier end-user experience, driving conversions and revenue.
 - b. Emphasize excellent customer service in all aspects of the customer journey, with the goal of improved customer survey metrics over 2025.
3. Increase real estate revenue by 10% compared to 2025
 - a. Continue strategic long-range land use planning related to both acquisition and management of existing property to include Operations and Real Estate.
 - b. Annually update the Real Estate Marketing Plan to align with 2026 Strategic Goals.
 - c. Leverage monthly Business Development Committee meetings to identify permit, lease, and development opportunities that enhance both the existing and new ARRC customer experiences and utilization.

Strategic Goal 4: Improve Profitability through Operational and Administrative Efficiencies

1. Improve the corporate revenue per employee metric by 3% compared to 2025.
2. Achieve operating wages as a percentage of operating revenue of 39% or lower by the end of 2026
3. Achieve earnings before interest, tax, depreciation and amortization (EBITDA) of \$55.7 million.
4. Implement review of board rules and guidance documents as required by Administrative Order 360, revising as appropriate to streamline and improve corporate processes.
5. Expand the Corporation's use of business intelligence by developing, standardizing, and dashboarding up to 15 key performance indicators (KPIs). Increase visibility into operational and financial performance through user-friendly dashboards, supporting consistent performance monitoring and data-informed decision-making across departments.

6. Strengthen and sustain the corporate cybersecurity program to protect ARRC's data, operations, and computer systems, addressing employee knowledge gaps with a goal of at least 75% of office employees completing cybersecurity awareness training in 2026 and reducing average quarterly employee phishing test failure rate to 2.5%.
7. Conduct a comprehensive review of the Health Care Trust to determine how excess assets can be managed or used in a legally compliant, low-risk manner that supports ARRC's long-term benefit strategy and avoids penalties or excise taxes.

Strategic Goal 5: Optimize Capital Program Investment and Management

1. Complete approved capital program within the planned timeframe and budget, ensuring ARRC's capital resources are deployed to maintain and enhance safe, reliable and efficient rail operations.
2. Successfully complete the Seward Cruise Ship Dock and Terminal Project, ensuring the development of a state-of-the-art maritime facility that enhances cruise ship operations, regional tourism, train passenger revenue and economic development at the Port of Seward. In 2026, complete purchase of the new facilities and ensure transition to successful port operations.
3. Pursue competitive grant opportunities where beneficial and practicable to maintain and enhance ARRC assets and advance economic development opportunities.

Strategic Goal 6: Enhance Economic Growth through Rail and Real Estate Development

1. Continue efforts to advance the Port MacKenzie Rail Extension, Northern Rail Extension, and other statewide economic development projects through outreach public and private partners, pursuit of funding opportunities, and ongoing business development and stakeholder engagement.
2. Identify and develop business opportunities that enhance and enable Alaska's economic landscape, ensuring potential customers are aware of the services and efficiencies ARRC can offer and executing to drive new business development. Convene ARRC Business Development Committee on a monthly basis to ensure appropriate cross-departmental coordination on identified opportunities.
3. Advance Alaska Railroad's readiness and execution capability to support the potential AKLNG project by ensuring infrastructure, operating plans, resource alignment, and cross-functional coordination are positioned to deliver safe, reliable, and timely rail and port service in support of project requirements.

TO: ARRC Board of Directors

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

FROM: Roberta Highstone, Risk Manager *RH*

DATE: May 14, 2026

SUBJECT: Insurance Renewals

The Alaska Railroad Corporation ("ARRC") renews its liability and property insurance policies on July 1, 2026. Various other policies will be renewed within a few months thereafter. This memo is intended to brief you on various aspects of these renewals prior to the June 5, 2026 Board Meeting when the insurance renewals will be presented as an action item.

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

YEAR 2025-2026 PERFORMANCE

The insurance year of 2025-2026 has again been unremarkable as to concerns or incidents impacting ARRC's risk management program. As has been our procedure in the past, the ARRC Legal Department has thoroughly reviewed all incidents that could result in claims against current policies. No incidents have been identified as possibly resulting in a claim against any of the purchased insurance policies in the current claim year.

INSURANCE PROGRAM

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

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

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

ARRC's performance can be measured by our track record in the 41 years since the corporation began doing business. ARRC's spotless property and general liability claim record has benefited it in the marketplace. As shown on the attached charts, we have profited from a decrease in insurance costs over the years, and policy terms have been enhanced at little or no cost. ARRC's annual track renewal, track straightening, tie replacement, and bridge rehabilitation programs have impressed the underwriters with our commitment to and impact on safe operations. The importance of our infrastructure rehabilitation programs cannot be overstated when ARRC is assessed against all other railroads. Reductions in ARRC's premiums on the liability side have no doubt been impacted by our comprehensive capital improvement program. However, losses in the railroad industry, both domestic and foreign, have had a significant effect on the markets with which ARRC does business. Although neither incident resulted in claims against a policy and occurred in 1999, ARRC's own loss experience at Canyon and Gold Creek are issues that continue to be scrutinized by underwriters before setting rates.

Significant domestic and international incidents continue to impact the markets in which ARRC does business. In the year 2025 there were 23 separate billion-dollar events in the US alone that impacted the property excess and reinsurance markets. These events significantly affected insurers who not only write railroad property risk, but the property market at large. Climate change and geopolitical instability also create challenges for insurers. However, an influx of capacity has benefited insureds by creating competition and options for insurance buyers.

Circumstances affecting the liability market include availability of capacity, the impending increase of the Passenger Liability Cap that is expected in July of 2026 and the prevalence of nuclear verdicts coming out of litigated events. Markets are looking for single to low double digit rate increases to maintain capacity and continue to closely scrutinize operations involving the hauling of fuel or any hazardous materials through populated areas.

The Rail Liability markets have significantly changed in recent years, including reduction of an estimated \$500 million dollars of capacity in the commercial marketplace and the increase in the Rail Passenger Transportation Liability Cap from \$323 million to now \$402 million. This has resulted in the Alaska Railroad Corporation having to increase its total liability limits to \$402 million, thereby increasing total costs of liability premiums.

For 2026, we are anticipating increased revenue and payroll, which is the driver of liability insurance premiums. With current market conditions for rail liability rates, we predict there

will be an estimated increase of up to 10% for the premiums for the first layer of liability limits, \$70 million in excess of \$5 million (SIR), over last year's renewal period.

The second layer of limits of \$185 million excess of \$75 million renewed with no increase over last year. The third layer of limits of \$63 million excess of \$260 million renewed with no increase over last year.

Our current limits of \$323 million meets the current Rail Passenger Transportation Liability Cap. Premiums for the second layer are split between 7 railroads. Premium for the third layer is shared with one other railroad.

There are intervening market pressures that have moved the insurance market in a positive direction for buyers over the last 12-18 months. In spite of the challenges we see in the railroad property market, the macro property market has experienced an expansion in capacity which pushes insurers to be more competitive. This competitive environment does filter into rail and has offset some of the headwind. Property insurers are pricing their renewals more competitively in 2026.

Taking into account increased total insured valuations and inflation, property insurance rates continue to increase for programs that have multiple carriers, such as ARRC's program. Increasing reinsurance and capital costs, strong capacity demand, and continued losses are factors driving the increases as well. However, reinsurance pricing in North America has stabilized. Reinsurance is when insurers pass a portion of their policies onto other insurers to reduce the financial cost in the event a claim is paid out, as such, this cost relief has reintroduced competition into the insurance market.

The property market remains in a state of change and we are seeing year on year rating anywhere from +10% to -10%. In spite of record catastrophic losses and significant business interruption events, the market remains resilient. The 2026 Atlantic storm season and drought/wildfire seasons are factors that we continue to watch as they will influence the trend we are seeing.

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

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

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

2026-2027 INSURANCE REQUIREMENTS

Based on premium cost and ARRC's claims experience, ARRC should continue to self-insure a large proportion of its risks. As discussed in past years, the costs associated with "buying down" the self-insured retentions ("SIRs") to a lower level does not put ARRC in a better position to transfer risk, as the associated higher premium is simply not cost effective. We estimate that, on the property side, reducing the SIR from \$10 million to \$5 million could double the 2026-2027 premiums, which are already expected to increase even with the SIR remaining the same. Contract requirements with ARRC's "pull" partners requiring significant limits of insurance and strong indemnity language, as well as the \$10 million insurance line of credit, are risk transfer mechanisms that make better fiscal sense than to buy down the SIR on ARRC's two major policies.

During this renewal period liability insurance limits of will be increase by \$79 million to meet requirements of the new Rail Passenger Transportation Liability Cap and imposed by the manufacturer of equipment for the federally mandated Positive Train Control Project. Several years ago, ARRC's broker was able to structure a shared policy for the excess coverage that the equipment manufacturer demanded. ARRC shares in this policy with several other railroads, as this is the most cost-effective way to put the excess coverage in place. ARRC's share of the increase in premium for this \$79 million is about \$350 thousand. The actual effective of date of the increase of \$79 million is unknown at this time.

In the case of the property insurance policy, I recommend that the limits remain at \$100,000,000. This recommendation is based on ARRC's current property valuations. Similarly, in the case of all other policies, limits should be renewed with no substantial changes in any segment of the program.

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

JUNE BOARD MEETING ACTION

At the June 5th Board Meeting, you will be asked to authorize renewal of the current insurance policies as discussed above. As no quotes will be available on the date of the meeting, the Board will need to set the parameters for all purchases. As stated, I request purchase authority of a maximum increase of up to 10% for all liability policies. Authority to purchase the additional \$79 million in limits estimated at an annual premium of up to \$350 thousand annually and up to 10% for property policies. Every attempt will be made to control the premium expenditure and to obtain the best price.

Attachments

Railroad Liability Program

Policy Term	Retention	Primary Limits	Primary Premium	2 Excess	3rd excess	4th excess	5th excess	Shared Excess Limits *	TL Premium	Add'l Limits xs Primary	Total Limits	Gross Revenue
7-1-86/87	\$5,000,000	\$25,000,000	\$795,000						\$795,000		\$25,000,000	
7-1-87/88	\$5,000,000	\$25,000,000	\$705,445						\$705,445		\$25,000,000	
7-1-88/89	\$5,000,000	\$25,000,000	\$700,000						\$700,000		\$25,000,000	
7-1-89/90	\$5,000,000	\$25,000,000	\$675,000						\$675,000		\$25,000,000	
7-1-90/91	\$5,000,000	\$25,000,000	\$575,000						\$575,000		\$25,000,000	
7-1-91/92	\$5,000,000	\$25,000,000	\$575,000						\$575,000		\$25,000,000	\$68,600,000
7-1-92/93	\$5,000,000	\$25,000,000	\$575,000						\$575,000		\$25,000,000	\$67,018,000
7-1-93/94	\$5,000,000	\$25,000,000	\$575,000						\$575,000		\$25,000,000	\$66,000,000
7-1-94/95	\$5,000,000	\$25,000,000	\$575,000						\$575,000		\$25,000,000	\$62,600,000
7-1-95/96	\$5,000,000	\$25,000,000	\$548,375						\$548,375		\$25,000,000	\$59,400,000
7-1-96/97	\$5,000,000	\$25,000,000	\$520,000						\$520,000		\$25,000,000	\$64,300,000
7-1-97/98	\$5,000,000	\$25,000,000	\$520,000						\$520,000		\$25,000,000	\$63,500,000
7-1-98/99	\$5,000,000	\$25,000,000	\$450,000						\$450,000		\$25,000,000	\$69,600,000
7-1-99/00	\$5,000,000	\$25,000,000	\$450,000						\$450,000		\$25,000,000	\$69,600,000
7-1-00/01	\$5,000,000	\$25,000,000	\$450,000						\$450,000		\$25,000,000	\$69,600,000
7-1-01/02	\$5,000,000	\$25,000,000	\$450,000	\$125,000					\$575,000	\$25,000,000	\$50,000,000	\$69,600,000
7-1-02/03	\$5,000,000	\$25,000,000	\$565,000	\$187,500					\$752,500	\$25,000,000	\$50,000,000	\$77,000,000
7-1-03/04	\$5,000,000	\$25,000,000	\$593,250	\$197,000					\$790,250	\$25,000,000	\$50,000,000	\$70,672,000
7-1-04/05	\$5,000,000	\$25,000,000	\$504,263	\$167,460					\$671,713	\$25,000,000	\$50,000,000	\$79,852,000
7-1-05/06	\$5,000,000	\$25,000,000	\$454,000	\$150,000					\$604,000	\$25,000,000	\$50,000,000	\$83,072,000
7-1-06/07	\$5,000,000	\$25,000,000	\$431,300	\$142,500					\$573,800	\$25,000,000	\$50,000,000	\$88,000,000
7-1-07/08	\$5,000,000	\$25,000,000	\$388,170	\$128,250					\$516,420	\$25,000,000	\$50,000,000	\$95,143,047
7-1-08/09	\$5,000,000	\$25,000,000	\$378,500	\$125,000					\$503,500	\$25,000,000	\$50,000,000	\$100,864,000
7-1-09/10	\$5,000,000	\$25,000,000	\$370,930	\$116,375					\$487,305	\$25,000,000	\$50,000,000	\$91,905,000
7-1-10/11	\$5,000,000	\$25,000,000	\$345,000	\$113,000					\$458,000	\$25,000,000	\$50,000,000	\$83,583,000
7-1-11/12	\$5,000,000	\$25,000,000	\$345,000	\$113,000	\$75,000				\$533,000	\$50,000,000	\$75,000,000	\$90,550,000
7-1-12/13	\$5,000,000	\$25,000,000	\$319,725	\$115,500	\$76,500				\$511,725	\$50,000,000	\$75,000,000	\$98,838,540
7-1-13/14	\$5,000,000	\$25,000,000	\$319,725	\$115,500	\$76,500				\$511,725	\$50,000,000	\$75,000,000	\$89,327,431
7-1-14/15	\$5,000,000	\$25,000,000	\$319,725	\$115,500	\$76,500			\$166,666	\$678,391	\$175,000,000	\$200,000,000	\$89,154,159
7-1-15/16	\$5,000,000	\$25,000,000	\$319,725	\$115,500	\$76,500			\$166,666	\$678,391	\$175,000,000	\$200,000,000	\$83,282,000
7/1/16-17	\$5,000,000	\$25,000,000	\$310,255	\$112,250	\$60,000			\$166,666	\$649,171	\$170,000,000	\$195,000,000	\$80,119,067
7/1/17-18	\$5,000,000	\$25,000,000	\$310,255	\$112,250	\$60,000			\$245,275	\$727,780	\$270,000,000	\$295,000,000	\$81,451,769
7/1/18-19	\$5,000,000	\$25,000,000	\$317,355	\$115,671	\$61,800			\$268,750	\$763,676	\$270,000,000	\$295,000,000	\$86,942,647
7/1/19-20	\$5,000,000	\$25,000,000	\$327,795	\$119,477	\$63,833			\$282,184	\$793,289	\$270,000,000	\$295,000,000	\$90,040,864
7/1/20-21	\$5,000,000	\$15,000,000	\$271,725	\$240,000	\$112,500	\$125,000		\$624,225	\$1,373,450	\$303,000,000	\$318,000,000	\$62,177,948
7/1/21-22	\$5,000,000	\$15,000,000	\$275,000	\$252,500	\$118,125	\$131,250		\$670,285	\$1,447,160	\$303,000,000	\$318,000,000	\$53,033,000
7/1/22-23	\$5,000,000	\$15,000,000	\$317,695	\$295,914	\$130,097	\$143,062		\$670,285	\$1,557,053	\$303,000,000	\$318,000,000	\$98,410,181
7/1/23-24	\$5,000,000	\$15,000,000	\$360,280	\$343,333	\$130,097	\$143,062		\$670,285	\$1,647,057	\$303,000,000	\$318,000,000	\$118,915,992
7/1/24-25	\$5,000,000	\$15,000,000	\$366,225	\$349,200	\$153,500	\$124,485	\$40,000	\$715,392	\$1,748,802	\$303,000,000	\$318,000,000	\$129,897,000
7/1/25-26	\$5,000,000	\$15,000,000	\$389,735	\$371,549	\$164,000	\$133,000	\$42,720	\$792,345	\$1,893,349	\$303,000,000	\$318,000,000	\$131,052,000
			\$18,039,453					\$5,439,024	\$30,135,227		YOY % change	0.9%

Property Program since 1986

Policy Term	Deductible	Primary Layer	Total Premium	TIV	Total Rate
1986 - 2010			\$4,735,484		
7-1-10/11	\$10,000,000	\$25,000,000	\$414,204	\$838,002,700	\$0.05
7-1-11/12	\$10,000,000	\$25,000,000	\$433,903	\$838,471,358	\$0.05
7-1-12/13	\$10,000,000	\$25,000,000	\$447,065	\$852,796,065	\$0.05
7-1-13/14	\$10,000,000	\$25,000,000	\$447,056	\$867,577,958	\$0.05
7-1-14/15	\$10,000,000	\$65,000,000	\$501,090	\$1,218,528,258	\$0.04
7-1-15/16	\$10,000,000	\$100,000,000	\$550,975	\$1,322,428,258	\$0.04
7-1-16/17	\$10,000,000	\$100,000,000	\$502,214	\$1,329,905,858	\$0.04
7-1-17/18	\$10,000,000	\$100,000,000	\$447,679	\$1,329,905,858	\$0.03
7-1-18/19	\$10,000,000	\$100,000,000	\$858,688	\$2,067,747,050	\$0.04
7-1-19/20	\$10,000,000	\$100,000,000	\$974,281	\$2,067,747,050	\$0.05
7-1-20/21	\$10,000,000	\$100,000,000	\$1,310,633	\$2,094,753,568	\$0.06
7-1-21/22	\$10,000,000	\$100,000,000	\$1,345,857	\$1,957,829,078	\$0.07
7-1-22/23	\$10,000,000	\$100,000,000	\$1,451,806	\$2,055,134,645	\$0.07
7-1-23/24	\$10,000,000	\$100,000,000	\$1,737,912	\$2,204,784,109	\$0.08
7-1/24/25	\$10,000,000	\$100,000,000	\$1,714,953	\$2,234,019,856	\$0.08
7-1/25/26	\$10,000,000	\$100,000,000	\$1,550,771	\$2,308,798,262	\$0.07
			\$19,424,571		

Adopted:

Resolution No. 2026-06

Relating to Insurance Renewal for
2026-2027

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

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

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

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

WHEREAS, based on their review, ARRC's insurance brokers have advised that the premiums for ARRC's liability insurance policies may increase, but not more than 10% over the aggregate premiums ARRC paid for liability insurance for the 2025-2026 insurance year; and

WHEREAS, based on their review, ARRC's insurance brokers have also advised that ARRC will have to increase limits of liability under the Shared Excess program by an additional \$79 Million as mandated by an increase in the Rail Passenger Transportation Liability Cap.

WHEREAS, based on their review, ARRC's insurance brokers have advised that the premiums for ARRC's property insurance policies may increase by an estimated 10% over the aggregate premiums ARRC paid for property insurance for the 2025-2026 insurance year; and

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

WHEREAS, it is necessary for the Board to authorize insurance renewals at this time because quotes from insurance underwriters are not provided to ARRC until just prior to the July 1, 2026, renewal date.

NOW THEREFORE BE IT RESOLVED that the President and Chief Executive Officer, or his designee, is hereby authorized to procure ARRC's General Liability, Shared Excess Liability, Property, Fiduciary Liability, Directors & Officers Liability, Crime, and Boiler and Machinery insurance policies within the limits of coverage set forth in Attachment "A" and

at an aggregate premium level not to exceed (i) a 10% increase over the total premiums paid for liability policies for the 2025-2026 insurance year; (ii) an additional premium necessary to purchase an additional \$79 million in limits, which such estimated annual premium is \$350 thousand; and (iii) a 10% increase over the total premiums paid for property insurance policies for the 2025-2026 insurance year.

ATTACHMENT "A"

**ALASKA RAILROAD CORPORATION
2025 - 2026
INSURANCE PROGRAM**

<u>Coverages</u>	<u>Retention/ Deductible</u>	<u>Policy Limits</u>	<u>2025- 2026 Premium</u>
Liability (third party personal injury & property damage)	\$5,000,000	\$70,000,000	\$1,101,004
Shared Excess Liability (6)*	\$75,000,000	\$248,000,000	\$ 360,345
Shared Excess Liability (1)**			\$ 216,000
Property (ARRC property damage)	\$10,000,000	\$100,000,000	\$1,550,771
Workers' Compensation	Self-Insured	N/A	
Fiduciary Liability	\$10,000	\$5,000,000	[included in D&O Policy]
Crime	\$10,000	\$1,000,000	[included in D&O Policy]
Directors & Officers	\$-0- for individuals; \$50,000 corporate retention per loss	\$5,000,000	\$ 117,583
Boiler & Machinery	\$10,000	\$24,000,000	<u>\$ 63,018</u>
Total 2025-2026 premiums			= \$3,349,721

- * Premium shared with 6 Railroads
- ** Premium shared with 1 Railroad

Line of Credit (solely for insurance contingencies in excess of \$1,000,000)	\$10,000,000	\$35,000
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Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only

AFE# 11387 S-1

Page 1

General Information:	
AFE Title:	Seward Freight Dock Mitigation
Prepared By:	Elizabeth Greer
Resp. Center (Name):	Dock Operations & Maintenance
Resp. Center (#):	8910
Depreciation Center:	8910-Dock Ops & Maintenance
Line of Business:	Corporate
Spending Timetable:	
2025	
2026	\$ 250,000
2027	\$ 587,470
2028	\$ -
2029	\$ -
Total	\$ 837,470
Other Information	
Useful Life (Years):	20
Annual Depreciation:	\$ 41,874
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2025 Unbudgeted
Total Amount	\$	837,470
Source of Funding	ARRC	\$ 837,470
Source of Funding		\$ -
Source of Funding		
Grant Number	N/A	
Grant Name	N/A	
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 500,000	05/30/25
Supplemental #1	\$ 337,470	05/04/26
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 837,470	

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

Original Form Must Be Returned to Accounting

Alaska Railroad Corporation
Authorization for Expenditure Form

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AFE# 11387 S-1

Page 2

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

The project will contract for the fabrication of an artificial reef using reef balls in Seward, AK near the Alaska SeaLife Center. This project facilitates the required environmental mitigation for the Seward Freight Dock (SFD) Expansion. Funding will support the purchase of reef ball molds, creation of the reef balls, installation and performance monitoring. Funding does not include design or permitting of this mitigation plan which is included in the scope of the SFD MARAD Grant.

ARRC Business Justification

Mitigation is required by regulatory agencies National Oceanic and Atmospheric Administration (NOAA) and U.S. Army Corps of Engineers (USACE) and a required component of the USACE construction permit.

There is no mitigation bank available in this area and a mitigation project must be proposed for impacts to waters of the US. This mitigation project meets the criteria for the construction permit and is one of many components required for the SFD construction to proceed.

The SeaLife Center is partnering with us on this effort, which has been helpful in developing this mitigation plan.

Scope to develop and design the mitigation plan is included in the MARAD grant but does not include project implementation and performance monitoring.

Supplemental No. 1 increases the budget by \$337,470, primarily due to under budgeted installation costs. Despite mitigation efforts, market factors—limited marine vessel availability and higher fuel costs—drove installation expenses to approximately twice the AFE. Additional increases relate to reef mold fabrication, transportation, and monitoring and reporting.

Alternatives Considered:

Alternatives were considered by the project team and discussed with regulatory agencies. The mitigation needs to be acceptable by the agencies, and economical. Creation of a reef using reef balls was considered economical, the easiest, and a community enhancing project. Our partnership with the SeaLife Center allows development support and cost effective monitoring making this the preferred alternative.

Preliminary Budget:

Line Description	Amount
Equipment	\$ -
Labor (Fully Burdened)	\$ 15,000
Materials	
Contracts	\$ 822,470
Other Expenses	\$ -
Total	\$ 837,470

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

Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only

AFE# 11475

Page 1

General Information:	
AFE Title:	Port of Whittier Operational Efficiency Project
Prepared By:	Breanna Byrd
Resp. Center (Name):	Capital Projects
Resp. Center (#):	2200
Depreciation Center:	1318-Maintenance Depreciation
Line of Business:	Transportation/Mechanical
Spending Timetable:	
2026	\$ 158,036
2027	\$ 313,172
2028	\$ 7,063,779
2029	\$ 21,462,463
2030	\$ -
Total	\$ 28,997,450
Other Information	
Useful Life (Years):	25
Annual Depreciation:	\$ 1,159,898
Estimated Annual Operating Costs	\$ -

Included in Capital Budget:		
Capital Budget	Year:	2026 Unbudgeted
Total Amount	\$	28,997,450
Source of Funding	ARRC (30%)	\$ 8,599,490
Source of Funding	MARAD (70%)	\$ 20,397,960
Source of Funding		\$ -
Grant Number		
Grant Name		
AFE History:		
	Amount	Date Prepared
Original AFE	\$ 28,997,450	05/12/26
Supplemental #1	\$ -	
Supplemental #2	\$ -	
Supplemental #3	\$ -	
Supplemental #4	\$ -	
Supplemental #5	\$ -	
Supplemental #6	\$ -	
Supplemental #7	\$ -	
Total	\$ 28,997,450	

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

Original Form Must Be Returned to Accounting

Alaska Railroad Corporation
Authorization for Expenditure Form

For Accounting Use Only

AFE# 11475

Page 2

Is this project related to health and/or safety?	Yes	If yes describe:
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Improvements to the drainage systems will reduce subgrade saturation, thereby increasing track stability. The installation of ice shields will mitigate ice accumulation hazards on the rail. Rock stabilization measures will control loose rock and prevent rockfall hazards, reducing the potential for injury, equipment damage, and service disruptions. Communication upgrades will allow for safe and connected, in tunnel travel.

Scope of Work:

Upgrade the 5,050-foot railroad tunnel that connects the Port of Whittier to the ARRC mainline track located at MP F5.8 (Portage Tunnel). This tunnel is used exclusively by ARRC freight and passenger trains.

The project includes expanding tunnel clearance envelope to permit double stack container operations and purchase 30 railcars for the container service to allow double stacking of containers.

The Project will upgrade and improve the Portage Tunnel, which connects the Port of Whittier to ARRC's main line servicing Anchorage and Fairbanks.

Tunnel rehabilitation includes drainage upgrades, substructure/subgrade rehabilitation, removal of deteriorated timber sets, communication systems upgrades, rock stabilization, ice shields and expansion of the tunnel clearance to support double-stack containers. These improvements will enhance safety, reliability, and freight capacity.

MARAD is providing \$20,397,960 towards the full budget of \$28,997,450 and ARRC will provide the full match of \$8,559,490

Total	MARAD 70%	ARRC 30%
\$ 28,997,450.00	\$ 20,397,960.00	\$ 8,599,490.00

ARRC Business Justification

This project will allow ARRC to double stack containers on well cars going to and from Whittier. This will reduce train lengths and generate efficiencies for switching operations at the Port of Whittier Yard and Anchorage Yard, reduce double handling of containers at the Port of Whittier, and increase capacity to divert volumes from truck to rail. In addition, the rehabilitation improvements will reduce maintenance requirements for the Portage Tunnel.

Alternatives Considered:

Lowering the subgrade was evaluated as an alternative; however, due to the tunnel's geometric constraints, this approach alone would not provide sufficient clearance to accommodate double-stacked railcars.

Preliminary Budget:

Line Description	Amount
Equipment	\$ 6,386,160
Labor (Fully Burdened)	\$ 1,031,376
Materials	\$ -
Contracts	\$ 21,579,914
Other Expenses	\$ -
Total	\$ 28,997,450

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