

Alaska Industrial Development and Export Authority



RDC Breakfast
October 2, 2014

Michael Catsi | Business Development Officer



Investing in Alaskans

Overview

- What is AIDEA?
- What does AIDEA do?
- Project Updates



Mission

To promote, develop, and advance economic growth and diversification in Alaska by providing various means of financing and investment.

AIDEA fulfills its mission by providing access to affordable, long-term asset financing for Alaska businesses and projects



Investing in Alaskans

History

Created by Legislature to promote economic growth, diversification and employment opportunities

1967

\$189 million in cash & loans provided funding for the Loan Participation Program

1981

\$143.5 million in cash & loans funded the DeLong Mountain Transportation System

1986

2013

SETS program established and capitalized

Arctic Infrastructure Development Fund established (not capitalized)

2014

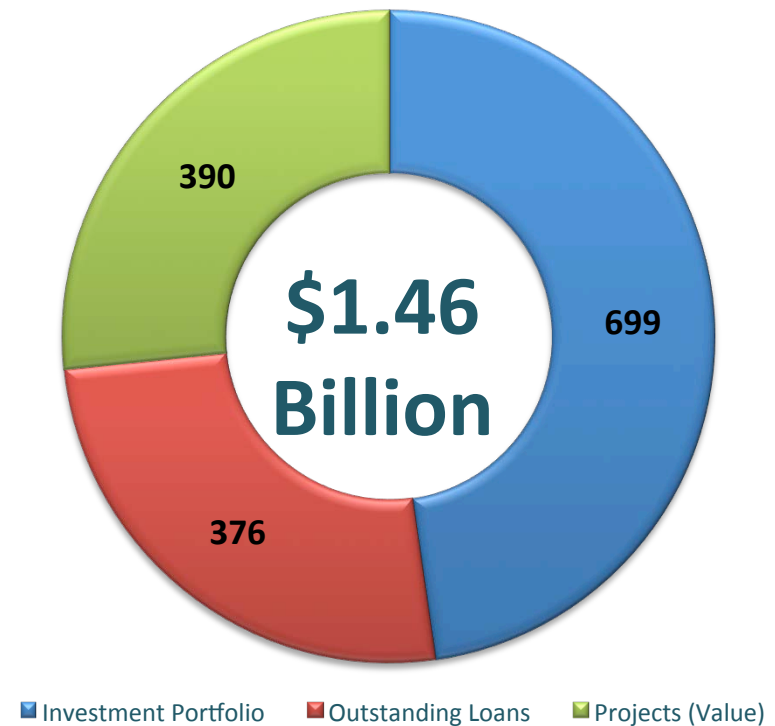
Credit Ratings & Financial Position



AA+

AIDEA's credibility with the Rating Agencies has yielded reduced borrowing costs and market credibility

AIDEA Total Assets
\$ million



Only includes AIDEA's Revolving and SETS Funds

Dividend

Total dividends declared

**\$355
million**

**\$20.745
million**

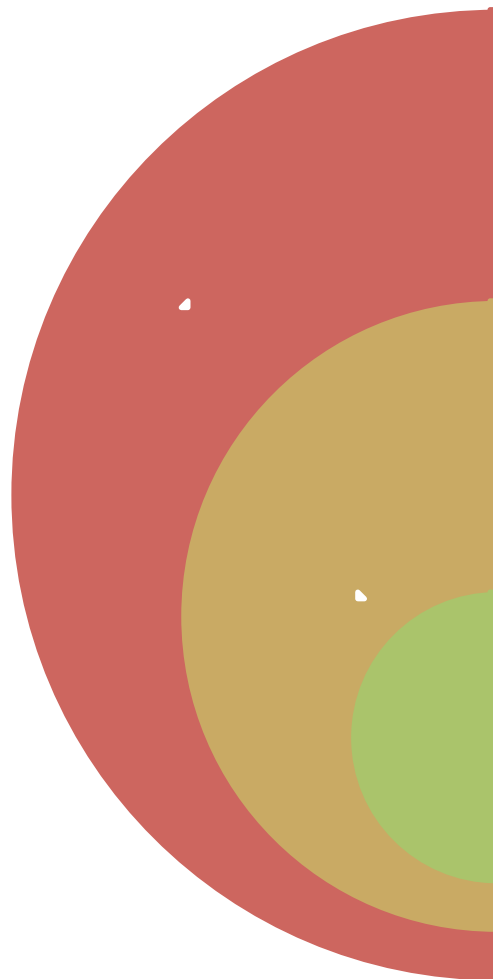
*AIDEA has repaid the State all of its
initial capitalization funds through
its annual dividend program*

FY 2014 dividend



Investing in Alaskans

What Can AIDEA Do?



DEBT

- Loan Participations
- Direct Loans
- Tax-Exempt & Taxable Bonds

EQUITY

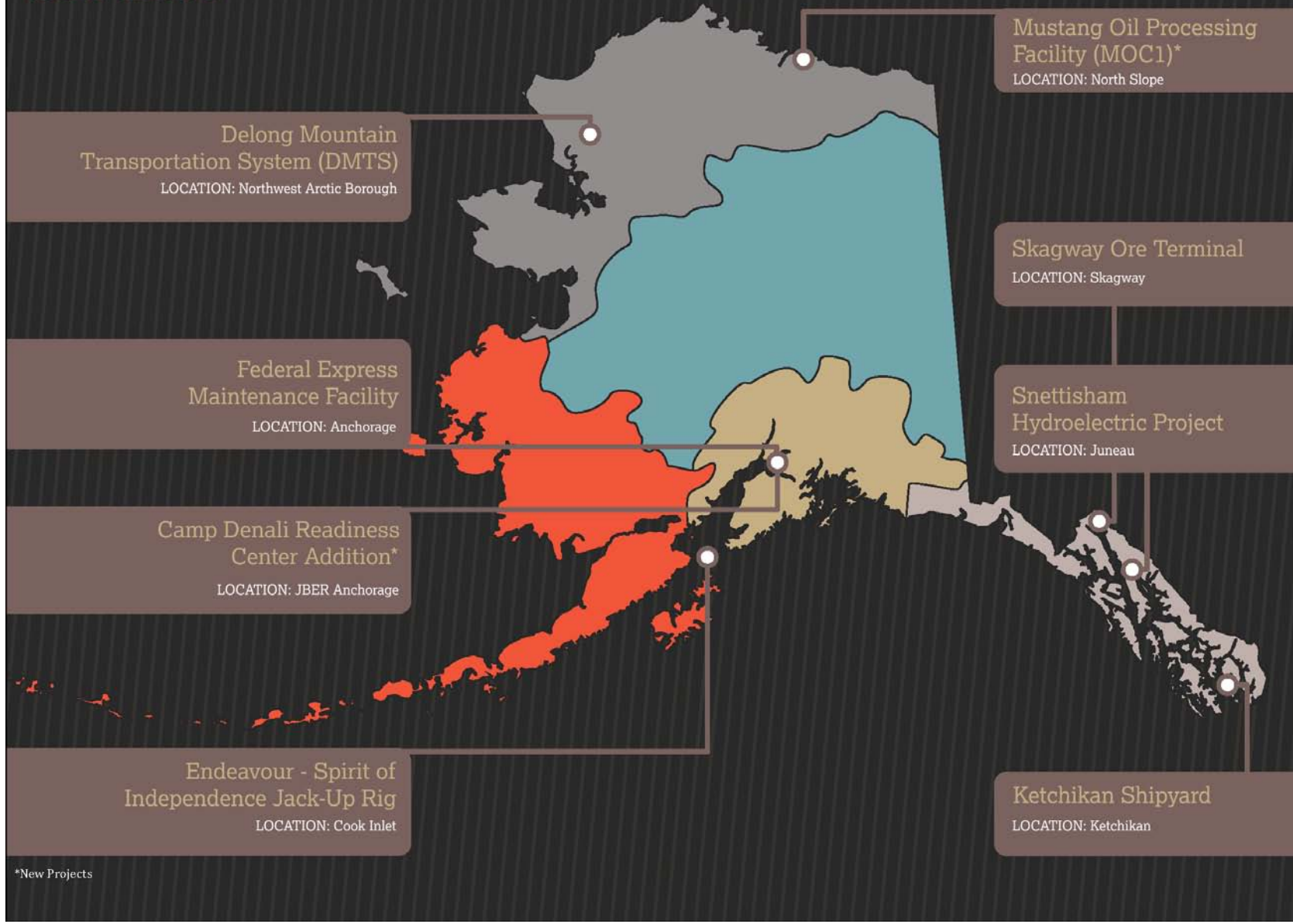
- 100% Ownership
- Partner in LLC or Subsidiary Corporation

ENHANCEMENTS

- Loan Guarantees
- Bond Guarantees



AIDEA ASSETS



Ketchikan Shipyard

- \$87 million capital expansion and upgrade of the shipyard including: an operations office, assembly hall/production center and a steel fabrication shop
- The shipyard provides 160 direct jobs in Ketchikan
- Vigor Marine awarded the construction of two Alaska Class ferries - 2018
- Increase employment by 60-80 per year for 4 years
- Additional \$32 million direct economic impact - Ketchikan



Ketchikan Shipyard



Mining Projects



AIDEA Bond Authorization – SB99

- In 2014, the Alaska Legislature, approved the authorization for AIDEA to issue bonds for two mining projects in Southeast Alaska:
 - Ucore’s Bokan Mountain Project - \$145 million
 - Heatherdale’s Niblack Project - \$125 million
- The bonds are to be used to finance the infrastructure and construction costs of the mines and the Gravina Island Industrial Complex.

DeLong Mountain Transportation System

- DMTS connects the Red Dog Mine to the transshipment facility on the coast 52 miles away
- 500 regular and 100 seasonal jobs
- Direct and indirect jobs provide more than \$15 million of annual income to local residents
- Royalty payments to NANA, average more than \$35 million annually
- PILT from Teck to NWAB was more than \$9 million in 2012
- As of June 30, 2014, AIDEA has received \$410 million from Teck Alaska

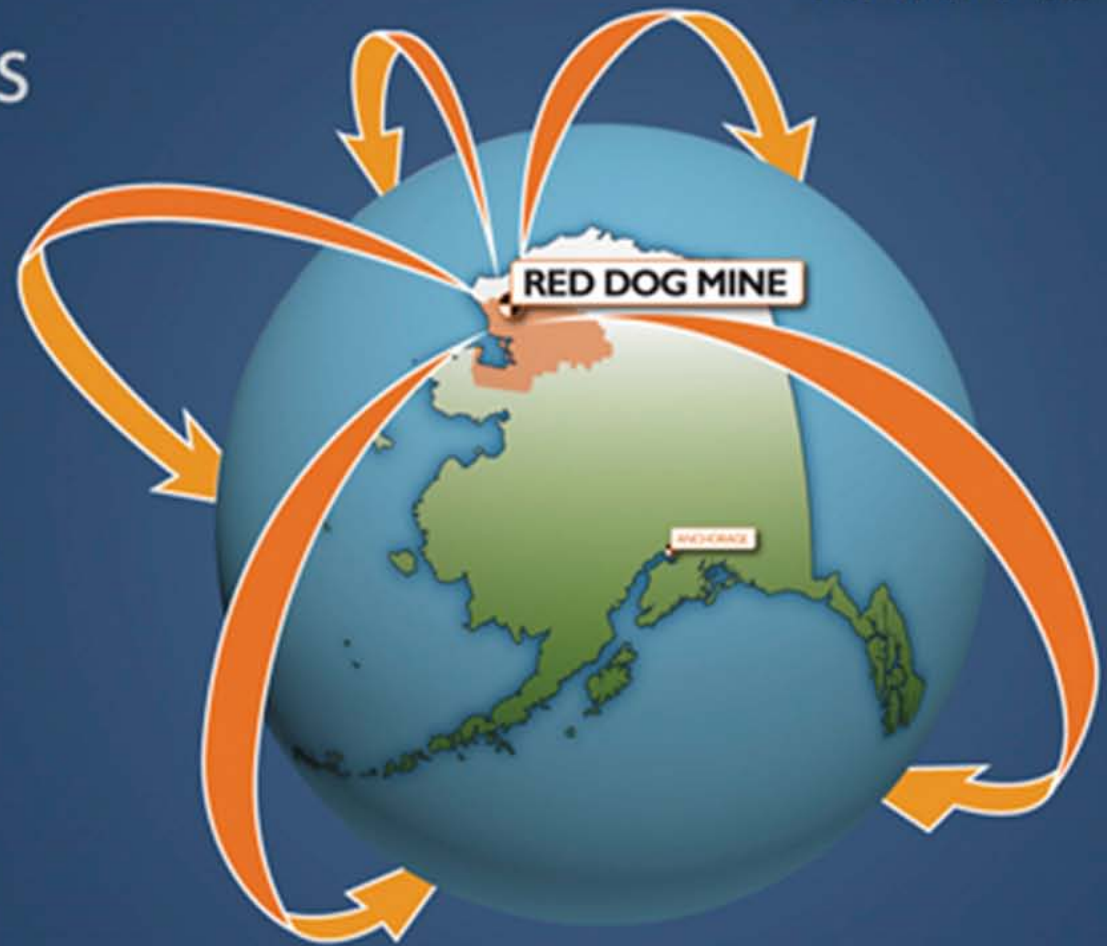


REDDOG exports

NANA



- 73%** (2010) of US Zinc mine production
- 82%** of Alaska's mineral export
- 4.4%** of global zinc production
- ~25%** of Alaska's export in 2010 was due to Red Dog



Skagway Ore Terminal

- Capstone Mining Corp. ships approx. 60,000 dmt annually. Capstone recently extended their lease to March 2023.
- Negotiating a new lease extension to 2023 with the Municipality of Skagway and assisting with Gateway Project expansion planning
- AIDEA is authorized to issue up to \$65 million in bonds for future expansion and upgrades
- The terminal provides economic diversification and good quality, year-round jobs for Skagway



Ambler Mining District Access

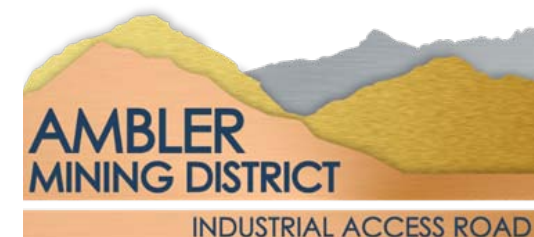
The Ambler Mining District is rich in mineral resources. The major issue limiting development of these sites is surface transportation infrastructure.

Purpose:

- Construct industrial access road to the Ambler Mining District
- Support exploration and development of the Ambler Mining District
- Promote economic development and job opportunities in the region and the State

Description:

- Controlled access – for industrial use only
- Not designed to public highway standards
- User fees and tolls to repay construction, maintenance, and eventual reclamation costs



Ambler Mining District Access

Progress:

- Over 40 community and stakeholder meetings held
- Reconnaissance studies - complete
- Preliminary engineering – complete
- Baseline environmental studies - continuing
- Environmental documentation/permitting - underway
 - Federal agency consultation
 - Permit application to initiate ANILCA Title XI EIS
- Corridor through gates of the Arctic National Park & Preserve was written into ANILCA and triggers an additional NPS Economic and Environmental Analysis (non-NEPA)



Oil & Gas Projects



Endeavour – Spirit of Independence

- AIDEA's investment of \$23.6 million leveraged an additional \$96 million in private sector funding
- The market value of the rig is approximately \$125 million
- AIDEA's partners in the rig are Ezion and Teras Investments Pte. Ezion is a \$1 billion corporation that owns and operates rigs all over the world. Ezion's experience and strong balance sheet make them a great partner
- Rig is currently in Pt. Graham – Spartan is continuing to make upgrades, complete refurbishment of the rig and market the rig
- AIDEA has received several letters of interest for use of the rig in drilling programs for summer 2015.



Mustang Operations Center 1, LLC

- 15,000 BPD Production Facility to process crude from the Mustang Field development and export pipeline grade crude oil through the Alpine Field transit line (common carrier) to TAPS and then on to market – 1Q 2016
- The road and pad, completed in 2013, were used by ConocoPhillips and Repsol this past winter and will continued to be used for development of their prospects this upcoming winter providing support for 100-120 jobs
- Estimated project cost \$200-225 million
- AIDEA investment - \$70 million



Mustang Operations Center 1, LLC

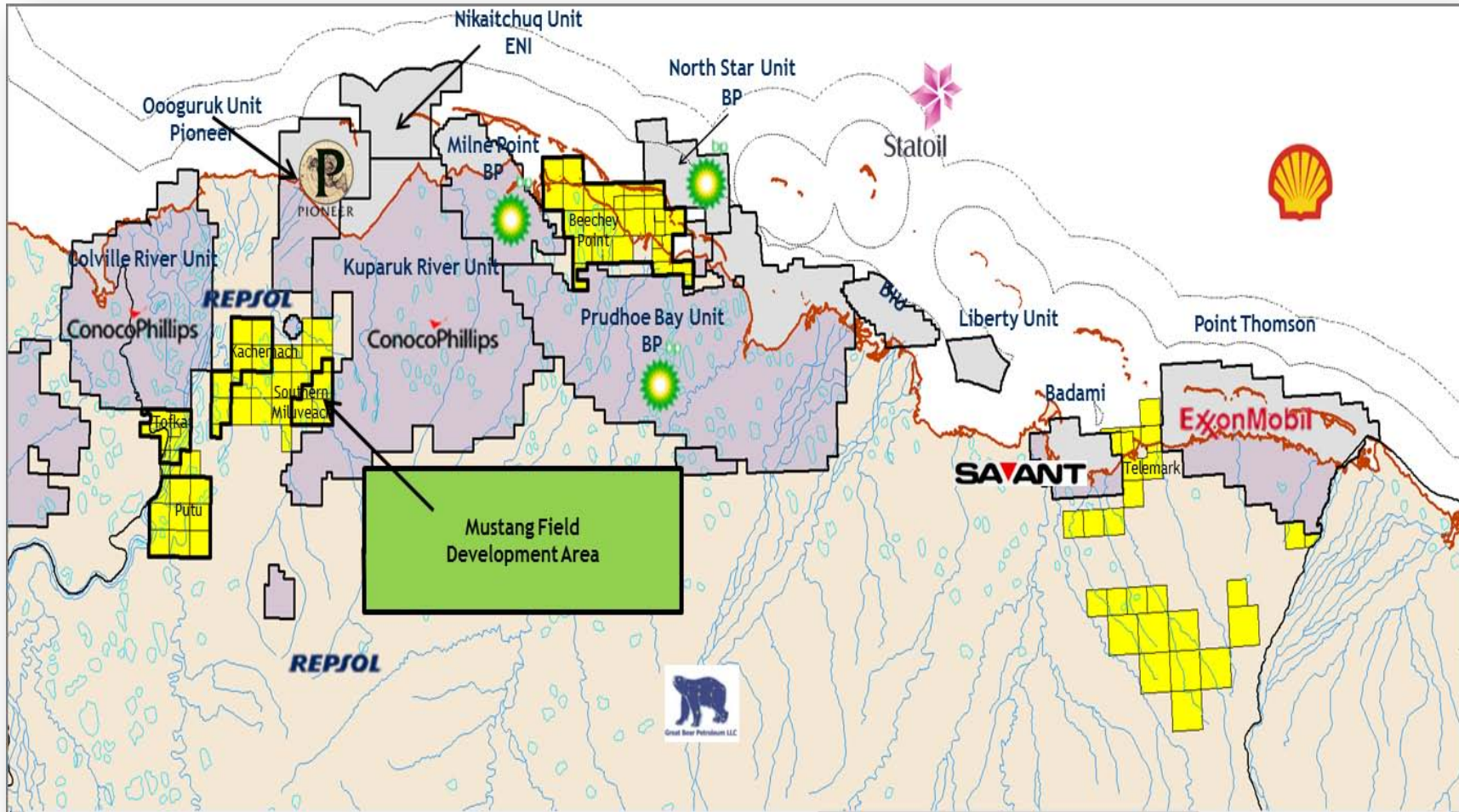
Benefits

- 250 construction jobs
 - 20-25 permanent jobs
 - Up to 200 indirect jobs
- Open facility provides processing for other potential operators in the area:
 - Appaloosa, Kachemach North & Kachemach South Development Areas
 - ASRC, Repsol

AIDEA's investment is expected to leverage more than \$540 million in additional private investment in the Mustang Field's development



Mustang Operations Center 1, LLC



Interior Energy Project



Goal: Provide affordable energy to Interior Alaska customers as quickly as possible.

Update:

- Signed Concession Agreement with MWH creating the legal framework for the ownership, development, financing, construction and operations of the North Slope LNG plant
- 15 acre gravel pad for the LNG plant is complete
- Fairbanks Natural Gas will be laying 29 miles of new pipe in Fairbanks this summer with a \$15 million AIDEA loan
- Interior Gas Utility has begun engineering, design, permitting and program management for their distribution system with an \$8.1 million AIDEA loan



Investing in Alaskans

Fairbanks Natural Gas, LLC

- AIDEA provided long term financing for a five million gallon LNG storage and distribution facility in Fairbanks.
- The plant allows FNG to expand its service by about 40 percent and help reduce area heating costs by increasing the availability of low-cost natural gas
- Total project cost - \$35 million:
 - AIDEA - \$20 million
 - Northrim - \$15 million



Projects in the Pipeline

AIDEA is currently reviewing a number of projects in both the mining, oil and gas, and commercial fishing sectors:

- Lik Deposit Transportation System (Zn) – feasibility study
- Bokan Dotson Ridge (Rare Earth Elements)
- Niblack (Cu, Au, Zn, Ag)
- Seward Marine Industrial Center
- Agrium – Restart of Kenai Nitrogen plant
- Resources Energy, Inc. – LNG export facility
- Cook Inlet Onshore Processing Facility

Alaska Industrial Development and Export Authority

813 West Northern Lights Blvd.

Anchorage, Alaska 99503

(907) 771-3000

(888) 300-8534 (Toll Free in Alaska)

www.aidea.org



Investing in Alaskans