

1985 - 2008

23 Years of AIDEA Support for Alaska's Mining Industry



1985 – 1990 AIDEA financed and built first phase of **DeLong Mountain Transportation System (DMTS)**, the road and port serving the area that includes Red Dog Mine. DMTS is a 52-mile long, 30-foot wide industrial haul road and a shallow-draft port with upland support facilities. AIDEA is repaid through user fees.

1990 AIDEA purchased and performed renovations on **Skagway Ore Terminal**.

1992 With a legislative grant, AIDEA contracted for and managed preparation of “**N.W. Alaska Resource Development Transportation Study**.”

1993 AIDEA financed study of overland transportation options for proposed **Illinois Creek** gold mine.

1993 AIDEA contracted with CH2M Hill for study on “**Additional Uses of the DMTS**.”

1994 AIDEA coordinated economics study of the costs of **exporting Healy coal** to South Korea.

1995 AIDEA entered an agreement with Suneel AK to purchase 49% of **Seward Coal Terminal**. AIDEA is repaid through semi-annual payments.

1996 AIDEA arranged federal permits for military airlift of mining equipment to **Illinois Creek** mine site.

1996 AIDEA issued conduit revenue bonds to finance tailings facility at **Fort Knox**.

1997 AIDEA financed a “Production Rate Increase” expansion of **DMTS Port**, to be repaid by user fees.

2003 Due to corrosion, AIDEA demolished concentrate storage building and removed residue concentrates from entire **Skagway Ore Terminal**.

2003 Legislature authorized AIDEA to issue conduit revenue bonds for docking facilities and tailings management facility at **Kensington Mine**. AIDEA Board of Directors approved staff to undertake feasibility activities.

2004 AIDEA participated in feasibility and environmental study of **proposed DeLong Mountain Terminal deepwater expansion** to DMTS Port.

2005 AIDEA signed reimbursement agreement with Cash Minerals for feasibility study for shipping coal through **Skagway Ore Terminal**.

2006 AIDEA continued negotiations with potential **Skagway Ore Terminal** users, signed reimbursement agreements for feasibility and design work with Sherwood Copper Corp.

2007 In January, AIDEA executed seven-year User Agreement with Sherwood and began constructing new **Skagway Ore Terminal** concentrate storage building and support structures. **Milestone:** In October, for the first time in ten years, mineral concentrates were loaded and shipped from reactivated **Skagway Ore Terminal**.

2008 AIDEA continues active discussions with other mining companies for potential use of **Skagway Ore Terminal**.



AIDEA Finance Programs of Interest to Alaska's Mining Industry

Credit

Development Finance

Loan Participation Program

This AIDEA program provides permanent financing, both taxable and tax-exempt, to borrowers through a qualified originator for the purpose of developing, acquiring or enhancing Alaska business enterprises. The Loan Participation Program provides the benefit of long-term fixed or variable rate financing on the portion of the loan purchased by AIDEA, which may reduce the business enterprise's debt service. AIDEA does not originate loans, but is able to purchase up to 90 percent of a commercial loan to a maximum of \$20 million. The project being financed must be in Alaska. The loan request must be sponsored and originated by a financial institution eligible to participate in AIDEA's credit programs.

AIDEA assists Alaskan business through its ability to develop, own and operate basic installations and facilities within the state, with the purpose of advancing the prosperity of a region. Manufacturing facilities, roads, ports, airports, infrastructure for tourism destination facilities or other public use facilities essential for regional economic well-being are considered eligible projects. With detailed information, staff and legal counsel determine eligibility, whether the project satisfies the development criteria for AIDEA participation and if the project can meet tax-exempt financing status.

Examples: DeLong Mountain Regional Transportation System, Skagway Ore Terminal.

Conduit Revenue Bond Program

AIDEA acts as a conduit for the issuance of tax-exempt and taxable revenue bonds. A business enterprise, or non-profit corporation, may request the adoption of an eligibility resolution for tax-exempt financing by submitting a preliminary application along with a nonrefundable \$500 application fee. If AIDEA's Board adopts an eligibility resolution for the project, the applicant and AIDEA enter into a Memorandum of Agreement. Neither AIDEA's assets nor credit are at risk in this program. The creditworthiness of the project, borrower strength and any credit enhancements are essential to the underwriting and placement of revenue bonds. In addition to third-party costs, the applicant pays a bond issuance fee to AIDEA at bond closing.

Example: Ft. Knox Gold Mine Tailings Dam.



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DeLong Mountain Transportation System

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