## PROJECT SUMMARY MATRIX - ACTIVE PROJECTS

### Skagway Ore Terminal
- **Value:** $14 million
- **Location:** Skagway
- **Economic Benefit:** Provides up to 10 jobs at the terminal, plus trucking jobs
- **Purpose:** Offers year-round stability to Skagway; fund essential renovations to the terminal; and boost economy by marketing terminal to other users
- **Facility Owner:** AIDEA
- **Land Owner:** City of Skagway
- **User:** North Slope Borough
- **Current Status:** AIDEA is negotiating with the Municipality of Skagway on a new lease. Capstone Mining Corp. continues to transship ore concentrates through the terminal and signed a new lease extending their contract to March 2023. AIDEA is currently negotiating with Eagle Whistlecorse to expand the existing ore terminal to accommodate the storage of magnetite concentrate. AIDEA will be meeting with potential tenants on the storage shed specifications for the future.

### Camp Denali Readiness Center
- **Value:** $14.1 million
- **Location:** Anchorage
- **Economic Benefit:** Created 80 new jobs during the construction; Retains US Coast Guard (USCG) Anchorage jobs; Allows USCG to expand their civilian/local and military staff
- **Purpose:** Expand existing Alaska National Guard Armory for use by the USCG on Joint Base Elmendorf and Richardson (JBER)
- **Facility Owner:** AIDEA
- **Land Owner:** JBER, Air Force
- **User:** USCG
- **Operator:** DMVA
- **Current Status:** The project was completed ahead of schedule for $14.1 million. The US Senate Committee on Armed Services approved the use of a Reserve facility for a non-Reserve function thus allowing the USCG to occupy the building on January 15, 2014 providing an annual payment to AIDEA of $1.1 million.

### Endeavour - Spirit of Independence Drilling Rig
- **Value:** $127 million, rig total
- **Location:** Cook Inlet
- **Economic Benefit:** Refurbishment, repair, and maintenance activities created local construction jobs; 100+ direct jobs for rig operation; 75+ support industry jobs during drilling operations; 300+ indirect jobs from spending by rig employees and support personnel
- **Purpose:** Ensure the continued exploration and development of natural gas and oil in Alaska
- **Facility Owner:** AIDEA
- **Land Owner:** JBER
- **User:** JBER
- **Operator:** DRILLING, Ltd.
- **Current Status:** The rig is currently wintering in Port Graham. Results from drilling in Summer 2013 indicated the presence of potentially commercially developable quantities of oil and gas in the Cosmopolitan Unit. Plans are now moving forward for production of this resource. Drilling plans for the rig for this summer/fall (2014) are being negotiated presently.

### Federal Express Aircraft Maintenance Facility
- **Value:** $30.75 million
- **Location:** Anchorage
- **Economic Benefit:** 20 permanent, high skilled jobs; Brings a pilot base to Alaska; Demonstrates economic significance of the FedEx Anchorage operation by their ability to perform line maintenance on their fleet of 747 aircraft operating through Anchorage
- **Purpose:** Strengthen Alaska’s role as an international air crossroads by improving basic services for air carriers serving Alaska
- **Facility Owner:** AIDEA
- **Land Owner:** Municipality of Anchorage
- **User:** FedEx
- **Operator:** FedEx
- **Current Status:** AIDEA is currently negotiating a new FedEx Property lease. A 30-day public comment period on AIDEA’s intent to negotiate with FedEx closed without comment. The Municipality of Anchorage had no objection to the FedEx lease. A draft term sheet was recently sent to FedEx. AIDEA will contract to estimate refurbishment costs for items in the hangar and fire suppression system.

### Ketchikan Shipyard
- **Value:** $80.3 million
- **Location:** Ketchikan
- **Economic Benefit:** 50 to 150 direct jobs in Ketchikan; Provides reliable, cost effective and quality vessel maintenance repair and construction services; Vigor Alaska LLC’s gross revenues from operations are shared between AIDEA, the Ketchikan Gateway Borough and the City of Ketchikan ($32.3M in 2012)
- **Purpose:** Establish the Ketchikan Shipyard as a viable enterprise creating and maintaining permanent jobs in Ketchikan and long-term economic development
- **Facility Owner:** AIDEA
- **Land Owner:** Ketchikan Gateway Borough, City of Ketchikan
- **User:** Various
- **Operator:** Vigor Alaska LLC
- **Current Status:** The facility is currently providing reliable and low cost power to Juneau residents and businesses. Excess power is also provided to the Greens Creek mine and cruise ships docked in Juneau. Recent transmission line modifications have provided avalanche diversion structures that improve the overall reliability of the power from this system.

### Snettisham Hydroelectric Facility
- **Value:** $100 million (AIDEA purchase cost)
- **Location:** Juneau
- **Economic Benefit:** Low and stable electrical rates foster Juneau economic growth; Sale of excess power to Greens Creek mine, which supports >300 mine employees; Sale of excess power to local cruise ships during temporary docking provides rebates to local Juneau customers and improved local air quality
- **Purpose:** Provide a long-term and low cost power source for Juneau, supporting local jobs, reducing costly diesel requirements, and minimizing air emissions
- **Facility Owner:** AIDEA
- **Operator:** Alaska Electric Light and Power Company
- **Current Status:** DMTS operations continued in 2013 with the loadout of just over 1.3 million tons of ore (lead and zinc). Ore is now being mined from the Angiak deposit which should enable continued Red Dog mine operations through 2031. Recent additional throughput payments by Teck have expedited the paydown of AIDEA’s overall investment for the DMTS.

### Delong Mountain Transportation System
- **Value:** $267 million total
- **Location:** Northwest Alaska
- **Economic Benefit:** Provides transportation support to the Red Dog and other potential nearby mines
- **Purpose:** Support the development of the Red Dog and other potential nearby mines
- **Facility Owner:** AIDEA
- **Operator:** Teck Alaska, Inc.
- **Current Status:** The Mustang Road and Production Pad were completed in the spring of 2013, with stabilization occurring this past summer and final grading completed in September. The road and pad were used by other North Slope operators this past winter for nearby exploration and development activities, providing support for 100-120 jobs. This pad and road will also be used for supporting the construction of the MOC 1 Facility.

### Mustang Road and Production Pad
- **Value:** $20 million (AIDEA) $27 million total
- **Location:** North Slope
- **Economic Benefit:** Road and pad will support potential further development of local oil fields, North Slope infrastructure, and TAPS; Road opens/enables exploration of other nearby fields/units; 30 construction jobs for road and pad
- **Purpose:** Foster the development of North Slope oil prospects that will potentially replace decreasing TAPS flows from the legacy fields
- **Facility Owner:** Mustang Road, LLC
- **Partners:** AIDEA, Ramshorn Ventures, and Alaska Venture Capital Group
- **Operator:** Brooks Range Petroleum Corp. (BRPC)
- **Current Status:** The Mustang Road and Production Pad were completed in the spring of 2013, with stabilization occurring this past summer and final grading completed in September. The road and pad were used by other North Slope operators this past winter for nearby exploration and development activities, providing support for 100-120 jobs. This pad and road will also be used for supporting the construction of the MOC 1 Facility.
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| Mustang Operations Center #1 (MOC1) | $50M AIDEA Investment ($200M total project value) | North Slope | • New oil production will sustain North Slope infrastructure and TAPS, contributing additional oil to the pipeline  
• Potential royalties and other State tax revenues may exceed $300 million  
• 250+ construction jobs for the production Facility  
• 20-25 full-time, permanent jobs for operations of the production Facility  
• Over $45 million in property tax payments to the North Slope Borough over the lifetime of the Facility | Foster the development of new North Slope oil production and continued exploration/development of western North Slope oil prospects that may augment the decreasing TAPS flows from legacy fields. |

Owner: Mustang Operations Center 1, LLC  
Partners: AIDEA, Brooks Range Petroleum Corp. (BRPC), Thyssen Petroleum North Slope, LLC; Charisma Energy Services LLC  
Operator: BRPC

Following the approval of Board Resolution G14-09 in April, AIDEA is working with CES Oil Services Pte, Ltd. and the other field development partners to move forward with the completion of the various legal documents and financing for the facility. First funds are anticipated to be released from MOC 1 to BRPC for engineering and equipment procurement in June.
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| Lik Development Feasibility Study | $150 million projected DMTS expansion | Northwest Alaska | - Continue and expand operations of DMTS and associated facilities  
- Contribute additional payments to the NWAB  
- Provide additional employment opportunities to local residents | Evaluate the potential for extension/expansion of the DMTS to service this new potential mine | Owner: AIDEA  
Proponent: Zazu Metals Corp. | Zazu Metals Corporation is currently conducting feasibility, design, and environmental study/permitting efforts for the development of the Lik Deposit mine site. AIDEA has entered into an agreement with Zazu to perform additional feasibility studies for the potential use and expansion of DMTS to support the mine, building upon prior studies. AIDEA and a feasibility study contractor performed a site and data collection visit in early April. A draft version of the Feasibility Study report is currently being completed. |
| Coal and/or Gas-to-Liquids (C/GTL) Feasibility Study | $500,000 | Statewide | Potential C/GTL facility would provide:  
- Value-enhanced product from Alaskan natural resources  
- Clean, locally produced fuels (diesel, jet fuel, and/or naphtha)  
- Significant number of jobs for facility construction  
- Numerous jobs related to facility operations  
- Facility would contribute to local taxes/government payments | The Feasibility Study will evaluate the potential for implementation of a C/GTL facility in Alaska | The project was funded via the FY14 capital budget and a reappropriation of unspent funds for a similar study effort. | A contractor was selected for the Feasibility Study in late 2013. The draft report is currently being reviewed by AIDEA staff. The final report is anticipated to be issued in summer 2014. |
PROJECT DESCRIPTION

In August 2012, the Board approved AIDEA to construct, own and operate a facility, an expansion of the existing National Guard Armory, for use by the US Coast Guard (USCG) on Joint Base Elmendorf and Richardson (JBER). Specifications for the CDRCAP were presented to AIDEA in a USCG document entitled, “USCG Sector Anchorage Facility Requirements”, dated June 3, 2011. Using funds provided via a Reimbursement Services Agreement to AIDEA from the DMV A, AIDEA retained a consultant to advance these specifications to a design level.

The CDRCAP matches the existing building of steel construction, 2 stories in height and encompasses an area of approximately 29,000 square feet. Associated with the building is a minimum of 120 parking spaces and an alternative access road. Earthwork included removal and relocation of an existing antenna system.

Through the Project Development and Operations Agreement, the DMVA will make payments to AIDEA, subject to future legislative appropriations. In a separate agreement between the DMVA and the USCG, DMVA will be responsible for the operations and maintenance of the facility and the USCG will pay the DMVA directly for this effort.

PROJECT HISTORY

Construction of the CDRCAP began in August 2012. Substantial completion was realized on December 3, 2013, more than a month ahead of schedule. This project proceeded without any significant issues. The CDRCAP was delivered to the DMVA substantially complete in a ready to occupy state December 18,
2013. Final delivery of all site work was the end of January 2014.

**BUDGET/FINANCE**

The cost estimate for this project did not exceed $15 million, which included a contingency and AIDEA oversight though a third party. This project was paid for with funds from AIDEA’s Economic Development Fund, A1105. The Memorandum of Agreement (MOA) between the USCG and the DMVA provides a payment of $1.1 million annually to AIDEA. This building is leased for 30 years from AIDEA to the DMVA who subleases the building to the USCG.

**PROJECT/ECONOMIC BENEFITS**

This project fulfills AIDEA’s mission of economic development and job growth by creating up to 80 new jobs during the facility construction, retaining over 115 USCG and civilian jobs in the Anchorage area and adding other jobs through consolidation of USCG billets from around the state to the new facility. Housing the USCG at the Camp Denali Readiness Center facility will enhance the cooperative efforts serving Alaska by strengthening interagency relations between the Department of Defense, the State of Alaska and the USCG. Due to the location of the Readiness Center addition, it will also facilitate synergy between the USCG and the Army/Air Guard through shared training classrooms and the medical clinic.

**PARTNERS**

*Facility Owner: AIDEA*

*Land Owner:* JBER, Department of the Air Force

*User:* USCG

*Operator:* DMVA
PROJECT DESCRIPTION

As one of AIDEA’s original projects, the Delong Mountain Transportation System (DMTS) was opened in 1990 to support the development of the Red Dog mine in northwest Alaska. The Red Dog mine, operated by Teck Alaska, Inc. in conjunction with the local native corporation (NANA Regional Corporation, Inc.), is one of the world’s largest producing zinc mines. The DMTS provides the necessary infrastructure for the transport of the ore from the mine site to the ore export barges. Expansion of the DMTS in 1999 enabled Teck to increase mine and port throughput.

The full system includes the following infrastructure:

- A 52-mile, 30-foot all-weather gravel industrial haul road from the mine site to the port facility
- A shallow water dock to receive supplies, fuel, equipment, and personnel
- An offshore conveyor system to load ore concentrate to lightering vessels that can convey the concentrate to larger ships further offshore
- A fuel distribution facility including 6 bulk tanks capable of storing approximately 15 million gallons of fuel for port and mine use
- Storage facilities, including 2 buildings with approximately 900,000 tons of ore storage capacity
- On-site power, other utilities, and residential quarters for up to 96 workers

CURRENT STATUS
May 2014

Operations for the Delong Mountain Transportation System (DMTS) continued in 2013 with more than 1.3 million tons of ore concentrate (lead and zinc) loaded out in the June-October shipping season. Ore is now being mined from the Aqqaluk deposit which should enable Red Dog operations to continue through 2031 or longer. Recent additional throughput payments by Teck (the Red Dog mine operator) have enabled the expedited paydown of AIDEA’s investment for the DMTS. Teck is also in the planning stages for several significant maintenance projects at the site over the next few years. These projects will ensure continued safe and efficient operations through the current mine life expectancy and longer.
BUDGET/FINANCE

Construction of the DMTS facilities was executed via an initial $180 million in AIDEA cash and bonding; the 1999 expansion involved approximately $87 million of additional bonding. Repayment is achieved through a “toll” structure for use of the facility by mine customers. Presently, the Red Dog mine operated by Teck, is the only user. The toll mechanism provides for a minimum annual assessment (aka payment) and additional payments based on escalated zinc prices and higher throughputs. The additional throughput payments are deposited to a reserve account that is used for any potential unpaid operation costs or future capital improvements. Excess reserve account balances are then periodically distributed to AIDEA for expedited retirement of the investment.

PROJECT/ECONOMIC BENEFITS

The DMTS provides the only means for shipment of mined ores from the Northwest Arctic Borough (NWAB) and is integral to the operations of the Red Dog mine, the only significant private industry in the borough. Some of the direct and indirect benefits provided through the continued operation of the mine and DMTS include the following:

- More than 500 regular and 100 seasonal jobs are provided through the mine and DMTS operations, with the majority staffed by NWAB residents or NANA shareholders.
- Direct and indirect jobs from the mine provide more than $15 million of annual income to local residents.
- Royalty payments to NANA, the mine landowner, average greater than $35 million annually.
- Payments in lieu of taxes from the mine (Teck) to NWAB totaled more than $9 million in 2012.

In addition to these economic benefits, Teck has helped facilitate the purchase of lower cost heating oil for local villages and residents over several of the past years. Teck is also a large supporter of local non-profit organizations.

PARTNERS

Owner: AIDEA
Operator: Teck Alaska, Inc.
PROJECT DESCRIPTION

In support of the 26th Legislature’s Senate Bill (SB) 309 that was passed to promote oil and gas exploration in the Cook Inlet, AIDEA, in conjunction with other partners, formed a limited liability corporation (LLC): Kenai Offshore Ventures, LLC (KOV) to purchase and retrofit a jack-up drilling rig for oil and gas exploration and development in the inlet. The rig, originally designed for North Sea exploration, has been modified to meet current safety, environmental, and other northern ocean exploration requirements. Specifically, the rig is:

- Capable of drilling to 20,000 feet at up to 300 feet of water depth, enabling it to drill nearly anywhere in Cook Inlet or other Alaskan Outer Continental Shelf (OCS) waters, such as the Beaufort or Chukchi Seas.
- Capable to lift up to 60 feet, enabling drilling for many of the existing Cook Inlet platforms.
- Capable of operating in temperatures as low as -10 degrees F.
- Capable of maintaining stability in strong currents such as those present in the Cook Inlet.

Through the operation of the rig in Cook Inlet, KOV will help to ensure the continued exploration and development of a local supply of natural gas for southcentral Alaska. Any discovered oil will also help provide a continued supply for local refineries.

CURRENT STATUS

May 2014

Currently the Endeavour – Spirit of Independence jack-up drilling rig is preparing for the Summer 2014 drilling season, with plans to drill the Deep Tyonek well in the North Cook Inlet Unit. Drilling in Summer 2013 for Buccaneer Resources included the completion of a well in the Cosmopolitan Unit of the lower Cook Inlet that provided positive and potentially commercially developable natural gas and oil prospects. BlueCrest Energy is now moving forward with plans for the production of this oil and gas via wells drilled by the rig.
BUDGET/FINANCE

AIDEA invested $23.6 million in KOV, LLC for the purchase of the rig, which will be paid back through six annual payments made by Kenai Drilling, Ltd, who owns the bareback charter for the use of the rig. Additionally, as the preferred member in the LLC, AIDEA will collect dividend payments of 8% based on the outstanding balance of the investment. Under the agreement, Kenai Drilling must also drill a minimum of four exploration wells in Cook Inlet and as long as AIDEA remains a preferred owner, the rig will operate exclusively in Alaskan waters.

Total purchase, maintenance/refurbishment, and relocation costs for the rig were approximately $120 million at the end of 2012. A recent appraisal values it at approximately $127 million. AIDEA received a dividend payment in early 2014 and anticipates receipt this summer of its share of the tax credits based on 2012 and 2013 expenditures.

PROJECT/ECONOMIC BENEFITS

In addition to the financial benefits as described above, the following additional benefits are being recognized from the project:

- Rig refurbishment/repair activities supported numerous local contractors in Homer and other Kenai peninsula communities; annual wintering and maintenance activities will also be performed locally.
- Over 100 direct jobs for the operation of the rig
- More than 75 support industry jobs
- More than 300 indirect jobs created in the local communities as a result of the new spending

As noted above, any gas or oil discovered and developed through the rig operations will also support the Alaskan economy through ensuring the availability of local natural gas and oil for continued local refinery operations.

PARTNERS

KOV, LLC is formed through three primary partners:

- AIDEA, who has “preferred” status in the partnership.
- Ezion Holdings Limited, a large Singapore-based company that owns and operates a large fleet of support and drilling vessels for the oil and gas business. Ezion currently has operations in Australia and the North Sea; this is Ezion’s first investment in Alaska.
- Overseas Chinese Banking Corporation (OCBC), Ltd., a Singapore-based bank that has a long-term relationship with Ezion and has provided a long-term, low interest loan for the rig purchase and refurbishment.

Kenai Drilling, Ltd. provides for the operations of the rig via contracts with oil/gas developers/explorers such as Blue Crest Energy, and is making payments to KOV as outlined in the agreement.
PROJECT DESCRIPTION

The Federal Express Maintenance, Repair and Overhaul (MRO) facility consists of a hangar capable of accommodating one wide-body aircraft, such as a Boeing 747. The project also includes a ramp, taxiway, road, utilities and landscaping. The hangar is supported by a fire suppression pump house and water storage facility, which was constructed as part of this project.

PROJECT HISTORY

Federal Express had a ground lease agreement at the Ted Stevens Anchorage International Airport, which was conveyed to AIDEA. Federal Express management realized the potential to enhance their Anchorage operation by being able to perform line maintenance on their fleet of 747 aircraft operating through Anchorage and approached AIDEA to finance the facility. The facility was completed in 1995 and Federal Express signed a 20-year lease with AIDEA for use of the Aircraft Maintenance Facility and adjacent Fire Suppression Facility. The lease will expire in 2015 and FedEx has requested a lease extension.

BUDGET/FINANCE

Tax-exempt bonds ($28 million) sold by AIDEA in September 1992, along with AIDEA funds, financed the project. The construction budget was $30.75 million. The investment has been repaid through user fees. On 20 June 2002 the remaining outstanding bonds at the time - $20,540,000 - were refunded through the issuance of $20,475,000 of refunding bonds at lower rates. All remaining outstanding bonds were called in April 2012.

CURRENT STATUS

May 2014

AIDEA is currently negotiating a new lease for the FedEx property. A 30 day public comment period on AIDEA’s intent to negotiate with FedEx closed without comments. The Municipality of Anchorage reviewed our request for the sublease to FedEx with no objections. The appraisal report was received and a draft term sheet was sent to FedEx to begin negotiations. AIDEA will contract to estimate refurbishment costs for items in the hangar and fire suppression system.
PROJECT/ ECONOMIC BENEFITS

This project strengthens Alaska’s role as an international air crossroads by improving basic services for air carriers serving Alaska. The facility created approximately 20 permanent, high-skill jobs and brought to Alaska a pilot base providing a direct infusion of income into the Alaska economy. The project demonstrates the significance of the Federal Express operations at Ted Stevens Anchorage International Airport to their overall business.

PARTNERS

Facility Owner: AIDEA
Land Owner: Municipality of Anchorage
User: FedEx
Operator: FedEx
PROJECT DESCRIPTION

The Ketchikan Shipyard is located in Ketchikan, Alaska, adjacent to the Alaska Marine Highway System (AMHS) ferry facility. The shipyard consists of approximately 15.16 acres of real property, various building, fixtures and improvements located on such real property, a 10,000 long ton floating drydock, various equipment and tools and other personal property. AIDEA acquired title to and ownership of the Ketchikan Shipyard and entered into an agreement with Alaska Ship and Drydock (ASD) for the operation of the shipyard effective on 15 July 1997. Vigor Industrial purchased the shipyard operator, Alaska Ship and Drydock, in March 2012. In 2013 ASD’s name changed to Vigor Alaska.

PROJECT HISTORY

The Department of Transportation & Public Facilities (DOT&PF) spent approximately $30 million to construct the shipyard during the 1980’s. The shipyard is capable of providing maintenance for the AMHS. Under an agreement with the state, the City subleased operation and management of the shipyard to private contractors. Each operator experienced operational and financial difficulties. In 1991, the State canceled its lease with the City and closed the shipyard for two years. In November 1993, DOT&PF awarded an operating contract to reopen the shipyard and manage AMHS overhaul projects. On 15 July 1997, the shipyard was transferred from DOT&PF to AIDEA. In conjunction with the transfer, an MOU between AIDEA, City of Ketchikan, Ketchikan Public Utilities and the Ketchikan Gateway Borough was established. In 1997, the Operations of the Shipyard was established through an agreement between AIDEA and ASD. The agreement was

CURRENT STATUS

May 2014

AIDEA received an FY2013 state appropriation of $10 million for the shipyard upgrades, which was used for the design and construction of a steel fabrication shop, adjacent to the new Assembly Hall/Production Center. The Certificate of Occupancy for the Steel Shop was issued by the City of Ketchikan on December 18, 2013.

The F/V Arctic Prowler, built in the new Ketchikan Assembly Hall, was christened on October 5, 2013.

Several SAFETEALU funded shipyard improvements have been completed: an Operations Office, Assembly Hall, Production Center and a relocated Oily Water Separator. Additional interior/exterior work for deferred maintenance, modification to the air compressor systems and installation of 800 amp electrical panels will extend through December 2014. Dawson Construction is AIDEA’s Construction Manager/General Contractor for construction of shipyard improvements.
renegotiated in December 2005 with a ten-year term and two ten-year extensions. The South Berth was transferred from DOT&PF to AIDEA in October 2010 and the Platt was officially signed in February 2014.

Shipyard development plans have been modified over the years to reflect the changing requirements of the operator. A revised Ketchikan Shipyard Development Plan and a Marketing Plan was prepared for the Borough by Northern Economics in March 1999, updated in 2002 and 2007.

The shipyard has received funding for several projects:

- TEA-21 funding (1999) was used to construct employee facilities and to expand fabrication and storage facilities. This $2.65 million grant required a 20 percent match which was provided by AIDEA and the Borough (approximately $328,000 each).
- Two federal Economic Development Administration (EDA) grants were received. The first grant (2002) funded the construction of a second dry dock and the second EDA grant (2006) funded the dry dock berth.
- Federal SAFETEA-LU funds were appropriated for the shipyard in 2006. The SAFETEA-LU funds and STIP match totaled about $50 million over five years. Three TEA-LU funded projects were completed - the fabrication building extension, parking/lay down area and Berth 1. The funds for these projects was managed by DOT & PF and AIDEA. The Federal Transit Authority (FTA) approved AIDEA's grant application August 25, 2008 for an environmental assessment, preliminary engineering for future upgrades and dry dock grounding grids ($7 million).
- AIDEA received an FY2009 state appropriation ($3 million) for standby power generators, a process water treatment system and deferred maintenance. The deferred maintenance funds will be used on the two dry docks. AIDEA received a $2 million FY2011 state appropriation for deferred maintenance and a FY2012 state appropriation for $2 million for shipyard upgrades.

**BUDGET/Finance**

AIDEA has made capital investments in the shipyard, including the 1997 cost of acquiring the shipyard ($80.3 million) and a partial match to the 1999 federal TEA-21 grant. AIDEA has also matched Borough contributions to the repair and replacement (R&R) fund. AIDEA does not provide financial support for shipyard operations. Local government entities have made contributions for capital improvements, the R&R fund and shipyard operations.

AIDEA’s financial return from the Shipyard is based on several terms in the Agreement for the Operation and Use of the Ketchikan Shipyard. An amended and restated agreement became effective 1 December 2005. Under the amended and restated Operator Agreement the financial returns are through revenue and net profit sharing via payments to AIDEA first to reimburse AIDEA’s administrative expenses (up to $18,000), next into the R&R fund until its funded to 125 percent and then distributed as profit sharing to the AIDEA, Borough and City of Ketchikan.

**PROJECT/Economic Benefits**

AIDEA's goal is to establish the Ketchikan Shipyard as a viable enterprise, creating and maintaining permanent jobs in Ketchikan and long-term economic development. The shipyard provides between 50 and 150 direct jobs in Ketchikan and provides reliable, cost effective and quality vessel maintenance repair and construction services. ASD’s gross revenues from shipyard operations grew from $6.9 million to $32.3 million in 2012. Part of these revenues are shared between AIDEA, the Ketchikan Gateway Borough and the City of Ketchikan.

**Partners**

*Facility Owner:* AIDEA  
*Land Owner:* Ketchikan Gateway Borough, City of Ketchikan  
*User:* Various  
*Operator:* Vigor Alaska, formerly ASD
**PROJECT DESCRIPTION**

The Lik Deposit is a zinc rich mineral site in northwest Alaska, about 11 miles to the northwest of the existing Red Dog mine and approximately 40 miles east of the village of Kivilina. Zazu Metals Corporation, along with other partners, owns the federal mineral rights for the deposit which lie within State of Alaska lands. Since the deposit’s discovery in the early 1970’s, several drilling campaigns have been conducted to map the extent and estimate the volume of potential ore present. Work has continued over the past few years with on-going mine design, permitting, and other analyses being performed. Based on current understandings of the deposit, approximately 18.74 million tons of recoverable ore are present, grading to roughly 8% zinc, 2.6% lead, and 52 grams/ton silver. The deposit represents one of the largest remaining undeveloped zinc prospects.

Zazu is presently working with AIDEA to evaluate the potential for the use and extension/expansion of the existing Delong Mountain Transportation System (DMTS) to service this new potential mine. Preliminary plans involve using approximately 40 miles of the DMTS-Red Dog road, extension of a roughly 20-mile road to the Lik mine site, and expansion of the port site/operations. Expansion requirements would include additional fuel storage, upgraded utilities, modifications to the existing ship loading system/conveyor, and construction of additional buildings for ore concentrate storage. Potential costs for these modifications/expansions are estimated at up to $150 million.

**CURRENT STATUS**

May 2014

Zazu Metals Corporation is currently conducting feasibility, design, and environmental study/permitting efforts for the potential development of the Lik Deposit zinc and lead mine site in northwest Alaska. Through the March 2013 board meeting, AIDEA approved entering into a cost reimbursement agreement with Zazu to perform additional feasibility studies for the use and expansion of the Delong Mountain Transportation System, building upon 2010 efforts. HDR has been engaged as contractor through the next phase of due division of looking specifically at capacity of terminal to accommodate additional volume. These studies will help to better understand project economics/viability, necessary modifications to the existing DMTS infrastructure, and begin the development of a term sheet for the potential project.
**BUDGET/FINANCE**

Financing of the necessary modifications/expansion to the DMTS facilities and infrastructure to support the potential Lik mine would likely be performed similarly to those executed between AIDEA and Teck Alaska, Inc., the Red Dog mine operator and current DMTS user/operator. Under such an arrangement, Zazu would repay AIDEA’s investment via a toll structure that provides for a minimum annual payment and additional payments based on certain factors, including terminal throughput and/or zinc prices.

- The mine would contribute additional payments to the Northwest Arctic Borough, whose only other stream of income for government services is the Red Dog mine.
- The mine would provide new jobs and additional income for NWAB residents.

**PROJECT/ECONOMIC BENEFITS**

The potential Lik mine and transportation system development would provide the following direct and indirect benefits:

- Development of the mine would continue and likely extend the life of the successful operations of the existing DMTS facilities.

**PARTNERS**

*Owner: AIDEA*  
*Operator: Zazu Metals Corporation*
PROJECT DESCRIPTION

The Mustang Operations Center #1 (MOC 1) is an oil and gas processing facility to produce pipeline quality crude oil for sale through the Trans-Alaska Pipeline System (TAPS). The facility is being financed via a limited liability corporation (LLC) – MOC 1, LLC. AIDEA has entered into this LLC with its partner, CES Oil Services Pte, Ltd., a subsidiary of Charisma Energy Services (CES), LLC. The facility will be built on the Mustang Pad, owned by Mustang Road, LLC. According to the Southern Mileuveach Unit (SMU) field development agreement, the facility will be operated by Brooks Range Petroleum Corporation (BRPC). The facility will include the following:

- Oil/gas treatment processes for up to 15,000 barrels per day (bpd) of oil production
- Power production equipment for 10 megawatts (MW) of primary electrical power to support the processing equipment and overall Facility
- Gas treatment equipment for up to 7.5 million standard cubic feet per day (mmscf/d) of solution gas for reinjection and facility fuel purposes
- Well headers and connections for up to 11 production and 20 reinjection wells (gas and water)
- Operations camp to include a central monitoring and control facility, maintenance/workshop/warehousing spaces, storage tanks/dispensing capabilities, and appropriate water/sewer utilities
Up to 25 million barrels of oil, based on proven reserve (1P) estimates for the Mustang Field, will be produced through the facility initially; oil from other nearby fields may also be received and treated through the facility as these fields are developed.

**BUDGET/FINANCE**

MOC 1, LLC is owned by AIDEA and CES Oil Services Pte, Ltd (CES). For “contribution” of the facility to the Southern Mileveach Unit (SMU, aka Mustang Field) for the production of oil from the field, MOC 1 receives the greater of:

- A 20% share (working interest ownership) of the oil produced from the field, or
- A monthly Charter Fee payment that pays for MOC 1’s expenses and repayment of the financing for the construction of the facility.

MOC 1’s financing is comprised of a $1 million contribution by CES, a $150-175 million loan arranged by CES to MOC 1 from Strategic Equipment Inc. (SEI), and AIDEA’s $50 million investment via preferred share ownership of MOC 1. AIDEA’s financing is repaid over a seven year period with a quarterly dividend and annual share repurchases following first oil. The SEI loan has a 59 month term, with payments not required during facility construction. Half of the estimated $90 million in State of Alaska capital investment tax credits will be used for early payments on the loan.

**PROJECT/ECONOMIC BENEFITS**

The development of MOC 1 provides numerous benefits, including the following:

- Production of oil that will sustain the flow and life of North Slope oil infrastructure and the TAPS.
- Estimated state royalty and production tax payments to the state of more than $300 million (1P oil)
- More than $45 million in property tax payments to the North Slope Borough over the project lifetime
- Up to 250 jobs for the design and construction of the facility
- Up to 20-25 full-time jobs for facility operations
- Over 200 indirect long-term jobs due to local facility related spending and expenses

The facility also enables the continued exploration and development of oil from other nearby fields and leases.

**PARTNERS**

*Owner:* Mustang Operations Center 1, LLC  
*Operator:* BRPC Brooks Range Petroleum Corp.  
*MOC 1 partners:* AIDEA and CES Oil Services Pte, Ltd.  
*SMU Working Interest Owners:* MOC 1 and Thyssen Petroleum (TP) North Slope, LLC
PROJECT DESCRIPTION

In support of the State’s efforts to foster the development of North Slope oil prospects that will help replace the decreasing flows in the TransAlaska Pipeline (TAPS) from the legacy fields, AIDEA formed a limited liability corporation (LLC) – Mustang Road, LLC – with partners Ramshorn Investments and the Alaska Venture Capital Group (AVCG) to build and own a 4.4 mile road and 17.4 acre gravel production pad on the North Slope. Construction of the road also included the development of a new 18 acre gravel mine site with connecting 0.6 mile gravel road. The road and pad will be operated/used by the Brooks Range Petroleum Corporation (BRPC). This will enable further exploration and development of the Mustang prospect in the Southern Miluveach Unit, which is off the southwest corner of the Kuparuk River Unit. As the second largest field in North America, Kuparuk has produced more than a billion barrels of oil since development began in 1981.

Exploration drilling in the SMU by BRPC has discovered resources of more 25 million barrels of potentially recoverable oil. The new road and pad will enable the continued development of this field and the potential branching/extension to other nearby fields.

BUDGET/FinanC e

Total construction costs for the road and pad, as incurred by the LLC were approximately $27 million, of which AIDEA contributed $20 million, with the other partners providing the remaining funding. AIDEA is the preferred member of the LLC.

CURRENT STATUS

May 2014
The Mustang Road and Pad were completed in Spring 2013, seasoned over the summer, and final grading was performed in September 2013. The road and pad were extensively used by Repsol and ConocoPhillips for exploration and development work performed this past winter at nearby fields. Plans are moving forward for the use of this pad for construction of the Mustang Operations Center #1 (MOC 1) facility to support the production of oil from the Southern Miluveach Unit (SMU), aka Mustang Field. To-date, AIDEA has received all owed payments, including payments from state tax credits.
As the preferred member of the LLC, AIDEA receives the following:

- Repayment of the $20 million loan within 15 years starting by 2015 at an annual interest rate of 8%.
- State tax credits from the road and pad construction as payments on the loan, estimated to be at least $11.5 million.

Mustang Road LLC received a 1% carried working interest (payments after taxes/royalties) in any production from Mustang Field.

PROJECT/ ECONOMIC BENEFITS

The benefits from the execution of this project include the following:

- Facilitation and access to for the production of oil that will sustain the flow and life of North Slope oil infrastructure and the TAPS.
- At the estimated reserve quantities for Mustang Field, the potential royalties and other tax revenues to the State of Alaska and the North Slope Borough would exceed $300 million over the life of the field.
- The construction of the road and pad resulted in more than 30 direct jobs.
- More than 250 jobs may be realized through the construction of the planned production facility.
- Up to 20-25 full-time jobs could be created through the operations of the production facility.

PARTNERS

Owner: Mustang Road, LLC
Operator: Brooks Range Petroleum Co.
Partners: AIDEA, Ramshorn Investments, Alaska Venture Capital Group (AVCG)
PROJECT DESCRIPTION

In July 1990, AIDEA purchased the Skagway Ore Terminal (SOT) to bring stability to Skagway’s then major year-round industry; fund essential environmentally efficient renovations to the terminal; and open the door to additional economic growth by marketing the terminal to other potential users. The terminal was purchased from White Pass Railway, with a sublease of City property approved by the City of Skagway. The current user is Minto Explorations Ltd., a subsidiary of Capstone Mining Corp. (previously Sherwood Copper Corp.). The user contracted with Mineral Services Inc. (MSI) to operate and maintain the terminal in April 2008.

The SOT consists of a 6.7 acre industrial waterfront lot whose primary features include: a 98,000 square foot 16-inch thick concrete floor (the concentrate storage building situated on this floor was demolished in 2003) surrounded by concrete containment walls, office, shop, laboratory, electrical and wash buildings; enclosed materials handling loadout conveyors and shiploader; and a .37 acre adjacent lot which contains a fueling facility (two 10,000 gallon day tanks) and tank farm (four 30,000 gallon storage tanks).

AIDEA is negotiating a contract at its existing ore terminal to accommodate a new user, Eagle Whitehorse, LLC. The Eagle project is a magnetite reclamation project that extracts magnetite from existing mine tailings at the Whitehorse Copper Mine in the Yukon Territory, Canada. Eagle intends on trucking the extracted magnetite from the Yukon Territory to Skagway, Alaska, via the Klondike Highway. The magnetite would be stockpiled at the terminal, loaded on to marine vessels and shipped to markets elsewhere. Eagle
AIDEA’s investment facilitates continued employment in the Skagway area through a stable mining operation.

Anticipates shipping approximately 360,000 metric tons per year and will require the use of space at the existing ore shed to accommodate approximately 50,000 metric tons of storage space for the magnetite using a temporary storage facility. The term of the lease will be 5 years.

**PROJECT HISTORY**

Construction of the SOT Reactivation Improvements began in February 2007. The building “In Service” date was October 1, 2007. The first ship was loaded with ore concentrates October 24, 2007. Substantial completion was achieved January 18, 2008. AIDEA’s Board approved negotiation of an amendment to the User Agreement with Minto/Capstone (previously Minto/Sherwood) to provide additional storage capacity on October 7, 2008. The building extension (14,000 SF) was substantially complete mid-December 2008. Minto/Capstone shipped 43,167 dry metric tons of copper concentrate through the terminal in 2012.

**BUDGET/FINANCE**

Original acquisition budget was $25 million: Tax-exempt bonds sold by AIDEA, to be repaid with terminal user fees. AIDEA financed the Minto/Capstone upgrades for a total of $14 million (AIDEA funds on hand) reimbursed by tenant fees over a seven year period. Minto/Capstone pre-paid the outstanding balance of $8.5 million (plus a pre-payment fee) in December 2010.

**PROJECT/ECONOMIC BENEFITS**

Under current operations, the SOT creates up to 10 jobs at the terminal, plus jobs associated with the trucking of the concentrates from the Northern Canadian mines to Skagway. Mineral concentrate shipping operations normally occur on a year-round basis, enhancing employment in a community otherwise heavily dependent on the summer tourist season. With Eagle as a potential additional user, temporary construction jobs will be created, along with new trucking jobs and approximately 3-5 permanent jobs at the terminal. Ultimately, the new storage facility at the terminal will demonstrate the potential for future opportunities for other mining projects in northwestern Canada and the eastern interior of Alaska for the shipment of mine products to market. Additionally, all Skagway residents benefit from the enhanced winter road maintenance to Whitehorse, as well as additional revenue through real property taxes.

**PARTNERS**

*Facility Owner:* AIDEA  
*Land Owner:* City of Skagway  
*User:* Minto Explorations, Ltd.  
*Operator:* Mineral Services Inc. (MSI)
PROJECT DESCRIPTION

Ever since Juneau’s gold-mining heyday over a century ago, the majority of the electric power required for the City and Borough of Juneau (CBJ) has come from hydroelectric facilities. Burgeoning power needs in the 1950s and 1960s necessitated the search for a long-term and low-cost power source. Long and Crater Lakes, located about 30 miles southeast of Juneau were subsequently determined to contain developable hydroelectric resources. In 1967, construction began on the Long Lake hydroelectric project by the U.S. Army Corps of Engineers. In 1973, 47.2 megawatts (MW) of power were delivered to the City of Juneau by the recently completed facility that included the 80-foot dam, an 8,300 foot power tunnel (to deliver water from the lake to the turbines), a remote camp, a boat slip, an airstrip, and a 44 mile long high voltage transmission line. In 1990, the nearby Crater Lake facility was brought on-line, contributing an additional 31 MW. The combined 78.2 MW from the project now provides approximately 80% of the power for the local electric utility, Alaska Electric Light and Power Company (AEL&P).

BUDGET/FINANCE

In 1998, seeking to divest itself from local power utilities nationwide, the federal government completed the sale of the facility and transmission line to AIDEA, which financed the purchase and some necessary rehabilitation of the facilities and transmission line through the sale of $100 million in revenue bonds. Payback of the bonds, by 2034, is accomplished through both long-
term project and power sale agreements between AIDEA and AEL&P. Under the agreements, AEL&P is responsible for the operations and maintenance of the facility.

**PROJECT/ECONOMIC BENEFITS**

The continued operation and local ownership of the Snettisham hydroelectric facility has enabled the CBJ to enjoy some of the lowest electrical rates in Alaska. These low electrical rates have helped foster continued growth and development of the city. Other distinct benefits from the project include the following:

- Maintenance of a stable power price, adjusted only for increased maintenance or operations costs.
- Sale of excess power to the local Greens Creek mine to lower production costs for the mine, which supports >300 mine employees. The mine is the largest private employer in Juneau. Hydropower also reduces emissions from the mine that otherwise relies upon diesel generators for power production.
- Sale of excess power to local cruise ships during temporary docking. This reduces onboard power requirements from diesel generators and removes air pollution during docking. Power sales to these cruise ships also produces rebates to local Juneau power customers.

**PARTners**

*Owner:* AIDEA  
*Operator:* Alaska Electric Light and Power Company (AEL&P)*