

# Infrastructure Development

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**PNWER Annual Summit**  
**Mining Work Group**  
July 24, 2017

*Investing in Alaskans*

- Development Finance Authority created as a public corporation of the State of Alaska
- Overseen by a 7-member Board - providing a level of independence in decision making
- AIDEA is self funded
- Pays an annual dividend to the State of Alaska
  - Total declared since 1997 ≈ \$392 million
- Revolving Fund ≈ \$1.3 billion
- S&P Rating **AA+** | (independent from State's rating)

## Financing enterprise infrastructure development

- AIDEA makes the distinction between economic development and enterprise economic development.
- AIDEA finances infrastructure that is critical to the development of a resource or that directly supports a business activity. This is in contrast to financing infrastructure that supports a public purpose.
- e.g. AIDEA owns and financed the DeLong Mountain Transportation System that supports the Red Dog mine in Northwest Alaska.
- Consists of a 52-mile road and port facilities that provides for the movement of fuel and goods in to the mine, and lead/zinc concentrate to market
- The \$265 million investment is being repaid over 50 years with an expected ROI of 6.5%



# Role & Financial Instruments



- Provides an interface between industry, government entities, financial institutions, and project developers
- An equal partner in projects with private sector developers and their financial partners
- Secures and deploys capital for economic growth and jobs for Alaskans, without the use of grants or incentives

LOANS
<ul style="list-style-type: none"><li>• Loan Participation</li><li>• Energy Loans</li><li>• Project Finance Loans</li></ul>

BONDS
<ul style="list-style-type: none"><li>• Conduit Revenue</li><li>• Tax Exempt</li><li>• Taxable</li></ul>

EQUITY
<ul style="list-style-type: none"><li>• Partner in LLC</li><li>• Ownership - in part or whole</li><li>• Preferred Equity</li></ul>

## AIDEA inverts the P3 process to finance enterprise infrastructure

- AIDEA's programs combine the need for private infrastructure and facilities with the benefits of public financing
- Benefits include long-term financing, patient capital, and flexibility in transaction structure

## AIDEA funding supports above ground development including:

- Industrial roads
- Port & harbor development
- Processing facilities
- Storage facilities
- Pipelines
- Energy infrastructure
- Other critical infrastructure



# Eligible Projects



## Natural Resources

- Extracting
- Processing
- Manufacturing
- Transporting

## Energy

- Generation
- Transmission
- Distribution
- Conversion

## Economic Development

- Transportation
- Communications
- Community Public Purpose

## Federal Facilities

- Military
- US Coast Guard
- Civilian

## Tourism

- Infrastructure
- Facilities
- Excluding Overnight Accommodations

# Challenges



Alaska suffers from a number of economic limiting factors that must be overcome in order to make a project viable. These include:

- Harsh climatic and environmental conditions
  - A lack of infrastructure
  - Remote and stranded natural resources
  - High cost of logistics, both inbound and out
  - High cost of energy
- AIDEA assists by mitigating some of these challenges and reducing the economic hurdle required for project start up
  - AIDEA may own, in whole or in part, supporting infrastructure and other projects
  - AIDEA's ownership generally requires its infrastructure to provide open access to additional industrial users
  - AIDEA can deploy patient capital, allowing for economic downturns and other periods of constrained project cash flows

# Permitting Challenges



- Some federal agencies have a difficult time processing permit applications because Alaska's environment and land ownership are significantly different from the Lower 48
- ANILCA (1980) is a specific law to Alaska which set aside 104 million acres of land for Conservation System Units (CSU)
  - officially recognized Alaska Native land claims
  - Identified transportation and utility corridors
  - Required a single comprehensive statutory authority for approval/disapproval of access across CSUs

In the case *Sturgeon v Frost* the Supreme Court unanimously ruled against the NPS regarding the application of federal national law to non-federal inholdings within park boundaries. Justice Roberts concluded that:

***ANILCA repeatedly recognizes that Alaska is different***—from its “unrivaled scenic and geological values,” to the “unique” situation of its “rural residents dependent on subsistence uses,” to “the need for development and use of Arctic resources with appropriate recognition and consideration given to the unique nature of the Arctic environment.”

- Ambler Mining District Access – 200-mile road to access a mineral rich district that is currently stranded
- Skagway Ore Terminal – year-round ice free port for Yukon mining operations
- Bokan Mountain Rare Earth Elements - up to \$145 million in bond authorization
- Niblack (Cu, Au, Ag) – up to \$125 million in bond authorization
- Graphite One – flake graphite deposit and an advanced-materials graphite refinery
- Donlin Gold – preliminary discussions for road, port, and pipeline development

## Alaska Industrial Development and Export Authority

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[www.aidea.org](http://www.aidea.org)

