

1) Why is AIDEA rushing this project and using COVID-19 as a cover?

- a) **AIDEA has been involved with the project since 2013** - nothing has been rushed or is being rushed. The project started with the Alaska Department of Transportation & Public Facilities (DOT&PF) in 2009, and DOT&PF received an appropriation for the project in 2011. It was then transferred to AIDEA in 2013. The Environmental Impact Statement (EIS) process started in 2015 and is just being finished. It has been a deliberative and public process to look at the road's potential, and both DOT&PF and AIDEA held public meetings as the project progressed. Once AIDEA filed for a federal right-of-way, the project became one under the federal EIS process in which there were numerous public meetings, a dedicated federal web site and opportunities for public comment. The public comment period for the EIS lasted one year. Over 100 public meetings on the project have taken place.
- b) **The Ambler Mining District's potential has been known for more than 60 years.** The state has been evaluating how to provide road access to the district for over 40 years. The provisions in federal law under ANILCA that allow the road to cross the Gates of Arctic National Preserve were passed by Congress in 1980, so the potential of the mining district has been recognized for many years.
- c) **This is exactly where AIDEA said it would be for the last two years.** AIDEA has provided updates throughout the last two years on its Ambler Access website, in newsletters and presentations describing what steps it planned to take if a Final EIS was issued. AIDEA has consistently indicated that the next steps would be about moving into a feasibility study and design phase once a corridor was identified by the Bureau of Land Management in the EIS. Now, with the Record of Decision (ROD) expected in May, AIDEA is preparing to move to the next phase of the project as it has said for years it would do.
- d) **This project is needed now more than ever.** The AIDEA Board with its mission of promoting economic development has a responsibility to increase job opportunities and encourage economic growth during these unprecedented times. AIDEA is addressing the current economic crisis through several programs, such as the Sustaining Alaska's Future Economy Guaranty Program (AK SAFE) and other measures. The Board believes that moving forward on AMDIAP is needed to support both short-term and long-term economic activity. There was a need for a transfer of funds because without it, procurement for a vendor to complete this summer's needed field work could not move forward. Field work and design efforts will provide work for Alaskan firms and Alaska residents.

2) Did AIDEA have the authority to transfer \$35 million out of its Revolving Fund and pledge it for development of Ambler Road at its March 27, 2020 meeting?

- a) **Yes, AIDEA has the authority to use the funds allocated for a few reasons:**
 - i) **A program created in 2014 authorizes the exchange.** The Arctic Infrastructure Development Fund (AIDF) was created by the Alaska Legislature in 2014 to enable AIDEA to promote and provide financing for Arctic infrastructure developments. AMDIAP qualifies as an AIDF project under AS 44.88.900(2).
 - ii) **Alaska Statutes give AIDEA control over its funds.** AIDEA is the state's industrial development financing agency, set up as a semi-independent public corporation. AIDEA's funds are specifically separate from state funds. By statute, AIDEA's money in its funds, together with its owned assets, do not belong to the State of Alaska. The design of AIDEA is that it is a public corporation that can use its own funds, and those funds are not assets of

Ambler Mining District Industrial Access Project FAQ

the state government as specified in AS 44.88.190(b). AIDEA authorization for transferring money from one of its funds to another is documented in AS. 44.88.060.

- iii) ***AIDEA's funds transfer was normal operations.*** This transfer of funds is a typical AIDEA operation, moving its funds into programs set up by the Legislature and directly aligned with AIDEA's statutory directions and the authority given AIDEA by the Alaska Legislature. AS 44.88.050. This includes transfers approved by the Board into the AIDF as authorized by 44.88.820.

3) Is this an appropriate use of AIDEA's funds, especially given the state's financial issues?

- a) ***This is exactly what AIDEA was created for.*** AIDEA's mission is to "...increase job opportunities and otherwise encourage the economic growth of the state, including the development of its natural resources..." This is exactly what the Legislature established AIDEA for - to develop projects that promote and support economic development in Alaska. Given the current state economy, this is an even more critical time for AIDEA to make long-term investments in strengthening and diversifying the state economy. The Investment in Ambler Access is this type of investment that is designed to add new mines to the economy and create good paying jobs.
- b) ***No State General Funds were transferred. In fact, AIDEA pays money from its investment earnings to the State.*** Each year, the Authority provides an annual dividend to the State's general fund to support much-needed programs, services, and projects. On December 6, 2019 AIDEA announced a dividend to the State of Alaska for \$14.5 million. AIDEA has declared more than \$422 million in dividends to the state since the dividend program's inception in the mid-1990s. The fact is, AIDEA's investments provide a healthy long-term return and allow AIDEA to contribute millions of dollars per year to the state general fund.
- c) ***AIDEA makes money with its investments and projects.*** AIDEA is a successful entity, growing its net position from \$1.3 billion to \$1.4 billion over the last five years, even as the state's overall economy has struggled. AIDEA has achieved this growth while supporting the economy through business loans and infrastructure financing that in 2019 supported 415 construction jobs and 1,359 permanent jobs.
- d) ***AIDEA facilitates infrastructure and industrial development.*** Thanks to AIDEA's diversified investment portfolio and experience in infrastructure developments, coupled with a suite of unique investment tools, AIDEA is the natural developer of the Ambler Access Project.
- e) ***AIDEA has a history of success with similar projects.*** The DeLong Mountain Transportation System (DMTS), AIDEA's road and port facilities serving the Red Dog Mine and the most similar project to AMDIAP, has been extremely successful. DMTS not only provides a return to AIDEA but it has also generated significant economic development and supported the people of the Northwest Arctic Borough over the last few decades. Mining industry payments are the largest source of revenues to the Borough supporting local schools, health clinics, and other facilities and services that have greatly enhanced the quality of life in Northwest Alaska.
- f) ***Mines and road users will ultimately pay for the project, not the State of Alaska or AIDEA.*** As it did for DMTS, AIDEA would issue revenue bonds to fund the Ambler Road. Bondholders would provide the private capital to fund construction and would hold the long-term debt. In the end, the cost of predevelopment, financing, construction, operations, maintenance, and reclamation will be paid for by the road users, which are the companies investing in developing mines in the Ambler Mining District. AIDEA's financing process is thorough and no road construction will start until there are financial agreements in place with investors and road users, supported by a financial feasibility analysis.

Ambler Mining District Industrial Access Project FAQ

- g) ***Alaskans now and well into the future will get to work if this project moves forward.*** The Ambler Mining District has the potential to be a major economic sector in Alaska. Although the project is capital-intensive, the potential reward is opening access to the billions of dollars of mineral resources that can support the regional and state economy for decades. Development in the Ambler Mining District would employ hundreds of Alaskans, with mining industry wages that are twice the average state wage.
- h) ***The AMDIAP project is exactly what AIDEA was developed for.*** Consistent with AIDEA's mission, AMDIAP is one that is consistent with the Authority's purpose to make investments "... *promoting the health, security, and general welfare of all the people of the state, and a public purpose, to increase job opportunities and otherwise to encourage the economic growth of the state, including the development of its natural resources...*"

4) Is the project financially feasible? Cart before the horse?

- a) ***AIDEA believes that the project can be financially feasible*** under certain assumptions and AIDEA will test those assumptions by careful financial analysis, preconstruction studies and further design efforts to refine the cost of the project
- b) ***Mines are already investing in the area and providing jobs and investment.*** Mines take decades to develop. However, the Ambler Mining District has already been a major success story for economic development in rural Alaska with over \$144 million invested in mineral exploration in the last 10 years. This investment has provided hundreds of jobs for residents in an area where jobs are scarce.
- c) ***The more the mining interests and AIDEA learn about the district, the better the investment looks.*** Looking at four of the mineral prospects in the district, there may be over 243 million metric tons of resources worth about \$2 billion per year over their mine lives (See the UAA Center for Economic Development report on the Ambler Access website). While this project is not without risk, it has the potential to provide access to a major mining district that would otherwise not be developed.
- d) ***No further AIDEA dollars will be spent until private investment is also secured.*** AMDIAP's feasibility and front end engineering and design process will not begin until AIDEA has financial agreements with at least one mine developer – this means the \$35 million allocated will not be spent until there are matching, private-sector dollars.

5) Does the project benefit out-of-state companies more than Alaskans?

- a) ***In the Mining Industry, in any given year approximately 70-80% of the world's mining companies are headquartered in Canada.*** This is true for the mining industry as a whole due to a few reasons which lead to these results:
 - i) Canada provides tax incentives and subsidies to exploration and mining companies.
 - ii) Canada has developed a skilled workforce specialized in mining.
 - iii) The Toronto Stock Exchange features at least 50% of the world's publicly traded mining companies, where investors have found a trusted place to invest in mining. Canada is in essence the Silicon Valley of mining. Many of the investors in these publicly traded companies are investors that reside and do business in the United States.
- b) ***If AIDEA wants to provide mining jobs for Alaskans, it needs to work with private sector mining companies.*** Although many mining companies are headquartered outside the United

Ambler Mining District Industrial Access Project FAQ

States these companies are authorized to do business in Alaska or have Alaskan affiliates and their business and exploration activities employ Alaskans and support Alaska businesses. For example, \$144 million was spent over the last ten years on exploration activities by one mining company in the Ambler Mining District. Over 50% of the employees at the exploration sites were local Alaska residents. This provided local Alaska residents with job opportunities.

- c) ***The mining companies ultimately will bear the cost of the road.*** Like the road and port that AIDEA financed to support the Red Dog Mine, the cost of the Ambler Road will be paid for by the mines in user fees. The State of Alaska will also benefit from royalties and taxes which would be a significant new source of diversified revenues.
- d) ***AIDEA makes money for the state.*** AIDEA is the state's industrial development financing entity. AIDEA's achievement record is shown through the annual dividends that AIDEA pays to the state general fund from AIDEA's profits on assets and loans. AIDEA has declared more than \$422 million in dividends to the state.
- e) ***Mining provides high paying jobs and provides for local economic development.*** Alaska is rich in natural resources, and natural resource development has been an important part of Alaska's economy throughout its history. Mining is a growing industry in Alaska, one that provides thousands of Alaskans jobs and provides high wages, totaling millions of dollars of personal income in Alaska. In 2019, 9,400 Alaskan jobs were provided by mining with \$740 million in payroll (directly and indirectly). The average annual wage was \$112,800 - over twice the state's overall average. Mining companies also paid \$37 million in local revenue, \$112 million in state government revenue, and \$242 million in payment to Alaska Native corporations.
- f) ***This project opens up additional state-owned lands for investment.*** AMDIAP is designed to provide open access to a stretch of private and state-owned land that has significant mineralization. - The state lands in the Ambler Mining District were selected by Alaska specifically for their resource value. Accessing the State's mineral resources will provide a much needed diversification of revenue streams to the State general fund.

6) Some feel that the project will have large, adverse effects on wilderness and subsistence. Is this true? What has the project team done to address this?

- a) ***Route selection was made to avoid impacting subsistence resources, wherever possible.*** AIDEA selected an access corridor that minimizes potential effects on subsistence resources and environmental resources. This is the route that was proposed by AIDEA and identified by the Bureau of Land Management in the Final EIS. This route impacts the least wetlands, avoids habitats of designated endangered species, and minimizes the impacts on the Western Arctic Caribou Herd (WACH). As noted in the BLM's EIS, the AMDIAP corridor affects only 0.005% of the WACH's range, which is mostly to the west of the western end of the corridor.
- b) ***A long-term, ongoing advisory committee of locals from the region will be established to help guide decisions on the road for as long as it is in service.*** AIDEA recognizes the importance of subsistence to residents in the project area and is committed to working with them to minimize impacts to subsistence resource availability and access for subsistence harvests. AIDEA is working in the region to develop a Subsistence Advisory Committee to provide input to AIDEA throughout project design, construction, and operation to avoid and minimize the potential for subsistence impacts.
- c) ***This mining district access was recognized and preserved in law before Gates of the Arctic National Preserve was created.*** Although some people think that any undeveloped area in Alaska is wilderness, AMDIAP does not cross through any designated wilderness areas. While much of the Brooks Range has been incorporated into the national conservation system units

Ambler Mining District Industrial Access Project FAQ

and designated as wilderness, the Gates of the Arctic National Preserve was specifically excluded from the wilderness designation. In fact, the section of Alaska National Interest Lands Conservation Act (ANILCA) creating this area stated that surface transportation access was needed through the national preserve to provide access to the Ambler Mining District from the Dalton Highway. So, this project is based on federal law.

- d) ***AMDIAP's design incorporates better-than-standard protections.*** AIDEA has worked with the federal and state regulatory agencies to incorporate numerous measures to reduce, avoid, and mitigate environmental impacts. Techniques used include using Washington state's more stringent sizing guidelines as a minimum for stream simulation culverts that allow fish passage, changing many large culverts to bridges, relocating material sites and communication towers to reduce impacts on more sensitive areas, and using the Subsistence Advisory Committee to provide input into design, construction, and operation of the road.

7) How can we say the road will be a limited-access road when the Dalton Highway started out that way and was later opened?

- a) ***AIDEA often hears AMDIAP compared to the Dalton Highway. In fact, they are completely different.***
- i) ***AMDIAP is a controlled access ROW.*** The Dalton Highway is a state road built on a public highway right-of-way granted by the Bureau of Land Management and owned and operated as a public road by the State Department of Transportation & Public Facilities. AMDIAP is proposed to be a private road on limited access rights-of-way from the Bureau of Land Management as well as from several property owners. The DOT&PF will not maintain or control use of the road.
 - ii) ***Legal agreements will not permit opening AMDIAP.***
 - iii) AMDIAP will require agreements with several property owners. These agreements would be between AIDEA and the owners of lands crossed by the project, and would each have specific terms and conditions and limitations. No changes to the uses or conditions could happen without all property owners agreeing to a change.
 - iv) AMDIAP will be financed with private and public sector investors buying bonds. These bonds will require certain terms and conditions and would not allow AIDEA or the state to just decide to change the ownership or use of the road.
 - v) AIDEA has specific state and federal permit conditions that would not allow AIDEA or the state to change ownership and use of the road without going back through a new environmental review and permitting process.
 - vi) ***The road will not be suitable for public vehicles.*** AMDIAP is designed as an industrial road, not as a public road. There will be large heavy equipment operating on the road and it will not have the shoulders and recovery areas that are used in public highways.
 - vii) Unlike the Dalton Highway, AMDIAP will not use public funds that make it hard to keep the road closed. Federal funds were used to upgrade the Dalton Highway. No federal funds will be used on AMDIAP. The financing of the road will be paid back (including all pre-construction costs) from agreements with road users.
 - viii) Security on the road and at each end will stop illegal use. AMDIAP will have guard stations to limit access to only those permitted to use the road. In addition, AMDIAP road crews and road users will keep an eye out for any unusual activity on or near the road and report it immediately for investigation and action.

8) There are a lot of negative comments about the project, why is AIDEA moving forward anyway?

- a) There are many stakeholders that understand and are interested in the potential benefits of the project. AIDEA has held meetings throughout the project area and with landowners. Most stakeholders want to continue to have input into the design, construction, and operation of the project and to get more details negotiated to get a better understanding of actual (versus potential) impacts and benefits of the project.

9) Have you engaged the public regarding this project, particularly those in-region?

- a) ***There have been over 100 meetings on this project throughout Alaska.*** The current AMDIAP project began in 2011, and there have been hundreds of opportunities for stakeholders and the public to interact with the project team. This includes meetings in local communities, public hearings throughout Alaska and in Washington D.C., presentations to regional and state committees and commissions, legislative briefings, call-ins to local tribal council meetings, attendance at Alaska Native corporation events, and private meetings and phone calls with people interested in the project and landowners. In addition, there has been extensive media coverage of the project, from statewide newspapers, regional newspapers, state radio news agencies, and via the internet and social media. AIDEA is looking forward to continuing these opportunities throughout the upcoming project design phase.
- b) ***With a 211-mile project, it's a challenge to constantly maintain contact with all of the communities along the corridor, but AIDEA has made it a priority.*** Helping people stay informed about a project as large and complex as the proposed Ambler Mining District access road can be challenging. For example, there are a number of interested communities, some as close as eight miles to the proposed corridor, but others as far as 250 miles away. AIDEA is dedicated to helping people be informed, and to date has focused on the closest communities while also responding to anyone, regardless of where they live.