Northwest Arctic Borough & Red Dog Reach New Payment Agreement

Kotzebue, AK: The Northwest Arctic Borough (NAB) and the operator of the Red Dog Mine, Teck Alaska, announced that a new 10-year Payment in Lieu of Taxes (PILT) Agreement has been finalized by the parties.

The agreement will provide an increase in annual payments to NAB, facilitating enhanced benefits and long-term sustainability for the region including funding aimed at socioeconomic investment in the 11 Borough villages, while also supporting the Red Dog mine's long-term viability.

NAB Mayor Clement Richards stated, “this agreement is a good outcome for the Borough and its residents. It will create additional revenue for services, projects, and long-term sustainability. It’s taken several years, but we’re pleased to have reached an agreement that will go some lengths to helping meet the needs of our residents, which comes at a critical time when State Community Revenue sharing dollars are being phased out.”

“This agreement will provide enhanced resources for the region while also supporting Red Dog’s ability to continue generating good jobs and local economic opportunity,” said Henri Letient, General Manager, Red Dog Operations. “We’re pleased with this outcome which was achieved through cooperation and constructive dialogue between Red Dog, the Northwest Arctic Borough and NANA.”

The new agreement has a total estimated value in the range of $20 – $26 million per year over 10 years, comprised of two major components:

- An annual payment to NAB based on a percentage of Red Dog’s fixed asset value, with an estimated average value in the range of approximately $14 - $18 million per year.
- Creation of a new Village Improvement Fund (VIF) with an initial investment of $11 million in year one, and funding in subsequent years of between $4 - $8 million, based on a percentage of Red Dog’s gross profit. The VIF will be administered by NAB, with input from the 11 villages, and go towards community programs, services, infrastructure, and long-term sustainability. Further details on administration of the VIF will be determined in the following months.

The Agreement exempts Teck Alaska from payment of NAB’s severance tax for the Red Dog Mine for the 10-year agreement term. With the new agreement, Teck has agreed to discontinue the legal action relating to the severance tax.

Red Dog Operations was developed through an innovative operating agreement between the operator Teck and the land-owner NANA, a Regional Alaska Native corporation owned by the Iñupiat people of northwest Alaska. The mine and concentrator properties are leased from, and were developed under the agreement with NANA.
About the Northwest Arctic Borough
The Northwest Arctic Borough is the home rule, regional government for Northwest Alaska. The Borough covers an area the size of Indiana, and is home to 11 villages.

About Teck Alaska
Teck Alaska operates the Red Dog Mine, which has been in operation in Northwest Alaska since 1989. Red Dog directly employs approximately 500 people, 50% of which are shareholders of NANA Regional Corporation, Inc. (NANA). NANA, an Alaska Native Corporation, owns the land Red Dog Mine is located on.

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