

**NORTHWEST ARCTIC BOROUGH
RESOLUTION 21-05**

**A RESOLUTION OF THE NORTHWEST
ARCTIC BOROUGH ASSEMBLY APPROVING
AN AMENDMENT TO THE BOROUGH'S
PAYMENT IN LIEU OF TAXES AGREEMENT
WITH TECK ALASKA INCORPORATED FOR
THE RED DOG MINE, AND FOR RELATED
PURPOSES.**

WHEREAS: the Northwest Arctic Borough is a home rule borough organized under its Charter and in accordance with the laws of the State of Alaska; and

WHEREAS: under Title 7.10 of the Borough Code, the Borough levies a Severance Tax for the privilege of mining within the Borough; and

WHEREAS: under the Borough's Severance Tax, codified at Northwest Arctic Borough Code (NABC) § 7.10.030(b), execution of a payment in lieu of taxes (PILT) agreement exempts a person from Borough taxes; and

WHEREAS: under NABC § 7.10.030(b), a PILT agreement shall produce revenue within a reasonable range of the amount that would be due under the Severance Tax in the absence of such a PILT agreement, and the Assembly shall have sole discretion to consider various economic factors in determining what constitutes a reasonable range for any PILT agreement; and

WHEREAS: the Borough Assembly determines that the PILT Agreement Amendment for approval under this Resolution meets this standard in NABC § 7.10.030(b); and

WHEREAS: the Borough and Teck Alaska Incorporated executed a PILT Agreement on April 25, 2017 that was approved under Ordinance 17-03; and

WHEREAS: the PILT Agreement provides, among other things, that Teck will annually pay to the Borough an amount equal to a percentage of the fixed assets of the Red Dog Mine (as defined in the Agreement) reported as "Land, buildings, and equipment – at cost,

less: accumulated depreciation” (“LB&E”) in Teck’s audited financial statements for the preceding year; and

WHEREAS: due to the adoption by Teck of new accounting standards for the Teck’s fiscal year 2019, Teck recognized certain assets of the Alaska Industrial Development and Export Authority (AIDEA), including the DMTS and Port facility, as a new component of LB&E in its audited financial statements for fiscal year 2019, resulting in an increased PILT Payment for calendar year 2020; and

WHEREAS: on a going-forward basis, the Borough and Teck have agreed to amend the PILT Agreement to carve out the value of assets owned by AIDEA that were reported in the value of Teck’s LB&E Agreement in Teck’s fiscal year 2019; and

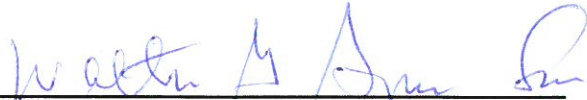
WHEREAS: the Assembly confirms the attached PILT Amendment meets the Borough Code requirements for execution of a PILT agreement; and

WHEREAS: the Assembly, after due and careful consideration, believes that it is in the best interest of the Borough to approve the PILT Agreement Amendment in substantially the same form as attached to this Resolution, effective December 31, 2020.

NOW THEREFORE BE IT RESOLVED: the Northwest Arctic Borough Assembly approves the attached Payment in Lieu of Taxes Agreement Amendment and with Teck Alaska Incorporated, effective as of December 31, 2020, in substantially the same form as attached to this Resolution; and

BE IT FURTHER RESOLVED: the Mayor is hereby authorized to execute the attached PILT Agreement Amendment with Teck Alaska for and on behalf of the Northwest Arctic Borough, subject to any technical changes as may be appropriate.

PASSED AND ADOPTED THIS 23rd DAY OF FEBRUARY, 2021.


Nathan Hadley, Jr., Assembly President

PASSED AND APPROVED THIS 23rd DAY OF FEBRUARY,
2021.



Lucy S. Nelson, Mayor

SIGNED AND ATTESTED TO THIS 23rd DAY OF FEBRUARY,
2021.



Helena Hildreth, Borough Clerk

ATTEST:

