

**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 23<sup>rd</sup> DAY OF FEBRUARY, 2021.**



**Nathan Hadley, Jr., Assembly President**

PASSED AND APPROVED THIS 23<sup>rd</sup> DAY OF FEBRUARY,  
2021.



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Lucy S. Nelson, Mayor

SIGNED AND ATTESTED TO THIS 23<sup>rd</sup> DAY OF FEBRUARY,  
2021.



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Helena Hildreth, Borough Clerk

ATTEST:

