

CITY OF KETCHIKAN, ALASKA

RESOLUTION NO. 14-2546

A Resolution Of The Council Of The City Of Ketchikan Strongly Supporting "CS For Senate Bill No. 99(L&C)," In Part, Authorizing The Alaska Industrial Development And Export Authority To Issue Bonds To Finance The Infrastructure And Construction Costs Of The Bokan-Dotson Ridge Rare Earth Element Project And The Niblack Project; And Establishing An Effective Date

WHEREAS, on March 26, 2014, the Senate of the Twenty-Eighth Alaska State Legislature (Second Session) unanimously approved Committee Substitute for Senate Bill No. 99(L&C) ("CSSB 99(L&C)") titled, "An Act relating to the Alaska Industrial Development and Export Authority revolving fund; limiting the use of the Alaska Industrial Development and Export Authority sustainable energy transmission and supply development fund for certain loans and loan guarantees and allowing the development fund to be used as security for a bond guarantee; amending the definition of 'qualified energy development'; and authorizing the Alaska Industrial Development and Export Authority to issue bonds to finance the infrastructure and construction costs of the Bokan-Dotson Ridge rare earth element project and the Niblack project;" and

WHEREAS, Section 5 of CSSB 99(L&C) authorizes the Alaska Industrial Development and Export Authority to issue bonds to finance infrastructure and construction costs for the Bokan-Dotson Ridge Project on Prince of Wales Island as follows:

LEGISLATIVE APPROVAL; BOKAN-DOTSON RIDGE RARE EARTH ELEMENT PROJECT. (a) The Alaska Industrial Development and Export Authority may issue bonds to finance the infrastructure and construction costs of the Bokan-Dotson Ridge rare earth element project. The Bokan-Dotson Ridge rare earth element project's surface complex shall be owned and operated by the authority or financed under AS 44.88.172. The principal amount of the bonds provided by the authority for the Bokan-Dotson Ridge rare earth element project may not exceed \$145,000,000 and may include the costs of issuing bonds considered reasonable and appropriate by the Alaska Industrial Development and Export Authority.

(b) This section constitutes legislative approval required by AS 44.88.095(g).

WHEREAS, Section 6 of CSSB 99(L&C) authorizes the Alaska Industrial Development and Export Authority to issue bonds to finance infrastructure and construction costs for the Niblack Project, including a mineral processing mill, associated dock, and loading and related infrastructure facilities at the Gravina Island Industrial Complex, and infrastructure at the project site on Prince of Wales Island, as follows:

LEGISLATIVE APPROVAL; NIBLACK PROJECT. (a) The Alaska Industrial Development and Export Authority may issue bonds to finance the

infrastructure and construction costs of the Niblack project. The Niblack project includes a mineral processing mill, associated dock, and loading and related infrastructure facilities at the Gravina Island Industrial Complex, as well as infrastructure at the project site on Prince of Wales Island. The mineral processing mill, associated dock, and loading and related infrastructure facilities at the Gravina Island Industrial Complex, as well as infrastructure at the project site on Prince of Wales Island, shall be owned and operated by the authority or financed under AS 44.88.172. The principal amount of the bonds provided by the authority for the Niblack project may not exceed \$125,000,000 and may include the costs of issuing bonds considered reasonable and appropriate by the Alaska Industrial Development and Export Authority.

(b) This section constitutes legislative approval required by AS 44.88.095(g).

WHEREAS, in October 2012, the Ketchikan Gateway Borough ("Borough") and Heatherdale Resources Limited ("Heatherdale") entered into a Memorandum of Understanding that defined the process by which Heatherdale and the Borough would investigate the suitability of the Gravina Island Industrial Complex ("GIIC") for a mineral processing facility for ore from Heatherdale's Niblack Mine on Prince of Wales Island; and

WHEREAS, the Gravina Island Industrial Complex, which offers an already-established industrial site that provides excellent access to clean hydroelectric power and a local workforce, is Heatherdale's leading site option for a mill to process minerals from Heatherdale's Niblack Mine.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Ketchikan, Alaska as follows:

Section 1: The Council of the City of Ketchikan hereby expresses its strong support of "CS for Senate Bill No. 99(L&C)," in part, authorizing the Alaska Industrial Development and Export Authority to issue bonds to finance the infrastructure and construction costs of the Bokan-Dotson Ridge Rare Earth Element Project; and, for the Niblack Project, a mineral processing mill, associated dock, and loading and related infrastructure facilities at the Gravina Island Industrial Complex, as well as infrastructure at the project site on Prince of Wales Island.

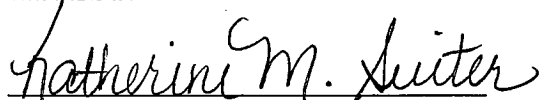
Section 2: This resolution shall be effective immediately upon passage.

PASSED AND APPROVED by a duly constituted quorum of the City Council for the City of Ketchikan on this 3rd day of April 2014.



Lew Williams III, Mayor

ATTEST:



Katherine M. Suiter, City Clerk MMC