

08/25/15

Reports:

**Thoughts and
Takeaways from
the Alaskan
Arctic - A
Summit on
Shipping and
Ports**

<TARGET><BILL></BILL><SUBJECT>08-25-15 Reports Thoughts and
Takeaways from the Alaskan Arctic - A Summit on Shipping and
Ports</SUBJECT><COMM>HEDA29</COMM></TARGET>

HERRON

Talking point for Joint Arctic Committee Chairs

Tuesday, August 25 at 2-4 PM, LIO Auditorium, First Floor, 716 W. 4th Avenue, Anchorage

HERRON: Welcome to the joint hearing of the Senate Arctic Committee and the House Economic Development, Tourism, and Arctic Policy Committee. It's 2:05 PM. Present are: Johnson, Millett, Tilton, Wool, Ortiz (on telecon until 3 PM), Stutz (may be in person or on telecom), and myself Chair Herron.

MCGUIRE: And from the Senate: Co-Chair Giessel, Senator Hoffman and myself Co-Chair McGuire.

HERRON: As we know, the Alaska Summit on Arctic Shipping and Ports just concluded over at the Captain Cook Hotel. We wanted to benefit from people being in town and so invited participants to give us their thoughts on the conference – and maybe offer suggestions on how the Legislature can do to address these issues. Testifiers are also welcome to offer any other thoughts they have on the Maritime Arctic in general.

Testimony is invitation only, but at the end of our session, we will welcome testimony from any Arctic coastal mayors, in person or on the teleconference line - please sign up on one of the sheets by the door.

MCGUIRE: Thank you all for coming today, and extending your Arctic Port and Shipping conference time. It's truly a delight when we get so many wonderful people with great minds in the same room. I have to say that I really enjoyed the conference over the last two days, so thank you to President Grimmson and Alice Rogoff for organizing such a great 2 days. My favorite part of the conference was this morning's presentations and discussion on Arctic Infrastructure Financing. Many of the ideas presented today are the culmination of years of hard work and critical thought. I have had many of the same thoughts over the years concerning ways to leverage state assets and partner with the private sector to achieve the buildout of our infrastructure across the state. Within AIDEA the legislature has created the tools to do just that, now we need to attract those private firms looking for investment opportunities here in our great state.

With that, I am looking forward to hearing the take-aways from the conference by our distinguished guests

And I will turn it over to my co-chair(s)

GIESSEL – Opening remarks?

- Testimony <Invitation Only> -

- Sean O'Keefe, Distinguished Senior Advisor, Center for Strategic & Int'l Studies (CSIS) – HERRON intro
- ??Scott Miner, Global Chief Investment Officer, Guggenheim Partners - McGUIRE
- Ragnar Grimsson, President of Iceland - McGUIRE
- Mead Treadwell, Former Lt Governor and President PT Capital - GIESSEL
- Alice Rogoff, Arctic Shipping and Ports Summit Organizer - HERRON
- Tara Sweeney, Chair, Arctic Economic Council - McGUIRE
- Shirley Marquardt, Mayor of Unalaska – HOFFMAN?
- Denise Michels, Mayor of Nome - GIESSEL
- Reggie Joule, Mayor of Northwest Arctic Borough – HOFFMAN?
- Charlotte Brower, Mayor of North Slope Borough - HERRON
- Mayors from coastal Arctic Villages

Alaska State Legislature

Senate Special Committee on the Arctic

Senator Lesil McGuire
Senator Cathy Giessel
Senator Click Bishop
Senator John Coghill



Senator Gary Stevens
Senator Lyman Hoffman
Senator Donald Olson

Senator Lesil McGuire, Co-Chair
Senator Cathy Giessel, Co-chair

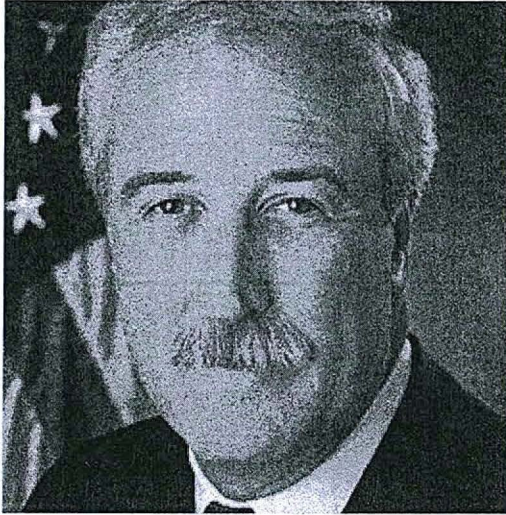
Schedule for:
Senate Special Committee on the Arctic (ARC)
Joint with
House Economic Development, Tourism, and Arctic Policy (EDA)

Tuesday, August 25 at 2-4 PM, LIO Auditorium, First Floor, 716 W. 4th Avenue, Anchorage

Immediately following the Alaska Summit on Arctic Shipping and Ports, invited testifiers will report out on their takeaways and thoughts on the conference, with an emphasis on what the Legislature can do to address the challenges and opportunities in Alaska's maritime Arctic.

- Testimony <Invitation Only> -

- ✓- Ragnar Grimmson, President of Iceland
 - ✓- Mead Treadwell, Former Lt Governor and President PT Capital
 - ✓- Alice Rogoff, Arctic Shipping and Ports Summit Organizer
 - ✓- Sean O'Keefe, Distinguished Senior Advisor, Center for Strategic & Int'l Studies (CSIS)
 - ✓- Tara Sweeney, Chair, Arctic Economic Council
 - ✓- Shirley Marquardt, Mayor of Unalaska
 - ✓- Denise Michels, Mayor of Nome
 - ✓- Reggie Joule, Mayor of Northwest Arctic Borough
 - ✓- Charlotte Brower, Mayor of North Slope Borough (invited)
 - Mayors from coastal Arctic Villages
- ✓ HUGH SHORT, Pt Capital*



SEAN O'KEEFE

University Professor and Howard G. and S. Louise Phanstiel Chair in Strategic Management and Leadership, Syracuse University; Distinguished Senior Advisor, Center for Strategic and International Studies (CSIS).

Sean O'Keefe is the 17th person in Syracuse University history to hold the title of University Professor. A longtime public administrator, national security expert and aerospace industry executive, Mr. O'Keefe has served in several top leadership positions in the U.S. government, higher education and industry. He has been associated with the Maxwell School and Syracuse University for many years as a graduate student, teacher, advisory board chairman and advocate.

Along with the faculty appointments, Mr. O'Keefe will play a leadership role in building Maxwell's partnership with the Center for Strategic and International Studies (CSIS), including research collaboration, program expansion and executive education.

Mr. O'Keefe is the former chairman of the board and chief executive officer of Airbus Group. Immediately prior to joining Airbus, he served as a vice president of General Electric following his service as chancellor of Louisiana State University. On four separate occasions, Mr. O'Keefe served as a presidential appointee.

Prior to leading LSU, he was the administrator of NASA. Earlier, he was deputy assistant to the president and deputy director of the Office of Management and Budget at the White House. He also served as secretary of the U.S. Navy, following service as comptroller and chief financial officer of the U.S. Department of Defense.

He began his career as a member of the inaugural class of the Presidential Management Intern Program, and he later joined the U.S. Senate Appropriations Committee staff. Between public service appointments, Mr. O'Keefe has held faculty posts at LSU, Penn State University and the Maxwell School, where he served as director of the National Security Studies Program and as Louis A. Bantle Chair in Business and Government.

**Alaska Legislature House and Senate Arctic Committees
Hearing Following Alaska Summit on Arctic Shipping and Ports
August 25th, 2-4 PM – Anchorage LIO Auditorium**

Speaker Biographies



ÓLAFUR RAGNAR GRÍMSSON

President, Iceland

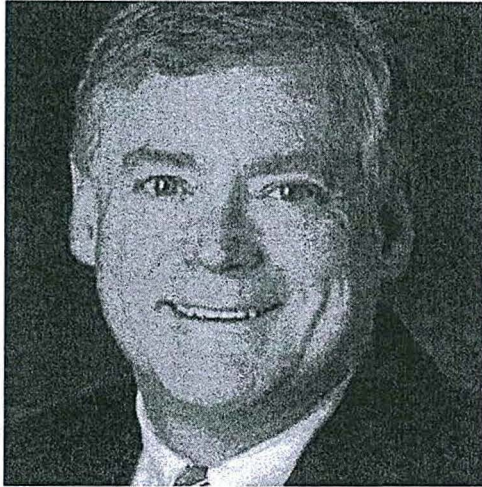
Ólafur Ragnar Grímsson is the fifth president of the Republic of Iceland, currently serving his fifth term.

President Grímsson earned his Ph.D. in political science at the University of Manchester in England, and he became the first professor of political science at the University of Iceland. He took a seat in Althingi, Iceland's legislative assembly, in 1978 and served as the country's minister of finance from 1988 to 1991.

During his presidency, he has emphasized sustainable management of natural resources to control climate change, advocating the use of geothermal energy as a renewable, economically viable and reliable resource.

He has been a spokesman of increased, peaceful, international cooperation both in the Arctic and the Himalayas. President Grímsson, together with others, initiated the Arctic Circle, which held its annual assemblies in Iceland in 2013 and 2014 with over 1,500 participants from more than 40 countries each year.

President Grímsson has lectured at universities in many different countries, including Beijing University and Fudan University in China and Harvard, Columbia, Brown and Ohio State in the United States. Among many international awards he has received is the 2007 Jawaharlal Nehru Award for International Understanding.



MEAD TREADWELL

President, Pt Capital

Prior to joining Pt Capital, Mead Treadwell served as Alaska's lieutenant governor and was a candidate for the U.S. Senate.

Mr. Treadwell is recognized as one of the world's Arctic policy experts. He was appointed to the U.S. Arctic Research Commission by President George W. Bush and designated as chair under President Bush and President Barack Obama.

He served in the cabinet of Alaska Governor Wally Hickel and led Alaska's efforts to build circumpolar cooperation through the eight-nation Arctic Environmental Protection Strategy. Mr. Treadwell has been actively involved in numerous organizations focused on Arctic policy, including the Institute of the North, the Aspen Institute, the Hoover Institution at Stanford University, the Arctic Circle and the World Economic Forum's Global Agenda Council on the Arctic.

As an entrepreneur and investor, Mr. Treadwell has served in numerous board and executive leadership roles in Alaska resource development, telecommunications and information technology companies that created innovative programs like "Street View" for Google.

Mr. Treadwell is a graduate of Yale University and Harvard Business School.



ALICE ROGOFF

Publisher, Alaska Dispatch News

Alice Rogoff is publisher and owner of Alaska Dispatch. From 1985 to 1997, she was chief financial officer of U.S News & World Report. She served at the Washington Post Company as assistant to publisher Donald Graham, and she was the creator of the Post's National Weekly Edition.

Earlier in her career, she served in President Jimmy Carter's administration as special assistant to the director of the U.S. Office of Management and Budget.

Ms. Rogoff is also the founder of Arctic Imperative, a lecture series dedicated to raising awareness of circumpolar north issues. In addition, she is co-founder of a number of other organizations, including the Alaska Native Arts Foundation.

One of her duties as Dispatch's publisher is piloting her Cessna 206 in search of great stories and photos around Alaska.

TARA MAC LEAN SWEENEY

Tara Sweeney is the Executive Vice President of External Affairs for Arctic Slope Regional Corporation (ASRC), and is responsible for all facets of the company's government relations and communications.

ASRC is the largest locally-owned and operated business in Alaska, with revenues in excess of \$2.6 billion, with more than 12,000 shareholders and 10,000 employees worldwide.

Sweeney has been actively engaged as an advocate for self-determination for Alaska Natives and enjoys mentoring young Alaska Natives interested in becoming politically active. In 2003 she served as Special Assistant for Rural Affairs and Education in Governor Frank Murkowski's administration and most recently served as Co-Chair for Senator Dan Sullivan's (R-AK) successful 2014 Senate campaign.

Sweeney has served on numerous business and nonprofit boards at both the state and national level including the Alaska Federation of Natives; Coast Guard Foundation Board of Trustees; FCC Advisory Committee on Diversity for Communications in a Digital Age; Analytical Services, Inc.; Arctic Slope World Services; Kohanic Broadcast Corporation, parent to the first Native American owned, publicly supported FM radio station, 90.3 FM KNBA; Cherokee Nation New Market Tax Credit Advisory Board; Breast Cancer Focus, Inc.; as a Trustee on the University of Alaska Foundation Board; and, Arctic Power.

Sweeney was honored in 2008 as a "Top 40 Under 40" business leader by the Alaska Journal of Commerce. She currently serves as a member of the Ted Stevens Foundation, and as the chair of the Arctic Economic Council.

Sweeney grew up in rural Alaska. While her family roots are in the Arctic Slope Region, she also lived in Noorvik, Unalakleet and Bethel. She graduated from Barrow High School in 1991 before leaving Alaska to attend Cornell University in Ithaca, New York. Sweeney graduated with a Bachelor of Science degree in Industrial and Labor Relations.

Sweeney is the daughter of Dr. Bryan Mac Lean and the late Representative Eileen Panigeo Mac Lean. She lives in Anchorage with her husband and two children.



SHIRLEY MARQUARDT

Mayor, Unalaska, Alaska

Shirley Marquardt has been mayor of Unalaska, Alaska, since 2004. She served as a member of the city council from 1994 until her election as mayor.

Mayor Marquardt has lived in Unalaska since 1980 and has worked in the fishing, logistics and transportation industries.

She serves at the governor's pleasure on the Marine Transportation Advisory Board, representing southwest Alaska, and was appointed to the Aleutian Islands Risk Assessment Advisory Panel after the grounding of the Selendang Ayu.

Mayor Marquardt is past president of the Alaska Municipal League as well as the Alaska Conference of Mayors, and she is a past president and current board member of the Southwest Alaska Municipal Conference.



DENISE L. MICHELS

Mayor, Nome, Alaska

Denise L. Michels was elected mayor of Nome, Alaska, in October 2003. Born and raised in Nome, she is the first Alaskan Native and the first woman to serve in this capacity.

As mayor, she works closely with an appointed city manager, the Nome City Council and other elected and appointed boards and commissions. She is the chief spokesperson for the city, advocating community legislative priorities to the Alaska Legislature and Alaska's U.S. Congressional delegation.

She continues to focus on Arctic issues, public safety and community, economic and infrastructure development, and she promotes bringing diverse groups and residents together.

Mayor Michels also serves as director of transportation of Kawerak, a native not-for-profit service organization. In this position, she oversees the development and implementation of strategies for transportation, infrastructure and Arctic policy. She represents Kawerak on the Inuit Circumpolar Council for Alaska.

She is an active participant in regional and statewide planning activities. She is a member of the Alaska Airlines Northwest community advisory board, the Alaska Municipal League board of directors and the Resource Development Council.

Mayor Michels is a shareholder of the Bering Straits Native Corporation and the Sitnasuak Native Corporation and is a Nome Eskimo tribal member. She strongly believes in giving back to her community and has served on numerous boards and ad hoc committees.

Reggie Joule

Mayor, Northwest Arctic Borough

Reggie Joule was born in Nome in 1952, and was adopted by his grandparents Tony and May Joule. His father was an Inupiaq teacher from the village of Point Hope and his mother was a nurse as well as a cook for the school. Since 1959 Kotzebue has been his home. He graduated from Cooper Valley High School (a Catholic boarding school) near Glennallen, AK and briefly attended the University of Alaska in Fairbanks.

Reggie has been involved in a variety of public service organizations over the years. He and his wife Linda have 5 children and 7 grandchildren.

Reggie served as a state representative in the Alaska State Legislature from 1996 until October 2012, representing much of the Alaskan Arctic. As a state representative, he served as the Bush Caucus chairman and a member of the House Finance Committee. He also served as chair of the Alaska Northern Waters Task Force which examined the changing Arctic. He also served as a Commissioner on the Arctic Policy Commission for the State of Alaska and as a tribal representative on President Obama's Task Force on Climate Change Preparedness and Resiliency. Most recently he has been appointed to serve on the Governance Coordinating Committee for the National Oceans Council.

In October of 2012, Reggie was elected to the office of Mayor of the Northwest Arctic Borough. As the Mayor, one of his key initiatives is to build the Borough's science and research capacity.



Charlotte Eqraq Brower

Mayor, North Slope Borough

Charlotte Brower has served as the Mayor of the North Slope Borough since November 2011. Prior to her election, she was the Director of Human Resources for the North Slope Borough. Her career in public service has also included election to the North Slope Borough Assembly, the North Slope Borough School District Board of Education, and appointments to the Ilisagvik College Board of Trustees and the Alaska Rural Law Enforcement & Justice Commission. She has also served as the Barrow Magistrate for the Alaska Court System.

Mayor Brower is a graduate of Chemawa High School and she received her Bachelor's degree in Business Administration & Management from Alaska Pacific University. She is currently pursuing a Master's of Business Administration degree.

She has been married to her husband Eugene, President of the Barrow Whaling Captains Association, for the last 40 years. They have six children and 26 grandchildren.

TESTIMONY OF MARTIN B. MOORE SR.

City Manager, City of Emmonak

Tuesday, August 25, 2015

**House Special Committee on Economic Development, Tourism and
Arctic Policy (EDA), Joint with Senate Arctic Committee (ARC)**

Representative Herron (Chair), Representative Johnson, Representative Millett, Representative Tilton, Representative Stutes, Representative Ortiz, Representative Wool and distinguished members of the Senate Arctic Committee:

Thank you for your public service and thank you for this opportunity to testify regarding the conference.

My name is Martin B. Moore Sr., City Manager of the City of Emmonak. Emmonak is the largest community at the mouth of the Yukon River in western Alaska. The Yukon River is the third longest river in North America.

Fifty-five years after statehood, the Lower Yukon River Delta is in need of port infrastructure. Nearly 5,000 residents reside on the Delta. Including up-river and nearby coastal communities of the Wade Hampton Census District, the total regional population is closer to 9,500 with 703 commercial entry permit holders. Construction of a modern port facility in Emmonak will significantly alleviate the tremendously high cost of living in the region. Currently, the nearest port facilities are Bethel and Nome, each greater than 100 miles from the Yukon Delta region.

Mr. Chairman, allow me to enter the following points into the record:

1. The Lower Yukon River Port Project is fully engineered, designed and permitted. The engineering design was completed by Michael Foster Engineering, Eagle River, Alaska.
2. In 2012, the Alaska State Legislature and Governor Parnell approved \$3 million toward this project.

3. The total project is estimated to cost \$16 million. The City of Emmonak has submitted a CAPSIS request through Senator Hoffman and Representative Guttenberg for \$10 million.
4. The City has been appropriated \$3 million through a general obligation bond and the amount remaining to be funded is \$14.5 million.
5. The project is a strategic state and regional priority. The benefits of this investment extend beyond the community of Emmonak and benefit the entire Yukon Delta region and all the business enterprises that service this region.
6. Numerous letters and expressions of support have been submitted by Bering Pacific Construction, Alaska Commercial Company, Brice Construction, Crowley Marine, Calista Corporation, Yukon Delta Fisheries Development Association, KwikPak Fisheries, Ruby Marine, Vitus Marine, AK Village Electric Cooperative, Association of Village Council Presidents, neighboring communities and others.
7. The U.S. Army Corps of Engineers Alaska Barge Landing System Design Final Report dated January 2009 recognized the need for a barge loading facility in Emmonak ranking the project as a "priority site."
8. The Alaska Regional Port Study prepared by Northern Economics of the U.S. Army Corps of Engineers and the Alaska Department of Transportation concluded on page 9 of the report that *"Investing in a barge dock in Emmonak is likely the best investment that could be made in the Yukon Delta."*
9. The Department of Commerce & Economic Development has assisted through completion of an Economic Impact Report. Details of the report will be available once the report is published and copies will be distributed to each of your respective offices.
10. The Lower Yukon region continues to suffer from economic hardship. Secretary Blank, U.S. Department of Commerce, recently granted Governor Parnell's request for a fishery disaster due to the 2010-2012 Chinook run failures. Despite

the severe restriction on the harvest of Chinook, our residents continue to fish for the more abundant chum salmon. Construction of the port infrastructure will assist our business community through more efficient, less costly operations allowing them to better compete in the marketplace.

We understand the budget conditions in Juneau are constrained; we respect that. Nevertheless, we urge your committee to consider this request as a regional request, benefiting more than one community, more than one region. Consider this as a previously started project. And finally, consider the fact that we have completed design documents, we have our federal construction permit, this is a *job ready project* and the total cost is known. This is *not* an unknown megaproject.

And finally there are many communities in the Coastal area and into the Yukon River up-stream by more than 2000 miles of needy people deserving a part that could provide a better service to reduce the cost of energy.

Connect and Yukon and Kuskokwim to Donlin creek mine and a structure of steam boat stern wheeler tourist industry carrying people and freight, these are just simplified momentum of economic development and industries related to communities that maybe of rational and of structural impetus.

Thank you.

THE ALASKAN ARCTIC

AGENDA

SUNDAY, AUGUST 23, 2015

Hotel Captain Cook, Anchorage

6:00 p.m. – 7:00 p.m. WELCOME RECEPTION, *Quarter Deck*

7:00 p.m. – 9:00 p.m. OPENING DINNER, *Fore Deck*

INTRODUCTION:
Bill Walker, *Governor, State of Alaska*

KEYNOTE:
Ólafur Ragnar Grímsson, *President, Iceland*

SPEAKERS:
Lisa Murkowski, *U.S. Senator, State of Alaska*
Fran Ulmer, *Chair, U.S. Arctic Research Commission*

MONDAY, AUGUST 24, 2015

Hotel Captain Cook, Anchorage

9:00 a.m.–12:00 p.m. TOPIC: DEVELOPMENT OF MARITIME SHIPPING IN THE
BERING SEA, *Mid Deck*

SPEAKERS:
Charles Cashin, *Chief of Staff, 17th U.S. Coast Guard District*
John Higginbotham, *Senior Fellow, Centre for International Governance
Innovation*
Robert Loken, *Director, Pacific Northwest/Alaska Gateway Office, U.S.
Department of Transportation*
Thomas Ostebo, *President and CEO, Cruise Lines International
Association*
Scott Smith, *Chief, U.S. Coast Guard Office of Navigation Systems*
Mead Treadwell, *President, Pt Capital*
Felix Tschudi, *Chairman and Owner, Tschudi Group*

12:00 p.m.–1:30 p.m.

LUNCHEON PRESENTATION: THE STATE OF ALASKA'S
VISION FOR A PORT COMPLEX, *Fore Deck*

KEYNOTE:

Bill Walker, *Governor, State of Alaska*

Craig Fleener, *Arctic Policy Advisor, State of Alaska*

1:30 p.m. – 3:00 p.m.

TOPIC: THE BERING SEA TODAY – PORTS AND SAFETY, *Mid Deck*

INTRODUCTION:

Helena Wisniewski, *UAA, Arctic Domain Awareness Center*

SPEAKERS:

Willie Goodwin, *Chairman, Arctic Waterways Safety Committee*

Tim Robertson, *General Manager, NUKA Research & Planning Group*

WRAP-UP:

Mead Treadwell, *President, Pt Capital*

3:00 p.m. – 3:30 p.m.

COFFEE BREAK, *Mid Deck*

3:30 p.m. – 5:00 p.m.

TOPIC: COASTAL COMMUNITIES AND THE BERING SEA, *Mid Deck*

SPEAKERS:

Bob Herron, *Representative, Alaska State Legislature*

John Hopson, Jr., *Mayor, Wainwright, Alaska*

Shirley Marquardt, *Mayor, Unalaska, Alaska*

Denise Michels, *Mayor, Nome, Alaska*

Gail Schubert, *President and CEO, Bering Straits Native Corporation.*

James Stotts, *President, Inuit Circumpolar Council Alaska*

WRAP-UP:

Alice Rogoff, *Publisher, Alaska Dispatch News*

Treadwell Residence

7:00 p.m.–9:00 p.m.

RECEPTION AT THE HOME OF MEAD TREADWELL

TUESDAY, AUGUST 25, 2015

Hotel Captain Cook, Anchorage

9:00 a.m.–12:00 p.m.

TOPIC: ARCTIC INFRASTRUCTURE FINANCE, *Mid Deck*

SPEAKERS:

Scott Miner, *Managing Partner and Global Chief Investment Officer, Guggenheim Partners*

Sean O'Keefe, *Distinguished Senior Advisor, Center for Strategic and International Studies*

Hugh Short, *Co-Founder, Chairman and CEO, Pt Capital*

David Van Slyke, *Associate Dean and Chair, Syracuse University*

12:00 p.m.–1:30 p.m.

LUNCHEON PRESENTATION AND CLOSING REMARKS, *Fore Deck*

KEYNOTE:

Robert Papp, Jr., *Special Representative for the Arctic, U.S. Department of State*

FINAL REMARKS:

Alice Rogoff, *Publisher, Alaska Dispatch News*

Legislative Information Office, Anchorage

LIO Auditorium, First Floor, 716 W. 4th Avenue

2 p.m. – 4 p.m.

ALASKA LEGISLATURE JOINT SENATE & HOUSE ARCTIC COMMITTEES HEARING

Executive Summary

Partnerships for Fulfilling Arctic Responsibilities: An Analysis of Alternatives

Prepared for the Arctic Circle Shipping Task Force and the University of Alaska

By

*The Hon. Sean O'Keefe, Dr. David M. Van Slyke, and Mr. Zachary S. Huitink – Syracuse University,
and Dr. Trevor L. Brown – The Ohio State University*

The Arctic is an increasingly important region for U.S. strategic and national security interests, as the impact of changed climate conditions allow for increased access to the wealth of resources in the region. The Arctic could become a major seaway and shared trade route between the Eastern and Western Hemispheres. In turn, it has become a pressing national security issue to protect energy independence and safeguard against environmental threats. In short, the Arctic is a new frontier of economic and scientific research possibilities. With an estimated 30% of the world's undiscovered natural gas, 13% of the world's undiscovered oil, and over \$1 trillion in minerals, there are significant economic benefits to be gained from the Arctic.

However, the United States lags far behind the other Arctic Council member nations in the capacity to achieve these national objectives. The number and condition of active, operational icebreakers owned and operated by the United States lags far behind the capability of other nation states. The Russian Federation operates the largest and most active fleet, far exceeding the capacity of the next several national interests present in the region. The combined assets of a single global energy corporation are larger than the United States government owned and operated fleet. A small, old, and increasingly vulnerable United States Coast Guard (USCG) icebreaker force presently leaves the nation in a weak position. The current fleet is insufficient for promoting national and economic security interests, and can't deter potential geopolitical rivals from threatening US sovereignty and property rights in the Arctic.

The United States Coast Guard's traditional procurement process is very costly to the U.S. Government (USG). The estimated \$1 billion required to acquire one icebreaker and the decade it takes to develop, build, and begin operations has made this option untenable. This procurement strategy is not sufficiently responsive to meet the needs of the United States as they pertain to fulfilling our economic and national security goals. While the USCG has one of the most diverse and comprehensive set of mission activities of any federal agency, not all of its responsibilities are inherently governmental. Accordingly, the accompanying presentation examines four alternative procurement strategies that can be used to lower costs and reduce the timeline for acquiring additional capabilities, with emphasis on technical feasibility, agility, mission scope, efficacy, value for money, lifecycle costs, budgetary considerations, statutory permissibility, and interoperability.

The four alternative strategies are presented and classified along three analytical dimensions: first, the number of acquirers - USCG alone or multiple agency partners; second, the type of acquisition process - traditional USCG procurement practice or an alternative approach to government ownership; and third, the asset mix - a single asset with multi-mission functionality, or assets with specific mission scope. The four alternatives represent options relative to a traditional USCG procurement process in terms of fielding time and responsiveness to a changing operating environment, and represent potentially less expensive courses of action that have been used successfully to acquire other naval and maritime assets. The alternatives considered are: retrofitting existing assets, a lease-charter arrangement, broadening partnerships with private firms, and engaging in bi-national partnerships. Examples from the US Navy (USN), the National Science Foundation (NSF), the US Special Operations

Command (SOCOM), and the Canadian Coast Guard (CCG) represent credible precedents that afford the USCG a greater range of strategic options in acquiring icebreaker assets for the Arctic.

The first alternative involves retrofitting existing USCG or US Navy (USN) assets. This strategy entails one acquirer using a traditional procurement process to contract for a “parent craft” design to permit multi-mission functionality applications, or an asset with the primary function of icebreaking. Under the strategy, the USCG harnesses existing private sector knowledge, experience, and production infrastructure to upgrade an asset. Compared to buying a new asset, a retrofit may yield lower acquisition cost and comparable or lower life cycle costs. However, a retrofit may ultimately limit mission scope and decrease agility over the long run, and thus potentially reduce value to the taxpayer.

The second alternative involves a lease charter. This strategy is one in which the government enters into a lease agreement for an asset with multi-mission functionality, or an asset with the primary function of icebreaking. The strategy involves the leasing of a pre-existing or new asset owned by private entities, and use of a civilian mariner or government crew. With this strategy, the US Government can deploy an asset in significantly less time, and at potentially lower cost, than outright government ownership. Using a lease charter, private investors may expend resources for technology development, to lower production risk and costs, increasing potential value to the United States. Lease chartering may also allow the USG to increase agility by entering and exiting contract relationships based on demands for capability. By doing so, the risk is effectively transferred to the private entity owners rather than the United States. While the USG may not have equity or ownership rights at the conclusion of the lease, this contract method incorporates cost and schedule benefits, transfer of liabilities, and operational agility.

The third alternative involves one or more acquirers using a non-traditional process, in this case a public-private partnership (PPP), to purchase a “parent craft” asset with multi-mission functionality or an asset with the primary function of icebreaking. Essentially, this approach allows the USCG to develop intergovernmental partnerships with other USG agencies with mission responsibilities in the Arctic, such as the USN, the NSF, and the National Oceanic and Atmospheric Agency (NOAA). The potential partners would acquire, pay for, and use the asset on a cooperative basis. Under this approach, the asset has a much broader mission scope because it is used by multiple government agencies. This allows the various government agencies involved to coordinate and collaborate on mission, asset maintenance, and service, which increases the interoperability of the asset. Acquiring an asset through a PPP with different government agencies may be less expensive and offer stronger value for the taxpayer if the asset has a broad mission. However, this approach could involve designing a new asset instead of using pre-existing assets in different capacities, and may therefore involve potentially higher costs in the short-run compared to other strategies. Given current gaps in federal procurement policy, new enabling legislation and/or new statutory controls may be necessary to implement this strategy.

The last alternative involves the USG entering into an agreement with a foreign government to build a new icebreaker, using one of the foreign government’s existing designs. Under this approach, the governments could use a traditional procurement process to buy a single asset with multi-mission functionality, or an asset with the primary function of icebreaking. For example, the USG could buy an icebreaker using the Canadian Coast Guard’s *Diefenbaker* design. A key advantage of this strategy is that it offers greater technical feasibility than a traditional procurement of a new asset, because it is based on a mature, established design that has been successful in the Arctic operating environment. As a result, the asset could be fielded faster and potentially have lower technical risks, thus providing stronger value for taxpayers. However, purchasing an asset based on a single purpose design could restrict mission scope and operational effectiveness, with potentially negative implications for agility and user efficacy.

In conclusion, this presentation describes alternative procurement strategies using a set of analytical dimensions important to past USCG acquisitions. Given the opportunities and potential threats in the Arctic region and the USG's limited asset capacity, different acquisition approaches offer an opportunity for dialogue and debate around mission functionality, fielding time, cost, and overall efficacy and interoperability. More icebreakers for Arctic missions are a critical national security and economic priority. This presentation represents one approach to considering alternative strategies that may be technically and financially feasible to address this priority.

O'Keefe, Research Team Present Study on Alternatives to Meet the US's Critical Need for Icebreaker Capabilities in the Alaskan Arctic

Anchorage, Aug. 25 – With a team of researchers, the Hon. Sean O'Keefe, University Professor at Syracuse University and Distinguished Senior Advisor at the Center for Strategic and International Studies, has penned a study on alternative ways the United States can meet its growing need for icebreaker capabilities in the Arctic. Other members of the research team included Dr. David Van Slyke of Syracuse University and Dr. Trevor Brown of the Ohio State University, both experts on public-private partnerships and co-authors of an award-winning book on contracting issues in the US Coast Guard. Mr. Zachary Huitink, a PhD student at Syracuse University, provided research support for the study, which O'Keefe and Van Slyke presented at the recent Summit on Shipping and Ports in the Alaskan Arctic, held August 23-25 in Anchorage.

The Arctic is an important region for the United States, as the impact of changed climate conditions has allowed for increased access to the wealth of resources in the region. However, the US lags far behind other nations in its capacity to pursue its national and economic security objectives in the Arctic. In particular, according to O'Keefe, "the number and condition of active, operational icebreakers owned and operated by the United States lags far behind the capability of other nation states. The Russian Federation operates the largest and most active fleet, far exceeding the capacity of the next several nations with interests in the region."

The Coast Guard plans to buy a new icebreaker, but according to Van Slyke, "its traditional procurement process is very costly. The estimated \$1 billion required to acquire one icebreaker and the decade it takes to develop, build, and begin operations has made this option untenable."

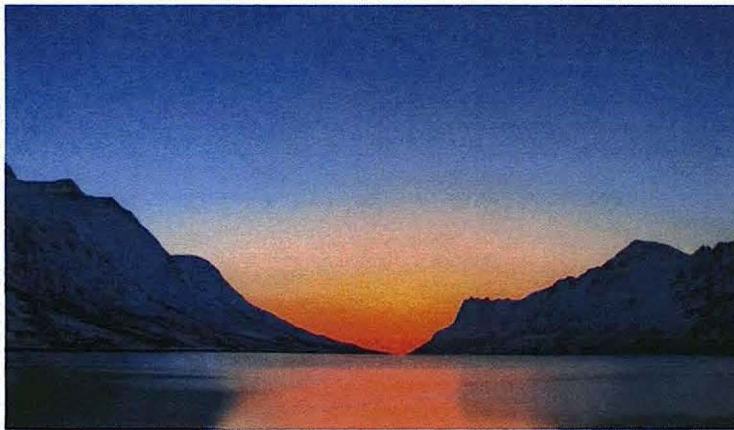
The study examined four alternative procurement strategies that can be used to lower costs and reduce the time to acquire more icebreaker capabilities, including retrofitting other Coast Guard ships for Arctic operations, leasing privately owned ships, buying a ship originally developed for the Canadian Coast Guard, or pursuing a broader procurement strategy where other federal agencies would help the Coast Guard pay for an icebreaker.

The bottom line, says O'Keefe, is that "more icebreakers for Arctic missions are a critical national security and economic priority. Considering different procurement strategies offers an opportunity for a broader dialogue and debate on this important issue."

Arctic Investment & Development



Presentation before Alaska Arctic Summit
Hugh Short, Chairman/CEO, Pt Capital

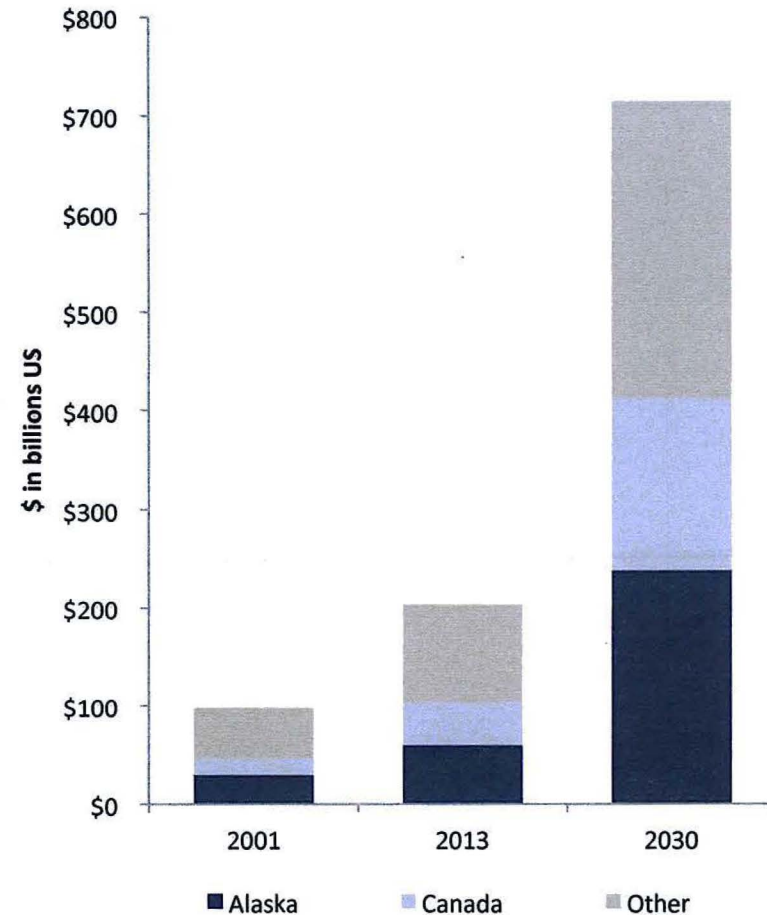


This confidential presentation has been prepared for informational purposes only and is not an offer to buy or sell any security or instrument to participate in any particular investment or trading strategy. This presentation is based on information that is believed to be reliable. No representation is made that it is accurate or complete. Pt Capital, LLC ("Pt Capital") will provide additional information, if available, on request.

Arctic Economic Forecast

- The Arctic economies are estimated to grow to over \$700 billion by 2030.¹
- Growth will be driven by:
 - Demand for resources and associated development
 - Technological advances
 - Opening of sea routes and trade

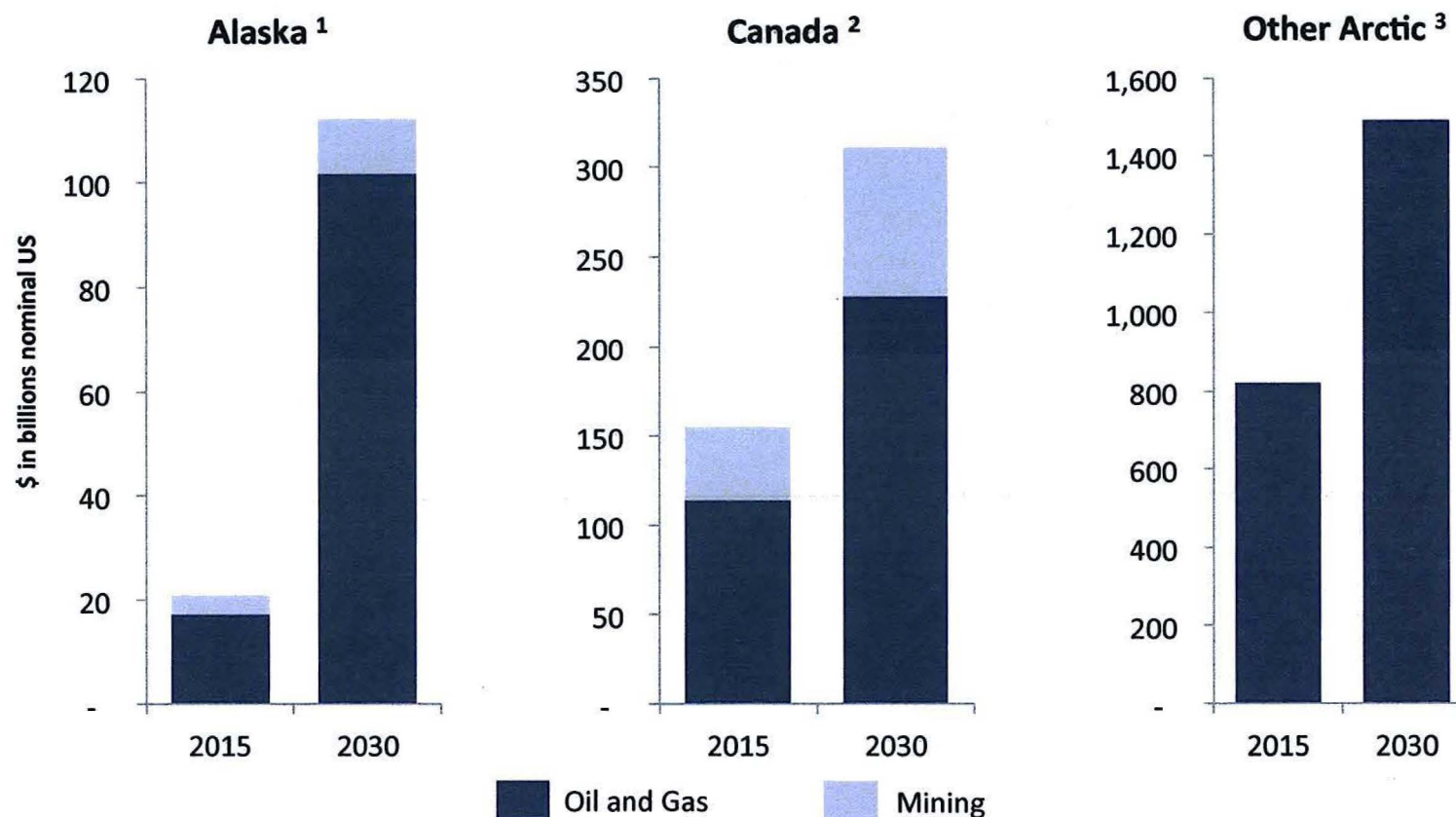
GDP Growth in the Arctic



¹ Pt Capital estimate based upon extrapolating average growth between 2001 to 2013 of 6.3%. Data based on Arctic Council; Arctic Human Development Report 2001; US Bureau of Economic Analysis, 2001; Arcticstat.org, 2013; CIA World Factbook Statistics; World Bank data; Stat Canada, 2013; Federal Reserve Bank of St. Louis, 2012. Does not include Russia.

Arctic Natural Resources

Development of the Arctic's natural resources will be key to meeting growing global consumption of energy and demand for minerals.



Natural resource growth projected in all jurisdictions

1 Alaska: EIA forecast, individual mine assessments, Pt Capital calculations.

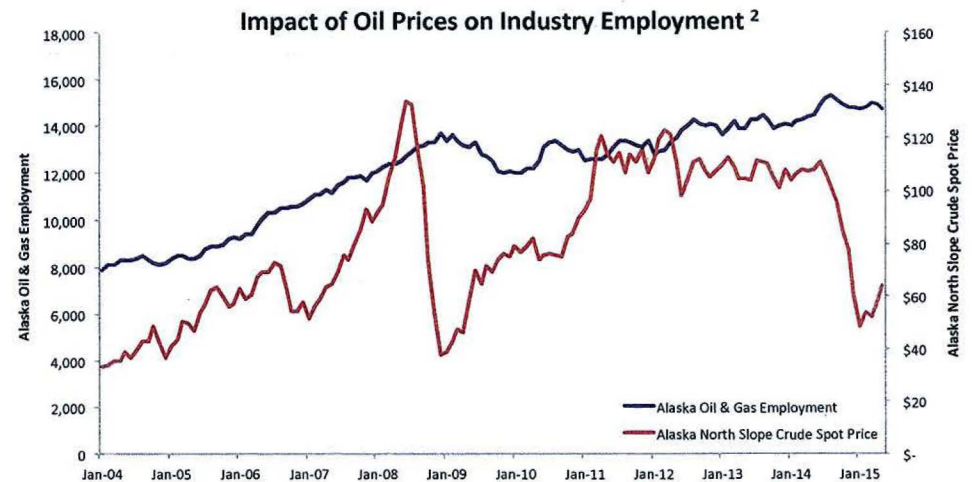
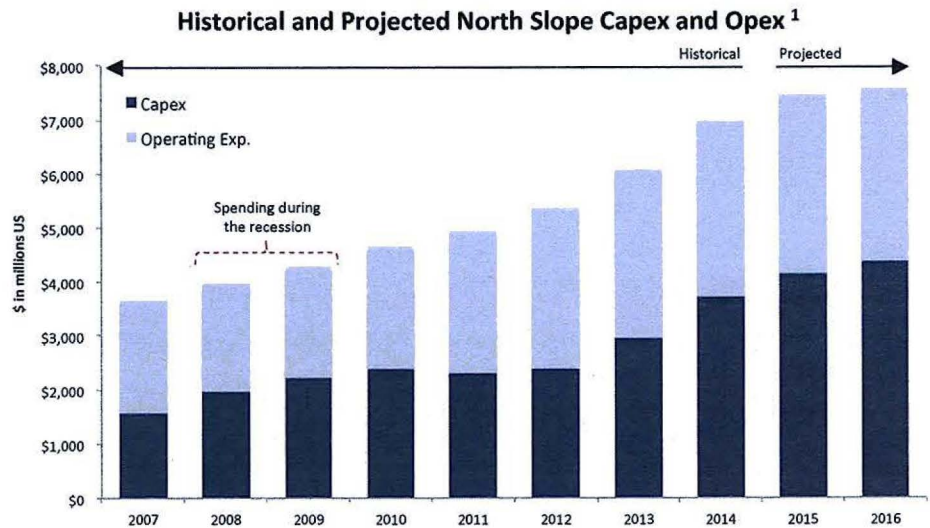
2 Yukon, Northwest Territories, Nunavut: Statistics Canada.

3 Russia, North Sea: EIA Forecast.

Oil & Gas Spending and Employment in Alaska



- Despite the declining price of oil, spending on the North Slope has increased and is projected to increase in 2015 and 2016. The majors attribute increased spending to the new industry-friendly tax structure.
- Employment in Alaska's oil and gas industry has remained relatively consistent despite the volatility of oil prices and declining production from the North Slope.
- Historically, North Slope operations are not as sensitive to declines in oil prices as other oil producing regions.
- During the recent recession of 2008/2009, during which the price of oil experienced a precipitous decline to a low of \$35, capital and operating expenditures increased and oil and gas employment declined only marginally.

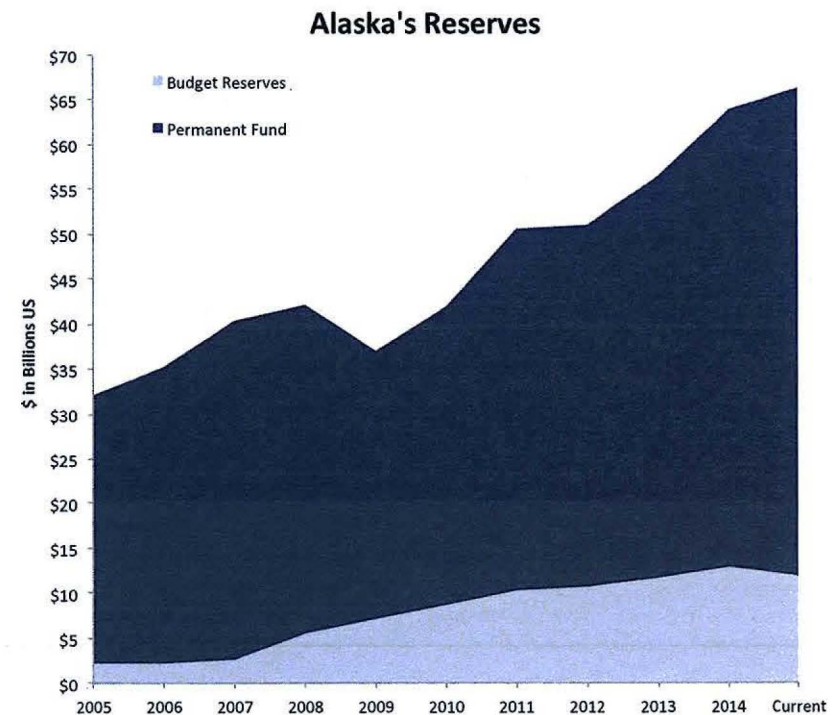


¹ State of Alaska Revenue Sources Book, Fall 2014 and Spring 2015.

² State of Alaska Department of Labor and Workforce Development, May 2015; Alaska Department of Revenue, Tax Division, May 2015.

Alaska's Fiscal Situation

- The decline in the price of oil will create a short to mid-term tax revenue challenge for Alaska.
- Alaska is well positioned to survive the down cycle.
- Present reserves cover the 2015 projected shortfall by 19 times.¹
- The State of Alaska has several sources of funds that can be accessed to meet budget deficits:²
 - \$10.1 billion Constitutional Budget Reserve
 - \$1.7 billion Statutory Budget Reserve
 - \$54.5 billion Permanent Fund



¹ State of Alaska. FY2015 projected budget deficit of \$3.5 billion per Fiscal Summary, December 15, 2014. Present reserves of \$66.3 billion as referenced in Source 2.

² State of Alaska. Annual data as of Fiscal Year End June 30. Current data as of May 31, 2015 for Budget Reserves and June 25, 2015 for Permanent Fund.

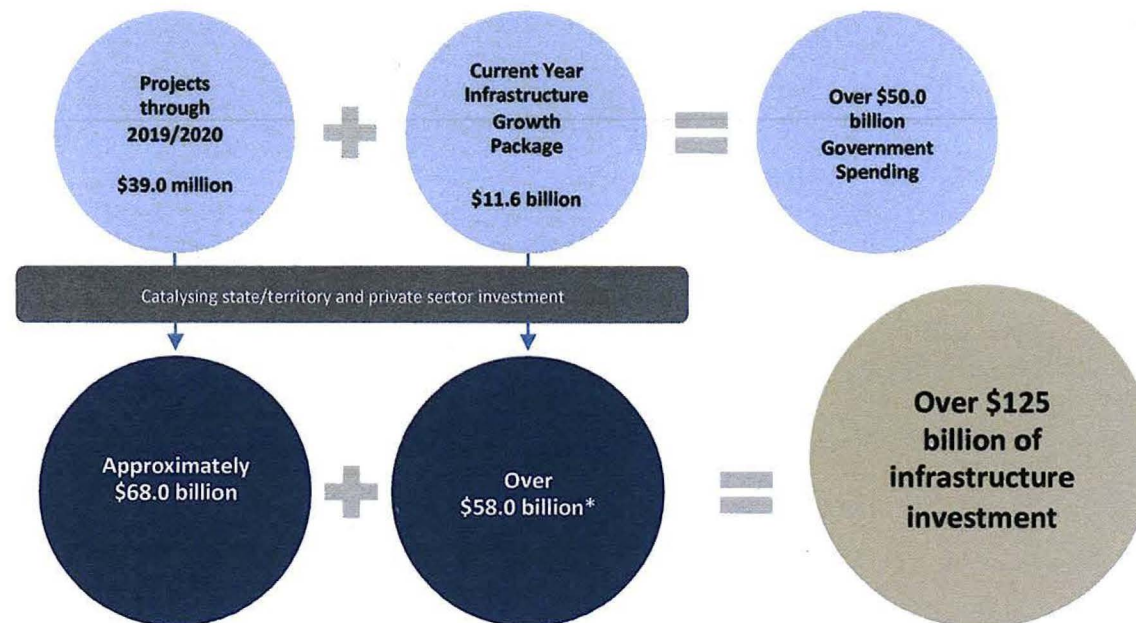
The Arctic: The Last Great Race



A Sound Strategy is
Critical for Success

Australian Asset Recycling Model Overview

- Under Australia's Asset Recycling Initiative, states and territories are encouraged to unlock capital in their balance sheets to fund new investment in productive infrastructure across the country.
- The model creates opportunities for investors to invest in quality infrastructure assets around Australia and leverages a significant increase in private sector investment by putting assets previously owned by the government in private hands.
- Australia's federal government incentivizes states and territories to sell assets by subsidizing a portion of the new infrastructure project costs. States and territories receive 15 per cent of the price of the asset sold if all the sale proceeds are allocated to new infrastructure investment.



Australia Model: How it Works

Scenario 1: State invests all proceeds in new infrastructure

State A decides to privatize Port Thomas under a 99-year lease with expected net sale proceeds of \$1 billion, based on book value, and to reinvest 100 per cent of these proceeds in additional road investment in the capital city and regional areas, consistent with the eligibility criteria for new investments under the Agreement.

Under the terms of the Agreement State A will expect to receive \$150 million as an incentive payment, in two installments of \$75 million.

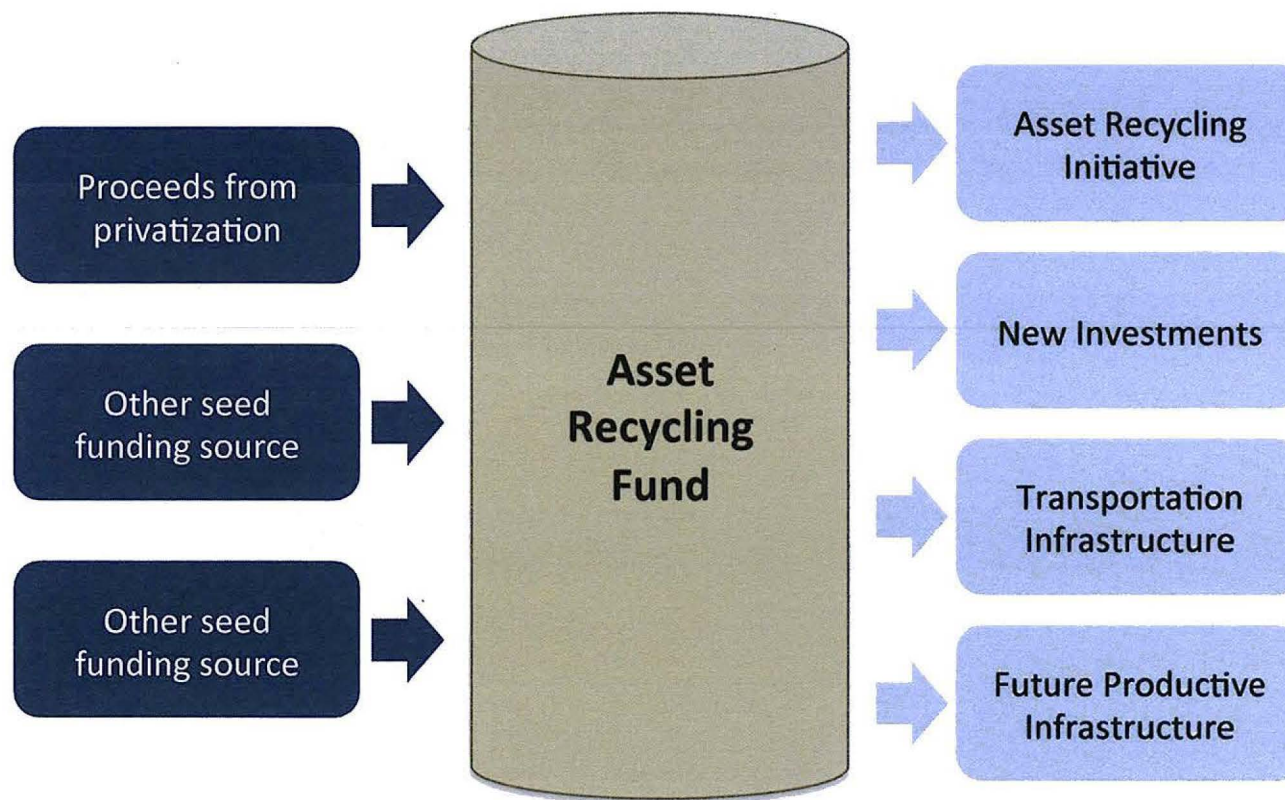
Scenario 2: State pays down 50 percent of debt and invests the remainder in new infrastructure

State B seeks to privatize the XYZ Energy Company with expected net sale proceeds of \$5 billion and intends to reinvest 50 per cent of the proceeds into new rail and road infrastructure consistent with the eligibility criteria for new investments under the Agreement.

Under the terms of the Agreement State B will expect to receive \$375 million as an incentive payment, in two installments of \$187.5 million.

Establishing an Asset Recycling Fund

- An Asset Recycling Fund is used to make payments to states and territories under Australia's Infrastructure Growth Package.
- Payments are be used to assist states and territories to sell existing assets and recycle the capital into new productivity-enhancing infrastructure as well as expedite nationally significant infrastructure projects across the country.

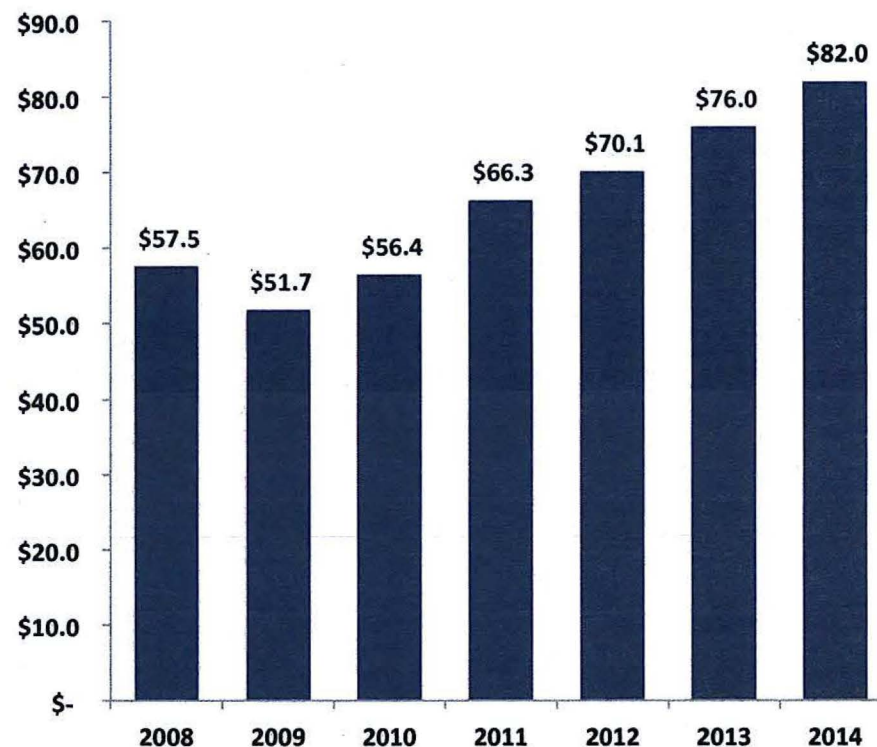


Could Alaska Adopt a Similar Program?

- Alaska shares several attributes with Australia:
 - Expansive land mass.
 - High square miles per capita ratio.
 - Limited infrastructure.
 - Rich in natural resources.
- Alaska had \$82 billion in net assets at FYE2014.
- Alaska's net assets have grown at a compound annual growth rate of 9.7% over the past 5 years, much of this being attributable to the Alaska Permanent Fund.
- Alaska is rich in natural resources and financial assets (permanent fund, constitutional budget reserve, statutory budget reserve) but relatively poor in infrastructure assets.
- The State of Alaska would need to implement an asset recycling model, it would not be implemented or incentivized by the US Federal Government.

State of Alaska Total Net Assets

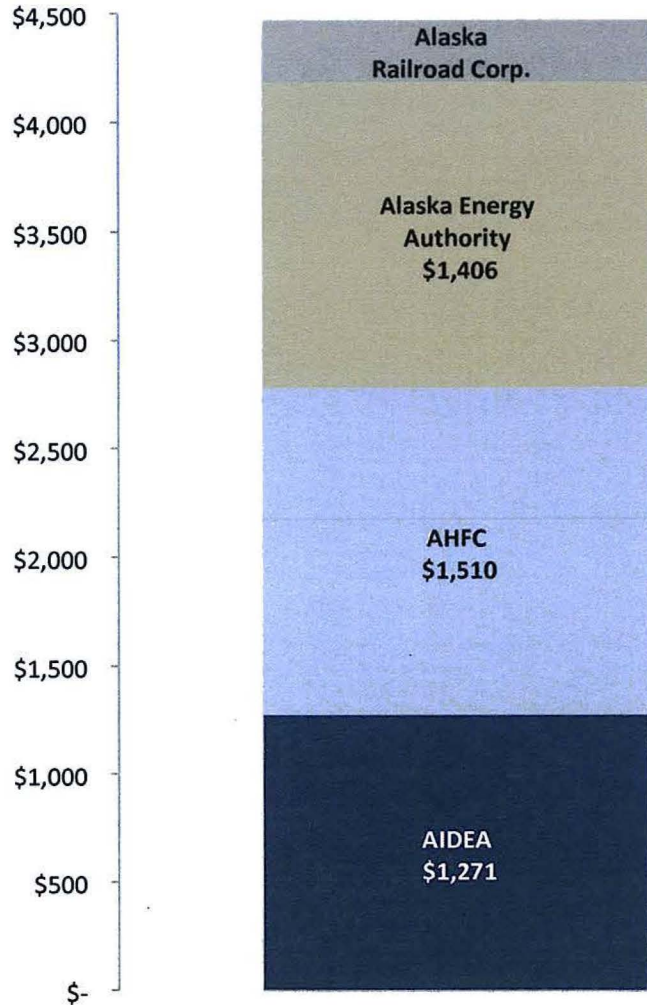
(\$ in billions, FYE 6/30)



Examples of Alaskan Assets

41. Do their asset allocation for energy


Net Asset Position of Key State-Owned Entities with Assets that could Potentially be Privatized
 (\$ in billions)



At Permanent fund sell to AK Perm fund.

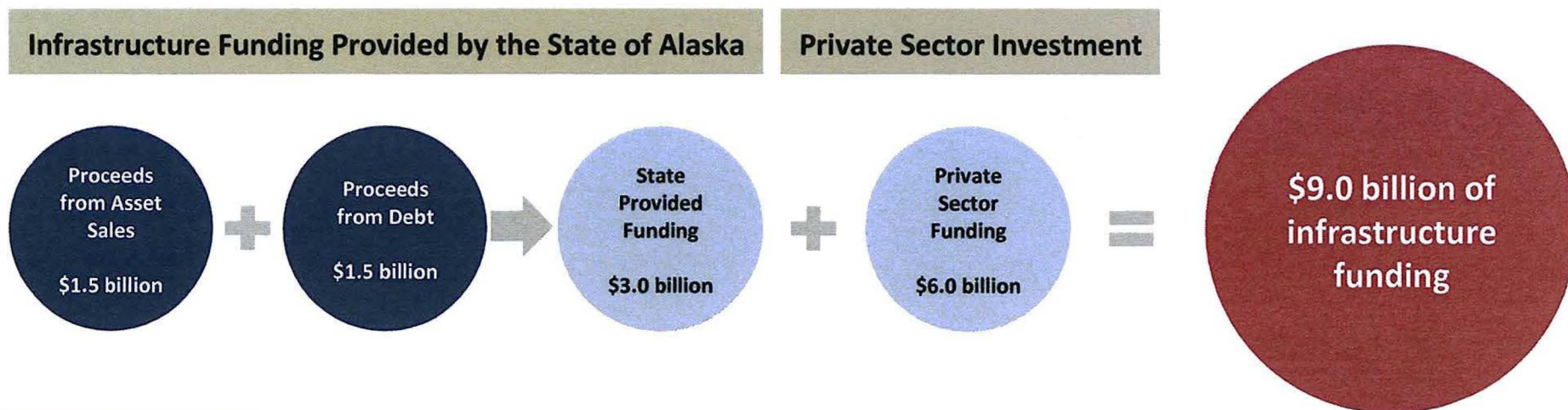
\$278 million net asset position. Owns 36,000 acres of land (50% used for railroad operations, 50% available for lease), 44 passenger railcars, 1,043 freight cars. Provides vital transportation service within Alaska.

- **Bradley Lake Hydroelectric Project:** 120 MW installed capacity. In operation since 1991. \$300MM Cost, \$118 million net asset position.
- **Susitna-Watana Hydroelectric Project:** 600 MW project under development. \$132 million net asset position.
- **Alaska Intertie:** 170 mile transmission line that connects the power systems of Anchorage and Fairbanks. \$36 million net asset position.

- **Loan Portfolio:** \$348 million loan portfolio consisting of business loans to a wide variety of industries.
- **AIDEA has ownership and/or partnership interests in multiple assets around Alaska including:**
 - **Ketchikan Shipyard:** Project value \$87million
 - **Delong Mountain Transportation System:** Project value \$267 million
 - **Snettisham Hydroelectric Facility:** AIDEA purchase cost of \$100 million
 - **Fedex Maintenance Facility in Anchorage:** Project value \$22 million
 - **Skagway Ore Terminal:** Project value \$14 million

Capital Potential Example

- The State raises \$1.5 billion net proceeds through the sale of assets.
- The State leverages its newly bolstered balance sheet at a conservative 1:1 ratio.
- The State enters into Public Private Partnerships with private sector investors to fund infrastructure projects.
- The State leverages its funds at a ratio of 1:2 with the private sector.
- \$1.5 billion raised from the privatization of assets can be leveraged to generate \$9 billion of infrastructure funding.
- The State could potentially use AIDEA's Arctic Infrastructure Development Fund to serve as the Asset Recycling Fund through which the State's infrastructure funds can be managed and deployed.



Potential Alaska Infrastructure Projects

USD in Billions

<p>Pipelines and Processing Plants Alaska LNG, Donlin Creek, Chukchi Sea to Trans Alaska Pipeline System</p>	<p>72.1</p>
<p>Hydro Susitna-Watana Hydro</p>	<p>5.2</p>
<p>Ports / Harbors Nome / Pt Clarence, Seward, Skagway, Port MacKenzie Rail Extension</p>	<p>0.6</p>
<p>Bridge Knik Arm Bridge</p>	<p>1.6</p>
<p>Roads Ambler Road, Juneau Access Improvement Project, West Susitna Access</p>	<p>2.8</p>

Susitna Wantana Hydro Project

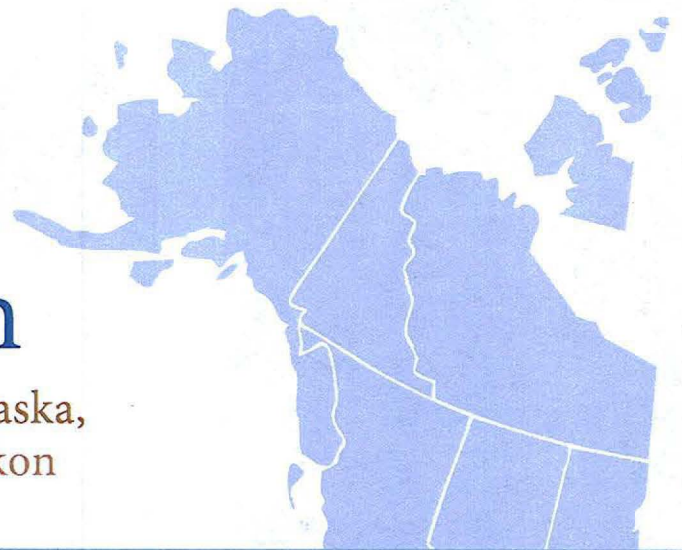
- Location - 184 River Miles from Cook Inlet, 87 river miles beyond Talkeenta
- Project Life - 100+years, providing long-term, stable rates for generations of Alaskans.
- Estimated Supply - Roughly 50% of Railbelt electrical demand (serving 65% of Alaska population), especially during critical winter months
- Total Estimated Cost - \$5.19 billion including licensing and construction
- Annual Energy - 2,800,000 MWh
- Current Status - Mid-stage of the submission of a FERC license application



1 Susitna Watana Hydro Website Project Highlight

Arctic Issues, Global Growth

A Unique Partnership between Alaska,
The Northwest Territories and Yukon



*Pacific North West
Economic Region*
ARCTIC CAUCUS



Yukon
Government


Northwest
Territories Canada



WHO WE ARE

Formed in 2009, the Arctic Caucus of the Pacific NorthWest Economic Region (PNWER) is a partnership between Alaska, the Yukon, and the Northwest Territories to provide a forum to share information, discuss issues of mutual concern, identify areas for collaboration between the three jurisdictions and the rest of North America, and provide Arctic-relevant input to PNWER working groups and the region at-large.

The Arctic Caucus is made up of PNWER public and private sector members from the three jurisdictions; other PNWER members are encouraged to participate and to provide their input according to their interest issues affecting the Arctic. The Caucus is chaired on an annual rotation by leadership from each of the three jurisdictions.

Since its formation, the Arctic Caucus has developed a dynamic action plan, which is the basis of the Caucus' existence. Over 20 action items have been identified as outcomes from annual meetings in Barrow, Alaska; Yellowknife, Northwest Territories and Whitehorse, Yukon.

PNWER, North America's largest public-private partnership, has a role in increasing advocacy for Arctic issues; recognizing a distinct economic region, and sharing best practices across the US-Canada border.



“The Caucus is in a good position to develop and highlight best practices and innovative solutions to challenges—solutions that should also be spread throughout the northern latitudes.”

~ Representative Bob Herron, Alaska State Legislature

The PNWER Arctic Caucus establishes a coordinated approach of shared solutions to address common challenges. The Arctic Caucus is the foundation of PNWER's capacity to engage a sub-national voice at the national level on Arctic issues. The objectives of the Arctic Caucus are to:

- **Increase the visibility and priority of Arctic issues in PNWER activities**
- **Build cross-jurisdictional support to achieve mutual goals**
- **Identify areas of opportunity for mutual economic development in the Arctic**
- **Provide support to member jurisdictions to help them achieve their individual goals**

The PNWER Arctic Caucus brings sub-national governments together with the private sector to promote economic development in support of the peoples of the North. The work of the Caucus highlights the strong partnership not only between two countries, but also between the respective regional governments. The Arctic Caucus brings people together to communicate community interests and to influence policy.

As the Arctic becomes increasingly busy, collaboration is not an abstract concept—what was once aspirational is now the reality, not only for those who live in the Arctic but for everyone who does, or hopes to do, business in the North. Alaska, Yukon and the Northwest Territories can be viewed as North America's real beltway—a network of communities with interests and priorities vital to the well being of both nations. As a thousand conversations about the Arctic take place daily, the Arctic Caucus is a framework for lasting dialogue that develops a shared, cross-jurisdictional voice.

The Arctic Caucus Works To:

- **Assess and articulate a strategic vision for Northern economic development—both in terms of resource and economic development opportunities within the region and as well as investment opportunities and mechanisms for long-term, patient capital**
- **Define a common vision and plan for capacity-building for Northern infrastructure—including energy, transportation, telecommunications, safety and research**
- **Share and support best practices in Arctic governance and policy development**

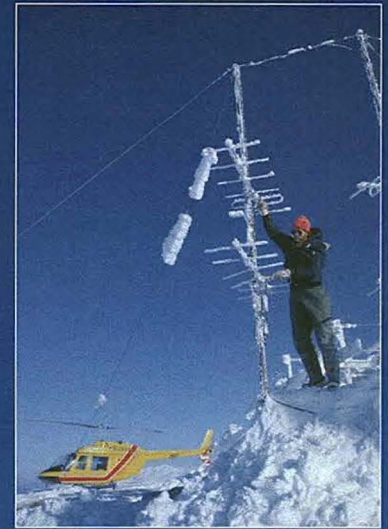


“The Arctic Caucus is a key mechanism for collaboration as we pursue our common goals. With the growing national and international interest in the North it is increasingly important for northern jurisdictions to engage with each another to strengthen our economies and our collective voice.”

~ Minister Stacey Hassard, Government of Yukon

PROJECT HIGHLIGHTS/ ACCOMPLISHMENTS

- Developed an integrated resource and infrastructure GIS map highlighting the interconnected infrastructure of the Bi-National region and the opportunities for future resource development
- Facilitated the deployment of a pilot Automated Identification System (AIS) in the Western Canadian Arctic.
- Presented to the joint session of the US Arctic Research Commission and Canadian Polar
- Commission about potential for collaborative research and ways to leverage that research back to local communities and the private sector.
- Co-hosted with the two US Senators from Alaska, an Annual US – Canada Arctic Roundtable in the US Capitol Building in Washington, DC with representatives from government, business, indigenous organizations, environmental groups and scientific research entities to discuss North American Arctic priorities.
- Produced a white paper on prospective models for an Arctic Infrastructure Development Authority.



AREAS OF INTEREST

To date, the Arctic Caucus has explored a variety of issue areas in its ongoing efforts to identify and complete action items. At the heart of all discussions is the common theme of addressing the issues with special attention to the scale and unique challenges of living in the North.

Common projects and information sharing support a range of topic areas including:

- Infrastructure: Development, Siting, and Financing
- Transportation
- The Knowledge Sector: Research and Education
- Tourism
- Telecommunications
- Energy
- Mining
- Security
- The Arctic Council

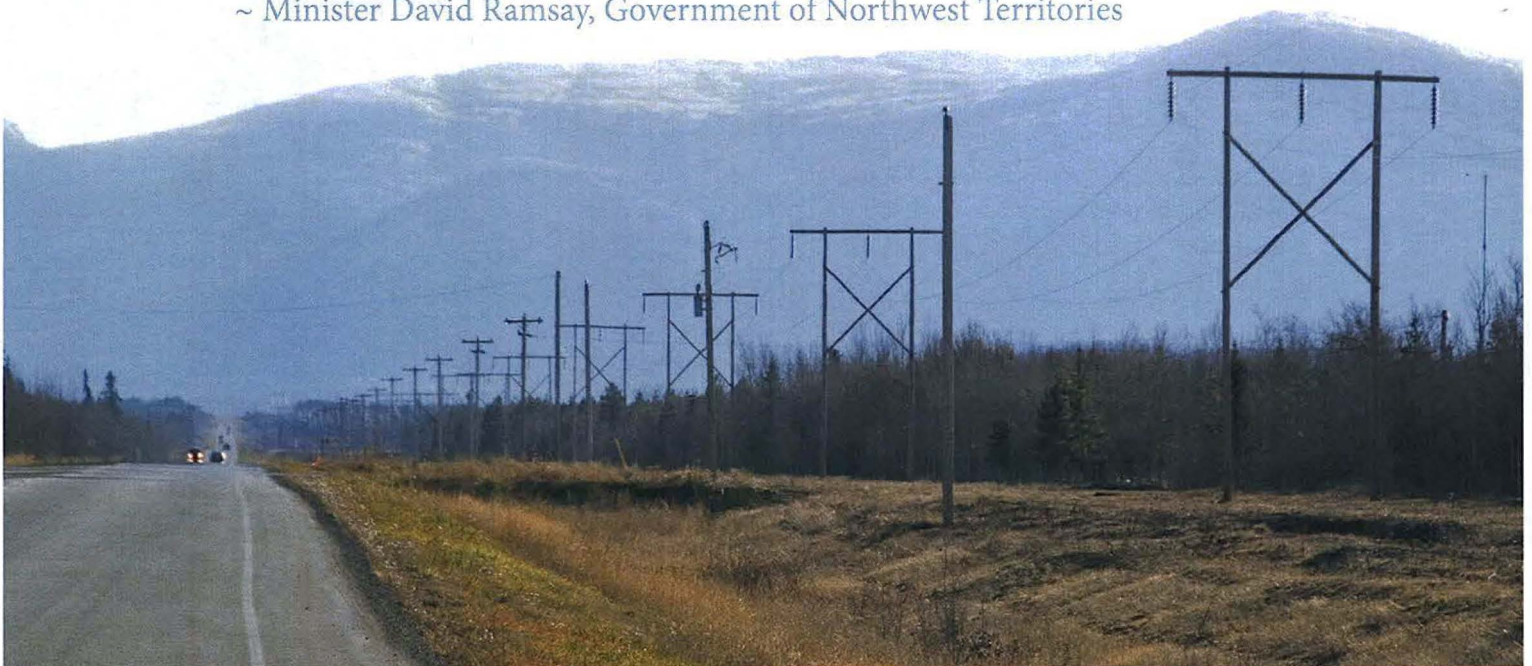
PARTICIPANTS AT ARCTIC CAUCUS MEETINGS HAVE INCLUDED:

Air North, Alaska Industrial Development Authority, Alaska NORAD, Buffalo Air,
Canadian American Business Council, Canadian International Centre for the Arctic Region,
Canadian Polar Commission, Crowley, Government of Yukon,
Government of Northwest Territories, Institute of the North, Joint Task Force North,
Marine Exchange of Alaska, Marsh Creek LLC, National Energy Board,
National Science Foundation, NorthwesTel, Nunavut Chamber of Mines, Shell Alaska,
State of Alaska, University of Alaska Fairbanks, US Arctic Research Commission,
US State Department, Yukon Environmental and Socio-economic Board, Yukon Research Centre

“The world is realizing two things that we have always known to be true – the Arctic holds a key strategic place in the world – and is a vast land full of promise. I look forward to continuing to work with my colleagues from Alaska and the Yukon on issues of importance to northerners.”



~ Minister David Ramsay, Government of Northwest Territories



Steve Myers
Program Manager

Matt Morrison
Executive Director

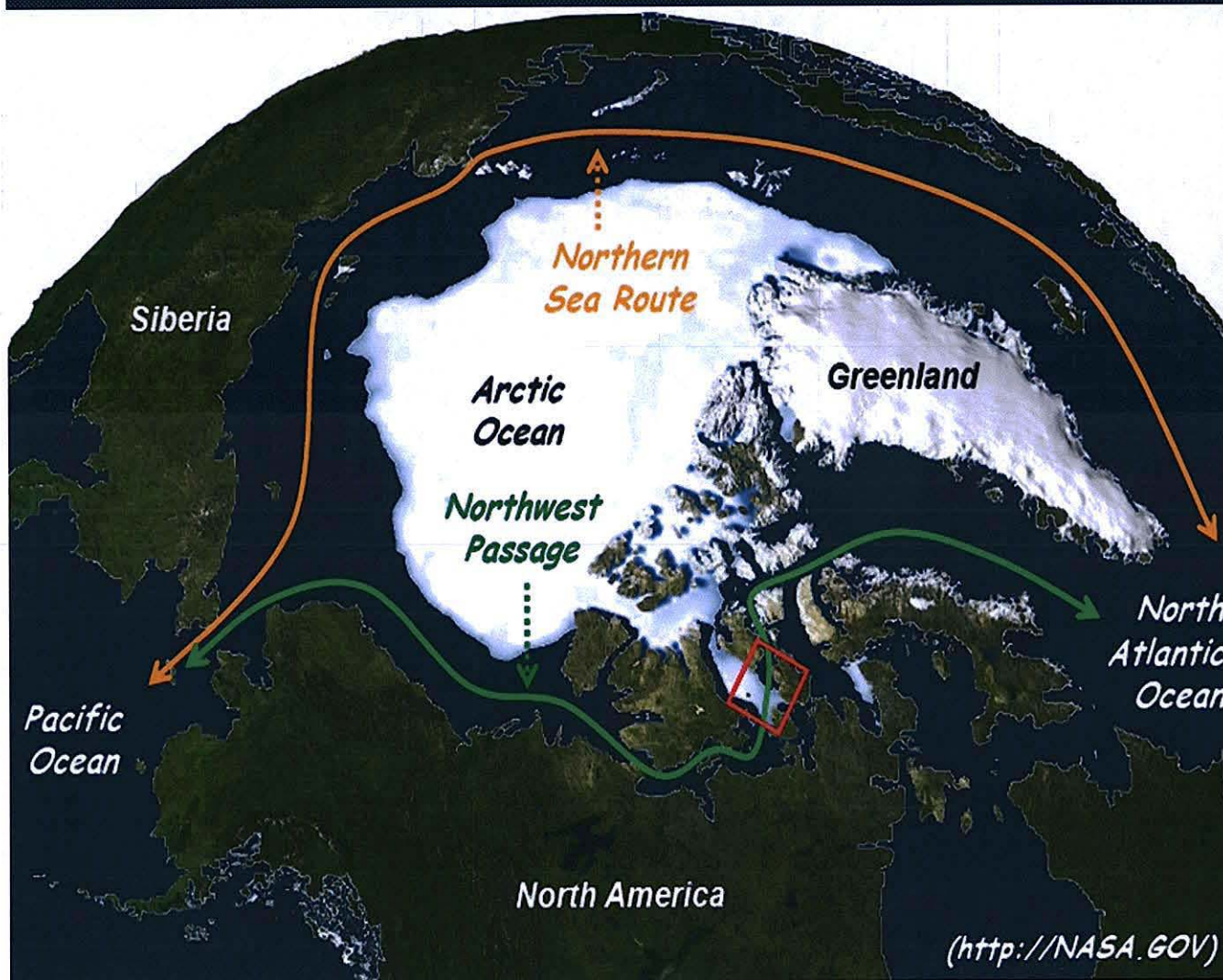
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P: 206.443.7723
F: 206.443.7703



*Pacific North West
Economic Region*

Arctic Circle Task Force Solutions?



Safety

- Polar Code
- Search & Rescue
- Spill Agreement
- Ports of Refuge
- Ice Forecasting

Security

- Icebreakers
- Alliances
- Interactivity

Reliability

- Regime
- Business Structure
- Insurance
- Transshipment Ports
- CUSTOMERS!

LEGISLATIVE TELECONFERENCE NETWORK

SPONSOR: Arctic Committees

SUBJECT: Arctic Shipping & Ports Hearing

DATE: 8.25.15

PLEASE PRINT CLEARLY!!!

INVITED TESTIMONY ONLY

NAME	CITY OF RESIDENCE	REPRESENTING ("SELF" OR NAME OF ORGANIZATION)	WOULD YOU LIKE TO TESTIFY? INDICATE "YES" OR "NO"	BILL NUMBER
HELGASON	Reykjavik	EFLA CONSULTING ENGINEERS	NO	
Amy HUMAN	ANCHORAGE	NOAA	NO	
Tim Smith	Anchorage	NOAA	NO	
Layton S. Lockett	Adak	City of Adak	NO	
TOM D. NEWBURY	EAGLE RIVER	SELF	NO	
Mercedes Birdsall	Fairbanks	North Star Group	NO	
Kate Blair	Anchorage	AOGA	NO	
Luke A. Smith	McKoryuk	NVA	NO	
Irene Pearce	Anchorage	Crawell + Spring	NO	
Alan Bailey	Anchorage	Petroleum News	NO	
→ Pat Petrilloff	St. George Island	City of St George	YES	
MATT MORRISON		PNWET	no	
Judith Miller	Anchorage	AK Response Co, LLC	NO	
→ THOMAS SPITLER	ADAK	CITY OF ADAK	YES	
→ MAYA LUKIN	KOTZ	CITY OF KOTzebue	YES	

