



2014

Mat-Su Borough

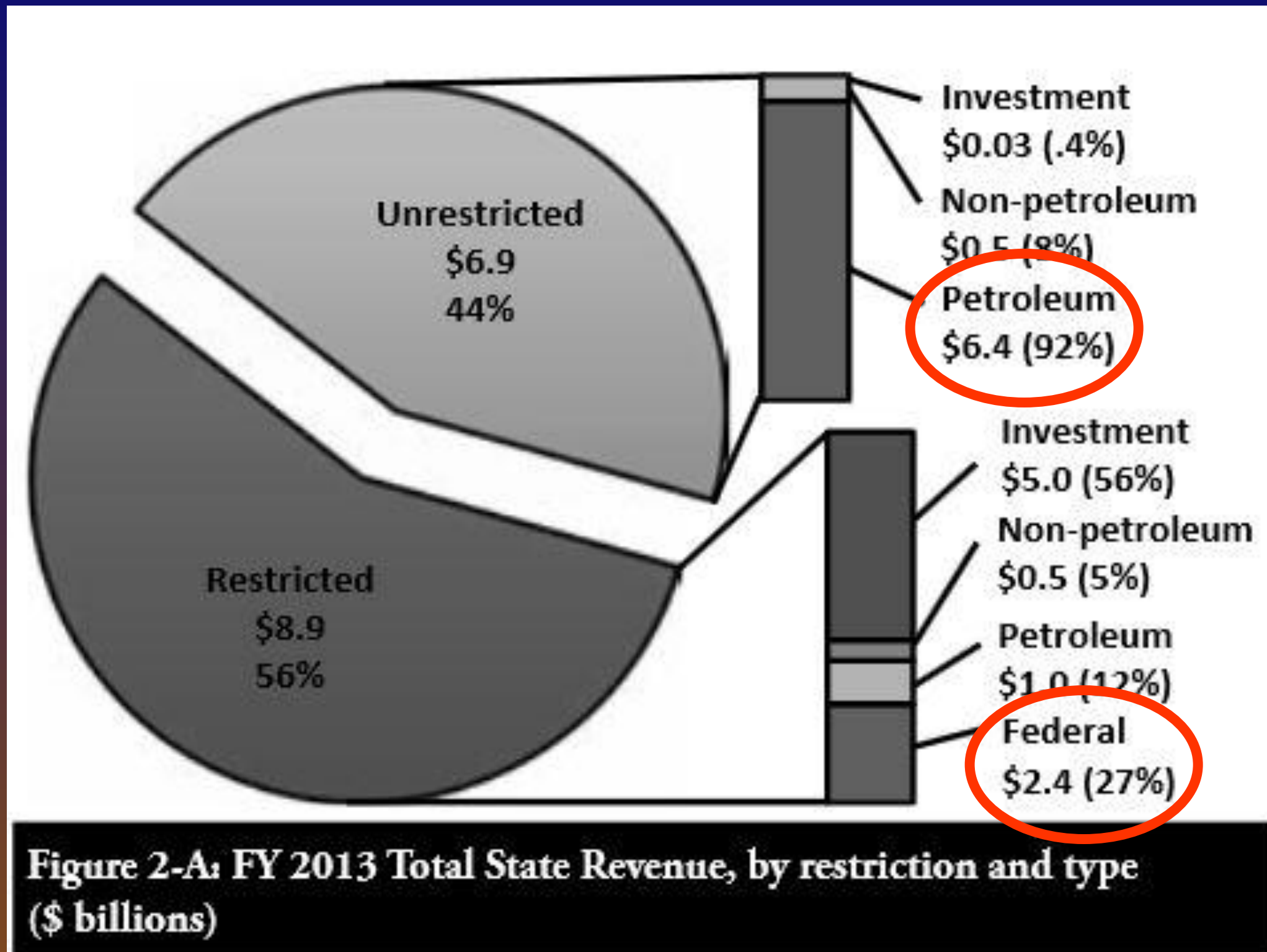
Point MacKenzie Enterprise Zone

Alaska's Link To Economic Certainty



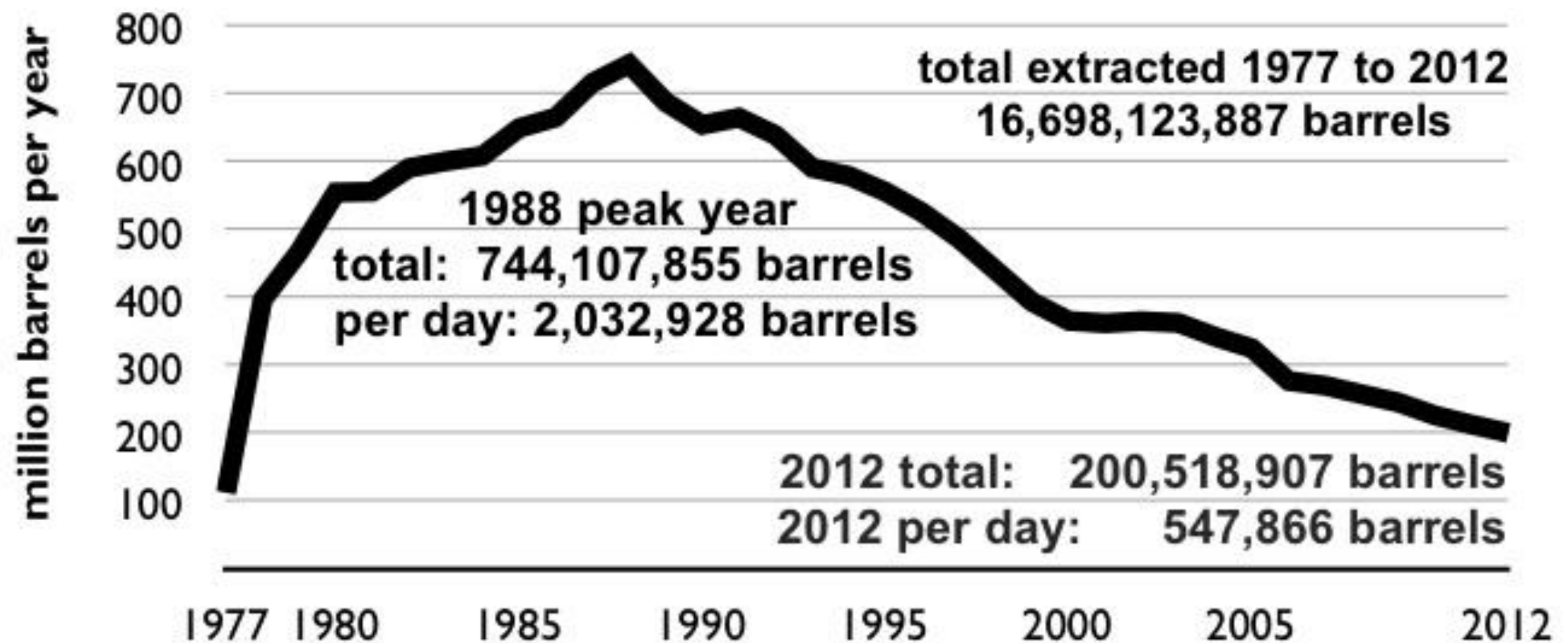
Economic Development

2013 Alaska Revenue Sources



ALASKA PIPELINE PEAK & DECLINE

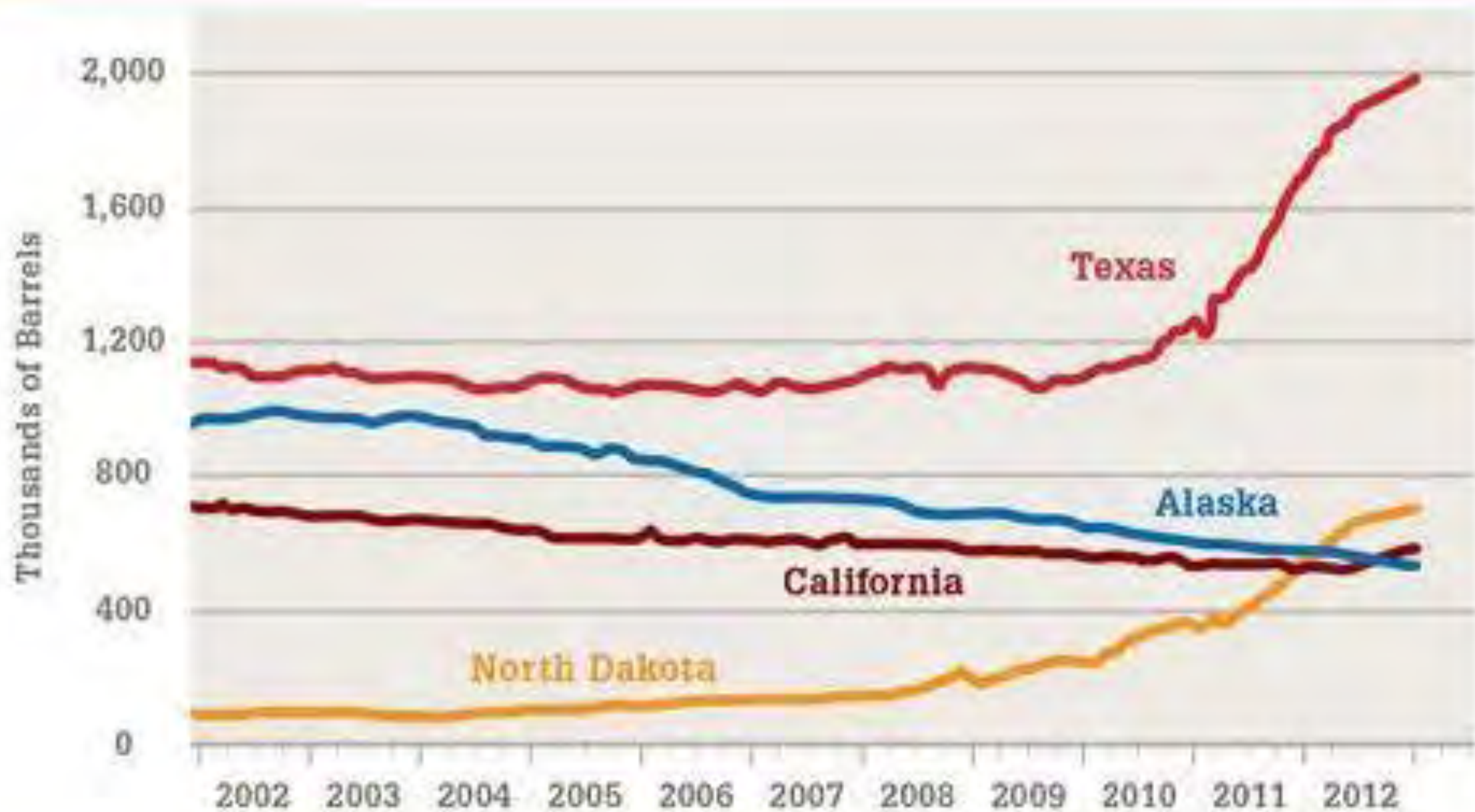
low flow threshold for Arctic winter estimated to be between
300 and 500 thousand barrels / day (109 million to 182 million / year)



posted at www.oilempire.us/alaska.html

data source: www.alyeska-pipe.com/TAPS/PipelineOperations/Throughput

The Oil Production Rank



Source: American Enterprise Institute

Top 5 Non Oil Threats to Alaskan Prosperity

1. Federal Spending Cuts
2. Downward Pressure on the Value of the Dollar
3. Rising Interest Rates
4. Glacial Pace Permitting
5. Environmentalist Legal Actions

Diversify
NOW!

Opportunity #1

Customers

That Love Alaska



Greg Galik - Summer 2013

Invert the Alaska Economic Model

“Economies of Scale”

- Let go of the ***“Alaska As The Consumer”*** model
- Alaska’s 726,000 consumer base is too small for most industries
- ***Think Like a Country!***
- Focus on Asia as the consumer
- 4.2 billion – 350 million more born by 2018!
- Focus on making 50 million Asian customers!
- Allocate 2% for Alaskans
- Security for 1 million Alaskans!

Go to the Presentation



- **Google: “The Merits of Investing in Asia”**

Population Estimates

Continent with highest population density: 86.7 inhabitants/km²

#2: Europe: 70 inhabitants/km²

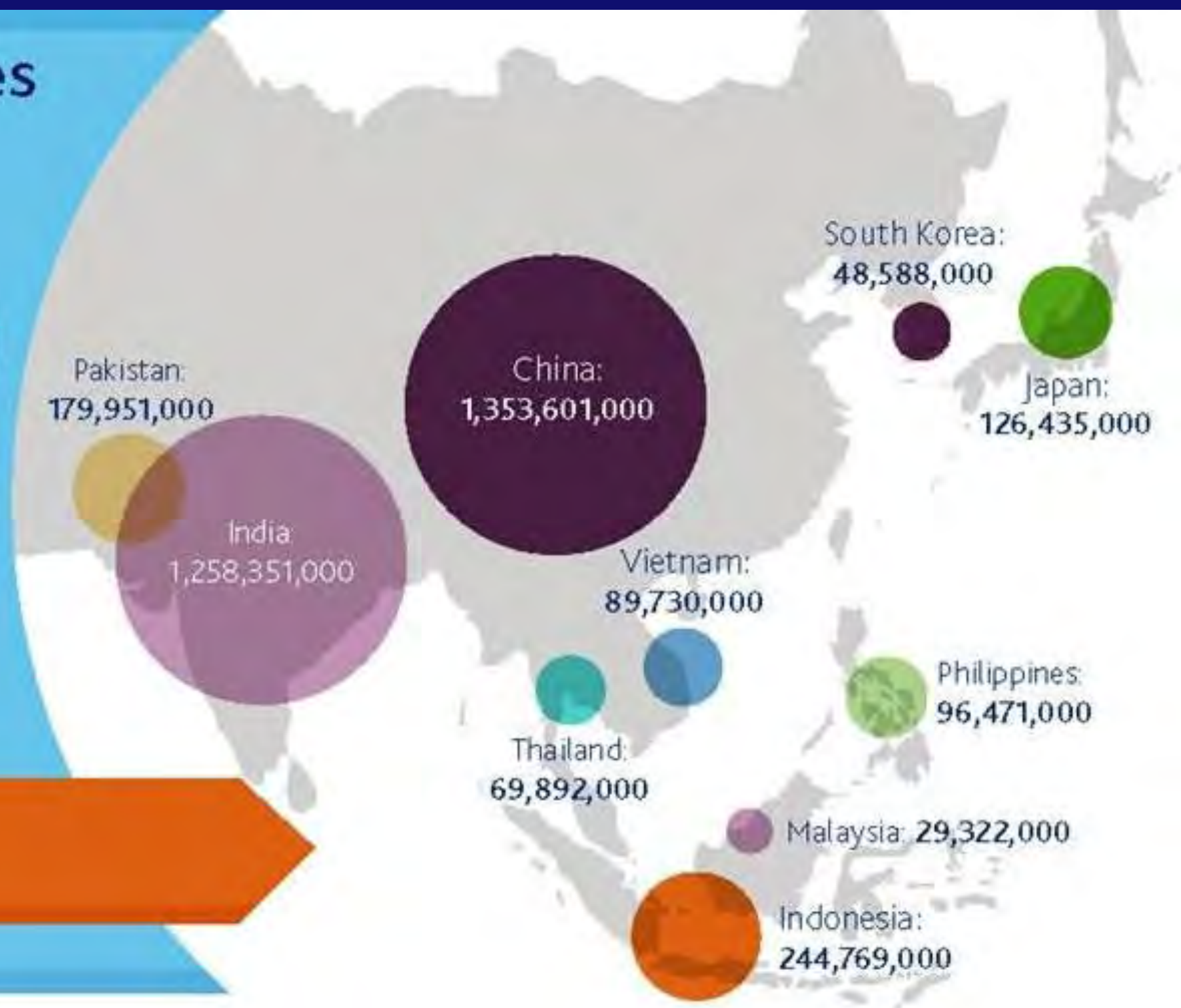
Asia: 86.7

Europe: 70

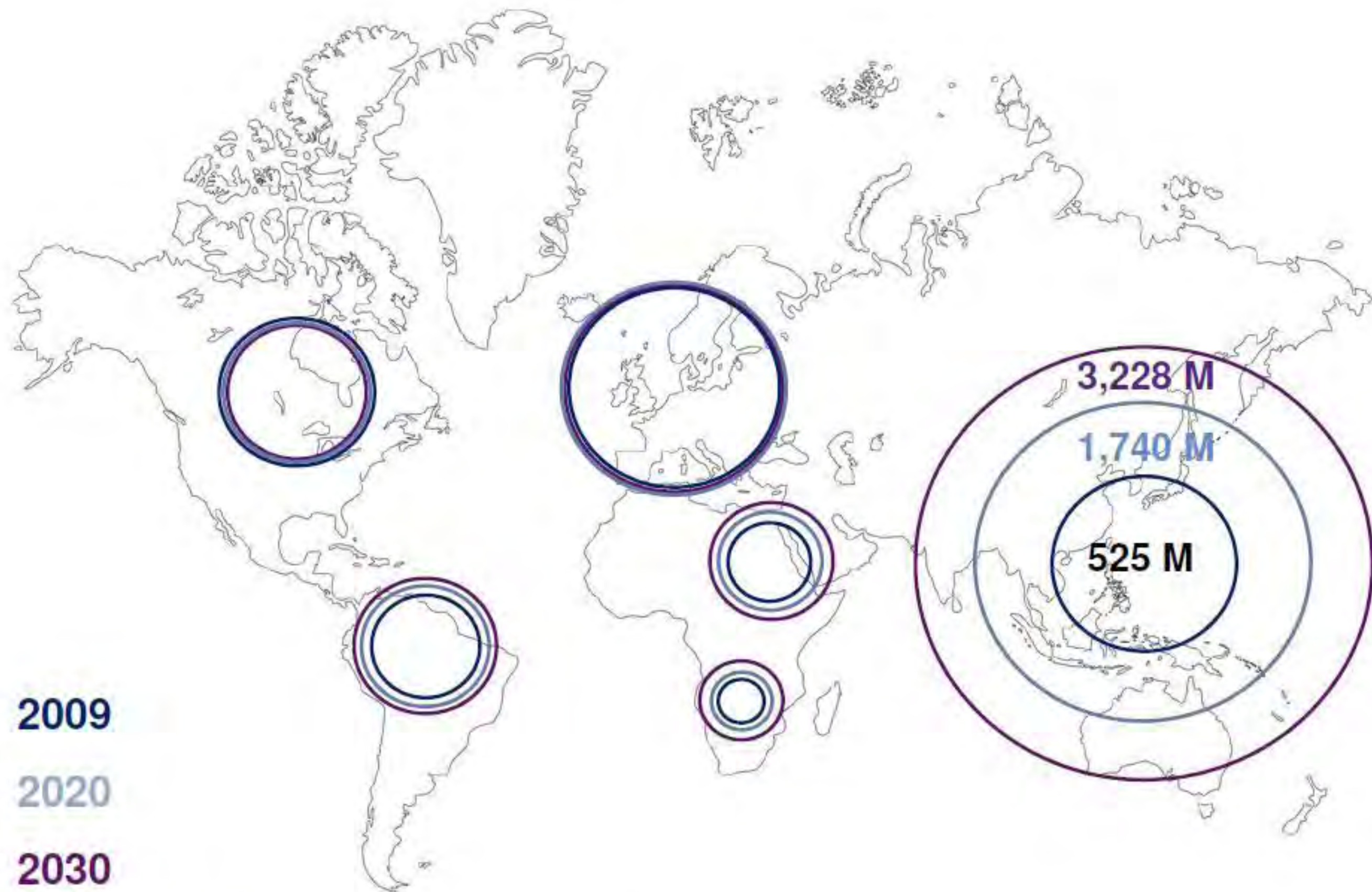
4,250,361,000

people in Eastern, South-Central, Central, Southern, South-Eastern, and Western Asia

2012 Projected Populations of Major Economies



Source: United Nations, Department of Economic and Social Affairs, Population Division (2011). World Population Prospects, 2010 Revision.



Source: The Emerging Middle Class in Developing Countries, Homi Kharas, Jan 10

Invest in Abundance

- Asian consumers will drive the future World Economy
- Asia wants what we have
- Alaska has *MASSIVE* capacity to produce for Asian markets
- They have the money to buy it

October 2015:

**The On-Ramp to the
Global Marketplace**



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

The Power of Knowledge and Leadership



October 2014
Fort Worth, Texas

October 2015 – Anchorage Alaska



**1,300+ IEDC
Member
Attendees**

**300+ Site
Selectors**



AEDC
**Anchorage Economic
Development Corporation**

This Is Our Window To Prepare

Calendar	J	F	M	A	M	J	J	A	S	O	N	D
2014							(MSB 2015 Budget)					
2015							(MSB 2016 Budget)			IEDC		

18 Months

International Trade Education

WORLD TRADE CENTER ALASKA PRESENTS:



INTERNATIONAL TRADE

BOOTCAMP

in Mat-Su

a series of focused training sessions vital to your international business success

click on the banner to register

Point MacKenzie Enterprise Zone

**Where Four Critical Economic
Engines Converge**

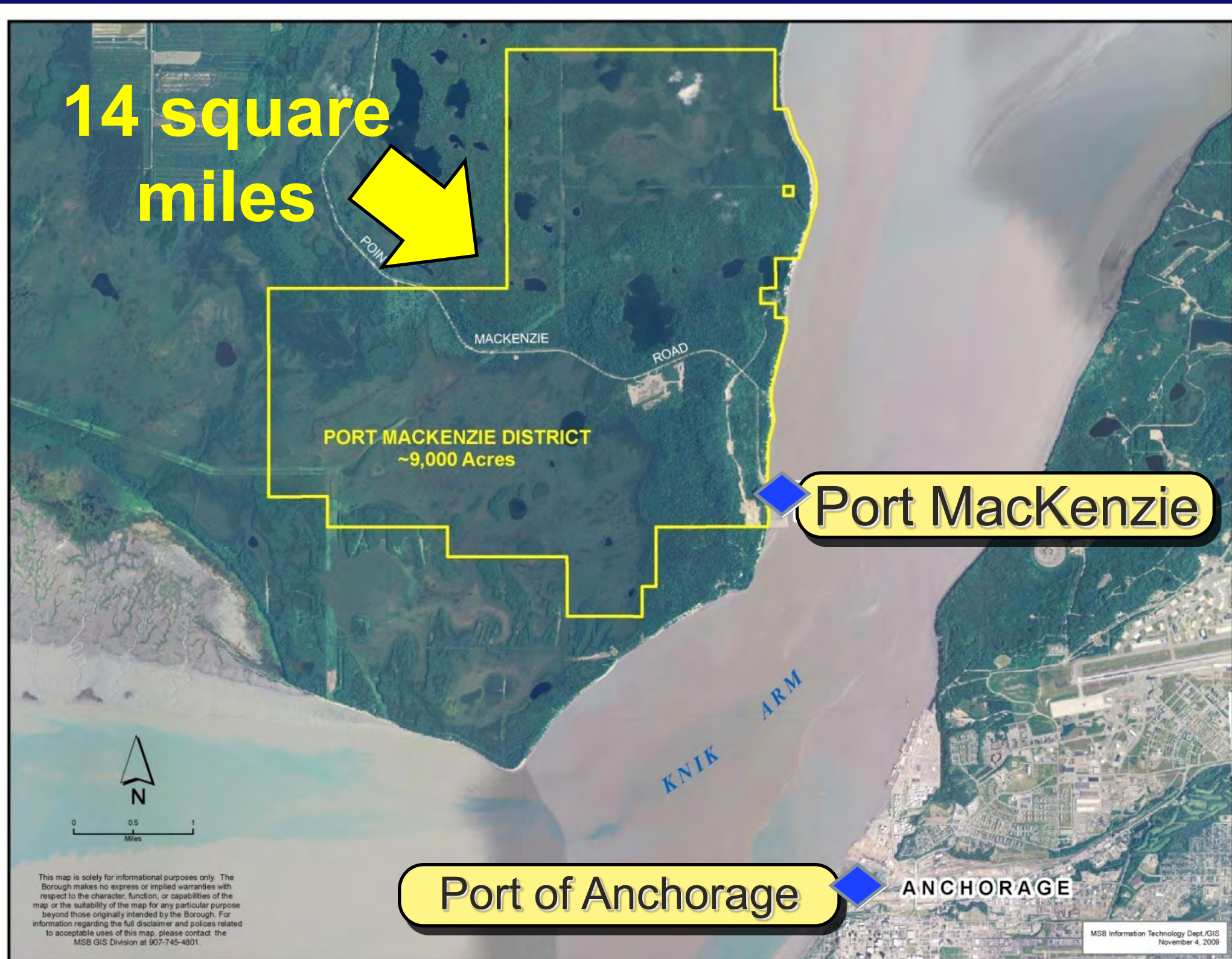
1. Port MacKenzie
2. Port MacKenzie Rail Extension
3. Knik Arm Bridge
4. ASAP Pipeline



Port MacKenzie



The Only Port in Alaska With Large Staging, Storage, and Industrial Areas





Largest Ship Ever Docked in Upper Cook Inlet



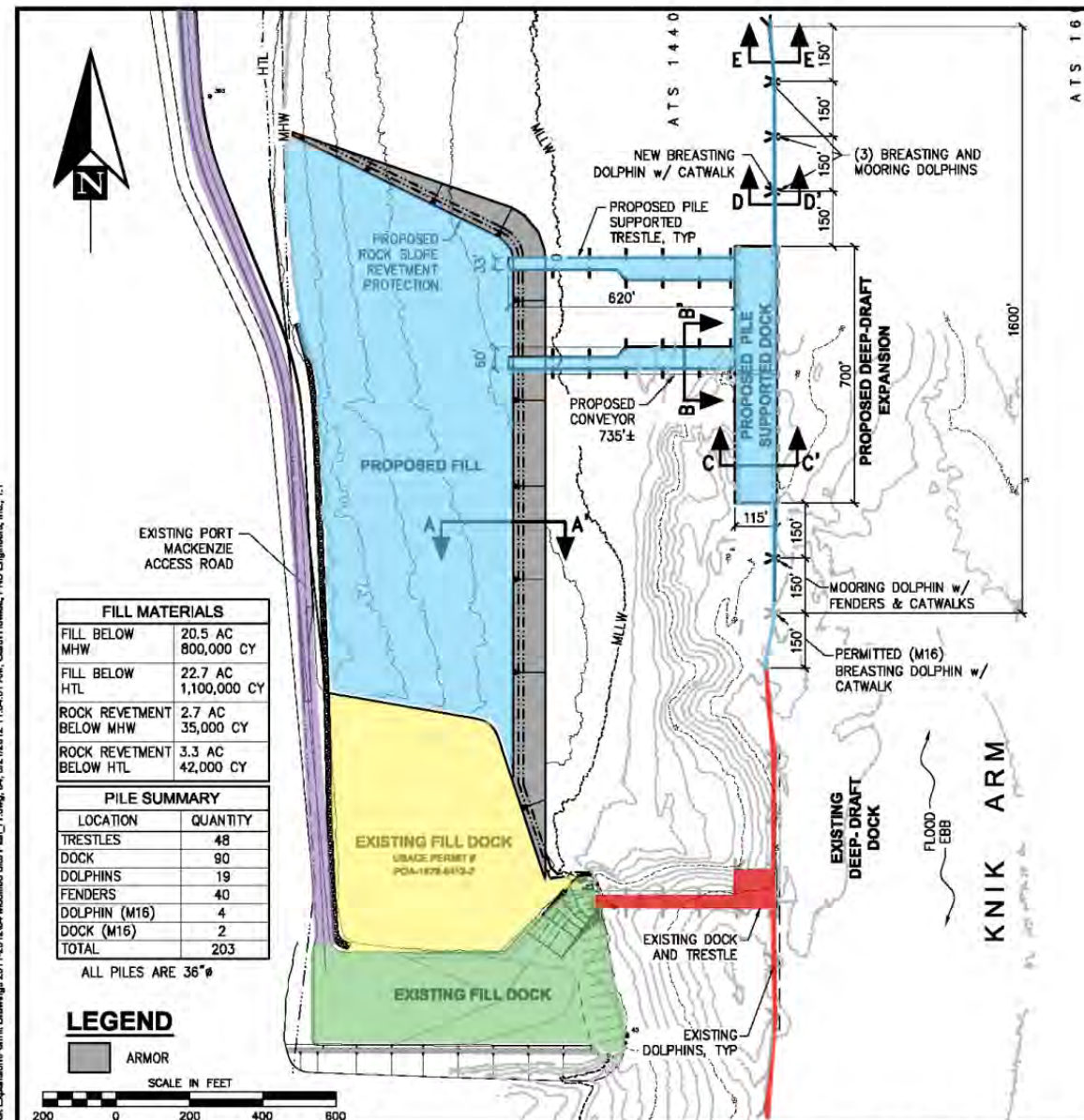
Self Scouring☺
No Dredging \$\$

Project Cargo

- Girders for bridges
- Pipe for gas lines and oil fields
- Fracking sand for oil shale development
- Heavy equipment
- Camp housing



Phase 3 In Permitting Stage



PROPOSED ACTIVITY:
EXPANSION OF EXISTING
DEEP DRAFT DOCK

DATUM: MLLW=0

MODIFIED SITE PLAN

MATANUSKA-SUSITNA BOROUGH
350 E DAHLIA
PALMER, AK 99645

PORT MACKENZIE DEEP DRAFT DOCK EXPANSION

PERMIT MODIFICATION
POA-1979-412

NEAR: POINT MACKENZIE
IN: KNIK ARM

3/13/12 SHEET 4 of 8



**Port
MacKenzie**



The Critical Link: Port MacKenzie Rail Extension

32 Miles (51.5 km)

100 Rail Car Loop at Port

PERMITTING

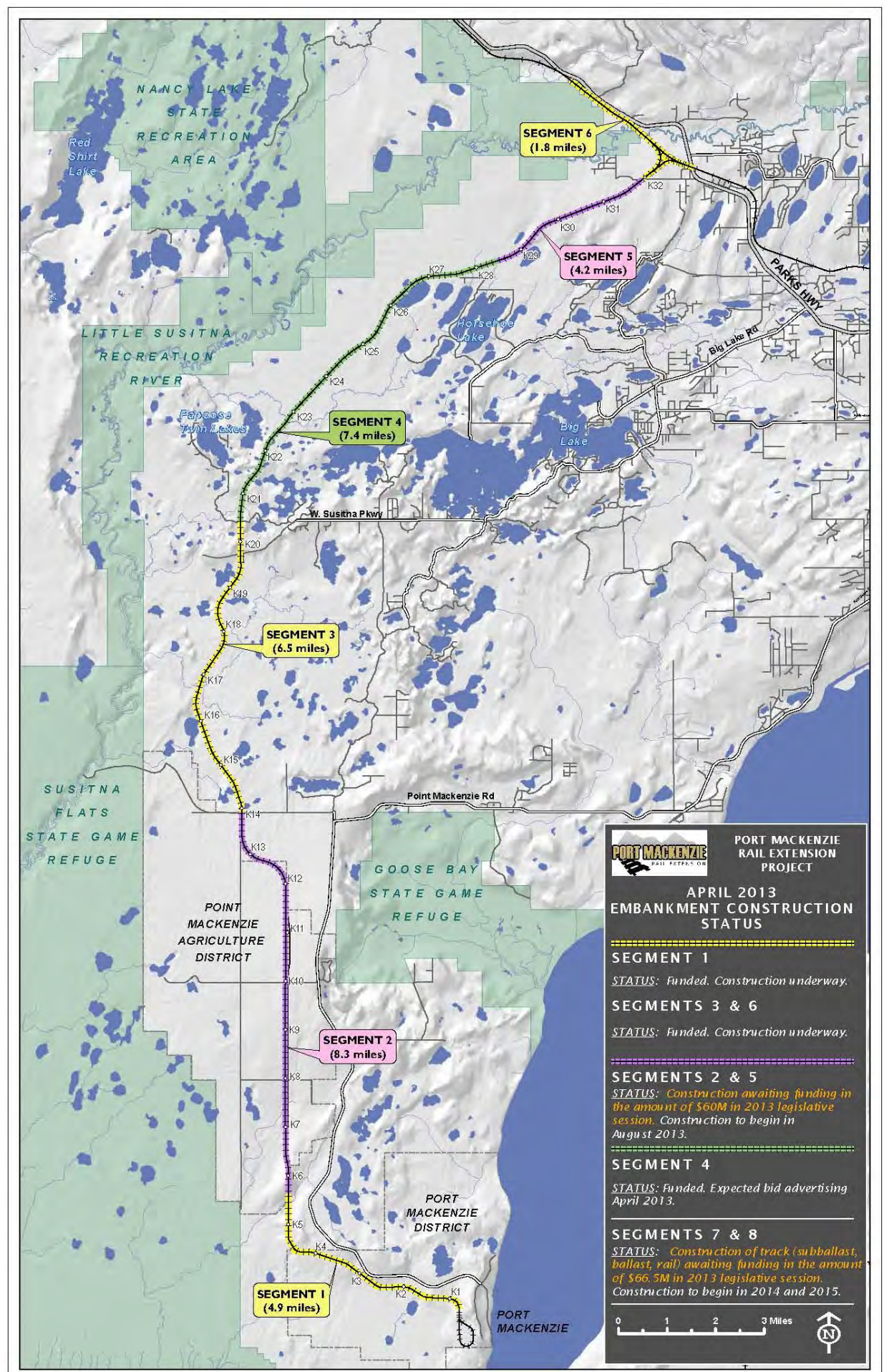
- ✓STB Record of Decision (Nov 2011)
 - ✓Corps Of Engineers Permit Approved (Aug 2012)
 - ✓Environmental Lawsuit –Prevailed (Nov 2012)
 - ✓Corp Permit Lawsuit (Pending),
- Two Stop- Work Injunctions Defeated

CURRENT STATUS

Under Construction

GOAL

Finish Fall 2016, dependent on funding





2013 PMRE Progress

Rail At Houston NOW





Greg Wolf - Summer 2013

Interior Natural Resource Opportunities



ENTERING
Livengood-Tolovana
MINING DISTRICT



Imports



Imports



Projects to Support



Pipeline Construction Support

Cost Savings Related to Use of the Port MacKenzie Rail Extension to Support Alaska Gas Pipeline Construction



Prepared for the

Matanuska-Susitna Borough

March 2008

**Avoided Costs
\$122 million - \$176 million**

Exports



An aerial photograph of a port area with a large body of water, a forested shoreline, and a dock with a ship. Six yellow arrows with blue outlines are overlaid on the image, pointing in various directions to represent export flow. One arrow points from the land towards the ship, another from the ship towards the open water, and others point in different directions across the water and land.

Exports

Alaska's *Only* 100 Railcar Loop

High Efficiency Loading & Unloading



MSB - WTC - AKRR Partnership



Export & Rail Belt Market Development
Building the market to ride the rail!



**Port
MacKenzie**



**Knik Arm
Bridge**



Knik Arm Bridge



Mat-Su / Anchorage Workforce

- The Mat-Su provides 20,870 workers to the Anchorage workforce daily.
- This data comes by comparing Workmans comp insurance data to PFD data to determine employment vs. residence addresses.
- W2 type workers only. This does not include contractors, business owners, and other non W2 personnel.

Knik Arm Bridge

Sends Mat-Su Consumers to Anchorage

- 16,300+ consumers and workforce of Knik-Fairview will be 30 miles CLOSER to Anchorage
- In 2012, Knik-Fairview was the #1 fastest growing community in Alaska and #7 in nation
- Residents of the of the new Point MacKenzie Town Site will have better access to Anchorage than Wasilla



Knik Arm Bridge



**Port
MacKenzie**

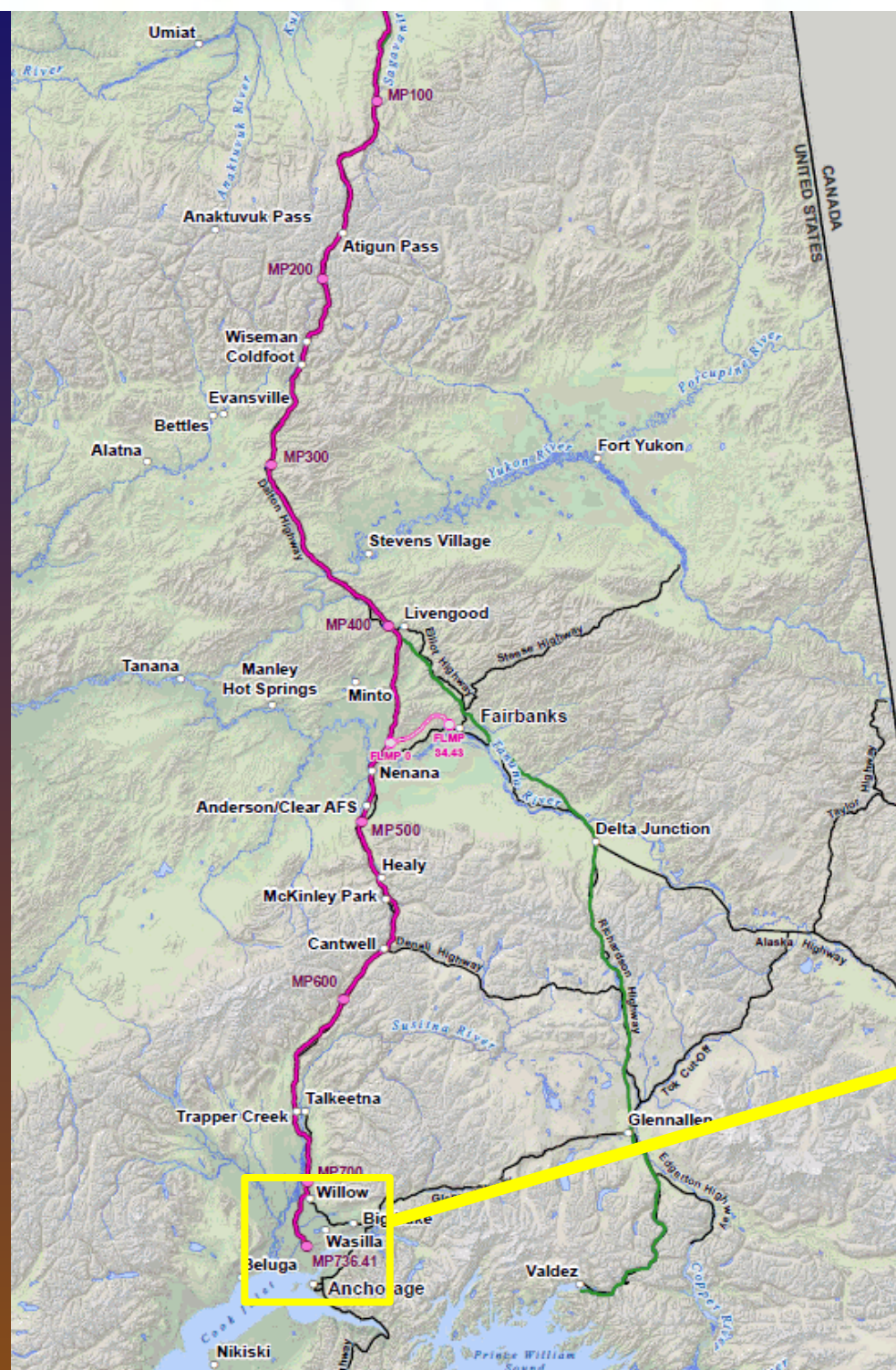


**Knik Arm
Bridge**

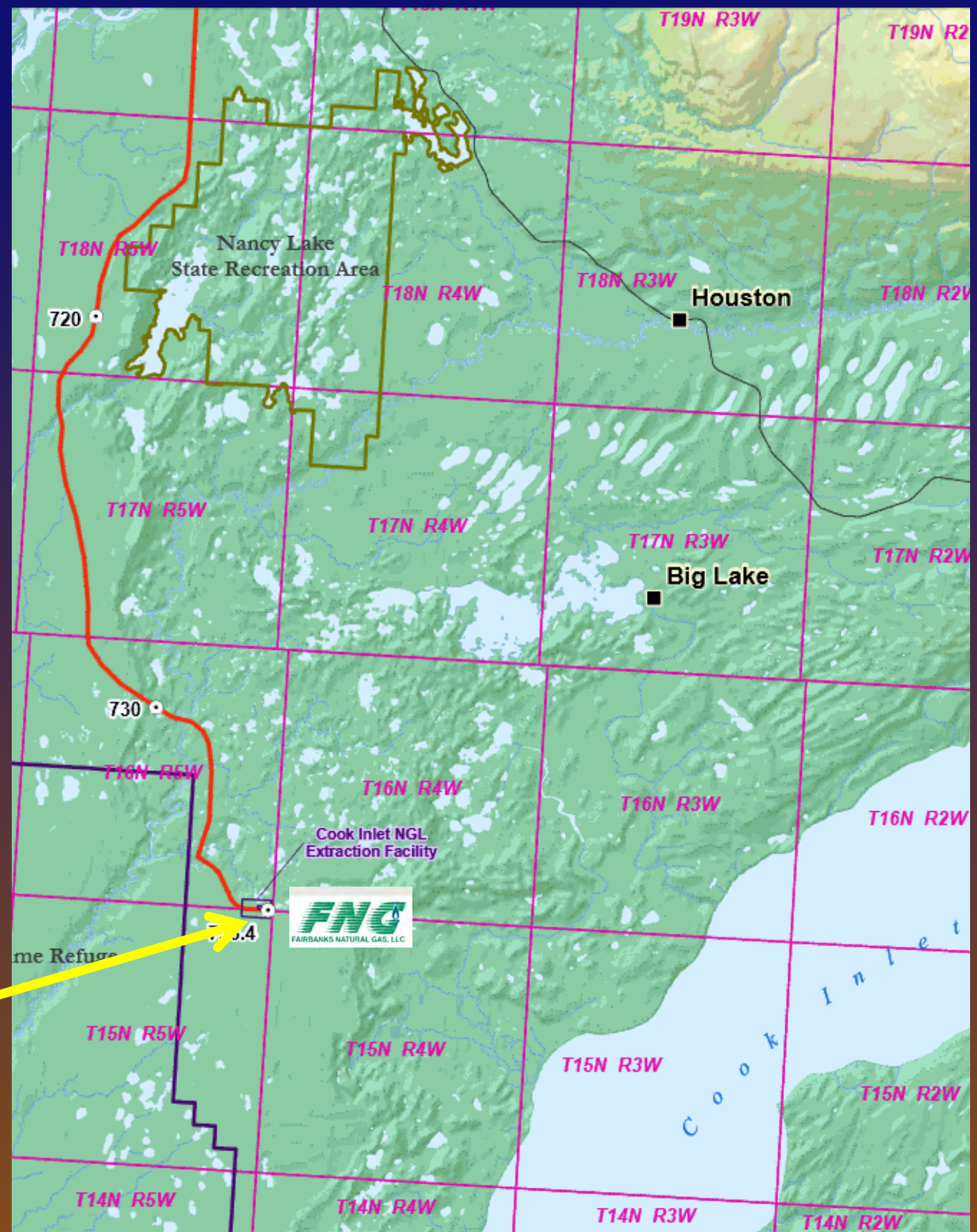


ASAP

Alaska's In-State Gas Pipeline



Pipeline Route



AGDC & REI



News

FOR IMMEDIATE RELEASE
February 12, 2014

AGDC Encouraged by Export Interest in ASAP Project Natural Gas

Japanese LNG Developer Presents Multiple Investment Options to AGDC Board

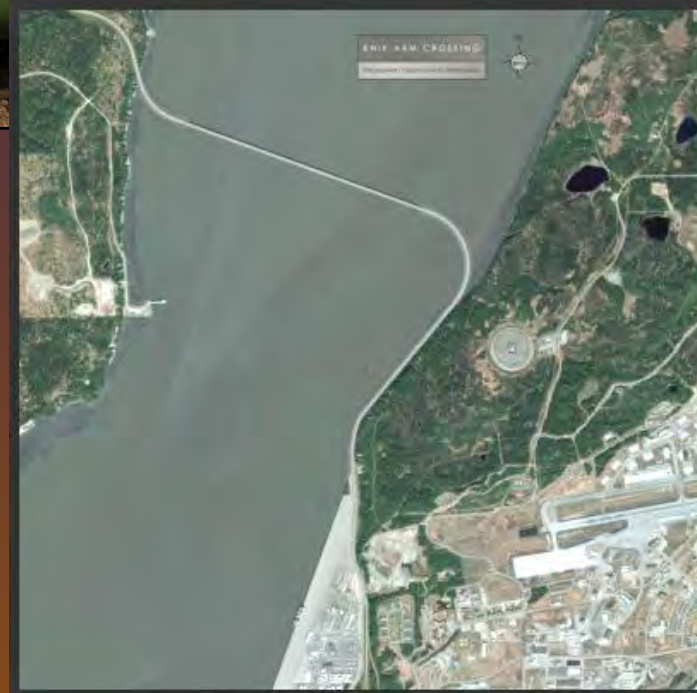
Anchorage, AK – The Alaska Gasline Development Corporation (AGDC) Board of Directors welcomed Resources Energy Inc. (REI) President and CEO Shun-ichi Shimizu to their regularly scheduled board meeting held in Anchorage on Monday. Mr. Shimizu, accompanied by REI Vice President and Alaska Manager Mary Ann Pease, presented an update on REI's plans for developing LNG facilities on the Kenai Peninsula and *at Point MacKenzie in Alaska...*

Following the presentation, AGDC President Dan Fauske commented "REI would be an excellent anchor tenant for the ASAP project and the alignment of our project timelines is an encouraging sign as we prepare to hold our 2015 open session. Today's presentation reaffirms our belief that we have a commercially viable project capable of delivering gas to Alaskans by 2020".

Port MacKenzie: Imports

Port MacKenzie Rail: Transportation

Knik Arm Bridge: Workforce



Point MacKenzie Enterprise Zone

Where Four Critical Economic
Engines Converge

1. Port MacKenzie
2. Port MacKenzie Rail Extension
3. Knik Arm Bridge – *To nowhere?*
4. ASAP Pipeline

And More...



**Port
MacKenzie**



**Knik Arm
Bridge**



**Goose Creek
Correctional
Facility**



Goose Creek Correctional Facility

- 1,500 Inmates
- 371 Jobs





**Port
MacKenzie**



**Knik Arm
Bridge**



**Goose Creek
Correctional
Facility**

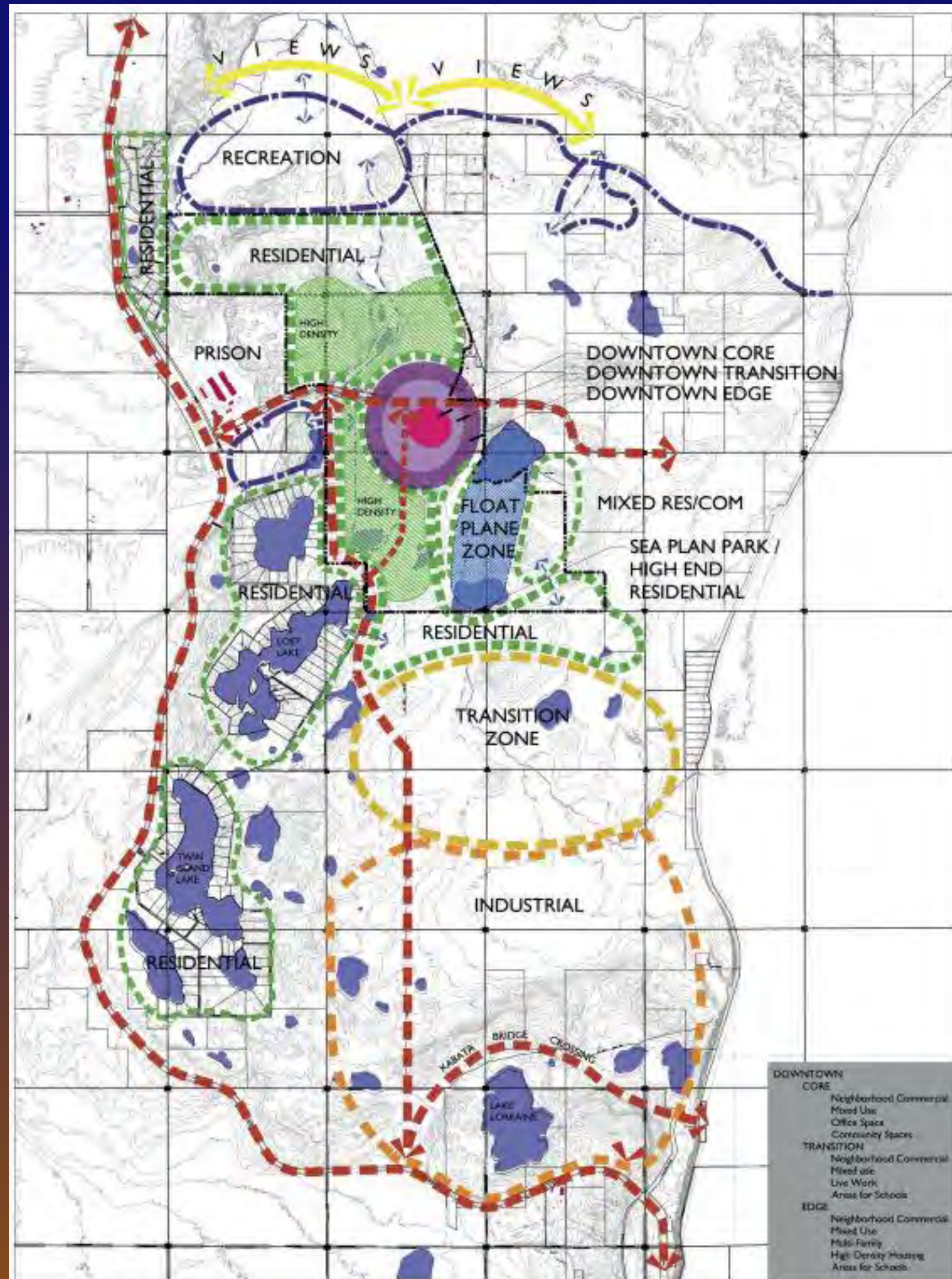


**Alsop Town
Site**



Alsop Town Site

- 5,000 residents
- Walking distance to Goose Creek CF
- Float Plane Zone





**Port
MacKenzie**



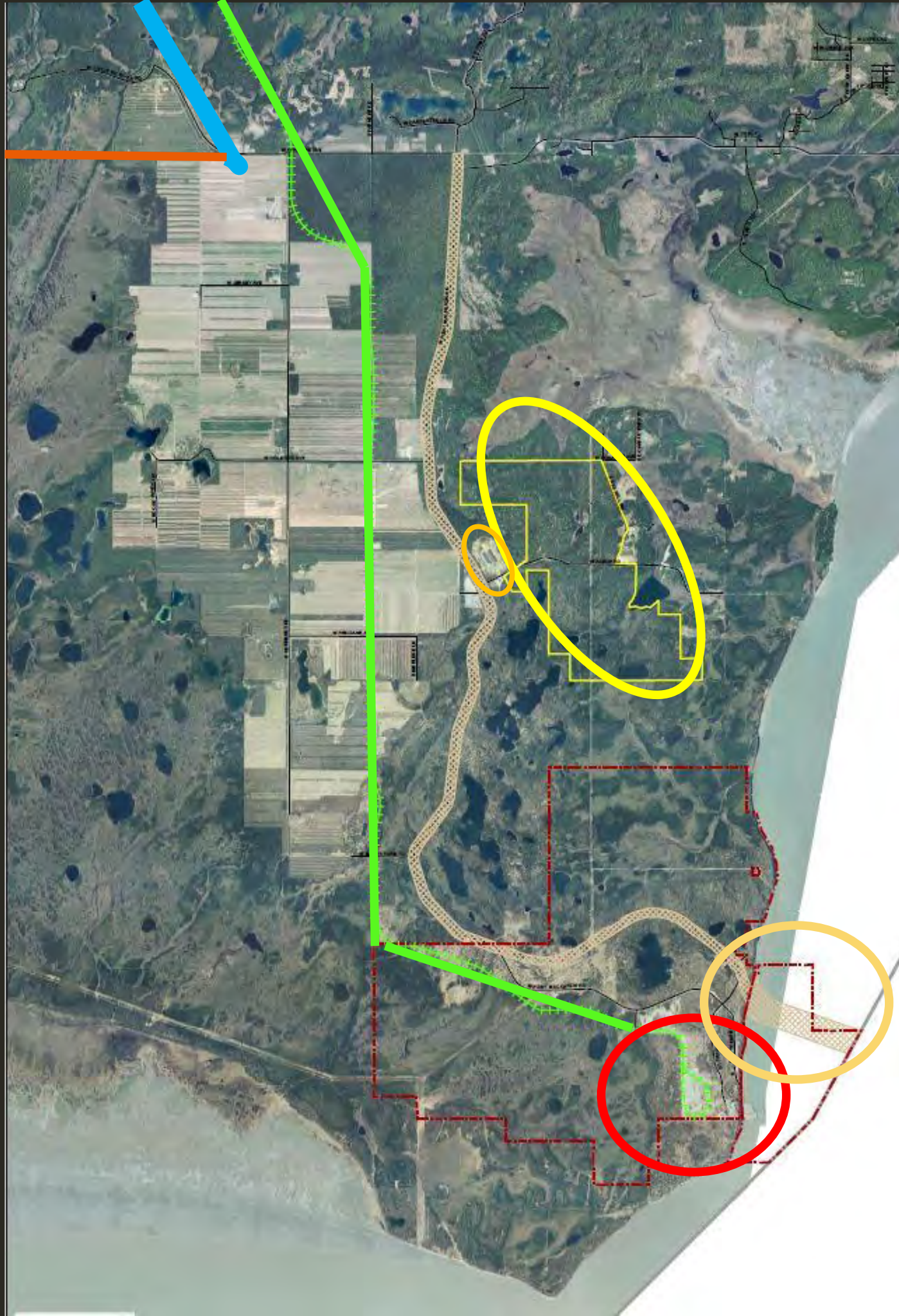
**Knik Arm
Bridge**



**Goose Creek
Correctional
Facility**



**Alsop Town
Site**



Fairbanks Natural Gas





**Port
MacKenzie**



**Knik Arm
Bridge**



**Goose Creek
Correctional
Facility**



**Alsop Town
Site**



**MOA
Natural
Gas
Supply**





**Port
MacKenzie**



**Knik Arm
Bridge**



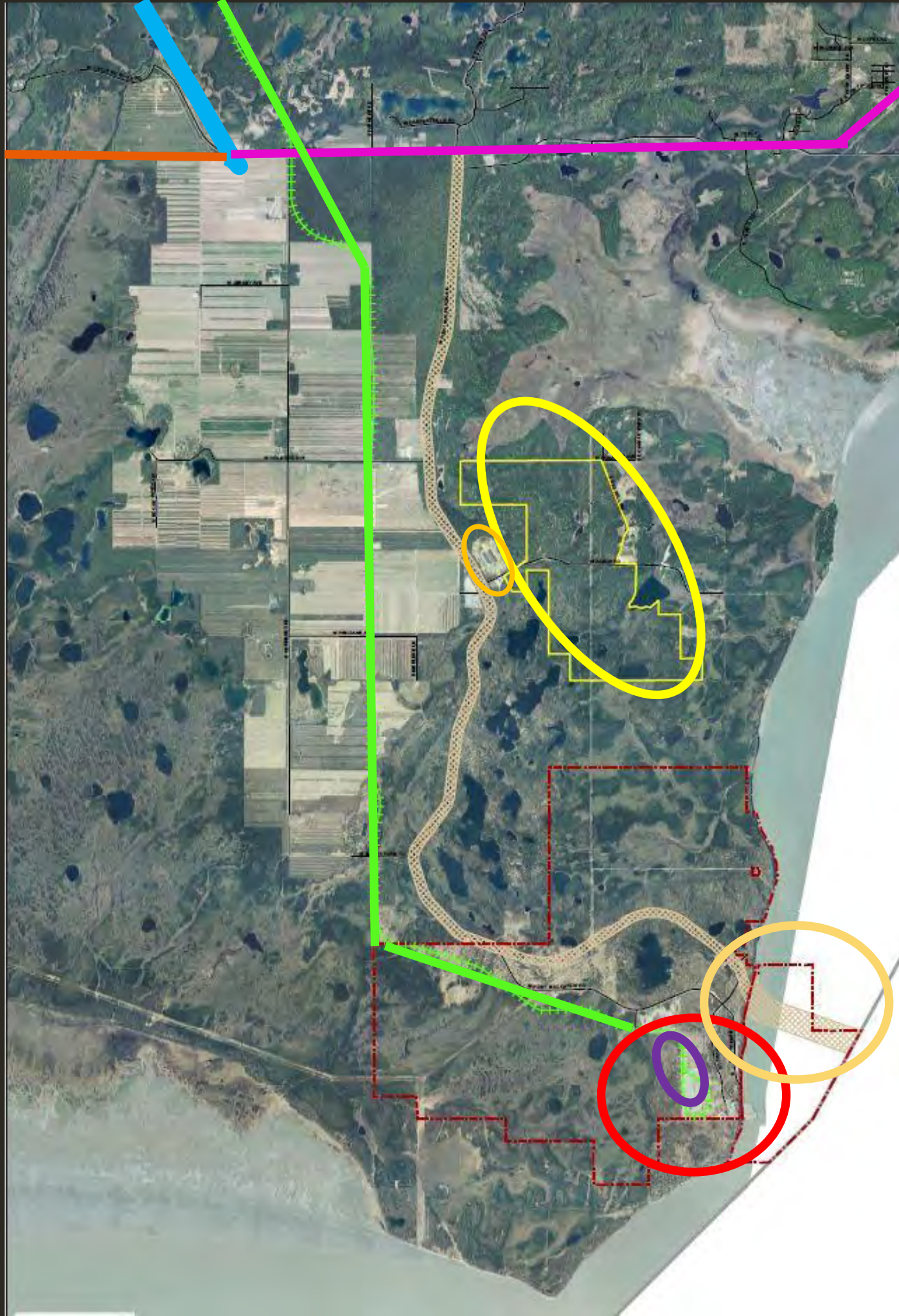
**Goose Creek
Correctional
Facility**



**Alsop Town
Site**

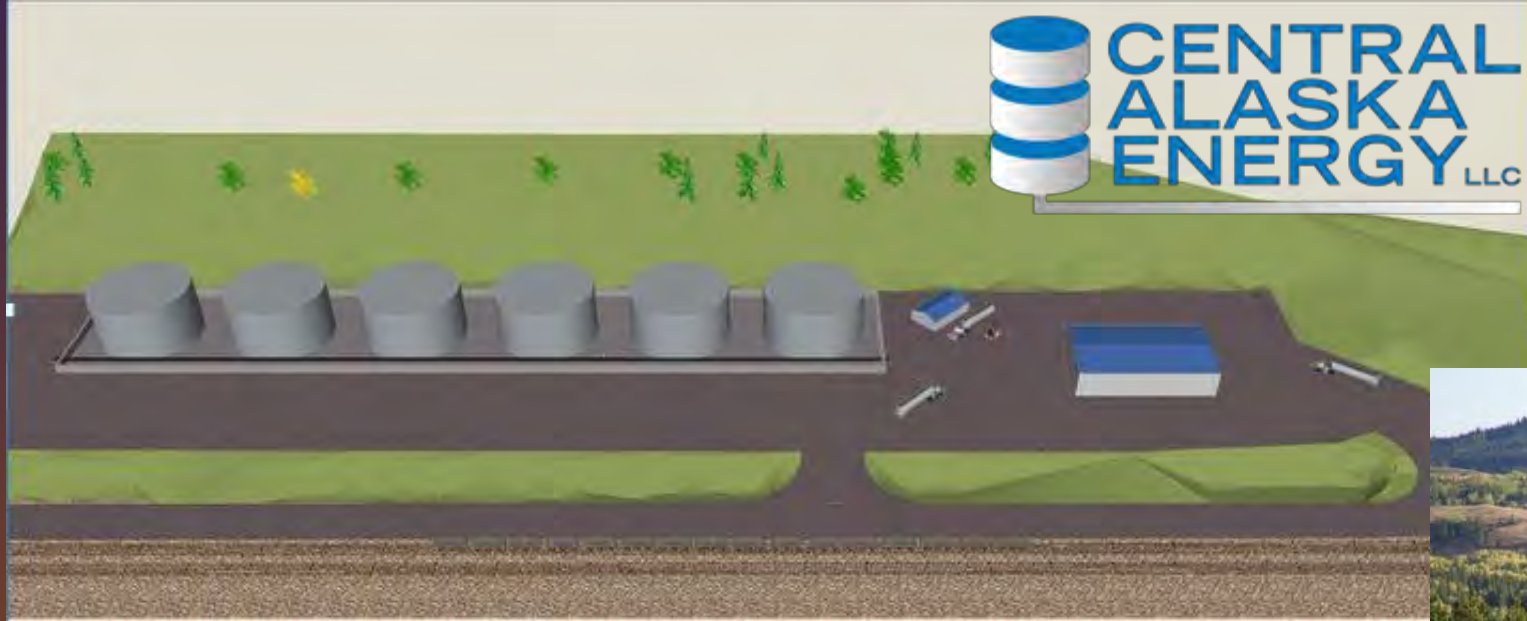


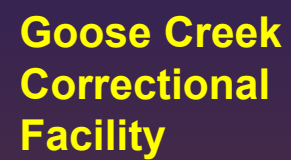
**MOA
Natural
Gas
Supply**



Fuel Imports

- **Lower Cost Fuel For the Interior**
- 6.9 M gallon fuel tank farm
- Low sulfur diesel fuel
- Unleaded gasoline
- \$15 million construction project, start May 2014
- Funded by AIDEA- **LOAN**





Power to South Central & Interior



Arctic Fiber Project





**Port
MacKenzie**



**Knik Arm
Bridge**



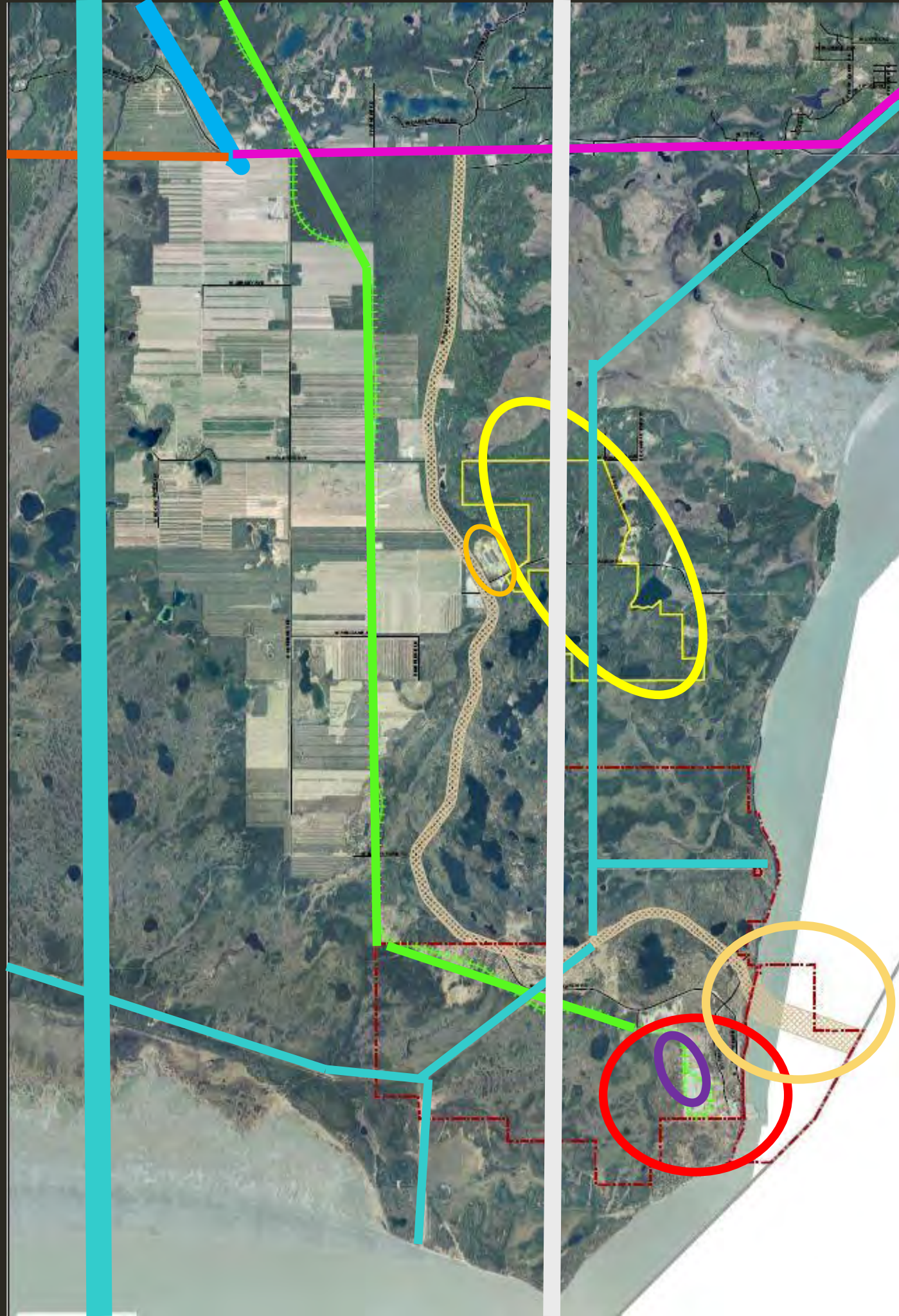
**Goose Creek
Correctional
Facility**



**Alsop Town
Site**



**MOA
Natural
Gas
Supply**



Project Forwarding Lessee





**Port
MacKenzie**



**Knik Arm
Bridge**



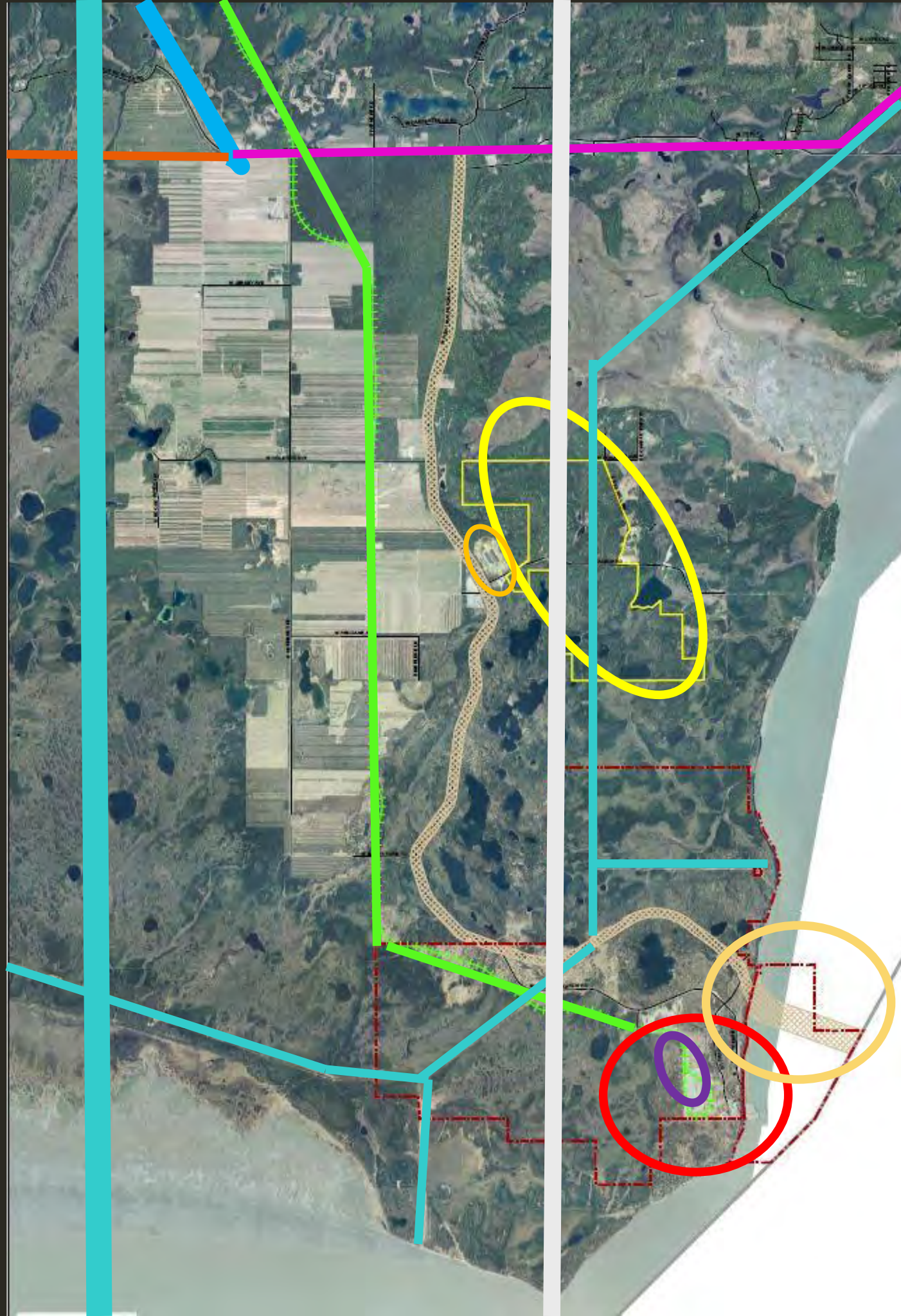
**Goose Creek
Correctional
Facility**



**Alsop Town
Site**



**MOA
Natural
Gas
Supply**





*A Wholly Owned Subsidiary of
Afognak Native Corporation*

- Port Tennant since 2003
- Manufactured Housing & Camp Facilities



Pt. MacKenzie Agriculture

15,000 Acres

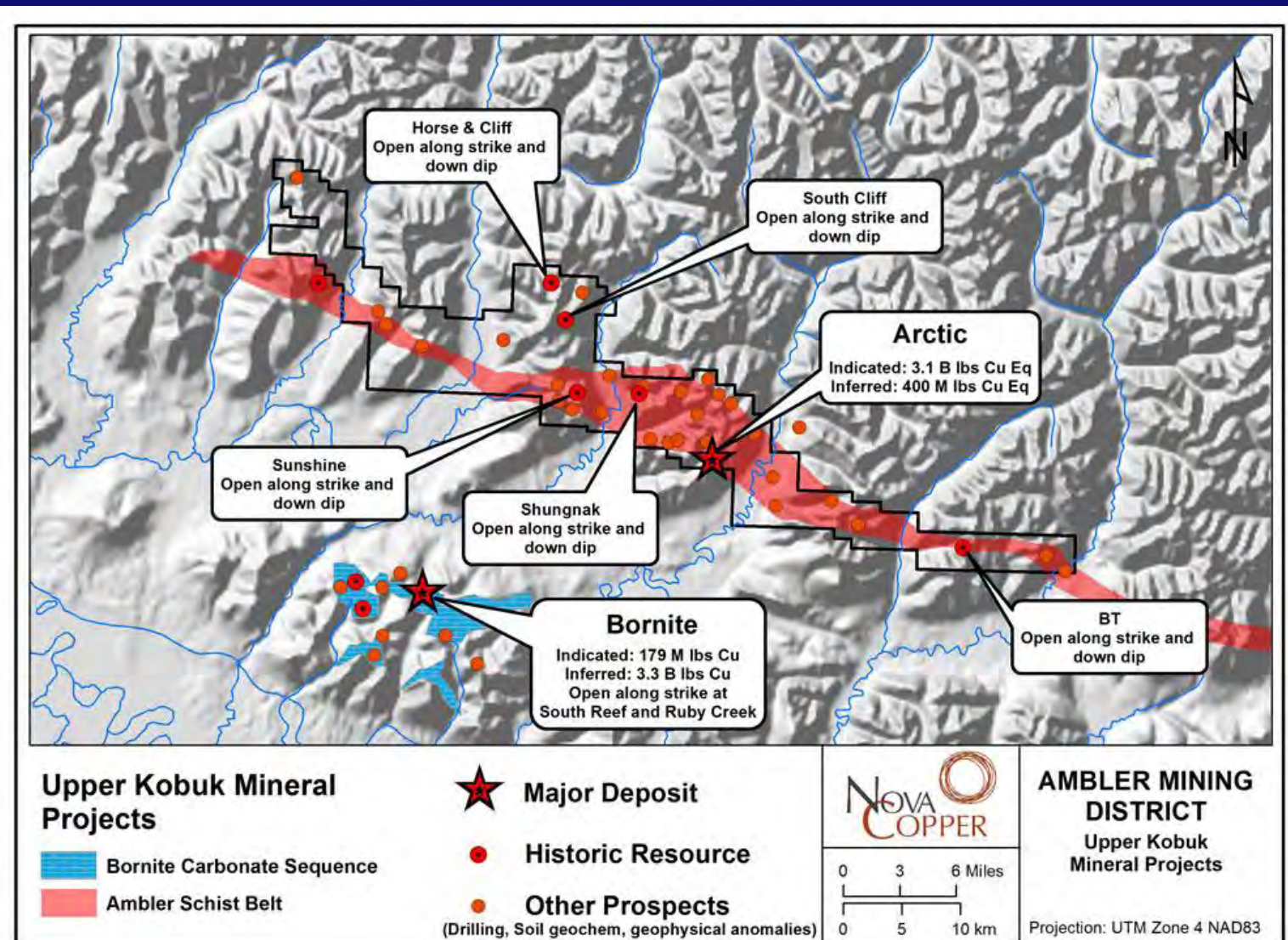


Value Added Industries

Interior Natural Resource Opportunities



Copper

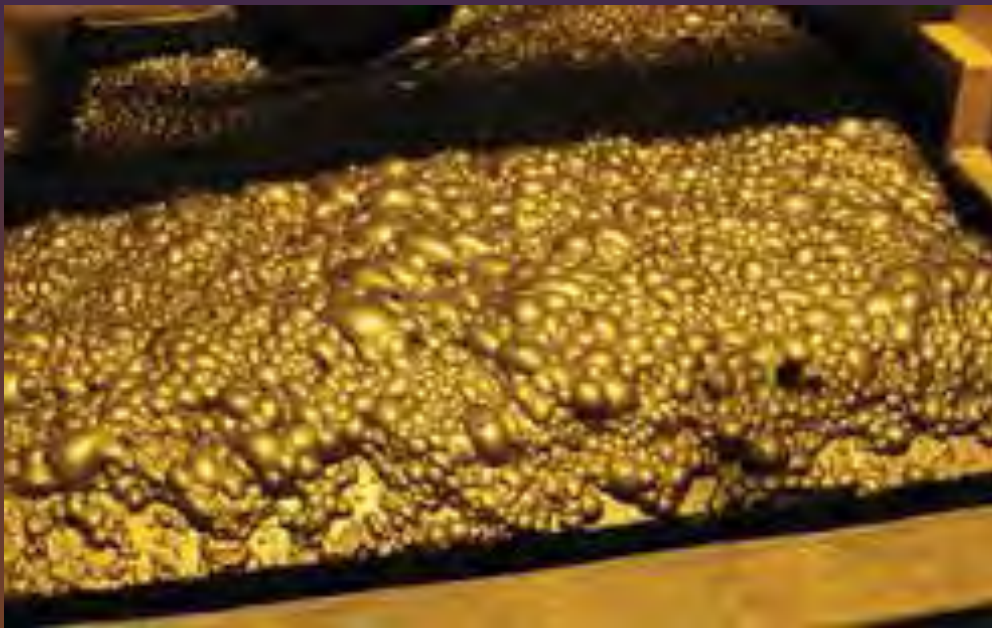


Copper Ore: .05% - 1.0%



Value: Mining Payroll and Extraction Tax

Concentration 15 – 35%



Value: Mining & Transportation Payroll – \$950/MT

Transport Concentrates To Port



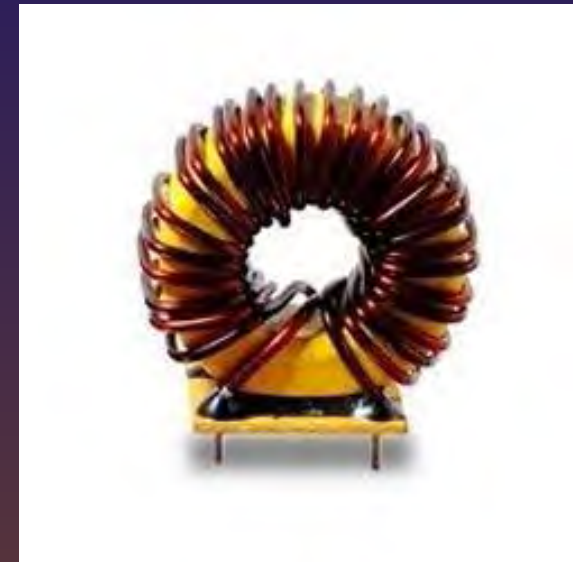
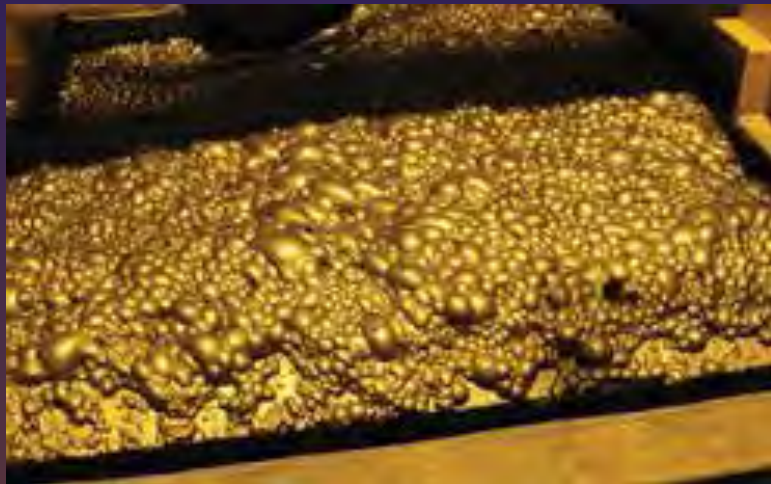
Value: Transportation Tariffs

Export Concentrates to Smelter



- Cargo Value: average \$950 / Metric Ton
- Most of the value leaves Alaska to drive another economy.

Capture The Rest of the Value With Value-Added Industries



800,000%+ Value Increase

Alaska's Manufacturing Industry Deal Breakers

- Distance from Materials
- Distance from Market
- High Energy Costs
- Weak Workforce



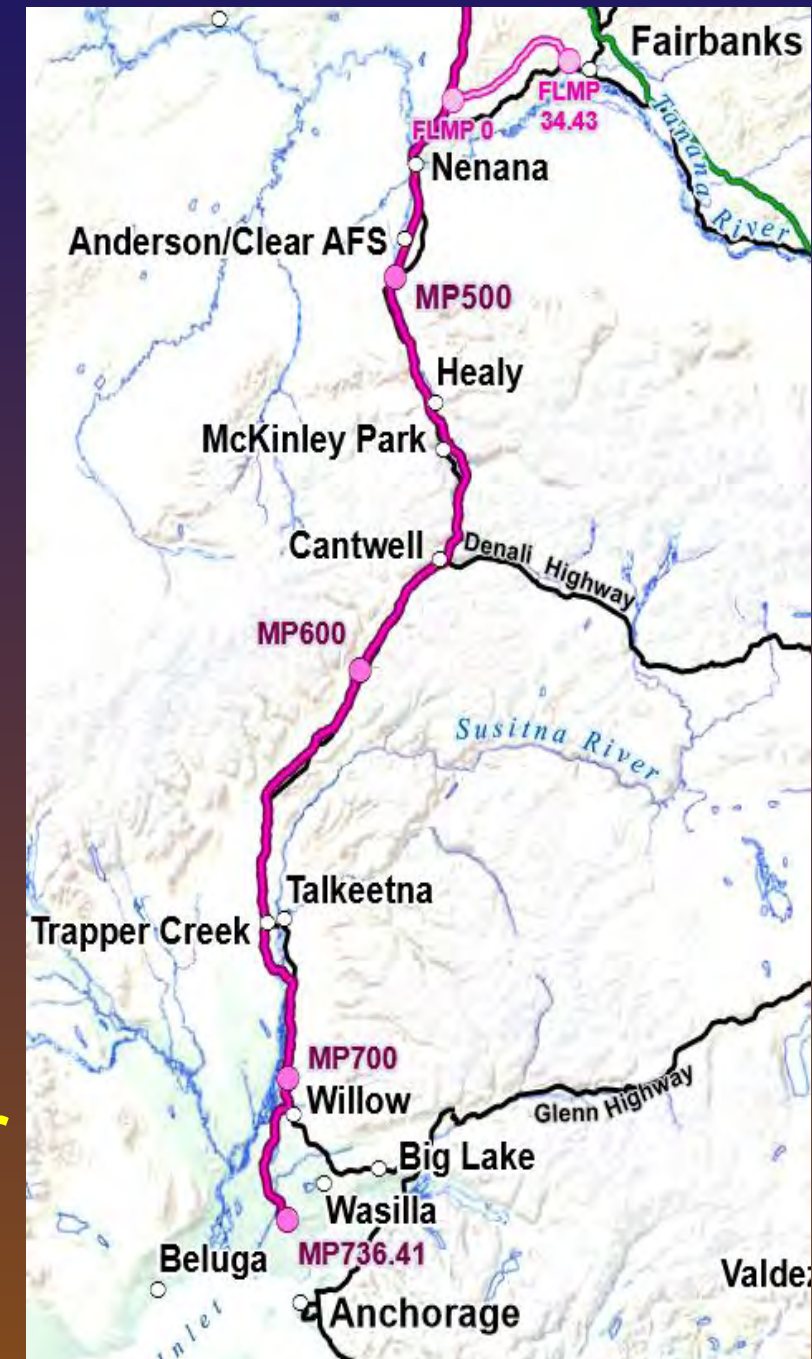
Natural Gas, Rail, and Roads Will Collapse Alaska's Energy Costs and Supply Chains



Alaska Manufacturing Industry

Deal ~~Breakers~~ Makers

- Short - Distance from Materials to Manufacturing
Truck / rail- all within 400 miles
- Low Energy Costs
Less or equal to other markets
- Jobs & Transportation for Workforce
Retain our youth & quick access for Anchorage
- Short distance to Asian markets
30% Closer than US West Coast + Air Backhaul



***Anchorage International -
2,400 Cargo Aircraft Per Month,
Many Bound for Asia Empty!***



4,000+ Ships Per Year!

30% Closer Than LA!



Transport Concentrates To ~~Port~~ *Alaska Smelter*



Value: Transportation Tariffs

Smelt Copper In Alaska

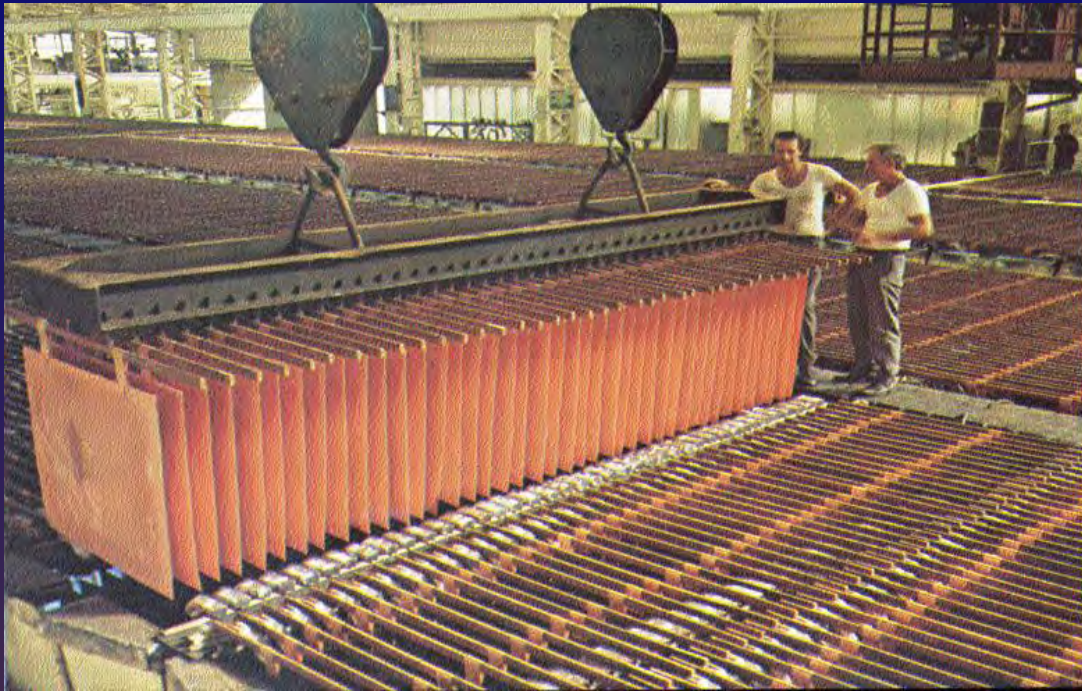


**99.0%
Pure**



Value Increases To: \$3,500 / MT

Refine Copper In Alaska



**99.999%
Pure**



Value Increases To: \$6,520 / MT

Make Copper Wire In Alaska



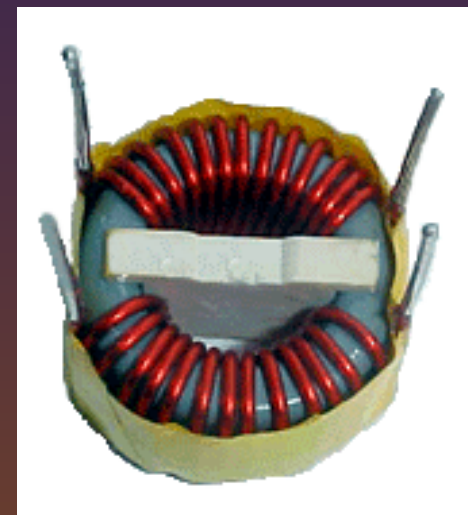
Value Increases To: *\$40,093 / MT

* 0.008" Diameter, 39,300' @ \$90.93 / 5 pound roll

Make Semiconductors In Alaska



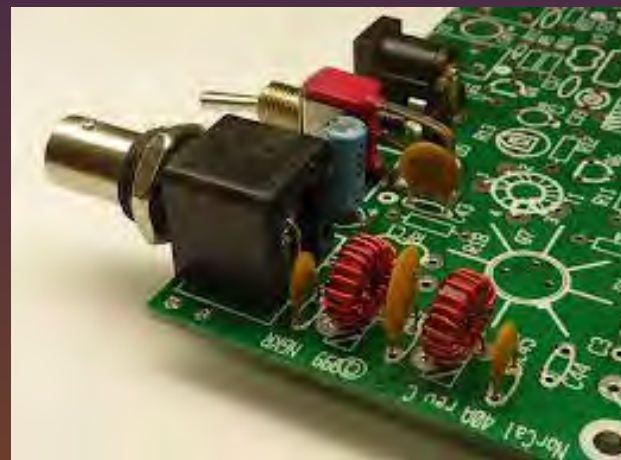
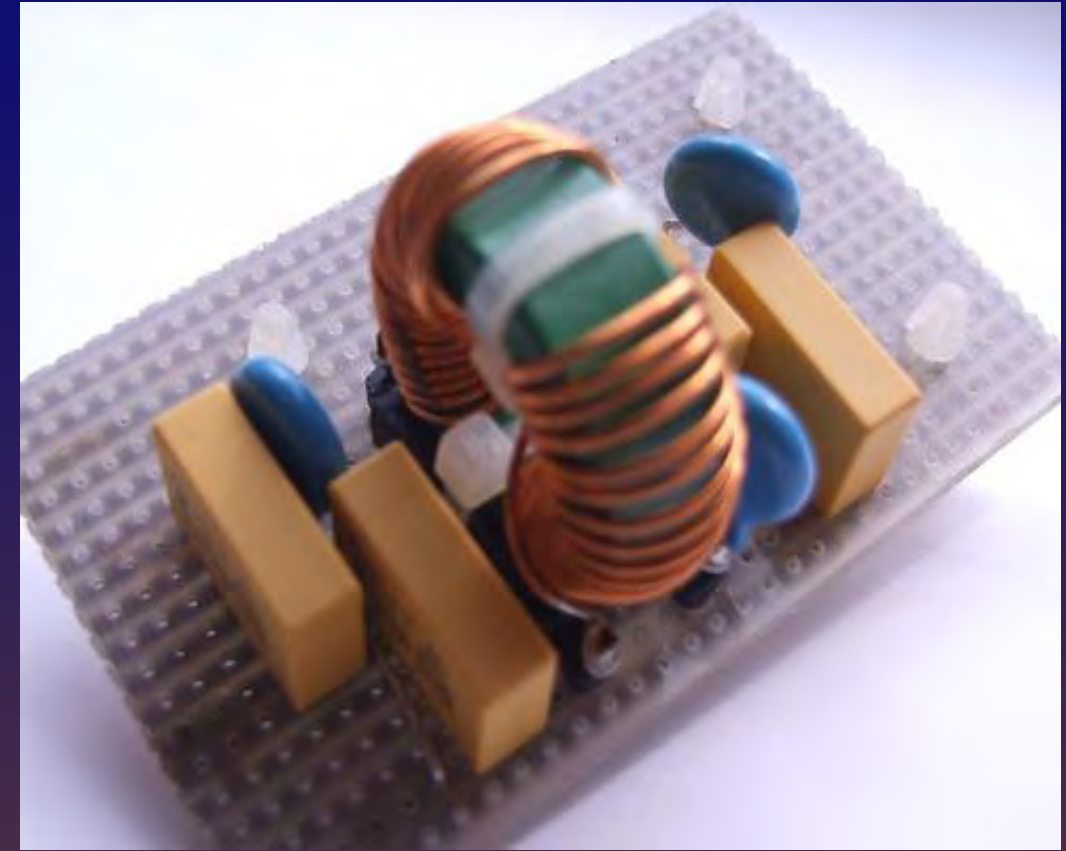
+



Value: Product Worth *\$8,401,606

*Ferrite Toroid Choke @ \$0.16 each using – 1 MT of .008" / 4 inches of wire

Electronic Sub-Assemblies: In Alaska



Value: A Component Industry Worth Billions

What's the Value of Value-Added?

Stage	Value/MT	Step Increase	Industries	Jobs	Tax Revenue
Ore	Dirt +	-	Mining	100's	1x
Concentrate	\$ 950	-	Mining, Transportation, AKRR, Ports	100's	1x
Smelting	\$ 3,500	368%	Smelting, Transportation, AKRR, Ports	100's	2x
Refining	\$ 6,520	186%	Refining, Transportation, AKRR, Ports	100's	3x +
Wire	\$ 40,093	615%	Manufacturing, Transportation, AKRR, Ports	100's	10x +
Semi-conductors <small>(sales)</small>	\$ 8,401,606	20,955%	Manufacturing, Transportation, AKRR, Ports, Airports	1,000's	100x +
Sub-Assemblies	?	?	Manufacturing, Transportation, AKRR, Ports, Airports	1,000's	100x +

Thousands of Other Copper Based Products



How Many Future Projects Will Use Alaska Copper?



Agriculture



Pork / Poultry



- ✓ Ractopamine Free
- ✓ No Swine Diseases
- ✓ \$Billion Market

Vegetables

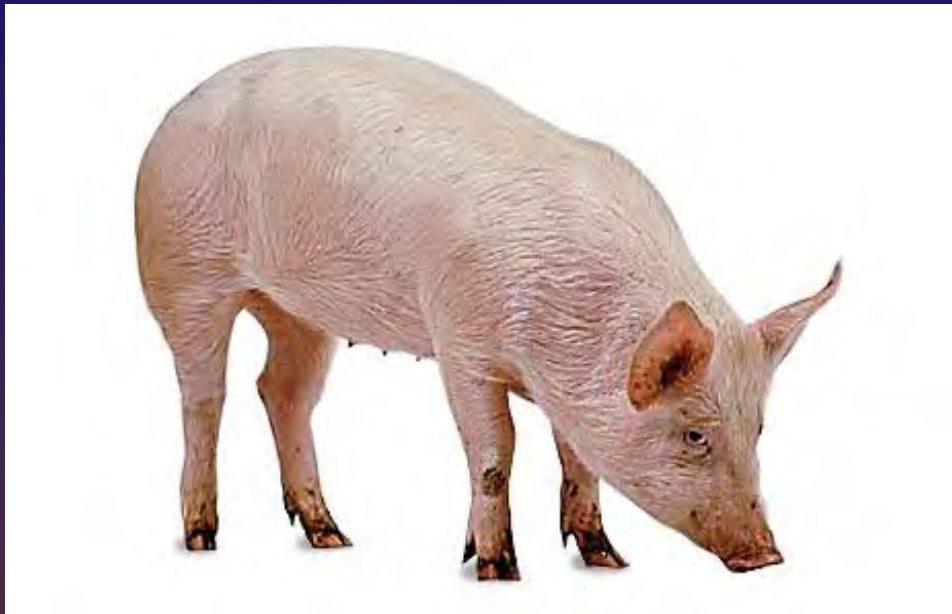


- ✓ We easily grow what Asia likes best!

Vegetables

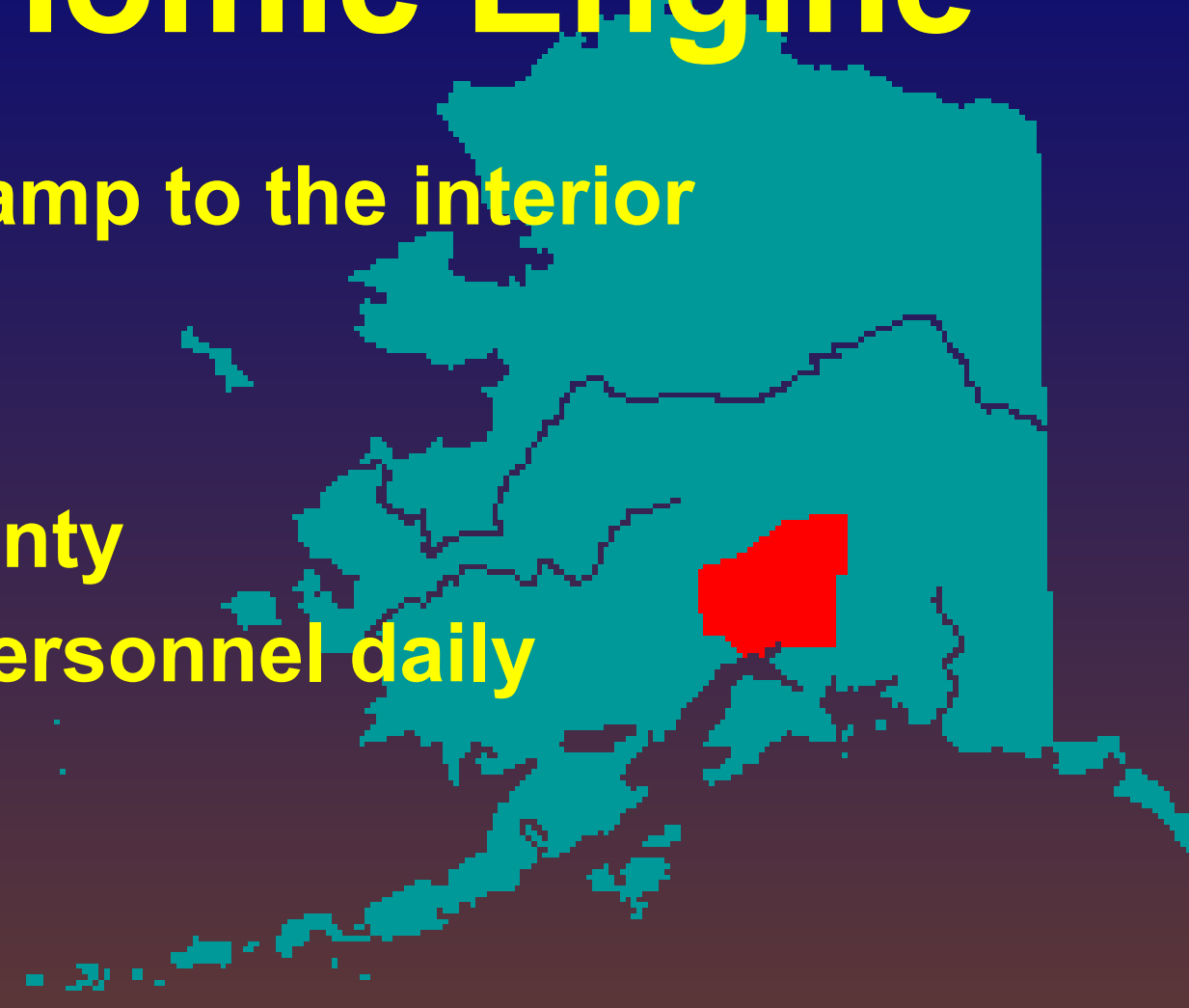


Pork, Poultry, & Vegetable Exports To Hungry & Wealthy Asia



Mat-Su - The Heart Of Alaska's Economic Engine

- Logistical advantage – On/Off ramp to the interior
- Largest port area in the state
- Only rail loop -100 cars
- Buildable Commercial land aplenty
- Supplier of 20,000 Anchorage personnel daily
- Best schools in state
- Cohesive political environment
- Gateway to interior AK tourism
- #1 business friendly tax model
- Best place for value added Ag production
- We have an ED Plan- The SOA and others DO NOT
- We have an organization to execute our plan



MATANUSKA-SUSITNA BOROUGH, ALASKA

Economic Development Strategic Plan

Prepared for:

The Mat-Su Borough



Prepared by:





T-I-P STRATEGIES, INC

APRIL 22, 2010

MSB Economic Development Plan Workgroups

Goal #1 Position Mat-Su for sustainable economic growth and vitality

Strategy 1A:  Develop professional & technical services sector

Strategy 1B:  Support the local expansion of the healthcare and education sectors

Strategy 1C: Support the retention and expansion of existing businesses in the Borough

Strategy 1D: Pursue developing opportunity sectors


Strategy 1E: Promote entrepreneurship and small business development

Strategy 1F: Support the preservation and expansion of the agricultural sector in the Borough

Strategy 1G: Promote the sustainable development of Mat-Su's natural resources

Goal #2 Build capacity to conduct economic development within the Borough

Strategy 2A: Expand internal resources for economic development


Strategy 2B:  Establish a Borough-wide business partnership to support economic development

Strategy 2C: Expand regional economic development cooperation


Strategy 2D: Link sub-regional economic plans to the MSB Economic Development Plan

Strategy 2E: Develop the sport fishing & hunting business sectors for sustainable growth and stability.

Goal #3: Expand Mat-Su's economic development infrastructure

Strategy 3A:  Continue developing multimodal transportation and industrial infrastructure at Port MacKenzie

Strategy 3B: Increase the availability of commercial and industrial land


Strategy 3C:  Continue expanding basic tourism infrastructure

Strategy 3D: Continue improving and expanding Mat-Su's transportation system

Strategy 3E: Support the expansion and enhancement of technology infrastructure and services in the Borough

Strategy 3F: Support the expansion and enhancement of the aviation infrastructure and industry in the Borough?

Goal #4 Attract, retain, and engage talent

Strategy 4A:  Expand business and education partnerships

Strategy 4B: Retain and engage military veterans and retirees.

Strategy 4C: Leverage post-secondary instruction and research activities


Goal #5 Raise awareness of economic development opportunities

Strategy 5A: Initiate a local campaign to promote a more positive image of Mat-Su

Strategy 5B: Enhance the image of Mat-Su throughout Southcentral Alaska

Strategy 5C: Increase tourism marketing efforts

Strategy 5D: Leverage tourism marketing for talent attraction, entrepreneurship, and economic development

Strategy 5E:  Focus on quality development to improve the appearance of the Borough's built environment

ACTIVE WORKGROUPS

2012 ALASKA TAX MODEL COMPARISON

Property***	MSB	Wasilla	Palmer*	Houston*	FNSB	Fairbanks*	Kenai	Anchorage
Real Estate & Business Property	0.9956%	0.9956%	1.2956%	1.296%	1.297%	1.72%	1.572%	1.572%
Property Tax Score	1	1	3	4	5	6	6	6
Business Assets								
Infrastructure? (aka: Personal Property)	No	No	No	No	No	No	Yes	Yes
Inventory?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Exempt \$	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$100,000	\$20,000
Tax on \$50K of infrastructure?**	\$0	\$0	\$0	\$0	\$0	N/A	\$526	\$786
Tax on \$500K of goods?	\$0	\$0	\$0	\$0	\$0	N/A	\$4,204	\$7,546
Total Asset Tax Burden	\$0	\$0	\$0	\$0	\$0	N/A	\$4,730	\$8,332
Asset Tax Score	2	2	2	2	2	1	3	4
Commerce								
Sales Tax	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.00%	0.00%
Purchase Cap	N/A	N/A	N/A	\$500.00	N/A	N/A	0.00	N/A
Commerce Tax Score	1	1	1	2	1	1	4	1
Tourism								
Bed			5.00%	5.00%	8.00%	8.00%	7.00%	12.00%
Car Rental			0.00%	0.00%	0.00%	0.00%	0.00%	8.00%
Marine Passenger Fee			0.00%	0.00%	0.00%	0.00%	\$5.00	0.00%
Tourism Tax Score			1	1	3	3	2	4
A&T Taxes								
Alcohol	0.00%	0.00%	0.00%	0.00%	5.00%	5.00%	3.00%	0.00%
Tobacco	5.50%	5.50%	5.50%	5.50%	8.00%	8.00%	\$1.00	\$1.48
Wholesale Value								
Cigarette	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	55.00%
A&T Tax Score	1	1	1	1	3	3	2	5
Overall Score	6	7	10	10	13	15	13	20
Business Friendly Rank	1	2	3	4	5	6	7	8

Rank: #1 Most Friendly - # 8 Least Friendly
Taxes in \$ are per sales unit

*Borough and City rate combined

** Assumes 100% of exemption used on inventory

*** There is a wide variation in services delivered. Some jurisdictions may have additional fees.

Mat-Su Business License Activity – Strong Investor Interest

- 2013 Active: Start: 8,078 End: 8,601
- New = 1,084
- Increase = 523 or 6.54%
- New Owners Outside Mat-Su = 232 – 21.4%
- New Owners Outside Alaska = 74 – 6.8%

Questions?

Thank You!