Claudia Jarrett <cjarrett02@gmail.com>

Confidential Communications
3 messages

cjarrett02@gmail.com <cjarrett02@gmail.com>
To: Brody & Amber Keisel <bkeisel1@gmail.com>

Fwd: Press

Claudia Jarrett
Sanpete County Commissioner
435-851-1540
claudiaj@cut.net

Begin forwarded message:

From: "Holt, Jeff" <jeff.holt@bmo.com>
Date: April 8, 2015 at 9:10:52 AM MDT
To: Keith Brady <keithb@emery.utah.gov>, Malcolm Nash <mrnash@sevier.utah.gov>, Gary Mason <gmason@sevier.utah.gov>, Gordon Topham <gtopham@sevier.utah.gov>, Garth Tooter Ogden <togden@sevier.utah.gov>, Jae Potter <jae.potter@carbon.utah.gov>, Casey Hopes <casey.hopes@carbon.utah.gov>, James Burr <burr@chapman.com>, Claudia Jarrett <claudiaj@cut.net>, Jake Mellor <jake@mellorfinancial.com>
Cc: Jim Burr <burr@chapman.com>, Gordon Walker <gdwalker@utah.gov>, "Zampol, Eric" <Eric.Zampol@Bmo.com>, "Hashimoto, Emily" <Emily.Hashimoto@bmo.com>, "Rose, Jonathan" <Jonathan.Rose@bmo.com>
Subject: Press


Commissioners and all others associated with the terminal project:

We've had an unfortunate article appear on the terminal project. Since one can never control the way the press writes an article, it is best to do what one can to stick to a script and to understand the possible effects in today's world of the Internet, Google Alerts and instant press updates.

Please discuss any comments to the press ahead of time with the rest of the team. If anything needs to be said, the script was to downplay coal, and discuss bulk products and a bulk terminal. The terminal operator is TLS, not Bowie. Bowie is known for coal. TLS is a bulk operator.

Union Pacific RR said it popped up in their Google Alert and they asked Bowie if the "project was now dead." It is certain that it came up on similar alerts for every Sierra Club member concerned.

Phil Tagami had been pleased at the low profile that was bumping along to date on the terminal and it looked for a few days like it would just roll into production with no serious discussion. At this point there is nothing to do about it but weather the storm and see what additional fallout occurs.
I have had four calls of distress this morning from Bowie, and one from the TLS guys who are in Wyoming talking to the Soda Ash guys. They all think this means the terminal project may be dead. Apparently, Phil is now prepping to talk with Oakland's mayor about the article today and its meaning. Bowie thinks this appears to have seriously imperiled the project.

Press in this regard was inevitable. How we deal with the press on this, however, is critical to the possibility of success.

Again, the key concept is - This is a bulk terminal, many commodities can and will go through the terminal. (Could coal be one of them, you ask? Sure, I guess so, but we have so many products here in the State of Utah that need rail.) less press us best. Controlled message is critical.

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

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Brody Keisel <bkeisel1@gmail.com>    Wed, Apr 8, 2015 at 4:01 PM
To: Steve Frischknecht <sfrisch@mail.manti.com>, Scott Bartholomew <scott@gtelco.net>, claudia jarrett <claudiaj@cut.net>

Confidential - Attorney/Client Communication

Attached, please find a copy of a newspaper report concerning the ongoing project. We just want to keep everyone updated.

Thanks,
Brody

This e-mail and any attachments may contain confidential and privileged attorney-client information. If you are not the intended recipient, please notify the sender immediately by return e-mail, delete this e-mail and destroy any copies. Any dissemination or use of this information by a person other than the intended recipient is unauthorized and may be illegal. Unless otherwise stated, opinions expressed in this e-mail are those of the author and are not endorsed by the author's employer.

[Quoted text hidden]

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Brody L. Keisel
Sanpete County Attorney
P.O. Box 157
Fwd: Script
3 messages

Jeff Holt <jeff.holt7@gmail.com>
To: Claudia Jarrett <claudia@cut.net>
Thu, Apr 9, 2015 at 3:58 PM

Sent from my iPhone

Begin forwarded message:

From: "Hashimoto, Emily" <Emily.Hashimoto@bmo.com>
Date: April 2, 2015 at 8:41:37 AM MDT
To: "Holt, Jeff" <jeff.holt@bmo.com>
Subject: Script

Emily Hashimoto
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emily.hashimoto@bmo.com

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CIB Presentation Script.docx
23K

cjarrett02@gmail.com <cjarrett02@gmail.com>
To: Jeff Holt <jeff.holt7@gmail.com>
Thu, Apr 9, 2015 at 5:27 PM

Thanks, Jeff. This will be very helpful.

Claudia Jarrett
Sanpete County Commissioner

https://mail.google.com/mail/u/0/?ui=2&ik=ad6faee968&view=pt&cat=Oakland%20Port... 8/25/2015
Request from Carbon, Sevier, Sanpete and Emery Counties for $53,000,000 for Throughput Allocations in a Multi-Commodity Bulk Terminal at the site of the former Oakland Army Base

Presenters:

- Casey Hopes – Chairman, Carbon County Commission
- Gary Mason, Sevier County Commission
- Keith Brady, Emery County Commission
- Jeff Holt – Managing Director – Bank of Montreal – Strategic Infrastructure Advisor to the four Counties
- James Burr, Transaction Counsel to the four Counties
- Mark McClure, CCIG, Master Developer for the Oakland Army Base re-use project

The four Counties are here today to ask the CIB, as part of its “Large Infrastructure Initiative,” to award $53,000,000 of the monies that have been previously set aside, to these four Counties, as they begin final negotiations with various private parties on a Multi-Commodity Export Terminal located at the site of the old Oakland Army Base, adjacent to the Port of Oakland.

Over the past nine months, these four counties, together with other counties in the region, have been discussing the need for increased transportation infrastructure to help deliver many of their commodities to domestic and international markets.

The Sevier Rail Project, which you are already somewhat familiar with, is expected to receive its permits by June 1st. The rail project
will extend rail to serve the Central Utah Counties, allowing many commodities that have been solely restricted to truck transport to enjoy the much lower cost of rail transport. Today, all of the hay exported to Asia from Sanpete County goes by truck to an export terminal at the Port of Long Beach. Salt from the Redmond mine cannot compete elsewhere even in the US for lack of adjacent rail service.

Last summer, discussions with Carbon and Emery Counties regarding the transportation and logistics issues in Central and Eastern Utah highlighted the need to secure throughput capacity from a west coast bulk export terminal. Prime terminal space at deep-water U.S. west coast ports has traditionally been monopolized by container terminals, and bulk capacity in deep-water terminals is becoming increasingly harder to permit and more difficult to secure.

These discussions last year focused on how the Counties could secure guaranteed throughput capacity for Utah products at such a bulk export facility. This export capacity, ahead of the rail project, would provide long-term, sustainable demand for Utah products in markets around the world, notwithstanding the vicissitudes of domestic and in-state demand.

The Utah Counties are not alone in this quest. In just the last few weeks, the Wyoming State Legislature authorized $1 billion for an infrastructure fund dedicated to the funding of logistics, transportation, and terminal assets to secure dedicated throughout capacity for Wyoming-sourced products. Wyoming is reportedly focused specifically on locating and investing in export terminals in the Pacific Northwest, which are the closest ports by rail.

The most direct rail connection to the west coast for Utah products is via the Union Pacific and BNSF mainlines to Oakland. [See Chart #1]
While the Counties looked at some options for such terminals in places as far away as Mexico, Oakland is the most direct destination for Utah, and with channel depths of 50 feet, among the few deep-water U.S. ports capable of accommodating the new generation of large ships. Utilization of bigger ships for transport significantly reduces overall transportation costs, and helps to enhance demand for Utah products.

Over the past few years, the City of Oakland has been attempting to formulate and fund redevelopment of the old Oakland Army Base.

After many years and hundreds of public meetings, they determined that a logistics and warehousing complex alongside the Port of Oakland would be preferable. The site is served by two Class 1 railroads, the UP and the BNSF, and contains a small 30-acre site that was historically a Bulk Marine Terminal. This small 30-acre portion of the site is currently being used by CALTRANS as a staging area for the building of the replacement span of the Bay Bridge. [See Chart #2]

The Bulk Marine Terminal sits directly on the deep water at the Port with 50+2 feet of draft in the channel. It is just 14 miles to open water through the Golden Gate Bridge.

Rail access for the Terminal is provided by both the Union Pacific Railroad and BNSF Railroad main lines.

The Bulk Terminal is projected to handle 9 million metric tons of dry bulk products per year.

California Capital & Investment Group (CCIG), the master developer selected for the re-use project has gathered almost $500 million in State, Federal and local funding to prep the entire 165 acres and to rebuild and enhance the rail service. [See Chart #3]
As part of the overall permitting, the Bulk Terminal portion of the site was permitted again for use as a bulk terminal. The land is owned by the City of Oakland and the Terminal site will be leased to the TLS Operator group for 66-years.

The cost of the Bulk Terminal Facility will be $275 million, $25 million of which will come from the funds shown here. CCIG will finish the design of the Terminal, and will construct the terminal. The Terminal should be complete and in operation by mid-2017.

The Counties have proposed that they fund $50 million of the terminal cost in return for throughput allocation at the terminal along with an annual return on their principal investment. The remaining $200 million required to complete the terminal will come from third-party lenders, likely one or more North American pension funds. The Project group is working toward a financial close in June of this year. [See Chart #4]

The Commissioners from the Counties, together with the members of their advisory, engineering and legal team, have been down to Oakland over the last several weeks on a series of tours and meetings to see the facilities, to see the construction progress at the Oakland Army Base site, and to discuss the timing and preliminary terms of the Bulk Terminal arrangement with the various parties.
The Counties are asking the CIB to award a $53,000,000 loan:

- 2% interest
- 30-year term
- Payments to commence when terminal is built and in revenue operations and to reflect the need for flexible amortization of the principal
- Suspend-and-fund requested
- Counties will negotiate the remaining terms with the other parties and hope to sign the agreements by the expected financial close in June. (most likely through an interlocal entity)
- Proceeds to Terminal Construction - $50,000,000
- Project Expenses of approximately $3mm – [legal, expert studies on terminal and bulk markets, some engineering, strategic advisory fees]
Holt, Jeff <jeff.holt@bmo.com>
To: Jae Potter <jae.potter@carbon.utah.gov>
Cc: Malcolm Nash <mrnash@sevier.utah.gov>, Keith Brady <keithb@emery.utah.gov>, Claudia Jarrett <claudiaj@cut.net>

Jae, Keith, Malcolm and Claudia:

As press inquiries come in on the Terminal project, we think that it would be good to have everything referred to Jae as a single point of contact.

It's Friday night and the first available time they will start calling his office is Monday morning. Even the State is getting calls. But this is a County Investment in the project and no one should speak for the Counties, but the Counties themselves, and to be consistent in the message, we are thinking that Jae should be the single point of contact.

Then, if that works for you, we should decide in coordination with TLS, as to whether and what any response should be. We would pick and choose who we talk to and Jae should be (and will be) well-armed and well-briefed if he is ever given the green light by the group to respond to an inquiry. That way, you all know from now on that we have a single voice at this end for this project.

If this is good with you all, please share this with others that may possibly get incoming calls in Your Counties.

Thanks,

Jeff Holt

Sent from my BlackBerry 10 smartphone on the Verizon Wireless 4G LTE network.

Claudia <cjarrett02@gmail.com>
To: Steve & Kathy Frischknecht <sfrisch@mail.manti.com>, Scott Bartholomew <scott@gtelco.net>, Brody & Amber Keisel <bkeisel1@gmail.com>

FYI

Sanpete County Commission Chair
Cell # 435-851-1540
Email: claudiaj@cut.net

Begin forwarded message:

From: "Holt, Jeff" <jeff.holt@bmo.com>
Date: April 24, 2015 at 5:19:26 PM MDT

https://mail.google.com/mail/u/0/?ui=2&ik=ad6faee968&view=pt&cat=Oakland%20Port... 8/25/2015