

Memorandum

To: Carbon, Sevier, Sanpete, and Emery Counties

From: Jeff Holt, BMO Capital Markets Inc.

CC: Jim Burr

Date: 3/25/2015

Commissioner Potter suggested that I update the group on the progress on the Terminal Project.

- All the counties have had at least one representative visit the bay area to see the old bulk terminal that will be built into a new bulk terminal and to hear CCIG's (California Capital Investment Group) plans for the terminal lease to TLS (Terminal Logistics Solutions).
 - Carbon – Casey Hopes, Jae Potter and Jake Mellor
 - Sevier – Gary Mason, Tooter Ogden, Gordon Topham, Malcolm Nash
 - Sanpete – Claudia Jarrett
 - Emery – Keith Brady
 - Technical Team – Jeff Holt, Jim Burr
- Briefings for Senator Okerlund, Lt. Governor Cox and some members of the CIB are scheduled over the next few days.
- The request to CIB for funding has been submitted and the line item appears in the April 2nd agenda, which is not yet public but which includes \$53,000,000 for the terminal project (\$50,000,000 in investment proceeds and \$3,000,000 in legal expenses, outside technical experts doing diligence on the project, advisory fees, and transaction costs).
 - A few Commissioners have asked about committing the funding now, when the full details of the Terminal partnership are not yet final, or in some cases, not yet determined. The commitment of funding from CIB is strictly to the four Counties (Carbon, Sevier, Sanpete and Emery), for a possible investment in the Terminal when and if the Counties finally conclude their structuring of the transaction and all negotiations relating to such. The CIB commitment only commits the funding to the four counties. It does NOT commit funding to the Terminal Partnership directly. Funding can only be committed by the four counties when and if the four Counties, acting through the Five County Infrastructure group (interlocal agency) have determined that the investment criteria are all final and to their satisfaction (which probably won't happen until sometime in June.)
 - The funding to the Counties is necessary now to show the debt investors in the terminal and the lessor of the land (CCIG) that the Counties are legitimate partners (with funds in hand) and committed to working through negotiations to a financial close, based on the business and legal terms that are concluded to the satisfaction of the Counties. The project partners spending all their money to advance the project needed to know that the Counties' funding is real.

- As you all know, the urgency of the CIB request is to allow the Terminal Project to be accomplished (financial close) prior to the expiration of TLS' option on the terminal site in July.
- The Private Sector Partner has clearly said that without the Terminal, they have no interest in guaranteeing throughputs on the railroad. Without the throughput guarantees from the Private Sector Partner, rail feasibility is unlikely. These two projects must be contractually linked in the negotiations.
- Many things need to be done prior to the commitment of the funds from the Counties to the Project:
 - Creation of the Five (or four if Juab does not want to join) County Group.
 - With two Projects on the group's program:
 - Multi-Commodity Bulk Export Terminal
 - Four of the five Counties participating.
 - Tentative percentages as follows:
 - Carbon – 33%
 - Sevier – 30%
 - Sanpete – 12%
 - Emery – 25%
 - Railroad from Levan to Salina
 - Three of the five Counties participating.
 - Tentative percentages as follows:
 - Sevier – 70%
 - Sanpete – 15%
 - Juab – 15%
 - Approval by the respective Counties
 - Business Terms to be negotiated between April 2 and July 1. Current Draft of the Counties' Term sheet is attached. Please review and raise any comments.
 - A draft of the CIB presentation will be circulated in the coming days.
 - Sevier (a Commissioner), Carbon (Casey Hopes), and Emery (Keith Brady) should all be at the table. Additionally, Jeff Holt from BMO, as the Strategic Infrastructure Advisor to the Counties and Jim Burr from Chapman and Cutler will be at the presenting table. Jeff Holt will take the lead on the presentation to the Board. We are still discussing whether Mark McClure from CCIG should attend to answer any questions the CIB may have about the terminal development.