Preliminary Term Sheet
Multi-Commodity Bulk Export Terminal

- Terminal is located at Oakland Army Base
    - 30 acres
    - The site is a 66-year leasehold with the City of Oakland.
    - 50+2 - feet draft at the berth and in the channel
    - Rail access from UP and BNSF main lines
    - all railcar, loading, storage and conveyor facilities will be covered
    - will handle 9.5mm metric tons of bulk product per year, both white products (soda ash, potash, salt) as well as black product (coal) –
    - Coal not to initially exceed 49% of throughput on an annual basis – (internal policy only, not restricted by permits)
    - Terminal cost = $275mm
        - $50mm preferred equity
        - $200mm in debt (private placement)
        - $25 mm from local California sources (for site prep and some waterfront infrastructure).
    - The Terminal is (almost?) fully permitted
        - requires construction permits from the City of Oakland which are "administrative" only.
        - One BCDC permit on terminal design
        - the terminal was and always has been a bulk terminal

- Bowie Resource Partners (BRP) will be the Series A shareholder and will contribute throughput guarantees sufficient to secure $200 million in (un-rated) project debt.
- The Utah Counties will contribute $50mm in return for
    - 10% annual return
        - return is preferred
        - return is cumulative
    - throughput allocations in the terminal for commodities coming from Utah Counties
        - 49% of terminal throughput capacity
        - [Can we get more? Or do they need to assign the rest of the capacity to other parties get the $200 mm in debt placed?]
- County Partners in the terminal
    - Carbon– Lead [33%]
    - Sevier - [30%]
    - Sanpete – [12%]
    - Emery – [25%]
- The four Counties will apply to the CIB for a single $53,000,000 grant on April 1 to fund their contribution to the terminal and to secure the throughput allocations.
    - Proceeds to Terminal - $50,000,000
    - Expenses [up to $3mm]

- In return for the equity investment, the Utah Counties will be allocated [49]% of the throughput capacity in the terminal. Details on how that allocation would initially be divided and assigned between producers is TBD. Presumably Bowie will get the throughput allocations to their mines in the Counties, at least for some number of years.

- The terminal Operator, TLS will be created as a part of the business arrangement between the Counties, Bowie, and any other users that can be contracted ahead of time, and will own a 66-year operating concession on the terminal from the City of Oakland.

- BRP and the Counties, through their terminal operator, TLS, will work to negotiate and sign a construction agreement with Phil Tagami's CCI Group to complete the full design of the terminal and to then build the terminal.

    - The Counties will receive a quarterly return on their allocation contribution, on a preferred basis, out of the net income of the terminal operations, beginning on start of terminal operations. The return payment to the Counties will be preferred and will come ahead of all other distributions of profits. Such return payment will include:
        - TBD [per ton or fixed payment].
        - Such return payment is targeted to provide an annual cash-on-cash return of 10%, beginning at the start of operations.

- The Counties will form an interlocal agency within which they will decide the throughput allocations from time to time in consultation with BRP and the terminal operator, TLS.

- BRP and the Counties agree that the parallel investment in the new Sevier Railroad facility will be required in some fashion and will be cross-linked in order to assure that the railroad and the terminal will both be built.

- CIB Loan

    - The Counties, on behalf of the Interlocal Agency will work aggressively to bring a request for $50,000,000 (plus $3,000,000 in expenses) for the terminal project to the CIB for their April 2nd meeting.
    - Securing the $50,000,000 will demonstrate the legitimacy of the Counties as partners in large infrastructure, and will allow the project to seek and secure an additional $200,000,000 in project debt.
    - The CIB loan will be for 30 years at 2%, with payments to start only upon start of commercial operation of the terminal.
    - The CIB loan will be made to the Interlocal Agency formed by the Counties and the obligation will be non-recourse to the Counties.

- The Counties contribution will be convertible into [49%] of the proceeds from any sale of the terminal leasehold (only with the Counties approval – and presumably will all allocations to the Counties lock in for the duration of the Terminal Lease).