
Fwd: CIB Draft Presentation & Draft Script

1 message

Casey Hopes <casey.hopes@carbon.utah.gov>

Wed, Apr 29, 2015 at 3:55 PM

To: Keith Brady <keithb@emery.utah.gov>

keith,

Here you go. Understanding all the hickups that have happened thus far, use it wisely. For what ever that is. If you have any more questions or need something let me know.

Thanks

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2 attachments **2015 04 01 CIB Presentation.pdf**
1227K **CIB Presentation Script.docx**
23K

Presentation to the Permanent Community Impact Fund Board

Request by Carbon, Sevier, Emery, and Sanpete Counties for a \$53,000,000 loan to secure throughput allocation in a Multi-Commodity Bulk Terminal located in Oakland, California

2 April 2015

Terminal Provides Single Line Service From Virtually The Entire Western US With Dual Rail Providers



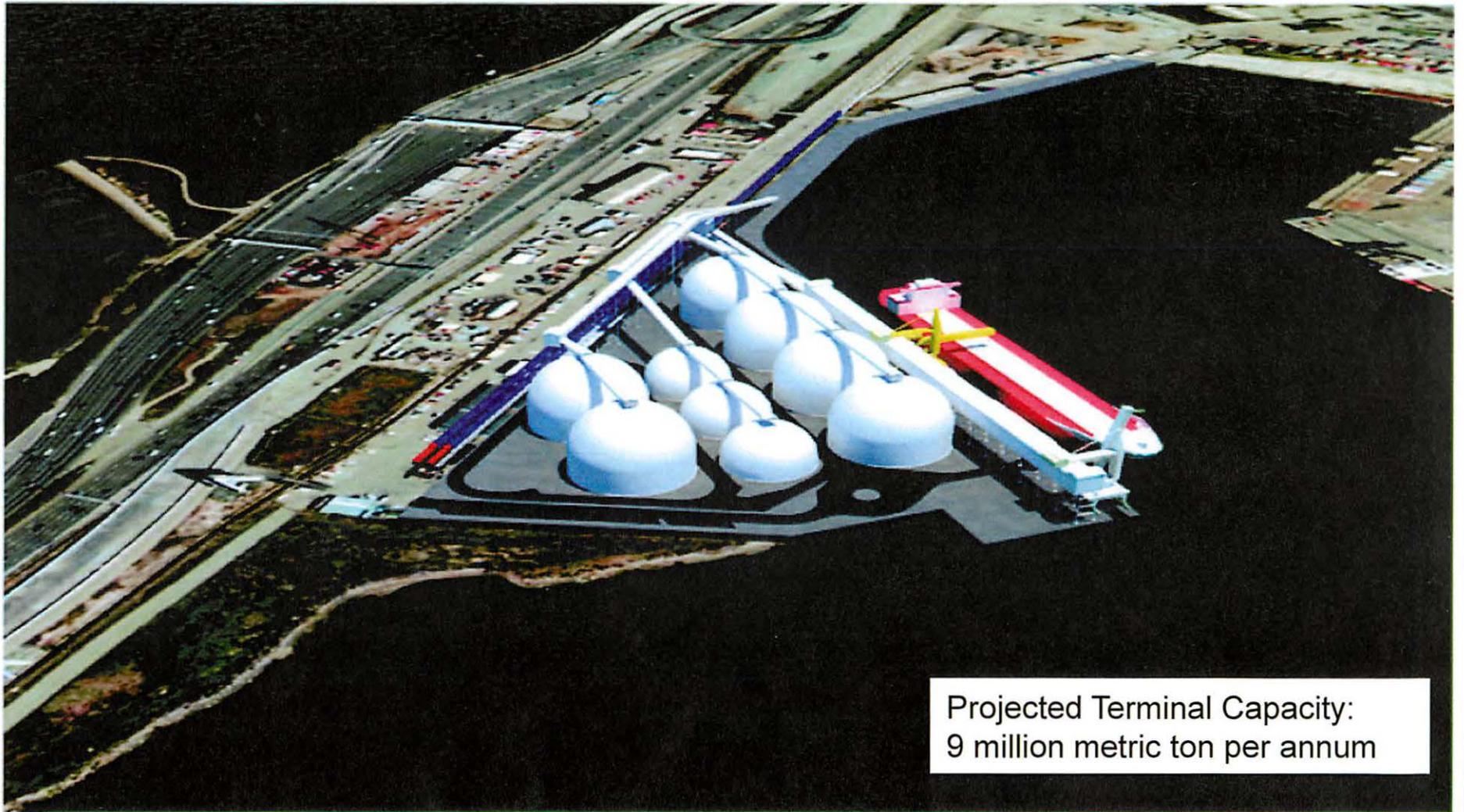
Anchor tenant has attractive logistics from Utah via Union Pacific and BNSF Railroads

Broad Governmental Support For The Oakland Army Base Reuse

| Development Elements | Total Cost (\$ millions) |  |  |  |  |  |  |
|---|--------------------------|---|--|---|---|---|---|
| RAP/RMP - DTSC Remediation | \$11.4 | - | - | \$5.7 | - | \$5.7 | - |
| Rail Improvements and Manifest Yard | \$74.6 | \$65.8 | - | \$3.8 | - | \$5.0 | - |
| City Site Prep/ Backbone Infrastructure | \$247.2 | \$176.3 | \$25.9 | \$45.0 | - | - | - |
| Recycling Facilities | \$46.6 | - | - | - | \$46.6 | - | - |
| City Logistics | \$99.4 | - | \$99.4 | - | - | - | - |
| Unit Train Support Yard | \$20.0 | - | - | - | - | \$5.0 | \$15.0 |
| Total | \$499.2 | \$242.1 | \$125.3 | \$54.5 | \$46.6 | \$15.7 | \$15.0 |

- Sources committed through Trade Corridors Improvement Fund (TCIF) allocation agreements between the State of California Department of Transportation (Caltrans), the City of Oakland, and the Port of Oakland

The Bulk Terminal Site Is Permitted With Ample Space To Store Multiple Commodities In Fully-Enclosed Domes



Projected Terminal Capacity:
9 million metric ton per annum

CIB Presentation – April 2, 2015 - MASOB

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 throughput 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]