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September 8, 2015

Ms. Sabrina Landreth, City Administrator  
CITY OF OAKLAND  
1 Frank Ogawa Plaza  
Oakland, California 94612



Ms. Landreth,

Consistent with our letter to Mayor Schaaf (copy enclosed) we look forward to continued partnership with the City.

In furtherance of that relationship we are providing a copy of our basis of design package for inclusion in your city staff report for the upcoming hearing we have recently learned of. An electronic version is available at <http://www.tlsoakland.com>

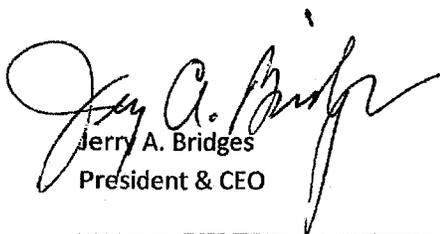
TLS entered into an Exclusive Negotiating Agreement with OBOT in April 2014 to lease, construct purpose built bulk facilities, and operate the same at the Berth 7 facility at the Former Oakland Army Base.

In November of 2014 we entered into a lease option agreement with OBOT with an anticipated lease take down effective October 17, 2015.

We have solicited a large number of beneficial cargo owners, traders, brokers for their business representing over 20 different commodities. Each is dependent on the class I Railroads ability to allocate rail capacity and service to meet the export demand. We have not executed any commodity contracts as of this date but have enough commitments far enough along to proceed as planned.

As one might expect this is a busy time for us as we conclude our due diligence, financing, and prepare to take of basis of design forward to working drawings for permits prerequisite to operations.

Sincerely,

  
Jerry A. Bridges  
President & CEO

**Terminal Logistics Solutions**  
300 Frank H Ogawa Plaza, Suite 430 • Oakland, CA 94612



July 15, 2015

The Honorable Mayor Libby Schaaf  
One Frank H. Ogawa Plaza  
3<sup>rd</sup> Floor  
Oakland, CA 94612

**Re: World Class Multi-Commodity Bulk Terminal**

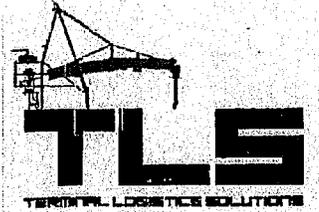
Dear Mayor Schaaf:

First, thank you for your time and for your forthright comments as you have expressed both your support for and your concerns about this potentially transformational project. Furthermore, thank you for providing us the opportunity to inform you, not only about the unique features (as measured against any terminal anywhere in the world), of our state-of-the-art multi-commodity bulk terminal facility, but about the misconceptions and disinformation that have apparently resulted in such opposition to what should be universally viewed as a win-win economic driver for our city.

You, other elected officials, and the citizens of Oakland at large have long awaited the promise of great economic benefits that would emanate from the optimized development of the Oakland Army Base. Terminal Logistics Solutions, LLC ("TLS") takes its role as the "Deliverer" on that promise, with the utmost seriousness.

To that end, TLS is in the process of investing over \$250 million to make those benefits a reality and to generate (i) a construction payroll of \$76 million, and (ii) annual and induced payrolls of \$120 million, for the proposed 66 year life of the project (escalated by inflation). Upon completion, the Port of Oakland will solidify its' position as the economic engine to drive Oakland's economy forward for decades to come. The mission statement of our project is "*A Terminal to Feed, Clean and Power the World*". We believe Oakland is the ideal location to build and operate such a best-in-class facility, and a huge driver in our design and operating strategy is to be the most environmentally sensitive and responsible multi-bulk commodity terminal in the world.

TLS proposes to build and operate its marine Terminal to receive multiple commodities from various parts of the Western United States via single line rail services provided by the Union Pacific and BNSF Railroads. To be economically viable, we must be able to transload raw materials such as corn, soy beans, borax, iron ore, pot ash, soda ash, and yes, coal. The first manifestation of our commitment toward unparalleled environmental responsibility is our mandate that these various commodities would be transported from their points of origin in newly designed covered railcars to our Terminal, and then transferred via a completely covered and contained system of domed storage and fully encapsulated conveyors to ships bound for other parts of the world. Our preeminent concern regarding the acceptance and handling of all commodities is the mitigation and elimination of fugitive dust such that ambient air quality would actually improve as a result of our operations, as further described below.

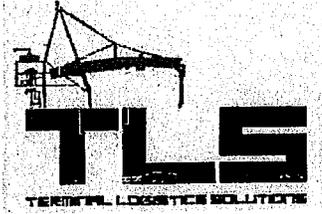


You candidly expressed your concern relating to the health and safety of the community vis-à-vis the inclusion of coal as one of our exported commodities. From the inception of this project, we have analyzed ports throughout the world, as well as here in West Oakland, where multiple commodities, including coal, may have been irresponsibly transported, handled and loaded. The awareness gained therefrom, regarding environmental stewardship (or the lack thereof), has actually served as a base line for our investment in designing our state-of-the-art marine Terminal and operation in a way that would actually improve the local environment and reflect our commitment to enhancing our community and the quality of life of all of its residents.

Having served as the Executive Director of the Port of Oakland, I want to express to you now, and to the entire City Council that I am personally committed and will hold myself and all TLS staff and operations to the highest possible standards of not only environmental responsibility but, overall safety, efficiency and productivity. Our steadfast commitment will be to benefit the entire community of Oakland without sacrifice.

I seek to assuage your concerns regarding any perceived or alleged negative impact of the TLS operations as follows:

- First, be assured that the Terminal we are designing and plan to operate will meet or exceed ALL California Environmental Quality Act (CEQA) requirements. We will comply with Air Quality Monitoring requirements as established by the Bay Area Air Quality Management District and air quality monitors will be on site.
- TLS will NOT use nor allow open or uncovered rail cars to be used as a part of its operation. All rail cars will be covered from point of origin to and from our Terminal, protecting all communities along the transit route from any possibility of fugitive dust. This will eliminate fugitive dust and debris blowing off the train as it travels to or from our Terminal.
- TLS will use covered bottom-release rail cars designed to release the commodities, including coal, into a deep underground transfer compartment with dust collection systems installed for total dust mitigation.
- TLS will employ enclosed and covered conveyance systems that will transfer all commodities to covered and enclosed state-of-the-art storage facilities on the site. The commodities will be transferred and conveyed from those storage facilities via an encapsulated system designed to transfer the commodities *directly* into waiting ships. All commodities will be loaded onto the vessel using enclosed, state-of-the-art shiploaders with dust control/collection technology.



- No unsightly piles whatsoever (much less “mountains”) of commodities will be seen; no bulldozers pushing, loading or unloading commodities from one site to another. We are designing and will use enclosed dome technology for storage of the commodities until actually transferred to a ship.
- TLS will use its reasonable commercial efforts to encourage other bulk commodity terminal operators to implement processes and procedures that mirror our operations here in Oakland.

Hopefully the above delineated commitments demonstrates the zero negative impact our operation would have on the local community, to your complete satisfaction.

Finally, regarding the notion of the City of Oakland as a transporter of a commodity that would “increase pollution and the global carbon footprint,” the coal TLS is considering would emanate principally from Utah with smaller amounts from neighboring Western Bituminous states and would be “Compliance Coal”. Compliance Coal is defined, pursuant to Phase II of the *Clean Air Act Amendments*, as “any coal that can be burned without pollution abatement equipment and emit less than 1.2 lbs. of sulfur dioxide per million BTU’s.” This product is also known as “low sulfur coal”. Because of the unusually high heat value and low sulfur content of this Western Bituminous coal, it is among the cleanest burning coals in the world.

Thus, to the extent TLS were to secure contracts to transload this Utah based Compliance Coal, we would actually facilitate the supplanting of much dirtier (higher sulfur) coal such as lignite, or worse in some instances, wood, animal dung, and highly polluting feedstock that is burned, particularly in emerging countries around the world. As such, ironically enough, the City of Oakland would not only play a role in reducing pollution in those countries, but because of the efficient and clean burn (high heat) of the Western Bituminous Compliance Coal, would also play a role in reducing the global carbon footprint.

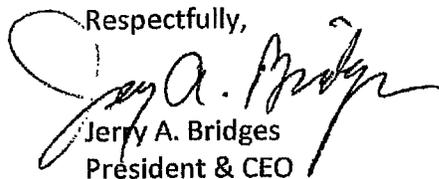
You have our absolute pledge to meeting each of the above enumerated operating standards, as they apply locally as well as globally. As designed, if allowed to operate without interference, the Terminal proposed by TLS will be financially successful generating significant revenues to be shared with the City of Oakland as a part of its master lease agreement terms. Jobs will be created and ancillary businesses, necessary to support such a massive undertaking as this Terminal will emerge and generate further economic benefits, growth and development for our city. This project can and will become the extraordinary economic engine for our community we both seek.

TLS is already making substantial investments of time, energy, and resources with a relentless sense of civic and corporate responsibility that will result in alliances with the local community to promote economic development and growth while improving the quality of life in Oakland and the communities in which we operate.



Technology, cooperation, and our commitment to do the right thing provides an opportunity for Terminal Logistics Solutions to deliver a project for Oakland that is truly innovative and a model for the nation. We view this project as an opportunity for you and the City of Oakland to be a leader and a model of how to use innovative technology, community programs and external partnerships to create solutions to environmental challenges. We are committed to designing a model project of which we can all be proud.

Respectfully,



Jerry A. Bridges  
President & CEO