

GATEWAY PACIFIC TERMINAL

Presented to: PNWER Annual Summit
Big Sky, MT - July 13, 2015



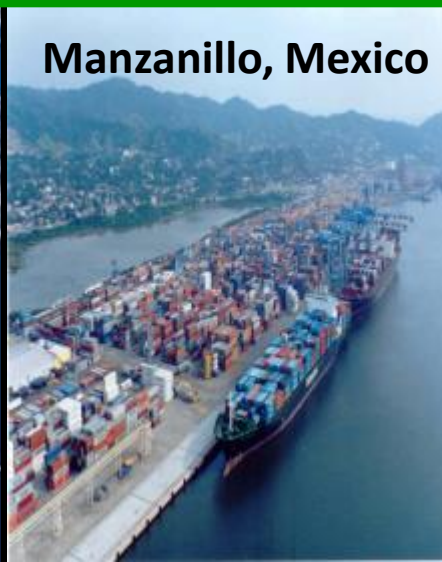
Joe Ritzman
Vice President
Business Development
SSA Marine

Planning to Cover....

- 1) SSA Marine Overview**
- 2) GPT Project Overview**
- 3) NEPA vs. SEPA EIS Scope**
- 4) Importance of Rail to WA State**
- 5) Recent Canadian Developments**
- 6) IEA Coal Demand Projections for Asia**
- 7) Public and Labor Support**

SSA Marine Overview

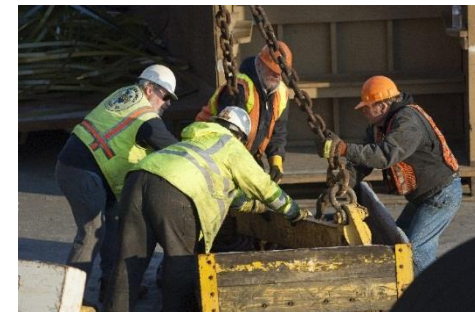
- Founded in Bellingham, WA in 1949; now a top 10 Global Terminal Operator (GTO)
- Largest marine/rail terminal operator in U.S. and Western Hemisphere
- 220 operations in 12 countries with over 13,000 employees
- Award-winning leader in environmental practices
- High-wage union employer



Value-Added Logistics & Supply Chain Services



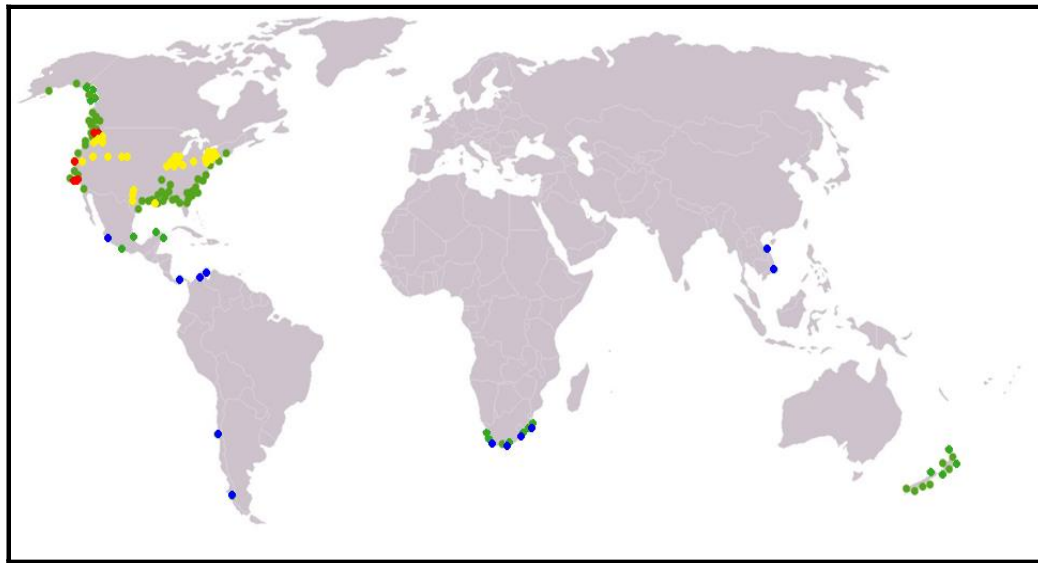
- Marine Terminal Operations
- Stevedoring
- Rail Yard Operations
- Project Management
- Equipment Procurement
- Arrange Financing
- Information Systems Design & Installation
- Trucking & Warehousing
- Marketing Support
- Personnel Training
- Port Security



SSA Marine - Business Overview

World's largest privately-held terminal operator

- 13.0 million marine TEUs in 2014
 - 3.7 million TEUs at 7 U.S. terminals
 - 4.5 million TEUs at 6 international terminals
 - 4.8 million TEUs thru port-operated terminals
- 9.3 million TEUs in rail operations



U.S. West Coast Container Ops ●
International Container Ops ●

Conventional Ops ●
Rail Ops ●

Operations in 9 foreign countries since:

- New Zealand 1993
- South Africa 1993
- Mexico 1995
- Panama 1995
- Chile 2000
- Costa Rica 2000
- Canada 2005
- Vietnam 2006
- Colombia 2007



GPT Overview

Gateway Pacific Terminal

The Northern Tier Export Initiative

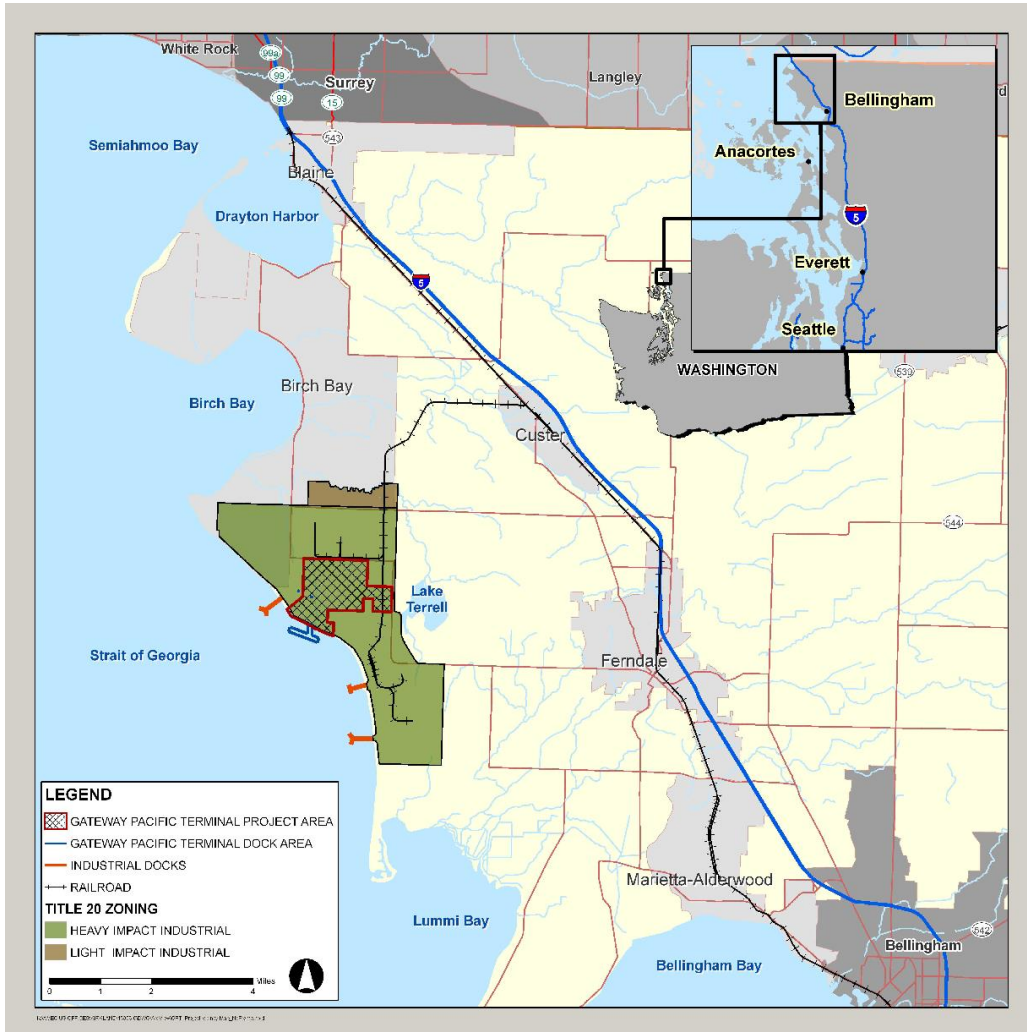


- Transportation is 75% of product cost
- Most efficient modes: rail and large vessels
- Capesize vessels are most cost and carbon-efficient—can save U.S. exporters 50% of vessel costs
- U.S. dry bulk exports are extremely transportation costs sensitive
- GPT will support over 40,000 jobs throughout N. Tier

“Every billion dollars worth of exports generates 8,500 US jobs”

- Floyd Gaibler – Director of Trade Policy for US Grains Council

Gateway Pacific Terminal



Key Site Features

- 7,000 acres zoned heavy industry, GPT has 1,500 acres
- Natural 65 - 80' Draft – No dredging necessary;
- Rail Service: BNSF at site boundary;
- Construct three (3) berths in 3000' x 105' footprint;
- Construct 1250' x 50' access trestle.

GATEWAY PACIFIC TERMINAL

AT-A-GLANCE



ONE in FOUR JOBS in the **PACIFIC NORTH WEST** ¹ **DIRECTLY** tied to **IMPORTS & EXPORTS**



of WASHINGTON VOTERS SUPPORT the Proposal to Expand Export Terminals in the PNW ²

5,680
TOTAL JOBS

Represents direct & indirect jobs

CONSTRUCTION
4,430 JOBS

ONGOING
1,250 JOBS

\$600-700 MILLION
GATEWAY'S INVESTMENT
IN CONSTRUCTION



\$1.8 BILLION
GATEWAY would add to local economy (construction + first 10 years of operations)

CONSTRUCTION WILL GENERATE
\$92 MILLION
STATE & LOCAL TAX REVENUE

ONGOING SITE OPERATIONS WILL GENERATE (annually)
\$11 MILLION
STATE & LOCAL TAX REVENUE

GATEWAY PACIFIC TERMINAL*
PROJECT ENDORSED BY



LABOR



BUSINESS



LOCAL COMMUNITY



ELECTED OFFICIALS

ZERO TAX SUBSIDIES
100%
funded by PRIVATE INVESTMENT

\$140 MILLION
ECONOMIC ACTIVITY GENERATED by **GATEWAY PACIFIC TERMINAL** annually in NW WASHINGTON

\$1.4 Potential TAX MILLION SAVINGS for **TAXPAYERS** in **FERDALE SCHOOL DISTRICT**
\$809,000 POTENTIAL TAX SAVINGS for **TAXPAYERS** in **BLAINE SCHOOL DISTRICT** (annually) (annually)

75% of the **1,500 ACRE SITE** to remain **NATURAL BUFFER**

Unless otherwise cited, data sourced from Economic Impact Studies prepared for Gateway Pacific Terminal. 1. Washington Council on International Trade 2. Elway Research, July 2013 *For a full list of supporters, please visit: <http://gatewaypacificterminal.com/support>

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Gateway Pacific Terminal (GPT) is proposed by SSA Marine. Now based in Seattle, SSA Marine was founded in Whatcom County as Bellingham Stevedoring Company and has been a part of the community for decades.



NEPA vs. SEPA EIS Scope

Federal vs. State EIS Scopes

NEPA EIS Scope:

- NEPA scope for the EIS analysis is confined primarily to the project site
- Corp statement on scope:

“When considered in accordance with the laws and regulations discussed above, many of the activities of concern to the public, such as rail traffic, coal mining, shipping coal outside of U.S. territory, and the ultimate burning of coal overseas, are outside NEPA and the Corps' control and responsibility for the permit applications related to the proposed project”.

SEPA Expanded EIS Scope:

- Indirect rail impacts from mine to terminal
- Vessel traffic beyond Washington State waters
- GHG emissions from mine to plant, including end-use of exported product overseas

Conclusion & Result: *WA state's unprecedented EIS scope led to USACE to split from the Co-Lead arrangement*

Support from Montana & North Dakota



Montana AG Tim Fox



North Dakota AG Wayne Stenehjem

Attorney General Fox (MT) and Wayne Stenehjem (ND) have urged regulators in Washington state to avoid overreach when evaluating the Cherry Point and Longview terminal proposals as doing so:

- Burdens or prevents interstate commerce in violation of the commerce clause of the U.S. Constitution
- Is preempted by Congress' exclusive prerogative to regulate in the area of extraterritorial regulation of air pollutants.
- Unconstitutionally usurps the prerogatives of the federal government with respect to international commerce and foreign policy.
- Is outside the scope of the Washington state's authority under the U.S. Constitution and Washington law.
- Is unrealistically broad
- Includes speculative and indirect impacts.
- Requires impossible assessments of foreign environmental impacts.
- Appears to have been designed to hinder development of any coal export terminals



Importance of Rail to WA State

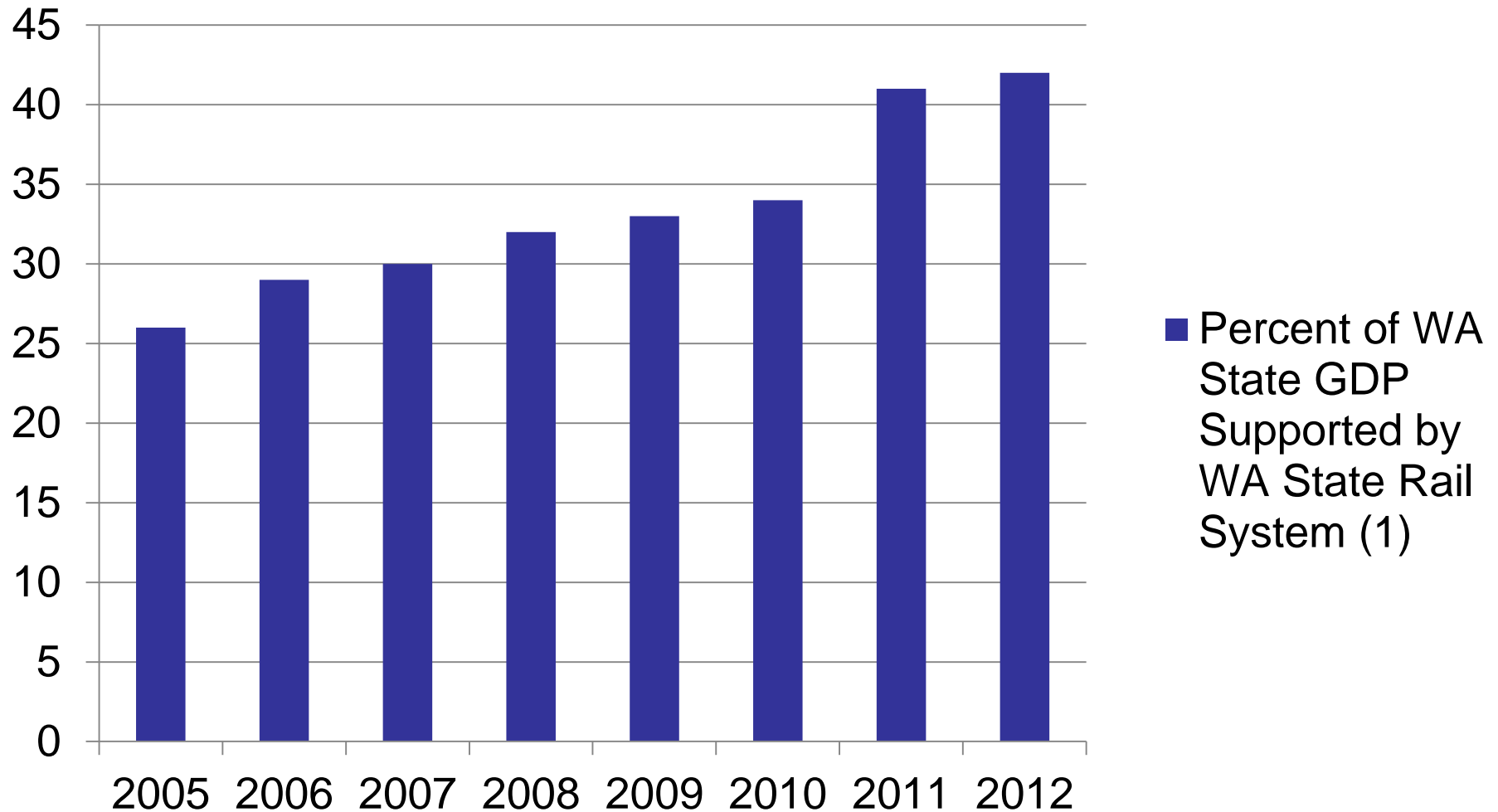
Rail's Impact in WA State

- WA state's freight railroads are a vital mode of transportation that supports Washington's freight intensive industries, such as manufacturing, construction, agriculture, forest products, and wholesale and retail trade.
- These industries employ more than 1.2 million people, or 40 percent of the WA state's total employment.
- In terms of contribution to the Gross Domestic Product (GDP), freight intensive industries provided about 42 percent of the state's total GDP in 2012, or about \$106 billion.

(1) Washington State Rail Plan, August 2013



Trends in Rail Contribution to WA GDP



(1) Washington State Rail Plan & Association of American Railroads





Canadian Developments

Expansions of Coal Export Capacity

FACTS:

- Four existing terminals in B.C. have announced expansions, representing approximately 30 million mt/yr of new capacity;
- On August 8, 2014 Cloud Peak Energy announced it paid \$37 million for the capacity rights to an additional 2 million mt/yr of export capacity at Westshore;

“Despite current low international benchmark thermal prices we wanted to take this rare opportunity to increase our terminal capacity so we can grow our exports to South Korea, Japan, Taiwan” – CEO Cloud Peak Energy

- On August 21, 2014 Port Metro Vancouver announced permit approval for a 4 million mt/yr coal transfer facility on the Fraser River.

“Through our comprehensive project review process, stakeholder consultation, as well as third-party validated environmental and health studies, it was determined there are no unacceptable risks and the project could be permitted.” – Port Metro Vancouver



Asian Demand

Asian Demand

- 2013 total demand in Asia for coal was approximately 5 billion mt/yr;
- Asia's coal imports projected to increase from 814 million mt/yr in 2011 to 1,356 million tons in 2040;
- China's seaborne coal imports double in the projection, from approximately 200 million mt/yr in 2011 to 400 million tons in 2040;
- India, like China, has been increasing its coal imports in recent years. In the 2013 “Reference Case”, India's coal imports increase from 140 million mt/yr in 2011 to more than 300 million mt/yr in 2040.

Source: *International Energy Agency (IEA)* - <http://www.iea.org/>

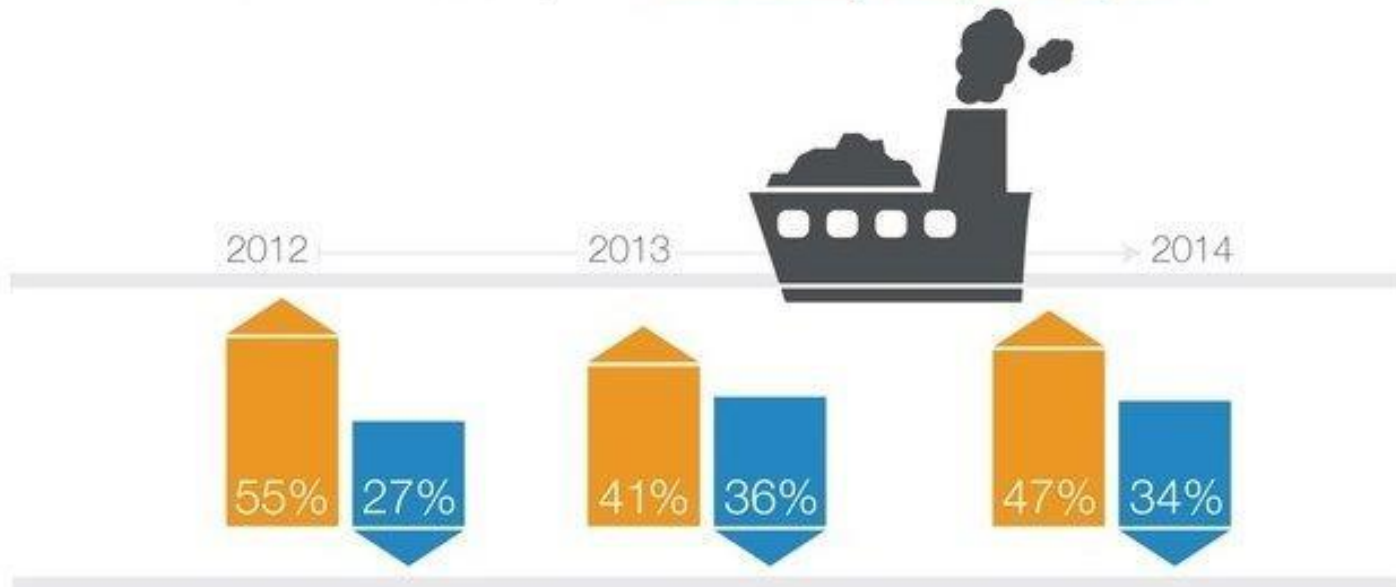


Public and Labor Support

PNW Coal Export Support

COAL EXPORTS

Overall **support and opposition** for transporting coal through the Pacific Northwest and exporting it to other countries from ports has **remained steady for the past three years.**



1,200 people polled in Oregon, Washington and Idaho. Davis, Hibbits & Midghall (2014)

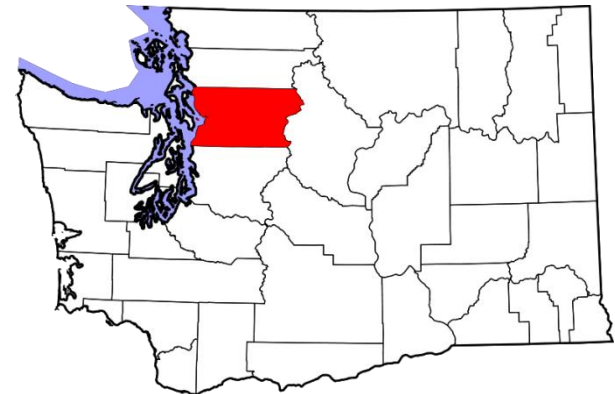
A new DHM Research survey of Northwest residents finds that support for coal exports through the Northwest is up from where it was last year, when the issue was the subject of public debate and news coverage.

credit: Heidi Nielsen/GoodWorks

Washington State Labor Support



- Pierce County Central Labor Council
- Snohomish County Central Labor Council
- Southwest WA Central Labor Council
- Northwest WA Central Labor Council
- Northwest WA Building Trades
- Seattle / King County Building Trades



Support from Labor in MT, ID & WY



- THEREFORE BE IT RESOLVED the Montana State AFL-CIO commits to public support of the Gateway Pacific Terminal Project.

Adopted by unanimous decision of the Executive Board of the Montana State AFL-CIO on March 19, 2014



- THEREFORE BE IT RESOLVED the Idaho State AFL-CIO commits to public support of the Gateway Pacific Terminal Project.

Adopted by unanimous decision of the Executive Board of the Idaho State AFL-CIO on April 22, 2014.



- RESOLVED, that the 51st Constitutional Convention of the Wyoming State AFL-CIO commits to public support of the Gateway Pacific Terminal Project.

Adopted by unanimous decision of the Executive Board, Wyoming State AFL-CIO on September 14, 2014