

UIPA Authority Infrastructure Bank Loan Approval Committee

DRAFT MEETING MINUTES

Utah Inland Port Authority Board Meeting Minutes
Tuesday, December 17, 2024 - 1:00 pm
Utah State Capitol, Room 445
350 State Street, Salt Lake City, UT 84103

Committee Members Present in Person: Steven Allred, Daniel Royal, Kirt Slaugh

Committee Members Present Electronically: Duncan Evans

UIPA Staff: Ben Hart, Ariane Gibson, Larry Shepherd, Dain Maher, Allen Evans, Lynne Mayer

Others in Attendance: Armando Tirado, Andy Pierucci, Mike Miller, Phillip Hoskins, Jared Larabee

1. **Welcome**

AIB Loan Approval Committee Chair, Steven Allred, welcomed the committee members, staff and public to this loan approval committee meeting.

2. **Approval of Minutes, April 16, 2024 AIB Loan Approval Committee Meeting**

Committee member Royal moved to approve the minutes from the April 16, 2024 committee meeting. Committee member Slaugh seconded the motion. The motion was approved unanimously.

3. **Presentation: Consideration of Loan Application, Savage Tooele Rail**

Ariane Gibson, UIPA Chief Financial Officer, presented the loan application before the committee. The loan is to Savage for rail expansion in Tooele County. The loan terms are \$10 million for 10 years at 3.45% interest rate. Repayment will be from company funds. The funds will be used specifically to revive Union Pacific's abandoned 6-mile Warner Branch, build 5 miles of new track, and will connect the Lakeview multi-modal business park to Class 1 rail lines and transload facility in nearby Burmester, Utah.

Ariane spoke to the loan application's selection and evaluation criteria. Providing rail access in a rural project area is a key mission of the UIPA. Savage is a well-known operator in Utah. Internal underwriting included a review of company credit history, likelihood of continued viability, project income sufficient to cover loan payment, company longevity, and company ability to leverage private funds to complete the project. The company is pledging no collateral for the loan.

The committee discussed the preference for collateral for all loans. UIPA Executive Director, Ben Hart, agreed to seek collateral for future loans.

Savage representative Jared Larabee, provided background on the project and the loan. He said the company is seeking the loan without collateral due to its complex financing and covenants across U.S. and international projects that make it difficult to pledge collateral for this kind of project. He stressed the company's other partnerships with the state and the importance of repayment to continuing those partnerships. Andy Pierucci added that the \$10 million borrowed will be added to \$15 million in company capital to complete the project. He noted the value of AIB loans for Savage where other state economic development tools and financing don't fit for a rail operator.

Armando Tirado reported on the other Tooele project for which Savage received an earlier AIB loan. That expansion project is nearing completion and ahead of schedule.

Committee member Slaugh requested that the company provide a letter confirming that none of the assets for this project are committed as collateral to another debt holder. The company agreed to do that.

Committee Chair Allred asked about the differences between the two Savage projects in Tooele.

Armando Tirado explained that the previous project was a transload facility handling multiple commodities, some hazardous materials, fuels, etc. where the product arrives via rail and is transferred to trucks for last-mile transportation. The new project will enable rail-served industrial facilities directly, with the rail cars arriving directly into customer's facilities.

The company responded to questions about hazardous freight and insurance, local community support, potential customers, jobs created by the project, and the necessity of the loan to the timing of moving the project forward. There are no conflicts of interest or economic ties between this project and members of the UIPA board or staff. They discussed environmental considerations in construction tied to the federal permitting and expected completion in Q1 of 2026.

Savage Tooele Rail

Committee member Slaugh moved that the Loan Approval Committee recommends that the Utah Inland Port Authority approve an infrastructure loan from the inland port authority revolving loan fund of \$10 million to Savage Tooele Rail with terms of the loan being 10 years at 3.45 percent interest rate, payable in 10 annual payments.

Committee member Royal seconded the motion.

A roll call vote was taken.

Steven Allred - Yes

Duncan Evans - Yes

Daniel Royal - Yes

Kirt Slaugh - Yes

4. Adjourn

Committee Chair Allred adjourned the meeting.

Committee Chair, Steven Allred