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Port of Coos Bay Objectives – Expression of Interest

Several companies have approached the Oregon International Port of Coos Bay with requests for possible development of a bulk facility within the Port’s jurisdiction. In order to streamline the process, the Port asked the various parties to express their plans in an “Expression of Interest.” The objectives of the process are;

1. Project must fit into the overall Port strategy and master plan
2. Project must support the ongoing Channel 203 process
3. Project must facilitate ongoing efforts to create bulk facility in Coos Bay
4. To select the right partner for an exclusive discussion with the Port
5. To focus Port resources on one project



EOI Criteria

To enable the Port to compare the various responses, the proponents were asked to formulate their plans in accordance with various criteria as outlined by the Port.

EOI Criteria
<p>1. Experience The experience of the company (and its affiliates) in the development, construction and operation of similar facilities in the United States and abroad.</p>
<p>2. Environment The company's environmental record and use of environmental best management practices related to the design, construction and operation of similar facilities in the United States or abroad.</p>
<p>3. Financial strength of the Company and its investors What is the financial size of the company, value of this project compared to the company's equity?</p>
<p>4. Throughput The annual anticipated quantities and types of commodities that would be exported through the facility, including associated rail traffic and vessel movements, projected over 5, 10, and 20-year business cycles.</p>
<p>5. Project Understanding The company's current level of understanding regarding the permitting, development and operational needs of the proposed facility.</p>

EOI Criteria

EOI Criteria

6. Port of Coos Bay Involvement

The company's anticipated need for the Port or a third party to finance or otherwise be directly involved in the permitting, development and/or operation of the proposed facility.

7. Infrastructure Commitments

The company's anticipated commitment to upgrading the utility and transportation infrastructure necessary to serve the proposed facility.

8. Infrastructure Financing

The company's need for the Port or a third party to invest in upgrading the utility and transportation infrastructure necessary to serve the proposed facility.

9. Port Due Diligence cost

The Port's anticipated cost of conducting its due diligence investigation of the company and its proposed facilities.

10. Company proposed timeline

The company's anticipated process and timeline for conducting its due diligence investigation, permitting, construction and commencing operations.

11. Exclusive Negotiating Agreement (ENA) terms

The proposed term and area, relative to the financial consideration offered, for the ENA.

Scoring of each criteria

The received input from the proponents for each criteria was scored on a scale of 0 to 5. For each criteria, a scale was defined as shown below;

Criteria	Score = 0	Score = 5
1.Experience	No experience	In-house experience in several similar projects
2. Environment	No experience	In-house experience in several similar projects
3. Financial strength	No available information	Strong financial performance, balance sheet. Project estimated investment will not materially impact its risk profile.
4. Throughput	No volume indication or unrealistically low or high volume projections or guarantees	Maximum volume throughput, based on shown market knowledge. Limitations on the current rail capacity should be taken into account.
5. Project Understanding	No experience in developing similar projects	In-house experience (see 1), including permitting, environment and realistic timeframes.

Scoring of each criteria

Item	Score = 0	Score = 5
6. Port involvement	Significant project financing and project management expected from the Port.	No financial assistance needed from the Port or involvement during the permitting, construction and operational phases.
7. Infrastructure commitment	Port is requested to provide the required infrastructure connecting the facility.	No involvement required from the Port (including the connecting railways), all to be handled by the Project company and railroads directly.
8. Infrastructure finance	Port is requested to finance the connecting infrastructure.	No involvement required from the Port (including the connecting railways). All to be handled by the project company and railroads directly.
9. Port Due Diligence	No readily available information regarding project proponents, or extensive background investigation of proponents is required.	Significant information regarding project proponent is readily available and easily verifiable.
10 Timeline	No timeline given.	An aggressive, but realistic time estimate is given for the various phases of the Project.
11. ENA terms	No terms indicated.	High monetary guarantee during the process towards the Port with targeted timeframe. Penalties if non-performance.

Weighing of each Criteria

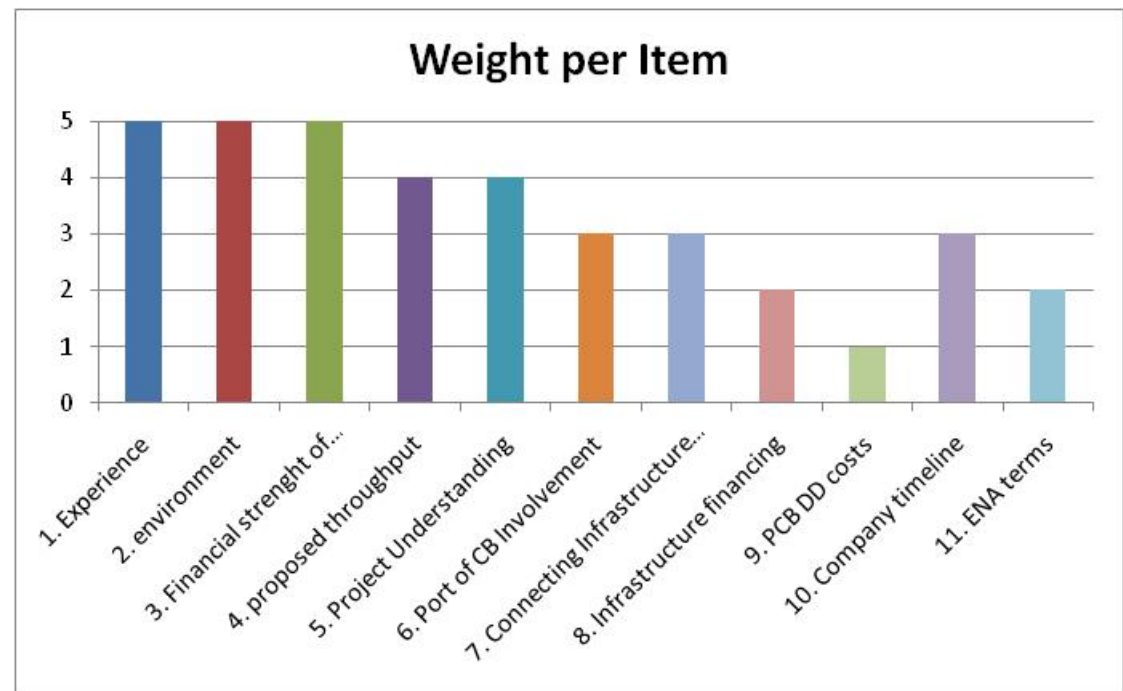
Not every defined criteria is equally important to the Port :

- The most important criteria have a large influence on the process and are deemed crucial in the process. They are allocated a weight factor of 5. The least important criteria are allocated a weight factor of 1.
- The most important criteria were defined as Experience, Environment and Financial strength of the proponent. These received a weight factor of 5.

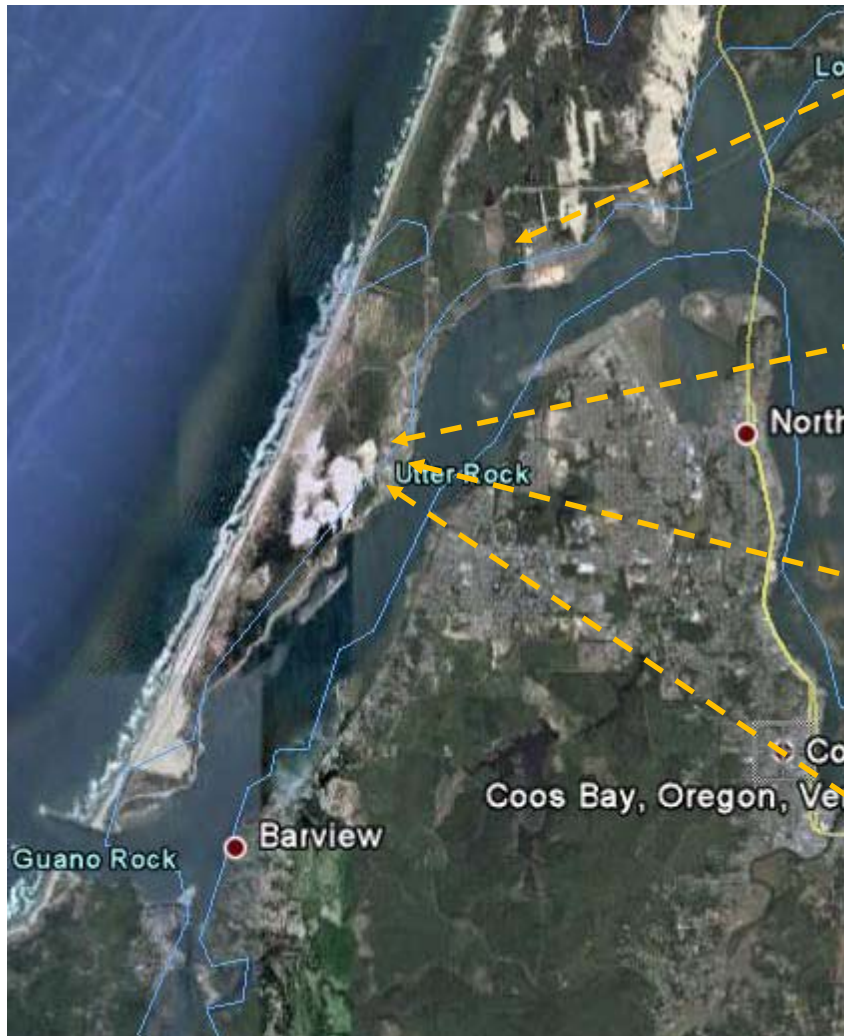
The total score of the project proposals is obtained by adding the points for each criteria.

The points for a specific criteria are the result of the individual score, multiplied by the given weight.

For example – if the score on Experience is 4, the points achieved is $4 \times 5 = 20$



Facility & Location Proposals



Project Versatile

- 50-100 acres, Henderson Marsh
- 12 million metric ton (MT)
- multi purpose (initially coal)

Project Mainstay

- 80 acres, North Spit
- 6 – 10 million MT
- thermal coal

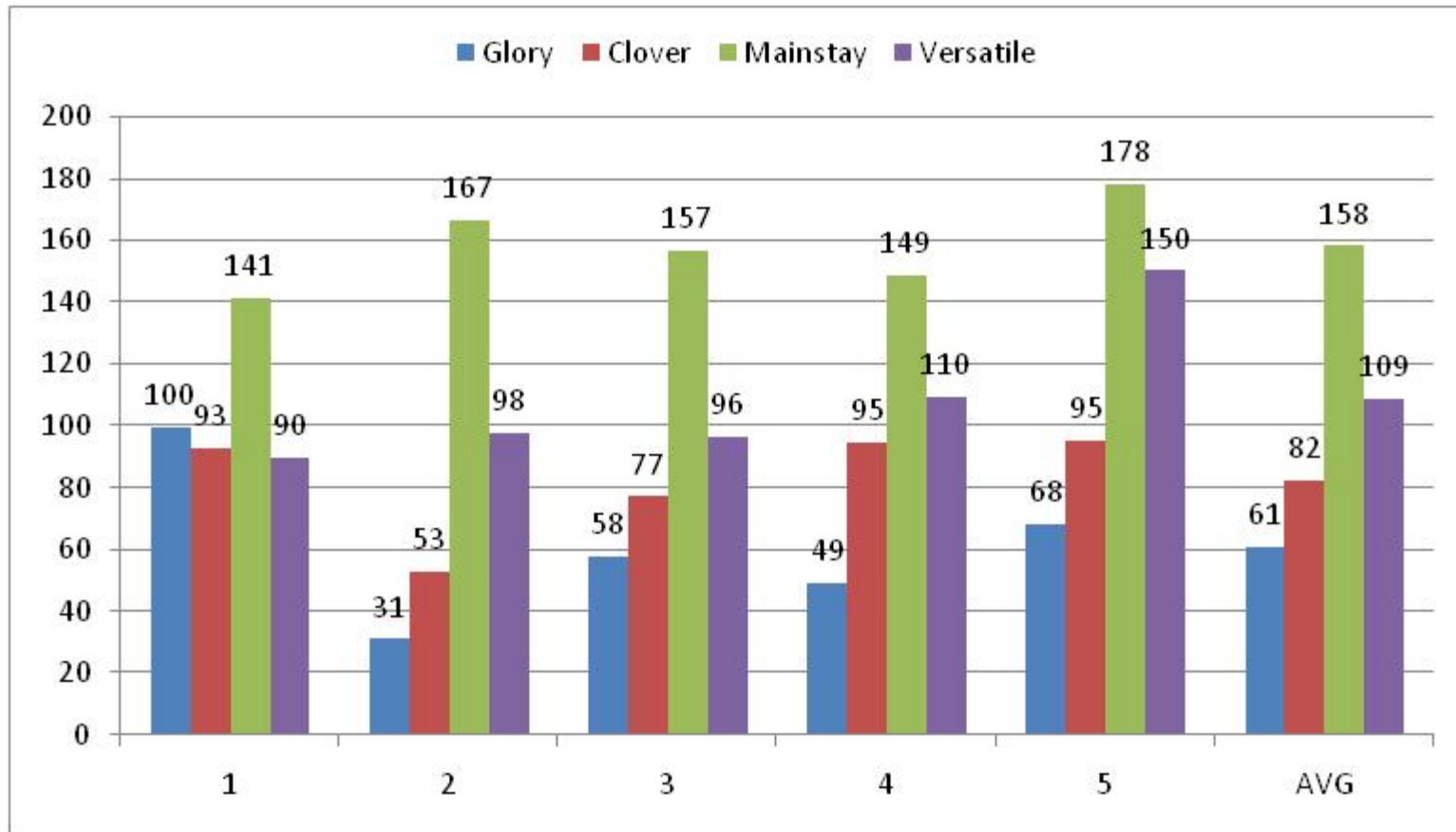
Project Clover

- 40-60 acres, flexible location
- 100 – 150,000 MT
- zinc/chrome

Project Glory

- 200 acres, North Spit
- 26 million MT
- coal

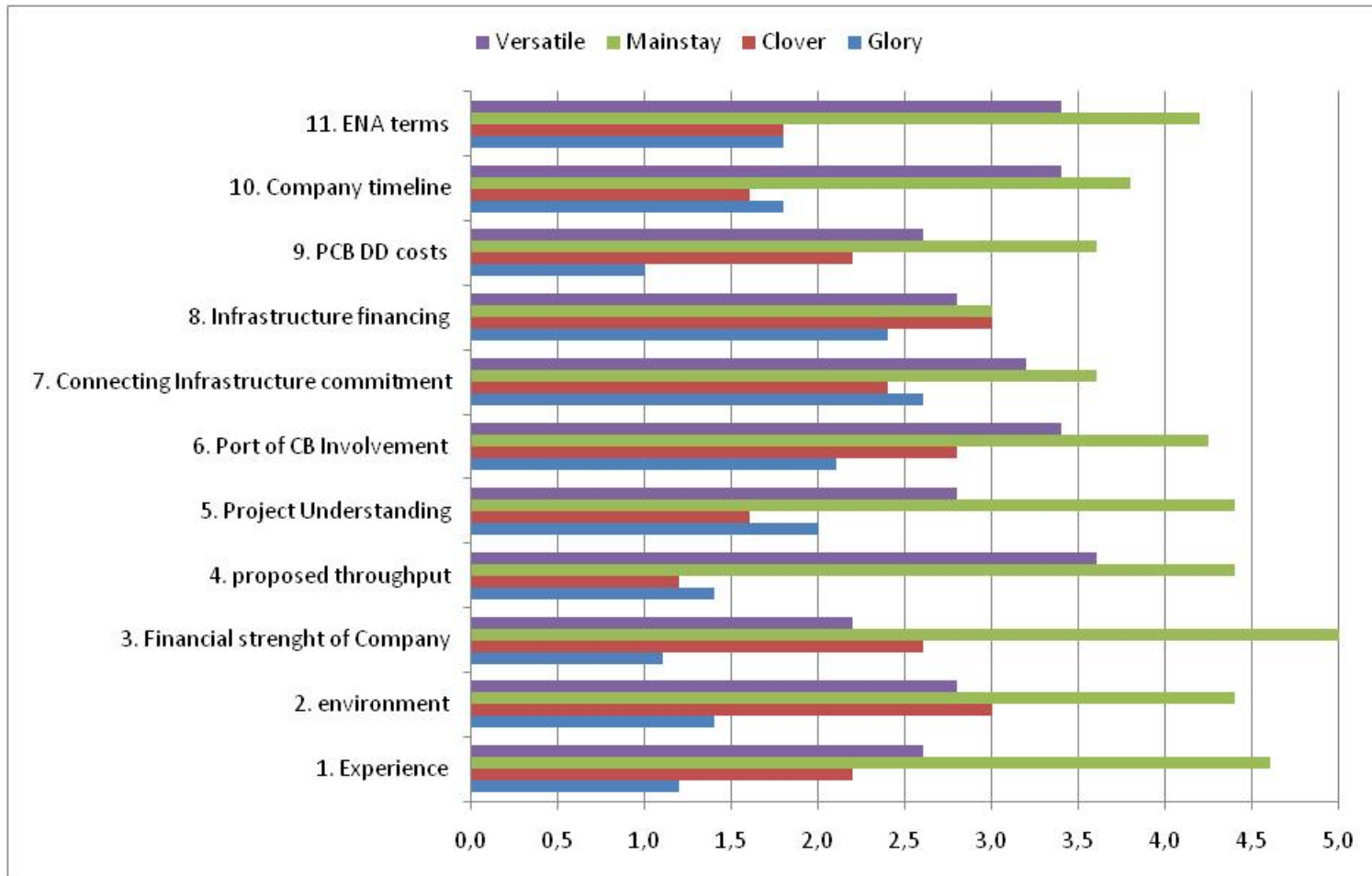
Total scores per Committee Member



Total project scores per committee member (numbered 1-5 and average).

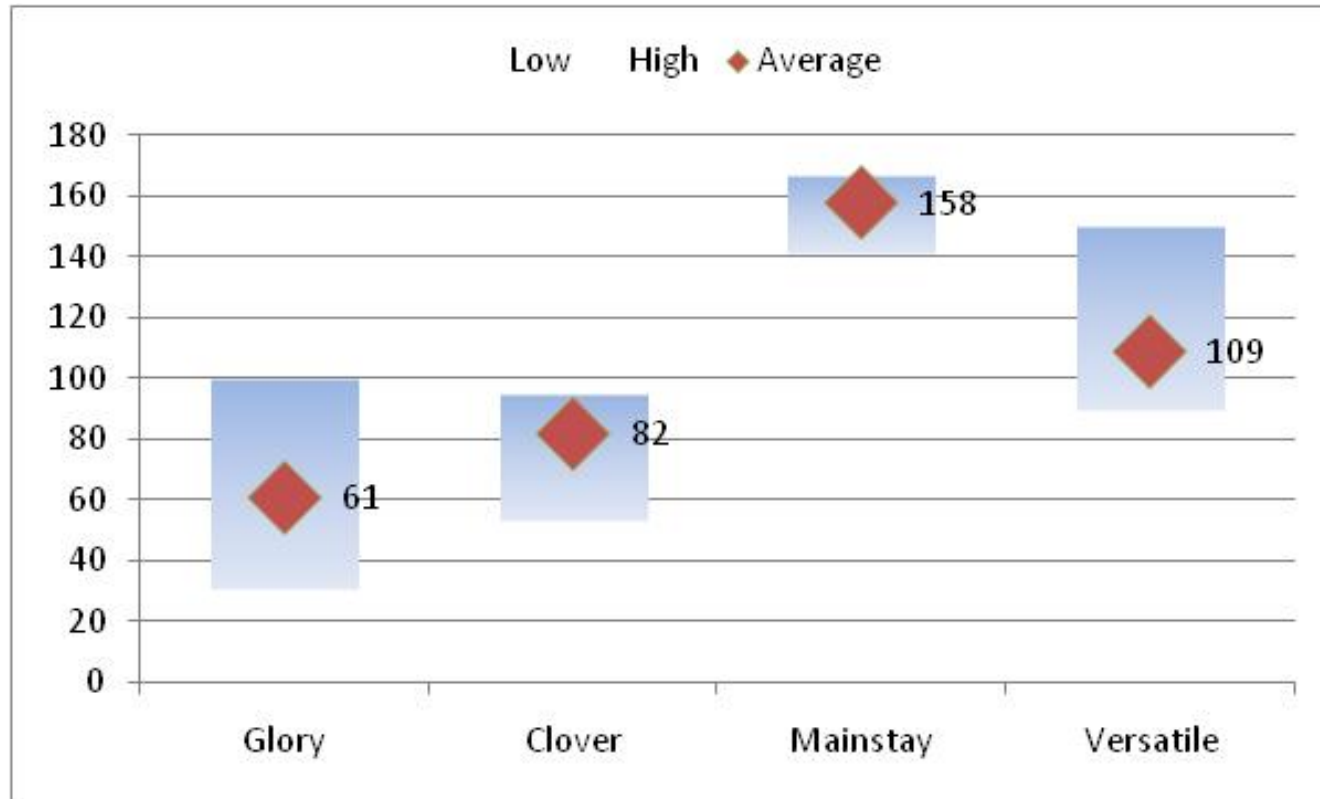
- Clear preference for Mainstay project by all scoring members.
- In 4 out of 5 scores Versatile is the runner-up project.

Average Score per Criteria



Averaging all scores by each member for each criteria individually, the Project Mainstay proposal ranks 1st in all of them.

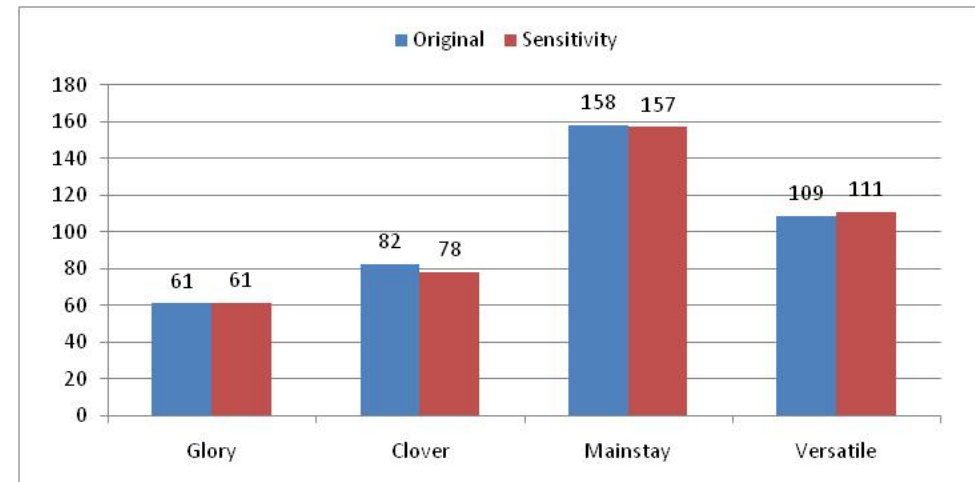
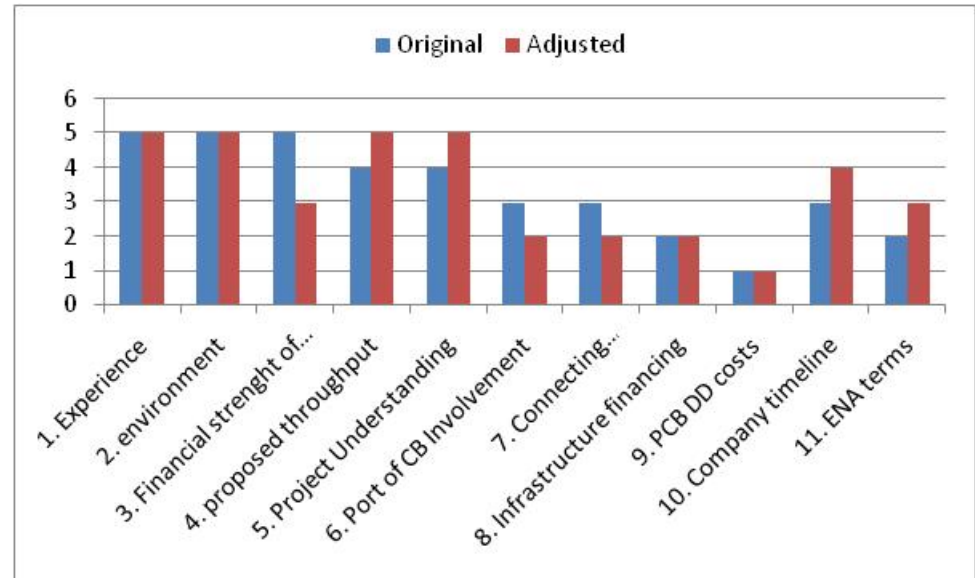
Total scoring range & average per Project



- Project Mainstay has the highest average and smallest scoring range.
- Project Versatile ranks second, but has a wide spread in scoring range.
- Project Clover has a small scoring spread, but does not qualify for the breakbulk project. Other opportunities can be pursued (see next steps).
- Project Glory has the lowest score and also a very wide scoring range.

Ranking Review - Sensitivity

- A quick sensitivity analysis was done by applying different weights on the average scoring of the total scoring committee,
 - **less weight** on the criteria:
 - financial strength of the company,
 - the Port's involvement and the connecting infrastructure
 - **more weight** on the criteria:
 - throughput, project understanding, project timeline and proposed ENA terms
- Although there is a slight change in the total score for each project, the ranking is not affected.



Exclusive Negotiating Agreement

By entering into an “Exclusive Negotiating Agreement” with a preferred proponent the Port aims to:

- Focus resources on the most suitable, long-term partner for the Oregon International Port of Coos Bay.
- Limit time period for discussions.
- Drive both parties to a conclusion.
- Obtain an agreement on
 - Financial terms – sale of property or lease
 - Timeframe for development and permitting
 - Design and development aims
 - Target date for start of operations
 - Reasonable guarantees (both financially as well as volumes)