

MAINE DEPARTMENT OF TRANSPORTATION
MAINE WOODS TO WATER RAIL CONNECTION PROJECT
CONSOLIDATED RAIL INFRASTRUCTURE AND SAFETY
IMPROVEMENTS (CRISI) 2022

**ATTACHMENT 12
MATCH COMMITMENT
LETTERS**



STATE OF MAINE
DEPARTMENT OF TRANSPORTATION
16 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0016

Janet T. Mills
GOVERNOR

Bruce A. Van Note
COMMISSIONER

November 28, 2022

The Honorable Amit Bose
Administrator, Federal Railroad Administration
1200 New Jersey Avenue, SE
Washington, DC 20590

RE: ASSURANCE OF MATCHING FUNDS

Dear Administrator Bose:

This letter serves as evidence of assurance by the State of Maine Department of Transportation (MaineDOT) that matching funds for the CRISI Project "*Maine Woods to Water Rail Connection Project*" submitted by the MaineDOT are committed and will be provided.

MaineDOT's direct matching share is \$120,000 and MaineDOT has written commitments from the Private Project partners for all remaining matching funds.

Sincerely,

A handwritten signature in blue ink, appearing to read "N E Moulton", followed by a horizontal line.

Nathan E. Moulton
Director, Office of Freight and Passenger Services



The Honorable Amit Bose
Administrator, Federal Railroad Administration
1200 New Jersey Avenue, SE
Washington, DC 20590

November 22, 2022

RE: MaineDOT – Maine Woods to Water Rail Connection Project

Dear Administrator Bose,

Reference is made to the application by the Maine Department of Transportation's ("MaineDOT") *Maine Woods to Water Rail Connection Project* ("Project") application under the Federal Railroad Administration ("FRA") 2022 Consolidated Rail Infrastructure and Safety Improvements (the "CRISI Program").

Under the applicable notice of funding opportunity ("NOFO") for CRISI, MaineDOT is required to document the availability of "matching funds" as described in Section C.2 Cost Sharing or Matching.

Highland Carbon Solutions LLC ("HCS"), hereby provides this letter as such documentation for MaineDOT's Application. HCS has recently entered into a joint development agreement with Our Katahdin to develop a sustainable forest products campus at the One North site (the "FPC"), formerly home of Great Northern Paper Company, in Millinocket, Maine and reserve 200 acres of land in the FPC for the development of a wood pellet production facility. The wood pellet production facility will be similar to the existing facility in Pine Bluff, Arkansas owned by Highland Pellets, LLC (HCS's affiliate under common control) that employs over 100 people and indirectly supports an additional 300 timber related jobs in Arkansas.

We look forward to the opportunity to collaborate with MaineDOT and its railroad partners to bring similar prosperity to the State of Maine.

A core requirement to make the wood pellet facility a reality is restoring rail infrastructure to the One North site and making additional rail improvements between Millinocket and Searsport. Without this critical infrastructure, HCS simply cannot operate the wood pellet mill. The CRISI application has been modeled with our needs in mind, specifically with a double-loop track in the greenfield. In addition, restoring rail access to the brownfield provides multiple opportunities for co-location of other sustainable forest products industries at One North.

MaineDOT is seeking **\$30,174,145** in 2022 CRISI grant funding, matched by **\$6,034,869** in private, state and other Federal funding.

HCS hereby commits to fund (directly or procure funding through an affiliate, including without limitation, Highland Pellets, LLC) an amount equal to **\$6,034,869 (six million thirty-four thousand eight hundred sixty-nine US dollars)** in matching funds (such amount, the "Committed Amount") to support the project as described in the Application (the "Project") for the period of the performance of the Project.

The Committed Amount will be available for the Project after the Grant Funding has been awarded and will not be conditioned, restricted, or encumbered in any way that may preclude the use of the Committed Amount consistent with the requirements 2022 Federal Railroad Administration CRISI Program.



If the Application is not selected on or before **December 31, 2023**, to receive Grant Funding, this commitment letter shall expire and Highland Carbon Solutions LLC shall have no further obligations in respect of providing the Committed Amount, unless otherwise agreed in writing by Highland Carbon Solutions LLC.

We are proud to support the rebirth of forest products manufacturing the Katahdin region and improvements to freight logistics in collaboration with MaineDOT's railroad partners from the North Maine Woods to the Atlantic in Searsport.

Please do not hesitate to contact us with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas Reilley", with a stylized, wavy line for the last name.

Thomas Reilley
Managing Member, Highland Carbon Solutions LLC

November 22, 2022

Maine Department of Transportation
Mr. Nathan Moulton
Director, Office of Freight and Passenger Services (OFPS)
35 Flagstaff Road
Orono, Maine
04469

Dear Mr. Moulton:

As part of the 2022 Maine Woods to Water Rail Connection Project CRISI grant, Eastern Maine Railway commits to contribute \$1,205,272 for the track construction within the Millinocket Yard and reinstallation of the Packard Siding.

Regards,

A handwritten signature in black ink, appearing to read "Ian Simpson", with a stylized flourish extending to the right.

Ian Simpson
General Manager
Eastern Maine Railway



Jeff Edwards
AVP Market Strategy & Demand Management
T (403) 319-6608
E jeff_edwards@cpr.ca

7550 Ogden Dale Road SE
Calgary Alberta
Canada T2C 4X9

November 24, 2022

Maine Department of Transportation
24 Child Street, Augusta, ME, 04330

Attention: Mr. Nathan Moulton, Director, Office of Freight and Passenger Services

Subject: Brownville to Searsport Rail Upgrades

Mr. Moulton,

CP is appreciative of the opportunity to participate in the Consolidated Rail Infrastructure Safety Improvement (**CRISI**) grant application the Maine Department of Transportation is preparing and advancing with the US Department of Transportation. CP is open to participating in the proposed rail infrastructure project between Brownville and Searsport, ME, based on certain criteria as I will outline.

We've developed the following scope of work and cost estimate based on the preliminary information available at this early stage in the project. Further, as the underlying Highland freight volumes are expected to come online in early 2026, operating conditions may change between now and then. It is therefore imperative that the project scope remain flexible to adapt to such changes. Specifically, it may be necessary to increase, decrease, or reallocate scope between the three scope items listed below, which is to be considered at CP's discretion.

To balance capital and operating costs, CP anticipates freight moving in 60-car blocks and has developed infrastructure requirements based on that. As MNR has indicated they intend to move in 30-car blocks, the project will require track infrastructure for interchanging cars with the MNR. These tracks are to be located on MNR's network near Brownville, ME. The cost for this infrastructure is excluded from the CP scope.

- Brownville Interchange: *(to be located on MNR property, no CP contribution considered)*
- Bangor Subdivision Improvements: \$8.1M
- Searsport Yard Expansion and Improvements: \$11.9M

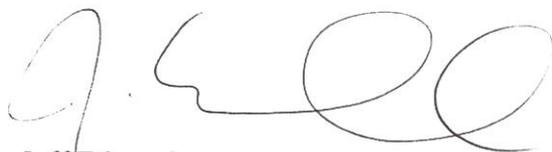
- **Total (Excludes Interchange Track): \$20.0M**
- **Requested CRISI Funding: \$16.0M (80%)**
- **CP Contribution: \$4.0M**

CP's willingness to make this contribution is dependent on sufficient committed freight revenue from Highland Pellets LLC, which is presently in negotiation.

Thank you again for the opportunity to participate in the funding application for this exciting opportunity, we look forward to working with you further.

Respectfully,

CANADIAN PACIFIC RAILWAY COMPANY

A handwritten signature in black ink, appearing to read 'J. Edwards', with a stylized flourish at the end.

Jeff Edwards

AVP Market Strategy & Demand Management