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TUESDAY, OCTOBER 27, 2015

### Utah Attorney General Could Kill Plans for Oakland Coal Terminal

By Darwin BondGraham

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The Utah Attorney General is considering whether a \$53 million public loan to finance construction of a private coal export terminal in Oakland is legal, the *Express* has learned.



UTAH CONGRESSMAN CHRIS STEWART  
Bowie Resource Partners' Sulco Mine in central Utah would be one source of coal shipped through Oakland.

The loan would be made by a special Utah state agency, the **Permanent Community Impact Fund Board (CIB)**, to four Utah Counties — Sanpete, Sevier, Carbon and Emery. The counties would then use the funds to help build a marine

terminal in Oakland. In exchange, they would receive preferential access to the facility, mainly to ship coal extracted from mines in central Utah. But the CIB was set up to provide grants and loans to local Utah governments in an effort to mitigate the negative impacts of fossil fuel extraction in the state. Critics of the proposed \$53 million loan believe that the CIB is betraying its purpose, and breaking the law, by financing private companies that hope to expand fossil fuel extraction.

See also: [Banking on Coal in Oakland](#)

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"You can't finance economic development projects with CIB money," said Christina Sloan, a Moab, Utah attorney representing several environmental and community groups that object to using the agency's funds for fossil fuel projects. Sloan said the \$53 million CIB loan would primarily benefit a private coal company, not the public.

When the CIB authorized the loan last April, they made it contingent on a review by the Utah Attorney General, according to meeting minutes. Nic Dunn, a spokesman with the Utah Department of Workforce Services, which oversees the CIB, confirmed this fact in an email to the *Express*, writing that that the \$53 million loan "is pending the completion of a legal review by the Attorney General's office."

In an October 22 letter to the Utah Attorney General, Sloan wrote:

"[T]he diversion of tens of millions of dollars to private major infrastructure, especially when such infrastructure is out-of-state, harms my Clients by depriving them of essential public services that should otherwise be grant funded by the CIB."

According to Sloan, the CIB's grant-making powers are defined by the federal Mineral Leasing Act and the Utah Community Impact Alleviation Act — laws that require a portion of royalties paid on mineral leases, primarily by oil, gas and coal mining companies, be used to build roads, schools, hospitals sewers, and other "public facilities and services."

The primary beneficiary of the \$53 million loan to build a coal export terminal in Oakland would be the Kentucky-based coal company Bowie Resource Partners, which two years ago bought three large coal mines in the same central Utah counties seeking the CIB loan. Morgan Stanley and Deutsche Bank, which loaned \$470 million to Bowie to buy the Utah mines, would also earn millions from a coal export terminal in Oakland. And Jeffrey Holt, the chair of Utah's Transportation Commission, who is also an investment banker with the Bank of Montreal, would earn potentially millions by helping to finance construction of a railroad that would connect Bowie's largest mine, the Sulco, to rail lines with access to Oakland.

Utah state Senator Jim Dabakis, D-Salt Lake City, is an opponent of using CIB funds to expand the fossil fuel industry. Dabakis thinks it is a big gamble that will harm rural Utah communities. "It reminds me of the *Music Man* borrowing all this money to help a guy a thousand

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miles away build this coal terminal," said Dabakis, referring to the Broadway musical in which a con man convinces a small town to buy something they can't afford before skipping town. "This is a lot of money, and if little Sanpete county with its ten thousand residents can't pay back the millions and millions, they'd have to raise taxes to an astonishing degree," said Dabakis, "or more likely the debt would pass back on to the state."

Dabakis said the purpose of CIB money is to offset the negative impact of the fossil fuel industry's booms and busts, not to reinvest in the industry.

"This loan would take away money that should be used to make the transition away from fossil fuels, rather than double down on them," said Dabakis. "We need to invest in the industries that will be here in twenty years, rather than these old Nineteenth Century industries."

The Utah Attorney General's Office did not reply to a phone call and emails seeking comment for this report.

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I noticed that Aaron Reavon and Lora Jo Fo from Oakland, Ca were at meeting of the Permanent Community Impact Board, according to these minutes from August, but they decided on spending the \$53 million in April.  
<http://jobs.utah.gov/housing/cib/documents/080615cibminutes.pdf>

I can't see that any of their discussions with the board is mentioned besides that they were there. Just curious.

report

Posted by Kevin Leecaster on 10/27/2015 at 8:53 PM



if they keep this up, they can turn it into a Broadway musical...how fitting for it to begin in the SF Bay Area...just like Wicked!

report

Posted by Carol Wyatt on 10/27/2015 at 3:56 PM

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