

Vu Pham
2348 North Frontage Road
Billings, Montana 59101
vpham@weavemanagement.com
406-245-8833



November 21, 2014

Wyeth Friday
Planning Division Manager
City County Planning Division
2825 3Rd Ave. North 4th Floor
Billings, MT 59101

Dear Mr. Friday,

Weave Management along with MCL Holdings, collectively own over 600 acres of contiguous land in the Lockwood area, has completed their feasibility study for a rail-served industrial park east of Billings along Johnson Lane and Coulson Road. The project site is named Trailhead Commerce Park (TCP) and lies in close proximity to Interstates 90 and 94 and adjacent to the BNSF/MRL main rail service that runs from the western seaboard to Chicago. In addition, the highly anticipated Billings Bypass route, which will allow enhanced commercial carrier movement to Northern Montana and Canada, squarely intersects with TCP. The results of the feasibility study show that this area is a strategic transportation portal for multi-modal transloading, warehousing, manufacturing and light industrial use due to its proximity to multiple transportation routes. This transportation portal will not only serve the Billings local industry but will be instrumental in the future economic development of the entire Yellowstone Valley. We are requesting this area (see attached map) to be considered by the City Council for the inclusion of annexation into the Orange Long Range Urban Planning Area, with future consideration of the inclusion of the property in the Red Area. Since TCP's request for annexation last year, the following events have occurred:

- The Record of Decision for the Billings Bypass EIS has been issued. It has locked the preferred route of the Bypass as well as locked in funding for the building of the Bypass. TCP has met with the Montana Department of Transportation (MDT) to discuss the impacts and collaboration of the construction of the Bypass through TCP's property. In addition, MDT has engaged DOWL HKM to be the engineering design firm for the Bypass. TCP has met with DOWL HKM to discuss how to best design the access roads with the Bypass.
- Through Montana Department of Commerce grant dollars, the University of Montana's Bureau of Business and Economic Research (BBER) has been engaged to complete an Economic Impact Study for TCP. The study's focus will be on putting a quantifiable value to what TCP can bring to a community from the perspective of wages, construction and revenue. The study will look at the markets that historically have been unable to access the Billings area due to a lack of shovel-ready property that is adjacent to rail. The study is also expected to further cement the economic

growth projections of Billings as the Montana's largest economic capitol and confirm its need to develop areas that can support increased manufacturing and wholesale trade.

- In addition, the Big Sky Economic Development Authority (BSEDA) has completed its Rail-Served Industrial Park Feasibility Study. That study concluded, among other things, that there is a real need for some type of rail-served industrial park in the Billings area. That study discussed the demand and market for potential tenants that would benefit from setting up operations in the Billings area. It further found that, due to the lack of shovel-ready property with rail access, many industrial/manufacturing opportunities have been lost. Lastly, the BSEDA study reviewed three potential sites in Yellowstone County for a rail-served industrial park. TCP was listed as one of its recommended locations.
- TCP has recently hired an engineering firm to refine the concept designs previously developed, coordinate with MDT, and identify a phasing plan that would efficiently and thoughtfully build out TCP over the next ten years. In addition to design, the engineering firm will also determine off-site and on-site cost estimates for build-out, as well as environmental and permitting research to ensure the facility is "shovel-ready".

One of the primary goals of TCP is to provide a rail-served industrial park to existing Yellowstone County businesses as well as opening new market opportunities to national and international companies that, due to the historical lack of rail access, have not considered Billings as a potential base of operations. A complimentary goal of TCP is to provide multi-modal transloading, commodities and commercial warehousing opportunities, manufacturing facilities and office space along the Yellowstone River. The development of warehousing facilities in tandem with the transload facility will amplify the value and usefulness of TCP as a transportation hub and trailhead to the northwest region and Canada as a whole. This project is anticipated to not only generate a number of jobs for the Billings community but also to bring in manufacturing and take Billings to the next level in terms of economic development. At present, Yellowstone County is the wholesale trade center of Montana. Roughly 35 percent of statewide wholesale trade earnings and 32 percent of employment derived from Yellowstone County. There are approximately 353 wholesale trade firms in Yellowstone County. The BBER economic impact study will likely also discuss the negative economic impacts of not having an industrial park with rail service in the Yellowstone County Region.

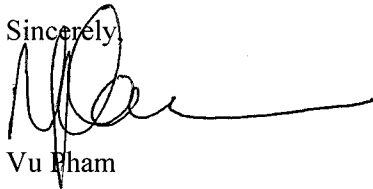
The annexation request area includes the proposed Billings Bypass currently being planned by Montana Department of Transportation (MDT). The planning of TCP is critical at this time to ensure integration of the Billings Bypass with TCP in order to ensure greater community benefit. TCP recognizes the value of having relationships with the City of Billings. A public/private partnership with the city would be beneficial to both the City of Billings as well as TCP. As evidenced by the development of FedEx in the TransTech Center, the need for city services for development is crucial. Large swaths of property with city services that are conducive to industrial/commercial development are presently limited. A consequence of this is that industrial growth may not occur or at least may occur in areas that are not ideal for such growth. Given the strategic location and industrial/commercial character of TCP and its surrounding neighbors, this area is ideal to stage and cultivate the existing industrial/commercial base over a phased 10-15 year plan. However, without necessary city services, such development cannot adequately occur.

Due to the lengthy timeframe of annexation, our group would like to respectfully request the City Council to, as soon as reasonably possible, initiate the annexation process of moving TCP into the Orange Long Range Urban Planning Area. This will allow us to begin the urban planning study to evaluate how a development proposal will affect the following elements of water, sewer, emergency services, and the multitude of other considerations.

TCP's vision of integrating transportation, industry, and conservation in such an ideal location like Billings offers significant local and regional economic and community benefits. There is no question TCP is feasible and with proper planning, design and municipal support, its potential positive impact on the greater Billings area will be profound.

Thank you for your consideration in the inclusion of this project site into the City of Billings' Orange Long Range Urban Planning Area Study. We look forward to working with the committee, Council, and staff in moving forward.

Sincerely,

A handwritten signature in black ink, appearing to read 'Vu Pham', with a long horizontal flourish extending to the right.

Vu Pham
General Counsel/Director of Operations