

LAKE RAILWAY'S CONNECT OREGON IV SUCCESS STORY

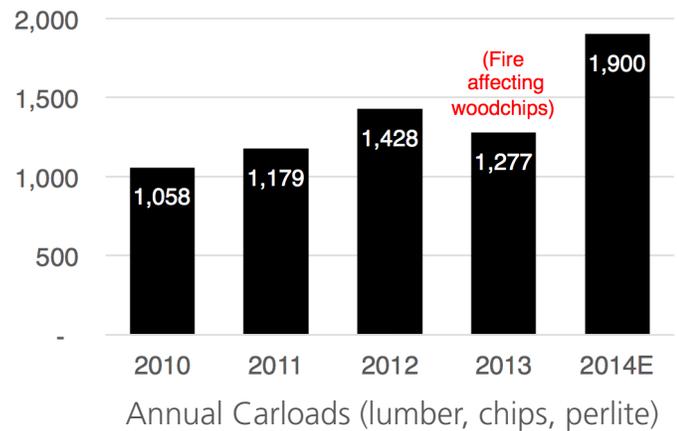


Lake Railway is the vital link between Lake County's industry and its markets, both domestic and abroad. Operating Lake County's sole rail connection to the US transportation system, Lake Railway provides cost-effective and safe transportation to growing industries in one of Oregon's most economically challenged counties. Since becoming operator of Lake County's publically owned railroad in 2009, Lake Railway has

endeavored to modernize and renovate this long-neglected but critical piece of the State's infrastructure, and in doing so, creating the conditions for sustained economic growth.

Project Highlights

- Replaced 9,600 feet of antiquated 90lb rail with modern 112lb rail to better handle larger modern railcars and increased tonnage being shipped by Lake County's shippers
- Replaced and added ballast and tamped the newly upgraded rail
- Created 7 construction jobs, sustained 95 jobs at Lake Railway and existing customers
- Handled approximately 1,900 rail car loads in 2014 – eliminating the need for around 5,000 trips by truck
- Cost: \$927,000 (\$185,400 of which paid by Lake Railway)
- Lake Railway committed to maintaining these improvements for 20 years
- Project completed on time and on budget

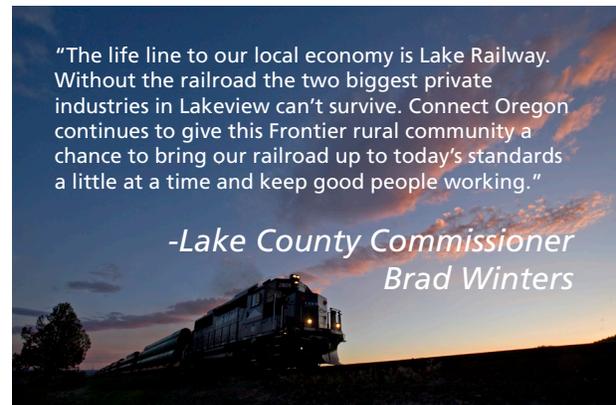


Results of Connect Oregon Investment in Lake County

Dependable and cost effective rail service is key to not only the growth of existing industry, but also to attracting new employers to Lake County. In September of 2014, Red Rock Biofuels announced their plan to build a 12 million gallon a year refinery that will use juniper and other biomass to make jet fuel for the US Military. Funded by the Department of Defense, the plant intends to produce military-grade jet fuel out of renewable resources. Red Rock Biofuels projects that the plant and directly related suppliers in the forest industry will add 75 jobs to the community of Lakeview, OR.

"The life line to our local economy is Lake Railway. Without the railroad the two biggest private industries in Lakeview can't survive. Connect Oregon continues to give this Frontier rural community a chance to bring our railroad up to today's standards a little at a time and keep good people working."

*-Lake County Commissioner
Brad Winters*



In early 2015, Warner Mountain Lumber will open its sawmill and chipping operation that expects to ship 25 railcars a week on Lake Railway. This employer will add approximately 20 jobs to the local economy.

Connect Oregon's investment in rail infrastructure is vital to supporting growth in existing industry and attracting new employers to Oregon.