

Railroad Update  
to  
Prineville City Council  
May 8, 2012

- 1.) FY 11-12 progress report. YTD as of 4/30/12 the railway has generated over \$81,000 in profit. This has been driven by ConnectOregon and sale of 2 dinner train cars.
- 2.) As of the end of April, carloadings from the start of 2012 have averaged 66 per month. While this is not record setting, it is relatively strong traffic given economic situation. We are on pace to end calendar year 2012 at 800 carloads.

Envirotech has begun shipping dust abatement product outbound in railcars increasing carloads. Since January 1, they have shipped 28 outbound loads.

- 3.) Freight Depot is slow. Matt is spending considerable time working on the Connect Oregon III project and billing off his time to the project helping to offset expenses.

Since the last presentation agreement has been reached with Les Schwab to allow their use of the Freight Depot dock area to unload cars. This has been an improvement to Les Schwab's process and will generate approximately \$25,000 in additional revenue annually for the Freight Depot.

- 4.) Industrial Development – HM3 recently brought potential investors to Prineville. While we believe they are still very interested in locating a plant in Prineville, it is contingent upon their securing financing.

Recently we have started a dialogue with a large, privately held food processing company. Responding to information that they might be interested in building a new plant somewhere in the Pacific Northwest, we initiated contact with them to promote Prineville as an ideal location for that facility. They are evaluating our geographic location relative to their strategy and intend to visit their headquarters to pitch Prineville to them in the near future.

- 5.) Grants – CO III project is moving forward at approximately 25% completion.

We are applying for a USDA rural development grant to study possible agricultural transportation opportunities that would compliment the Freight Depot and Prineville Junction bulk transload sites. This would fund a market study that would help focus our marketing & sales efforts.