

Fuel Logistics  
Rail Terminal Pumping Station for Ethanol

Fuel Logistics Rail Terminal Pumping Station for Ethanol

Lane County & ODOT Staff Scoring  
 March 24, 2010

## A-9 SORTING PROCESS TEMPLATE

On the following pages, a table is provided indicating which application questions relate to the identified consideration. A given question may relate to more than one consideration, and will appear under each relevant consideration.

Committee staff will be provided with an electronic document containing the following table for use during sorting.

Committee staff will record the results on the Review Matrix for presentation to the Committee during public meetings.

### Consideration (a) - Whether a proposed transportation project reduces transportation costs for Oregon businesses or improves access to jobs and sources of labor

Part	Item No.	Brief Description of Question (from Application)	Points	Appraiser's Score
* <b>Items D1 and D2 are evaluated together with a shared point value and            Items D8 and D9 are evaluated together with a shared point value</b> * <i>To determine the score of questions with a shared point value, score each question separately,            then select the highest of the two scores as the "appraiser's score."</i>				
D	1	Industrial or employments connections	2	* 3  2
D	2	Linking workers to jobs	0	
D	8	Efficiency and reliability of transportation	4	* 4  4
D	9	Safety	4	
D	10	Transportation Connections	2	3  2
<b>TOTAL AVAILABLE POINTS – Consideration "A"</b>			<b>10</b>	<b>8</b>
<b>Point System for D1, D2, and D10:</b> 0 – No positive benefit; 1 – Potential positive benefit; 2 – Likely positive benefit; 3 – Significant positive benefit.				
<b>Point System for D8 and D9:</b> 0 – No positive impacts; 1 – Unlikely to make positive impacts; 2 – Potential positive impacts; 3 – Likely positive impacts; 4 – Significant positive impacts.				
<b>COMMENTS</b>				

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<b>COMMENTS (Continued):</b>		

**Consideration (c) - Whether a proposed transportation project is a critical link connecting elements of Oregon's transportation system that will measurably improve utilization and efficiency of the system.**

Part	Item No.	Brief Description of Question (from Application)	Points	Appraiser's Score
* Items D1 and D3 are evaluated together with a shared point value				
D	1	Industrial or employments connections	2	2
D	3	Linking populations to medical care, social services, or shopping	0	
* Items D8 and D9 are evaluated together with a shared point value				
D	8	Efficiency and reliability of transportation system	* 4	4
D	9	Safety		
D	10	Transportation Connections	3	2
<b>TOTAL AVAILABLE POINTS – Consideration "C"</b>			<b>10</b>	<b>8</b>
<b>Point System for D1, D3, and D10:</b>		<b>Point System for D8 and D9:</b>		
0 – No positive benefit;		0 – No positive impact;		
1 – Potential positive benefit;		1 – Unlikely to make positive impact;		
2 – Likely positive benefits; and		2 – Potential positive benefits;		
3 – Significant positive benefits.		3 – Likely positive benefits; and		
		4 – Significant positive benefits		
* To determine the score of questions with a shared point value, score each question separately, then select the highest of the scores as the "appraiser's score."				
<b>COMMENT:</b>				

Fuel Logistics Rail Terminal Pumping Station for Ethanol

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**Consideration (d) - How much of the cost of a proposed transportation project can be borne by the applicant for the grant or loan from any source other than the Multimodal Transportation Fund.**

Part	Item No.	Brief Description of Question (from Application)	Points	Appraiser's Score
<b>Overmatch Criteria</b> <i>ConnectOregon</i> Total Project = Grant/Loan + 20% Match <b>Example:</b> \$100K + \$25K = \$125K = <i>ConnectOregon</i> Total Project				
C	1.d.	<b>Applicant will provide &gt;20% Overmatch</b> (\$100K + 30% match = \$125,000)	1	
C	1.d.	<b>Applicant will provide 40% Overmatch</b> (\$100K + 40% match = \$166,666)	2	
C	1.d.	<b>Applicant will provide 60% Overmatch</b> (\$100K + 60% match = \$175,000)	3	3
C	1.d.	<b>Applicant will provide 80% Overmatch</b> (\$100K + 40% match = \$200,000)	4	
C	1.d.	<b>Applicant will provide &gt;80% Overmatch</b> (\$100K + 90% match = \$211,111)	5	
		<b>TOTAL AVAILABLE POINTS – Consideration “D”</b>	5	3
<b>COMMENT:</b>				

Fuel Logistics Rail Terminal Pumping Station for Ethanol

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**Consideration (e) - Whether a proposed transportation project is ready for construction.**

Part	Item No.	Brief Description of Question (from Application)	Points	Appraiser's Score
<b>For this consideration, assume a grant execution date of September, 2011</b>				
C	4	Project is ready to start construction <b>6 months</b> after grant agreement execution.	5	5
C	4	Project is ready to start construction <b>12 months</b> after grant agreement execution.	2	
C	4	Project is ready to start construction <b>18 months</b> after grant agreement execution.	3	
<b>TOTAL AVAILABLE POINTS – Consideration “E”</b>			5	

**FINAL POINT CALCULATION**

	AVAILABLE POINTS	TOTAL SCORE
Consideration a –	Maximum 10 Points	8
Consideration b –	Maximum 10 Points (Use Score Provided By Economic Benefit Evaluation Team)	6
Consideration c –	Maximum 10 Points	8
Consideration d –	Maximum 5 Points	3
Consideration e –	Maximum 5 Points	5
<b>Maximum Available Points = 40</b>		30

The following documents are contained (or will be added as received) in this application package:

1. Economic Benefits Evaluation
2. Applicant Responses to Completeness and Feasibility Questions
3. *ConnectOregon* III Staff Questions to the Applicant  
(December 1, 2009 through January 29, 2010)
4. Eligibility/Feasibility Review
5. Completeness Review
6. Project Application (including maps, drawings, other supporting materials, and letters of support or protest).

CO III Reviewer Instructions are posted online at:

<http://www.oregon.gov/ODOT/COMM/CO/reviewerinfo.shtml>

*ConnectOregon* III Review of  
Economic Benefit to the State

**Project Number and Mode:** R20149

**Project Description:** Rail terminal pumping station for ethanol

**Project Reviewer:** Bob Warren

Thank you for your participation in evaluating the economic benefit aspects of *ConnectOregon* III applications. One of the five required “considerations” of the Oregon Transportation Commission when selecting applications for funding through the Multimodal Transportation Fund (*ConnectOregon*) asks, “Whether a proposed transportation project results in an economic benefit to this state.”

Use the scoring sheet below as a quick guide to the application. In some instances, the scoring sheet will identify the appropriate score based on calculations from information provided in the application. Other questions require a critical review of the applicant’s answer before selecting an evaluation score based on the range of possible evaluations. Calculation and comment areas are provided to show your work and note information critical to your evaluation.

Save a completed electronic version of this document for each application you evaluate. Scan the signed evaluation form and return it to [Teddie.A.Baker@state.or.us](mailto:Teddie.A.Baker@state.or.us) in the TDD Freight Mobility Unit **no later than Friday, January 8, 2010.**

**Section 1**

<b>Application Section &amp; Question #</b>	<b>Evaluation Criteria</b>	<b>Total Score 0 - 3</b>
D5/B7	Long-term jobs X by projects useful life = long-term job-years <b>OR</b>	0
D5/C1c	Private investment (\$) divided by [ <i>ConnectOregon</i> III request/1 million] = Private investment per \$ million requested from <i>ConnectOregon</i>	
<p><b>Point System:</b>            0 – no net positive impacts;            1 – potential net positive impacts;            2 – likely net positive impacts;            3 – significant net positive impacts</p>		
<p><b>Calculations/Comments:</b>            25 years X 1 long term jobs = 25 long term job-years            It is unlikely the project will create the number of long term jobs claimed on the application. My sources tell me it is more likely to create no more than one job. At the same time it will eliminate 5 truck driving jobs, so (while the effect on reducing truck traffic may be beneficial) the impact on jobs would be negative, not positive.</p>		

**Section 2**

Application Section & Question #	Evaluation Criteria	Individual Score	Final Score (Higher of 2) 0-3
D6/C1c	Short-run construction-related jobs divided by [ <i>ConnectOregon</i> III request/1 million] = construction related jobs per \$ million requested from <i>ConnectOregon</i>	1	1
<p><b>Point System:</b>            1 – less than 18 jobs per \$million requested;            2 – 18-28 jobs per \$million requested;            3 – greater than 28 jobs per million requested</p>			
D7	Project area unemployment rate compared to state unemployment rate (10.3%)	1	
<p><b>Point System:</b>            0 – located in area with unemployment rate more than 2 percentage points <i>below</i> state average;            1 – located in area with unemployment rate 0-2 percentage points <i>below</i> state average;            2 – located in area with unemployment rate 0-2 percentage points <i>above</i> state average;            3 – located in area with unemployment rate more than 2 percentage points <i>above</i> state average</p>			
<p><b>Calculations/Comments:</b></p> <p><b>11.4 construction jobs/\$.693 = 16.45 jobs/\$million</b></p>			

**Section 3**

<b>Application Section &amp; Question #</b>	<b>Evaluation Criteria</b>	<b>Individual Score</b>	<b>Final Score (Higher of 2) 0-4</b>
D8	Does this project improve the efficiency or reliability of Oregon’s transportation system? [note in comments section which box(es) were checked and any other relevant details]	1	2
<b>Point System:</b> 0 – no positive impacts; 1– unlikely to make positive impacts; 2 – potential positive impacts; 3 – likely positive impacts; 4 – significant positive impacts			
D9	Does the project improve safety? [briefly note in comments section the documentation or explanation required for a “yes” answer that was provided]	2	
<b>Point System:</b> 0 – no positive impacts; 1 – unlikely to make positive impacts; 2 – potential positive impacts; 3 – likely positive impacts; 4 – significant positive impacts			
<b>Comments:</b> This project pits one competitor against another. This project will favor one competitor over another while having the potential to reduce the availability of ethanol to jobbers in southern Oregon, thereby reducing the availability of E85 fuel at the pump for consumers in southern Oregon.			

**Review of Economic Benefit to the State**

**Final Point Calculation**

Section 1 (no more than 3)	0points
Section 2 (no more than 3)	1points
Section 3 (no more than 4)	2points
<b>Total (no more than 10)</b>	<b>3points</b>

**Reviewer Name:** Bob Warren

**Reviewer Agency:** Business Oregon

**Date of Review:** 12/23/09

*ConnectOregon III Review of  
Economic Benefit to the State*

**Project Number and Mode:** R2 0149  
**Project Description:** Eugene Ethanol Direct Rail Delivery Pump Station  
**Project Reviewer:** Jack Svadlenak

Thank you for your participation in evaluating the economic benefit aspects of *ConnectOregon III* applications. One of the five required “considerations” of the Oregon Transportation Commission when selecting applications for funding through the Multimodal Transportation Fund (*ConnectOregon*) asks, “Whether a proposed transportation project results in an economic benefit to this state.”

Use the scoring sheet below as a quick guide to the application. In some instances, the scoring sheet will identify the appropriate score based on calculations from information provided in the application. Other questions require a critical review of the applicant’s answer before selecting an evaluation score based on the range of possible evaluations. Calculation and comment areas are provided to show your work and note information critical to your evaluation.

Save a completed electronic version of this document for each application you evaluate. Scan the signed evaluation form and return it to [Teddie.A.Baker@state.or.us](mailto:Teddie.A.Baker@state.or.us) in the TDD Freight Mobility Unit **no later than Friday, January 8, 2010.**

**Section 1**

Application Section & Question #	Evaluation Criteria	Total Score 0 - 3
D5/B7	Long-term jobs divided by projects useful life = long-term job-years	<b>1</b>
D5/C1c	<b>OR</b> Private investment (\$) divided by [ <i>ConnectOregon III</i> request/1 million] = Private investment per \$ million requested from <i>ConnectOregon</i>	
<p><b>Point System:</b>            0 – no net positive impacts;            1 – potential net positive impacts;            2 – likely net positive impacts;            3 – significant net positive impacts</p>		
<p><b>Calculations/Comments:</b></p> <p>D5 / B7 = 5 / 25 = 0.2 The commitment letter indicates “5” should be “3-4.” It doesn’t mention the number of truckers’ jobs that would be directly eliminated. However, this is part of the efficiency gains rated in Section 3.</p> <p>D5 / C1c = 519,771 / 0.87 = 597,438 This is the amount of the match (both required and over-).</p>		

**Section 2**

Application Section & Question #	Evaluation Criteria	Individual Score	Final Score (Higher of 2) 0-3
D6/C1c	Short-run construction-related jobs divided by [ <i>ConnectOregon</i> III request/1 million] = construction related jobs per \$ million requested from <i>ConnectOregon</i>	1	1
<b>Point System:</b> 1 – less than 18 jobs per \$million requested; 2 – 18-28 jobs per \$million requested; 3 – greater than 28 jobs per million requested			
D7	Project area unemployment rate compared to state unemployment rate (10.3%)	1	
<b>Point System:</b> 0 – located in area with unemployment rate more than 2 percentage points <i>below</i> state average; 1 – located in area with unemployment rate 0-2 percentage points <i>below</i> state average; 2 – located in area with unemployment rate 0-2 percentage points <i>above</i> state average; 3 – located in area with unemployment rate more than 2 percentage points <i>above</i> state average			
<b>Calculations/Comments:</b>  <b>D6 / C1c = 11.4 / 0.87 = 13.1</b>  <b>D7 = 9.4 – 10.3 = -0.9</b>			

**Section 3**

<b>Application Section &amp; Question #</b>	<b>Evaluation Criteria</b>	<b>Individual Score</b>	<b>Final Score (Higher of 2) 0-4</b>
D8	Does this project improve the efficiency or reliability of Oregon’s transportation system? [note in comments section which box(es) were checked and any other relevant details]	4	<b>4</b>
<b>Point System:</b> 0 – no positive impacts; 1– unlikely to make positive impacts; 2 – potential positive impacts; 3 – likely positive impacts; 4 – significant positive impacts			
D9	Does the project improve safety? [briefly note in comments section the documentation or explanation required for a “yes” answer that was provided]	3	
<b>Point System:</b> 0 – no positive impacts; 1 – unlikely to make positive impacts; 2 – potential positive impacts; 3 – likely positive impacts; 4 – significant positive impacts			
<b>Comments:</b>  D8: Five of the boxes were checked.  D9: Yes, in concept. There were no accident rate metrics documenting the problem.			

**Review of Economic Benefit to the State**

**Final Point Calculation**

Section 1 (no more than 3)	1 points
Section 2 (no more than 3)	1 points
Section 3 (no more than 4)	4 points
<b>Total (no more than 10)</b>	<b>6 points</b>

**Reviewer Name:** Jack Svadlenak

**Reviewer Agency:** ODOT

**Date of Review:** 12/22/09

**Part F: Modal Budget**

Attach modal budget here.

**ATTACH MODAL BUDGET  
AS LAST PAGE OF APPLICATION**

**See application instructions for details.**

**Modal budget samples and templates  
are provided in Application Instructions**



## ConnectOregon III Program Application 2009-2011

R20149 - 12-11-09 New  
First Page - Co-Applicant  
Track 702, LLC

To ensure you have current program information, sign up for the *ConnectOregon* electronic mailing list at:  
<http://listsmart.osl.state.or.us/mailman/listinfo/connectoregon-news>

- Please read *ConnectOregon* III Application Instructions.
- The Application Instructions, the Draft Project Agreement, and Frequently Asked Questions are available on the *ConnectOregon* III Web site: <http://www.oregon.gov/ODOT/COMM/CO/COIII>
- Submission Requirements are detailed in Section 9 of the Application Instructions

### PART A: Project Summary and Certification

#### 1. Applicant

ORGANIZATION NAME <b>Fuel Logistics LLC</b>	CONTACT PERSON NAME <b>Oren Posner</b>	
ADDRESS <b>2111 Prairie Road</b>	CONTACT PERSON TITLE <b>President</b>	
CITY, STATE, ZIP <b>Eugene, OR 97402</b>	PHONE <b>541.345.9085</b>	FAX <b>541.688.3348</b>
WEB SITE	E-MAIL (REQUIRED) <b>oren@laneforest.com</b>	

#### 2. Co-applicant / co-sponsor

ORGANIZATION NAME <b>Track 702, LLC</b>	CONTACT PERSON NAME <b>Oren Posner</b>	
ADDRESS <b>2111 Prairie Road</b>	CONTACT PERSON TITLE <b>President</b>	
CITY, STATE, ZIP <b>Eugene, OR 97402</b>	PHONE <b>541.345.9085</b>	FAX <b>541.688.3348</b>
WEB SITE	E-MAIL <b>oren@laneforest.com</b>	

Check if additional co-applicant(s)/co-sponsor(s) are identified in Page 20 of this application.

#### 3. Project name and location

PROJECT NAME <b>Ethanol Rail Delivery Expansion</b>	PROJECT LOCATION <b>Eugene, OR</b>	STAFF USE ONLY
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4. Is this an application for "Rural Airport" funding? .....  Yes  No

#### 5. Cost summary (These fields will fill automatically as the application is completed.)

a. <i>ConnectOregon</i> III grant amount .....	<b>\$693,028.80</b>
b. Match amount (20% of grant) .....	<b>\$173,257.20</b>
c. <i>ConnectOregon</i> III loan amount.....	<b>\$ 0.00</b>
d. <i>ConnectOregon</i> III project total.....	<b>\$866,286.00</b>

#### 6. Certification

I certify that Fuel Logistics LLC supports the proposed project, has the legal authority  
APPLICANT ORGANIZATION

to pledge matching funds, and has the legal authority to apply for *ConnectOregon* III funds. I further certify that matching funds are available or will be available for the proposed project. I understand that all State of Oregon rules for contracting, auditing, underwriting (where applicable), and payment will apply to this project. I certify that we have read the Sample Draft Agreement and will sign the Agreement if selected.

APPLICANT SIGNATURE 	PRINT NAME <b>Oren Posner</b>	DATE <b>11/15/2009</b>
CO-APPLICANT SIGNATURE 	PRINT NAME <b>Oren Posner</b>	DATE <b>11/15/2009</b>

**From:** Daniel Bowman [dbowman@laneforestproducts.com]  
**Sent:** Friday, December 11, 2009 2:58 PM  
**To:** GOODMAN Cary; BAKER Teddie A  
**Cc:** Oren Posner  
**Subject:** RE: FUEL LOGISTICS LLC Ethanol Rail Delivery Expansion COIII Application - Response Needed

**Attachments:** COIII\_application\_Page1.pdf  
Cary and Teddie,

We will select item 1 ("Track 702, LLC can become a co-applicant") from Teddie's e-mail below. I've attached the scanned wet signed page one of our application and am mailing the original this afternoon to Cary. Thank you for your time and suggestions to modify our application. If you have any further questions, Oren or I are both available.

## Dan Bowman

Business Administration Manager  
Lane Forest Products  
541.345.9085 main  
541.232.9914 cell  
541.461.2427 fax

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**From:** Oren Posner  
**Sent:** Friday, December 11, 2009 11:48 AM  
**To:** Daniel Bowman  
**Subject:** FW: FUEL LOGISTICS LLC Ethanol Rail Delivery Expansion COIII Application - Response Needed  
**Importance:** High

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**From:** GOODMAN Cary [mailto:Cary.GOODMAN@odot.state.or.us]  
**Sent:** Friday, December 11, 2009 11:39 AM  
**To:** Oren Posner  
**Subject:** FUEL LOGISTICS LLC Ethanol Rail Delivery Expansion COIII Application - Response Needed  
**Importance:** High

Oren,

I have reviewed your *ConnectOregon III* application for completeness, and have the following questions/issues:

**Part B, Items 11-14 (page 4):** Your Fuel Logistics LLC application indicates that Track 702

LLC intends to purchase the property, yet you list the purchase price as part of the project match. This can only count as a match if the purchaser is the applicant or a co-applicant. Please see the email below from my colleague Teddie Baker for more information on this matter. Once you decide, please revise the application accordingly and resubmit it.

Please respond in the next three days in order for the application to remain in consideration for funding.

Regards,

Cary

Cary Goodman  
Rail Program Coordinator  
Oregon Dept. of Transportation, Rail Division  
555 13th Street NE, Suite 3  
Salem, Oregon 97301-4179  
503.986.4230  
cary.goodman@odot.state.or.us

-----Original Message-----

**From:** BAKER Teddie A [mailto:Teddie.A.BAKER@odot.state.or.us]  
**Sent:** Friday, December 11, 2009 10:53 AM  
**To:** GOODMAN Cary  
**Cc:** BAKER Teddie A  
**Subject:** CO III APPLICATION R20149 - FUEL LOGISTICS LLC  
**Importance:** High

Hi Cary,

I am writing in response to your questions concerning the applicant using the purchase price of land (to be purchased by another entity, Track 702, LLC) and leased to applicant for a period of 20 years. In this scenario, the purchase price of the land is not eligible because the land is not being purchased by the applicant even though he intends to enter into a long-term lease for the property.

The inter-relationship / ownership of the three companies is not an issue as far as ownership of the land to be purchased is concerned. The applicant has four options in order for the purchase price of the land to be used as match for applicant's CO III match:

1. Track 702, LLC can become a co-applicant. This option seems to be the easiest solution.
2. Track 702, LLC can purchase the property and sell it to applicant. In this scenario the purchase price is eligible as match.
3. The applicant could purchase the land from UP and use the purchase price as the match.
4. Lane Forest Products could become a co-applicant and purchase the property and use the purchase price as the match.

If scenario Nos. 1, 2, or 4 is selected by the applicant, a new first page of the application will need to be submitted with both entities "wet" signatures. We will accept a scanned new first page with the signatures of the co-applicants followed by receipt of the new original page one.

If you have any questions, please give me a call.

Teddie

**Teddie A. Baker, OPMA**  
**ConnectOregon III Project Manager**  
**Senior Freight Planner**

**Ph: 503 986-3703 Fax: 503 986-4173 Email: [Teddie.A.Baker@state.or.us](mailto:Teddie.A.Baker@state.or.us)**

**ODOT // Transportation Development Division // Freight Mobility Unit // 555 13th Street NE // Salem, OR 97301**



**ConnectOregon III  
Program Application 2009-2011**

RECEIVED  
DEC 16 2009  
MAIL ROOM

To ensure you have current program information, sign up for the *ConnectOregon* electronic mailing list at <http://lists.smart.osl.state.or.us/mailman/listinfo/connectoregon-news>

- Please read *ConnectOregon III* Application Instructions.
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**PART A: Project Summary and Certification**

**1. Applicant**

ORGANIZATION NAME Fuel Logistics LLC	CONTACT PERSON NAME Oren Posner	
ADDRESS 2111 Prairie Road	CONTACT PERSON TITLE President	
CITY, STATE, ZIP Eugene, OR 97402	PHONE 541.345.9085	FAX 541.688.3348
WEB SITE	E-MAIL (REQUIRED) oren@laneforest.com	

**2. Co-applicant / co-sponsor**

ORGANIZATION NAME Track 702, LLC	CONTACT PERSON NAME Oren Posner	
ADDRESS 2111 Prairie Road	CONTACT PERSON TITLE President	
CITY, STATE, ZIP Eugene, OR 97402	PHONE 541.345.9085	FAX 541.688.3348
WEB SITE	E-MAIL oren@laneforest.com	

Check if additional co-applicant(s)/co-sponsor(s) are identified in Page 20 of this application.

**3. Project name and location**

PROJECT NAME Ethanol Rail Delivery Expansion	PROJECT LOCATION Eugene, OR	STAFF USE ONLY
-------------------------------------------------	--------------------------------	----------------

4. Is this an application for "Rural Airport" funding? .....  Yes  No

**5. Cost summary (These fields will fill automatically as the application is completed.)**

a. <i>ConnectOregon III</i> grant amount .....	\$693,028.80
b. Match amount (20% of grant) .....	\$173,257.20
c. <i>ConnectOregon III</i> loan amount.....	\$ 0.00
d. <i>ConnectOregon III</i> project total.....	\$866,286.00

**6. Certification**

I certify that Fuel Logistics LLC supports the proposed project, has the legal authority

APPLICANT ORGANIZATION

to pledge matching funds, and has the legal authority to apply for *ConnectOregon III* funds. I further certify that matching funds are available or will be available for the proposed project. I understand that all State of Oregon rules for contracting, auditing, underwriting (where applicable), and payment will apply to this project. I certify that we have read the Sample Draft Agreement and will sign the Agreement if selected.

	PRINT NAME Oren Posner	DATE 11/15/2009
	PRINT NAME Oren Posner	DATE 11/15/2009

## PART B: Project Description

### 1. Project summary

BRIEF SUMMARY OF PROJECT (MAXIMUM 400 CHARACTERS; FIELD WILL EXPAND AS YOU TYPE)

Create a rail terminal pumping station for delivery of Ethanol from the midwestern U.S. supply to the Eugene tank farm to supply the entire southern part of Oregon. This would eliminate the current unsafe practice of 4000 tanker trucks per year to shuttle the fuel the final mile from rail to fuel tank farm and provide an efficient backup method of fuel delivery to the Eugene tank farm terminal.

### 2. Project purpose and description

Project maps must be included with this application. Maximum map size: 11 by 17 inches.

SUMMARIZE THE PROJECT'S DESCRIPTION AND PURPOSE (MAXIMUM 4500 CHARACTERS; FIELD WILL EXPAND AS YOU TYPE)

The over all purpose of this project is to increase efficiency increase safety and reduce truck traffic and the resulting pollution from these activities.

The State of Oregon and the Federal Government mandate the use of 10% of Ethanol "E-10" to be mixed into gasoline sold in the State of Oregon. All of the gasoline in the Southern part of the state, from Eugene to Medford and points east and west, come from the petroleum tank farm in Eugene which is the end of the pipeline that comes down from Portland. All of the gasoline is then trucked to all of the cities in the southern part of the state. Currently all of the Ethanol that is mandated by the government to be mixed into this gasoline is hauled by rail from the Midwestern U.S. to Eugene (1200 plus tank cars per year) where it is trans-loaded into over 4000 tanker truck loads and pumped into the Eugene tank farm terminal to be mixed with the gasoline to be shipped all over the state.

At this time the 3 or 4 rail spurs that are being used in the Eugene area for this trans-loading offer no security and no secondary containment in case of a spill. All of this material is being trans-shipped in the middle of the night because of safety concerns and because the tank farm in Eugene is already operating at 120% of designed capacity and could not possibly receive this volume of material during the day.

Our project would enable Ethanol or any other distillate that cannot be pumped in the pipeline down from Portland to come directly on rail to the tank farm where it could be safely pumped directly into the tank farm tanks. This new state-of-the-art pumping station would be secure and would offer secondary containment in case of a spill. It would remove 4000 tanker truck trips from our streets thereby eliminating all of the pollution and the emission of all of the VOCs and fumes caused by trans-loading these distillates twice as is the current procedure.

Not only will this project greatly increase the efficiency of the handling of this volatile and important commodity, it will greatly reduce the very real dangers of trans-shipping 4000 tanker trucks of fuel on our local streets.

Other benefits include a \$1,000,000 per year reduction in the cost of Ethanol to the consumer due to a reduction in the cost of shipping and handling. Also, in the event of an interruption in the flow of distillates down the pipeline from Portland due to a disaster natural or otherwise, it would offer a much faster, more reliable and safer method of railing in large quantities of fuel in an emergency. Another very likely benefit is the Federal Government is considering increasing the Ethanol mandate from 10% to 15%. This increase would only make a very tenuous supply chain even more fragile. This project is definitely in the best interest of the public.

The current supply system is not sustainable and is only being used because of the governmental mandate and because there is no alternative at this time. The current procedure is not being done in accordance with local, State or railroad best management practices and is probably not even legal.

3. Project location

STREET ADDRESS OR NEAREST STREET INTERSECTION 2111 Prairie Road (at Bushnell Lane)		
CITY(IES) Eugene	COUNTY(IES) Lane	
GPS COORDINATES	LATITUDE (DEGREES AND DECIMAL)	LONGITUDE (DEGREES AND DECIMAL)

4. Project mode (check all that apply): .....  Air  Marine  Rail  Transit

5. ConnectOregon region .....  Region 1  Region 2  Region 3  Region 4  Region 5  
 For more information, refer to the Application Instructions. For processing purposes, when projects are located in more than one ConnectOregon region, applicant must identify which region will contain the majority of the planned project.

6. Is(are) the applicant(s) current on all state and local taxes, fees, and assessments? .....  Yes  No

7. What is the project's useful life?..... 

YEARS
25

8. Which applicant/co-applicant will assume responsibility for the continued maintenance and operation of the project?

RESPONSIBLE PARTY Fuel Logistics LLC
-----------------------------------------

9. What will be the source(s) of funds for the continued maintenance and operation of the project?

SOURCE(S) Profits from existing track use and ethanol shipping on the new track.
-------------------------------------------------------------------------------------

10. Is the funding for the continued maintenance and operation of the project currently secured or budgeted?.....  Yes  No

If no, describe when these steps will occur:

DESCRIBE
----------

11. Is all the real estate required for the project owned by the applicants? (See also Questions 11-13.)

- Yes, project real estate is *wholly* owned by the applicant(s)
- No, project real estate is *partly* owned by the applicant(s)
- No

If yes, project real estate is wholly owned, what was the price of the property? .....

PURCHASE PRICE
\$325,000.00

If no, project real estate is partly owned, or if no, include the property owner's information and signature for the non-owned portion:

ORGANIZATION NAME <b>Union Pacific Railroad</b>	CONTACT PERSON NAME <b>Mark Jensen</b>	
ADDRESS <b>1400 Douglas St., MS 1690</b>	CONTACT PERSON TITLE <b>Senior Manager</b>	
CITY, STATE, ZIP <b>Omaha, NE 68179</b>	PHONE <b>402.544.8532</b>	FAX <b>402.233.2297</b>
WEB SITE (IF APPLICABLE) <b>up.com</b>	E-MAIL <b>mjensen1@up.com</b>	

I certify that **Union Pacific Railroad** supports the proposed project, has the legal authority  
ORGANIZATION NAME

to pledge matching funds, and has the legal authority to authorize the use of the real estate underlying the project. I understand that all State of Oregon rules for contracting, auditing, underwriting (where applicable), and payment will apply to this project, and that these rules may require a 20-year lease of the site.

PROPERTY OWNER/LESSOR SIGNATURE <b>X</b>	PRINT NAME <b>Mark Jensen, Senior Manager</b>	DATE <b>11/19/2009</b>
---------------------------------------------	--------------------------------------------------	---------------------------

Check if additional owners are listed on Page 20 of this application.

- 12. Will the property be purchased by the applicant to complete the project? .....  Yes  No  
 If yes, is the property in escrow? .....  Yes  No
- 13. Will the property be leased by the applicant? .....  Yes  No
- 14. Provide any additional real estate details

ADDITIONAL DETAILS (MAXIMUM 1600 CHARACTERS; FIELD WILL EXPAND AS YOU TYPE)

By lease dated February 15, 2007 Union Pacific Railroad Company leases the subject property to Lane Forest Products for a 20-year period. (Said lease bears Audit No. 243265 Folder No. 2403-07 in the Union Pacific Records). Union Pacific Railroad Company and Lane Forest Products are currently in discussions and negotiations regarding the possible sale/purchase of the subject property.

This correspondence is not intended as, and does not constitute, a binding agreement by any party, or an agreement by any party to enter into a binding agreement. A contract will not exist unless and until Union Pacific Railroad Company Management and Lane Forest Products Management approval(s) has been obtained and the parties have executed a formal Agreement, approved by their respective counsel, regarding the subject matter of the correspondence and containing all other essential terms of an agreed upon transaction which terms shall be subject to future negotiations by the parties at their sole discretion.

It should be noted that the owners of Lane Forest Products are also the owners of Track 702 LLC and part owner of Fuel Logistics LLC along with owners of Jerry Brown Company. Union Pacific Railroad is in negotiations with Track 702 LLC to sell the property for \$325,000 in 2010. Track 702 LLC will in turn lease the property exclusively to Fuel Logistics, LLC for this venture.

PART C: ConnectOregon III Project Budget

- Identify the source and amount of funds composing the project budget, including grants, loans, and matching funds.

SOURCE		AMOUNT	DATE AVAILABLE		STAFF USE ONLY
			CALENDAR YEAR	MONTH	
<b>a. Grant portion</b>		\$866,286.00	2010	November	0.7143
1. Required match (For grants: 20% grant project subtotal)	\$173,257.20		2010	September	0.1429
2. ConnectOregon III grant amount requested	\$693,028.80		2010	November	0.5714
<b>b. ConnectOregon III loan portion requested (no match required)</b>		\$0.00		Select	0.0000
<b>c. ConnectOregon III total (a+b)</b>		\$866,286.00	2010	November	0.7143
d. Additional applicant match (not required)		\$346,514.00	2010	September	0.2857
<b>Project total</b>		<b>\$1,212,800.00</b>			1.0000
e. Multimodal study fee (2% of line c)		\$17,325.72			

- For grant projects, detail the source and timing of the match shown above.

FUNDS	AMOUNT	DATE AVAILABLE		STAFF USE ONLY
		CALENDAR YEAR	MONTH	
Labor (payroll)	\$37,734.69	2010	September	0.0726
Contracted services	\$35,000.00	2010	September	0.0673
Materials and supplies	\$0.00		Select	0.0000
Capital outlay -- land (purchase price)	\$325,000.00	2010	September	0.6253
Capital outlay -- buildings	\$0.00		Select	0.0000
Capital outlay -- equipment	\$122,036.51	2010	September	0.2348
Other (describe):	\$0.00		Select	0.0000
Other (describe):	\$0.00		Select	0.0000
Other (describe):	\$0.00		Select	0.0000
Other (describe):	\$0.00		Select	0.0000
<b>Total</b> <i>Total must equal \$519,771.20</i> <i>1.a.1-Required match + 1.d-Additional applicant match</i>	<b>\$519,771.20</b>			1.0000

3. If the *ConnectOregon III* project is part of a larger project, describe the scope of the entire project. Include the total amounts of public and private investment in the proposed project. Please note which portions of the project are *ConnectOregon III*-eligible.

DESCRIBE (MAXIMUM 1200 CHARACTERS; FIELD WILL EXPAND AS YOU TYPE)

- Commitment letters from businesses and organizations, stating their intentions regarding private investment over a specified period, are included in the Supplemental Information attached to this application.

4. Complete the following tables regarding current and projected milestones for the project. Check to indicate if the project is a construction or a non-construction project.

MILESTONE	<input checked="" type="checkbox"/> CONSTRUCTION PROJECTS	<input type="checkbox"/> OTHER (NON-CONSTRUCTION) PROJECTS - DESCRIBE
a. Milestone 1	a. Scoping and planning	a.
b. Milestone 2	b. Right-of-way and land acquisition	b.
c. Milestone 3	c. Permits	c.
d. Milestone 4	d. Final plans/bidding engineering documents	d.
e. Milestone 5	e. Construction contract award	e.
f. Milestone 6	f. Project completion	f.

5. For the milestones identified above, provide the following details:

MILESTONE	STATUS			
	HAS THE MILESTONE BEEN MET?	PROJECTED START DATE OF MILESTONE WORK	ESTIMATED LENGTH OF PROCESS	PROJECTED MILESTONE COMPLETION DATE
a. Milestone 1	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	5/15/2010	4 months	9/15/2010
b. Milestone 2	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	3/15/2010	6 months	9/15/2010
c. Milestone 3	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	7/15/2010	4 months	11/15/2010
d. Milestone 4	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	7/15/2010	4 months	11/15/2010
e. Milestone 5	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	11/15/2010	4 months	3/15/2011
f. Milestone 6	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	11/15/2010	4 months	3/15/2011

6. Based on the milestones identified on the previous page, provide details of the proposed uses and amount of funds needed to complete each milestone.

a. Milestone 1

This milestone is complete or does not apply.

FUNDS	AMOUNT	PART OF GRANT MATCH?	DATE AVAILABLE	
			CALENDAR YEAR	MONTH
Labor (payroll)	\$1,000.00	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2010	September
Contracted services (if known)	\$10,000.00	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2010	September
Materials and supplies	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Capital outlay – land	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Capital outlay – buildings	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Capital outlay – equipment	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Other (describe):	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
<b>Milestone 1 Total</b>	<b>\$11,000.00</b>			

b. Milestone 2

This milestone is complete or does not apply.

FUNDS	AMOUNT	PART OF GRANT MATCH?	DATE AVAILABLE	
			CALENDAR YEAR	MONTH
Labor (payroll)	\$1,000.00	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2010	September
Contracted services (if known)	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Materials and supplies	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Capital outlay – land	\$325,000.00	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2010	September
Capital outlay – buildings	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Capital outlay – equipment	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Other (describe):	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
<b>Milestone 2 Total</b>	<b>\$326,000.00</b>			

c. Milestone 3

This milestone is complete or does not apply.

FUNDS	AMOUNT	PART OF GRANT MATCH?	DATE AVAILABLE	
			CALENDAR YEAR	MONTH
Labor (payroll)	\$2,500.00	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2010	September
Contracted services (if known)	\$20,000.00	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2010	September
Materials and supplies	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Capital outlay – land	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Capital outlay – buildings	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Capital outlay – equipment	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Other (describe):	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
<b>Milestone 3 Total</b>	<b>\$22,500.00</b>			

d. Milestone 4

This milestone is complete or does not apply.

FUNDS	AMOUNT	PART OF GRANT MATCH?	DATE AVAILABLE	
			CALENDAR YEAR	MONTH
Labor (payroll)	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Contracted services (if known)	\$5,000.00	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2010	September
Materials and supplies	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Capital outlay – land	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Capital outlay – buildings	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Capital outlay – equipment	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Other (describe):	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
<b>Milestone 4 Total</b>	<b>\$5,000.00</b>			

e. Milestone 5

This milestone is complete or does not apply.

FUNDS	AMOUNT	PART OF GRANT MATCH?	DATE AVAILABLE	
			CALENDAR YEAR	MONTH
Labor (payroll)	\$95,955.50	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2010	November
Contracted services (if known)	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Materials and supplies	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Capital outlay – land	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Capital outlay – buildings	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Capital outlay – equipment	\$352,344.50	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	2010	November
Other (describe):	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
<b>Milestone 5 Total</b>	<b>\$448,300.00</b>			

f. Milestone 6

This milestone is complete or does not apply.

FUNDS	AMOUNT	PART OF GRANT MATCH?	DATE AVAILABLE	
			CALENDAR YEAR	MONTH
Labor (payroll)	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Contracted services (if known)	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Materials and supplies	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Capital outlay – land	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Capital outlay – buildings	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
Capital outlay – equipment	\$400,000.00	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	2010	November
Other (describe):	\$0.00	<input type="checkbox"/> Yes <input type="checkbox"/> No		Select
<b>Milestone 6 Total</b>	<b>\$400,000.00</b>			

Totals

	AMOUNT	STAFF USE ONLY
Labor (payroll)	\$100,455.50	0.0828
Contracted services (if known)	\$35,000.00	0.0289
Materials and supplies	\$ 0.00	0.0000
Capital outlay – land	\$325,000.00	0.2680
Capital outlay – buildings	\$ 0.00	0.0000
Capital outlay – equipment	\$752,344.50	0.6203
Other	\$ 0.00	0.0000
<b>Total</b>	<b>\$1,212,800.00</b>	<b>1.0000</b>

**PART D: Project details**

1. Does the project improve an existing connection or add a new connection to an industrial or employment center?

Yes  No

IF YES, CHECK ALL THAT APPLY:

The project...

- Creates a new connection
- Improves an existing connection

This project improves or creates access to:

<input checked="" type="checkbox"/> Industrial center	SPECIFY Kinder Morgan Tank Farm (fuel supply for all of Southern Oregon)
<input type="checkbox"/> Employment center	SPECIFY
<input type="checkbox"/> This project provides access to	SITE NAME
which is a site certified as "Project Ready" by the Oregon Business Development Department (OBDD). For more information, refer to the Application Instructions.	

2. Does this project link workers to jobs?

Yes  No

EXPLAIN (MAXIMUM 300 CHARACTERS; FIELD WILL EXPAND AS YOU TYPE)

a. Passenger mode links for workers

PASSENGER MODE LINKS (CHECK ALL THAT APPLY)		
<input type="checkbox"/> Fixed-route bus	<input type="checkbox"/> Light rail	<input type="checkbox"/> Air services
<input type="checkbox"/> Demand-responsive bus	<input type="checkbox"/> Passenger rail	<input type="checkbox"/> Ferry
	<input type="checkbox"/> Commuter rail	<input type="checkbox"/> Water taxi
<input type="checkbox"/> Other	DESCRIBE (MAXIMUM 75 CHARACTERS)	

b. Estimated use by new workers

ESTIMATED NUMBER OF NEW WORKERS PER DAY EXPECTED TO USE THE PASSENGER SERVICE WHEN OPENED
EXPLAIN BASIS FOR ESTIMATE (MAXIMUM 300 CHARACTERS; FIELD WILL EXPAND AS YOU TYPE)

c. Geographic service level

IDENTIFY GEOGRAPHIC SERVICE LEVEL (CHECK ALL THAT APPLY)	
<input type="checkbox"/> Rural	<input type="checkbox"/> Intercity (between towns or cities)
<input type="checkbox"/> Intra-city (within a town or city)	<input type="checkbox"/> International
<input type="checkbox"/> Interstate (between states)	

3. Does this project link populations to medical care, social services, or shopping?

Yes  No

EXPLAIN (MAXIMUM 300 CHARACTERS; FIELD WILL EXPAND AS YOU TYPE)

a. Passenger mode links for medical care, social services, shopping

PASSENGER MODE LINKS (CHECK ALL THAT APPLY)

<input type="checkbox"/> Fixed-route bus	<input type="checkbox"/> Light rail	<input type="checkbox"/> Air services
<input type="checkbox"/> Demand-responsive bus	<input type="checkbox"/> Passenger rail	<input type="checkbox"/> Ferry
	<input type="checkbox"/> Commuter rail	<input type="checkbox"/> Water taxi

Other

b. Estimated use by new passengers

ESTIMATED NUMBER OF NEW PASSENGERS PER DAY EXPECTED TO USE THE PASSENGER SERVICE WHEN OPENED

EXPLAIN BASIS FOR ESTIMATE (MAXIMUM 300 CHARACTERS; FIELD WILL EXPAND AS YOU TYPE)

c. Geographic service level

IDENTIFY GEOGRAPHIC SERVICE LEVEL (CHECK ALL THAT APPLY)

<input type="checkbox"/> Rural	
<input type="checkbox"/> Intra-city (within a town or city)	<input type="checkbox"/> Intercity (between towns or cities)
<input type="checkbox"/> Interstate (between states)	<input type="checkbox"/> International

4. Does the project serve one or more of Oregon's Statewide Business Clusters or the tourism industry? For more information, refer to the Application Instructions.

STATEWIDE BUSINESS CLUSTERS (CHECK ALL THAT APPLY)

<input type="checkbox"/> Agricultural products	<input type="checkbox"/> Bio-tech / medical products
<input type="checkbox"/> Apparel and sporting goods design	<input type="checkbox"/> Metals
<input type="checkbox"/> Business services	<input type="checkbox"/> Processed food and beverage products
<input type="checkbox"/> Communications equipment	<input type="checkbox"/> Transportation equipment and parts
<input type="checkbox"/> Electronics and advanced materials	<input type="checkbox"/> Wood and other forest products
<input type="checkbox"/> Information technology	<input type="checkbox"/> Tourism
<input checked="" type="checkbox"/> Logistics and distribution	

PROVIDE DETAIL (MAXIMUM 500 CHARACTERS; FIELD WILL EXPAND AS YOU TYPE)

The project creates a rail terminal pumping station for the rail-to-fuel tank farm delivery of Ethanol from the midwestern U.S. to Eugene to make federally mandated "E-10" fuel, which is then distributed to the entire southern part of Oregon. This would eliminate the current unsafe practice of 4000 tanker trucks per year to shuttle the fuel the final mile from rail to fuel tank farm and provide an efficient backup method of fuel delivery to the tank farm terminal.

5. Does this project benefit the Oregon economy by generating a net increase in the number of long-term jobs (beyond short-term construction jobs) and/or private investment in Oregon?

Yes\*    No

If yes, please complete the following:

a. Number of long-term (non-construction) jobs created or retained as a direct result of the project .....	5
b. Average annual wage of long-term (non-construction) jobs created or retained .....	\$45,000.00
c. List up to five businesses that will verify job creation or new private investment	
BUSINESS NAME	NAME OF CONTACT PERSON
1. Track 702 LLC	Oren Posner
2. Jerry Brown Company	Gary Likins
3. Union Pacific Railroad	Alicia Martin
4. Rick Franklin Corporation	Lory Tope
5. Pacific Ethanol, Inc/Kinergy Marketing LLC	Gregory DiBiase
d. What is the size of the initial investment by these businesses as a result of this project?.....	\$ 519,771.20
* <input checked="" type="checkbox"/> <i>Required for a yes answer.</i> Commitment letters are included in Supplemental Information. These letters must be from businesses or organizations stating their intention to operate in Oregon and detailing: the number of jobs created over a specific period of time as a result of this project, and/or the amount of additional private investment that the entity would make in Oregon over a specified period of time as a direct result of this project.	
EXPLAIN (MAXIMUM 400 CHARACTERS; FIELD WILL EXPAND AS YOU TYPE) The jobs above would be created to manage, operate and maintain the pumping station from rail car to tank farm.	

6 To what extent does this project generate economic stimulus in the state with the creation or retention of short-term construction-related jobs in Oregon?

a. Number of construction-related jobs created or retained during or after construction as a direct result of the project. (Multiply millions of dollars of construction, design, and right-of-way costs by 14) .....	11.4
IF APPLICABLE, EXPLAIN ANY UNIQUE ASPECTS ABOUT THE DIRECT CONSTRUCTION JOBS CREATED OR RETAINED (MAXIMUM 400 CHARACTERS) Jobs would be retained to prepare the site for development, install track, turnouts and road crossing, to install the pumping station and the safe, efficient delivery of fuel from the pumping station to the tank farm.	

7. What is the unemployment rate in the project location?

Average unemployment rate in the project location for the last 12 months (Refer to the Application Instructions).....	10%	COUNTY/JURISDICTION Lane
PROVIDE ADDITIONAL DETAILS ON ANY OTHER SPECIAL ECONOMIC CONSIDERATIONS IN THE PROJECT LOCATION The average unemployment rate (unadjusted for season activity) for the Eugene-Springfield area is 12.53%, based on statistics from the Oregon Employment Office for 2009 through September. This is higher than the average over the same period for the entire State (11.64%) and the U.S. (9.18%)		

8. Does this project improve the efficiency or reliability of Oregon's transportation system?

Yes  No

If yes, please complete the following:

CHECK ALL THAT APPLY, AND EXPLAIN IN THE BOX BELOW		
The project...		
<input checked="" type="checkbox"/> increases system capacity.		
<input checked="" type="checkbox"/> relieves a bottleneck or congestion point.		
<input checked="" type="checkbox"/> completes one or more gaps in Oregon's transportation system.		
<input checked="" type="checkbox"/> removes an existing barrier.		
<input checked="" type="checkbox"/> reduces traffic or use conflicts.		
<input type="checkbox"/> implements technology including Intelligent Transportation Systems.		
<input type="checkbox"/> provides another measurable system improvement (described below).		
EXPLAIN (MAXIMUM 1250 CHARACTERS; FIELD WILL EXPAND AS YOU TYPE)		
<p>This project improves the efficiency of the current system by eliminating an unnecessary and costly unsafe unloading-loading of dangerous fuels from rail to tanker truck to haul the final mile of transport to the tank farm. It also removes the congested tanker truck traffic to a facility that is already operating at 120% of designed capacity for material transportation. It also provides an efficient backup to a single pipeline delivery system for other fuels to the tank farm from Portland to Eugene for distribution to all of Southern Oregon. The pumping station is adjacent to rail lines to complete the rail delivery of fuel without the need of tanker truck assistance, a costly and dangerous gap in the transportation system. The project improvements remove the physical barrier of fixed rail track being a mile away from its cargo's final destination to the tank farm. And removing 4000 tanker trucks from Highway 99 and connecting interchanges is a clear reduction in dangerous traffic from a congested roadway.</p>		

Documentation that supports Question 8:

TITLE		
AUTHOR OR AGENCY		
DATE	PAGES	URL
<input type="checkbox"/> Copies of pages are included in Supplemental Information.		

TITLE		
AUTHOR OR AGENCY		
DATE	PAGES	URL
<input type="checkbox"/> Copies of pages are included in Supplemental Information.		

TITLE		
AUTHOR OR AGENCY		
DATE	PAGES	URL
<input type="checkbox"/> Copies of pages are included in Supplemental Information.		

9. Does the project improve safety?

Yes\*  No

\*  *Required for a yes answer.* Documentation or explanation of the incident(s) or safety situation(s) that have occurred that this project is addressing or documentation of a high risk or of a safety issue or hazard potentially occurring. Examples include: reducing trips on a corridor designated by ODOT as a Safety Corridor; documented worker safety incidents; non-highway related, recurring accidents, recent crime/vandalism incidents, etc.

EXPLAIN (MAXIMUM 400 CHARACTERS; FIELD WILL EXPAND AS YOU TYPE) PLEASE NOTE THE NUMBER AND TYPE OF INCIDENTS (FATAL ACCIDENT, INJURY ACCIDENT, PROPERTY-DAMAGE ACCIDENT, CRIME, OR OTHER) WITHIN A SPECIFIED TIMEFRAME.

This project would offer secondary containment in case of a spill, a problem amplified by the unnecessary current practice of trans-loading the fuel twice into tanker trucks. It would remove these 4000 tanker truck trips from our local streets and highway thereby eliminating all of the pollution and the emission of all of the VOCs and fumes caused by the current procedure.

10. Does the project improve existing or create new transportation connections?

Yes  No

IF YES, CHECK ALL THAT APPLY:

The project...

- Creates a new connection
- Improves an existing connection

The project improves or creates new transportation connections...

- between multiple modes of transportation (air, marine, pipeline, passenger rail, freight rail, transit, truck, bus, bicycle, pedestrian, personal automobile)
- to transportation networks outside Oregon

EXPLAIN (MAXIMUM 400 CHARACTERS; FIELD WILL EXPAND AS YOU TYPE).

The new rail track and pumping station would connect the midwest Ethanol fuel market to the local distribution facility for Southern Oregon without the need for 4000 tanker trucks to complete the connection.

11. Complete the following table regarding pre-construction documentation and permits. (Potential projects are expected to be at varying stages of construction readiness; some of the steps below will not apply, or must be marked "Still required" or "Don't know." See the *ConnectOregon III Application Instructions* for detailed explanations of the terms below.)

STEP	STATUS				
	ALREADY COMPLETED	INCOMPLETE/ UNDERWAY	STILL REQUIRED	NOT APPLICABLE	DON'T KNOW
a. Environmental impact statement (EIS).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. Environmental assessment (EA).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c. Inclusion in adopted transportation system plan (TSP).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d. Inclusion in adopted local comprehensive plan.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e. Inclusion in adopted regional transportation plan (RTP).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
f. Air-quality conformity determination.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
g. In-water work permit.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
h. Zoning amendment.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
i. Coordination of project approval with any Native American tribe or another state.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
j. Goal exception (as required by state planning goals).....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
k. 25% design complete.....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. 50% design complete.....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m. 75% design complete.....	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
n. Final design complete.....	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
o. Plans and specifications.....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
p. Permits.....	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
q. Other: <u>Describe</u> .....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
r. Other: <u>Describe</u> .....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
s. Other: <u>Describe</u> .....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
t. Other: <u>Describe</u> .....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

12. Is the construction of the project limited to specific construction windows due to environmental considerations (such as bird-nesting or fish-spawning seasons, or temperature)?

Yes     No     No; however, additional information is included in Section E.

If yes, note the periods when construction is limited:

RESTRICTION DESCRIPTION	START DATE OF RESTRICTION	END DATE OF RESTRICTION

13. Can the project demonstrate support from public agencies that must approve the project?

- Yes     Yes, started but not completed     No

EXPLAIN (MAXIMUM 1600 CHARACTERS)

No public agency support is required.

- Check if documentation of the coordination is attached in Supplemental Information.

14. What permits or approvals (beyond those noted above) are required prior to project construction?

PERMITS OR APPROVALS (MAXIMUM 1600 CHARACTERS)

Standard building electrical permits are all that is required.

15. Describe any unique construction-readiness issues or likely delays not identified above:

DESCRIBE (MAXIMUM 1600 CHARACTERS)

None identified at this time.

**Part E: Other Considerations and Information**

Describe any other considerations and information that support why the project should be selected:

<small>DESCRIBE</small> No additional considerations or information other than previously stated in this application.
--------------------------------------------------------------------------------------------------------------------------

**Supporting materials**

List the supporting materials to be submitted in your paper application packet.

Part C, Item 3: Commitment letters from...

1.
2.
3.
4.
5.

Part D, Item 5: Commitment letters from businesses or organizations stating their intention to operate in Oregon and their intentions regarding job creation and private investment plans over a specified period.

1. Union Pacific Railroad commitment letter
2. Jerry Brown Company commitment letters
3. Rick Franklin Corporation commitment letter
4. Track 702 LLC commitment letter
5. Pacific Ethanol, Inc/Kinergy Marketing LLC commitment letter

Part D, Item 8: Other supporting documents regarding improvements to efficiency or reliability of Oregon's transportation system.

1.
2.
3.

Part D, Item 13: Documentation of coordination and support of public agencies that must approve the project.

1.
2.
3.
4.
5.

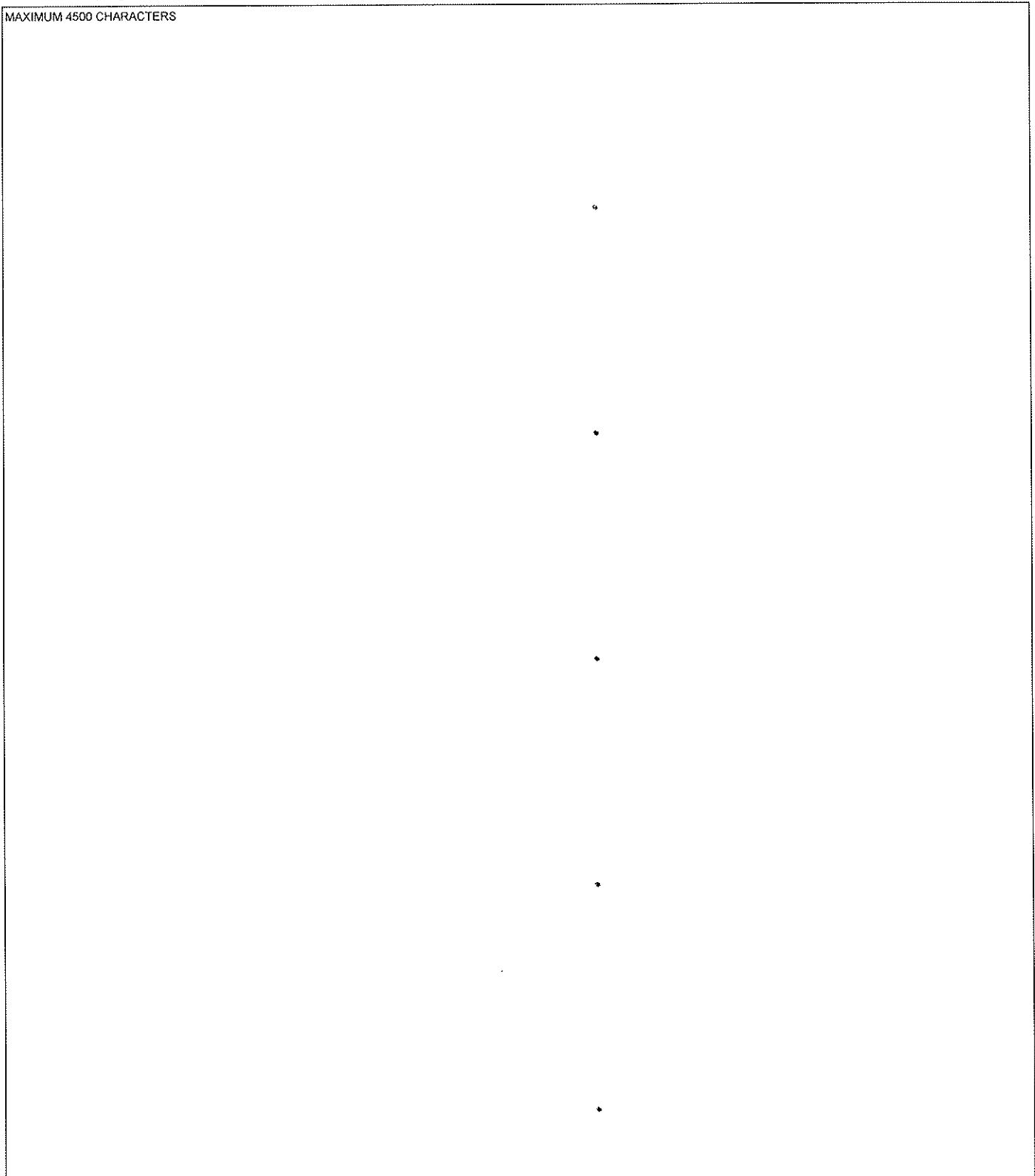
Other supporting documents

1. Part B, Item 14: 20 year lease agreement (terms and signature pages only)
2. Part C, Item 6e: Track construction estimate, Rick Franklin Corporation
3. Site Map
4. Additional Track Plan
5.

**Addenda**

Attach additional text here as necessary, identifying the part and question number (example: "Part B, Question 2" or "B/2"). Please note: Only additional text contained on this page will be considered as part of this application. Additional pages will not be considered.

MAXIMUM 4500 CHARACTERS



**Additional co-applicants/co-sponsors, additional property owners/lessors**

Check one:  Co-applicant/co-sponsor  Property owner/lessor

ORGANIZATION NAME	CONTACT PERSON NAME	
ADDRESS	CONTACT PERSON TITLE	
CITY, STATE, ZIP	PHONE	FAX
WEB SITE	E-MAIL	

Check one:  Co-applicant/co-sponsor  Property owner/lessor

ORGANIZATION NAME	CONTACT PERSON NAME	
ADDRESS	CONTACT PERSON TITLE	
CITY, STATE, ZIP	PHONE	FAX
WEB SITE	E-MAIL	

Check one:  Co-applicant/co-sponsor  Property owner/lessor

ORGANIZATION NAME	CONTACT PERSON NAME	
ADDRESS	CONTACT PERSON TITLE	
CITY, STATE, ZIP	PHONE	FAX
WEB SITE	E-MAIL	

Additional co-applicant/co-sponsor certification – see Application Instructions, Part A, Item 2.

I certify that \_\_\_\_\_ supports the proposed project, has the legal authority

APPLICANT ORGANIZATION

to pledge matching funds, and has the legal authority to apply for *ConnectOregon III* funds. I further certify that matching funds are available or will be available for the proposed project. I understand that all State of Oregon rules for contracting, auditing, underwriting (where applicable), and payment will apply to this project. I certify that we have the Sample Draft Agreement and will sign the agreement if selected.

CO-APPLICANT SIGNATURE <b>X</b>	PRINT NAME	DATE
CO-APPLICANT SIGNATURE <b>X</b>	PRINT NAME	DATE
CO-APPLICANT SIGNATURE <b>X</b>	PRINT NAME	DATE

Additional owner/lessor certification – see Application Instructions, Part B, Item 10

I certify that \_\_\_\_\_ supports the proposed project, has the legal authority

APPLICANT ORGANIZATION

To authorize the use of the real estate underlying the project. I understand that all State of Oregon rules for contracting, auditing, underwriting (where applicable), and payment will apply to this project.

PROPERTY OWNER/LESSOR SIGNATURE <b>X</b>	PRINT NAME	DATE
PROPERTY OWNER/LESSOR SIGNATURE <b>X</b>	PRINT NAME	DATE
PROPERTY OWNER/LESSOR SIGNATURE <b>X</b>	PRINT NAME	DATE

**s for submittal requirements.**

**Part F: Modal Budget**

Attach modal budget here.

**ATTACH MODAL BUDGET  
AS LAST PAGE OF APPLICATION**

**See application instructions for details.**

**Modal budget samples and templates  
are provided in Application Instructions**





November 19, 2009

Mr. Oren Posner  
Vice President  
Fuel Logistics, LLC  
2111 Prairie Road  
Eugene, Oregon 97402

RE: Connect Oregon III: Fuel Logistics, LLC – Ethanol Terminal

Dear Mr. Posner,

Union Pacific understands that Fuel Logistics, LLC is applying for Connect Oregon III funds that will be used to construct an ethanol rail terminal/ tank farm in Eugene, Oregon. The project would enable Ethanol, or any other distillates that cannot be piped in the pipeline down from Portland, to come directly via rail to the tank farm where they could safely be pumped directly into the tank farm tanks. Union Pacific would like to acknowledge that Fuel Logistic, LLC has discussed this project with our Company and that Union Pacific is indeed supportive of your application.

The Connect Oregon Program continues to be great example of a State working with entities, both public and private, to form partnerships that will move specific projects forward that have benefit to the citizens of Oregon. For the State of Oregon to effectively address the transportation infrastructure needs that are facing this State in years to come, a multi-modal approach as contained in “Connect Oregon III” continues to be vital. The Rail project in your application is one such example how the State of Oregon can better prepare for the future by investing in rail infrastructure.

Union Pacific will continue to work closely with Fuel Logistics, LLC as you explore new business opportunities.

Sincerely,

A handwritten signature in black ink, appearing to read "B.A. Nelson".

Brock A. Nelson  
Director of Public Affairs

**THE  
JERRY  
BROWN  
CO., INC.**

November 17, 2009

Fuel Logistics, LLC  
Oren Posner  
Eugene, Oregon

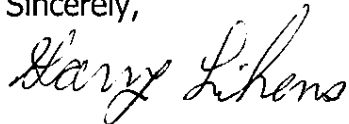
RE: Direct rail car to Kinder Morgan terminal

Dear Mr. Posner:

The Jerry Brown Company is in support of the rail car project which would provide direct rail car to the Kinder Morgan terminal in Eugene. We see an overall increasing need for ethanol and many benefits would come with the addition of rail car delivery.

Having ethanol brought in with direct rail car would reduce terminal traffic by 10 to 13 trucks daily saving time, energy, and fuel currently being used by bringing it in by truck. Along with these savings there would also be a reduction in pollution by these trucks as well as additional safety both on the road and in the handling of the ethanol.

Sincerely,



Garry Likens  
Vice President

2690 PRAIRIE RD

P.O. BOX 41390  
EUGENE  
OREGON 97404

541-688-8211

1-800-762-8563

FAX 541-688-8214

**THE  
JERRY  
BROWN  
CO., INC.**

YOUR RESOURCE  
IN THE  
PETROLEUM  
INDUSTRY

November 18, 2009

Fuel Logistics, LLC  
Oren Posner  
Eugene, Oregon

RE: Direct rail car to Kinder Morgan terminal

Dear Mr. Posner:

The direct rail car project proposed by your company to bring ethanol in by rail car rather than truck would require engaging the follow services and employees.

We estimate that it will require:

Two engineers for consulting and plans

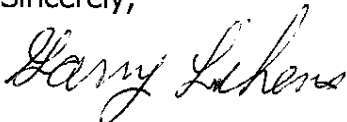
Four contracting companies for the four different scopes of the project of 10 to 20 employees each in size.

At least two electricians.

The length of time these services would be required for completion would span several months.

Once the project is complete it will require 3 to 4 full time employees to operate the offloading of the rail cars into the Kinder Morgan terminal tanks.

Sincerely,



Garry Likens  
Vice President

2690 PRAIRIE RD

P.O. BOX 41390  
EUGENE  
OREGON 97404

541-688-8211

1-800-762-8563

FAX 541-688-8214



# RICK FRANKLIN CORPORATION

101 Industrial Way  
rfc-nw.com

P.O. Box 365  
[rfc@rfc-nw.com](mailto:rfc@rfc-nw.com)

Lebanon, OR 97355

(541) 451-1275  
Fax: (541)258-6691

November 18, 2009

Lane Forest Products

The duration of a project involving new construction of approximately 966 lineal feet of railroad tracks and three turnouts would be 8 weeks.

The project would require approximately 2,560 man hours of work in several categories including labor, equipment operators, and truck drivers.

Man hours break down as follows:

1. Labor: 1,238 hrs
2. Equipment Operator: 1,110 hrs
3. Truck Driver: 212 hrs

The project would therefore provide a living wage for eight employees working a minimum of 40 hours per week for 8 weeks. It is estimated that actual payroll wages for this project would be between \$90,000 and \$100,000.

Sincerely yours,

Lory Tope  
Manager

TRACK 702, LLC  
2111 PRAIRIE ROAD  
EUGENE, OR 97402  
541.345.9085

November 18, 2009

Fuel Logistics, LLC  
2111 Prairie Road  
Eugene, OR 97402

Re: Letter of support and commitment

Track 702 LLC is in support of the Ethanol Rail Delivery Expansion project. We are committed to the purchase and acquisition of the land currently leased from Union Pacific Railroad and the subsequent long term lease to Fuel Logistics, LLC for this project.

A handwritten signature in black ink, appearing to read "Oren Posner", with a long horizontal flourish extending to the right.

Oren Posner  
President



---

Pacific Ethanol, Inc.

November 19, 2009

**VIA ELECTRONIC MAIL**

Oren Posner  
Fuel Logistics, LLC  
Eugene, Oregon

Re: Direct Rail Cars to the Kinder Morgan Terminal in Eugene, Oregon

Dear Mr. Posner:

Kinergy Marketing LLC is in support of the rail car project that would provide direct rail cars to the Kinder Morgan terminal in Eugene, Oregon. We see an overall increasing need for ethanol, and many benefits would come with the addition of rail car delivery.

Having ethanol brought in by direct rail cars would reduce terminal traffic by approximately 10 to 13 trucks daily, saving time, energy and fuel currently being used by bringing ethanol in by truck. Along with these savings, there would also be a reduction in pollution from these trucks as well as additional safety, both on the road and in the handling of the ethanol.

Sincerely,

Gregory DiBiase  
Vice President, Ethanol Supply & Marketing

OFFICE: 916.403.2123  
400 CAPITOL MALL, STE 2060  
SACRAMENTO, CA 95814  
[www.pacificethanol.net](http://www.pacificethanol.net)

## LEASE OF PROPERTY

THIS LEASE ("Lease") is entered into on the 15<sup>TH</sup> day of FEBRUARY, 2007, between UNION PACIFIC RAILROAD COMPANY ("Lessor") LANE FOREST PRODUCTS, INC., an Oregon corporation, whose address is P.O. Box 1431, Eugene, Oregon, 97440 ("Lessee").

### IT IS AGREED BETWEEN THE PARTIES AS FOLLOWS:

#### Article I. PREMISES; USE.

Lessor leases to Lessee and Lessee leases from Lessor the premises ("Premises") at Eugene Oregon, shown on the print dated July 18, 2006, marked Exhibit A, hereto attached and made a part hereof, subject to the provisions of this Lease and of Exhibit B attached hereto and made a part hereof. The Premises may be used for transloading wood products and to construct trackage in accordance with an industry track agreement and purposes incidental thereto, only, and for no other purpose.

#### Article II. TERM.

The term of this Lease is for 20 years beginning on the 1<sup>st</sup> day of March, 2007, and expiring on the 28<sup>th</sup> day of February, 2027, unless sooner terminated as provided in this Lease.

#### Article III. ONE-TIME PAYMENT

A. Lessee shall pay to Lessor a one-time payment in the amount of Eighty Two Thousand One Hundred and 00/100<sup>th</sup> Dollars (\$82,100.00).

B. If Lessor terminates this Lease for any reason other than Lessee's default, or if this Lease is terminated under Section 19 of Exhibit B, then Lessor shall refund to Lessee the portion of the advanced fixed rent attributable to the period between the effective date of the termination and the expiration date specified in Article II. The refund shall be calculated on a pro rata basis using a 360-day year. No refund of advance fixed rent shall be made except as specifically provided in this Article III.B. The fixed rent for the entire term shall be deemed earned by Lessor upon execution of this Lease by both parties.

#### Article IV. INSURANCE.

A. Before commencement of the term of this Lease, Lessee shall provide to Lessor a certificate issued by its insurance carrier evidencing the insurance coverage required under Exhibit C hereto attached and made a part hereof.

B. Not more recently than once every two years, Lessor may reasonably modify the required insurance coverage to reflect then-current risk management practices in the railroad industry and underwriting practices in the insurance industry.

C. All insurance correspondence, certificates and endorsements shall be directed to: Real Estate Department, 1400 Douglas Street STOP 1690, Omaha, Nebraska 68179-1690, Folder No. 2403-07.

**Article X. SPECIAL PROVISION -- TRACK**

Lessor, at all times, reserves the right, in its sole discretion, to utilize the track commonly referred to as the "Tank Farm Track" (Eugene Yard, Oregon, OZ512, Yard 01/77, Track 702).

**Article XI. TERMINATION**

SEE SECTION 13 OF EXHIBIT B FOR TERMINATION PROVISION.

IN WITNESS WHEREOF, the parties have executed this Lease as of the day and year first herein written.

**UNION PACIFIC RAILROAD COMPANY**

**LANE FOREST PRODUCTS, INC.**

By: 

By: 

Printed Name: D.A. LEIS  
Title: DIRECTOR - REAL ESTATE

Printed Name: Oren Pasner  
Title: Vice President.



# RICK FRANKLIN CORPORATION

101 Industrial Way  
rfc-nw.com

P.O. Box 365  
[rfc@rfc-nw.com](mailto:rfc@rfc-nw.com)

Lebanon, OR 97355

(541) 451-1275  
Fax: (541)258-6691

November 18, 2009

Lane Forest Products

The duration of a project involving new construction of approximately 966 lineal feet of railroad tracks and three turnouts would be 8 weeks.

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Sincerely yours,

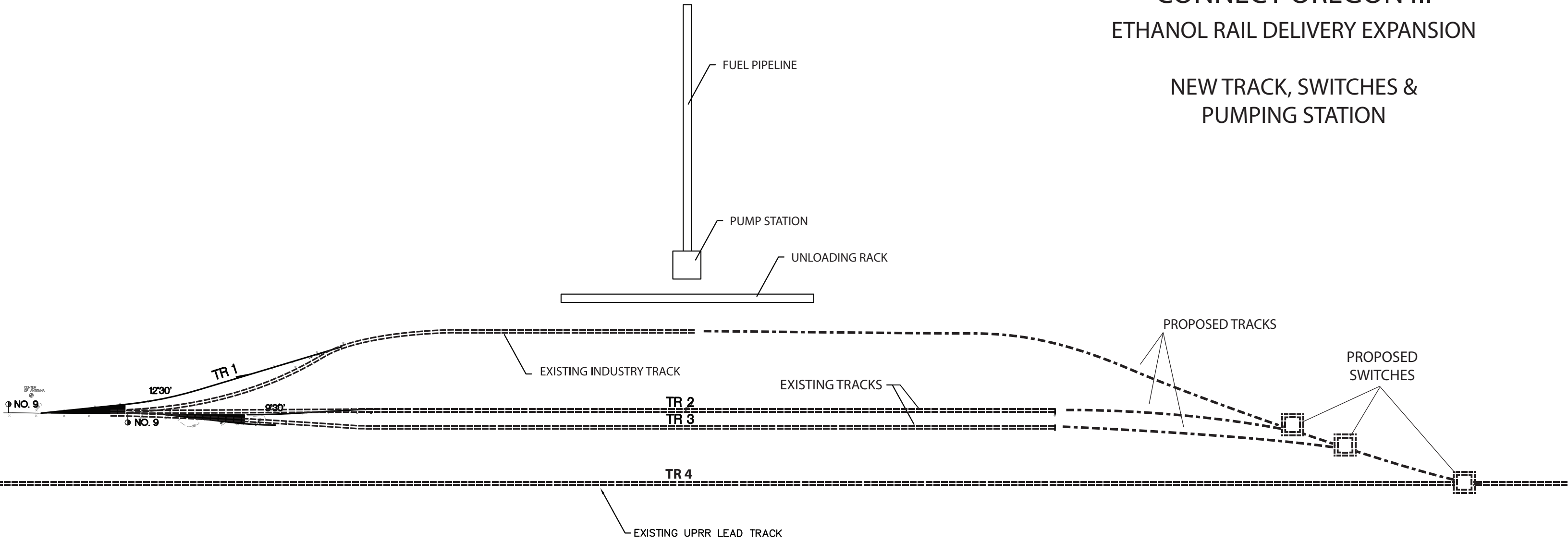
Lory Tope  
Manager

# PROJECT SITE MAP: ETHANOL RAIL DELIVERY EXPANSION FUEL LOGISTICS, LLC



# CONNECT OREGON III ETHANOL RAIL DELIVERY EXPANSION

## NEW TRACK, SWITCHES & PUMPING STATION



**NORTH**

