

OCHOCO LUMBER CO.

John Day, Oregon

As the last mill standing in Grant County, Oregon, Ochoco Lumber Company's Malheur sawmill is the second largest employer in the county. Like many in the forest products industry, the mill had been struggling due to a down housing market and a lack of log to mill.

With the help of New Markets Tax Credits (NMTCs), Ochoco will be poised to better respond to the recovering market, diversify its product line, and take advantage of opportunities with the National Forest Service.

The NMTC financing will be used to recapitalize the company, update and expand operations at the Malheur sawmill, and construct a new wood pellet plant. This project is strongly supported by local business and government representatives. The project received \$4.9 million in Federal stimulus money for the construction of the pellet facility and a \$750,000 Woody Biomass Utilization grant from the USDA Forest Service for log shaving and bagging equipment in addition to the NMTC funding.

The upgrades to the mill and synergistic development of the pellet plant will allow Ochoco to serve the full range of the National Forest Service's forest management needs and will allow Ochoco to participate fully in all aspects of the Forest Service's "Healthy Forest Initiative." The Healthy Forest Initiative is a program of active fire management, including reduction of underbrush and thinning, which is closely aligned with the proposed pellet plant that will utilize brush and thinning as feedstock.

CCML allocated \$20 Million in NMTC capacity to finance the project, with co-allocates Ecotrust and Midwest Renewable Capital collectively providing an additional \$30 million in allocation. U.S. Bancorp CDC provided the equity,

while Ochoco Management, Inc. provided the debt financing for the transaction, which closed July 12, 2010.

Qualifying Features

- Non-Metropolitan County
- Unemployment Rate over 1.9x National Average
- Oregon Economically Distressed County

Key Benefits

- Will create 30-40 new jobs at the pellet plant and saw mill and preserve over 100 existing jobs at the second largest employers in the county.
- Contributes to the sustainable management of National Forestlands, reducing the risk of damaging forest fires.
- Promotes alternative energy use (wood pellets) and national energy self sufficiency

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