

Dear Borrower:

"May you live in interesting times" was the theme for 2008 and will continue into 2009. We saw record high fuel prices followed by record falls. The collapse of the financial markets delayed a fall bond sale. We eventually sold some bonds to fund university projects as part of a \$30 million credit line, while electing not to sell taxable bonds because the offered interest rate was too high. The Energy Loan Program (SELP) continues to offer financing for energy projects and we anticipate a thawing out period of the bond market so we can fund additional loans.

The SELP program reviewed over 30 applications totaling \$25 million this past year. You can read about several of these projects in the following pages. Other highlights included continuing work on renovations of state university facilities, the opening of the expanded SeSequential Pacific Biodiesel plant in Salem, the completion of the Cascade Grain ethanol plant and installation of energy efficiency measures at the Mark Spencer Hotel in Portland.

The 2009 Legislature will be in session by the time you read this and energy issues are one of the pillars of Governor Kulongoski's agenda. We encourage you to visit our website at: www.oregon.gov/energy where you can find lots of useful information on energy topics including Oregon's Energy Plan and changes to our energy tax credit programs.

SELP is working with a few borrowers who have experienced reduced business revenue and we anticipate that most of these borrowers will be able to weather the current economic downturn. While we anticipate 2009 to bring challenges, we also see a heightened need and desire for more energy conservation and development of low-carbon, renewable energy generation.

Thank you for your support of our program. Feel free to call us with any questions.

Jeff Keto,
Assistant Director

Energy Loan Program

Jeff Keto

Assistant Director for Finance
503-373-7981

Dave Stevens

Loan Manager
503-378-3493

Ed Tabor

Senior Loan Officer
Large commercial, industrial
503-373-7076

Hal Simms

Loan Officer
Commercial & Agricultural
503-378-4314

Kathy Estes

Loan Officer
Government
503-378-5048

Adam Morgan

Asst. Loan Officer
Residential & small
commercial
503-373-1032

Tom Elliott

Energy Analyst
503-373-7085

Staci Larson

Finance Officer
503-373-7703

Eloise Jeffers

Fiscal Assistant
503-378-3494

Lisa Dunn

Accountant
503-373-1030



OREGON
DEPARTMENT OF
ENERGY

Energy Loan Program

Annual Update

Oregon Department of Energy

625 Marion St. N.E.
Salem, OR 97301-3737
Phone (503) 378-4040
Toll-free: (800) 221-8035

<http://egov.oregon.gov/ENERGY/LOANS>

January 2009



American Institute of Architects

The Portland Chapter of the American Institute of Architects encountered a unique opportunity this past year. Needing a new and larger space, AIA turned to its members and the community for feedback. The finished product was beyond what any had envisioned. A \$495,000 SELP loan allowed AIA to use off-the-shelf technology to transform the old 1880s Mallory's Stable building into a showcase of sustainable materials and technology. The many energy measures incorporated would take up our entire newsletter, so we invite you to visit our website for a Daily Journal of Commerce feature story at:

<http://www.oregon.gov/ENERGY/LOANS/docs/AIA.pdf>



Mark Spencer Hotel

In 1907, The Nortonia Hotel opened its doors in the heart of Portland's Theatre District and quickly became known as the "home-away-from-home" for many of the artists who performed in the theatrical productions of the time. The Nortonia was remodeled in 1966 and renamed The Mark Spencer Hotel. Proceeds from a \$1.3 million SELP loan were used to finance a highly efficient Mitsubishi HVAC system and replace all 185 exterior single pane, metal frame windows with Milgard Ultra Fiberglass dual-pane windows. The upgraded energy features are expected to save The Mark Spencer Hotel over \$10,000 annually. Additionally, the hotel has used its own funds to upgrade their lighting system.



Allan and Anne Smith

Allan and Anne Smith live on a small cattle ranch in Riley, OR. A Bar A Ranch was founded in 2000 when Anne split off from the family farm to start her own operation catering to the grass-fed beef market. Riley is located in the eastern part of the state where the sun shines and the wind blows for a good part of the year. The Smiths decided to take advantage of the climate. SELP loaned \$49,500 to help install two Skystream 1.9 kW wind turbines and a 2.16 kW grid-tied photovoltaic system. The Smith's are hoping to accommodate the majority of their energy needs through the two systems.

