



STATE OF OREGON  
OREGON STATE TREASURY  
159 STATE CAPITOL, 900 COURT ST NE  
SALEM, OREGON 97301-4043

July 20, 2011

The Honorable John Kitzhaber  
Governor, State of Oregon  
254 State Capitol  
Salem, Oregon 97310

Dear Governor Kitzhaber:

I am pleased to provide you with the attached review of the Columbia River Crossing's key financial assumptions.

The proposed Columbia River Crossing (CRC) is a project of considerable scale, national significance, and regional importance. As you noted in your letter on April 26, it is vital to make sure that the financing of this project is based on the best possible data, because "the economic impact it will have on communities across two states makes it essential that we do this right."

The goal of this review was to test and refine some of the assumptions used in the proposed financing of the project, based on construction cost estimates and the anticipated toll revenue forecasts. We focused specifically on the \$1.3 billion in presumed toll-based revenue that was anticipated in the 2008 projection, since our ability to repay the bonds we issue for the project is dependent on the accuracy of this number.

The Oregon State Treasury Debt Management Division engaged independent experts to examine the traffic and tolling assumptions in the current financial model. Based on our review, we recommend the assumptions be revised.

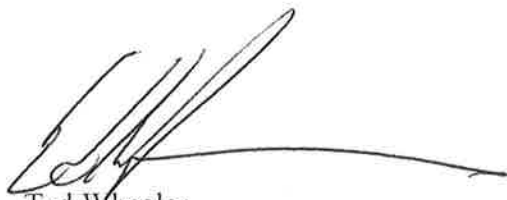
This review offers potential options in light of the suggested revisions. We also raise the need to address project governance issues since our ability to sell bonds will be strengthened by a clear, accountable governance structure which gives bondholders confidence in their investment.

It is important to note that this is not an "investment grade" analysis of the CRC model. Such reviews are more comprehensive, significantly more expensive, and usually occur when bonds are being readied for sale. This review was more targeted, based on the current timeframe.

With this new analysis, I believe the CRC project financial modeling will be more consistent with the current outlook. Thank you for offering me the opportunity to weigh in on this important proposal. I want to thank my staff, CRC project staff, and ODOT staff for their work on this effort. I think I speak for all of them when I say that I hope this review furthers the effort to ensure that Oregon has a sound financial plan for this project.

Please do not hesitate to ask Treasury for additional advice as you continue your work with Governor Gregoire on the financial plan.

Sincerely,

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

Ted Wheeler  
Treasurer

TW:pr

Attachment