



Oregon

John A. Kitzhaber, MD, Governor

Department of Administrative Services

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April 4, 2013

The Honorable Jackie Winters, Co-Chair
The Honorable Jennifer Williamson, Co-Chair
Subcommittee on Public Safety
Joint Committee on Ways and Means
Oregon State Capitol
900 Court Street N.E.
Salem, Oregon 97301

Re: Responses to Subcommittee questions of Art Ayre, April 2, 2013

Dear Senator Winters and Representative Williamson,

This letter contains my answers to three questions asked of me by the Subcommittee during my presentation on the Governor's Budget for the Oregon Military Department on April 2, 2013.

Question: What is the debt service on the proposed Seismic Rehabilitation Grant Program bonds in the 2015-17 biennium?

Answer: The projected 2015-17 biennium debt service on the \$30 million of Seismic Rehabilitation Grant Program bonds to be sold in May 2015 is \$4,273,351.

Question: With \$7.4 million of Article XI-Q bonds for Military Department construction projects in the 2013-15 biennium, how can debt service be only \$393,362 when one year's interest at 5 percent per year would be \$370,000?

Answer: The total value of bonds to be sold is \$7.6 million, comprised of \$7.4 million of proceeds to cover project costs plus \$191,924 of proceeds to cover the cost of issuance. These bonds are proposed to be sold in three separate sales: \$360,000 in October 2013, almost \$2.8 million in May 2014, and almost \$4.5 million in March 2015. Debt service is projected to become due during the 2013-15 biennium only on the first two sales and would total \$48,582 for the October 2013 sale and \$344,781 for the May 2014 sale. The average annual interest rate for the 10-year bonds comprising the entire \$7.6 million bond sale was projected to be 4.57 percent.

Question: What is the debt service on these bonds in the 2015-17 biennium?

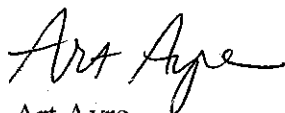
Answer: The projected 2015-17 biennium debt service on the \$7.6 million of Article XI-Q bonds is \$1,850,601.

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I hope my answer provides the information the Subcommittee desired. Please let me know if I can help further.

Sincerely,

A handwritten signature in cursive script that reads "Art Ayre".

Art Ayre
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