

William F. Dwyer
STATE TREASURER



**THE STATE OF NEW HAMPSHIRE
STATE TREASURY**

25 CAPITOL STREET, ROOM 121
CONCORD, N.H. 03301
603-271-2621
FAX 603-271-3922
E-mail: bdwyer@treasury.state.nh.us
TDD Access: Relay NH 1-800-735-2964

February 25, 2016

Mr. Michael W. Kane
Legislative Budget Assistant
Office of Legislative Budget Assistant
State House Room 102
Concord, NH 03301

Dear Mr. Kane:

Please accept this letter as certification of the affordable debt limit as required by RSA 6-C:2. The statute prohibits the legislature from authorizing any additional net tax-supported debt that would result in actual and projected debt service exceeding ten percent of unrestricted general fund revenues for the previous fiscal year. Unrestricted general fund revenues for fiscal year 2015 totaled \$1,397,673,000, therefore actual and projected general fund debt service cannot exceed \$139,767,300.

RSA 6-C:1 defines "net tax-supported debt" as debt:

- Authorized (whether issued or not), the debt service of which is to be paid from general fund unrestricted revenues or
- Guaranteed by the State, unless specific revenues have been segregated to cover the guarantee, or if the guarantee is a general obligation of a municipality where property taxes may be levied.

Attached is a worksheet presenting total projected debt service through fiscal year 2022 using the parameters defined in RSA 6-C. The projection includes:

- Current annual general fund debt service through fiscal year 2022,
- Amortization for the \$136.3 million in general fund bonds currently authorized but unissued, and
- Amortization of all general obligation guarantees within the statutory definition.

The total projected debt service was then compared to ten percent of fiscal year 2015 general fund unrestricted revenues. The result provides the projected remaining annual debt service capacity within the prescribed limits of RSA 6-C, although for this year's certification we have documented two scenarios in order to introduce sensitivities: one based on a future interest rate environment without bond issue premiums (Attachments 1 and 2), and one based on the continuing interest rate environment in which we issue at a premium (Attachments 3 and 4). We represented these scenarios by using a 5% coupon rate for the former and 3% for the latter.

Solving for the minimum annual debt service allowable during the forecast period, I have calculated that the level of new net tax-supported debt authorized by the legislature, absent a 3/5 override vote, could not exceed a range of \$303 million (rate environment with no premiums) to \$422 million (bond premiums in the prevailing rate environment). In the recently released Debt Affordability Study I recommended that the legislature not exceed \$125 million of new net tax-supported bond authorizations for the 2018-19

Mr. Michael W. Kane
February 25, 2016
Page 2

biennium and \$120 million for 2020-21 and beyond, each of these considerably below the RSA 6-C calculated authorization capacity range.

While the statutory threshold established in RSA 6-C serves its intended purpose of keeping State debt levels manageable, it is important to note that the likelihood of this scenario unfolding as calculated here is remote. It is highly unlikely that the State would ever issue all bonds authorized and unissued, as well as any new authorizations, in the same year. That assumption, coupled with the remote likelihood that all outstanding general obligation guarantees would be triggered in the same year, with general fund unrestricted revenues simultaneously remaining flat over the six-year period, provides an extremely conservative assumed set of circumstances.

Respectfully,



William F. Dwyer
State Treasurer

Attachments (4)

State Treasury
Attachment 1 to RSA 6-C Certification
2/24/2016

Fiscal Year	Amortization of \$136M in		\$180.2M		Total Projected		10% of FY 2015		Less: Total		Remaining Debt
	Current Actual	General Fund Bonds Authorized & Unissued	Guaranteed General Fund	Debt	General Fund	Debt Service	General Fund Unrestricted Revenues	General Fund Debt Service	Projected General Fund Debt Service	Service Authorizations Allowable	
2016	99,578,196	3,400,000	4,505,000	4,505,000	107,483,196	107,483,196	139,767,300	107,483,196	107,483,196	32,284,104	
2017	90,279,950	10,810,175	14,323,750	14,323,750	115,413,875	115,413,875	139,767,300	115,413,875	115,413,875	24,353,425 (a)	
2018	86,589,582	10,805,375	14,316,450	14,316,450	111,711,407	111,711,407	139,767,300	111,711,407	111,711,407	28,055,893	
2019	84,672,681	10,800,025	14,309,200	14,309,200	109,781,906	109,781,906	139,767,300	109,781,906	109,781,906	29,985,394	
2020	78,515,144	10,793,625	14,302,275	14,302,275	103,611,044	103,611,044	139,767,300	103,611,044	103,611,044	36,156,256	
2021	68,003,178	10,787,625	14,293,950	14,293,950	93,084,753	93,084,753	139,767,300	93,084,753	93,084,753	46,682,547	
2022	61,243,825	10,781,425	14,285,475	14,285,475	86,310,725	86,310,725	139,767,300	86,310,725	86,310,725	53,456,575	

(a) Correlates to \$303M in authorizations

Attachment 2 to RSA 6-C Certification
February 24, 2016

State of New Hampshire Treasury
General Obligation Bonds
Debt Service Schedule

	Principal	Coupon	Interest	Debt Service	Fiscal Year Total
3/1/2016			7,587,436.00	7,587,436.00	7,587,436.00
9/1/2016	9,178,550	5.00%	7,587,436.00	16,765,986.00	
3/1/2017			7,357,972.25	7,357,972.25	24,123,958.25
9/1/2017	9,637,470	5.00%	7,357,972.25	16,995,442.25	
3/1/2018			7,117,035.50	7,117,035.50	24,112,477.75
9/1/2018	10,119,350	5.00%	7,117,035.50	17,236,385.50	
3/1/2019			6,864,051.75	6,864,051.75	24,100,437.25
9/1/2019	10,625,320	5.00%	6,864,051.75	17,489,371.75	
3/1/2020			6,598,418.75	6,598,418.75	24,087,790.50
9/1/2020	11,156,580	5.00%	6,598,418.75	17,754,998.75	
3/1/2021			6,319,504.25	6,319,504.25	24,074,503.00
9/1/2021	11,714,410	5.00%	6,319,504.25	18,033,914.25	
3/1/2022			6,026,644.00	6,026,644.00	24,060,558.25
9/1/2022	12,300,130	5.00%	6,026,644.00	18,326,774.00	
3/1/2023			5,719,140.75	5,719,140.75	24,045,914.75
9/1/2023	12,915,140	5.00%	5,719,140.75	18,634,280.75	
3/1/2024			5,396,262.25	5,396,262.25	24,030,543.00
9/1/2024	13,560,900	5.00%	5,396,262.25	18,957,162.25	
3/1/2025			5,057,239.75	5,057,239.75	24,014,402.00
9/1/2025	14,238,940	5.00%	5,057,239.75	19,296,179.75	
3/1/2026			4,701,266.25	4,701,266.25	23,997,446.00
9/1/2026	14,950,890	5.00%	4,701,266.25	19,652,156.25	
3/1/2027			4,327,494.00	4,327,494.00	23,979,650.25
9/1/2027	15,698,430	5.00%	4,327,494.00	20,025,924.00	
3/1/2028			3,935,033.25	3,935,033.25	23,960,957.25
9/1/2028	16,483,350	5.00%	3,935,033.25	20,418,383.25	
3/1/2029			3,522,949.50	3,522,949.50	23,941,332.75
9/1/2029	17,307,520	5.00%	3,522,949.50	20,830,469.50	
3/1/2030			3,090,261.50	3,090,261.50	23,920,731.00
9/1/2030	18,172,900	5.00%	3,090,261.50	21,263,161.50	
3/1/2031			2,635,939.00	2,635,939.00	23,899,100.50
9/1/2031	19,081,540	5.00%	2,635,939.00	21,717,479.00	
3/1/2032			2,158,900.50	2,158,900.50	23,876,379.50
9/1/2032	20,035,620	5.00%	2,158,900.50	22,194,520.50	
3/1/2033			1,658,010.00	1,658,010.00	23,852,530.50
9/1/2033	21,037,400	5.00%	1,658,010.00	22,695,410.00	
3/1/2034			1,132,075.00	1,132,075.00	23,827,485.00
9/1/2034	22,089,270	5.00%	1,132,075.00	23,221,345.00	
3/1/2035			579,843.25	579,843.25	23,801,188.25
9/1/2035	23,193,730	5.00%	579,843.25	23,773,573.25	23,773,573.25
	\$ 303,497,440.00		\$ 183,570,955.00	\$ 487,068,395.00	\$ 487,068,395.00

Sources:

Par Amount	303,497,440.00	24,353,424.78	Target DS
Fixed Coupon		5.0%	

State Treasury
Attachment 3 to RSA 6-C Certification
2/24/2016

<u>Fiscal Year</u>	<u>Amortization of \$136M in</u>		<u>\$180.2M</u>		<u>10% of FY 2015</u>		<u>Less: Total</u>		<u>Remaining Debt</u>
	<u>Current Actual</u>	<u>General Fund Bonds Authorized & Unissued</u>	<u>Guaranteed</u>	<u>General Fund Debt</u>	<u>General Fund Unrestricted Revenues</u>	<u>General Fund Debt Service</u>	<u>General Fund Debt Service</u>	<u>Service Authorizations Allowable</u>	
2016	99,578,196	2,044,500	2,703,000	2,703,000	139,767,300	104,325,696	104,325,696	35,441,604	
2017	90,279,950	9,084,920	12,011,410	12,011,410	139,767,300	111,376,280	111,376,280	28,391,020 (a)	
2018	86,589,582	9,083,465	12,008,215	12,008,215	139,767,300	107,681,262	107,681,262	32,086,038	
2019	84,672,681	9,080,375	12,005,885	12,005,885	139,767,300	105,758,941	105,758,941	34,008,359	
2020	78,515,144	9,078,515	12,002,240	12,002,240	139,767,300	99,595,899	99,595,899	40,171,401	
2021	68,003,178	9,075,735	11,999,100	11,999,100	139,767,300	89,078,013	89,078,013	50,689,287	
2022	61,243,825	9,072,900	11,995,270	11,995,270	139,767,300	82,311,995	82,311,995	57,455,305	

(a) Correlates to \$422M in authorizations

Attachment 4 to RSA 6-C Certification
2/24/2016

State of New Hampshire Treasury
General Obligation Bonds
Debt Service Schedule

	Principal	Coupon	Interest	Debt Service	Fiscal Year Total
3/1/2016			6,335,799.15	6,335,799.15	6,335,799.15
9/1/2016	15,719,420	3.00%	6,335,799.15	22,055,219.15	
3/1/2017			6,100,007.85	6,100,007.85	28,155,227.00
9/1/2017	16,191,000	3.00%	6,100,007.85	22,291,007.85	
3/1/2018			5,857,142.85	5,857,142.85	28,148,150.70
9/1/2018	16,676,730	3.00%	5,857,142.85	22,533,872.85	
3/1/2019			5,606,991.90	5,606,991.90	28,140,864.75
9/1/2019	17,177,030	3.00%	5,606,991.90	22,784,021.90	
3/1/2020			5,349,336.45	5,349,336.45	28,133,358.35
9/1/2020	17,692,340	3.00%	5,349,336.45	23,041,676.45	
3/1/2021			5,083,951.35	5,083,951.35	28,125,627.80
9/1/2021	18,223,110	3.00%	5,083,951.35	23,307,061.35	
3/1/2022			4,810,604.70	4,810,604.70	28,117,666.05
9/1/2022	18,769,810	3.00%	4,810,604.70	23,580,414.70	
3/1/2023			4,529,057.55	4,529,057.55	28,109,472.25
9/1/2023	19,332,900	3.00%	4,529,057.55	23,861,957.55	
3/1/2024			4,239,064.05	4,239,064.05	28,101,021.60
9/1/2024	19,912,890	3.00%	4,239,064.05	24,151,954.05	
3/1/2025			3,940,370.70	3,940,370.70	28,092,324.75
9/1/2025	20,510,270	3.00%	3,940,370.70	24,450,640.70	
3/1/2026			3,632,716.65	3,632,716.65	28,083,357.35
9/1/2026	21,125,580	3.00%	3,632,716.65	24,758,296.65	
3/1/2027			3,315,832.95	3,315,832.95	28,074,129.60
9/1/2027	21,759,350	3.00%	3,315,832.95	25,075,182.95	
3/1/2028			2,989,442.70	2,989,442.70	28,064,625.65
9/1/2028	22,412,130	3.00%	2,989,442.70	25,401,572.70	
3/1/2029			2,653,260.75	2,653,260.75	28,054,833.45
9/1/2029	23,084,490	3.00%	2,653,260.75	25,737,750.75	
3/1/2030			2,306,993.40	2,306,993.40	28,044,744.15
9/1/2030	23,777,030	3.00%	2,306,993.40	26,084,023.40	
3/1/2031			1,950,337.95	1,950,337.95	28,034,361.35
9/1/2031	24,490,340	3.00%	1,950,337.95	26,440,677.95	
3/1/2032			1,582,982.85	1,582,982.85	28,023,660.80
9/1/2032	25,225,050	3.00%	1,582,982.85	26,808,032.85	
3/1/2033			1,204,607.10	1,204,607.10	28,012,639.95
9/1/2033	25,981,800	3.00%	1,204,607.10	27,186,407.10	
3/1/2034			814,880.10	814,880.10	28,001,287.20
9/1/2034	26,761,250	3.00%	814,880.10	27,576,130.10	
3/1/2035			413,461.35	413,461.35	27,989,591.45
9/1/2035	27,564,090	3.00%	413,461.35	27,977,551.35	27,977,551.35
	\$ 422,386,610.00		\$ 145,433,684.70	\$ 567,820,294.70	\$ 567,820,294.70

Sources:

Par Amount	422,386,610.00	28,391,019.78	Target DS
Fixed Coupon		3.0%	