

**William F. Dwyer**  
STATE TREASURER



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February 12, 2018

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 2017 totaled \$1,503,190,000, therefore actual and projected general fund debt service cannot exceed \$150,319,000.

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 are worksheets which present total projected debt service through fiscal year 2024 using the parameters defined in RSA 6-C. The projection includes:

- Current annual general fund debt service through fiscal year 2024,
- Amortization of the \$223.8 million in general fund bonds currently authorized but unissued, and
- Amortization of all general obligation guarantees within the statutory definition.

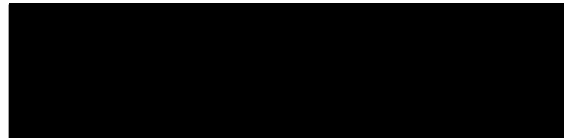
The total projected debt service was then compared to ten percent of fiscal year 2017 general fund unrestricted revenues. The result provides the projected remaining annual debt service capacity within the prescribed limits of RSA 6-C, although for this year's certification we have documented two scenarios in order to reflect 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 Treasury is able to issue bonds at a premium (Attachments 3 and 4). We represented these scenarios by using a 5% coupon rate for the former and 3.5% for the latter.

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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 \$415 million (rate environment with no premiums) to \$505 million (bond premiums in the prevailing rate environment). In the recently released Debt Affordability Study, I recommended that the legislature not exceed \$120 million of new net tax-supported bond authorizations for the 2020-21 biennium and beyond, each of these considerably less than the RSA 6-C calculated authorization capacity range of \$415-\$505 million.

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 presented here is remote. It is improbable 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 faint prospect 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 set of assumptions for this statutory assessment.

Respectfully,

A large black rectangular redaction box covering the signature of William F. Dwyer.

William F. Dwyer  
State Treasurer

Attachments (4)

State Treasury  
Attachment 1 to RSA 6-C Certification  
2/12/2018

Fiscal Year	Amortization of \$224M in		\$206M		10% of FY 2017		Less: Total		Remaining Debt Service Authorizations Allowable	
	General Fund	Bonds Authorized & Unissued	Guaranteed General Fund	Debt	General Fund	Unrestricted Revenues	Projected General Fund	Debt Service	General Fund	Debt Service
2018	89,579,120	5,595,000	6,493,181	6,493,181	101,667,302	150,319,000	101,667,302	101,667,302	48,651,698	33,353,345 (a)
2019	89,677,222	17,788,800	9,499,633	9,499,633	116,965,655	150,319,000	116,965,655	116,965,655	36,610,614	
2020	83,421,377	17,780,925	12,506,084	12,506,084	113,708,386	150,319,000	113,708,386	113,708,386	44,326,602	
2021	72,716,881	17,771,700	15,503,817	15,503,817	105,992,398	150,319,000	105,992,398	105,992,398	50,299,516	
2022	65,763,133	17,762,275	16,494,077	16,494,077	100,019,484	150,319,000	100,019,484	100,019,484	59,993,636	
2023	55,076,749	17,752,725	17,495,890	17,495,890	90,325,364	150,319,000	90,325,364	90,325,364	64,958,839	
2024	50,239,808	17,742,100	17,378,253	17,378,253	85,360,161	150,319,000	85,360,161	85,360,161		

(a) Correlates to \$415M in authorizations

State Treasury  
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
3/1/2018			10,391,408.75	10,391,408.75	10,391,408.75
9/1/2018	12,570,520	5.00%	10,391,408.75	22,961,928.75	
3/1/2019			10,077,145.75	10,077,145.75	33,039,074.50
9/1/2019	13,199,050	5.00%	10,077,145.75	23,276,195.75	
3/1/2020			9,747,169.50	9,747,169.50	33,023,365.25
9/1/2020	13,859,000	5.00%	9,747,169.50	23,606,169.50	
3/1/2021			9,400,694.50	9,400,694.50	33,006,864.00
9/1/2021	14,551,950	5.00%	9,400,694.50	23,952,644.50	
3/1/2022			9,036,895.75	9,036,895.75	32,989,540.25
9/1/2022	15,279,550	5.00%	9,036,895.75	24,316,445.75	
3/1/2023			8,654,907.00	8,654,907.00	32,971,352.75
9/1/2023	16,043,530	5.00%	8,654,907.00	24,698,437.00	
3/1/2024			8,253,818.75	8,253,818.75	32,952,255.75
9/1/2024	16,845,700	5.00%	8,253,818.75	25,099,518.75	
3/1/2025			7,832,676.25	7,832,676.25	32,932,195.00
9/1/2025	17,687,990	5.00%	7,832,676.25	25,520,666.25	
3/1/2026			7,390,476.50	7,390,476.50	32,911,142.75
9/1/2026	18,572,390	5.00%	7,390,476.50	25,962,866.50	
3/1/2027			6,926,166.75	6,926,166.75	32,889,033.25
9/1/2027	19,501,010	5.00%	6,926,166.75	26,427,176.75	
3/1/2028			6,438,641.50	6,438,641.50	32,865,818.25
9/1/2028	20,476,060	5.00%	6,438,641.50	26,914,701.50	
3/1/2029			5,926,740.00	5,926,740.00	32,841,441.50
9/1/2029	21,499,860	5.00%	5,926,740.00	27,426,600.00	
3/1/2030			5,389,243.50	5,389,243.50	32,815,843.50
9/1/2030	22,574,850	5.00%	5,389,243.50	27,964,093.50	
3/1/2031			4,824,872.25	4,824,872.25	32,788,965.75
9/1/2031	23,703,600	5.00%	4,824,872.25	28,528,472.25	
3/1/2032			4,232,282.25	4,232,282.25	32,760,754.50
9/1/2032	24,888,780	5.00%	4,232,282.25	29,121,062.25	
3/1/2033			3,610,062.75	3,610,062.75	32,731,125.00
9/1/2033	26,133,210	5.00%	3,610,062.75	29,743,272.75	
3/1/2034			2,956,732.50	2,956,732.50	32,700,005.25
9/1/2034	27,439,880	5.00%	2,956,732.50	30,396,612.50	
3/1/2035			2,270,735.50	2,270,735.50	32,667,348.00
9/1/2035	28,811,870	5.00%	2,270,735.50	31,082,605.50	
3/1/2036			1,550,438.75	1,550,438.75	32,633,044.25
9/1/2036	30,252,460	5.00%	1,550,438.75	31,802,898.75	
3/1/2037			794,127.25	794,127.25	32,597,026.00
9/1/2037	31,765,090	5.00%	794,127.25	32,559,217.25	32,559,217.25
	\$ 415,656,350.00		\$ 251,410,471.50	\$ 667,066,821.50	\$ 667,066,821.50

**Sources:**

Par Amount	415,656,350.00	33,353,345.38	Target DS
Fixed Coupon		5.00%	

State Treasury  
Attachment 3 to RSA 6-C Certification  
2/12/2018

<u>Fiscal Year</u>	<u>Amortization of \$224M in</u>		<u>\$206M</u>		<u>10% of FY 2017</u>		<u>Less: Total Projected General Fund Debt Service</u>		<u>Remaining Debt Service Authorizations Allowable</u>	
	<u>Current Actual General Fund Debt Service</u>	<u>Bonds Authorized &amp; Unissued</u>	<u>Guaranteed General Fund Debt</u>	<u>Total Projected General Fund Debt Service</u>	<u>General Fund Unrestricted Revenues</u>	<u>General Fund Debt Service</u>	<u>General Fund Debt Service</u>	<u>General Fund Debt Service</u>	<u>Service Authorizations Allowable</u>	<u>Service Authorizations Allowable</u>
2018	89,579,120	3,916,500	6,493,181	99,988,802	150,319,000	99,988,802	99,988,802	50,330,198		
2019	89,677,222	15,608,505	9,499,633	114,785,360	150,319,000	114,785,360	114,785,360	35,533,640 (a)		
2020	83,421,377	15,603,668	12,506,084	111,531,129	150,319,000	111,531,129	111,531,129	38,787,871		
2021	72,716,881	15,598,960	15,503,817	103,819,658	150,319,000	103,819,658	103,819,658	46,499,342		
2022	65,763,133	15,593,050	16,494,077	97,850,259	150,319,000	97,850,259	97,850,259	52,468,741		
2023	55,076,749	15,587,588	17,495,890	88,160,226	150,319,000	88,160,226	88,160,226	62,158,774		
2024	50,239,808	15,582,188	17,378,253	83,200,249	150,319,000	83,200,249	83,200,249	67,118,751		

(a) Correlates to \$505M in authorizations

State Treasury  
Attachment 4 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
3/1/2018			8,837,821.13	8,837,821.13	8,837,821.13
9/1/2018	17,857,990	3.50%	8,837,821.13	26,695,811.13	
3/1/2019			8,525,306.30	8,525,306.30	35,221,117.43
9/1/2019	18,483,020	3.50%	8,525,306.30	27,008,326.30	
3/1/2020			8,201,853.45	8,201,853.45	35,210,179.75
9/1/2020	19,129,930	3.50%	8,201,853.45	27,331,783.45	
3/1/2021			7,867,079.68	7,867,079.68	35,198,863.13
9/1/2021	19,799,480	3.50%	7,867,079.68	27,666,559.68	
3/1/2022			7,520,588.78	7,520,588.78	35,187,148.45
9/1/2022	20,492,460	3.50%	7,520,588.78	28,013,048.78	
3/1/2023			7,161,970.73	7,161,970.73	35,175,019.50
9/1/2023	21,209,690	3.50%	7,161,970.73	28,371,660.73	
3/1/2024			6,790,801.15	6,790,801.15	35,162,461.88
9/1/2024	21,952,030	3.50%	6,790,801.15	28,742,831.15	
3/1/2025			6,406,640.63	6,406,640.63	35,149,471.78
9/1/2025	22,720,350	3.50%	6,406,640.63	29,126,990.63	
3/1/2026			6,009,034.50	6,009,034.50	35,136,025.13
9/1/2026	23,515,570	3.50%	6,009,034.50	29,524,604.50	
3/1/2027			5,597,512.03	5,597,512.03	35,122,116.53
9/1/2027	24,338,610	3.50%	5,597,512.03	29,936,122.03	
3/1/2028			5,171,586.35	5,171,586.35	35,107,708.38
9/1/2028	25,190,460	3.50%	5,171,586.35	30,362,046.35	
3/1/2029			4,730,753.30	4,730,753.30	35,092,799.65
9/1/2029	26,072,130	3.50%	4,730,753.30	30,802,883.30	
3/1/2030			4,274,491.03	4,274,491.03	35,077,374.33
9/1/2030	26,984,650	3.50%	4,274,491.03	31,259,141.03	
3/1/2031			3,802,259.65	3,802,259.65	35,061,400.68
9/1/2031	27,929,120	3.50%	3,802,259.65	31,731,379.65	
3/1/2032			3,313,500.05	3,313,500.05	35,044,879.70
9/1/2032	28,906,640	3.50%	3,313,500.05	32,220,140.05	
3/1/2033			2,807,633.85	2,807,633.85	35,027,773.90
9/1/2033	29,918,370	3.50%	2,807,633.85	32,726,003.85	
3/1/2034			2,284,062.38	2,284,062.38	35,010,066.23
9/1/2034	30,965,510	3.50%	2,284,062.38	33,249,572.38	
3/1/2035			1,742,165.95	1,742,165.95	34,991,738.33
9/1/2035	32,049,300	3.50%	1,742,165.95	33,791,465.95	
3/1/2036			1,181,303.20	1,181,303.20	34,972,769.15
9/1/2036	33,171,030	3.50%	1,181,303.20	34,352,333.20	
3/1/2037			600,810.18	600,810.18	34,953,143.38
9/1/2037	34,332,010	3.50%	600,810.18	34,932,820.18	34,932,820.18
	\$ 505,018,350.00		\$ 205,654,348.55	\$ 710,672,698.55	\$ 710,672,698.55

**Sources:**

Par Amount	505,018,350.00	35,533,640.38	Target DS
Fixed Coupon		3.5%	