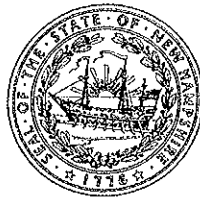


Catherine A. Provencher
STATE TREASURER



THE STATE OF NEW HAMPSHIRE
STATE TREASURY

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January 11, 2013

Honorable Peter Bragdon
President of the Senate
Honorable Terie Norelli
Speaker of the House

Dear President Bragdon and Speaker Norelli:

Attached is a copy of the debt affordability study for fiscal year 2012 prepared by the State Treasury and Public Resources Advisory Group, the State's financial advisors. In developing this year's study we have examined the impact of debt issuance and economic scenarios on the State's debt ratios. It is important to note this study focuses on net General Fund debt outstanding and does not consider debt funded with Highway Funds or other self-supporting sources.

The base case found on page 3 of the appendix assumes issuance of \$67.5 million in new net general fund debt and annual revenue growth of 2.5% in fiscal years 2014 through 2019. The bond authorization and appropriation for the University System of New Hampshire's (USNH) Knowledge Economy Education Plan (KEEP) program expires June 30, 2013. The \$67.5 million in new net general fund debt in fiscal years 2014 through 2019 would include any new authorizations for USNH capital needs. Also included in the attached analysis is the effect of the issuance of \$131 million in school building aid debt in fiscal years 2010 and 2011.

Sensitivity Case 1 found on page 13 of the appendix, assumes the same debt issuance as in the base case but assumes a constant revenue forecast. The purpose of this alternative case is to examine how no revenue growth might affect our borrowing capacity. Sensitivity Case 2 on page 15 of the appendix assumes the same debt issuance and revenue growth assumed in the base case but increases the interest rate by one percentage point. Both of these sensitivity analyses demonstrate that while our debt service to revenue ratio increases, it remains below the 10% rule of thumb warning level.

In addition, scenarios were prepared to highlight the impact of state guaranteed bonds on the State's debt ratios. Even in the very worst case (and unlikely) scenario under which the State would be required to assume all guarantee liabilities our debt service to revenue ratio below the 10% rule of thumb warning level, albeit by a narrow margin.

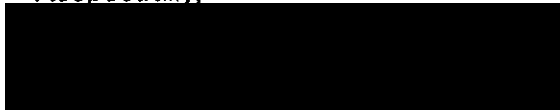
Hon. Peter Bragdon
Hon. Terie Norelli
January 11, 2013
Page 2

The debt service to unrestricted revenues ratio is the measure most closely examined by policy makers as the best barometer of our debt affordability levels. This analysis indicates that our debt service to unrestricted revenue ratio remains manageable under these scenarios. From past analyses we know that our ratios are most dramatically impacted by assuming no future revenue growth in state unrestricted revenues.

Our ratios are also influenced by including contingent debt in the analysis, which is admittedly a worst case scenario but important to consider for credit rating purposes. While sometimes difficult to measure, the level of contingent debt does have an impact on our credit rating, notwithstanding the past success of our State guarantee programs.

I am happy to further discuss this study with you at any time.

Respectfully,



Catherine A. Provencher
State Treasurer

Attachments

Cc:

Honorable Maggie Hassan, Governor
Representative Mary Jane Wallner, Chair, House Finance Committee
Representative David Campbell, Chair, House Public Works and Highways
Senator Chuck Morse, Chair, Senate Finance Committee
Senator David Boutin, Senate Capital Budget Committee
Linda Hodgdon, Commissioner, Department of Administrative Services
Jeffrey Pattison, Legislative Budget Assistant

Public Resources Advisory Group

40 Rector Street, Suite 1600 ■ New York, New York 10006-2908 ■ (212) 566-7800

MEMORANDUM TO: The Honorable Catherine Provencher
Treasurer
State of New Hampshire

FROM: Public Resources Advisory Group ("PRAG")

SUBJECT: Debt Affordability Study Update

DATE: December 18, 2012

As requested, we have updated the debt affordability study for the State of New Hampshire. This study analyzes only net General Fund debt outstanding at June 30, 2012. The School Building Aid bonds are included in the study. The rating agencies opine that the State has "manageable debt levels with debt ratios well below Moody's 50-state medians" (Moody's Investors Service report dated November 9, 2012), "The state's debt ratios are low-to-moderate" (Standard & Poor's report dated November 12, 2012) and "debt levels are low, amortization is rapid" (Fitch Ratings report dated November 9, 2012). Thus, the credit agencies recognize the State's fiscal prudence in regard to debt.

Assumptions

The following assumptions were used in preparing the base case analysis that projects the State's future debt ratios:

1. \$67.5 million of tax-exempt general obligation debt to be issued in each of fiscal years 2013 through 2019. Each issue is assumed to be amortized over 20 years and carry an interest rate of 5.00%, with 60% of principal amortized in equal annual installments over the first ten years and 40% in equal annual installments over the second ten years. Future debt issuance includes \$17.5 million annually for the University System of New Hampshire in fiscal years 2013 through 2019, totaling \$122.5 million.
2. \$50 million of the Commercial Paper is reissued in fiscal year 2013 and the outstanding Commercial Paper rolled over each year through 2019 at an assumed rate of 3.00%.
3. General Fund Unrestricted Revenues reflect actual revenues for fiscal year 2012 and projected revenues for fiscal year 2013 with the portion of meals and room tax revenues designated for the debt service of school building aid included and an average annual growth of 2.50% in fiscal years 2014 through 2019.
4. Total personal income is based on 2011 figure of \$60.480 million and is projected to grow at an average annual rate of 4.00%.
5. Population is based on 2011 figure of 1.318 million and is projected to grow at an average annual rate of 0.70% per year.

We have also projected the State's debt ratios including certain State guaranteed debt. In doing so, we have made the following assumptions:

1. State guaranteed debt taken into account includes debt issued for local Superfund sites, Business Finance Authority ("BFA") and Pease Development Authority ("PDA") and

Public Resources Advisory Group

Division of Water Resources. The analysis excludes State guaranteed debt issued for water pollution control, local schools and local landfills and Division of Water Resources (program eliminated).

2. Future issuances of State guaranteed debt are assumed to be as follows:

Expected Issuances of State Guaranteed Debt		
Fiscal Year	Dollar Amount	Purpose
2014	\$29,400,000	Superfund, BFA, Pease
2015	29,400,000	Superfund, BFA, Pease
2016	29,300,000	Superfund, BFA, Pease
2017	6,400,000	BFA
2018	6,400,000	BFA

3. New State guaranteed debt is assumed to be taxable with level debt service over 20 years at an average interest rate of 6.00%.
4. An analysis of each case is contained in the Appendix to this report.

Effect of General Obligation Debt Issuance on Debt Ratios

Chart One of the Base Case (page 3 of the Appendix) shows the effect on the State's debt ratios, based on the above assumptions including the issuance of \$67.5 million of tax-exempt general obligation debt in each of fiscal years 2013 through 2019 in addition to the issuance of \$50 million of Commercial Paper in fiscal year 2013. Combining these issuances and repayments of outstanding debt, the total issuance is approximately \$22.7 million less than retirements during the period, causing the State's net general fund debt to decrease from \$807.8 million at June 30, 2012 to \$786.2 million at June 30, 2019, a total decrease of 2.7% or 0.4% annually.

At the current time, New Hampshire's ratios of debt to personal income and debt per capita are significantly below the 2012 Moody's medians for states. New Hampshire's net general fund debt service to revenues ratio at 7.8% for fiscal year 2012 was higher than the median of 4.9% but well below the level that credit analysts use as a warning sign of excessive debt service burden of 10.0%. By issuing general obligation debt over the projected period in the amounts outlined above, New Hampshire's debt ratios would remain under the 2012 Moody's medians for states except for the debt service to revenues ratio, as summarized in the following chart:

Summary of Debt Ratios for Net General Fund Debt			
	Moody's Median	New Hampshire	
	2012	June 30, 2012	June 30, 2019 Est.
Debt to Personal Income	2.8%	1.3%	0.9%
Debt Per Capita	\$1,117	\$609	\$564
Debt Service to Revenues	4.9%*	7.8%	7.5%

* Ten percent is rule of thumb used by rating agency analysts as a warning level that should not be exceeded, as a greater relative amount would place too heavy a fixed cost burden on the budget, thereby limiting fiscal flexibility.

Public Resources Advisory Group

As can be seen, the ratio of debt service to revenues is projected to decrease to 7.5% at June 30, 2019 although it would reach 8.0% in fiscal year 2015. Debt to personal income would decline over the period, from 1.3% at June 30, 2012 to 0.9% at June 30, 2019 and debt per capita would decline from \$609 to \$564. These ratios relative to Moody's medians form the basis for the rating agencies assessment of the State's debt position.

Sensitivity Analyses: Effects of Constant Revenues and Higher Interest Rates

Given the current and future uncertainty regarding the economy and the markets, it is even more difficult than ever to make forecasts. Accordingly, a sensitivity case on General Fund revenues was developed, assuming no growth of revenues after fiscal year 2013. Under these assumptions, New Hampshire's debt ratios would change as summarized in the chart below:

Debt Ratios Assuming Constant Revenues After FY 2013					
Summary of Debt Ratios for Net General Fund Debt					
	Moody's Median	New Hampshire			
		Base Case		Constant Revenue Assumption	
		2012	FY 2012	FY 2019 Est.	FY 2012
Debt to Personal Income	2.8%	1.3%	0.9%	1.3%	0.9%
Debt Per Capita	\$1,117	\$609	\$564	\$609	\$564
Debt Service to Revenues	4.9%*	7.8%	7.5%	7.8%	8.7%

With the constant revenue, the ratio of debt service to revenues would increase substantially from 7.8% for fiscal year 2012 to 8.7% for fiscal year 2019, comparing to 7.5% in the Base Case. At the 8.7% level, this ratio would be still below the 10.0% rule of thumb. Other ratios would not change since the amount of bonds issued would not change. (The details of this analysis are shown on pages 12-13 of the Appendix).

A second sensitivity analysis was developed with regard to different market rates. It assumes that tax-exempt interest rates increase by 100 basis points. The results are as follows:

Debt Ratios Assuming Increased Tax-Exempt Rates					
Summary of Debt Ratios for Net General Fund Debt					
	Moody's Median	New Hampshire			
		Base Case		1% Interest Rate Increase	
		2012	FY 2012	FY 2019 Est.	FY 2012
Debt to Personal Income	2.8%	1.3%	0.9%	1.3%	0.9%
Debt Per Capita	\$1,117	\$609	\$564	\$609	\$564
Debt Service to Revenues	4.9%*	7.8%	7.5%	7.8%	7.7%

* Ten percent is a rule of thumb used by rating agency analysts as a warning level that should not be exceeded, as a greater relative amount would place too heavy a fixed cost burden on the budget, thereby limiting fiscal flexibility.

The ratio of debt service to revenues would decrease from 7.8% in fiscal year 2012 in the Base Case to 7.7% for fiscal year 2019, still below the 10% rule of thumb. Other ratios would not change since the amount of bonds issued would not change. (The details of this analysis are shown on pages 15-16 of the Appendix).

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Effect of State Guarantees on Debt Ratios

Chart Two of the Base Case (page 4 of the Appendix) shows the effect of State guarantees on New Hampshire's debt ratios. For this analysis there was \$98.9 million of outstanding guaranteed debt at June 30, 2012, which added to the State's net General Fund debt bringing the total to \$906.8 million, as shown in the table below:

Net General Fund and Guaranteed Debt at June 30, 2012	
<i>(\$ in millions)</i>	
Net General Fund Debt	\$807.8
Guaranteed Debt	
Pease Development Authority	3.0
Business Finance Authority	63.0
Qualified School Construction Bonds (QSCBs)	32.9
Total Guaranteed Debt	\$98.9
Total Net General Fund and Guaranteed Debt	\$906.8

There is approximately \$100.9 million of authorized but unissued State guaranteed debt at June 30, 2012, as shown in the table below:

Authorized But Unissued State Guaranteed Debt at June 30, 2012	
Purpose	Amount
<i>(\$ in millions)</i>	
Local Superfund Sites	\$20.0
Business Finance Authority	32.0
Pease Development Authority	48.9
Total	\$100.9

For this scenario, we assumed that: the Business Finance Authority would issue \$6.4 million in each of fiscal years 2014 through 2018; Pease Development Authority would issue \$16.3 million in each of fiscal years 2014 through 2016; and the Local Superfund would issue \$6.7 million in each of fiscal years 2014 and 2015 and \$6.6 million in fiscal year 2016.

The table below compares the ratios in four cases. The first case is the Base Case, without guaranteed debt. The second case, which is a more pessimistic scenario, shown on page 4 of the Appendix, includes all the outstanding and additional debt issuances for State guaranteed debt described above. In this second case, the State's maximum exposure would rise to approximately \$1.0 billion at June 30, 2016, which is \$168.1 million more than the net General Fund debt expected to be outstanding at that time. The third case, shown in the Appendix on page 5, includes outstanding and additional issuances of State guaranteed debt, described above, but assumes that \$20 million BFA loan and Pease Development Authority-Lonza Biologics (Celltech) issue have become self-supporting three years after commencement of their respective debt service payments. Contingent debt is deemed by credit analysts to be self-supporting if cash flow from operations is sufficient to pay debt service for three consecutive fiscal years. To the extent any other contingent debt becomes self-supporting; the ratios would be improved by excluding such obligations from State indebtedness. The last "worst case" scenario combines outstanding and additional issuances of the State guaranteed debt (Case 2) with a flat revenue

Public Resources Advisory Group

assumption (Sensitivity Case 2), shown in the Appendix on page 14. The resulting debt ratios are summarized in the following chart:

Summary of Debt Ratios Including State Guaranteed Debt

	New Hampshire								
	Moody's Median	Case 1 (Base Case) Net General Fund Debt		Case 2 All Guaranteed Debt		Case 3 Excluding Self-Supporting Guaranteed Debt		Case 4 All Guaranteed Debt and Flat Revenues	
		FY 2019 Est.		FY 2019 Est.		FY 2019 Est.		FY 2019 Est.	
		2012	FY 2012	FY 2012	FY 2012	FY 2012	FY 2012	FY 2012	FY 2012
Total Debt Outstanding (000,000)	---	\$808	\$766	\$906	\$946	\$884	\$923	\$907	\$946
Debt to Personal Income	2.8%	1.3%	0.9%	1.4%	1.1%	1.4%	1.1%	1.4%	1.1%
Debt Per Capita	\$1,117	\$609	\$564	\$683	\$679	\$666	\$662	\$683	\$679
Debt Service to Revenues	4.9%*	7.8%	7.5%	8.7%	8.5%	8.0%	8.5%	8.7%	9.9%

* Ten percent is a rule of thumb used by rating agency analysts as a warning level that should not be exceeded, as a greater relative amount would place too heavy a fixed cost burden on the budget, thereby limiting fiscal flexibility.

As would be expected, all debt ratios rise as a result of additional State guaranteed debt issuances. At June 30, 2019, the State's debt to personal income would be 1.1% in Case 2 as opposed to 0.9% in the Base Case while reaching 1.5% in fiscal year 2013. Debt per capita would be \$679 in Case 2 as opposed to \$564 in the Base Case; and debt service to revenues would be 8.5% as opposed to 7.5% in the Base Case. In Case 3, the State's debt to personal income at June 30, 2019, would be 1.1%, while debt per capita would be \$662 as opposed to \$679 in Case 2. Debt service to revenues would be 8.5%, same as in Case 2. Debt per capita and debt to personal income ratio would be lower than the 2012 Moody's medians. Debt service to revenue ratio would remain below the "warning level" of 10%. With an assumption of no revenue growth added to Case 2, the "worst case" scenario, debt service to revenue ratio increases to 9.9% in fiscal year 2019, almost reaching the "warning level."

Conclusion

The State's debt ratios are considered "manageable" to "low" by the rating agencies. If the State issues \$522.5 million of general obligation debt in fiscal years 2013 through 2019, as outlined above, the amount of debt outstanding would fall slightly and the effect on the debt ratios would be as follows: debt to personal income would decrease from the current level of 1.3% to 0.9% at the end of fiscal year 2019; debt service to revenues would decrease from 7.8% to 7.5% at June 30, 2019; and debt per capita would decline from \$609 to \$564. At these levels, the debt ratios would continue to remain "manageable."

Sensitivity analyses show that with constant revenues the debt service to revenue ratio would be 8.7% in fiscal year 2019, above the 7.5% level in the Base Case, and it would be 7.7% in the scenario with increased interest rates. At these levels, the debt service to revenue ratios in the two sensitivity cases would still be below the warning level for excessive debt service burden of 10%, although closer to it.

When existing and additional State guaranteed debt are added to the Base Case scenario, debt to personal income declines from the fiscal year 2012 level of 1.4% to 1.1%, maintaining that level through fiscal year 2016, before gradually falling down to 1.1% in fiscal year 2019. Debt per capita and the debt service ratio would rise above both current and projected Base Case ratios under the "worst case" scenario of constant revenues, with the most substantial effect on the projected ratio of debt service to revenues, which would rise from the projected Base Case level of 7.5% in fiscal year 2019 to 9.9%. Exclusion of debt expected to be self-supporting would lower this ratio to 8.5% at June 30, 2019. Debt to personal income

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ratio would be 1.1%, the same as under the “worst case” scenario. Debt per capita would be lowered from \$679 in the “worst case” scenario to \$662.

Since the ratio of debt service to revenues is already above the Moody’s median level, the State should watch closely this ratio and take corrective action if revenue growth falls below the level projected in the Base Case. This becomes particularly important if the 10% “warning level” is approached.

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update

Appendix – Analytic Summary

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THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update

Assumptions to Base Case - Issuance of \$117.5 Million of Debt in FY 2013 and \$67.5 Million Annually (\$50 Million General Fund and \$17.5 Million University) in FY 2014-2019
School Building Aid Bonds Included

- (1) \$67.5 million of current interest bonds issues annually in FY 2013 through 2019 at an interest rate of 5.0%, with 60% of the principal amortized in equal payments over the first ten years and 40% of the principal amortized in equal payments over the second ten years.
\$50 million of Commercial Paper is issued in FY 2013 and rolled over each year through 2019 at a rate of 3.0%.
- (2) Ending Outstanding Debt represents total net General Fund Debt to be paid from General Fund Unrestricted Revenues. It does include General Fund debt for school building aid.
- (3) General Fund Unrestricted Revenues reflect actual revenues for FY 2012 and projected revenues for FY 2013, with the portion of meals and room tax revenues designated for the debt service of school building aid bonds included. They are assumed to grow by 2.5% in each of fiscal years 2014 through 2019.
- (4) Total Personal Income - source: U.S. Department of Commerce, Bureau of Economic Analysis for 2011 figure of \$60,480 million. Assumes 4% growth annually thereafter.
- (5) Population - source: U.S. Census Bureau for 2011 figure of 1,318,000. Assumes 0.7% growth annually thereafter.
- (6) State guaranteed debt includes Net General Fund Debt plus the outstanding self-supporting PDA debt totaling \$3.028 million, \$32.9 million of Qualified School Construction Bonds (QSCBs) and BFA debt totalling \$63 million at June 30, 2012.
State guaranteed debt excluding self-supporting debt includes Net General Fund Debt plus \$32.9 million of QSCBs and \$43 million BFA debt at June 30, 2012.
- (7) Debt Service includes State guaranteed debt outstanding or to be issued for the following: local Superfund sites; BFA, PDA and Division of Water Resources. Excludes water pollution control, local landfills and local school guaranteed debt (with exception of QSCBs). Assumes level debt service over 20 years at 6.00% for new State guaranteed debt.
\$29.4 million is issued in each of FY 2014 and 2015, \$29.3 million in 2016 and \$6.4 million in each of FY 2017 and 2018.
Estimated authorized but unissued State guaranteed debt of \$100.9 million includes:
\$20 million for local Superfund sites, \$32 million for BFA and \$48.9 million for Pease.
State guaranteed self-supporting debt includes \$20 million outstanding BFA bonds and outstanding \$3.028 million in FY 2012 of the original \$30 million PDA - Lonza issue.

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update
Base Case: Issuance of \$117.5 Million of Debt in FY 2013 and \$67.5 Million Annually (\$50 Million General Fund and \$17.5 Million University) in FY 2014-2019
School Building Aid Bonds Included

	Actual 2012	Projected							TOTAL 2013-2019
		2013	2014	2015	2016	2017	2018	2019	
Net General Fund Debt (000's)									
Beginning Outstanding		\$807,847	\$852,976	\$847,026	\$840,672	\$831,906	\$819,818	\$804,686	
Issuances		\$117,500	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$522,500
Retirements:		72,371	69,399	65,755	64,116	63,388	62,382	61,717	459,128
Existing Debt		0	4,050	8,100	12,150	16,200	20,250	24,300	85,050
New Debt (1)		\$72,371	\$73,449	\$73,855	\$78,266	\$79,588	\$82,632	\$86,017	\$544,178
Total Retirements		\$45,129	(\$5,949)	(\$6,355)	(\$8,766)	(\$12,088)	(\$15,132)	(\$18,517)	(\$21,678)
Net New Debt									
Ending Outstanding (2)	\$807,847	\$852,976	\$847,026	\$840,672	\$831,906	\$819,818	\$804,686	\$786,169	
Existing Debt Service (000's)	\$106,941	\$110,627	\$103,901	\$101,998	\$94,841	\$89,295	\$83,083	\$79,284	
New Debt Service (000's) (1)	0	3,188	10,511	17,633	24,551	31,268	37,781	44,083	
Total Debt Service (000's)	\$106,941	\$113,814	\$114,413	\$119,631	\$119,392	\$120,563	\$120,864	\$123,376	
General Fund Unrestricted Revenues (000's)(3)	\$1,391,200	\$1,418,783	\$1,453,469	\$1,469,031	\$1,525,493	\$1,582,878	\$1,601,214	\$1,640,529	
Debt Service as a Percent of Revenues	7.8%	8.0%	7.9%	8.0%	7.8%	7.7%	7.5%	7.5%	
Total Personal Income (000,000's) (4)	62,899	65,415	66,032	70,753	73,583	76,526	79,588	82,771	
Debt to Personal Income	1.3%	1.3%	1.2%	1.2%	1.1%	1.1%	1.0%	0.9%	
Population (000's) (5)	1,327	1,337	1,346	1,355	1,365	1,374	1,384	1,394	
Debt Per Capita	\$609	\$638	\$629	\$620	\$610	\$597	\$581	\$564	

Footnotes explained on page 2.

THE STATE OF NEW HAMPSHIRE
 Debt Affordability Study Update
 Effect of State Guaranteed Bonds on Debt Ratios - Base Case

Net General Fund Debt (000's)	Actual	Projected							TOTAL
	2012	2013	2014	2015	2016	2017	2018	2019	2013-2019
Beginning Outstanding (6)		\$906,770	\$948,521	\$967,725	\$985,602	\$999,997	\$987,771	\$972,067	
G.O. Issuances		\$117,500	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$522,500
State Guaranteed Issuances (7)		0	25,400	29,400	29,300	6,400	6,400	0	100,900
Retirements G.O. Debt		72,371	73,449	73,449	73,855	76,268	79,588	82,632	86,017
State Guaranteed Debt (7)		<u>3,378</u>	<u>4,247</u>	<u>5,168</u>	<u>6,139</u>	<u>6,538</u>	<u>6,972</u>	<u>7,259</u>	<u>39,701</u>
Total Retirements		\$75,749	\$77,696	\$79,023	\$82,405	\$86,126	\$89,604	\$93,276	\$583,879
Net New Debt		\$41,751	\$19,204	\$17,877	\$14,395	(\$12,226)	(\$15,704)	(\$25,776)	\$39,521
Ending Outstanding		\$906,770	\$948,521	\$967,725	\$985,602	\$999,997	\$987,771	\$972,067	\$546,291
G.O. Debt Service (000's)		\$108,941	\$113,814	\$114,413	\$119,631	\$119,362	\$120,563	\$120,864	\$123,376
State Guaranteed Debt Service (000's) (7)		<u>11,832</u>	<u>8,388</u>	<u>10,810</u>	<u>13,255</u>	<u>15,686</u>	<u>18,115</u>	<u>19,554</u>	<u>16,436</u>
Total Debt Service (000's)		120,873	122,180	125,223	132,885	135,079	136,678	137,418	139,812
General Fund Unrestricted Revenues (000's)(2)(5)	\$1,391,200	\$1,418,783	\$1,453,469	\$1,489,031	\$1,525,493	\$1,562,878	\$1,601,214	\$1,640,529	
Debt Service as a Percent of Revenues	6.7%	8.6%	8.6%	8.9%	8.9%	8.7%	8.6%	8.5%	
Total Personal Income (000,000's) (3)(5)	\$62,899	\$65,415	\$68,032	\$70,753	\$73,583	\$76,526	\$79,588	\$82,771	
Debt to Personal Income	1.4%	1.5%	1.4%	1.4%	1.4%	1.3%	1.2%	1.1%	
Population (000's) (4)(5)	1,327	1,337	1,346	1,355	1,365	1,374	1,384	1,394	
Debt Per Capita	\$883	\$710	\$719	\$727	\$733	\$719	\$702	\$679	

Footnotes explained on page 2.

THE STATE OF NEW HAMPSHIRE
 Debt Affordability Study Update
 Effect of State Guaranteed Bonds (Excluding Self-Supporting Debt for BFA and PDA) on Debt Ratios

Net General Fund Debt (000's)	Actual 2012	Projected							TOTAL 2013-2019
		2013	2014	2015	2016	2017	2018	2019	
Beginning Outstanding (6) (7)		\$883,742	\$925,493	\$944,697	\$962,574	\$976,969	\$964,743	\$949,039	
G.O. Issuances		\$117,500	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$522,500
State Guaranteed Issuances		0	29,400	29,400	29,300	6,400	6,400	0	100,000
Retirements G.O. Debt		72,371	73,449	73,855	76,266	79,588	82,632	86,017	544,178
State Guaranteed Debt		<u>3,378</u>	<u>4,247</u>	<u>5,169</u>	<u>6,138</u>	<u>6,538</u>	<u>6,972</u>	<u>7,259</u>	<u>39,701</u>
Total Retirements		\$75,749	\$77,696	\$79,023	\$82,405	\$86,126	\$89,604	\$93,276	\$583,879
Net New Debt		\$41,751	\$19,204	\$17,877	\$14,395	(\$12,226)	(\$15,704)	(\$25,776)	\$39,521
Ending Outstanding (7)		\$883,742	\$925,493	\$944,697	\$962,574	\$976,969	\$964,743	\$949,039	\$923,263
G.O. Debt Service (000's)	\$108,941	\$113,814	\$114,413	\$118,631	\$119,392	\$120,563	\$120,864	\$123,376	
State Guaranteed Debt Service (000's)	<u>2,984</u>	<u>7,671</u>	<u>10,115</u>	<u>12,560</u>	<u>14,991</u>	<u>15,420</u>	<u>15,859</u>	<u>15,741</u>	
Total Debt Service (000's)	\$111,925	\$121,485	\$124,528	\$132,190	\$134,384	\$135,983	\$136,723	\$139,117	
General Fund Unrestricted Revenues (000's)(2)(5)	\$1,391,200	\$1,418,783	\$1,453,469	\$1,489,031	\$1,525,493	\$1,562,878	\$1,601,214	\$1,640,529	
Debt Service as a Percent of Revenues	8.0%	8.6%	8.6%	8.9%	8.8%	8.7%	8.5%	8.5%	
Total Personal Income (000,000's) (3)(5)	\$62,899	\$65,415	\$68,032	\$70,753	\$73,583	\$76,526	\$79,588	\$82,771	
Debt to Personal Income	1.4%	1.4%	1.4%	1.4%	1.3%	1.3%	1.2%	1.1%	
Population (000's) (4)(5)	1,327	1,337	1,346	1,355	1,365	1,374	1,384	1,394	
Debt Per Capita	\$666	\$692	\$702	\$710	\$716	\$702	\$686	\$662	

Footnotes explained on page 2.

CHART FOUR

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update
Debt Service on Outstanding General Obligation Debt

	2013	2014	2015	2016	2017	2018	2019
Principal Repayments							
General Fund	48,125,578	45,042,468	42,512,267	38,431,319	38,127,684	37,514,318	36,987,166
University System Appropriated	15,821,022	15,624,732	14,500,269	16,932,277	16,496,750	16,092,444	15,943,083
School Building Aid	<u>8,724,640</u>	<u>8,732,083</u>	<u>8,742,008</u>	<u>8,752,428</u>	<u>8,763,345</u>	<u>8,774,799</u>	<u>8,786,668</u>
Total Repayments	72,371,239	69,399,284	65,754,543	64,116,024	63,387,979	62,381,520	61,716,917
Interest Payments							
General Fund	22,829,156	20,070,807	21,999,908	17,864,986	15,172,368	11,783,438	9,914,956
University System Appropriated	8,726,498	9,162,692	9,409,333	8,480,017	8,770,125	5,380,865	4,535,911
School Building Aid	<u>5,669,816</u>	<u>5,268,477</u>	<u>4,834,393</u>	<u>4,389,913</u>	<u>3,965,016</u>	<u>3,536,682</u>	<u>3,115,892</u>
Total Payments	36,255,470	34,501,976	36,243,635	30,724,916	25,907,509	20,700,985	17,566,759
Total Debt Service Payments							
General Fund	70,954,734	65,113,276	64,512,175	56,296,305	53,300,253	49,297,756	46,902,122
University System Appropriated	25,247,520	24,787,424	23,909,602	25,392,294	23,266,874	21,473,308	20,478,994
School Building Aid	14,424,456	14,000,580	13,576,401	13,152,341	12,728,361	12,311,441	11,902,560
Total Debt Service	110,626,710	103,901,280	101,998,178	94,840,940	89,295,488	83,062,505	79,283,676

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update
Debt Service on New General Obligation Debt

		<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Debt Issued in FY2013</u>	Outstanding	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Commercial Paper	Principal Payments	0	0	0	0	0	0	0
	Interest Payments	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>
	Total Debt Service	1,500	1,500	1,500	1,500	1,500	1,500	1,500
<u>Debt Issued in FY2013</u>	Outstanding	67,500	63,450	59,400	55,350	51,300	47,250	43,200
Current Interest Bonds	Principal Payments	0	4,050	4,050	4,050	4,050	4,050	4,050
	Interest Payments	<u>1,688</u>	<u>3,274</u>	<u>3,071</u>	<u>2,869</u>	<u>2,666</u>	<u>2,464</u>	<u>2,261</u>
	Total Debt Service	1,688	7,324	7,121	6,919	6,716	6,514	6,311
<u>Debt Issued in FY2014</u>	Outstanding		67,500	63,450	59,400	55,350	51,300	47,250
Current Interest Bonds	Principal Payments		0	4,050	4,050	4,050	4,050	4,050
	Interest Payments		<u>1,688</u>	<u>3,274</u>	<u>3,071</u>	<u>2,869</u>	<u>2,666</u>	<u>2,464</u>
	Total Debt Service		1,688	7,324	7,121	6,919	6,716	6,514
<u>Debt Issued in FY2015</u>	Outstanding			67,500	63,450	59,400	55,350	51,300
Current Interest Bonds	Principal Payments			0	4,050	4,050	4,050	4,050
	Interest Payments			<u>1,688</u>	<u>3,274</u>	<u>3,071</u>	<u>2,869</u>	<u>2,666</u>
	Total Debt Service	0	0	1,688	7,324	7,121	6,919	6,716
<u>Debt Issued in FY2016</u>	Outstanding				67,500	63,450	59,400	55,350
Current Interest Bonds	Principal Payments				0	4,050	4,050	4,050
	Interest Payments				<u>1,688</u>	<u>3,274</u>	<u>3,071</u>	<u>2,869</u>
	Total Debt Service	0	0	0	1,688	7,324	7,121	6,919
<u>Debt Issued in FY2017</u>	Outstanding					67,500	63,450	59,400
Current Interest Bonds	Principal Payments					0	4,050	4,050
	Interest Payments					<u>1,688</u>	<u>3,274</u>	<u>3,071</u>
	Total Debt Service	0	0	0	0	1,688	7,324	7,121
<u>Debt Issued in FY2018</u>	Outstanding						67,500	63,450
Current Interest Bonds	Principal Payments						0	4,050
	Interest Payments						<u>1,688</u>	<u>3,274</u>
	Total Debt Service	0	0	0	0	0	1,688	7,324
<u>Debt Issued in FY2019</u>	Outstanding							67,500
Current Interest Bonds	Principal Payments							0
	Interest Payments							<u>1,688</u>
	Total Debt Service	0	0	0	0	0	0	1,688
<u>Totals Debt Service on New G.O. Debt</u>	Principal Payments	0	4,050	8,100	12,150	16,200	20,250	24,300
	Interest Payments	<u>3,188</u>	<u>6,461</u>	<u>9,533</u>	<u>12,401</u>	<u>15,069</u>	<u>17,531</u>	<u>19,799</u>
	Total Debt Service	3,188	10,511	17,633	24,551	31,268	37,781	44,099
	Rate on Current Interest Bonds:			5.00%				
	Rate on Commercial Paper:			3.00%				

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update
Debt Service on Outstanding State Guaranteed Debt

	2013	2014	2015	2016	2017	2018	2019	2020
BFA \$20 million Loan								
Principal	0	0	0	0	0	0	0	0
Interest	<u>695,000</u>	<u>695,000</u>	<u>695,000</u>	<u>695,000</u>	<u>695,000</u>	<u>695,000</u>	<u>695,000</u>	<u>695,000</u>
Total	695,000	695,000	695,000	695,000	695,000	695,000	695,000	695,000
BFA Loan Programs (1)								
Balance	43,000,000	41,631,064	40,591,992	39,278,576	37,886,354	36,410,599	34,846,299	33,188,141
Principal	1,168,936	1,239,072	1,313,416	1,392,221	1,476,755	1,564,300	1,658,158	1,757,647
Interest	<u>2,580,000</u>	<u>2,509,864</u>	<u>2,435,520</u>	<u>2,356,715</u>	<u>2,273,181</u>	<u>2,184,636</u>	<u>2,090,778</u>	<u>1,991,288</u>
Payment	3,748,936	3,748,936	3,748,936	3,748,936	3,748,936	3,748,936	3,748,936	3,748,936
Pease GO (Lonza Biologicals)								
Principal	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0
Qualified School Construction Bonds								
Principal	2,208,750	2,208,750	2,208,750	2,205,000	2,193,750	2,193,750	2,193,750	2,193,750
Interest (gross of tax credit)	<u>1,713,515</u>	<u>1,594,463</u>	<u>1,475,411</u>	<u>1,358,461</u>	<u>1,237,915</u>	<u>1,119,671</u>	<u>1,001,428</u>	<u>883,185</u>
Total	3,922,265	3,803,213	3,684,161	3,561,461	3,431,665	3,313,421	3,195,178	3,076,935
Total Outstanding State Guaranteed Debt								
Principal	3,377,686	3,447,822	3,522,166	3,597,221	3,669,505	3,758,050	3,851,908	3,951,397
Interest	<u>4,989,515</u>	<u>4,799,327</u>	<u>4,605,931</u>	<u>4,408,175</u>	<u>4,206,096</u>	<u>3,999,307</u>	<u>3,787,206</u>	<u>3,569,474</u>
Total	8,366,201	8,247,149	8,128,097	8,005,397	7,875,601	7,757,357	7,639,114	7,520,871
(1) Assumes level debt service with the following parameters:								
Principal	43,000,000							
Number of Years	20							
Interest Rate	6.0%							
Annual Payments	3,748,936							

CHART SEVEN

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update
Debt Service on State Guaranteed Debt to be Issued

	2013	2014	2015	2016	2017	2018	2019	2020
Issuances in FY2013 (1)								
Balance	0	0	0	0	0	0	0	0
Principal	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0
Total Debt Service	0	0	0	0	0	0	0	0
Issuances in FY2014 (1)								
Balance		29,400,000	28,600,774	27,753,594	26,855,584	25,903,693	24,894,689	23,825,144
Principal		799,226	847,180	896,010	951,891	1,009,004	1,069,545	1,133,717
Interest		1,784,000	1,716,046	1,665,216	1,611,335	1,554,222	1,493,681	1,429,509
Total Debt Service		2,563,226	2,563,226	2,563,226	2,563,226	2,563,226	2,563,226	2,563,226
Issuances in FY2015 (1)								
Balance		29,400,000	28,600,774	27,753,594	26,855,584	25,903,693	24,894,689	
Principal		799,226	847,180	896,010	951,891	1,009,004	1,069,545	
Interest		1,784,000	1,716,046	1,665,216	1,611,335	1,554,222	1,493,681	
Total Debt Service		2,563,226	2,563,226	2,563,226	2,563,226	2,563,226	2,563,226	
Issuances in FY2016 (1)								
Balance				29,300,000	28,503,492	27,659,196	26,764,239	25,815,585
Principal				796,508	844,298	894,956	948,653	1,005,572
Interest				1,758,000	1,710,210	1,659,552	1,605,854	1,548,935
Total Debt Service				2,554,508	2,554,508	2,554,508	2,554,508	2,554,508
Issuances in FY2017 (1)								
Balance					6,400,000	6,226,019	6,041,599	5,846,114
Principal					173,981	184,420	195,485	207,214
Interest					384,000	373,561	362,496	350,767
Total Debt Service					557,981	557,981	557,981	557,981
Issuances in FY2018 (1)								
Balance						6,400,000	6,226,019	6,041,599
Principal						173,981	184,420	195,485
Interest						384,000	373,561	362,496
Total Debt Service						557,981	557,981	557,981
Total State Guaranteed Debt to be Issued								
Principal	0	799,226	1,646,406	2,541,697	2,868,180	3,214,252	3,407,107	3,611,534
Interest	0	1,784,000	3,490,046	5,139,262	5,370,790	5,592,662	5,389,814	5,185,388
Total Debt Service	0	2,563,226	5,126,452	7,680,959	8,238,941	8,796,922	8,796,922	8,796,922
Total Outstanding and Future Issuances of State Guaranteed Debt (2)								
Principal		3,377,686	4,247,048	5,168,572	6,136,919	6,537,685	6,972,302	7,269,015
Interest		4,986,515	6,563,327	8,085,977	9,847,438	9,576,856	9,981,977	9,177,021
Total Debt Service		8,366,201	10,810,375	13,254,549	15,886,356	16,114,541	16,854,279	16,436,036

- (1) Assumes level debt service with the following parameters: Number of Years 20
Interest Rate 6.0%
- (2) Includes Outstanding Guaranteed Debt Service from totals on Chart Six

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update
Debt Service on Outstanding State Guaranteed Debt (Excluding Self-Supporting Debt for BFA and PDA)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
BFA \$20 Million Loan							
Principal	0	0	0	0	0	0	0
Interest (Fixed Rate)	0	0	0	0	0	0	0
Interest (Variable Rate)	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
BFA Loan Programs (1)							
Balance	43,000,000	41,831,064	40,591,592	39,278,576	37,886,354	36,410,599	34,848,299
Principal	1,168,936	1,239,072	1,313,416	1,392,221	1,475,755	1,564,300	1,658,158
Interest	<u>2,580,000</u>	<u>2,509,864</u>	<u>2,435,620</u>	<u>2,358,716</u>	<u>2,273,181</u>	<u>2,184,638</u>	<u>2,090,778</u>
Payment	3,748,936	3,748,936	3,748,936	3,748,936	3,748,936	3,748,936	3,748,936
Pease GO (Lonza Biologicals)							
Principal	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0
Qualified School Construction Bonds							
Principal	2,208,750	2,208,750	2,208,750	2,205,000	2,193,750	2,193,750	2,193,750
Interest (gross of tax credit)	<u>1,713,513</u>	<u>1,594,463</u>	<u>1,475,411</u>	<u>1,356,461</u>	<u>1,237,915</u>	<u>1,118,671</u>	<u>1,001,428</u>
Total	3,922,263	3,803,213	3,684,161	3,561,461	3,431,665	3,313,421	3,195,178
Total Existing State Guaranteed Debt							
Principal	3,377,688	3,447,822	3,522,166	3,597,221	3,669,505	3,758,050	3,851,908
Interest	<u>4,293,313</u>	<u>4,104,327</u>	<u>3,910,831</u>	<u>3,713,176</u>	<u>3,511,096</u>	<u>3,304,307</u>	<u>3,092,206</u>
Total Debt Service	7,671,201	7,552,149	7,433,097	7,310,397	7,180,601	7,062,357	6,944,114

(1) Assumes level debt service with the following parameters:

Principal	43,000,000
Number of Years	20
Interest Rate	6.0%
Annual Payments	3,748,936

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update
Debt Service on State Guaranteed Debt to be Issued (Excluding Self-Supporting Debt for BFA and PDA)

	2012	2013	2014	2015	2016	2017	2018	2019
<u>Issuances in FY2011 (1)</u>								
Balance	0	0	0	0	0	0	0	0
Principal	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0
Total Debt Service	0	0	0	0	0	0	0	0
<u>Issuances in FY2012 (1)</u>								
Balance	29,400,000	28,800,774	27,753,594	26,855,584	25,903,693	24,894,689	23,825,144	
Principal	799,226	847,180	898,010	951,891	1,009,004	1,069,545	1,133,717	
Interest	1,794,000	1,718,046	1,665,216	1,611,335	1,554,222	1,493,681	1,429,509	
Total Debt Service	2,563,226	2,563,226	2,563,226	2,563,226	2,563,226	2,563,226	2,563,226	
<u>Issuances in FY2013 (1)</u>								
Balance		29,400,000	28,600,774	27,753,594	26,855,584	25,903,693	24,894,689	
Principal		799,226	847,180	898,010	951,891	1,009,004	1,069,545	
Interest		1,764,000	1,718,046	1,665,216	1,611,335	1,554,222	1,493,681	
Total Debt Service		2,563,226	2,563,226	2,563,226	2,563,226	2,563,226	2,563,226	
<u>Issuances in FY2014 (1)</u>								
Balance			29,300,000	28,503,492	27,659,195	26,764,239	25,815,585	
Principal			796,508	844,298	894,956	948,653	1,005,572	
Interest			1,788,000	1,710,210	1,669,552	1,605,854	1,548,935	
Total Debt Service			2,554,508	2,554,508	2,554,508	2,554,508	2,554,508	
<u>Issuances in FY2015 (1)</u>								
Balance					6,400,000	6,226,019	6,041,599	5,846,114
Principal					173,981	184,420	195,485	207,214
Interest					384,000	373,561	362,456	350,767
Total Debt Service					557,981	557,981	557,981	557,981
<u>Issuances in FY2016 (1)</u>								
Balance						6,400,000	6,226,019	6,041,599
Principal						173,981	184,420	195,485
Interest						384,000	373,561	362,456
Total Debt Service						557,981	557,981	557,981
<u>Total State Guaranteed Debt to be Issued</u>								
Principal	0	799,226	1,646,406	2,541,697	2,868,180	3,214,252	3,407,107	3,611,534
Interest	0	1,754,000	3,480,046	5,139,262	5,370,790	5,582,699	5,389,814	5,185,368
Total Debt Service	0	2,563,226	5,126,452	7,680,959	8,238,941	8,796,922	8,796,922	8,796,922
<u>Total Outstanding and Future Issuances of State Guaranteed Debt (2)</u>								
Principal	3,377,686	4,247,048	5,166,572	6,138,919	6,537,665	6,972,302	7,259,015	7,562,931
Interest	4,293,515	5,898,327	7,390,977	8,852,438	8,881,856	8,885,977	8,482,021	8,059,862
Total Debt Service	7,671,201	10,115,375	12,559,549	14,991,356	15,419,541	15,859,279	15,741,036	15,622,793

(1) Assumes level debt service with the following parameter Number of Years
Interest Rate

20
6.0%

(2) Includes Outstanding Guaranteed Debt Service (excluding selected self supporting BFA and PDA obligations) from totals on Chart Eight

THE STATE OF NEW HAMPSHIRE

Debt Affordability Study Update

Assumptions to Sensitivity Case 1 - Issuance of \$117.5 Million of Debt in FY 2013 and \$67.5 Million Annually (\$50 Million General Fund and \$17.5 Million University) in FY 2014-2019
No Revenue Increase after FY 2013; School Building Aid Bonds Included

- (1) \$67.5 million of current interest bonds issued annually in FY 2013 through 2019 at an interest rate of 5.0%, with 60% of the principal amortized in equal payments over the first ten years and 40% of the principal amortized in equal payments over the second ten years.
\$50 million of Commercial Paper is issued in FY 2013 and rolled over each year through 2019 at a rate of 3.0%.
- (2) Ending Outstanding Debt represents total net General Fund Debt to be paid from General Fund Unrestricted Revenues. It does include General Fund debt for school building aid.
- (3) General Fund Unrestricted Revenues reflect actual revenues for FY 2012 and projected revenues for FY 2013, with the portion of meals and room tax revenues designated for the debt service of school building aid bonds included. The revenues are assumed to grow by 0% in each of fiscal years 2014 through 2019.
- (4) Total Personal Income - source: U.S. Department of Commerce, Bureau of Economic Analysis for 2011 figure of \$60,480 million. Assumes 4% growth annually thereafter.
- (5) Population - source: U.S. Census Bureau for 2011 figure of 1,318,000. Assumes 0.7% growth annually thereafter.
- (6) State guaranteed debt includes Net General Fund Debt plus the outstanding self-supporting PDA debt totaling \$3.028 million, \$32.9 million of Qualified School Construction Bonds (QSCBs) and BFA debt totalling \$63 million at June 30, 2012.
State guaranteed debt excluding self-supporting debt includes Net General Fund Debt plus \$32.9 million of QSCBs and \$43 million BFA debt at June 30, 2012.
- (7) Debt Service includes State guaranteed debt outstanding or to be issued for the following: local Superfund sites; BFA, PDA and Division of Water Resources. Excludes water pollution control, local landfills and local school guaranteed debt (with exception of QSCBs). Assumes level debt service over 20 years at 6.00% for new State guaranteed debt.
\$29.4 million is issued in each of FY 2014 and 2015, \$29.3 million in 2016 and \$6.4 million in each of FY 2017 and 2018.
Estimated authorized but unissued State guaranteed debt of \$100.9 million includes:
\$20 million for local Superfund sites; \$32 million for BFA and \$48.9 million for Pease.
State guaranteed self-supporting debt includes \$20 million outstanding BFA bonds and outstanding \$3.028 million in FY 2012 of the original \$30 million PDA - Lanza issue.

THE STATE OF NEW HAMPSHIRE

Debt Affordability Study Update

Sensitivity Case 1: Issuance of \$117.5 Million of Debt in FY 2013 and \$67.5 Million Annually (\$50 Million General Fund and \$17.5 Million University) in FY 2014-2019

No Revenue Increase After FY 2013; School Building Aid Bonds Included

	Actual 2012	Projected							TOTAL 2013-2019
		2013	2014	2015	2016	2017	2018	2019	
Net General Fund Debt (000's)									
Beginning Outstanding		\$807,847	\$852,976	\$847,026	\$840,672	\$831,906	\$819,818	\$804,686	
Issuances		\$117,500	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$522,500
Retirements:		72,371	69,399	65,755	64,116	63,388	62,382	61,717	459,128
Existing Debt									
New Debt (1)		0	4,050	8,100	12,150	16,200	20,250	24,300	85,050
Total Retirements		\$72,371	\$73,449	\$73,855	\$76,266	\$79,588	\$82,632	\$86,017	\$544,178
Net New Debt		\$45,129	(\$5,949)	(\$6,355)	(\$8,766)	(\$12,088)	(\$15,132)	(\$18,517)	(\$21,678)
Ending Outstanding (2)	\$807,847	\$852,976	\$847,026	\$840,672	\$831,906	\$819,818	\$804,686	\$786,169	
Existing Debt Service (000's)	\$108,941	\$110,627	\$103,901	\$101,998	\$94,841	\$89,295	\$83,063	\$79,284	
New Debt Service (000's) (1)	0	3,188	10,511	17,833	24,551	31,288	37,781	44,093	
Total Debt Service (000's)	\$108,941	\$113,814	\$114,413	\$119,831	\$119,392	\$120,563	\$120,864	\$123,376	
General Fund Unrestricted Revenues (000's)(3)	\$1,391,200	\$1,418,783	\$1,418,360	\$1,417,935	\$1,417,511	\$1,417,087	\$1,416,670	\$1,416,262	
Debt Service as a Percent of Revenues	7.8%	8.0%	8.1%	8.4%	8.4%	8.5%	8.5%	8.7%	
Total Personal Income (000,000's) (4)	62,899	65,415	68,032	70,753	73,583	76,526	79,588	82,771	
Debt to Personal Income	1.3%	1.3%	1.2%	1.2%	1.1%	1.1%	1.0%	0.9%	
Population (000's) (5)	1,327	1,337	1,346	1,355	1,365	1,374	1,384	1,394	
Debt Per Capita	\$609	\$658	\$629	\$620	\$610	\$597	\$581	\$564	

Footnotes explained on page 2.

THE STATE OF NEW HAMPSHIRE
 Debt Affordability Study Update
 Effect of State Guaranteed Bonds on Debt Ratios - Sensitivity Case 1

Net General Fund Debt (000's)	Actual	Projected							TOTAL
	2012	2013	2014	2015	2016	2017	2018	2019	2013-2019
Beginning Outstanding (6)		\$906,770	\$948,521	\$967,725	\$985,602	\$999,997	\$987,771	\$972,067	
G.O. Issuances		\$117,500	\$87,500	\$87,500	\$87,500	\$87,500	\$87,500	\$87,500	\$522,500
State Guaranteed Issuances (7)		0	28,400	29,400	29,300	6,400	6,400	0	100,800
Retirements G.O. Debt		72,371	73,449	73,855	76,266	79,588	82,632	86,017	544,178
State Guaranteed Debt (7)		<u>3,378</u>	<u>4,247</u>	<u>5,169</u>	<u>6,139</u>	<u>6,538</u>	<u>6,972</u>	<u>7,259</u>	<u>39,701</u>
Total Retirements		\$75,740	\$77,696	\$79,023	\$82,405	\$86,126	\$89,604	\$93,276	\$583,879
Net New Debt		\$41,751	\$19,204	\$17,877	\$14,395	(\$12,226)	(\$15,704)	(\$25,776)	\$39,521
Ending Outstanding		\$906,770	\$948,521	\$967,725	\$985,602	\$999,997	\$987,771	\$972,067	\$946,291
G.O. Debt Service (000's)		\$108,841	\$113,814	\$114,413	\$119,631	\$119,382	\$120,563	\$120,864	\$123,376
State Guaranteed Debt Service (000's) (7)		<u>11,932</u>	<u>8,366</u>	<u>10,810</u>	<u>13,255</u>	<u>15,686</u>	<u>16,115</u>	<u>16,554</u>	<u>16,436</u>
Total Debt Service (000's)		120,873	122,180	125,223	132,885	135,079	136,678	137,418	139,812
General Fund Unrestricted Revenues (000's)(2)(5)		\$1,391,200	\$1,418,783	\$1,416,360	\$1,417,935	\$1,417,511	\$1,417,087	\$1,416,670	\$1,418,262
Debt Service as a Percent of Revenues		8.7%	8.6%	8.8%	9.4%	9.5%	9.6%	9.7%	9.9%
Total Personal Income (000,000's) (3)(5)		\$62,899	\$65,415	\$68,032	\$70,753	\$73,583	\$76,526	\$79,588	\$82,771
Debt to Personal Income		1.4%	1.5%	1.4%	1.4%	1.4%	1.3%	1.2%	1.1%
Population (000's) (4)(5)		1,327	1,337	1,346	1,355	1,365	1,374	1,384	1,394
Debt Per Capita		\$683	\$710	\$719	\$727	\$733	\$719	\$702	\$679

Footnotes explained on page 2.

THE STATE OF NEW HAMPSHIRE
Debt Affordability Study Update

Assumptions to Sensitivity Case 2 - Issuance of \$117.5 Million of Debt in FY 2013 and \$67.5 Million Annually (\$50 Million General Fund and \$17.5 Million University) in FY 2014-2019
School Building Aid Bonds Included; Interest Rates Increased

- (1) \$67.5 million of current interest bonds issued annually in FY 2013 through 2019 at an interest rate of 6.0%, with 60% of the principal amortized in equal payments over the first ten years and 40% of the principal amortized in equal payments over the second ten years.
\$50 million of Commercial Paper is issued in FY 2013 and rolled over each year through 2019 at a rate of 3.0%.
- (2) Ending Outstanding Debt represents total net General Fund Debt to be paid from General Fund Unrestricted Revenues. It does include General Fund debt for school building aid.
- (3) General Fund Unrestricted Revenues reflect actual revenues for FY 2012 and projected revenues for FY 2013, with the portion of meals and room tax revenues designated for the debt service of school building aid bonds included. The revenues are assumed to grow by 2.5% in each of fiscal years 2014 through 2019.
- (4) Total Personal Income - source: U.S. Department of Commerce, Bureau of Economic Analysis for 2011 figure of \$60,480 million. Assumes 4% growth annually thereafter.
- (5) Population - source: U.S. Census Bureau for 2011 figure of 1,318,000. Assumes 0.7% growth annually thereafter.
- (6) State guaranteed debt includes Net General Fund Debt plus the outstanding self-supporting PDA debt totaling \$3.028 million, \$32.9 million of Qualified School Construction Bonds (QSCBs) and BFA debt totalling \$83 million at June 30, 2012.
State guaranteed debt excluding self-supporting debt includes Net General Fund Debt plus \$32.9 million of QSCBs and \$43 million BFA debt at June 30, 2012.
- (7) Debt Service includes State guaranteed debt outstanding or to be issued for the following: local Superfund sites; BFA, PDA and Division of Water Resources. Excludes water pollution control, local landfills and local school guaranteed debt (with exception of QSCBs). Assumes level debt service over 20 years at 6.00% for new State guaranteed debt.
\$29.4 million is issued in each of FY 2014 and 2015, \$29.3 million in 2016 and \$6.4 million in each of FY 2017 and 2018.
Estimated authorized but unissued State guaranteed debt of \$100.9 million includes:
\$20 million for local Superfund sites; \$32 million for BFA and \$48.9 million for Pease.
State guaranteed self-supporting debt includes \$20 million outstanding BFA bonds and outstanding \$3.028 million in FY 2012 of the original \$30 million PDA - Lanza issue.

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Debt Affordability Study Update

Sensitivity Case 2: Issuance of \$117.5 Million of Debt in FY 2013 and \$67.5 Million Annually (\$60 Million General Fund and \$17.5 Million University) in FY 2014-2019

School Building Aid Bonds Included; Interest Rates Increased

	Actual 2012	Projected						TOTAL 2013-2019
		2013	2014	2015	2016	2017	2018	
Net General Fund Debt (000's)								
Beginning Outstanding		\$807,847	\$852,976	\$847,026	\$840,672	\$831,906	\$819,818	\$804,686
Issuances		\$117,500	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500	\$67,500
Retirements:		72,371	69,399	65,755	64,116	63,388	62,382	61,717
Existing Debt								
New Debt (1)		0	4,050	8,100	12,150	16,200	20,250	24,300
Total Retirements		\$72,371	\$73,449	\$73,855	\$76,266	\$79,588	\$82,632	\$86,017
Net New Debt		\$45,129	(\$5,949)	(\$6,355)	(\$8,766)	(\$12,088)	(\$15,132)	(\$18,517)
Ending Outstanding (2)		\$807,847	\$852,976	\$847,026	\$840,672	\$831,906	\$819,818	\$804,686
Existing Debt Service (000's)	\$106,941	\$110,627	\$103,901	\$101,988	\$94,841	\$89,295	\$83,083	\$79,284
New Debt Service (000's) (1)	0	3,525	11,504	119,239	26,732	33,981	40,988	47,751
Total Debt Service (000's)	\$106,941	\$114,152	\$115,405	\$121,237	\$121,572	\$123,276	\$124,070	\$127,035
General Fund Unrestricted Revenues (000's)(3)	\$1,391,200	\$1,418,783	\$1,453,469	\$1,468,031	\$1,525,493	\$1,562,878	\$1,601,214	\$1,640,529
Debt Service as a Percent of Revenues	7.6%	8.0%	7.9%	8.1%	8.0%	7.9%	7.7%	7.7%
Total Personal Income (000,000's) (4)	62,899	65,415	66,032	70,753	73,583	76,526	79,588	82,771
Debt to Personal Income	1.3%	1.3%	1.2%	1.2%	1.1%	1.1%	1.0%	0.9%
Population (000's) (5)	1,327	1,337	1,346	1,355	1,365	1,374	1,384	1,394
Debt Per Capita	\$609	\$638	\$629	\$620	\$610	\$597	\$581	\$564

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