

**Supplement dated February 18, 2010
To
Official Statement dated November 18, 2009
Pertaining to**

**\$217,215,000
STATE OF NEW HAMPSHIRE
Turnpike System Revenue Bonds
\$150,000,000 2009
Series A (Federally Taxable – Build America Bonds – Direct Payment)
and
\$67,215,000
2009 Refunding Series B**

Information Statement Supplement. The following information is provided by the State of New Hampshire (the "State") to supplement the information contained in the Official Statement dated November 18, 2009 pertaining to the \$217,215,000 State of New Hampshire Turnpike System Revenue Bonds, 2009 Series A (Federally Taxable – Build America Bonds – Direct Payment) and 2009 Refunding Series B (the "Official Statement"). The headings set forth below correspond to the same headings in the Official Statement. This Supplement (the "Supplement") only sets forth additional information concerning the matters described below as of the date of this Supplement and is subject to change without notice. Revised information is marked with a strikethrough for deletions and bold font for insertions.

- THE TURNPIKE SYSTEM – Maintenance of the Turnpike System, with respect to the table captioned "Renewal and Replacement Expenditures" on page 37:

See Attachment A.

- THE TURNPIKE SYSTEM – Turnpike System – Historical Revenues and Expenditures, with respect to the table captioned "Statement of Revenues, Expenses and Changes in Net Assets" on page 51:

See Attachment B.

- THE TURNPIKE SYSTEM – Management Discussion of Historical Revenues and Expenditures, with respect to the section captioned "Fiscal Year 2009" on pages 52-54:

Fiscal Year 2009 (unaudited)

Gross revenues (toll revenue, investment income, and miscellaneous) available for operating expenses, debt service, reserves and improvement projects totaled \$107,731,816, a 0.6% increase from Fiscal Year 2008. Increases in Operating Revenue modestly exceeded the decline in investment income over the Fiscal Year.

Operating revenues in Fiscal Year 2009 were \$106,756,427, an increase of 2.4% from Fiscal Year 2008. The increase in operating revenues was driven largely by a 4.1% increase in

toll revenue due to the full effect of the October 2007 toll rate increase. Investment income decreased by \$1,709,145 due primarily to lower cash and equivalent balances and lower interest rates.

Operating expenses (excluding depreciation and funds for renewal and replacement) in Fiscal Year 2009 were \$39,856,074, 40,361,386, an increase of 7.48.7% from the prior year. Increases in personnel expenses and related payroll benefits along with increases in other administrative expenses and E-ZPass processing fees primarily drove the increase.

Renewal and replacement expenses were \$7,150,144, 7,805,786, a 39.634.1% decline from the prior year and below the budgeted amount of \$10,040,000. The decline is due to fluctuations in contract activity and payment timing. In accordance with New Hampshire Revised Statutes Annotated 237:49-a, unspent budgeted amounts do not lapse and are carried forward into future fiscal years. The Fiscal Year 2009 program expenditures included bridge rehabilitation, pavement resurfacing, signage, median barrier installation, bridge painting and toll plaza maintenance.

The decline in depreciation expense as compared to Fiscal Year 2008 is primarily due to the one-time recognition in Fiscal Year 2008 of \$2,287,136 in current and prior year depreciation on one project that had not been depreciated in prior years.

In Fiscal Year 2009, the Turnpike system recorded a non-cash loss-on-sale of \$3,994,700 on the former Benson's property in Hudson. The Turnpike System sold the property in December, 2008, but retained the obligation to remediate the contaminated site. Accordingly, the pollution remediation liability was recognized at \$3,000,000 at June 30, 2009 in accordance with GASB 49. GASB 49 also required the restatement of the Turnpike System Balance Sheet for the Fiscal Year ending June 30, 2008 to account for any pollution remediation obligation existing, but unrecognized, at that time. Accordingly, a liability of \$3,600,000 was established for Fiscal Year 2008 and the Net Assets account was reduced by the same amount.

During Fiscal Year 2009, Capital Improvement Program expenditures totaled \$27,202,673, including \$3,951,943 from the State and federal highway sources, and the remainder from Turnpike sources.

For Fiscal Year 2009, the State ~~will report~~reported the financial results of the Turnpike System as an enterprise fund within the 2009 CAFR. Set forth below is information which updates items that were formerly included in the notes to the separate Turnpike System financial statements.

Restricted assets at estimated fair value are segregated into the following accounts as of June 30:

	<u>2009</u>	<u>2008</u>
Revenue Bond Interest Debt Service Account	\$ 3,608,424	\$ 1,597,558
Revenue Bond Principal Debt Service Account	5,425,417	7,544,235
Revenue Bond Debt Service Reserve Account	26,455,334	26,455,334
Revenue Bond Insurance Reserve Account	3,000,000	3,000,000
Revenue Bond General Reserve Account	<u>2,000,000</u>	<u>2,000,000</u>
Total restricted assets	<u>\$40,489,175</u>	<u>\$40,597,127</u>

The amounts shown above are invested in Permitted Investments in accordance with the Bond Resolution.

Certain engineering and safety patrol activities have been performed by the State Highway and Safety Departments on behalf of the Turnpike System. The cost of these activities, amounting to approximately \$6.7 million and \$6.1 million for Fiscal Years 2009 and 2008, respectively, was reimbursed by the Turnpike System.

The Turnpike System primarily retains the risk for losses, except where the provisions of law allow for the purchase of commercial insurance or where commercial insurance has been proven beneficial for the general public. Insurance claims have not exceeded insurance coverage in any of the last three Fiscal Years. There have not been any significant changes in insurance coverage from the prior year. The Turnpike System provides self-funded health benefits to employees through plans in which claims are administered and paid by carriers. GASB Statement No. 10, Financial Reporting for Risk Financing and Related Insurance Issues, requires the Turnpike System to estimate and record a liability when the risk of loss to the Turnpike System is probable and the amount of loss can be reasonably estimated. Changes in the worker's compensation claims accrual recorded in the balance sheet in Fiscal Years 2009 and 2008 are presented in the following table. This liability is the Turnpike System's best estimate based on available information.

	<u>2009</u>	<u>2008</u>
Liability, beginning of year	\$2,318,000	\$2,594,000
Provisions for claims	0	0
Payments	<u>(273,000)</u>	<u>(276,000)</u>
Liability, end of year	\$2,045,000	\$2,318,000

- THE TURNPIKE SYSTEM – Debt Service Coverage, with respect to the table captioned “Debt Service Coverage” on page 56:

See Attachment C.

- CAPITAL IMPROVEMENT PROGRAM, with respect to the table captioned "Capital Improvement Program Expenditures Fiscal Years 1986 Through 2012" on page 64:

See Attachment D.

State of New Hampshire

RENEWAL AND REPLACEMENT EXPENDITURES

FISCAL YEARS 1998 THROUGH 2014

GAAP BASIS AND BUDGET (\$000's)

	Fiscal Year	Amount
GAAP Basis	1998 \$	3,982
	1999	4,049
	2000	4,112
	2001	5,928
	2002	5,724
	2003	7,058
	2004	4,973
	2005	3,114
	2006	4,567
	2007	8,552
Budget	2008	11,842
	2009	7,150 7,805
	2010	13,372*
	2011	9,800**
	2012	9,200***
	2013	9,800***
	2014	10,500***

* ~~This amount is unaudited.~~

* Includes carry forward from Fiscal Year 2009 of \$3,772 plus budget amount of \$9,600.

** Budgeted.

*** Anticipated Budget Requests.

Turnpike System-Historical Revenues and Expenditures

The Turnpike System is part of the State primary government and is accounted for as an enterprise fund of the State. For Fiscal Years 2006 through ~~2008, 2009~~, the financial information below is derived from audited financial statements of the Turnpike System. ~~The financial information in Fiscal Year 2009 is unaudited and should be considered preliminary and subject to change.~~

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS New Hampshire Turnpike System (In Thousands) For the Fiscal Years ended June 30

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009 (unaudited)</u>
<u>Operating Revenues:</u>				
Tolls and Other Operating Revenue	\$80,757	\$85,718	\$104,204	\$106,757
<u>Operating Expenses:</u>				
Personnel Services	9,151	10,409	10,623	11,135
Payroll Benefits	4,855	4,947	4,706	5,100
Enforcement	4,590	5,016	5,230	<u>5,364</u> <u>5,368</u>
Renewal and Replacement	4,567	8,552	11,842	<u>7,150</u> <u>7,805</u>
Other Administration	5,861	2,823	2,518	<u>3,415</u> <u>3,743</u>
Repairs	2,966	3,071	3,049	<u>3,068</u> <u>3,187</u>
Indirect Costs	1,585	1,756	1,825	<u>2,073</u> <u>2,069</u>
Heat, Light, & Power	1,149	1,311	1,501	<u>1,175</u> <u>1,233</u>
Bank Fees	1,526	1,421	1,689	1,734
Rentals	671	696	873	<u>982</u> <u>983</u>
E-ZPass Processing Fees	3,952	3,758	4,287	5,117
Transponder Expense	5,477	950	821	693
Depreciation	13,289	13,719	17,575	15,179
Total Operating Expenses	<u>59,639</u>	<u>58,429</u>	<u>66,539</u>	<u>62,185</u> <u>63,346</u>
Operating Income	<u>21,118</u>	<u>27,289</u>	<u>37,665</u>	<u>44,572</u> <u>43,411</u>
<u>Non-Operating Income (expense)</u>				
Loss on Sale of Land				(3,995)
Investment Income	2,432	3,283	2,546	836
Miscellaneous	206	407	325	140
Interest on Bonds	(15,584)	(13,707)	(13,872)	(12,953)
Amortization of Bond Issuance Costs	(357)	0	0	(279)
Total Non-operating Revenue (Expenses)	<u>(13,303)</u>	<u>(10,017)</u>	<u>(11,001)</u>	<u>(16,251)</u>
Income (Loss) Before Grant Contributions	<u>7,815</u>	<u>17,272</u>	<u>26,664</u>	<u>28,321</u> <u>27,160</u>
Capital Contributions	<u>16,757</u>	<u>10,422</u>	<u>8,816</u>	<u>3,952</u>
Prior Year Adjustment – Implement GASB 49			(3,600)	
Change in Net Assets	24,572	27,694	35,480	<u>32,373</u> <u>31,112</u>
Net Assets – July 1	<u>295,628</u>	<u>320,200</u>	<u>347,894</u>	<u>379,774</u>
Net Assets – June 30	<u>\$320,200</u>	<u>\$347,894</u>	<u>\$379,774</u>	<u>\$412,047</u> <u>410,886</u>

DEBT SERVICE COVERAGE

(in thousands)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u> <u>(unaudited)</u>
Operating Revenues	\$80,758	\$85,718	\$104,204	\$106,757
Investment/Miscellaneous Income ⁽¹⁾	<u>2,296</u>	<u>3,336</u>	<u>2,610</u>	<u>903</u>
Total Revenues	83,054	89,054	106,814	107,660
Operating Expenses ⁽²⁾	<u>41,784</u>	<u>36,158</u>	<u>37,122</u>	<u>39,856</u>
Net Revenues	<u>\$41,270</u>	<u>\$52,896</u>	<u>\$69,692</u>	<u>\$67,804</u>
Revenue Bond Debt Service	\$26,439	\$26,316	\$25,914	\$25,919
G.O. Bond Debt Service	4,219	2,985	1,713	1,597
Renewal and Replacement Requirement	5,871	6,047	8,300	10,040
Total All Obligations	<u>\$36,529</u>	<u>\$35,348</u>	<u>\$35,927</u>	<u>\$37,556</u>
Coverage Ratios				
Revenue Bond Debt Service ⁽³⁾	1.56	2.01	2.69	2.62
All Obligations ⁽⁴⁾	1.13	1.50	1.94	1.81

(1) Excludes gains/losses on disposal of assets.

(2) Excludes depreciation and Renewal and Replacement Requirement funding.

(3) Net Revenues divided by Revenue Bond Debt Service.

(4) Net Revenues divided by the sum of Revenue Bond Debt Service, Renewal and Replacement Costs and general obligation bond debt service payable from Revenues.

**CAPITAL IMPROVEMENT PROGRAM EXPENDITURES
FISCAL YEARS 1986 THROUGH 2012**

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Capital</u> <u>Expenditures</u>
1986	\$ 3,703,014
1987	12,846,330
1988	15,092,609
1989	34,183,782
1990	31,457,483
1991	25,308,194
1992	29,988,101
1993	33,941,502
1994	30,665,402
1995	40,452,057
1996	29,198,433
1997	24,917,835
1998	26,260,770
1999	30,544,034
2000	19,719,168
2001	10,148,747
2002	6,469,689
2003	10,242,505
2004	19,437,590
2005	20,503,930
2006	13,176,569
2007	8,514,987
2008	9,159,186
2009	23,250,730
2010	83,030,000*
2011	75,410,000*
2012	<u>78,580,000*</u>
Total	<u>\$ 746,202,648</u>

* Estimated, from Turnpike System Priority Capital Improvement Program (Status Report – September 2009).
Fiscal 2009 amounts are unaudited and subject to change.

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