



Transportation Board of Directors
Consideration of Resolution to Issue Highway Revenue Bonds

Felicia Denney, Assistant Director, Administration

June 8, 2020

FY 2021 BOND SALE

NDOT will be asking the Board to sign a resolution to request approval from the Board of Finance to sell two bonds in September 2020.

- \$100M Motor Vehicle Fuel Tax Bond.
- \$60M Fuel Revenue Indexing (FRI II) Bond.

This bond sale will enable the department to accelerate the I-15 Tropicana Bridge and US 95 NW (Centennial Bowl) Phase 3D projects and support cash flow for the Spaghetti Bowl Xpress (SBX) project.

Bonding allows the department to take a thoughtful approach to delivering large capacity projects sooner:

- Eliminates additional costs associated with phasing large projects into multiple smaller projects and provides savings associated with economies of scale.
- Allows project benefits such as safety improvements, congestion mitigation, and improved connectivity to be realized earlier.
- Lessens the impact of construction inflation.
- Smooths cash flow with predictable payments over 20 years.





PRO-FORMA 2020A MOTOR VEHICLE FUEL TAX BONDS

Motor Vehicle Fuel Tax Highway Revenue Bonds								
Fiscal Year Ended	Outstanding Debt Service	Series 2020A Bonds			Combined Debt Service 2/	Pledged Revenues 3/	3X MADS Coverage	Pay Go Revenue
		Principal	Interest 1/	Debt Service				
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
6/30/2020						281,257,016		
6/30/2021	73,533,238	0	2,638,716	2,638,716	76,171,953	241,163,365	3.17	164,991,412
6/30/2022	64,242,738	2,725,000	3,873,525	6,598,525	70,841,263	241,163,365	3.40	170,322,103
6/30/2023	64,167,838	2,865,000	3,733,775	6,598,775	70,766,613	241,163,365	3.41	170,396,753
6/30/2024	63,972,938	3,010,000	3,586,900	6,596,900	70,569,838	241,163,365	3.42	170,593,528
6/30/2025	63,817,438	3,165,000	3,432,525	6,597,525	70,414,963	241,163,365	3.42	170,748,403
6/30/2026	63,665,438	3,325,000	3,270,275	6,595,275	70,260,713	241,163,365	3.43	170,902,653
6/30/2027	63,619,238	3,495,000	3,099,775	6,594,775	70,214,013	241,163,365	3.43	170,949,353
6/30/2028	63,369,163	3,675,000	2,920,525	6,595,525	69,964,688	241,163,365	3.45	171,198,678
6/30/2029	63,215,413	3,865,000	2,732,025	6,597,025	69,812,438	241,163,365	3.45	171,350,928
6/30/2030	63,543,788	4,065,000	2,533,775	6,598,775	70,142,563	241,163,365	3.44	171,020,803
6/30/2031	54,551,413	4,270,000	2,325,400	6,595,400	61,146,813	241,163,365	3.94	180,016,553
6/30/2032	53,842,163	4,490,000	2,106,400	6,596,400	60,438,563	241,163,365	3.99	180,724,803
6/30/2033	53,360,413	4,720,000	1,876,150	6,596,150	59,956,563	241,163,365	4.02	181,206,803
6/30/2034	52,792,513	4,960,000	1,634,150	6,594,150	59,386,663	241,163,365	4.06	181,776,703
6/30/2035	52,271,769	5,190,000	1,406,350	6,596,350	58,868,119	241,163,365	4.10	182,295,246
6/30/2036	14,664,938	5,400,000	1,194,550	6,594,550	21,259,488	241,163,365	11.34	219,903,878
6/30/2037	14,192,963	5,620,000	974,150	6,594,150	20,787,113	241,163,365	11.60	220,376,253
6/30/2038	13,720,988	5,850,000	744,750	6,594,750	20,315,738	241,163,365	11.87	220,847,628
6/30/2039		6,090,000	505,950	6,595,950	6,595,950	241,163,365	36.56	234,567,415
6/30/2040		6,305,000	289,575	6,594,575	6,594,575	241,163,365	36.57	234,568,790
6/30/2041		6,500,000	97,500	6,597,500	6,597,500	241,163,365	36.55	234,565,865
	956,544,381	89,585,000	44,976,741	134,561,741	1,091,106,122			

1/ Based on current market rates as of 5/22/20 plus ~50 bps cushion for market volatility

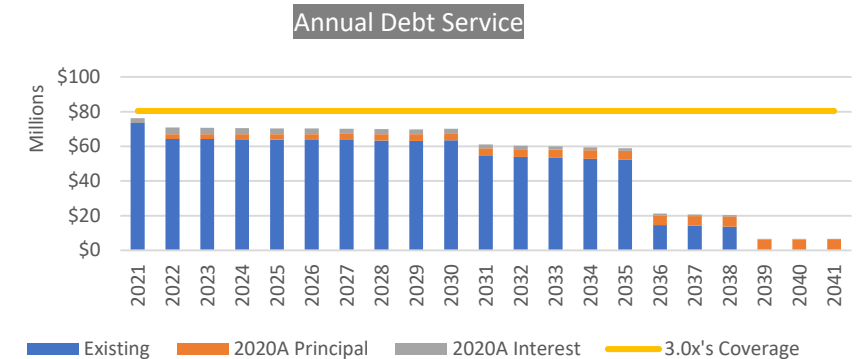
2/ Combined Debt Service to stay at or below annual maximum target of \$100 Million

3/ FY20 and FY21 estimates provided by DMV, assumes no future growth

\$100M Bond Sale:

- 20-year term
- Anticipated interest cost – 3.30%
- Anticipated Annual Payment – Approx. \$6.6M
- 3X coverage - projected revenue is anticipated to be above three times the maximum annual debt service (MADS).

Sources and Uses - 2020A MVFT Bonds	
Par Amount	\$89,585,000
Premium	11,502,679
Total Sources	\$101,087,679
Project Fund	\$99,995,110
Costs of Issuance	375,890
Underwriter Discount	716,680
Total Uses	\$101,087,679





PRO-FORMA 2020B FUEL REVENUE INDEXING II BONDS

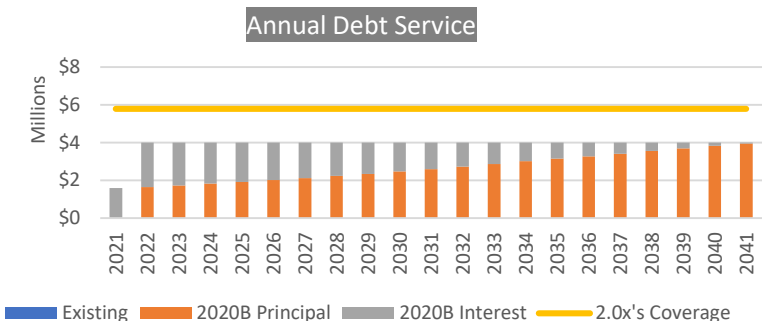
Fiscal Year Ended	Fuel Revenue Indexing II Bonds - Clark County 1/							
	Outstanding Debt Service	Series 2020B Bonds			Combined Debt Service 2/	Pledged Revenue 3/	2X MADS Coverage	Pay Go Revenue
		Principal	Interest 2/	Debt Service				
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
6/30/2020						11,356,953		
6/30/2021		0	1,602,918	1,602,918	1,602,918	11,595,451	7.23	9,992,533
6/30/2022		1,655,000	2,353,025	4,008,025	4,008,025	11,595,451	2.89	7,587,426
6/30/2023		1,740,000	2,268,150	4,008,150	4,008,150	11,595,451	2.89	7,587,301
6/30/2024		1,830,000	2,178,900	4,008,900	4,008,900	11,595,451	2.89	7,586,551
6/30/2025		1,920,000	2,085,150	4,005,150	4,005,150	11,595,451	2.90	7,590,301
6/30/2026		2,020,000	1,986,650	4,006,650	4,006,650	11,595,451	2.89	7,588,801
6/30/2027		2,125,000	1,883,025	4,008,025	4,008,025	11,595,451	2.89	7,587,426
6/30/2028		2,235,000	1,774,025	4,009,025	4,009,025	11,595,451	2.89	7,586,426
6/30/2029		2,345,000	1,659,525	4,004,525	4,004,525	11,595,451	2.90	7,590,926
6/30/2030		2,470,000	1,539,150	4,009,150	4,009,150	11,595,451	2.89	7,586,301
6/30/2031		2,595,000	1,412,525	4,007,525	4,007,525	11,595,451	2.89	7,587,926
6/30/2032		2,725,000	1,279,525	4,004,525	4,004,525	11,595,451	2.90	7,590,926
6/30/2033		2,865,000	1,139,775	4,004,775	4,004,775	11,595,451	2.90	7,590,676
6/30/2034		3,015,000	992,775	4,007,775	4,007,775	11,595,451	2.89	7,587,676
6/30/2035		3,150,000	854,400	4,004,400	4,004,400	11,595,451	2.90	7,591,051
6/30/2036		3,280,000	725,800	4,005,800	4,005,800	11,595,451	2.89	7,589,651
6/30/2037		3,415,000	591,900	4,006,900	4,006,900	11,595,451	2.89	7,588,551
6/30/2038		3,555,000	452,500	4,007,500	4,007,500	11,595,451	2.89	7,587,951
6/30/2039		3,700,000	307,400	4,007,400	4,007,400	11,595,451	2.89	7,588,051
6/30/2040		3,830,000	175,950	4,005,950	4,005,950	11,595,451	2.89	7,589,501
6/30/2041		3,950,000	59,250	4,009,250	4,009,250	11,595,451	2.89	7,586,201
		54,420,000	27,322,318	81,742,318	81,742,318			

\$60M Bond Sale – State Highway Fund portion of Fuel Revenue Indexing (FRI II) Revenue - Clark County.

(Motor vehicle fuel taxes can also be used for payment if needed.)

- 20-year term
- Anticipated interest cost - 3.42%
- Anticipated Annual Payment - Approx. \$4M
- 2X coverage - projected revenue is anticipated to be above two times the maximum annual debt service (MADS).

Sources and Uses - 2020B	
Par Amount	\$54,420,000
Premium	6,279,513
Total Sources	\$60,699,513
Project Fund	\$60,000,642
Costs of Issuance	263,511
Underwriter Discount	435,360
Total Uses	\$60,699,513



1/ 2020B bond proceeds to pay wholly or in part the costs of State highway projects in Clark County, Nevada

2/ Based on current market rates as of 5/22/20 plus ~50 bps cushion for market volatility

3/FY20 and FY21 Pledged Revenue estimates provided by Southern Nevada Regional Transportation Commission, assumes no future growth

BOND RATING

Current Bond Rating

- AAA Standard and Poor's
- Aa2 Moody's
- AA+ Fitch

Rating Agency Outlook:

S & P affirmed the AAA rating on April 21, 2020 and revised the state outlook to negative

"The negative outlook on the highway revenue bonds reflects our outlook on the state credit rating as well as the expectation that strong bond coverage, strong bonds provisions, and motor fuel revenue trends will keep underlying credit characteristics strong despite current economic conditions."⁽¹⁾

Moody's affirmed the Aa2 rating on the state's outstanding highway revenue bonds on June 2, 2020

"The stable outlook on the highway revenue bonds reflects historically healthy debt service coverage by pledged revenue. Highway revenue could decline significantly in the short term and remain satisfactory to repay debt service."⁽²⁾

Fitch - No rating action has taken place since the last rating in April 2018

"Revenues can absorb a significant decline and still provide superior coverage of debt service. The volatility inherent in a tax based on consumption is mitigated by the strong debt service coverage on the bonds and Nevada's pledge not to impair revenues. The bonds are further protected by an additional bonds test of 3x maximum annual debt service (MADS), excluding federal reimbursements."⁽³⁾

	Moody's	S & P	Fitch	Description
Investment Grade	Aaa	AAA	AAA	Prime
	Aa1	AA+	AA+	High Grade
	Aa2	AA	AA	
	Aa3	AA-	AA-	
	A1	A+	A+	Upper Medium Grade
	A2	A	A	
	A3	A-	A-	
	Baa1	BBB+	BBB+	Lower Medium Grade
	Baa2	BBB	BBB	
Baa3	BBB-	BBB-		
Junk	Ba1	BB+	BB+	Non Investment Grade Speculative
	Ba2	BB	BB	
	Ba3	BB-	BB-	
	B1	B+	B+	Highly Speculative
	B2	B	B	
	B3	B-	B-	
	Caa1	CCC+	CCC+	Substantial Risks
	Caa2	CCC	CCC	Extremely Speculative
	Caa3	CCC-	CCC-	In Default w/Little Prospect for Recovery
	Ca	CC	CC+	
		C	CC	
			CC-	In Default
D	D	DDD		

Notes:

- Budget Authority for the sale of these bonds is already included in NDOT's approved SFY 2021 budget.
- Issuance of Highway Revenue Bonds does not impact the state's debt capacity.

(1) Standard and Poor's Ratings Direct, April 21, 2020

(2) Moody's Investors Service Rating Action, June 2, 2020

(3) Fitch Rating Report, April 27, 2018

PROPOSED SCHEDULE

Date	Preliminary Financing Schedule
June 8, 2020	Request Transportation Board approval of Bond Resolution
June 9, 2020	Request Board of Finance approval
August 11, 2020	Presentation to rating agencies
August 21, 2020	Ratings Received
September 9, 2020	Competitive Bond Sale
September 30, 2020	Bond Closing - Funds Received





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