



JNA Consulting Group, LLC

Independent Registered Municipal Advisor

MEMORANDUM

DATE: July 30, 2024

TO: Chris Viton, Vice Chancellor of Budget and Finance/Chief Financial Officer,
Nevada System of Higher Education

FROM: John Peterson, JNA Consulting Group, LLC

RE: Summary of Board of Regents' approved issuance of bonds/obligations in fiscal
year 2024

During the 2023–24 fiscal year, the Board of Regents (“Board”) approved the issuance of long-term bonds and obligations to refinance existing bonds for savings. The information below summarizes this activity.

Nevada State University Refunding Certificates of Participation

At its meeting on July 21, 2023, the Board of Regents approved a resolution which authorized refinancing the State of Nevada Certificates of Participation, Series 2013 issued on behalf of NSU. This obligation was issued by the State of Nevada and is repaid from funds at NSU through an interagency agreement with the State Treasurer’s Office. At the July 2023 meeting, savings from refinancing were estimated at \$5.4 million over the remaining life of the obligation (\$3.8 million present value, or 9.0%).

Due to market instability throughout September and October of 2023, interest rates rose to levels which no longer supported refinancing the 2013 debt. On average, market interest rates in October 2023 were between 1.0% and 1.25% higher than they were in July 2023. Due to the change in conditions and the loss of a viable refunding opportunity, the transaction was postponed on October 18. However, market conditions improved in December 2023 and equalized in January and February of 2024. Due to this opportunity, another effort was made to refinance the 2013 debt.

On February 8, 2024, the State successfully sold the refunding certificates of participation via competitive sale. In total, 8 bids were received with the winning bid from BofA Securities at an effective interest rate of 3.45%, which was significantly lower than the rate on the 2013 bonds of 4.86%. As a result of the lower borrowing rate, total savings from refinancing were \$7.2 million (\$5.3 million present value or 12.7%). This is approximately 35% greater than previously presented to the Board. NSU will realize savings in every fiscal year through 2043, and the final maturity of the obligation was not extended.

2024 Refunding Universities Revenue Bonds and Certificates of Participation

At its February 29-March 1, 2024 meeting, the Board approved the issuance of two refunding bonds. The first was the issuance of refunding universities revenue bonds on behalf of UNR. At the February/March meeting, present value savings from refinancing were estimated at \$3.6 million. The second transaction authorized by the Board was the issuance of refunding certificates of participation by NSHE on behalf of UNR. The estimated present value savings presented to the Board were \$824,000.

The universities revenue refunding bonds were sold via competitive sale on April 9. In total, 6 bids were received, and the winning bid was submitted by Jefferies with an effective interest rate of 3.61%. Savings are a result of the difference between this rate and the effective rate on the refunded 2014 universities revenue bonds of 4.69%. Total savings were \$4.6 million (\$3.3 million present value or 9.4%). This result is roughly the same as the savings presented to the Board back in February. UNR will realize savings in every fiscal year through 2043, and the final maturity of the 2014 bonds was not extended.

The refunding certificates of participation were sold via competitive sale on April 11. In total, 8 bids for the certificates were received, and the winning bid was submitted by J.P. Morgan Securities with an effective interest rate of 3.47%. Savings are a result of the difference between this rate and the effective rate on the refunded 2014 certificates of participation of 4.24%. Total savings were \$891,000 (\$657,000 present value or 3.7%), which is slightly lower than presented to the Board of Regents in February. UNR will realize savings in every fiscal year through 2040, and the final maturity of the 2014 certificates was not extended. As part of this transaction, and as approved by the Board of Regents, TMCC prepaid its portion of the 2014 certificates from cash on hand, which will result in total interest savings over the upcoming 10 years of \$728,000.

Ratings Received

NSHE received updated ratings during the April 2024 bond issuances. We are pleased to report that NSHE’s existing ratings by Moody’s, S&P, and Fitch were all affirmed prior to the April 2024 sales. Current NSHE ratings are:

	Standard & Poor’s	Moody’s	Fitch
Universities Rev. Bonds	AA-	Aa2	n/a
Certificates of Participation	AA-	n/a	AA
Community College Rev. Bonds	AA-	Aa3	n/a

Please contact John Peterson at (702) 294-5100 if you have any questions.

cc: Marty Johnson, Rhett Vertrees