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North Las Vegas Rebounds From Near Insolvent to Investment Grade.

- **Poster child of bust offers first bond deal since 2011**
- **Upgrade from junk status permitted refinancing chance**

North Las Vegas, once considered the poster child of the housing bust, is betting the municipal-bond market will validate its rebound from the brink of insolvency.

The city is selling \$99 million of general-obligation bonds on Sept. 11, its first such sale since 2011. The refinancing was made possible after it was upgraded back to investment-grade status in June last year by Moody's Investors Service and then this April by S&P Global Ratings.

The community of 243,000 bordering Las Vegas has benefited from the growth in the national and local economies and from diversifying its tax base. Amazon.com Inc. in April said it was building the state's fourth facility there, and Sephora, a cosmetics company under Paris-based conglomerate LVMH, broke ground on a distribution center in July.

"We really had no place but up to go," the city's chief financial officer, Darren Adair, said in an interview. "This recognizes the hard work that the city has done to restore structural balance."

The bond sale from North Las Vegas, which just four years ago faced the prospects of a state takeover and forcing concessions on bondholders, comes as money flows into funds and sales of new issues remain subdued. Wall Street memories can be short when demand for yield runs high, said Jason Ware, head of trading at brokerage 280 CapMarkets.

"That deal would have no problem getting done," he said.

North Las Vegas was the nation's third fastest-growing municipality from 2000 to 2009, until property values went into free fall from the recession and ensuing aftermath. Moody's cut its rating 10 notches from June 2011 through January 2014, according to spokesman David Jacobson. The city will have about \$431 million in municipal debt outstanding after the refinancing, bond documents show.

Officials in Nevada, which doesn't permit municipal bankruptcy filings, discussed taking over the city's finances and possible legal changes that would force concessions on bondholders. Ultimately, the city didn't fall under the state's control and embarked on cutting costs and expanding its appeal to warehouse developers and logistics centers.

In June 2017, Moody's, which put the city in junk in 2013, returned it to investment-grade status by upgrading it to Baa3. Last month, the company bumped it up two notches to Baa1 with a positive outlook because of the continuing financial improvement.

S&P Global Ratings, which cut North Las Vegas to junk in 2014, moved it back to investment-grade in April with a BBB rating with a stable outlook.

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By Romy Varghese

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