



Las Vegas Convention Center District

Strategic Master Plan

Las Vegas Visitors and Convention Authority

October 2015



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Las Vegas Convention Center District Strategic Master Plan

I. EXECUTIVE SUMMARY

During 56 years of operations, the Las Vegas Convention Center (LVCC) has constantly changed to meet the needs of its customers in an ever-changing market, with a mission to maximize opportunities to attract convention visitors to Las Vegas. The LVCC under the authority of the Las Vegas Convention and Visitors Authority (LVCVA) is now facing a significant challenge to upgrade the aging building and increase the overall facility capacity in order to enhance the customers' experience, meet the current demands for additional convention space and capture new opportunities for increased business.

The trade-show industry in general is rebounding from the economic downturn of the last few years with increases occurring across the entire market. Outpacing the industry wide growth trend is a very specific sector of the industry, the top 250 trade shows, the primary focus of the LVCVA. Focusing on this sector of the industry, Las Vegas has been the No. 1 trade show destination for 21 consecutive years as determined by the Trade Show News Network (TSNN). With this position, not only is Las Vegas the best, but the competition in other major cities across the country and internationally have identified Las Vegas as the primary competition and the shows held in Las Vegas as primary targets for new business for their cities.

A recent feasibility study by Cordell Corporation has determined that given the demands of the current customers and the opportunity to attract new shows from the convention and trade show industry, the LVCC needs to expand its current exhibit space by 750,000 square feet. The size of the expansion is based upon analysis of the current facility, which indicates the facility is at maximum utilization during the highest periods of national trade show activity - the spring and fall. Additionally, the size of the expansion is based upon the need to relocate current show customers during extensive renovation of the existing facility. Relocation of the shows within the campus of the LVCC will ensure the shows do not leave Las Vegas to contract with other cities and venues due to disruptions from renovation construction in the current facility.

The Las Vegas Convention Center District Strategic Master Plan translates that recommendation into a four-phased approach for expansion and renovation.

Phase One was the acquisition of adjacent land area to accommodate expansion of the convention center. Critical to the success of Phase One was Morgan Stanley's representation of the LVCVA in the purchase of the Riviera Hotel property. The Riviera Hotel property was one of several land parcels considered for purchase through an analysis of multiple transaction characteristics. The acquisition provides the land area required to build a new facility in which to locate trade show customers when existing exhibit halls are taken off-line for renovation in the existing convention center and to accommodate additional expanded exhibit space to attract new trade shows from other national venues. Included in Phase One is the demolition of the Riviera Hotel and ancillary structures and the development of the site to support outdoor exhibit space for LVCVA trade show customers.

Phase Two is the development of a new facility to accommodate current trade shows when the existing facility is being renovated. The new facility will have new exhibition space of approximately 600,000 square feet and corresponding meeting rooms, pre-function space, service and support areas. The total size of the new building will be approximately 1.4 million square feet. The new facility will be located on the Gold Lot and the recently acquired Riviera Hotel property.

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Phase Three is the renovation of the existing Las Vegas Convention Center to replace/repair some of the aging building components and to add features required to meet the expectations of today's convention and trade show visitor – such as additional meeting rooms supporting the current exhibition space, restroom upgrades, building ingress and egress enhancement, technology and security systems replacement, utility services capacity, food service distribution enhancement, interior and exterior cosmetic upgrades, etc.

Phase Four represents the final component of the strategic master plan required to reach the recommended capacity identified in the Cordell feasibility study. Phase Four future improvements will be based upon prevailing market conditions and direct feedback from the LVCVA customers. Elements of Phase Four may include additional exhibit space, corresponding meetings rooms and ancillary spaces, parking structures for convention delegates, a campus media center, a general session space with a full production kitchen and a landscaped public plaza adjacent to Las Vegas Boulevard.

Phase One of the master plan is currently being implemented. Unlike the subsequent phases of the master plan, Phase One is being funded through current LVCVA resources. Phases Two and Three have a combined projected budget of \$1.4B with a funding need as described in the Finance Plan section of this document. The projected budget for Phase Four will be determined when the scope of the future expansion has been established. A detailed breakdown of the master plan budget is found in another section of this document. Phases Two and Three are anticipated to be implemented during a time period of six to seven years.

Other private and public/private sources will be considered to develop additional campus elements beyond this master plan such as a regional transportation hub for convention delegates and an International Trade Center with leased office space for our trade show partners.

Funding the expansion and renovation program will require additional revenues beyond the current and projected revenues collected by the LVCVA. The LVCVA receives approximately 32% of room tax revenue collected in Clark County. This percentage has decreased from 100% when the room tax legislation was first enacted. Funding for the Las Vegas Convention Center District is expected to come from a combination of new taxes and fees.

The economic impact of this master plan is significant. The Cordell Corporation feasibility study suggests that when the entire master plan is completed, community impact from the total program could reach upwards of \$700 million of incremental economic impact.

Note: The material in this document is prepared for the purpose of providing general information related to the project and program. This material does not address risks including changes in economic and market conditions, management of growth, and other conditions that may cause actual results to differ materially.

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II. ORGANIZATION OVERVIEW

HISTORY OF THE LVCVA

Las Vegas has long been a favorite recreation destination for millions of visitors. In the early 1950s, however, community leaders realized that the cyclical nature of tourism caused a significant decline in the number of visitors during the weekdays, throughout the summer months and over the Christmas season. A new market was identified in order to attract more visitors to the area during the slow periods - convention attendees.

Visionary elected officials, convinced that convention business was crucial to the growth of the city, went before the Nevada State Legislature to ask for funding. In 1955, the State Legislature agreed to finance the Clark County Fair and Recreation Board (the precursor to the LVCVA) with monies acquired from a room tax levied on hotel and motel properties in Clark County. This revenue, paid for by tourists and not by local residents, allowed the Las Vegas Convention Center to be constructed and operate without any tax assessment on Clark County residents, and allowed the LVCVA to begin a program of destination marketing.

On April 29, 1959, the Las Vegas Convention Center officially opened with a 20,340-square-foot rotunda, 18 meeting rooms and a 90,000-square-foot exhibit hall. In its first year of operation, the LVCVA hosted eight conventions that were attended by 22,519 delegates. Now, Las Vegas regularly hosts more than 22,000 conventions and meetings attended by nearly 5.2 million delegates annually.

SUPPORTING ALL OF SOUTHERN NEVADA

The entire Southern Nevada economy is heavily dependent on the hotel, gaming and convention industry, which employ more than one-quarter of the county's labor force. The viability of the economy in Clark County is dependent upon the volume of visitors to the region. The LVCVA provides a vital service for the public by contributing to the growth of the economy in all of Southern Nevada. The LVCVA's marketing efforts cover all of the more than 162,000 hotel and motel rooms in Southern Nevada. The room inventory includes Las Vegas and surrounding areas: Laughlin, Boulder City, Jean, Primm, Henderson, North Las Vegas and Mesquite.

ORGANIZATIONAL STRUCTURE

The LVCVA is unlike a typical convention and visitors bureau in that it is not a membership-based organization. The LVCVA is a governmental agency. It was established by a state law, is funded by a county room tax and is governed by an autonomous Board of Directors.

State law establishes the number, appointment and terms of the LVCVA's Board of Directors. The 14-member board provides guidance and establishes policies to accomplish the LVCVA mission of attracting an ever-increasing number of visitors to Southern Nevada. Although a political subdivision of the State of Nevada, the LVCVA Board is unique as the board includes elected officials from local governments as well as representation from the private sector. Elected officials hold 8 board seats, representing Clark County, the City of Las Vegas, North Las Vegas, Henderson, Mesquite and Boulder City. Private-sector members hold 6 seats, as nominated by the Las Vegas Metro Chamber of Commerce and Nevada Resort Association.

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III. SITUATION ANALYSIS

Since opening in 1959, the Las Vegas Convention Center (LVCC) has been an attraction for conventions and trade shows worldwide. During its 56-year history, expansions and renovations have transformed the convention center's physical appearance and economic performance reflecting the changing market of the convention and trade show industry.

Today, the LVCC includes the original exhibition structure from 1959 along with the five expansions. Overall the building has been maintained at a level consistent with major public facilities across the country, but is in need of capital improvements consistent with a 56-year old facility.

Some building elements and systems have been upgraded as expansion occurred, but the facility is in need of a variety of upgrades, not only due to the age of the building, but the evolving use of the facility.

As an example, the Central Hall roof has not been replaced since it opened 56 years ago. Due to its age, during rain occurrences, the roof will leak. Exacerbating the leaking roof is the placement of existing roof drains, which were built in less than effective locations. This results in standing water on the roof, leading to additional leaking.

Due to multiple expansions of the facility, many of the systems are disjointed, including the emergency notification system and the security monitoring system. This condition makes testing, utilization, and maintenance of the entire facility systems inefficient.

Elevator and escalator usage is a constant issue, especially during high volume events. The lack of freight elevators results in crews using the escalators to transport tools and exhibits to the upper level meeting rooms. As a result, the escalators have gone through much more wear and tear than similar escalators of the same age.

There are over 50 freight and oversized doors throughout the facility and many are in need of replacement or repair. As a result, a significant portion of maintenance cost and effort is consumed keeping these outdated doors in operation.

Additionally, customer amenities including restrooms, food service, and technology fall short of satisfactory conditions in several areas.

One-third of the forty-six restrooms within the convention center have not been renovated since being built before 1970. These restrooms need plumbing and ventilation systems repair/replacement as well as cosmetic upgrades.

Food service facilities in the convention center are inadequate. Additional points of sale and quality of product are being addressed by the LVCVA.

As part of a recent agreement with the convention center technology provider, upgrades to the technology systems will occur over the next several years. Upgrades will include wireless Internet system, distributed antenna system, meeting room A/V systems, and technology support for the facility.

Overall, the LVCC is in relatively good condition for a facility of its age. However, building elements and systems will continue to degrade and the cost of repair and/or replacement will continue to rise each year.

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In 2006, a Master Plan Expansion Program (MPEP) was created to meet the aging facility conditions and modern program needs as developed through a study of industry standards for trade show facilities and direct customer feedback.

As the 2006 expansion program began, so did the recent global economic recession. In response to the economic downturn, the LVCVA suspended the expansion project before significant construction costs were incurred developing the facility improvements. During the suspension of the project, the LVCVA replaced and expanded some of the building's aging infrastructure such as electrical utilities along Orange Drive and storm water conduits through the Silver Lot as available funds allowed. Significant renovation/building expansion as designed in the Master Plan Expansion Program was not implemented.

In 2013, as revenues from room taxes began to rebound and the LVCVA had sustained positive revenue growth for 42 months, the need to consider expansion/renovation was revisited. As a result, CSL, a nationally recognized consultant in the convention and trade show industry was commissioned to review the industry trends and consider the long-term planning needs for the LVCC. The *Updated Long Term Master Planning Analysis of the Las Vegas Convention Center* dated January 2013 submitted by CSL, documented customer feedback similar to previous customer input regarding upgrade and expansion needs of the LVCC.

In addition to the results of surveys and interviews with LVCC customers, the report provided an analysis of each exhibit hall with respect to occupancy efficiency. The findings in the report indicate an underutilized South Hall primarily due to "significant physical deficiencies". The deficiencies include; inconvenience of a two level stacked exhibit space, closely spaced oversized columns, difficulty separating pre-function events of multiple shows, meeting rooms remote to the primary convention area of the LVCC and lack of enclosure for visitors walking between South Hall other exhibit/meeting space in the LVCC.

The CSL report also provided analysis of the general configuration of the LVCC. As indicated in the CSL report, the LVCC ranks seventh nationally with other convention centers in terms of contiguous space. While the overall square footage of a convention center is important when analyzing its ability to create revenue opportunities, the configuration of the space is essential in attracting the desired trade shows to the facility. As a result, the report suggested consideration of an additional large exhibit hall of 700,000 to 800,000 square feet.

The report also provided analysis indicating meeting room space as a ratio to exhibit space is significantly below industry standards. According to the report "an adequate supply of quality meeting space has consistently ranked as one of the top three to four national event planner facility selection criteria and is a critical element to attracting large conventions and trade shows". The analysis suggests the LVCC needs approximately 40,000 to 50,000 square feet of additional meeting room space to provide a market-supportable balance with the existing exhibit space.

In addition to the facility and trend analysis performed by CSL, the LVCVA commissioned HNTB, an architectural firm nationally recognized in convention facility planning and design, to conduct customer focus groups in an effort to gain direct customer feedback regarding the current facility experience. HNTB's compilation of the comments received from the focus groups produced the following list of improvements in order of priority based upon the number of comments received for each:

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Ranking	Issue	Customers Comments
1	Improve Food Service	Food service issues include quality, variety, distribution and experience. The food service does not compare to the Las Vegas brand.
2	Improve Technology	Technology & connectivity are critical to the tradeshows' business (Expanded role of technology in everyday commerce).
3	Add Meeting Rooms	The demand for meeting rooms has grown. Needs include: flexibility, modern space, built-in elements, and proximity to exhibit halls.
4	Create a connection between North/Central and South Halls	Shows have shorter durations; therefore, connectivity and flow are critical. Lobbies should be larger and open / flexible space. Tradeshows are competing for lobby space with other shows and vendors
5	Add New General Session Space	Show Managers are holding more receptions centered on events. General Session should be flexible and useable for registration, exhibits or keynotes.
6	Add Exhibit Space	Build a new and extend exhibit space to grow the convention center industry in Las Vegas. Some shows need more exhibit space – indoor & outdoor. Shows are concerned about disruptions with a renovation. Building a new hall will allow transition during renovation.

Source: HNTB Focus Group Brief November 16, 2012

In addition to these primary issues, the customers identified the need to enhance the general ingress and egress of the facility and specifically provide a better secondary entrance from the east side of the convention center. The findings in the HNTB report are consistent with the findings in CSL's report.

The Las Vegas Convention Center has over 3,200,000 gross square feet of facility including 1,940,000 square feet of exhibition space and 240,000 square feet of meeting room space. At ground level are the North Hall, 409,000 square feet, the Central Hall at 623,000 square feet and the first level of the South Hall at 443,8000 square feet. The South Hall features a second level exhibition space of 464,700 square feet.

Most recently, Cordell Corporation developed a feasibility study for the renovation and expansion of the Las Vegas Convention Center. The feasibility study is contained in the appendix of this document. The feasibility study provides a comprehensive evaluation of the current facilities and its needs.

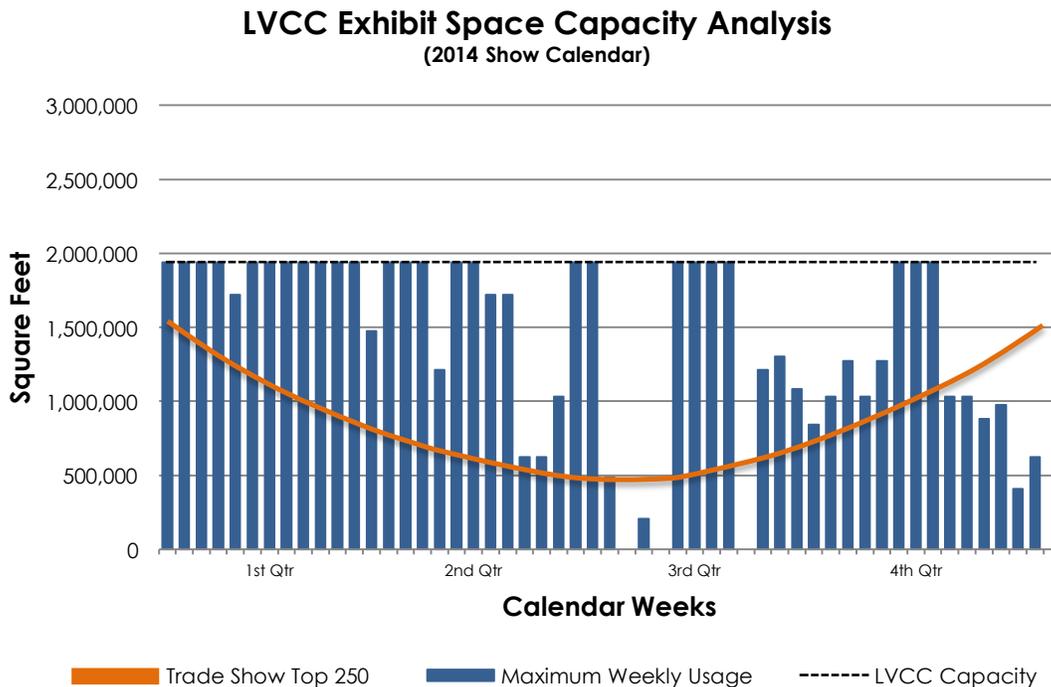
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As an indication of success, the Las Vegas Convention Center continues to attract the largest trade shows in the country. The average size of the events and trade shows has increased over the last two and a half decades. Of special note is the consistent growth of the average event size after expansion of the LVCC. This has not necessarily been case in other major cities across the country after expansion of their respective facilities.

Additionally, as another indication of success, Las Vegas has been ranked the number one trade show destination for each of the last twenty one years as determined by the Trade Show News Network of the top 250 trade shows in North America.

The feasibility study produced by Cordell Corporation determined that the capacity of the current LVCC facility is reaching its physical limit of meeting the demands of exhibit space and meeting rooms for its existing trade show customer base and will be challenged to capture new opportunities.

The following illustration from Cordell's study indicates the Las Vegas Convention Center has reached a maximum utilization of available net square feet of exhibit space during primary trade show seasons.



Source: Cordell Corporation – LVCC Expansion and Renovation Feasibility Study, September 2014

Of note is the comparison of trade show occurrence at the LVCC and the national trend of the largest trade shows in the country. As shown in the graph, the LVCC trade show calendar reflects the national seasonality of trade shows.

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IV. MARKET OPPORTUNITY

The recent national trend of trade shows in the US has been increasingly positive.

According to several publications, the national trade-show industry is expecting continued growth in 2015 and beyond. In their most recent forecast, the Center for Exhibit Industry Research (CEIR) has projected continued positive industry growth for 2015 (+2.8), 2016 (+2.4%) and 2017 (2.0%) based on its proprietary CEIR Index which reflects a composite of Net Square Exhibit Space, Professional Attendance, Number of Exhibiting Companies and Gross Revenue.

Additionally, the Global Business Travel Association (GBTA) puts out periodic forecasts. In their most recent projections, the GBTA predict 1.6% growth in business group travel in 2015 and another 2.5% in 2016.

Finally, Trade Show Executive predicts the 2015 year-end will result in year over year increases of 3.2% of net square feet leased, 3.0% of total number of exhibitors, 3.4% of total number of attendees and 10.2% of total revenues.

The LVCVA continues to focus on the largest trade shows in the country. As a subgroup of the total industry, the growth of the largest shows is expected to outperform the national trade show industry average.

These trends provide an opportunity to increase trade show business at the LVCC. Increased business can be captured by expanding existing shows held at the LVCC, attracting new shows from venues in other cities and securing co-location of similar trade shows.

Expansion of existing shows is directly related to the success of the shows reaching a tipping point at which the show needs additional square feet to accommodate expanding exhibits and attendance. While this is not easily quantifiable, opportunity can be demonstrated among the largest trade shows held at the LVCC; Computer Electronics Show (CES), Construction Exposition (Con Expo), and Specialty Equipment Market Association (SEMA). Each show has indicated a desire to expand their current exhibit space beyond the total available capacity of the LVCC by an amount of 300,000 to 500,000 square feet each.

The inability for the LVCC to accommodate current trade show customers' desire to expand could result in an erosion of the existing customer base – this necessitates the renovation and expansion of the convention center to protect trade show business in Las Vegas. Other cities are positioned to compete with Las Vegas with larger exhibit space and expanding facility amenities.

The ability to attract new shows to the LVCC depends on a number of issues. Primary among these is the contractual disposition of a trade show with a host convention center in a competing city. An internal analysis has been conducted to identify trade shows being held in other cities with commitments in the final year(s) of their contracts and trade shows that have previously expressed interest in holding events in Las Vegas.

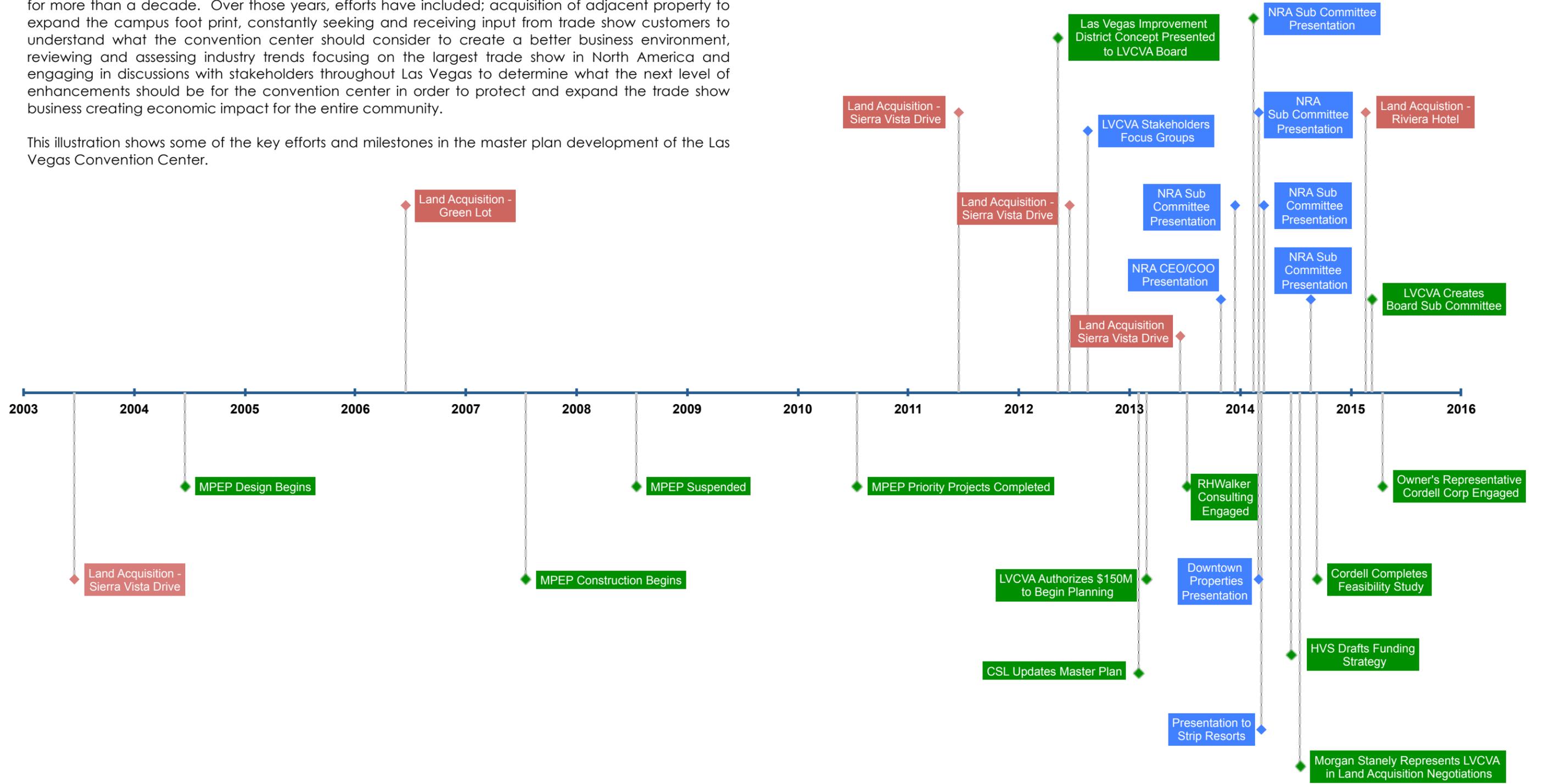
It has been determined that renovating and expanding the LVCC facility is needed to provide a proactive response to the demand of the LVCVA's largest customers. In addition, expansion and renovation will create an opportunity to increase the leased exhibit space for all current customers and create the possibility of booking new shows relocated from competing cities.

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V. DUE DILIGENCE/PREPARATION

The LVCVA has been preparing for an expansion and renovation of the Las Vegas Convention Center for more than a decade. Over those years, efforts have included; acquisition of adjacent property to expand the campus foot print, constantly seeking and receiving input from trade show customers to understand what the convention center should consider to create a better business environment, reviewing and assessing industry trends focusing on the largest trade show in North America and engaging in discussions with stakeholders throughout Las Vegas to determine what the next level of enhancements should be for the convention center in order to protect and expand the trade show business creating economic impact for the entire community.

This illustration shows some of the key efforts and milestones in the master plan development of the Las Vegas Convention Center.



Las Vegas Convention Center District Strategic Master Plan

VI. PHASED DEVELOPMENT PLAN

The Strategic Master Plan details the elements necessary to renovate and expand the existing Las Vegas Convention Center to accommodate current needs of our customer base and capture future trade show opportunities to increase our market share in the trade show industry. The development will be implemented in four phases. Phase One was the acquisition of the Riviera Hotel property, the planned demolition of all structures associated with the land parcel and the subsequent site improvements for outdoor exhibit space to be leased to LVCVA trade show customers. Phase Two will be the design and construction of a new exhibit hall and associated spaces to be built on the Gold Lot and the Riviera Hotel property. This new building will serve as 'swing space' to accommodate trade shows when exhibit halls in the existing facility are closed for renovation during Phase Three of development. Phase Three will be the renovation of the existing Las Vegas Convention Center. Additionally, Phase Three will add spaces to the existing facility to create a more efficient operation and enhance the customer experience. Phase Four will be the future expansion and improvements needed to increase exhibit capacity and attract new trade shows.

Phase One

Phase One was the expansion of the campus land area with the acquisition of the Riviera Hotel property. The LVCVA purchased the parcel in the spring of 2015. Completion of the demolition of the Riviera Hotel property structures is anticipated to occur in 2016. Site improvements to accommodate outdoor exhibit space is anticipated to be completed in early 2017.

Phase Two

Phase Two will include the development of a new exhibit hall and its ancillary spaces on the Gold Lot and the recently purchased Riviera property. The program elements of the new building will include the following:

1. Exhibit Hall (approximately 600,000 square feet)
2. Meeting Rooms
3. Pre-Function Space
4. Support (service corridors, public corridors, restrooms, mechanical rooms, electrical vaults, elevators, escalators, stairways, etc.)
5. Service (loading docks, receiving areas, move-in/out storage, security offices, maintenance facilities, food prep kitchens, food commissaries, food and beverage outlets, food service customer accommodations - seating, queuing areas, product display, etc.)
6. Outdoor Exhibit Space
7. Surface Parking and Transportation Zones
8. Outdoor Landscape Space (Riviera property frontage on Las Vegas Boulevard)

The total gross building area for Phase Two is projected to be approximately 1.4 million square feet. Functional layout of the elements for Phase Two will be determined during the design phase of the project.

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Phase Three

Phase Three of the master plan will be renovation and additions to the existing Las Vegas Convention Center.

The following identifies some of the primary elements to be included in Phase Three:

1. Upgraded Exhibit Halls (Technology, Lighting, Elec/Data, Floors/Walls/Doors)
2. Upgraded Meeting Rooms
3. Upgraded/New East Entrance Lobby
4. Upgraded Restrooms Facility-Wide
5. Upgraded/New Food & Beverage Outlets
6. New Meetings Rooms (200,000 SF of additional meeting rooms to increase ratio of meetings rooms to exhibit floor space)
7. New Enclosed Connector Between the North, Central and South Halls
8. New Surface Parking Area (south of convention center on recently acquired property along Sierra Vista Drive)

Specific renovation plans will be developed as the design begins, including alternatives for consideration against cost/schedule.

In addition, general site improvements will focus on streetscape design, pedestrian friendly walkways (covered and uncovered), systems to move pedestrians throughout the campus (shuttle trams and moving sidewalks) and security elements such as lighting and cameras.

The schedule for renovation will be based upon the progress of Phase Two and will be coordinated with trade show schedules to mitigate disruptions of our current customers. Existing exhibit halls will be systematically taken off-line for renovation after the completion of Phase Two.

Phase Four

Phase Four is the final component of the strategic master plan and will include future improvements to the LVCC based upon prevailing market conditions and direct customer feedback. Future improvements may include expansion of the Phase Two exhibit hall building (additional exhibit space, meeting rooms, per-function space, etc.), parking structure(s), a campus media center, a general session space, a production kitchen, and a landscaped plaza along the Las Vegas Boulevard frontage of the former Riviera Hotel property.

The schedule for the future Phase Four elements will be based upon the completion of Phases Two and Three and available funding for the program elements.

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Budget

The costs associated with Phase One of the master plan has been included in the current operating budget of the LVCVA. The combined budget for Phases Two and Three is \$1.4B. As identified in a previous section of this document, a budget for Phase Four will be determined at such time the scope of the future improvements has been defined. Implementation of Phases Two and Three of \$1.4B is expected to require six to seven years.

	Description	Size
PHASE ONE Land Acquisition and Site Improvements	Riviera Hotel Purchase	26.36 Acres
	Demo/Site Improvements	
	Fully Funded	

	Description	Size	Budget Per Phase
PHASE TWO Expansion	Exhibit Hall	600,000 SF	
	Meeting Rooms	150,000 SF	
	Pre-Function Space	210,000 SF	
	Support/Circulation	240,000 SF	
	Service	240,000 SF	
	Sub Total	1,440,000 SF	
	Phase Two Budget		
PHASE THREE Renovation	Existing Public Spaces	3,200,000 SF	
	Add'l Meeting Rooms	200,000 SF	
	North East Entry	75,000 SF	
	Connector Between Halls	200,000 SF	
	Support Spaces/Systems	100,000 SF	
	Sub Total	3,775,000 SF	
	Phase Three Budget		
PHASE FOUR Future Improvements	Exhibit Hall Expansion		
	Media Center		
	General Session		
	Production Kitchen		
	Parking Structure(s)		
	LVCC Plaza on LV Blvd		
	Phase Four Budget		

Las Vegas Convention Center District Strategic Master Plan

PHASE THREE
Renovation and Additions

- Upgrades/Renovations
- New Meeting Rooms
- Exhibit Halls Connector
- New East Lobby Entry

PHASE FOUR
Future improvements

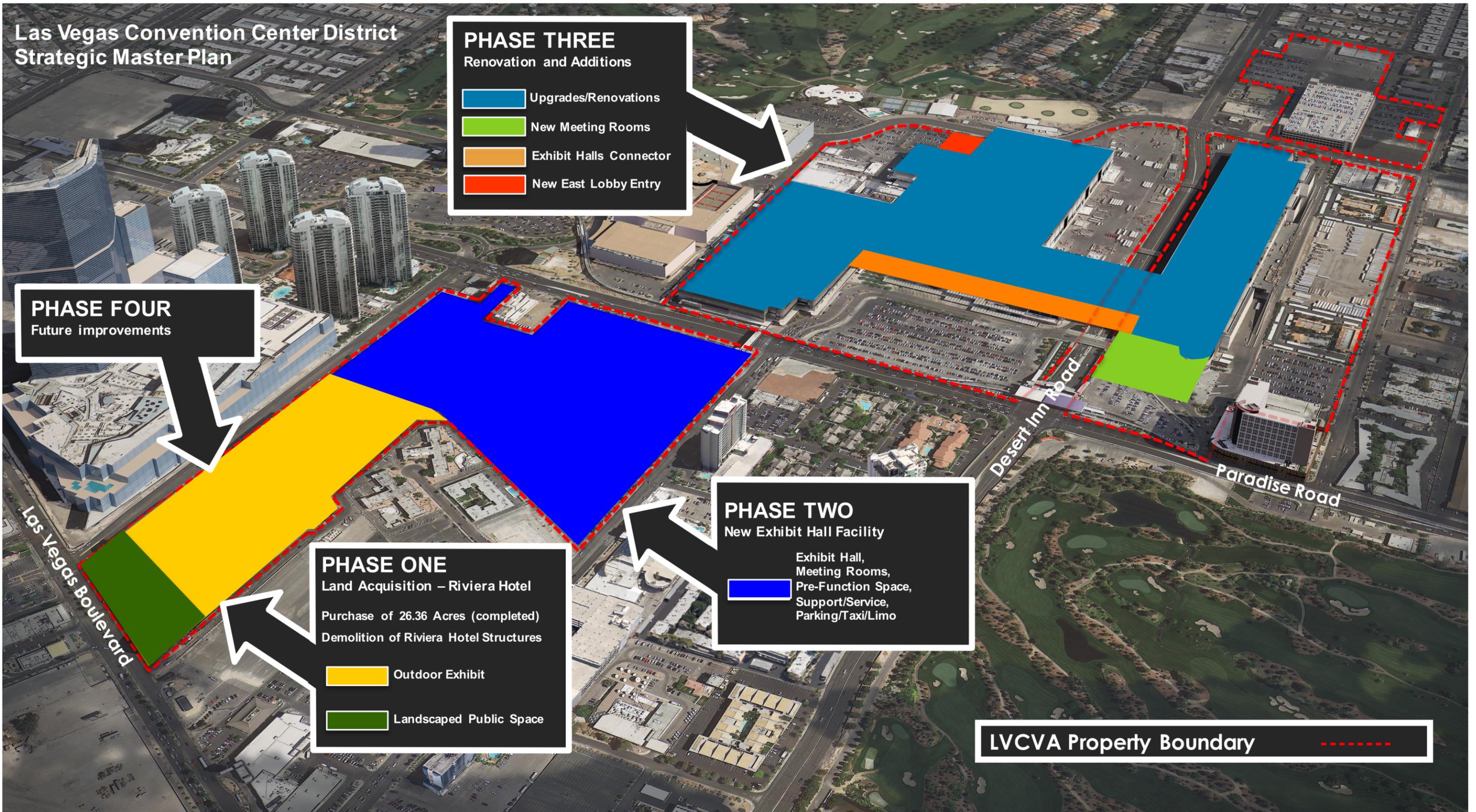
PHASE ONE
Land Acquisition – Riviera Hotel
Purchase of 26.36 Acres (completed)
Demolition of Riviera Hotel Structures

- Outdoor Exhibit
- Landscaped Public Space

PHASE TWO
New Exhibit Hall Facility

- Exhibit Hall, Meeting Rooms, Pre-Function Space, Support/Service, Parking/Taxi/Limo

LVCVA Property Boundary



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VII. FINANCIAL PLAN

The LVCVA's primary source of revenue is a 5% Clark County lodging tax, as authorized under Nevada statutes in 1957. At that time, the LVCVA received 100% of the room tax collected in Clark County. The room tax rate was increased several times over the years, exclusively for the benefit of other agencies, resulting in a total room tax rate currently averaging 12%.

The LVCVA presently has discretionary use of less than one-third of each room tax dollar collected in Clark County. This is a result of rate increases authorized for other entities combined with subsequent mandates to redirect twenty percent of the revenues collected on the LVCVA's assessed rate (5%). Mandated uses of the LVCVA's revenue include the mandatory return of 10% of the LVCVA's gross tax room tax receipts back to the collecting jurisdictions, as authorized under NRS. Additionally, the room tax revenues are further reduced by a mandate to fund \$20+ million annually for principal and interest on debt service to support \$300 million of bonds issued on behalf of Nevada Department of Transportation (2007 NRS).

Room tax provides approximately 82% of total new revenues annually. The second largest source of revenue to the LVCVA is facility use fees at the LVCC. These two primary sources of revenue provide substantially all of the resources available to support the LVCVA's unique dual mission of acting as both CVB and convention center operator.

The current revenue structure of the LVCVA provides adequate funding to maintain the aging LVCC facility at a baseline operational level, focusing on health, safety, preventive maintenance and modest aesthetic improvements. The revenue sources are insufficient to fund significant renovations & modernization requirements on the existing facility, or an expansion of the facility to draw additional tradeshow to Las Vegas.

The LVCVA recently acquired 26.4 acres with the purchase of the Riviera, a component of LVCCD Phase One. Demolition and improvements to the property will also be accomplished during this phase. The LVCVA has adequate financing capacity to complete Phase One supported by current revenue streams. The budget balance of \$1.4 billion for Phases Two and Three will require new revenues streams sufficient to support a PayGo and debt financing program.

The LVCVA engaged HVS Consulting to conduct a comprehensive financial strategy study, to identify finance strategies in comparable convention center destinations, develop criteria and analyze the potential of new funding sources, estimate the financing capacity of the most relevant funding sources, and develop a financing plan using a combination of those sources.

The HVS study evaluated the funding sources and capital finance structures of McCormick Place Convention Center, Boston Convention and Exhibition Center, San Diego Convention Center, New Orleans Convention Center, Orange County Convention Center (Orlando), and several other facilities. Additionally, staff evaluated the operating programs of several facilities in competitive destinations. Exact comparisons to the LVCC are challenging due to the blended business activities and reporting structures of each agency; however, the information available demonstrates that public convention center costs are consistently supported through allocations of a variety of tax and fee sources, as a reflection of the economic impact those facilities generate.

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Subsequent to the receipt of the HVS draft, staff developed a comprehensive pro forma through FY 2030. The pro forma incorporates all current LVCVA operational activities and existing debt obligations, including the completion of LVCCD Phase One. Projections for Phases Two and Three were then integrated to identify the potential funding gap, which is estimated to require a combination of aggregate new revenue sources totaling nearly \$90MM in the first full year of collection.

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APPENDIX

Copies of the following documents are available for review on the flash drive included in this booklet on the inside back cover:

1. Applied Analysis Economic Impacts Analysis
2. Cordell Corporation LVCC Expansion and Renovation Feasibility Study
3. CSL - Long Term Master Planning Analysis
4. HNTB Briefing on Customer Focus Groups
5. HVS Summary
6. LVCC Client Support
7. PBTK Land Investment Analysis
8. PKF ROI Executive Summary Draft