

**SOUTHERN NEVADA TOURISM INFRASTRUCTURE
COMMITTEE MEETING
March 24, 2016**

The meeting of the Southern Nevada Tourism Infrastructure Committee was called to order by Chairman Hill at 8:05 a.m. in the Blasco Event Wing located in the Foundations Building at the University of Nevada, Las Vegas.

1. ROLL CALL/CALL TO ORDER/ESTABLISH QUOROM

BOARD MEMBERS PRESENT

Mr. Steve Hill, Committee Chairman
Mr. Len Jessup, Committee Vice Chairman
Ms. Carolyn Goodman, Mayor of City of Las Vegas
Mr. Steve Sisolak, Chairman of the Clark County Commission
Ms. Kristin McMillan, President and CEO of the Las Vegas Metro Chamber of Commerce
Mr. Tom Jenkin, Global President of Caesars Entertainment
Mr. Bill Noonan, Senior Vice President of Boyd Gaming
Mr. William Hornbuckle, President of MGM Resorts International
Ms. Kim Sinatra, Executive Vice President of Wynn Resorts
Mr. George Markantonis, President and COO of The Venetian and The Palazzo
Mr. Mike Sloan, Senior Vice President of Station Casinos

ADVISORY COMMITTEE MEMBERS PRESENT

Ms. Elizabeth Fretwell, City Manager of the City of Las Vegas
Mr. Don Burnette, County Manager of Clark County
Ms. Tina Quigley, General Manager of Regional Transportation Commission of Southern Nevada
Ms. Rosemary Vassiliadis, Director of Clark County Department of Aviation
Mr. Rossi Ralenkotter, President and CEO of Las Vegas Convention and Visitors Authority
Mr. Guy Hobbs, Managing Director of Hobbs, Ong & Associates

2. PUBLIC COMMENT: 8:06 A.M.

There are no public comments. Chairman Hill closes Agenda Item 2.

3. ACCEPTANCE OF MINUTES FROM FEBRUARY 25, 2016: 8:07 A.M.

Chairman Hill opens Agenda Item 3 for a motion to accept the meeting minutes from February. A motion is made by Mayor Goodman for the acceptance of the minutes. Mr. Noonan seconds the motion. The February meeting minutes pass unanimously.

Chairman Hill closes Agenda Item 3.

4. CHAIRMAN/COMMITTEE COMMENTS: 8:08 A.M.

Chairman Hill outlines what the committee schedule will look like over the next several months. In April, the Las Vegas Convention and Visitors Authority (LVCVA) will be invited back to further discuss the convention center and address follow-up items. In May, Chairman Hill anticipates that the representatives from Las Vegas Sands, Majestic Realty and University of Nevada, Las Vegas will be invited back to go through a similar exercise with the stadium proposals. The meeting in June will be used for finalizing recommendations. Then, by July, those recommendations should be ready to submit to the governor. Other potential recommendations will be split between the April and May meetings.

Chairman Hill closes Agenda Item 4.

5. RESEARCH STAFF REPORT: 8:10 A.M.

Mr. Jeremy Aguero, Principal at Applied Analysis, points the committee's focus to the comparative stadium costs information sheet, a specific request made by the committee. Applied Analysis has spent the past month working closely with the LVCVA and other entities to gather information on about 30 requests from February's meeting. Also, additional financial information from the LVCVA was distributed to the committee and posted to the SNTIC website. Mr. Aguero states he is working with Mr. Hobbs to continue developing the room tax analysis.

Mayor Goodman points out that in Mr. Aguero's issue brief, Cashman Field has been omitted. Mr. Aguero apologizes and states that it will be added to the southern Nevada venues.

Chairman Hill closes Agenda Item 5.

6. COMMITTEE WORKSHOP ON CONVENTION CENTERS:

**a. University of Nevada, Las Vegas Land Acquisition and Development Plans
Update: 8:13 A.M.**

Mr. Len Jessup, President at the University of Nevada, Las Vegas (UNLV), notes that his presentation is intended to be an update on the 42-acre land parcel that UNLV recently purchased. Mr. Jessup points out that when he was making his decision to come to UNLV, he noticed that there was clearly a collective aspiration to bring UNLV to the next level and have more of an impact on the community, both economically and socially. That effort and support has taken shape into the Top Tier strategic plan for the university. The vision at UNLV is to be recognized as a top tier public university that is high-performing in research, teaching and student experience, as well as being tightly engaged with the community. Mr. Jessup also recognizes that student achievement has to improve. He also points out that UNLV is landlocked but needs to expand and update the aging

infrastructure. Mr. Jessup believes that a new stadium, either on or near campus, contributes to the university's vision.

The Campus Improvement Authority Board (CIAB) was created by the Nevada Legislature in the 2013 session. The charter for the CIAB is to study the need for, feasibility of and financing alternatives for a large events center or stadium and other required infrastructure related to that project. In 2013, the legislature extended that charter through the fall of 2017. The CIAB complements the work of the Southern Nevada Tourism Infrastructure Committee. In the Las Vegas Stadium Report, the CIAB determined that there is a clear need for a stadium either on or near campus, and having this is critical to the success of athletics and the future of the university. Mr. Jessup also notes that the feasibility of a stadium was predicated on some form of public-private partnership.

Mr. Jessup notes that UNLV has purchased and is currently converting the Cottage Grove apartments on the north side of campus into university use. The campus is currently at about 29,000 students and is continuing to grow. There is often the perception that UNLV is a commuter school. However, three-quarters of the students are attending the university full-time and about 1,800 of those students live on-campus. Additionally, on-campus housing is at capacity, which is why UNLV decided to purchase the Cottage Grove apartments to add about 2,700 beds. This will bring the total of on-campus living to about 4,500 students who will be able to walk to a nearby stadium.

UNLV is a 330-acre campus that is landlocked but growing. The university has been buying nearby land parcels when available. The recent 42-acre purchase presented the university with the opportunity to buy a large, contiguous piece of land. Once the land was purchased, the university representatives went to the regents to move to long-term financing. Gerry Bomotti, Senior Vice President of Finance and Business, gave Mr. Jessup an update that the long-term financing is officially complete, giving the university 30-year financing on that property with an annual debt service of just over \$3 million. Now the question for the university is what to do with this property.

Mr. Jessup notes that two scenarios have been presented to the regents for the use of this land. The first is a campus village option that would include graduate or professional education and clinics. This enables the university to keep undergraduate students on the core campus while other capabilities are being developed on the newly acquired land. The second scenario is the stadium option, which would also have other buildings wrapped around it such as parking, retail and other university-related facilities. Mr. Jessup points out that clinical activity, such as a sports medicine clinic, would be ideal to have next to a stadium. Additionally, having the university's football team within walking distance from campus presents numerous opportunities for game day experiences. Mr. Jessup also poses the idea of enhancing the frontage of the campus along the two-mile strip from Koval to Tropicana to make it look more attractive to those coming to the stadium.

Commissioner Sisolak asks Mr. Jessup to discuss the prior stadium proposal. Since this was before Mr. Jessup's time, he defers the question to Mr. Don Snyder, Presidential Advisor for Strategic Initiatives. Mr. Snyder states there were three stadium alternatives

that were considered; a standard collegiate stadium, a Baylor University-type stadium and a domed stadium. These were focused on 50,000 to 55,000 seating capacity, and the recommendation was to focus on the Baylor model, which would cost approximately \$650 million.

Commissioner Sisolak asks Ms. Vassiliadis what can be done on the Runway Protection Zone (RPZ) land next to the proposed stadium site. Ms. Vassiliadis states the RPZ guidelines have become stricter with recent events that have happened around the country. Therefore, essentially nothing can go in this zone. The plan that has been shown thus far does have conflicts with federal regulations.

Commissioner Sisolak then asks what the financing plan was for the original stadium proposal. Mr. Jessup states it was a public-private partnership. Mr. Snyder states the proposed model did not go as far as creating a financing plan. The university was looking at about \$15 million per year of tax revenues that would bond out to about \$225 million, which would account for one-third of the project. The rest of the funding would come from a combination of things such as philanthropy, naming rights and ticket sales. Mr. Snyder points out that less than 20 percent of the revenues generated at the Thomas and Mack Center come from university events, so they expect the same to be true for a stadium.

Mr. Robert Lang, Professor at Greenspun College of Urban Affairs and Executive Director for Brookings Mountain West, is introduced to provide testimony from the Brookings perspective. Mr. Lang is not a current consultant for any party in this conversation. His viewpoints come from of a body of work specifically comparing Orlando to Las Vegas, as their economies are both based on tourism as the main export. Mr. Lang argues that Las Vegas should build everything that has been presented, including a rail system, a new stadium and a convention center expansion. He believes that diversity within Las Vegas's core has been the city's biggest success.

Mr. Lang believes Las Vegas is very well positioned in its airport, which is important because it provides a vital link to Las Vegas's business services, thus creating a competitive advantage for the city. Las Vegas is ranked fourth in origin and destination connections among domestic airports. Additionally, McCarran International Airport is only 3.6 miles from the Las Vegas Convention Center, making it closer to the industry's core than other destinations. Mr. Lang then notes that a stadium would be a key consumption export. Las Vegas exports consumption tourist services. The difference is that in other regions that have a stadium, the seats are primarily being occupied by residents who live within close proximity; a stadium in Las Vegas would be primarily occupied by tourists.

Mr. Lang presents some calculations to the committee. Live Entertainment Taxes (LET) in Nevada generate about \$150 million per year, most of which Mr. Lang believes are produced on the Las Vegas Strip. He suggests using about 25 percent of the LET to invest in a stadium. Mr. Lang poses the proposition that if a live entertainment venue were to expand, then most of the additional taxation would come from not just the LET but also an additional tax base from which to draw revenues to build the new facility.

Mr. Lang then compares convention center space, pointing out that Las Vegas has the most convention delegates and convention center space. In terms of total space per attendee, which takes into account the hotels within close proximity to the center, Orlando has an abundance of space because they have not adequately leveraged the non-main-convention space within the large hotels. This will be remedied when Orlando's rail system from the airport connects the convention center to nearby hotels. Also, when comparing tourist taxes, Las Vegas ranks 17th out of 50, which is above the median point for taxation. Mr. Lang points out that Orlando taxes its tourist the least due to the high-priced theme parks. Additionally, all of Orlando's room tax goes back into the county, but the revenue must be used for tourism-specific investments. Mr. Lang believes that Las Vegas surpasses Orlando in private tourism assets, but falls behind in public assets such as rail connections, highway connections, that main convention center and a large-scale stadium.

Mr. Lang believes Las Vegas needs more tax carve outs, stating that it is not what you tax, but what you keep and are able to invest. Las Vegas can demonstrate that additional tax carve outs can add more general revenue if they are targeted to areas that we know are stimulative of expanded tourist traits. Mr. Lang states that if Las Vegas does not continue to diversify within its core sector, the state will not have the resources to diversify the economy outside of tourism. He uses Atlantic City as an example of a tourism location that failed to diversify.

Ms. McMillan asks for a specific breakdown of Orange County's room tax distribution. Mr. Lang explains that most of the room tax goes to tourism promotion and the convention authority, but it can also be invested in several items such as a football stadium. Mr. Lang highlights that there is controversy in Orlando because the revenue is strictly limited to tourism.

Commissioner Sisolak asks if Mr. Lang believes that the elevated expressway that Clark County has proposed would cut down significantly on the commute time from the airport to the convention center. Mr. Lang states that he has not looked at the details of the project, but he points out that in the rest of the country, elevated roadways are being removed. Brookings has about 70 documented cases of these roadways coming down because they simply have not delivered what they promised. If drivers exit these elevated expressways and go to the Las Vegas Strip, then it will produce a large traffic jam. These elevated expressways would also cast UNLV and hotels into darkness. Other issues that arose throughout the nation are homeless people gathering under these roadways. Commissioner Sisolak disagrees with these statements. Mayor Goodman relates her personal experience with elevated roadways in New York City.

Mr. Hornbuckle asks what the priorities are since the proposed projects cannot be executed simultaneously. Mr. Lang notes that it is the committee's responsibility to prioritize. However, he feels that if some form of congestion relief is not built, then the other projects should not be considered.

Mr. Hornbuckle then asks for the distribution of the Live Entertainment Tax. Mr. Aguero states the LET goes directly into the state general fund with about \$150 million per year.

Commissioner Sisolak asks how the money from the general fund would be replaced if some were taken out to build a stadium. Mr. Lang states it could be argued that it would stimulate additional events and revenue.

Chairman Hill closes Agenda Item 6a.

b. Review of Las Vegas Sands/Majestic Realty Stadium Proposal: 9:40 A.M.

Mr. Craig Cavileer, President of Silverton Casino and Executive Vice President of Majestic Realty, introduces himself and notes that Sheldon Adelson, Founder, Chairman and CEO of Las Vegas Sands, and Edward Roski, President and Chairman of Majestic Realty, have joined in a collaborative partnership to develop a multi-event sports and entertainment facility within Las Vegas that will serve as a platform for UNLV football. The preferred location of the stadium site is the 42-acre land recently acquired by UNLV. Mr. Cavileer points out that currently on any given day, only 5 percent of the total tourist population in Las Vegas can gather for a large entertainment event.

Mr. Cavileer states the proposed stadium would be domed, cost \$1.3 billion and have a seating capacity of 65,000. It would be home to Rebel Football and be ready to host a National Football League (NFL) resident team. Las Vegas Sands and Majestic Realty would like legislative action to authorize the creation of a Stadium Authority Board, which would receive the donation of the stadium site. They would also like legislation for a reliable source of public revenue to fund a portion of the project's cost.

Mr. Bill Rhoda, President of CSL International, states that this project is different from any similar project throughout the nation due to the uniqueness of Las Vegas's tourism industry and its close proximity to southern California. From an NFL market comparison, the average metropolitan area is about 2.1 million residents. This would make Las Vegas the 23rd largest market with the highest population-per-franchise ranking.

Mr. Rhoda points out that public financing does not necessarily mean that the public issued the debt, but the security for that debt. On average, public-private financing is split about 50-50 due to stadiums getting more expensive and requiring teams to pick up a larger share of the stadium cost. Teams typically fill this funding gap with a Permanent Seat License (PSL), which is when the teams sell the right to purchase a ticket for a certain term. These funding models can change when dealing with team relocations to about 75 percent public and 25 percent private funding due to areas needing to recruit the teams, similar to the process of bringing Tesla to Nevada.

CSL International conducted an analysis to determine if there was demand for an NFL stadium in Las Vegas. Mr. Rhoda states there were 1,421 surveys completed both from local and non-local residents. Among non-local respondents, 77 percent reported a "very positive" attitude toward attending a Las Vegas NFL game; local respondents had a 67 percent "very positive" attitude. The results also showed about 23 percent of non-local respondents had an interest in purchasing season tickets. Mr. Rhoda stresses that about 65

percent of all respondents indicated that trips to Las Vegas to watch an NFL game would be in addition to their existing trips to the city.

Mr. Dale Koger, Senior Vice President for CSL International, discusses the preliminary cost model for four types of stadium proposals. An enclosed NFL-ready stadium would cost on average \$1.2 billion, which would be similar to the US Bank stadium in Minneapolis. Mr. Koger stresses that the non-NFL enclosed stadium model cannot be expanded to accommodate an NFL team. Additionally, CSL estimates that sponsorship revenue for an NFL stadium would be about \$26.4 million, compared to \$8 million for a non-NFL stadium.

Dr. Mark Rosentraub, Chair of the University of Michigan's Center for Sport and Policy, has been working with UNLV on the stadium concept for about four years. Dr. Rosentraub stresses that his analysis does not include events that can occur in an arena. It is projected that with the stadium housing 15 events, five of which are currently at Sam Boyd Stadium, about \$372 million in direct visitor spending would be generated each year. He projects that total incremental tax revenues for these 15 events would be \$45.6 million. This is slightly less than the \$49.4 million that CSL estimates using 26 events, 10 of which are existing.

Mr. Greg Carey, Chairman of Public Finance at Goldman Sachs, discusses how these financing deals get put together and the legal structures that govern them. Mr. Carey points out that with NFL stadiums, the private portion of the financing can be much larger, but then those entities will take most of the revenue that the stadium generates. Mr. Carey states the professional teams keep revenues generated from items such as ticket sales and team sponsorships, whereas the stadium takes revenues such as naming rights and concessions. The main issue with anchored tenants is that they control certain dates throughout the year.

Commissioner Sisolak asks for an explanation of the economic impact of events, such as UNLV football, and the average attendance figures in the projections, which seem high. Mr. Rhoda states that it is realistic that the 65,000 seats will sell out for NFL games. Dr. Rosentraub emphasizes that the economic impact model does not factor in UNLV football.

Chairman Hill asks what parameters the correct amount of public funding should be based on. Mr. Carey states that each project is different, but it depends greatly on the amount of the economic impact the stadium would bring to the county.

Mayor Goodman asks the panel to provide examples of stadiums which were built without an NFL team. Mr. Carey states that the revenue stream a stadium would bring without an NFL team is much less. Mr. Rhoda states Orlando's Citrus Bowl was built with the idea of putting "heads in beds" and does not have an NFL team. He emphasizes that Orlando and Las Vegas are the only two markets that could ever contemplate doing a project of this magnitude.

Commissioner Sisolak asks for examples of stadiums that share facilities between an NFL and collegiate team. Mr. Carey gives examples such as the Tampa Bay Buccaneers and the

University of South Florida, the Pittsburgh Steelers and the University of Pittsburgh, and the Philadelphia Eagles and Temple University.

Commissioner Sisolak asks how much of the incremental tax revenue goes to the state's general fund and how much stays in Clark County. Mr. Hobbs states all of the Live Entertainment Tax and Modified Business Tax goes to the state, and the sales tax is split with about 2 percent of the 8.15 percent going to the state. The rest of the taxes are local but may have state components, such as the room tax. Mr. Hobbs explains that if the overall public benefit measured by fiscal revenue generation is greater than what the public investment is, regardless of the source, then that is a positive scenario.

Mr. Robert Goldstein, President and COO of Las Vegas Sands, stresses that Las Vegas Sands and Majestic Realty are supporters of a renovate Las Vegas Convention Center. They believe that the community should continue to strive to make sure the LVCVA has what it needs to remain the top competitor of the convention industry. Mr. Goldstein states that Las Vegas Sands and Majestic Realty are not fantasizing about the idea of an NFL team; it is a real possibility and talks are being had with Mark Davis, owner of the Oakland Raiders, who is serious about wanting to come to Las Vegas.

Commissioner Sisolak asked if the company is locked into building the stadium on the 42-acres near UNLV. Mr. Goldstein states that they have not settled on a location, but they see obvious benefits to building a stadium on that site, including helping the university.

Ms. Vassiliadis states that any project on the 42-acre site requires a review by the Federal Aviation Administration (FAA). Both plans that were presented at the meeting do have conflicts with the current federal regulations required to operate McCarran International Airport, which is something that would have to be worked out. In addition, there are noise conflicts associated with stadiums that would need to be addressed. FAA does not approve nor deny a community project, but it does adjust the flexibility and capacity of the airport, which is McCarran International Airport's primary constraint. There are also traffic studies that the airport would be concerned about, as well as Instrument Flight Rules (IFRs). Ms. Vassiliadis points out that in regards to world events, airports are still targets and gatherings of large groups of people near airports is something that will be a concern.

Chairman Hill closes Agenda Item 6b.

7. APRIL MEETING PREVIEW: 12:04 P.M.

Mr. Agüero states he will continue to work through the prior requests as well as the requests that arose for the stadium proposals.

Chairman Hill closes Agenda Item 7.

8. COMMITTEE MEMBER COMMENTS: 12:05 P.M.

Commissioner Sisolak gives his gratitude to Mr. Aguero and the time he has put into responding to the committee's requests.

Chairman Hill closes Agenda item 8.

9. PUBLIC COMMENT: 12:06P.M.

Mr. Ed Uehling states these conversations remind him of discussions from his childhood about building projects that seemed too large-scale for that time. He believes we should look at different ways to raise money for these projects, such as selling land and taxing undesirable activities.

Mr. Stanley Washington states Las Vegas is behind in the world's demand for international soccer. He believes Mr. Lang's idea of connectivity was well idealized. Mr. Washington advises that there is no more diverse organization than the National Football League.

Ms. Yvanna Concela, Political Director for the Culinary Workers Union, states convention business is critical to Las Vegas. On behalf of the Culinary Workers Union, Ms. Concela urges the committee to make the expansion and renovation of the Las Vegas Convention Center the top priority. She also does not believe that public funding should be used for a project such as an NFL stadium that could be funded privately by the proponents of that project.

There are no more public comments. Chairman Hill closes Agenda Item 9.

10.ADJOURNMENT: 12:17 P.M.

CHAIRMAN HILL OPENS AGENDA ITEM 10 FOR POSSIBLE ACTION. MR. SLOAN MAKES THE MOTION TO ADJOURN THE COMMITTEE MEETING. MR. HORNBUCKLE SECONDS THE MOTION. THE MOTION PASSES UNANIMOUSLY.