LVMC request of the Southern Nevada Tourism Infrastructure Committee

In September 2000 financing closed on $650 million to acquire the original MGM-Bally's Monorail and construct three additional miles to form what is today The Las Vegas Monorail System. In July 2004 the Las Vegas Monorail opened for revenue service and, after a three month interruption in service, has consistently operated at above 99% availability (which is a calculation used to determine the quality of service). The company has endured many ups and downs in its brief existence: early mechanical interruptions, overly aggressive ridership projections and expectations, the Great Recession, and a Chapter 11 Reorganization. Yet through all of this it has endured to become a financially sound, significant and unique transportation infrastructure serving the resort corridor. It is unique in that it is the only transit grade rail or bus system in the United States to turn an annual operating profit from its fare revenue. Since inception, the system has carried 70 million passengers, improved local air quality by removing 405 tons of emissions, relieved congestion by removing 26.3 million vehicle miles that would have otherwise been added to resort corridor roadways, and provided mobility for millions of convention and leisure visitors. It has truly become an essential transportation mode for thousands of visitors and Strip area employees each day.

The Las Vegas Monorail Company (LVMC or Company) plans to build on this foundation by creating the next phase of the Las Vegas Monorail system: an expansion to Mandalay Bay and a potential station at or near the Sands Expo and Convention Center. Currently, the Company is in the process of developing an expansion of the Monorail from its southern terminus at MGM Grand Hotel to the Mandalay Bay Hotel, Luxor Hotel and Mandalay Bay Convention Center campus. Project engineers have performed preliminary route design and systems analyses for the expansion and estimate total design costs at approximately $3.9 million ($3.2m for civil; $0.7m for systems). Working together with financial advisors, they have estimated construction, debt issuance and retirement, capitalized interest and reserve costs at approximately $125 million. The LVMC, working closely with contractors and engineers, will establish a "guaranteed maximum price" (GMP) for constructing the project prior to expending the full design cost.

The LVMC has completed an extensive investment grade ridership analysis which bases its projections on the current system's operational results and known trip generating factors. That analysis demonstrates robust incremental ridership will be generated by connecting to Mandalay Bay and Luxor hotels, and the 2.0 million square feet of meeting space at Mandalay Bay Convention Center. After completion, the Las Vegas Monorail will physically connect over 6.5 million square feet of convention and exhibit space, 35,000 hotel rooms, two of the three Strip area arenas, 242 restaurant, casual dining, bar and nightlife locations, 223 retail locations, and 78 shows and other attractions. Physically connecting to this number of venues in the Strip area greatly enhances mobility for resort corridor visitors as well as employees of those establishments.

And though the ridership analysis projections show more than enough revenue to cover the projected operating and debt costs for the extension, the financing plan proposes to use the entire system revenues to pay back the new debt.

The Request of SNTIC

As a nonprofit company, the LVMC meets IRS requirements to issue tax exempt bonds, subject to certain tax rules. IRS Rev. Rul. 63-20, 1963-1 C.B. 24, permits the issuance of tax exempt debt by entities like the LVMC provided that it satisfies all legal requirements to do so. One of the requirements is that the Governor, as the Company sponsor under its Articles of Incorporation, makes certain findings and authorizes the Company to issue the debt. The LVMC is requesting the support and recommendation of the Southern Nevada Tourism Infrastructure Committee that the Governor, subject to making the findings, and if all other legal requirements are satisfied by the Company, approve and sign the attached certificate.

OFFICE OF THE GOVERNOR
CERTIFICATE

The Las Vegas Monorail Company, a Nevada non-profit corporation ("Company"), proposes to issue bonds the interest on which will be excluded from gross income for federal income tax purposes (the “Bonds”) in order to finance the costs of (a) extending the Las Vegas Monorail approximately one (1) mile to the vicinity of the Mandalay Bay Resort (the “Financed Property”), in accordance with the Transportation Investment Business Plan prepared and adopted by the Regional Transportation Commission of Southern Nevada [and further recommended by the Southern Nevada Tourism Infrastructure Committee], (b) paying the costs of issuing the Bonds, (c) funding reserve and replacement funds for the Bonds and the Project, and (d) paying interest on the Bonds to the extent permitted under the Internal Revenue Code of 1986, as amended (collectively, the “Project”).

Pursuant to Section 6.12 of the Company's Amended and Restated Bylaws ("Bylaws"), the Company must "notify the Governor of . . . any material alterations to either the annual budget or financial reports during the year, . . ." As a result of the issuance of the Bonds and the financing of the Project, the Company's financial reports are materially altered to reflect the increase in the Company's financial payment obligations as a result of the debt service to be paid on the Bonds, the acquisition of the Financed Property, the operation and maintenance of the Financed Property and other financial matters incident to the issuance of the Bonds, financing the Project, and the operation and ownership of the Financed Property.

The Company proposes that interest on the Bonds be excluded from gross income for federal income tax purposes, with the Company, and not the State of Nevada, as issuer, pursuant to Rev. Rul. 63-20, 1963-1 C.B. 24. In order for interest on the Bonds to be excluded from gross income for federal income tax purposes, the Company must satisfy certain legal requirements to act as the issuer of the Bonds, one requirement of which being satisfied with the approval of the issuance by the Governor of the State of Nevada.

Now, therefore, on this date, upon application by the Company, Governor Brian E. Sandoval hereby accepts and approves the following matters:

1. The modifications to the Company's annual budget and financial reports resulting from the issuance of the Bonds are accepted and approved.

2. The issuance of the Bonds in an amount not to exceed $[AMOUNT] and the financing of the Project are hereby approved.

3. The purposes and activities of the Company, described in the Company’s Articles of Incorporation and Amended and Restated Bylaws, are hereby reaffirmed.

4. As set forth in Article III of the Company's Articles of Incorporation, the Governor, on behalf of the State of Nevada, agrees to accept title to the Financed Property, including any additions to that property, when such obligations are discharged.

Done this _____ day of ________, 2016.

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Brian E. Sandoval, Governor