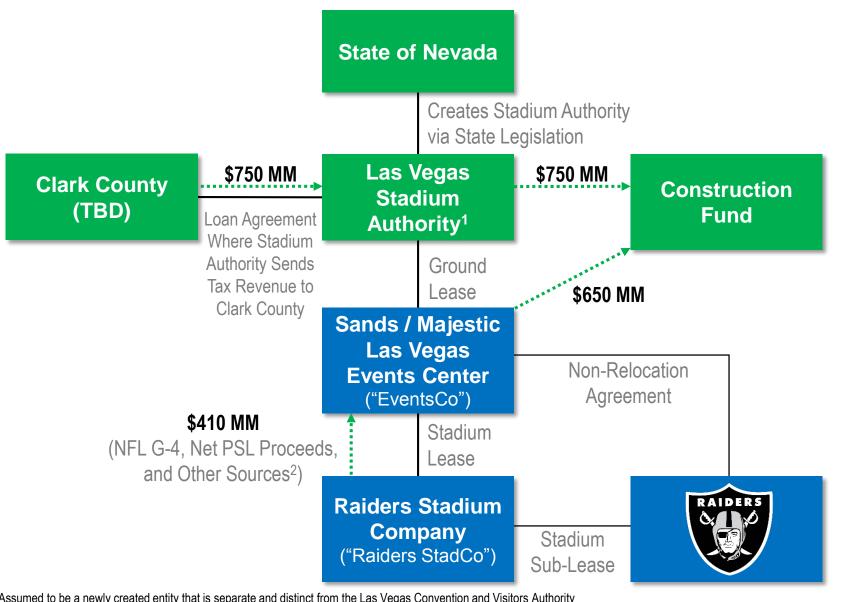




OVERVIEW OF BASELINE MODEL



How the **Stadium** Proposal is Currently **Structured**

¹ Assumed to be a newly created entity that is separate and distinct from the Las Vegas Convention and Visitors Authority

² \$200MM face value of PSLs sold resulting in after-tax proceeds of \$110 MM plus \$200 MM of G-4 Loan and \$100MM Contribution from Raiders

Project Sources and Uses

SOURCES OF FUNDS

TOTAL SOURCES	\$ 1,400,000,000
Sands/Majestic Equity and Debt	240,000,000
Other Raiders Contribution	100,000,000
NFL G-4 ²	200,000,000
Net NFL PSLs (Face Value: \$200m)1	110,000,000
Public Contribution	\$ 750,000,000

USES OF FUNDS

TOTAL USES	\$ 1,400,000,000
Practice Facility	<u>100,000,000</u>
Stadium Project Hard and Soft Costs	\$ 1,300,000,000

¹ Number is an estimate

² Subject to NFL approval



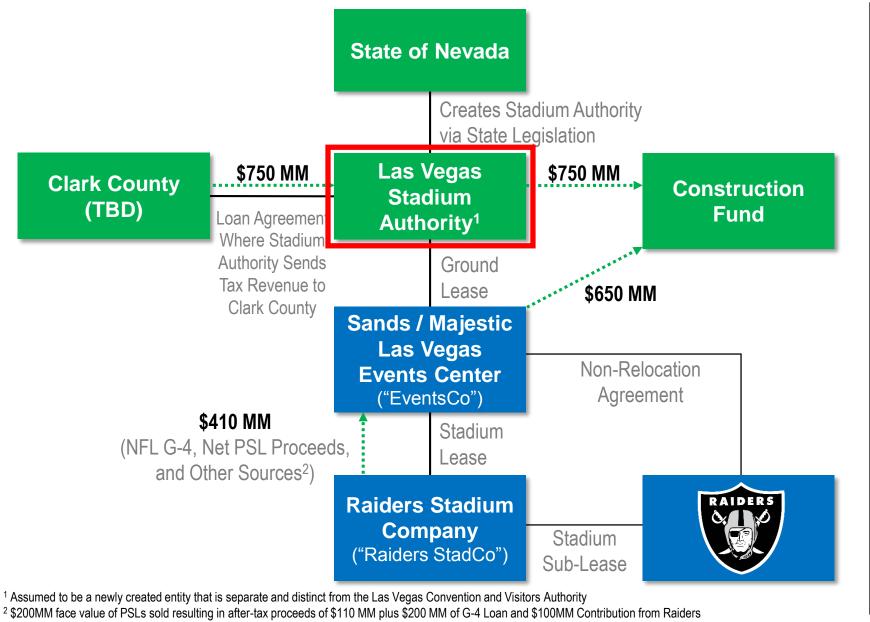
Material Considerations

Developer Assumes Construction and Operating Risk

- Developer assumes the risk in the event of construction cost overages
- Land acquisition is not currently reflected in the model; this is likely to increase the developer cost
- There are other potential cost elements (i.e., team relocation fee) that are not included; developer assumes the risk for the additional costs not otherwise noted

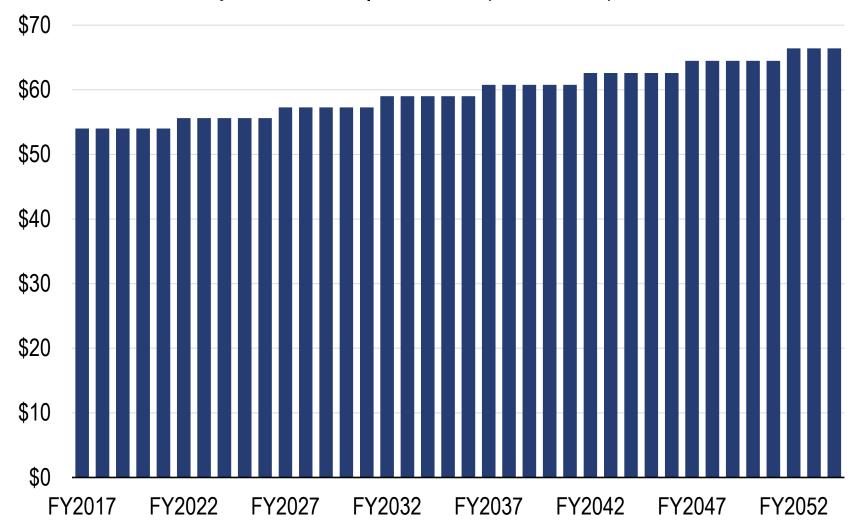
Considerations Outside the Model

- Third parties, including the NFL, event promoters and concessionaires, receive revenue from stadium activities but are not fully analyzed in the model
- Potential implications for UNLV not fully reflected in the model
- Ancillary infrastructure costs on state and local government not reflected in the model



The Stadium **Authority Provides Oversight, Collects** Tax Revenues, Pays Bonds, Funds **Annual Capital and** Offsets UNLV's Losses

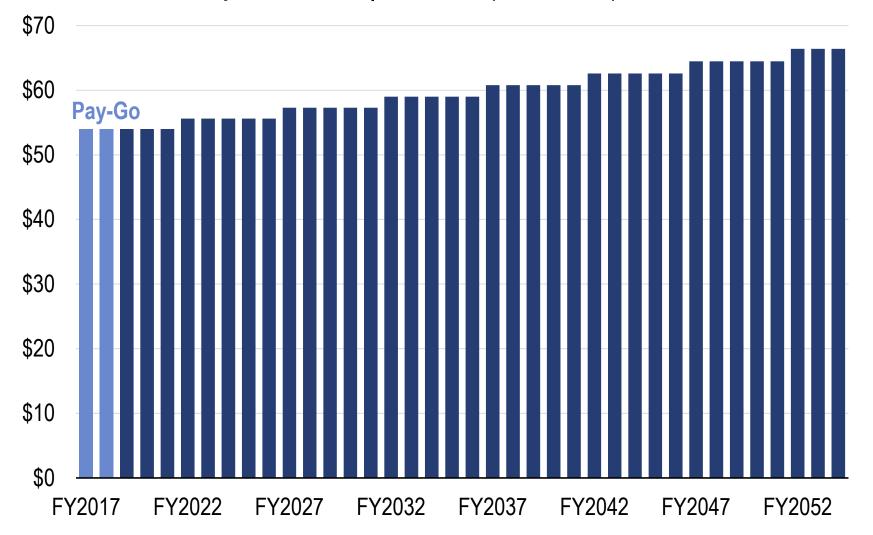
Stadium Authority Revenues | Sources (in Millions)



The Public Sector \$750M Contribution is Funded Through a 1.0% Room Tax



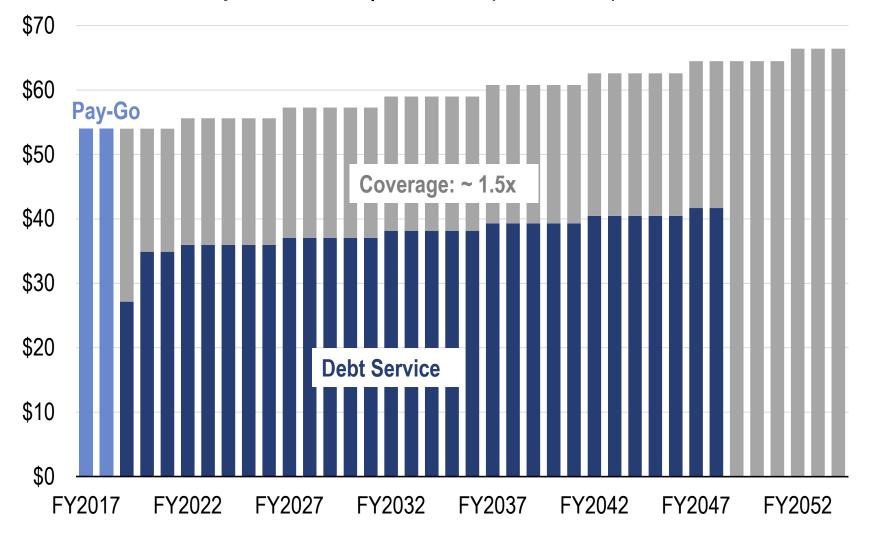
Stadium Authority Revenues | Sources (in Millions)



Room Tax Begins January 1, 2017; **First Two Years Will** Accrue and be **Used as Pay-Go** Funding, Assuming **All Other Hurdles** are Met



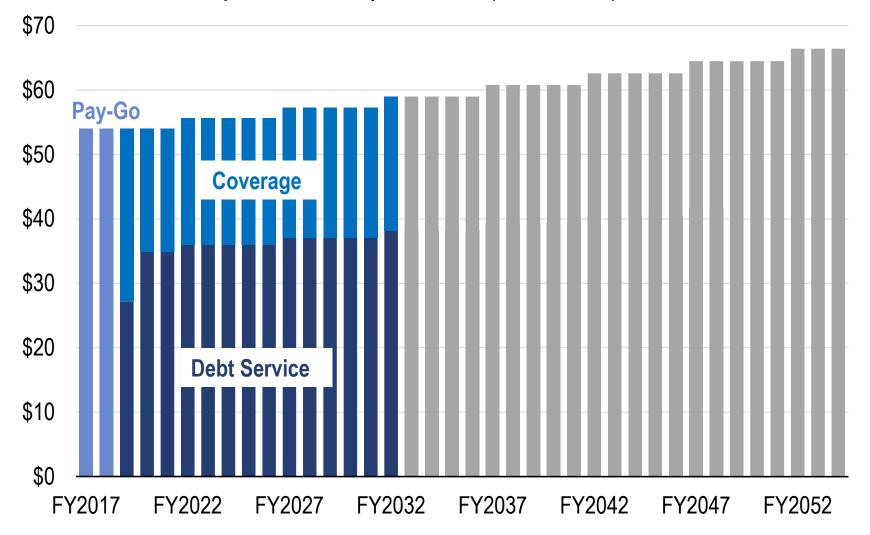
Stadium Authority Revenues | Sources (in Millions)



Room Tax is
Sufficient to Fund
Public Debt,
Including
Coverage



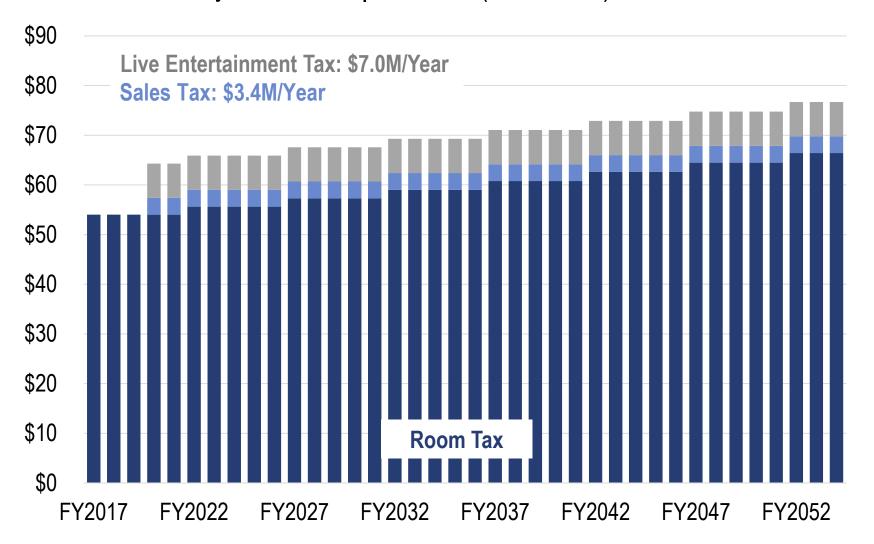
Stadium Authority Revenues | Sources (in Millions)



If Coverage is
Allocated to Debt
Service, Public
Debt Would Be
Paid Off by
FY2033



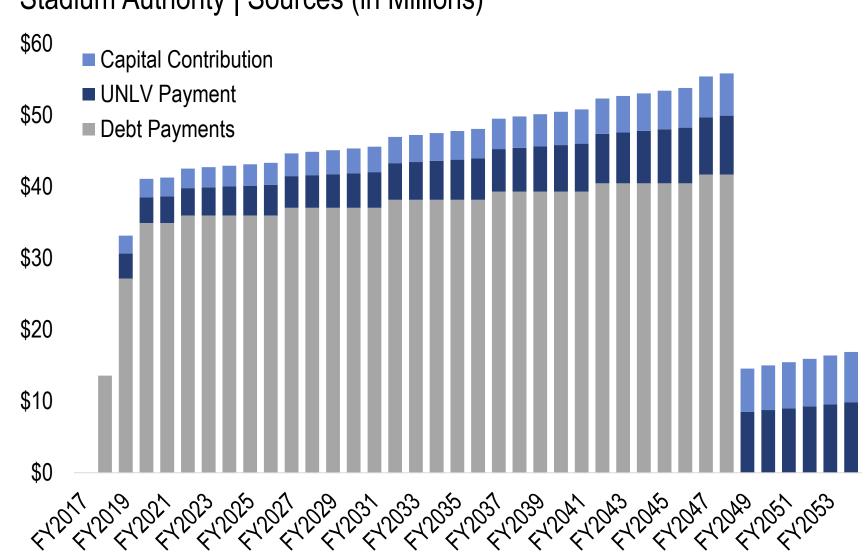
Stadium Authority Revenues | Sources (in Millions)



Tax Increment Sourced to Stadium-Related Sales Tax, Live **Entertainment Tax** and Modified **Business Tax also** Inures to the **Stadium Authority**



Stadium Authority | Sources (in Millions)



Source: LVS-Majestic Model, May 2016.

Stadium Authority Funds are Used to Repay Debt, Fund Annual Capital and Offset Losses to UNLV

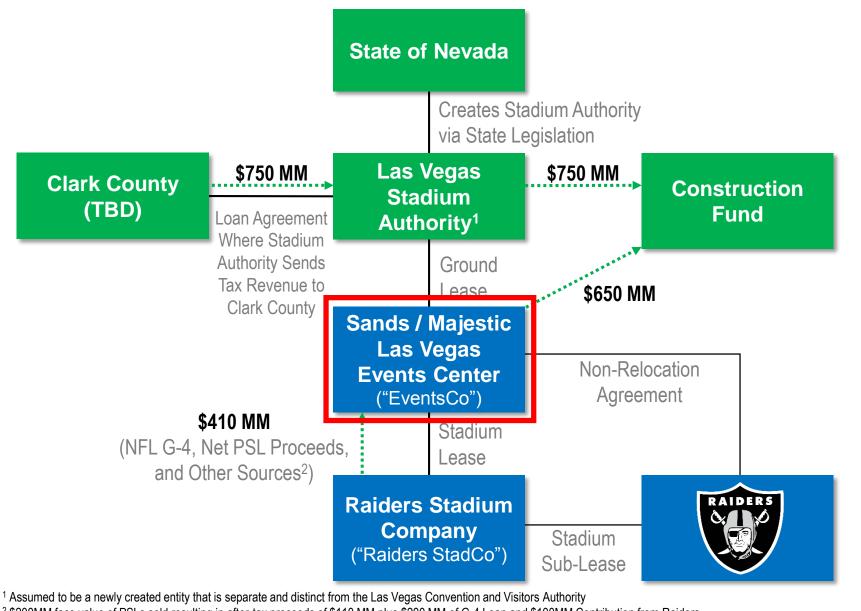
Assumptions:

Bond Principal: \$572M Bond Interest: \$577M UNLV Payment: \$221M Annual Capital: \$158M

Coverage: \$1.1B

Total: \$2.63B





A Separate Stadium/Event **Company Oversees** the Day-to-Day **Operations of the** Stadium Itself and Provide for **Operating Cash** Flow Shortfalls

² \$200MM face value of PSLs sold resulting in after-tax proceeds of \$110 MM plus \$200 MM of G-4 Loan and \$100MM Contribution from Raiders

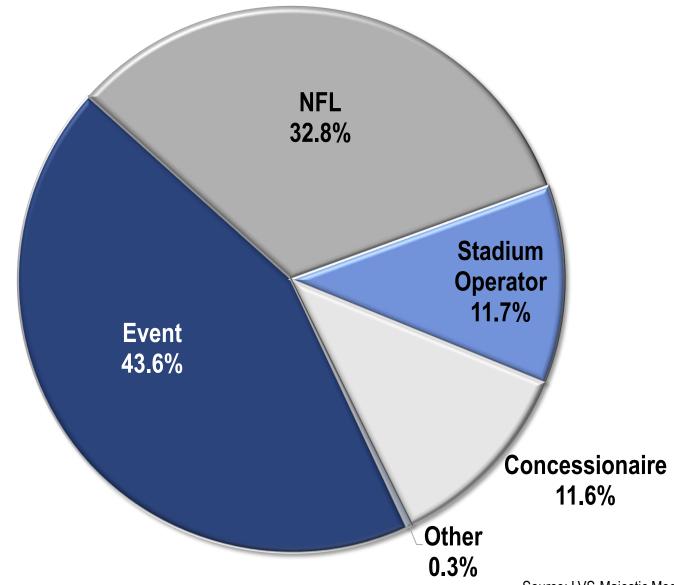
Stadium Operating Assumptions

Total Stadium Revenue: \$264 Million (Annual)

- > Events: 46
- > Seats: 65,000
- > Premium suites: 70
- > Party suites: 30
- Club seats: 6,000
- > Total annual attendance: 1.97 Million (42,841 per event)
- ➤ Event occupancy rate: ~70.0%
- ➤ Total ticket revenue: \$161M (Average: \$92.16)
- > Facility rent: \$9.0M
- > Facility fees: \$4.2M (@ \$2.00 per ticket)
- > Ticketmaster fees: \$2.8M
- > Suite revenue (net): \$22.1M
- Club seat revenue (net): \$14.3M
- Concessions revenue: \$31.6M (\$17 per capita)
- ➤ Merchandise revenue (net): \$12.4M
- > Parking revenue (net): \$5.5M

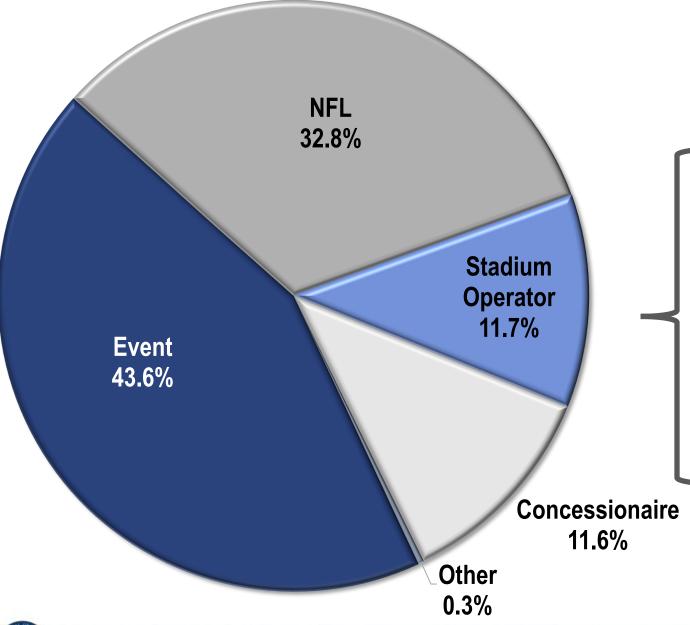


The Stadium Operator Retains Only About 11.7% of Operating Revenues









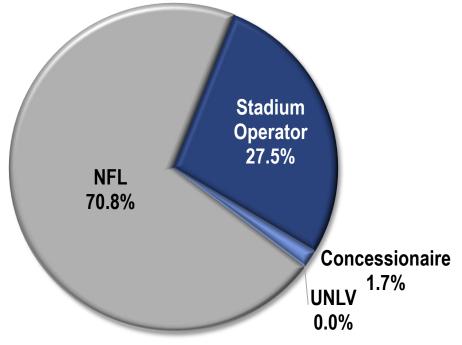
Revenues Retained by Stadium Operator

Total	\$31,144,115	100.0%
Premium Concessions - Club Seats	<u>\$0</u>	0.0%
Premium - Club Suites	\$0	0.0%
Ticket Revenue	\$0	0.0%
Premium Concessions - Suites	\$152,163	0.5%
Merchandise Revenue	\$1,041,727	3.3%
Ticket Master Rebates	\$1,166,091	3.7%
Parking Revenue	\$1,862,684	6.0%
Premium - Party Suites	\$2,087,014	6.7%
Facility Fees	\$4,245,404	13.6%
Premium - Suites	\$5,138,850	16.5%
General Concessions	\$6,458,146	20.7%
Facility Rent	\$8,992,037	28.9%

Non-Event Related Revenue Assumptions

Non-Event Revenues

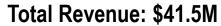
	NFL Team	Stadium	Concessionaire	UNLV	Total
Naming Rights (Net)	\$5.53	\$1.84	\$0.00	\$0.00	\$7.38
Catered Events (Net)	\$0.00	\$0.32	\$0.00	\$0.00	\$0.32
Team Online Sales (Net)	\$0.04	\$0.00	\$0.21	\$0.00	\$0.25
Advertising & Sponsorship (Net)	\$19.08	\$6.36	\$0.00	\$0.00	\$25.44
Facility Tours (Net)	\$1.80	\$1.80	\$0.00	\$0.00	\$3.59
Non-Team Game Day Sales	<u>\$0.08</u>	\$0.00	<u>\$0.43</u>	<u>\$0.00</u>	<u>\$0.50</u>
Total	\$26.52	\$10.32	\$0.64	\$0.00	\$37.48



The Stadium Operator retains roughly 27.5% of all non-event related revenue, with the most significant source being advertising and sponsorships

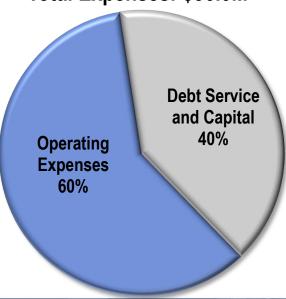
Operating Cash Flows

EVENT REVENUE	
Event Rent	\$8,992,037
Facility Fees	\$4,245,404
Suites (Net)	\$7,225,864
General Concessions (Net)	\$6,458,146
Premium Concessions (Net)	\$152,163
Merchandise (Net)	\$1,041,727
Parking (Net)	\$1,862,684
Ticketmaster Rebates (Net)	<u>\$1,166,091</u>
Total Event Revenue	\$31,144,115
NON-EVENT REVENUE	
Catered Events & Tours	\$2,117,500
Naming Rights, Net fulfillment	\$1,844,219
Other Sponsorship, Net fulfillment	<u>\$6,359,375</u>
Total Non-Event Revenue	\$10,321,094
OPERATING EXPENSES	
Annual Operating Expenses	\$21,537,313
NET OPERATING INCOME	\$19,927,367
DEBT SERVICE AND CAPITAL	
Debt Service	\$12,000,000
Capital Expenditures	2,500,000
Total Debt Service and Capital	\$14,500,000
FREE CASH FLOW	\$5,427,364





Total Expenses: \$36.0M



Project Sources and Uses

SOURCES OF FUNDS

TOTAL SOURCES	\$ 1,400,000,000
Sands/Majestic Equity and Debt	<u>240,000,000</u>
Other Raiders Contribution	100,000,000
NFL G-4 ²	200,000,000
Net NFL PSLs (Face Value: \$200m) ¹	110,000,000
Public Contribution	\$ 750,000,000

USES OF FUNDS

Stadium Project Hard and Soft Costs	\$ 1,300,000,000
Practice Facility TOTAL USES	100,000,000 \$ 1,400,000,000

¹ Number is an estimate

² Subject to NFL approval



Given the Anticipated **Level of Stadium** Revenue, the Relative Mix of Private and **Public Dollars Materially Affects** Developer's Return on Investment

Private	Public	Internal Rate
Investment	Contribution	of Return (IRR)
(in Millions)	(in Millions)	(30 Years)
\$1,250M	\$150M	-0.67%
\$1,150M	\$250M	0.11%
\$1,050M	\$350M	1.03%
\$950M	\$450M	2.17%
\$850M	\$550M	3.64%
\$750M	\$650M	5.66%
\$650M	\$750M	8.78%
\$550M	\$850M	14.92%
\$450M	\$950M	42.23%

It is Also Heavily Dependent on the Allocation of Revenue, 1% Shift to the Stadium Equals 1% Increase in Developer's Return on Investment

Stadium Revenue Source	Total Revenue	One Percent (1%)	Impact on Return
Ticket Revenue	\$161,657,178	\$1,616,572	+0.67%
Facility Rent	\$8,992,037	\$89,920	+0.04%
Facility Fees	\$4,245,404	\$42,454	+0.02%
Ticketmaster Rebates	\$2,819,257	\$28,193	+0.01%
Premium - Suites	\$19,083,474	\$190,835	+0.08%
Premium - Party Suites	\$3,346,976	\$33,470	+0.01%
Premium - Club Suites	\$15,971,821	\$159,718	+0.07%
General Concession	\$27,778,453	\$277,785	+0.12%
Premium Concession - Suites	\$2,354,811	\$23,548	+0.01%
Premium Concessions - Club Seats	\$1,496,835	\$14,968	+0.01%
Merchandise Revenue	\$12,362,872	\$123,629	+0.05%
Parking Revenue	<u>\$5,498,873</u>	<u>\$54,989</u>	<u>+0.02%</u>
Total	\$265,607,989	\$2,656,080	+1.11%

MODEL REVISIONS AND STRESS TESTING

Adjustments & Stress Testing of Model

Model Revisions

- Original model static; it has been adjusted to reflect inflation
- Several adjustments to revenue and expenditure assumptions with input from Majestic, Las Vegas Sands, Goldman Sachs and Hobbs-Ong
- Public revenue assumptions have been modified to align with similar model developed for the proposed Las Vegas Convention Center expansion and renovation
- Various other minor adjustments

Stress Testing of the Model

- ➤ What happens if the public investment in decreased (e.g., from \$750M to \$450M)?
- What happens if the number of events is reduced (e.g., from 46 to 30)?
- What if the cost of building the stadium increases (e.g., by 25%)?
- What if revenues are distributed differently (e.g., tax increment inures to the Stadium Operating Company as opposed to the Stadium Authority)?

Result of Modifications

Model Revisions

- ➤ Original model static; it has been adjusted to reflect inflation

 Result: Room tax requirement decreases from ~1.0% to ~0.88%
- Several adjustments to revenue and expenditure assumptions with input from Majestic, Las Vegas Sands, Goldman Sachs and Hobbs-Ong Result: Increase in revenue generated by the stadium operating company, but a decrease in revenue retained by the stadium operating company
- Public revenue assumptions have been modified to align with similar model developed for the proposed Las Vegas Convention Center expansion and renovation
 Result: Also contributed to a decrease in the required room tax
- Various other minor adjustmentsResult: Cannot be readily determined

Relative Mix of Private and Public Dollars
Materially Affects
Developer's Return on Investment

Private Investment	Public Contribution	Internal Rate of Return (IRR)
(in Millions)	(in Millions)	(30 Years)
\$1,250M	\$150M	-0.67%
\$1,150M	\$250M	0.11%
\$1,050M	\$350M	1.03%
\$950M	\$450M	2.17%
\$850M	\$550M	3.64%
\$750M	\$650M	5.66%
\$650M	\$750M	8.78%
\$550M	\$850M	14.92%
\$450M	\$950M	42.23%

Adjusting the Number of
Stadium Events has a
Significant Impact on the
Developer's Return on
Investment, Both Up and Down

Number of Stadium	Internal Rate of Return (IRR)
<u>Events</u>	(30 Years)
16	-100.0%
26	-4.39%
36	4.02%
46	8.78%
56	12.71%
66	16.13%

Cost Increases Would Negatively Affect the Developer's Return on Investment

Increase in Project Cost	Internal Rate of Return (IRR)
(over \$1.4B) 0.0%	(30 Years) 8.78%
5.0%	6.50%
10.0%	4.81%
15.0%	3.51%
20.0%	2.47%
25.0%	1.60%

Shifting Tax Increment
Funding into the Stadium
Operating Company
Materially Increases the
Return on Investment

Tax Increment to Stadium Operations	Internal Rate of Return (IRR) (30 Years)
None	8.78%
Sales Tax	10.14%
LET	11.83%
MBT	9.21%
Sales Tax + LET	13.00%
Sales Tax + LET + MBT	13.32%

KEY CONSIDERATIONS AND NEXT STEPS

Further Vetting is Required

- > Further review is needed to better understand the reasonableness of pricing assumptions
- ➤ Distributions to stadium operator appear modest (11.7%), need to ensure that this is consistent similarly-situated venues
- ➤ Analysis of tax increment area is important; current model is specific only to the stadium itself but this area could be expanded, which affects project economics

Key Considerations and Next Steps

- > Stadium development model is complex and assumption sensitive
- Number of events is a critical consideration; Las Vegas has a competitive advantage, but the projections may be aggressive (they may also be conservative)
- > Potential strategy:
 - Tier 1: Targeted return for developer of 9.0%
 - Tier 2: Residual distributions to state and developer based on investment share
- ➤ Development of Plan B (Collegiate Stadium Alternative) in the event that an NFL team does not get approved in 18 months, analysis pending



