

**SOUTHERN NEVADA TOURISM INFRASTRUCTURE
COMMITTEE MEETING
June 23, 2016**

The meeting of the Southern Nevada Tourism Infrastructure Committee was called to order by Chairman Hill at 8:07 a.m. in the Stan Fulton Building located 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
Mr. George Markantonis, President and COO of The Venetian and The Palazzo
Mr. Mike Sloan, Senior Vice President of Station Casinos

BOARD MEMBERS ABSENT

Ms. Kim Sinatra, Executive Vice President of Wynn Resorts

ADVISORY COMMITTEE MEMBERS PRESENT

Ms. Elizabeth Fretwell, City Manager of the City of Las Vegas
Mr. Don Burnette, County Manager of Clark County
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

ADVISORY COMMITTEE MEMBERS ABSENT

Ms. Tina Quigley, General Manager of Regional Transportation Commission of Southern Nevada

2. PUBLIC COMMENT: 8:08 A.M.

Mr. Stanley Washington states veterans should be helping build capital structures in Las Vegas. He also submits for the record the Green Zone Initiative.

Mr. Andre Smith, Chief Executive Officer of General Steel and Aluminum Manufacturing in Nevada, states his company wants to provide aluminum and steel to the stadium project.

Chairman Hill closes Agenda Item 2.

3. ACCEPTANCE OF MINUTES FROM MAY 26, 2016: 8:12 A.M.

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

Chairman Hill closes Agenda Item 3.

4. CHAIRMAN/COMMITTEE COMMENTS: 8:13 A.M.

Chairman Hill congratulates Bill Foley on attaining a National Hockey League franchise in Las Vegas and President Len Jessup on the three University of Nevada, Las Vegas (UNLV) Runnin' Rebel players in the National Basketball Association draft. He states there will be a meeting on July 11th, then the committee will conclude July 28th.

Chairman Hill closes Agenda Item 4.

5. RESEARCH STAFF REPORT: 8:15 A.M.

Mr. Jeremy Aguero, Principal of Applied Analysis, addresses a question from the prior meeting about the rental rates at the convention center. He states the escalation in the rates charged by the Las Vegas Convention Center are closely aligned to those of the Las Vegas Sands and Mandalay Bay convention centers. Additionally, on the national scale, Las Vegas's rates are close to the median. Mr. Aguero also addresses from the prior meeting the \$3.5 million that is allocated to UNLV to make up for lost revenue at Sam Boyd Stadium. He states the \$3.5 million is accurate and remains in the stadium model.

Commissioner Sisolak asks about the \$3.5 million UNLV subsidy and whether Sam Boyd Stadium will be shut down. Mr. Gerry Bomotti, Senior Vice President for Finance and Business for UNLV, says board of regents would need to decide whether there will be future use for Sam Boyd, but the recommendation to the board would be to shut it down.

Mr. Hornbuckle asks about tax consequences for the stadium after construction. Mr. Aguero states there would be no property tax, but there would be sales taxes and live entertainment taxes.

Chairman Hill closes Agenda Item 5.

6. COMMITTEE WORKSHOP

a. McCarran International Airport Recommendation: 8:25 A.M.

Ms. Rosemary Vassiliadis, Director of Clark County Department of Aviation, summarizes a proposal for an interim study for an additional fuel line to support the current and future needs of McCarran International Airport. She states this would be of large assistance since there is currently only one aviation fuel supply line into southern Nevada and any kind of blockage could become very problematic and costly. She suggests the state look at the feasibility of this pipeline.

Commissioner Sisolak asks about the price for the fuel line and who will pay for it. Ms. Vassiliadis clarifies it will not be the state, and a good option would be to see if a private company would be willing to take on the project.

Mr. Sloan moves to accept Ms. Vassiliadis's proposal. Mr. Noonan seconds the motion. The recommendation for the interim legislative study passes unanimously.

b. Las Vegas Convention Center Legislative Recommendation: 8:30 A.M.

Chairman Hill introduces two options regarding the powers of the Las Vegas Convention Center Expansion and Renovation project's oversight committee. Options 6a and 7a in the draft legislation language state the panel would have an oversight role. Then, 6b and 7b would require the approval and assent of that advisory committee as opposed to solely an advisory role. He also introduces three issues brought forth in a letter by Clark County Commissioner Chris Giunchigliani: The sunset of the room tax collection after the bonds are paid off, explicit exclusion of stadium funding and accountability provisions.

Mr. Hornbuckle asks if the advisory committee would ultimately report to the board of directors of the Convention Authority. Chairman Hill states that is correct. Mr. Aguero clarifies approval of bonds would still lie with the Las Vegas Convention and Visitors Authority board.

Commissioner Sisolak states he thought the advisory board would have more power than is being proposed and asks which proposal would provide this. Mr. Aguero says that both proposals would provide this, and the only difference between option 6a and 6b in the recommendation is the idea of the advisory board having veto power.

Commissioner Sisolak asks about giving the LVCVA board more influence from Las Vegas resort companies and why this issue has been dropped. He iterates that this should be revisited and more authority should be given to the community experts.

Mr. Markantonis asks for clarification on 6a and 6b regarding disagreements and veto power. Mr. Aguero states under 6a if there is a disagreement, it goes back to the LVCVA board, the decision is put in the minutes and it is submitted to the legislature and the governor. The LVCVA will still be able to go forward, but the

LVCVA's board will have to put it on record that it decided to go against the will of the advisory committee.

Mr. Aguero states the makeup of the LVCVA's board is important when it comes to the issuance of bonds. If the board was represented by primarily private entities, it would hinder the LVCVA's ability to issue tax-exempt bonds.

Mayor Goodman states it is critical to hear from the LVCVA. She states the seats are already established and that she is opposed to another layer of government, saying that will only slow the process down and make things more difficult.

Mr. Noonan reminds Chairman Hill that the structure of the oversight board was changed at the request of many private industry representatives on the board. Mr. Rossi Ralenkotter, President and Chief Executive Officer of the LVCVA, reviews the composition of the LVCVA board and the purpose of its composition, as well as the LVCVA's planned oversight procedures for the convention center expansion and renovation project. These procedures include an oversight committee comprised of convention industry and construction experts.

Mr. Jenkin states an advisory committee of construction experts providing a second view of the project is appropriate, but the advisory committee having the authority to stop the project seems ludicrous. He recommends approval of 6a.

Chairman Hill clarifies neither proposal would involve the legislature and the governor in this decision-making process. On the advisory side, the oversight committee would need to make a recommendation, then if the LVCVA board does not follow it, it would be required to inform the legislature and governor. In section 6b, the oversight committee could tell the LVCVA board that it cannot move forward with a project.

Mr. Aguero states there is a requirement in 6b that if the LVCVA does not wish to follow the recommendation of the oversight committee, it is required to revise and resubmit its request for the issuance of bonds or any form of debt to the oversight panel.

Mayor Goodman states she is opposed to an oversight committee and her recommendation would be that the committee not include 6a or 6b in the recommendation.

Mr. Hornbuckle makes a motion to support 6b and 7b. Commissioner Sisolak seconds the motion. Then, Vice Chairman Jessup, Mr. Hornbuckle, Mr. Markantonis and Mr. Sloan vote yes. Mayor Goodman, Ms. McMillan, Mr. Jenkin and Mr. Noonan vote no. Chairman Hill then votes no to tie the votes and allow further conversation on this issue.

Mayor Goodman makes a motion to accept what Mr. Ralenkotter presented as the oversight structure that will work for the Convention Center, then rescinds this motion after discussion.

Commissioner Sisolak requests an agenda item in the next meeting that highlights the makeup of the LVCVA Board of Directors.

Chairman Hill asks Commissioner Sisolak that if bond council says having an industry majority on the board changes the bonds from being tax-exempt to taxable, if Commissioner Sisolak would still like it to be an agenda item. Commissioner Sisolak states he would like it to be a discussion.

Chairman Hill raises the issue of whether the additional room tax would sunset at the end of the payment period of the bonds.

Mr. Ralenkotter states that if the tax were to sunset when the bond was repaid in full, this sunset would come at a point where the convention center would be in need of renovations and remodeling once again. He states it would be less difficult to sustain the tax so as to avoid going through this same process again in the future. As long as the tax revenue is used solely for uses such as capital improvements on the convention center, Mr. Ralenkotter believes this is the best option.

Mr. Jenkin states that upon the completion of construction, the LVCVA should have sufficient revenues to fund its ongoing projects. He states that unless another remodel is needed, the convention center can operate without the tax and that it should sunset.

Mr. Sloan states that he agrees with Mr. Jenkin and that it would be proper to review what the money would be used for going forward if the tax did not sunset. Mr. Noonan agrees with Mr. Sloan and states that a discussion should be built in at a future date, approximately 20 to 25 years down the road. He states that he is in agreement that the tax should sunset, but there should be an opportunity to reevaluate in the future.

Mr. Aguero believes that having a conversation in the future about whether the tax will continue is appropriate, but it cannot be decided that it will sunset before the bonds have been paid in full. Mr. Aguero will write this recommendation into the language for the next meeting.

Chairman Hill raises the next recommendation from Commissioner Giunchigliani that stadium construction be specifically included in the list of prohibited uses for the funds for the LVCVA convention center project.

Chairman Hill states that in the current recommendation, stadiums are excluded from being funded by the additional room tax, included in this current recommendation.

Commissioner Sisolak states that restrictions should not be too narrowly defined and that some flexibility should be given. Mr. Ralenkotter agrees that some flexibility is needed.

Mr. Jenkin makes the motions to not add the restrictive language. Mr. Noonan seconds the motion.

Commissioner Sisolak asks if passing this would impact the operation of Cashman Field. Chairman Hill states it would not. Commissioner Sisolak asks if this revenue is fungible with other money. Mr. Aguero clarifies that Section 2 of the draft legislation provides limitations. Commissioner Sisolak asks if this would preclude the LVCVA from constructing a minor league baseball stadium. Mr. Aguero says that this is something he would need to go back and review. Commissioner Sisolak asks again whether the room tax money is fungible with other money. Mr. Aguero responds that it is separate and not fungible in any way.

Chairman Hill brings this motion to a vote. The motion passes unanimously.

Chairman Hill raises the accountability recommendation as it relates to the reporting of the progress of the project. Mr. Ralenkotter explains the process the LVCVA has to follow, including a requirement to report to the board for any expenses in excess of \$100,000. Chairman Hill asks if a recommendation for an annual report on the project would fit in with what the LVCVA already does. Mr. Ralenkotter says this would be possible, and similar processes are already in place.

Mr. Jenkin makes a motion to accept the recommendation for an annual report requirement. This motion is seconded by Mr. Noonan and passes unanimously.

Chairman Hill closes Agenda Item 6b, but then reopens that item.

Chairman Hill states a member of the committee made a recommendation that option 6a be revised regarding the powers of the oversight committee. The recommendation is that in the event of opposition to an oversight committee recommendation or decision, the LVCVA could move forward with a supermajority vote from the LVCVA Board of Directors. Mr. Ralenkotter states this would be acceptable, provided a 30-day notification period is included.

Chairman Hill closes Agenda Item 6b.

7. COMMITTEE WORKSHOP: 10:06 A.M.

a. Review and Modification of Stadium Proposal Alternatives

Chairman Hill states the goal of the stadium discussion today is to present and discuss an alternative concept for the financing of the stadium. He expresses his desire to see both of

these projects come to fruition. A chart is presented that illustrates the metropolitan population of cities with a National Football League (NFL) team on the x-axis and percentages of public funding on the y-axis. Chairman Hill points out a higher population stadiums have more suites and higher ticket prices, and thus less public funding. He states that small markets, such as Las Vegas, are faced with the decision of whether a stadium and NFL team will have an impact worth investing in. He points to Las Vegas's tourism as being the main impact on the economy. There is a trend line showing the relationship between metropolitan population and the percent of public funding for NFL stadium construction, and Chairman Hill points out that the first proposal was below that trend line.

Chairman Hill states the new funding concept has changed the total price from \$1.4 billion to \$1.45 billion with the addition of a \$50 million land allowance. The alternative concept changes the public contribution from \$750 million to \$550 million with a private contribution of \$900 million. This \$900 million would require \$400 million from the Las Vegas Sands and Majestic Realty partnership. In regards to the room tax, he states that within the resort corridor the tax would be 0.7 percent, outside of this boundary it would be 0.5 percent, and the tax would not increase outside a 25 mile radius from the stadium. At 1.5 times coverage, this would provide the funding needed. Because of the coverage, that money is then available for other uses such as paying down the bonds more quickly. Once the bonds are paid, the Stadium Authority Board's operating costs will be paid, a \$5 million capital contribution for stadium maintenance will be paid, and UNLV will be paid the \$3.5 million as previously discussed. Additional revenue will be used to pay for more police officers on the Strip. The Stadium Authority Board would consist of 7 members: 3 appointed by the governor, 2 by the Clark County Commission and 2 by the developers.

Mr. Aguero presents the alternative funding concept. He states that the structure of the deal, despite the new funding proposal, remains unchanged. He states that the total rate of return is now approximately 9 percent. Anything beyond that would be redistributed 50-50 between the developer and the public. The net rate of return would be approximately 8.5 percent. He reviews all details set forth by Chairman Hill. Mr. Aguero provides details of the Raiders's obligations to the stadium and to public safety during events. The Raiders must agree to put forth their best effort to relocate to Las Vegas, and the Stadium Authority Board's funds would not be released until \$350 million has been incurred by the developer. All construction costs would be split 50-50 from that point forward until the public contribution reached its maximum amount of \$550 million. If the criteria in the proposal are not met in regards to the NFL, UNLV would have the opportunity to move forward with a collegiate stadium. The room tax would be reduced in this event. If neither the NFL nor the UNLV Stadium come to fruition, the room tax revenue that had been generated would be allocated to repay the LVCVA bonds for the expansion and renovation of the Las Vegas Convention Center project.

Commissioner Sisolak states that he has not been involved enough in the proposal and whoever has been involved has not given public safety enough consideration.

Mr. Jenkin states he is troubled by EventsCo and how it will work and compete with Las Vegas Events, asking whether it will give the stadium an unfair advantage. He also says he agrees with Commissioner Sisolak in regards to his comments on public safety.

Mr. Noonan agrees with Commissioner Sisolak and Mr. Jenkin regarding public safety on the Strip and states downtown should be included in these considerations as well.

Mr. Hornbuckle asks about the basis of the \$2.5 million rent to be paid by the Raiders. Mr. Aguero states this is what was proposed in the Sands-Majestic model.

Chairman Hill asks the Las Vegas Sands, Majestic Realty and Raiders representatives to share their thoughts on the alternative proposal.

Mr. Marc Badain, President of the Oakland Raiders, states he is disappointed with the alternative proposal set forth. He points out that even at the first proposal of \$750 million, the public funding was below the trend line, and that the new proposal would be seen as a negative by the NFL.

Mr. Craig Cavileer, Executive Vice President of Majestic Realty, states the \$750 million contribution by the public is capped, while the private contribution is not. The developer is assuming all risk and will be responsible for the building of necessary infrastructure for the stadium under the first proposal. However, the new proposal does not allow for this. He reiterates the team will be responsible for all on- and off-site infrastructure costs.

Mr. Sloan states that there is a large reliance on the Raiders to relocate and given the process to relocate in the NFL, there will be an 18-month period of uncertainty. Thus, there is risk in collecting the tax for no economic benefit. Mr. Aguero states that the revenue from the room tax would be used to defuse the Convention Center bonds.

Commissioner Sisolak states that infrastructure costs for the Trop-42 site could reach as much as \$200 million, which would change the entire complexion of the situation for the developers. Mr. Andy Abboud, Vice President of Government Relations and Community Development for the Las Vegas Sands, states he has not confirmed this study but will address it. He also addresses the skepticism about raising tax dollars for Mr. Adelson. He states Mr. Adelson's commitment to this project is not to get rich quick, but for the good of the community, and his assumption of the risk proves this.

Commissioner Sisolak says there should be a better portrayal of approximately how much cost overrun this project may incur, as he thinks this is not well enough understood by many people.

Mayor Goodman expresses the location of the site must be determined before further conversation. Mr. Cavileer states that they have representatives currently looking at sites and exploring every option. Chairman Hill questions how feasible having a site determined by July 11th meeting would be. Mr. Cavileer states they can try their best to narrow it down

to three or four options, though this cannot be guaranteed. Mr. Hornbuckle offers to meet up with the group to discuss the Rock in Rio site.

Ms. Vassiliadis states only UNLV has submitted a 7460 evaluation form to the FAA for height restrictions only. There are many factors that will need to be evaluated in terms of aviation and safety. Chairman Hill asks about a general timeframe. Ms. Vassiliadis says it could take four to six months. She cites Levi's Stadium in Santa Clara as an example of a stadium near an airport. She says that Levi's Stadium has led to problems for pilots being 1.5 nautical miles away from the runway, and the proposed stadium at the Trop-42 site would be 500 nautical feet from the runway.

Chairman Hill states today's items were intended to start dialogue about alternatives, and that members of the committee need to take steps between now and the next meeting to produce resolutions and recommendations. He proceeds to ask the Raiders if they have any questions about what was covered. Mr. Badain questions the obligation for the Raiders to pay \$2.5 million in rent over the course of 30 years. He states that the new funding proposal is a negative, but that the affordable tickets proposal is a positive. He says they will continue conversations in the coming days. Mr. Abboud states he is committed to getting a deal done.

Chairman Hill asks if there are any other concerns from the committee or the guest speakers. There are none, and Chairman Hill states he does not think the two parties are far apart, and he is confident a deal can get done.

Clark County Sheriff Joseph Lombardo states his concerns regarding public safety to the committee. Comparing Las Vegas to destinations such as Bourbon Street in New Orleans and Times Square in New York, he states that Las Vegas should be ashamed by what it provides for tourist safety. Chairman Hill asks if the Sheriff believes the \$4 million contribution to Metro police under the stadium funding model is helpful, to which Sheriff Lombardo responds that it is good for another 23 to 28 officers, but more would be helpful.

Commissioner Sisolak thanks Sheriff Lombardo for speaking and explains the difficulty of explaining to locals a tax to fund public safety on the Strip, but safety on the Strip is vital to ensure that tourists feel safe and will want to return.

Mr. Hornbuckle states that finding the money to fund public safety should be a priority, but the challenge is that it should not be solely from a room tax. Mr. Jenkin agrees and implores that this decision should be at the forefront of discussion.

Commissioner Sisolak solicits other ideas how to get businesses involved with this tax. He asks Mr. Aguero about the implementation of a sales tax in the Strip corridor and downtown area for the purpose of public safety. Mr. Aguero says there may be complications due to the Streamlined Sales Tax Act, but there are some alternatives that can be considered that will achieve the same goal.

Chairman Hill recommends that the committee look through the material and provide comment, questions and recommendations to Mr. Aguero or Chairman Hill. He also reminds the commitments of the Open Meeting Law as it pertains to negotiations and decisions.

Chairman Hill closes Agenda Item 7.

8. JULY MEETING PREVIEW: 12:27 P.M.

Mr. Aguero will continue his work on the Convention Center legislation language and stadium proposal.

Chairman Hill closes Agenda Item 8.

9. COMMITTEE MEMBER COMMENTS: 12:27 P.M.

Chairman Hill states there are two meetings remaining, the last of which is on July 28th. The two remaining open topics are the convention center recommendation and the stadium proposal.

Chairman Hill closes Agenda item 9.

10. PUBLIC COMMENT: 12:27 P.M.

Mr. Stanley Washington states there are 200,000 to 300,000 veterans in the Las Vegas valley and nobody deserves to be part of this project more than them. He also says he is going to introduce an infrastructure proposal that requires no public funding or private funding from the Raiders.

Mr. Tommy White of Laborers 872 states his union is very supportive of the stadium and Metro.

There are no more public comments. Chairman Hill closes Agenda Item 10.

11. ADJOURNMENT: 12:33 P.M.

CHAIRMAN HILL OPENS AGENDA ITEM 11 FOR POSSIBLE ACTION. MR. HORNBUCKLE MAKES THE MOTION TO ADJOURN THE COMMITTEE MEETING. MAYOR GOODMAN SECONDS THE MOTION. THE MOTION PASSES UNANIMOUSLY.