



CAROLYN G. GOODMAN
MAYOR

September 12, 2016

Mr. Steve Hill
Executive Director
Nevada Governor's Office of Economic Development
555 E. Washington Ave., Ste. 5400
Las Vegas, NV 89101

Dear Mr. Hill:

In follow-up to the September 8 meeting of the Southern Nevada Tourism Infrastructure Committee (SNTIC), I would like to provide comments regarding the current deal structure of the public-private partnership being set forth for the proposed NFL stadium as well as comments regarding the proposed draft stadium authority legislation.

The following are the most significant comments regarding the project and legislation:

1. As discussed by the committee, **the issue of proportional financial participation via the hotel tax is critical**. At this point all cost estimates have been developed by the stadium development team without any confirmation by independent third-party representatives of the committee. As constructed, the current deal structure could result in a project whereby the development team's participation is reduced drastically but keeping the public hotel tax contribution at \$750 million.
2. **The GO backstopping of bond debt under the presented funding scenario carries significant risk going forward**. The assumptions are built on variable, increasing annual debt payments and 2% appreciation of the hotel tax revenue base. One only needs to look back at the last 15 years of hotel tax performance to see two instances where there were significant drops in hotel tax performance, one immediately after 9/11 and the other during the recent great recession. Greater protections need to be built into the deal to reduce the likelihood of exercising the GO backing, thereby putting burden on general taxpayers. We suggest including a revenue bond option in addition to GO backing.
3. As both of the issues above address financial aspects of the project, **there is also the need to create a board structure that separates the fiduciary obligation of the board as to funding and related financial operations from the technical aspects of overseeing development and operations of the facility**. There should not be development team representation on the board that oversees the public's fiduciary obligation to the project. There should be a separation of functions within the board. Other stadium authorities have public-private boards where the fiduciary responsibilities are carved out for public representatives and all other matters are considered by the entire public-private board. This is why we have advocated for State, County, and City representation.
4. **The City should be represented on the Stadium Authority via its Mayor**. Two board positions should be added. One representing the largest city in Clark County, the City of Las Vegas, and one to represent on a rotating basis

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the other cities in the County. It is my understanding that this language had been drafted and would refer to such.

There are other aspects of the draft Stadium Authority legislation for which we offer the following more detailed comments:

- Section 16 - There should be an operating agreement in addition to the development agreement and license or lease. This will separate out the duties of the team from use and operations.
- Section 16 – Should we consider minority hiring requirements?
- Section 16.3 (g) - There should be a recognition of lease renewals and some language to deal with change of ownership and percentage control by foreign entities. Otherwise, this is being left to the NFL to decide.
- Section 18 - I understand there is a waterfall for holding back revenues for operating and capital reserves, but there is no discussion of a budget process and approval of expenditures.
- Section 20 - A significant rationale could be made for a refinancing and extension of the debt for any number of good reasons – a downturn in the economy, significant capital improvements and renovations.
- Section 21 - Why not include the potential for more than one project such as MLS or AAA Baseball.
- Section 21 - \$2 million annually for the Authority should be a not-to exceed amount but seems high to start and this just grows over time. The stadium authority should determine the needed budget amount.
- Section 23 – Concern about a preferred return. A well-conceived and developed project should provide such upfront and ongoing via operations without committing to an amount.
- Section 26 - Could the legislation allow for Collegiate and MLS if the NFL project doesn't move forward?

As the City has previously stated, we believe the most appropriate site for the project which fully addresses the public's return on investment of \$750 million in hotel tax support, or which could lead to a reduced project cost and potentially less hotel tax support needed, is Cashman Center. The SNTIC should fulfill its fiduciary obligation to the community by locating the project in an area where the most positive change in impact will occur at the lowest possible cost.

Sincerely,



Carolyn G. Goodman
Mayor

cc: Las Vegas City Council
Elizabeth N. Fretwell