

**SOUTHERN NEVADA TOURISM INFRASTRUCTURE
COMMITTEE MEETING
September 8th, 2016**

The meeting of the Southern Nevada Tourism Infrastructure Committee was called to order by Chairman Hill at 1:02 P.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 (via telephone)
Ms. Carolyn Goodman, Mayor 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. Bill Noonan, Senior vice President of Boyd Gaming (via telephone)
Mr. Bill 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

BOARD MEMBERS ABSENT

Mr. Tom Jenkin, Global President of Caesars Entertainment

ADVISORY COMMITTEE MEMBERS PRESENT

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

STAFF MEMBERS PRESENT

Ms. Jennifer Cooper, Communications Director for the Governor's Office of Economic Development

Ms. Melanie Sheldon, Executive Assistant and Business Development Specialist for the Governor's Office of Economic Development
Ms. Henna Rasul, Senior Deputy Attorney General, Nevada Office of the Attorney General Boards and Open Government Division

2. PUBLIC COMMENT: 1:04 P.M.

Mr. Ed Uehling expresses concern that only the Sands is contributing money to the stadium project rather than multiple casino companies and the amount of public money to be used.

Mr. Scott Whittemore expresses support for the stadium, stating that the proposed taxes will affect tourists rather than local residents.

Mr. William Stanley, a representative from the Building and Construction Trades Council, states the Council's support for both the stadium proposal and the approved convention center expansion recommendation. Mr. Stanley also expresses concern over section 25 of the proposed bill, requesting clarification that the 90 percent rule in NRS 338, initially intended for school related works projects, would not apply to stadium construction.

Mr. Warren Hardy, representing the Association of Builders and Contractors, also expresses concern over section 25 and possible exemptions from various state public works laws for the stadium project.

State Assemblyman Harvey Munford expresses concern over lack of development in his district, and states development should be spread out so the entire community benefits. Assemblyman Munford states his support for the Moulin Rouge district development and urges the committee to support that development, which would greatly benefit the area.

3. ACCEPTANCE OF MINUTES FROM AUGUST 25, 2016: 1:20 P.M.

Chairman Hill opens Agenda Item 3 for a motion to accept the meeting minutes from August 25, 2016. A motion is made by Mayor Goodman. Mr. Markantonis seconds the motion. The motion passes unanimously.

Chairman Hill closes Agenda Item 3.

4. CHAIRMAN/COMMITTEE COMMENTS: 1:21 P.M.

Chairman Hill states that items 6a and 6b will be reversed in the order of discussion for the meeting. He thanks the committee for their work since the last meeting and agreeing to meet on short notice.

Chairman Hill closes Agenda Item 4.

5. RESEARCH STAFF REPORT: 1:22 P.M.

Mr. Jeremy Agüero, Principal at Applied Analysis, provides an overview of the documents in the committee members' binders. There are two acts with regards to Las Vegas Metropolitan Police Department funding, one which would remove the More Cops sales tax sunset and one addressing a new sales tax for police funding. Three versions of the stadium proposal have also been included. A preliminary economic impact report on the convention center expansion is also included

Chairman Hill Closes Agenda Item 5.

6. COMMITTEE WORKSHOP

b. LAS VEGAS METROPOLITAN POLICE DEPARTMENT: 1:25 P.M.

Mr. Agüero explains the recommendation to remove the More Cops sales tax sunset. The proposed legislation simply removes existing language regarding the sunset in 2025.

Mr. Agüero explains the proposed Clark County Crime Prevention Act of 2016, which would increase the sales tax in Clark County by 0.1 percent. The incremental tax proceeds would be allocated in two tiers, first to the resort corridor and second to the different jurisdictions within Clark County. The resort corridor portion would be calculated using a formula based on Las Vegas visitors, and that amount would be dedicated to adding police officers within the defined resort corridor area. The remaining amount would be distributed to local police agencies based on population.

Mayor Goodman states that she would like the map, outlining the resort corridor for the purposes of the bill, to include more of Downtown Las Vegas, including the Symphony Park area.

Commissioner Sisolak asks for clarification about the resort corridor outline and whether it includes properties nearby but not on the Strip. He also expresses that expanding the resort corridor area to include areas with fewer rooms, such as Symphony Park, would diminish the impact of additional officers.

Chairman Hill asks for clarification on the significance of the map. Mr. Aguero responds it represents the traditional resort corridor. Chairman Hill asks if the map is strictly for police officer allocation purposes and not for revenue, and Mr. Aguero confirms it is the former.

Mayor Goodman restates that more of the visitor areas should be included so the highest number of people benefit from the increase in the police force.

Mr. Sloan adds those properties just outside of the resort corridor area should have extra protection if they are paying for it, and requests different versions of the map be presented at the next meeting.

Mayor Goodman asks how the Las Vegas Metropolitan Police Department traditionally defines the resort corridor. Assistant Sheriff Todd Fasulo, Metropolitan Police, explains the areas near the Strip and downtown considered to be within the resort corridor, and reiterates areas not included in the resort corridor would be covered by the second tier of revenue allocation.

Commissioner Sisolak requests clarification on the number of police officers that will be added to the area with the proposal. Assistant Sheriff Fasulo states that 40 officers have recently been added to the 300 officers currently assigned to the resort corridor figure, and that the proposal would add an extra 69 officers. These additions would bring the total number of officers in the resort corridor to approximately 410.

Chairman Hill asks if the committee moves to recommend removing the tax sunset or if the committee would prefer to vote on both recommendations at the next meeting.

Commissioner Sisolak moves to recommend legislation removing the More Cops tax sunset. Mr. Markantonis seconds the motion. The motion passes unanimously.

Chairman Hill closes Agenda Item 6b.

a. LAS VEGAS STADIUM PROPOSAL: 1:43 P.M.

Chairman Hill thanks the committee, the developers and the support staff for their help in putting together the latest draft of the proposal. Chairman Hill asks Mr. Aguero to explain the current draft to the committee.

Mr. Aguero summarizes the draft by section, explaining what each section addresses and highlighting key definitions of various important terms.

Mr. Sloan asks whether the standards established for the proposed stadium significantly impact the cost of building the stadium. Mr. Aguero responds they likely do, but those costs have, for the most part, been included in the developer projections. Mr. Robert Goldstein, President and COO of Las Vegas Sands, confirms that this standard was included in their estimate

Mayor Goodman suggests that the City of Las Vegas should have representation on the Stadium Authority Board, created by the proposal, particularly if the stadium is built within city limits. Chairman Hill asks whether the City of Las Vegas could provide language to reflect that change. Ms. Betsey Fretwell confirms the language could be provided relatively quickly. Chairman Hill questions why the City of Las Vegas should have representation even if the stadium is built outside of city limits. Mayor Goodman responds it is in the interest of collaboration; that the City is an important part of Southern Nevada and represents a great many of its citizens.

Commissioner Sisolak asks if the City of Las Vegas would be willing to underwrite part of the \$750 million in bonds. He also states that his understanding is that the public bodies make appointments to the board, but that those appointees are not government officials. Mayor Goodman says that it is wise to have representation given the number of people they represent.

Commissioner Sisolak requests confirmation that any operating losses of the stadium would not be taxpayer responsibilities. Mr. Aguero confirms that any operating losses would be the responsibility of the Stadium Events Company.

President Jessup asks about the scheduling of events, suggesting that UNLV football should have some level of preference, acknowledging that scheduling considerations will have to be made for avoiding conflict with larger events.

Commissioner Sisolak asks about a shortfall in PSL sales. Mr. Marc Badain, President of the Raiders, says any shortfall would be the team's responsibility. Chairman Hill asks what would happen if the Stadium Authority Board were able to make more than the estimated \$200 million in PSL sales. Mr. Greg Carey, Chairman of the Public Finance Department at Goldman Sachs, states that per NFL rules all PSL sale money would have to be used in the construction of the project.

Chairman Hill asks Mr. Aguero how the selling of PSLs affects financing. Mr. Aguero responds that it doesn't impact any of the debt levels.

Ms. Sinatra asks for clarification on what has been changed in the most recent draft legislation. Mr. Aguero responds he could provide a comparison document after the meeting.

Commissioner Sisolak asks how the Raiders cover their portion of the project cost if they haven't sold all of the PSLs in advance. Mr. Carey clarifies that Goldman Sachs will be loaning the Raider their portion, which will be paid back through PSL sales.

Mr. Ralenkotter states that there should be language saying that the new room taxes are not subject to collection allowance fees.

Commissioner Sisolak asks whether the current language would require a two-thirds vote at the county level. Chairman Hill responds that it would not.

Chairman Hill asks for an explanation of the debt service reserve fund. Mr. Carey explains that it exists to help account for any volatility in room tax revenues. Commissioner Sisolak asks how many years of debt service would be covered by the proposed \$45 million limit of the fund. Mr. Hobbs states that it is not tied to the annual debt servicing amount, but would be about one year. Commissioner Sisolak asks why there is a limit on the reserve fund. Mr. Hobbs states that one year of coverage is about normal for the county. Mr. Carey explains the mechanism for using the reserve fund and how money is replenished. Commissioner Sisolak states that he would like to see the limit of the reserve fund increased so the county has more assurance of protection on the debt.

Mayor Goodman suggests looking into different types of bonds, such as revenue bonds to help build in greater protection.

Mr. Hornbuckle asks about the waterfall funding mechanism and whether subsequent priorities are only funded once the prior one is fully funded. Mr. Aguero clarifies the different scenarios affecting the funding priorities.

Commissioner Sisolak asks about language stating the public contribution would not exceed 39 percent of the project costs and inquires whether the developers were still opposed. Mr. Goldstein confirms they are opposed.

Commissioner Sisolak asks whether the language allowing the developers to choose their contractor would make the work subject to a PLA. Mr. Aguero states that he will check with counsel and confirm the implications of the language.

Ms. Sinatra asks about the language for funding a collegiate stadium if the Raiders are unable to move. President Jessup confirms that UNLV is satisfied with the funding proposal for a possible collegiate stadium.

Mr. Goldstein begins the developer's presentation by stating their maintained commitment to reaching an agreement.

Mr. Carey talks about the importance of the public financial commitment, citing other projects he has worked on. He discusses public funding for various NFL stadiums, showing that the proposed public percentage in this case is significantly lower than many other projects in similar-sized cities. Mr. Carey reiterates the \$750 million public contribution is a must to secure the deal not only from the private developers' standpoint but for the NFL to approve. No deals have had revenue sharing or flexibility in the public contribution.

Mr. Badain assures the committee that fans of all teams will come to Las Vegas to watch games. He also mentions that the 39 percent public contribution number, included in their previous presentation, was designed to help explain the public contribution. Mr. Badain states they did not expect it to become a part of the proposal and do not believe that adding more stipulations about the public/private funding split or revenue sharing was necessary.

Mr. Goldstein states it should be made clear to the public that resident taxes would not go up as a part of the proposal, and the stadium would be publicly owned. Mr. Goldstein also explains that they are taking on all of the risk of cost overruns and operating revenue losses.

Chairman Hill asks for the developers to go through their concerns with the language and the priority of the concerns.

Mr. Goldstein states that the first major issue was the addition of capping public contributions at 39 percent, since the total cost of the project is uncertain as various problems arise throughout construction projects.

Mr. Carey adds that he doesn't believe the NFL will approve the relocation without the \$750 million commitment.

Chairman Hill asks to clarify when the developers say "no cap on return" if they mean no profit sharing. Mr. Carey responds that yes, any profit sharing would all but eliminate what little return the model currently projects.

Mr. Noonan asks what the tax increment financing area ("TIF") would have made if it was used. Mr. Aguero responds that the TIF would have been used as extra coverage for the bonds. Chairman Hill states that the annual revenues were projected at around \$14 million per year.

Mayor Goodman asks about the timeline for the deal and what it would mean if the Legislature did not have a special session or could not approve the deal before the NFL meetings in January and February. Mr. Badain responds that at the very least it would mean a delay of a year until the Raiders could apply for relocation. Mr. Carey adds that it

is important that the Raiders have time to talk with other owners and make their case before the official meeting and vote.

Mayor Goodman asks what other costs could ultimately be the responsibility of various Southern Nevada governments, in addition to the \$750 million, such as infrastructure improvements associated with the project, Mayor Goodman asks Ms. Quigley about current bus routes through the area. Ms. Quigley responds that there are currently no bus routes to either site, but that those could certainly be added to absorb the excess demand.

Commissioner Sisolak asks what costs would be the developers' responsibility and what would be public. Mr. Goldstein states it will depend on what is ultimately needed and where.

Commissioner Sisolak asks about the estimates of non-football events to be held at the stadium as it pertains to the revenue estimates. Mr. Goldstein responds that it was a combination of football, both the Raiders and UNLV, and other games, as well as soccer, rugby, concerts and other events.

Commissioner Sisolak asks why the estimated cost range is so wide. Mr. Carey explains the various issues that can arise in these construction projects and how the costs of other projects have changed throughout.

Commissioner Sisolak asks whether additional funding mechanisms might be needed, citing other stadium projects. Mr. Carey states that approximately \$580 million would be raised through bonds, the rest would be paid from pay-go monies. Mr. Aguero explains the pay-go as money collected from the proposed room tax, which would be effective on January 1, 2017, before the stadium construction actually begins and before the bonds would have to be issued. Mr. Hobbs adds that there is a premium value included in the bond calculation, so the proceeds would be greater than the par value.

Commissioner Sisolak raises the question of public contribution increasing significantly with additional infrastructure costs. Mr. Goldstein says he is hopeful that the selected sites will not need an excessive amount of infrastructure projects. Mr. Carey adds that normally they would not move forward with construction until a maximum price contract is in place and the necessary infrastructure studies have been completed. Mr. Dan Ventrelle, Executive Vice President and General Counsel for the Raiders, adds he does not believe there is language in the proposed legislation to impose extra costs on the county.

Mr. Hornbuckle states the return-on-investment projections and that 40-plus events the first few years may be difficult to achieve. He also states that there should be some language to address how the public is protected, as well as a final agreement on the Stadium Authority Board and the governance of the stadium.

Chairman Hill asks for the committee's thoughts on the profit sharing issues, as well as the 39 percent contribution issue.

Commissioner Sisolak mentions profit sharing with some of the Department of Aviation's deals and potential issues arising in working out those deals. Commissioner Sisolak also states the importance of having qualified people on the Stadium Authority Board.

Mr. Hornbuckle asks if there is any notion that above a certain level of return the public would enjoy some return on their money. Mr. Goldstein states that the public receives returns through different channels such as increased tourism and tax revenues.

Mr. Sloan states part of the benefit to the public is that the developers are taking on the risk, and he is not as concerned about public return as he was previously. Chairman Hill states that the public is still at risk and benefits to the public are contingent on enough events at the stadium.

Commissioner Sisolak inquires if the collegiate stadium for UNLV would require \$400 million in public contribution; would it not just be a \$350 million addition to bring in an NFL team? He states that the UNLV benefits should be a more central part of the discussion. Mr. Aguero clarifies that under the current proposal \$200 million would be required to be private investment for the collegiate stadium. Commissioner Sisolak states he was assuming the current proposal did not exist, and if UNLV needed a new stadium it would be \$400 million in public cost.

Mr. Hornbuckle states that the room tax wouldn't be as relevant to a UNLV stadium given the different implications for tourism.

Chairman Hill asks about the developers' stance regarding UNLV's ability to schedule their events. Mr. Andy Abboud, Senior Vice President of Governmental Relations and Community Development for Las Vegas Sands, states that they have had discussions, with UNLV, about the issue. Chairman Hill states that it is very important for UNLV have proper access to the stadium. Mr. Goldstein says that they are committed to being good partners with UNLV and the only conflict would be events scheduled years in advance. Mr. Ventrelle adds the Raiders are also committed to being good partners to UNLV in the new stadium. President Jessup adds that UNLV is on the path to a Power Five conference, but one key missing element is a new stadium.

Chairman Hill asks about the lease transferability. Mr. Aguero states that that language in the proposal would allow for the stadium events company to be sold or to transfer their control.

Mr. Hornbuckle states he believes the qualifications of the Stadium Authority Board members are important. Commissioner Sisolak adds that it is important for people who understand these types of projects, and that elected officials do not always have that level of expertise.

Mr. Hornbuckle asks what the ultimate recommendation to the legislature should look like, and how many more rounds of revisions the committee can make. Chairman Hill responds that both time constraints and simple feasibility will limit how many more changes they can make, as the ultimate decision to approve will be left to the Legislature. Mr. Abboud adds while the developers need the support of the committee, it is up to them to sell the idea to the Legislature and the public.

Chairman Hill closes Agenda Item 6b.

7. SEPTEMBER 15TH MEETING PREVIEW

Chairman Hill states that the topics of the September 15th meeting have already been discussed.

Chairman Hill closes Agenda Item 7.

8. COMMITTEE MEMBER COMMENTS

No committee comments.

Chairman Hill closes Agenda Item 8.

9. PUBLIC COMMENT

Mr. Ed Uehling notes that while the non-negotiable demand of the developers that they need \$750 million from the public, the fact that other entities are not giving money to the project is also a non-negotiable demand. Mr. Uehling also expresses concern over the creation of a new government entity given the waste of existing entities, such as the Southern Nevada Water Authority.

Ms. Katherine Duncan, President of the Las Vegas Ward 5 Chamber of Commerce, explains her support for the proposed Moulin Rouge area development, stating that the tourism developments should benefit all parts of the city. She states that the developer has asked the committee for a letter of support, and she urges the committee to provide such a letter.

10. ADJOURNMENT

**CHAIRMAN HILL OPENS AGENDA ITEM 10 FOR POSSIBLE ACTION.
COMMISSIONER SISOLAK MAKES A MOTION TO ADJOURN THE
MEETING. MS. SINATRA SECONDS THE MOTION. THE MOTION PASSES
UNANIMOUSLY.**