

MINUTES of the NEVADA COMMISSION ON TOURISM  
March 16, 2015

The Nevada Commission on Tourism held a special Commission meeting to review the City of Las Vegas' proposed Tourism Improvement District (TID) known as Symphony Park at 1:00 p.m. on March 16, 2015, at Nevada Commission on Tourism, Laxalt Building, 2<sup>nd</sup> Floor, 401 N. Carson Street, Carson City, NV 89701.

**Call to Order**

Lt. Governor Hutchison called the meeting to order at 1:03 p.m.

**Commission Members present:**

Lt. Governor Hutchison  
Brian Ayala – (video from Las Vegas)  
Cindy Carano  
Lorraine Hunt-Bono (video from Las Vegas – abstained from voting)  
Don Newman  
Rossi Ralenkotter (on phone – abstained from voting)  
Herb Santos, Jr.  
Ryan Sheltra  
Bob Stoldal (phone from Las Vegas – abstain)  
Mike Vaswani (on phone)  
Julia Arger  
Bob Ostrovsky (abstained and left at beginning of meeting)

**Commission Members absent excused:**

Richard Arnold  
Chris Baum  
John Wagnon

**Staff Present:**

Claudia Vecchio  
David C. Peterson  
Scott Carey  
Sarah Bradley, Deputy Attorney General  
Dee Chekowitz-Dykes

**Guests Present and Speaking:**

Bill Arent, City of Las Vegas  
John Lambeth, Civitas  
Kendra Follett, Sherman & Howard  
Chris Giunchigliani, Clark County Commissioner  
Zach Sears, Economist (on phone only)  
Ricki Barlow, Las Vegas City Council (from Las Vegas)  
Nicole Wolfe, Cleveland Center Ruvo Center for Brain Health (from Las Vegas)

Paul Moradkhan, VP Govt. Affairs for Las Vegas Metro Chamber of Commerce (from Las Vegas)  
Myron Martin, President and CEO of The Smith Center

**Roll Call and Determination of Quorum**

Hutchison: Time and place now noticed and scheduled for the Nevada Commission on Tourism, Monday, March 16, 2015, at 1:00 p.m. Ms. Vecchio, if you would please call the roll.

Vecchio: Thank you, Lieutenant Governor. Please say here if I say your name. Lieutenant Governor Hutchison?

Hutchison: Here.

Vecchio: Julia Arger?

Arger: Here.

Vecchio: Richard Arnold? Not here. Brian Ayala? He's supposed to be here, so we'll mark him here when he arrives. Christopher Baum is not here. He's absent/excused. Cindy Carano?

Carano: Here.

Vecchio: Lorraine Hunt-Bono?

Hunt-Bono: Here, in Las Vegas.

Vecchio: Thank you so much. Don Newman?

Newman: Here.

Vecchio: Bob Ostrovsky?

Ostrovsky: Here.

Vecchio: Rossi Ralenkotter is not with us today.

Ralenkotter: Here. No, I'm on the phone, but I just have to abstain. I'm going to listen to the meeting.

Vecchio: Okay. Oh, very good. Thank you, Rossi. Herb Santos?

Santos: Here.

Vecchio: Ryan Sheltra?

Sheltra: Present.

Vecchio: Bob Stoldal?

Stoldal: Here.

Vecchio: Mike Vaswani?

Vaswani: Here.

Vecchio: I believe John Wagnon had a conflict. John, are you with us? No. Who just joined us please?

Bagger: This is Kevin Bagger from Las Vegas.

Vecchio: Thank you, Kevin.

Bagger: Okay.

Vecchio: We have a quorum, Lieutenant Governor.

Hutchison: Great. Thank you very much. Welcome everybody. Before I move on to public comment, I'd like to turn some time over to Mr. Ostrovsky, who'd like to make a comment, please.

Ostrovsky: For the record, Bob Ostrovsky speaking. For the public's information, I am a paid consultant to the City of Las Vegas. I am also a nonvoting member of this committee. There's no question about having to abstain from voting. I don't have the right to vote. But I would please beg of the chair, I wish to abstain from the discussion, and would ask to be actually physically removed. Allowed to exclude myself from the meeting so there's no question of conflict.

Hutchison: I think that's appropriate. And, Mr. Ostrovsky, we won't remove you, but you can walk out, if you'd like, under your own volition! We appreciate your sensitivity and your disclosure and your discussion and action on this matter. Thank you very much.

Before we move on, any other Commissioner like to make any other disclosures or comments prior to us proceeding?

Ralenkotter: Yes, this is Rossi Ralenkotter.

Hunt-Bono: Yes, Lieutenant Governor.

Hutchison: Okay. Commissioner Ralenkotter, I think he was first, if you don't mind.

Ralenkotter: Yes. My attorney from the Convention Authority did say this was a potential conflict for me, so I will be abstaining from voting.

Hutchison: Okay. Thank you very much for that disclosure and that decision. Lieutenant Governor, please, in Las Vegas.

Hunt-Bono: Yes, in Las Vegas. Lieutenant Governor, yeah, for the record, I've been advised, I guess, by the Attorney General's Office that although I have no financial interest in this item, that Larry Ruvo is my cousin, of the Cleveland Clinic Lou Ruvo Brain Institute. So, therefore, I will be abstaining. But just to clarify, I will be able to participate in the discussions even though I abstain in the vote; is that correct?

Bradley: Technically, yes, that's what the ethical rules allow. They allow you to participate and remain at the meeting, but you would just abstain later.

Hutchison: Later during the course of the voting.

Bradley: Yes.

Hunt-Bono: All right. Okay. Thank you very much.

Hutchison: You're welcome. Thank you very much, Governor. Commissioner Ralenkotter, the same for you, will you be participating in the discussion but not voting and abstain from voting, or will you just not be participating in any way?

Ralengkotter: I'm not going to participate either way.

Hutchison: Okay. So you're not going to be participating in any way?

Ralengkotter: Correct.

Hutchison: Thank you very much for your disclosures and for your actions. Any other Commissioner who wishes to make a disclosure or a comment before we move on, off of this Agenda item?

Stoldal: Yes. My name is Bob Stoldal.

Hutchison: Yes, Mr. Stoldal, please.

Stoldal: I serve on the city's Historic Preservation Commission as a nonpaid member. I am not voting on this matter, as a nonvoting member. I will abstain, however, from the discussion, but unlike Bob, I will continue to listen.

Hutchison: Okay. Very well. Thank you for that disclosure and that action. Any other Commissioners, anybody else? Commissioner Carano, please.

Carano: Sir, my company is in business with Larry Ruvo with Southern Wine and Spirits, and I'm also a donor for the Cleveland Clinic. I don't feel a conflict; however, I just want you to tell me.

Bradley: Yes. Well, it's your call. The question that you ask is does this involve a financial interest for you or your company?

Carano: It does not.

Bradley: Okay. So then if it doesn't, then I think you're okay. But just so all the Commissioners know, it is always preferred and the best plan to disclose any possible relationship, because what we don't want is people later to say that you didn't disclose something. It's perfectly appropriate to disclose what your relationship is, and then if there's no financial interest for you or not a close family member, then it's your call to make.

Hutchison: Thank you very much. Any other -- yes, Commissioner Santos, please.

Santos: Thank you. Herb Santos for the record. I don't think there's a conflict, but when I was reading the report done by Civitas, realized that a law school friend of mine was the author of that, John Lambeth. We haven't talked to each other since law school graduation, but I figured I'd just disclose that. I don't think there's an ethical issue there, but the full disclosure.

Bradley: Thank you. Yes, and I would agree.

Hutchison: Right. There's no familial or business interest there. Okay. Any other disclosures? Any other comments? Yes, in Las Vegas, Commissioner Ralenkotter.

Ralenkotter: No, I'm fine.

Hutchison: Oh, are you on the line? Who's...

Ayala: Governor, Brian Ayala here. I just wanted to let you know I'm here.

Hutchison: Oh, great. Okay. Commissioner, good to see you. Thank you very much. I'm getting confused on who's talking here. We've got people on the phone in Vegas, everywhere. Any other Commissioners wishing to make disclosures or comments prior to moving off this Agenda item and on to public comment? Okay. Then let's go ahead and close Agenda Item No. 1, and move on to public comment.

**Public Comment**

Hutchison: Is there anyone here in Carson City who would like to make public comment during the course of this meeting, please come forward. I don't see any here in Carson City. Any in Las Vegas? All right. Seeing none, then we will move off of Agenda Item 2, Public Comment.

**Introduction and Summary of the Nevada Revised Statutes Governing TIDs**

Hutchison: Let's move on now to Agenda Item 3, Introduction and Summary of the Nevada Revised Statutes Governing Tourism Improvement Districts and the Nevada Commission on Tourism's Role. Ms. Vecchio.

Vecchio: Thank you, Lieutenant Governor. We are gathered today to discuss the Symphony Park Tourism Improvement District. I am not an economist, nor an attorney, so I am going to turn these proceedings over to the Lieutenant Governor, who will approach this from a legal standpoint, and as chair of the Commission, as well as Sarah Bradley, who is our Deputy Attorney General.

Hutchison: Great. Thank you very much. I'm going to just start off by just trying to frame the reason that we are here today. We've got an application before us, I guess you could say a resolution that we're considering for a tourism improvement district. We're here at a public meeting of the Nevada Commission on Tourism to conduct this public hearing regarding that proposal or that resolution by the City of Las Vegas for a proposed Symphony Park Tourism Improvement District.

Just by way of background, in 2005 the Nevada Legislature enacted NRS 271A in order to recognize the importance of economic development and tourism in Nevada, and the need for Nevada to compete effectively with other states in the promotion of their own economic development and tourism. The City of Las Vegas has begun the process to create a tourism district called the Symphony Park Project, as I mentioned, pursuant to Chapter 271A. Under the law, the Commission has an important role to play in that process.

I would note, parenthetically, that we have reached out both to the city and to the county, and have asked for information and additional information and relevant information so that everybody could be not only noticed about this meeting, but have an opportunity to be heard fully to the extent that they wish to be heard.

Just to summarize, the Commission has really two questions to answer today. First, pursuant to NRS 271A.080(6), we determine whether a preponderance of the increase in the proceeds from sales and use tax of the proposed district will be attributable to transactions with tourists who do not reside in Nevada. We'll make this determination after we hear from both the City of Las Vegas and Clark County, and by vote of the Commission.

The second thing that we're here to concern ourselves with is pursuant to NRS 360.855(3)(b). We can vote to approve or not, the use of proceeds of those sale and use taxes to retire any of the bonds that may be used or obtained for purposes of the district, and to prepay certain other obligations with respect to the district.

We'll start the meeting with an introduction by the staff. Ms. Vecchio, I don't know if you want to do that, or if that's going to be our Attorney General's responsibility. I'll turn it over to either one of you, whoever is going to summarize that, including the relevant statutes and our role concerning this tourism district. Then we'll hear the presentations from both the city and Clark County concerning the proposed district. Then we, as Commissioners, will have an opportunity to ask questions of both of those parties. Once the presentation is finished and all of the questions are answered, we'll deliberate and decide how we're going to proceed on both of those issues.

What we are not here to do is to comment on the wisdom of the district, whether or not we would've created the district, whether we would've created it the same way that the city created it, or whether we think this is a good idea or a bad idea. That's not our role. That's a different body. The city has made that determination, and we're not here to question whether or not that's a good idea or a bad idea, as some suggest we should do. What we're here to do is follow the statutory obligations that we have, very specifically outlined in the statutes and nothing else.

No one here on the Commission is commenting or expressing favor or disfavor with this district. What we are doing is we are here to determine whether or not the statutory requirements to continue with this district and to allow an ordinance to be passed and support an ordinance being passed based on those requirements. That's not even a question in terms of whether or not this is a good idea or not. It's before us now, and we'll proceed with our statutory obligations.

So, I'll turn the time over -- Sarah, are you going to take that on?

Bradley:

Sure. I'm happy to say whatever you'd like. I think you've summarized it appropriately.

Hutchison: Well, I did a great job because I was reading your script.

Bradley: The first question is really that preponderance. So we've got a hearing today. It's been noticed 15 days prior. We've done three publications in the newspaper, which the law requires. The first question is that pursuant to 271A.080(6), whether or not you believe there is going to be a preponderance of the sales tax being from out-of-state residents in that district. There is a report in your packet and your materials from the city, well, their consultant. Also, just so you're all aware, the consultant the city used is one that we -- the Nevada Commission on Tourism's staff provided a list of, I think, three or four outside-of-the-state consultants. They picked one from the list that was provided by Director Vecchio. I'm happy to try to answer questions if you have them.

Hutchison: Ms. Bradley, by statute, our role is to provide recommended consultants in this type of an environment, right?

Bradley: Exactly. That (3) in that .080 provision, it says that we are to provide that list, and Ms. Vecchio did that, and then the consultant was hired and did prepare the report that's in your materials.

**Public Hearing for Proposed TID Symphony Park, Las Vegas**

Hutchison: Great. All right. Thank you. That, I think, takes care of the summary. Why don't we go ahead and begin then. We will close out Item No. 3, and we will start Item No. 4 now, the Public Hearing regarding the Proposed Tourism Improvement District for Symphony Park Las Vegas, Nevada, for possible action. We'll invite the city to come on up here and make their presentation, please.

Arent: Thank you, Lieutenant Governor and Chairman Hutchison. Thank you, Members of the Commission, not only in Carson City, but also in Las Vegas. And thank you for this special meeting. I understand you scheduled a public hearing just for this item, so I appreciate the time and attention that you, as well as the Commission staff spent to schedule the item.

For the record, my name is Bill Arent. I'm Director of Economic and Urban Development for the City of Las Vegas. I'm going to make a few brief remarks trying to

explain why we're doing what we're doing, and why we're here before you for the project that we're proposing in Symphony Park.

I want to make an important statement at the outset of my remarks in that a lot of the public has been watching this item because there was an item running in parallel to this item. As many know, the City of Las Vegas had been pursuing a multipurpose soccer stadium in Symphony Park. That project, as many of you also may know, has been somewhat polarizing for a lot of different reasons.

I'm not here before you today for that project. The city, in fact, has let the agreement with our partner that was proposing to build a stadium, we've let that development agreement expire. We are here today to talk about a new public parking garage in Symphony Park. The reason I say that is because these two projects have been running in parallel. As you know, the tourism improvement district process is somewhat lengthy. This step before you is not the first step. We've been through steps before at our own board, at the Las Vegas City Council, as well as an advisory public hearing at the Board of County Commissioners of Clark County.

So today, I'll just jump into our remarks, but I did want to make that disclosure. If I can get the PowerPoint up on the screen. Thank you. I'm going to be explaining the need for the project, and explain what we're doing and why we're doing it. Then I'm going to turn it over to John Lambeth of Civitas, who was the consultant that we selected. The city did select Mr. Lambeth and his firm through a competitive process. We let our city's purchasing division within our team select the consultant. It was a competitive process, and we chose the most responsive and qualified bidder, and we believe that Civitas is a capable firm, as this study will show.

As far as the need for the project, I know all of you are very familiar with Las Vegas. This slide really just shows in the background the county Strip, and in the foreground downtown. As you know, just like our neighbor to the south, which has a large tourism district and resort corridor, downtown has a resort corridor as well, not of the scale that the Strip has, but we do have a resort corridor, we do have tourist corridor. If you look on this slide you can see in the foreground, the core of downtown, the Fremont

Street Experience. You see the canopy there running left to right. And if you picture at the very right end of that canopy, that essentially dumps you out on Main Street in Las Vegas, and just on the other side of the Union Pacific Rail Line is Symphony Park. It is in the core of our downtown, it is in the core of our resort corridor, and immediately adjacent to our existing resort corridor.

This is our master plan in Symphony Park. Symphony Park is the trademark name that we have for our master plan. The city is doing something somewhat unique in that we're acting as the master developer for this project. Because of that, we're spending a lot of time and money in investing in infrastructure to support future private development, as well as our public partners in Symphony Park. As you see on this master plan, again, it's adjacent to Fremont Street Experience. On this map I've changed the direction now. West is up, and to the bottom of the map is east. You see the rail line there on the bottom of the illustrative site plan, the rail line which runs north to south, on this map is running left to right. And you see there is Symphony Park. What we've done is we've created new city blocks, and we've created a mix of different types of commercial development. Most of this development has not occurred yet, but we have planned for a lot of new development, both retail, commercial, as well as mixed-use.

Our current partners are very important to us, and that's not the primary reason why we're here today, but we think a secondary reason why this is very important is that this proposed public garage would support existing partners. It would support the Smith Center for the Performing Arts, which is a wonderful asset in Las Vegas. It draws locals, as well as tourists alike. They've seen over a million visitors. I know Myron Martin, the Executive Director of the Smith Center, is attending down south, and would like to say a few words regarding this item. The Smith Center has been a wonderful partner, so this garage will help support the Smith Center and its existing campus.

Likewise, it will support the Cleveland Clinic Lou Ruvo Center for Brain Health. This has been an important partner for the city as well. It's privately owned. It was started, as I think someone noted during the disclosures, by Mr. Larry Ruvo. He has now partnered

and essentially left the operations to the Cleveland Clinic, which is a world-class institution. They're having tremendous success. Nicole Wolfe of the Cleveland Clinic is attending the hearing down south, and I believe Ms. Wolfe would like to say a few remarks as well.

The Cleveland Clinic has been a very important partner, and proposes to be a continual important partner in that they have planned additional development in Symphony Park, in addition to what is already a successful campus with the Lou Ruvo Center for Brain Health, which treats patients which have neurodegenerative diseases.

The Las Vegas Premium Outlets North, is another current partner that has been very successful and a very important partner to the city. Las Vegas Premium Outlets has been growing and succeeding, and it's a little bit different than your standard shopping mall. It is one of Simon Property's highest grossing malls, and they really cater to the tourist market, as you'll see here in some of the slides. They've been an important partner, they've been growing, and they have one of those good problems to have. They're running out of space. They have a planned third phase, which is going to add additional retail, and they have existing parking on-site, but during peak periods they have a need for overflow parking, and we believe that our proposed project with the Tourism Improvement District, will help support that overflow parking need.

As I mentioned, Las Vegas Premium Outlets is not your typical shopping mall. They do cater to the tourist market. You see here a couple of shots, and this could be any given weekend or Friday evening or even a weekday on a Tuesday. They have a big cab line where they do bring a lot of visitors from outside of Nevada into the mall. They run a big tour bus operation, and you really have to be on the ground to see it and get a feel for the operation. They have a big international segment as well. They get a lot of international shoppers. While they are a publically-held company, retailers, like everyone, face competition. As you'll hear from Civitas, our Civitas consultant report did look in detail at the spending, current and future, for the shopping mall, and did some modeling on what the local and the out-of-state spend would be. I just wanted to give you a feel for the mall. If you haven't been at the mall, it really is a different type of retail environment.

The city's big involvement with Symphony Park is infrastructure, and I think the role that cities do best, and where we're really leveraging our core expertise is infrastructure. Cities build infrastructure. Cities don't build private buildings. Cities should not build private buildings. We've been heavily investing Symphony Park into a lot of the infrastructure. We've already done almost all of the interior streets. We've done almost all of the utilities, not just readying the site for the private utilities, but also the public utilities, such as sewer. Most of the utilities are already in place.

One of the infrastructure pieces that is not in place is parking. Our original master plan for Symphony Park was a dense urban environment, really something new to downtown and even arguably to Southern Nevada. In order to accommodate that density of development, we needed parking garages, structured parking. Our master plan calls for over 16,000 parking spaces to be built over time. Even if we don't hit the density targets that our master plan calls for, we still envision several thousand parking spaces needing to be built in Symphony Park. Because 61 acres, while it sounds like a lot of land, when you start adding streets and adding all the things that you need to support new development, these individual blocks or parcels start to get pretty small. Building parking garages in an urban environment is very difficult. In fact, it puts the city and downtown at a competitive disadvantage over suburban retail and even arguably some retail on South Strip.

We think parking garages are very important for Symphony Park, and a city is typically involved with parking in an urban environment, in a downtown environment. Cities typically get involved. That's how we spur new development and new private commercial development, and that's what we're proposing to do here.

Our project, we're proposing to use TID Funds to support a new parking garage. The plan is to build that garage on Parcel B. If you were to picture the Smith Center for the Performing Arts, it's immediately adjacent to that parcel, just west of that parcel. Today if you visited the Smith Center for a show or to visit the Metro Chamber of Commerce, which now has their corporate office there, that is the parking lot as you first enter the development. We're currently using that lot as a surface parking lot.

Over time, as I mentioned, we need to replace these surface parking lots with parking garages, and we believe that this tool is a good tool to use for that purpose.

An important point here for the TID, and I appreciated Chairman Hutchison's opening remarks about why the Commission is here today, in that the Commission is not here voting on what is good policy or bad policy, what is a good use of a Tourism Improvement District or a bad use of Tourism Improvement District. That notwithstanding, I wanted to address why we're doing it and why we're proposing to use this. Unlike some of the other districts that have been approved in the state, one important point to consider in looking at our Tourism Improvement District is that we're proposing to use these funds to fund a garage that would be built by the city, owned by the city, managed by the city. This will be a public parking garage.

We will certainly set rates comparable to market rates, so we're not trying to undercut the private market downtown. But at the same time, we are trying to make this an asset, just like every other piece of infrastructure in downtown, an asset to support new commercial development. In that sense, this project will help spur new commercial development. It'll help build new retail around it, and it will help our existing partners park their existing needs.

We are looking to possibly use any excess funds, should there be any excess left, to fund other infrastructure in Symphony Park. Some of these types of infrastructure could be things like pedestrian bridges. The next slide, this is just for an illustration purpose, those yellow arrows are my artist rendering, so forgive me if you don't like the art. But I just laid over where a current bridge exists today and where two planned bridges are planned. The arrow on the left, which is on the southern end of the site, if you've parked at City Hall, we have an off-site garage for City Hall at 500 Main Street, which is on the east side of the rail line. That garage connects into Symphony Park with a pedestrian bridge, and so that links that parking garage asset into Symphony Park. A public parking garage supporting Symphony Park.

We're planning two additional pedestrian connections. As you know, if you've ever dealt development around a rail line, it gets expensive. It gets complicated. We

believe that connectivity is very important, pedestrian connections, potentially even in the future a vehicular connection is important. Should there be any excess TID proceeds, we're looking to possibly use some of those proceeds to offset some of these infrastructure costs. There is also a box culvert for drainage that runs parallel to the rail line, and excess TID Funds could be used for that cost as well. But the primary purpose is really to fund this parking garage in Symphony Park.

We believe that there are a lot of benefits to the community here. We believe that there is a need for additional parking in Symphony Park today, and that's due, in large part, to the wonderful success our partners are having; The Smith Center, Cleveland Clinic Lou Ruvo Center for Brain Health, Las Vegas Premium Outlets. World Market Center across the street is performing nicely. They've had record attendance at their shows recently. Parking is very important here, and we need more parking. We believe that using public funds, tax dollars, to fund a public asset is a wise use of public funds.

We understand that's not why we're here today, but we believe that the strategy of using these dollars to fund a public parking garage makes a lot of sense, and it's in the public's interest. As I mentioned, our community partners are really important to us. It supports existing community partners. It supports new ones. We, like everyone, suffered from the great recession, and we have not seen a lot of cranes throughout Southern Nevada. It's been hard to stomach, but we are trying to do everything we can as a public agency to support new private development, new private investment, and investing in infrastructure and in a parking garage we firmly believe will help spur new development. We believe that there are a lot of case studies throughout the country which justify and testify to that fact.

We think it supports the World Market Center. It supports the Premium Outlets. The Clark County Government Center is going to have parking needs over time as they support and build out their campus, and they already experience overflow from the outlet mall. So that summarizes why I think it's really important to consider this as a tool to fund the garage. I appreciate the time and the indulgence that you've given me.

I would like to turn it over and invite John Lambeth with Civitas, and he's going to cover the meat of the presentation, which is their preponderance requirement. He is the economist and the consulting firm that we hired through the process that's defined in the statute, which the tourism staff administer. With that, I'd like to invite Mr. Lambeth up. Chairman, I'd be glad to take questions.

Hutchison: Yeah. If you could just stay there for one second. Before we get into the meat of the sales tax and use tax analysis, are there any questions though on this overview? I think most of the questions probably have to do with Mr. Lambeth, but any questions on the overview? Just one follow-up, so that we're clear and for the record, where is the parking lot going to be located in relationship to other features? Is there a map that you can put up to show it particularly in relationship to the mall and the expansion of the mall and the other retail, the mixed-use retail that we're talking about? Where is that parking lot in relationship to those two sales and use tax sources?

Arent: Thank you, Chairman Hutchison, Members of the Commission. The planned location for the garage is Parcel B, as in boy. If you look, Parcel HI is the Smith Center. That's in the center of the campus. B is immediately above it on the master plan there, or it's just to the west. And again, there is a surface parking lot there today. An important point, that street immediately below or to the east of Parcel B that runs from left to right, kind of along a curve, that street, Promenade, all along in our master plan, has been planned for retail.

If you think of all the great cities and the shopping experience that you have at the street level, our master plan from day one -- and we've had this master plan in place since December of 2005. From day one, the plan was to have retail along Promenade Place. That is going to be the major thoroughfare for retail. That's one of the reasons why we chose Parcel B. It's in the heart of the campus. It's immediately accessible from Grand Central, which is the big street just above or to the west of Parcel B, that is also accessible by transit through the RTC and their system. The planned location is Parcel B.

Hutchison: So, Mr. Arent, in relation to the expansion of the outlet mall, that would be south of Parcel B, right? Can we see it in this photo?

Arent: Correct. We can't see it in this photo. It's just off the edge of the map. So if you look at Parcel A1, Parcel A1 is the Lou Ruvo Center for Brain Health, and that's on the hard corner.

Hutchison: Okay.

Arent: And if you picture catty-corner from that parcel, so immediately across the street on the southwest corner is Las Vegas Premium Outlets, and that expansion is on the hard corner.

Hutchison: So the question is, do you anticipate that the parking garage would benefit the expanded outlet mall?

Arent: I believe it would. I think primarily for overflow parking. Retailers love to have cars park at their front door. They have parking assets on-site. They have two garages, but parking is really at a premium. If anyone has ever been there during the holiday shopping season, you're forced to park off-site. And so that's part of growing up as a downtown, where people don't necessarily park at the front door. They get used to it. They park a few blocks away. They're comfortable walking a few blocks. It's hard to picture it now. It looks like a great distance, because admittedly a lot of it is desert. Symphony Park is not built out. We don't have a string of buildings. But I'd argue as far as a walk, it's not longer a walk from this building to the capitol building at that location.

Hutchison: Thank you for that clarification. And then as far as the mixed-use retail facilities that you're including within your analysis for the tax base, can you point those out on this map for the record what they are?

Arent: Certainly. We're requiring ground floor retail on all the commercial blocks. So in the future, Parcel A2, Parcel B, Parcel C, Parcel D, Parcel E, and then even on the other side of the street, Parcel F and Parcel G, even the Smith Center, although it's a theater, and I've learned from Myron Martin, who I know is listening and he has coached me well,

it's one of the few buildings you design from the inside out. But we pushed Mr. Martin and his team to include retail in the Smith Center. So there are some retail storefronts. Some are office, some are retail stores like the gift shop at the Children's Museum, the Discovery Children's Museum, but retail up and down all along that corridor.

Hutchison: Let me rephrase my question. What parcels are you including in your sales and use tax analysis for purposes of this hearing?

Arent: Thank you.

Hutchison: Because you wouldn't be using the Smith Center, right?

Arent: Correct. Mr. Lambeth's going to cover that. It's all the parcels excluding A2, HI, D, F, 01, 02, and E. We excluded D, F, 01, 02, and E because the stadium project actually was kind of hanging in the balance at that point. We didn't know if it was going to move forward or not, and we did not want any TID dollars to go to the stadium. The stadium was proposed to be funded privately and privately owned, and to be abundantly clear, we were trying to make sure that it was clear that we -- any sales tax, if the stadium moved forward -- we did not want to pull sales tax from the stadium or the retail around the stadium into the TID. We wanted that project to either stand on its own two feet or not.

In the abundance of caution, we excluded those parcels. And even though the stadium is now not moving forward, those parcels are still excluded. So you'll see kind of an obvious hole in the donut, hole in the map. But it's essentially all of the parcels except for the two existing buildings; A2, HI, and then what was to be the stadium parcels.

Hutchison: And you've made your (inaudible)...

Ayala: Can you repeat those exclusions again?

Arent: Certainly. Excluding Parcels A1, Parcels HI, Parcel D, Parcels F, Parcel 01, Parcel E, and Parcel 02. Chairman, with your permission, Mr. Lambeth actually has a visual showing the map. We can go back over that construct if you'd like.

Hutchison: Great. Thank you, Mr. Arent. Just before you leave, so the record is clear, there's nothing in terms of stadium planning or on the books; that's dead and gone right now as far as we know?

Arent: It's completely terminated. Our agreement with our partner expired. Other partners have rights to negotiate on those parcels. Forest City now has a right to some of those parcels. What was going to be part of the stadium, we're going back to residential, to the original master plan. So we've really pivoted -- there's no current plan. There's no future plan to put a stadium in Symphony Park. There is no contractual obligations whatsoever to do so, and our city council, at the recommendation of our city manager at a council meeting in February, moved to strike the item for the proposed stadium, given a decision by the professional sports leagues.

Hutchison: So anybody who would suggest that this hearing or this TID has anything to do with connecting a garage to a soccer stadium would be incorrect, wrong, and it would be contrary to the facts, as they currently exist; is that correct?

Arent: That is correct.

Hutchison: Okay. Great. Thank you very much. Mr. Lambeth, please. I'm sorry, Commissioners was there anything else -- clarifications before Mr. Lambeth -- Commissioner Carano, please.

Carano: Sorry. I'm looking at this one. This is the cutout for the outlet mall. The existing outlet mall is right here.

Arent: Thank you, Chairman, and through you to Commissioner Carano, I did advance to this slide that Commissioner Carano is looking at, which is the map on the right-hand side. It's entitled boundaries. I neglected to point out, forgive me, that the district is defined as not only those parcels in Symphony Park, but also Phase 3 of the Las Vegas Premium Outlets. The parcel is more or less a trapezoidal shape there that's on the bottom left. That is the Phase 3 of the Las Vegas Premium Outlets. We've excluded the existing retail that's already completed. It's not eligible for inclusion. Phase 3 is in the middle of construction now, but the stores have not opened, and we believe, for

the reasons that I just stated, that this garage will supplement parking, not only for Symphony Park, but also for overflow parking for Las Vegas Premium Outlets.

Carano: (Inaudible) semi-circle right to the...

Hutchison: That would be to the east of the trapezoid shape that we just discussed. Isn't that Clark County...

Arent: That's Clark County Government Center.

Carano: Okay. I was wondering if there was tourism there, but no.

Hutchison: Just government.

Arent: Yes.

Hutchison: Okay. Thank you. Commissioner Carano, thank you. Any other clarifying remarks before we let Mr. Arent go here for a minute? I would just note, we're getting a lot of background noise, I think, maybe from the microphone in Las Vegas. If you could just mute that if you're not talking, that would be helpful for us here. Okay. Mr. Lambeth, if you'd please come to the podium, and just state your name for the record and who you are and what in the world you're doing here.

Lambeth: Good afternoon. Thank you, Lieutenant Governor, Members of the Commission. I'm John Lambeth. I'm president and CEO of Civitas. Civitas is a firm I founded 20 years ago to specialize in working on improvement districts. I'm a real estate attorney by background, but we focus on doing financing districts, and a lot of that focus over the last 15 years has been in Tourism Improvement Districts. We've worked on those all over the country. I've authored several of the state laws in that matter.

I'm also privileged to be joined -- our project here really was a team effort of our firm and also of a firm called Tourism Economics, and we have Zach Sears on the phone by audio today. His firm is the leading tourism economics firm in the country. Most of the big tourism bureaus around the country have dealt with his firm, and is really a respected leader, so we're really pleased to be working here with him today.

I'm going to give you a little bit of the overview of the report, a little bit of the background, and then Zach is really going to drill deep in terms of the background of the numbers.

Hutchison: Mr. Lambeth, let me just ask you, if you can, focus, right; if you want to give a quick overview, that's fine.

Lambeth: I will.

Hutchison: We really don't care about all the economic impact and all that. That's not our job. Our job is the taxes and what amount of the preponderance of those taxes are going to come from out-of-state tourists.

Lambeth: Thank you for that, and for your introduction earlier. As you know, the code here specifically asks the Commission to look at whether a preponderance of the increase in the proceeds from sales and use taxes are attributable to transactions with tourists who are not a resident of this state. To that end, our report analyzed the Symphony Park Tourism Improvement District. We looked at two sources of spending; that is the expansion of the outlet malls, as well as the hotel and retail businesses within the rest of those boundaries that you were just discussing a moment ago.

We estimate that over a five-year period, a total of \$1 billion in spending is expected to occur, \$1.1 billion, within the TID, including \$870 million in retail spending. A total of \$37 million in sales tax revenues will be generated, and out of that, we estimate that \$20.4 million or 55.2% will be generated by out-of-state visitors. And we're going to tell you exactly how we came up with that number in just a moment.

Another thing we looked at is displacement of existing business sales, and really found there's little risk of that due to the scale of the project and the expectations for growth associated with this project. You looked at this map just a moment before. Bill did great job of explaining to you what was included, what was excluded, and why. But, essentially, those are the areas that we looked at in our analysis and said what sort of sales and use tax revenues are we expecting within those blue boundaries.

So within those blue boundaries, it is estimated to include a little over a million square feet of office space, about 16,500 parking spaces, almost 2,000 residential units, and most importantly, 275,000 square feet of retail space. There's a proposal for three hotels with a total of over 1,600 hotel rooms, and 150,000 square feet of expansion of the existing outlet mall. The expansion on top of the 435,000 square feet, we had a number of factors we looked at in terms of the base data. We looked at estimate total sales, both local and nonlocal shares. We used the demand density concept, which Zach will explain to you in greater degree in just a moment. But essentially looking at the location of the retail and consumers and the relationship between them, this concept gives us a mathematical formula for estimating where those consumers are coming from. We looked at existing sales per square foot numbers and did estimates on the mall expansion, and we also looked at the sales tax revenues as a function of total sales.

The mixed-used portion of the Symphony Park Project includes, as I mentioned, hotels, retail, and residential space. As it related to the hotels, we looked at occupancy and room rates. We got those numbers from the Convention and Visitors Bureau. We did estimates of retail sales, as I mentioned, based on square footage. We used the demand density concept, as well as the hotel tax revenues to look at those sales. Here is a chart that goes into this in greater detail, and with that, I'm going to ask Zach to go through this. He's got a couple of slides to share with you, sort of on the detail of the economic analysis that was done, and then we'll be happy to answer any questions.

Hutchison: Thank you, Mr. Lambeth. Zach's last name?

Lambeth: Sears.

Hutchison: Mr. Sears, please proceed.

Sears: Good afternoon, everyone. Thank you very much for the flexibility in allowing us to participate by telephone. We certainly appreciate that. For the record, my name is Zachary Sears. I am an economist with Oxford Economics. I work in the Tourism Economics Division, where we focus primarily on tourism-related projects and analysis. I have three slides here to go over where I will cover the assumptions and the

parameters of the project, and how we included that in our analysis, the data sources that we used, and the conclusions with respect to the preponderance question.

If we look at Slide 19, that is the slide titled "All components: total spending." What we are showing here is the different sources of spending, the components of the project, and that is, in the first at the top, you see under number one the mall expansion. That's the additional 150,000 square feet on top of the 430,000 square feet of existing space. Then the second component is the mixed-use portion of the project. As John detailed earlier, there's retail space included in that. As well, in the mixed-use portion we also have three hotels that are expected to come online. I will focus less on those since we are concerned with the preponderance question and the sales tax revenues.

Here in this table you can see the key assumptions that we've worked into the numbers, the additional square feet from the mall, 150,000 square feet. Then we have an estimated sales per square foot at \$773 per square foot, that's in 2016, and then as you can see, we take the analysis out over five years just to show what that looks like beyond one year. Instead of a one-year snapshot, we wanted to show it over time.

In the mixed-use portion of the project, with respect to the retail part of that, we have 257,000 square feet of retail space that's expected to come online. We have an estimated \$200 per square foot associated with that retail space. So what you can see is the total sales that are projected by component here; the mall expansion, the retail portion, and the mixed-use component of the project. Then if we go down to the bottom of the table, Section 3, we show total spending in the proposed TID by component.

If we can go on to the next slide titled "Spending sources by project component."

Ayala: Is it possible to back up real quick?

Sears: Certainly.

Hutchison: Sure. Go right ahead. Who's this speaking?

Ayala: This is Brian Ayala in Las Vegas.

Hutchison: Commissioner Ayala, go ahead.

Ayala: You said if we go to the bottom we see what? And are we looking at your slide, because I'm trying to follow you on the handouts that we got, and I'm assuming this is page 10 from your report?

Hutchison: Mr. Sears, can you just orient the Commissioners, please?

Sears: Sure. I'm looking at the table on -- it's Slide 19. It's titled "All components: total spending."

Ayala: You're saying Slide 19?

Sears: Correct.

Ayala: I don't see it. Was there another handout we were supposed to have, or is this page 19 in the report or...

Sears: I don't think it has a -- it doesn't have a page number actually. It's just titled "All components: total spending." It's the same presentation that we were just going over with Mr. Lambeth.

Hutchison: Let me just break in here for a second, Commissioner Ayala. I believe we're looking at a document that is titled "Nevada Commission on Tourism" at the beginning on the front page, and it says "need for project" at the bottom. Then we're thumbing through slides. I believe that's what we're looking at.

Lambeth: And he is correct. It is the exhibit on page 10.

Hutchison: And it's the exhibit on page 10, if you can see that.

Ayala: Got it. Sorry. I've got it.

Hutchison: You've got it? Okay.

Ayala: I thought we were going to a different document. All right.

Hutchison: All right. Let's go back to where we were then. Mr. Sears, please continue.

Sears: Sure. I'll just clarify a little bit. In that table, in Section 3, total spending in the proposed TID, what we show there is the retail sales and the hotel room revenues. The retail sales is the sum of retail sales in the mall expansion and in the mixed-use portion of that. It's total retail sales in the project, and then the hotel room revenues as well. So total spending is summed up there as well, the 213 there. We're just showing the sources of spending by component of the project.

Hutchison: Okay. Please continue.

Sears: Okay. If we go to the next page, the next slide titled "Spending sources by project component." Here we are just looking at the retail portion of the project. We have two components here. The top table shows the mall expansion. The bottom table shows the mixed-use development portion. What we do here is we show how we break down the sources of those spending estimates from the nonlocal sales, and then within the nonlocal sales, the out-of-state portion of that.

We do this both for the mall expansion and the mixed-use portion of the project. I'll go a little bit into detail here of how we arrive at those estimates. What we do is we use a concept called demand density. What this does is relates a retail store's location to surrounding demand with respect to the estimates of local demand. What we are using are average per capita retail spending figures, and then the distribution of population around that Symphony Park site. From this we get an estimate of how much of that local demand would be captured by the mall. We take the same approach for visitors, and what we are doing there is using the average retail spending for visitors and the distribution of hotel rooms around the Symphony Park site. The same approach for both the local and the visitor portion.

The fundamental logic here is that the amount of demand captured drops off with distance from the site, and that's worked in to both the local and the visitor portion.

Hutchison: Mr. Sears, let me just interrupt you for a second. Do you use both demand density concepts in the mall expansion, as well as the mixed-use development?

Sears: That's correct. Yes.

Hutchison: That's the theory that you proceed on in terms of when you're calculating your numbers, right?

Sears: That's correct.

Hutchison: Is that a theory or a concept that is generally accepted within the economist financial community in general?

Sears: Yes, it is. I think that there's a reasonably strong body of literature that you can look to with respect to retail analysis and marketing. We've provided a list of articles and texts that incorporate this concept of demand density and gravity theory, those kinds of concepts.

Hutchison: If you were testifying in court today, and a lawyer asked you if this was something that was generally accepted within the economist industry and with the economist literature and scholarship, you would say the demand density concept is generally acceptable within that community?

Sears: Yes, I think it is.

Hutchison: Okay. Thank you. Please proceed.

Sears: Okay. If we go on to the next slide, this slide is titled "Out of state spending and tax revenues." What we do here is we have the estimate of sales tax revenues as a simple function of total spending. The shares of local and nonlocal and out-of-state tax revenues are the same as what we saw in the previous slide. I apologize, if we can back up for one moment to the previous slide, I'll highlight those shares. I neglected to do that. If we go back to the previous slide, "Spending sources by project component," I just want to highlight the shares in both of these tables.

If we look at the mall expansion table, that's the top table, we have the total retail sales, and then below that we have local sales and nonlocal sales. The local share at the mall, we estimate that to be just over 30%, the nonlocal sales at just under 69%. Then of the nonlocal sales, we estimate how much of that would be out-of-state, and

it's almost all of it; it's about 97%. Of the total spending at the mall expansion, we have just under 67%. If we go to the bottom table for the mixed-use portion -- of course, mixed-use development, by definition, is intended to be a place where people can live, work, shop, and play, all in the same area. It's really a focus that is a much more local focus and it would capture much less visitor spending. What we have there is the large proportion of the spending, 70% would be local spending, about 30% would be nonlocal, and then 29% would be out-of-state. I just wanted to clarify those shares before we move on.

If we can move on to the next slide now, out-of-state spending and tax revenues. In the top table here, what we show is the total retail sales, the components of that from the mall expansion and the mixed-use development, and then how much of that total would come from out-of-state visitor spending, and that works out to just over 55%. So what that essentially is, is a weighted average of the two components, the 68% and the 29% with respect to the two portions, the mall expansion and the mixed-use portion of the project.

We believe that this estimate is conservative. We think that the risk with respect to the preponderance question, the risk here is to the upside. We think that the share is likely to be higher than this, and I'll explain why that is. You'll notice that in all of these tables, we have incorporated an aggressive timeline with respect to the mixed-use portion of the project. As Bill Arent mentioned earlier, the mall expansion is already under way. We know that that is going to be online here in 2016. The mixed-use portion of the project, there is less clarity as to when that would actually come online. What we've done here is intentionally incorporated an aggressive timeline where we've assumed that that portion of the project is up and running and generating sales and tax revenues in 2016. What that does is bring forward the portion of the project with a very high local share of total spending. And what that, of course, does is bring down the preponderance share.

If we were to push back that portion of the project, then the preponderance share would be higher. It would be based on just the mall expansion, which is just under 70%. So this aggressive timeline that is incorporating the mixed-use portion with a

high share of local sales really brings down the preponderance estimate. That's one of the reasons why we think that the risk here with respect to the preponderance question is to the upside. That was an intentional design of this study here, thinking about the preponderance question ultimately.

Hutchison: Thank you, Mr. Sears. Mr. Lambeth?

Lambeth: I was just going to piggyback on that. That's a very important part. This was not a development phasing study. This was an economic preponderance study, and there was attention, as Zach pointed out, between the timing of the project and where the tourism dollars were coming from. By having a very aggressive timeline, we were being very conservative in the preponderance numbers. If you think that timeline is longer, that would have an effect of driving up the preponderance numbers. I just wanted to kind of reiterate that point that Zach made, and it's a very good point here. We wanted to be conservative as it relates to the preponderance question.

Hutchison: Right. Let me just follow up with that. What you're saying, Mr. Lambeth, is if this mixed-use development doesn't even come online in 2016, look, we've got 66.7% of non-Nevada visitor share coming out of the expansion of the mall, right, so it's higher...

Lambeth: That's correct.

Hutchison: ...is what you're saying. If you aggressively say, hey, we're going to really be optimistic about what's happening in '16 with the mixed-use development growth, that's going to drive our number down. When in reality, in '16, they may not even be online. If they're not online, our number is 66% rather than 50%.

Lambeth: That's correct.

Hutchison: 55%.

Lambeth: That's exactly right.

Hutchison: Great.

Carano: Governor?

Hutchison: Commissioner Carano.

Carano: I have a question as to the hotel rooms. I think you are expecting to build 1,650 rooms; is that number included in the 8,145 within one mile? Would have any difference if you had an extra 1,650 rooms of visitors on the property, would that bring down your preponderance?

Lambeth: I'm sorry. The 8,145 number, which is that?

Hutchison: Are you referring to the report, Commissioner?

Carano: Yes, sir. On page (inaudible) 8,145 rooms within one mile of the project, and with that you're capturing 50% for the retail sales spending; is that (inaudible)?

Hutchison: Commissioner, before you go on, let me just make sure the record is clear here. So what you're looking at is page 17 of the Oxford economic study titled "Assessment of proposed Symphony Park Tourism Improvement District," dated November 20, 2014, and that's the reference; is that correct?

Carano: Yes, sir.

Hutchison: The record is crystal clear now.

Lambeth: Zach, do you want to answer that question on Table 4, on page 17?

Sears: Sure. Absolutely. Those 1,650 hotel rooms are not included in that room inventory. If we were to include them, then you would have more visitors and an even greater share of the spending would be attributed to visitors.

Carano: Thank you. That clears it up. So, basically, if they weren't built out, that wouldn't bring down the preponderance and so as is, 8,145?

Lambeth: That's correct.

Sears: Correct. And if I may, I just wanted to add a couple of additional comments that I didn't get to make at the end there. I just wanted to add some context to the numbers that we put together. This is just some of the anecdotal evidence that we've come

across. What we've found is just the importance of the visitor economy, not only to Las Vegas in general of course, but specifically with respect to retail and the malls in Las Vegas. I'll highlight a couple of malls. The Forum Shops on the Strip, the Grand Canal Shoppes, also on the Strip; The Forum Shops report that 80% of their visitors, their patrons, come from out of town, 50% of their patrons are foreign, so that's international visitors. The Grand Canal Shoppes report that almost 90% of their patronage is international.

We are not that high, of course, we're not on the Strip. I think that those figures of 80%-90% are more appropriate for the strip malls. We're a little bit lower than that, but I think that that puts our estimates into some context, and we believe that they are reasonable estimates. With respect...

Hutchison: Okay. Let me just interrupt. Mr. Sears, we're running a little bit long here on this session, so I would just say, pick your best points at this point and make them, because I think there's a lot of questions, that it may be more helpful to the Commission to be able to field questions rather than just continue to have a dialogue here. Maybe summarize or pick your couple good points, and we want to get to some questions. Okay?

Sears: Just a couple of last points here with respect to the Premium Outlets Mall North and really their visitor focus. If you look at their business model essentially, their website is translated into seven languages. They have shop and stay packages that they offer. They arrange group tours. They also have an incentive program that they offer to travel agents and tour operators. Then they have a foreign exchange office within the mall. I just wanted to highlight those, that really speak to the business model of the mall and who they are targeting, who they are trying to capture. It's a very heavy visitor focus. That's all I had, thank you, and I'll certainly be able to answer any technical detail questions.

Hutchison: Great. Stand by if you would, because I'm sure there's going to be questions and, Mr. Lambeth, if you could stand by as well. Commissioners, what I'd like to do is maybe start in Las Vegas if we can. I think we tend to neglect those who we can't see.

Commissioner Ayala or Governor, if you'd like to start, we'd be interested in hearing what you have to say.

Ayala: Yeah. I've got a couple of questions. Commissioner Ayala. You said that you intentionally were aggressive with bringing on the mixed-use portion of it in order to give a more, I guess, realistic view of -- not obscure the number so high, the nonlocal spending so high. My first question is, is it even necessary to include that in this analysis? In other words, if you just took the expansion of the outlet mall and excluded everything else, does that meet the statute?

Hutchison: Either one of you can answer that, but I think by looking at Table 6 in your report, it says that if you excluded everything else, all the mixed-use development, you'd have a 66.7% nonresident tourist-based revenue stream; isn't that right?

Lambeth: That's correct. I would defer to your attorneys in terms of that legal question. It was our sense that we were compelled to look at both.

Hutchison: Okay. And I know that was your task.

Ayala: So, can I ask that question?

Hutchison: Sure. You've asked it, and we're happy to have Sarah respond.

Ayala: Okay.

Hutchison: Sarah, do you see that as a -- let me just interrupt here for a second. Sarah, do you see that as a legal question, or is that just a choice that they made in terms of what retail establishments that they included within their calculation for purposes of the sales and use tax analysis?

Bradley: It's just supposed to be in the district, so I think how they choose to pick that is up to them. I don't know, I mean, what types of retail. It just needs to be what's going to be in the district, and we're looking at the proposed increase in the district, so obviously if you've haven't had retail sales within 120 days, you're going to have an increase, I would think, a preponderance of that increase. What they chose to do in the report, I think, is kind of up to them, because their goal, of course, was to give you the most

accurate information and show you that there's a preponderance. I guess I'm not sure the law addresses that, but maybe someone else has a different opinion.

Ayala: So to simplify it, the district itself could've just included the mall expansion, correct? Is that what you're saying?

Bradley: It could have, if that's how they chose to craft it. I don't think there's any requirement that it include more than one place. I think it usually does. Because that part hasn't had retail sales for 120 days before they're going to enact the ordinance, which hasn't actually happened yet either, I think it's fair under the law to include that, because I think it meets the requirement. But how they choose to craft the district, I think, is their choice. It sounds like they're including a piece that they know is going to have very high increase, and then maybe some pieces that don't have as high an increase. That's probably how most of these districts are structured. I mean, this is just me thinking kind of practically, that...

Ayala: I'm just trying to understand it a little better. So we're effectively taking a highly likely piece, and also including a very highly unlikely piece, according to this aggressive schedule of happening, and it just seems like a moot point, number one. I guess you could look at it on the flip side that if you just had this mixed-use development piece and not the mall, then you wouldn't meet the preponderance study. Am I correct with that?

Bradley: Logic tells me that's part of the reason that's included is because they want to make the preponderance. I think, like I said, the choice they make on what to include and what not to include is really a choice for the city, and I think if we start looking too much at what they're including and what they're not including, we might be talking about the merits of the project.

Ayala: No, and I don't want to look at the merits of the project. That's not what I'm interested in. The aggressive part of it is what, I guess, I don't understand because it gets real aggressive on a lot of things, not just the timeline of the retail sales. You're going to talk about 1,650 new hotel rooms coming online in 2016 with an 85%

occupancy rate when last year the downtown occupancy rate was 78%; all kinds of stuff like that, that I just don't understand why we even include it.

Hutchison: I think the question on the table is, and the city is certainly open to answering the question, why did you include the mixed-use development when you could've just used the mall expansion side and had no question about meeting the preponderance test? Is that fair, Commissioner Ayala?

Ayala: Yes, that's fair. That's fair.

Hutchison: Mr. Arent, please.

Arent: Thank you. Thank you, Chairman Hutchison, through you to Commissioner Ayala in Las Vegas. The reason why we defined the district the way we did is for who it's going to benefit. We think this garage is going to benefit future retailers in Symphony Park. We also believe it's going to benefit the Las Vegas Premium Outlet Mall, particularly this last phase, which is on the hard corner and is in close proximity to where the planned garage is to be built, so that was our choice.

I realize the assumption that all of Symphony Park will be built out all at once or in one year is a little bit confusing, but I think what Mr. Lambeth and Mr. Sears were trying to point out is, even if that happened, which is highly unlikely, and I hope my bosses don't hold me to that. I might be out of a job, because getting all of that built out all in one year is unlikely. But even if it were to happen, we still meet the preponderance requirement by statute. That was the reasoning behind that assumption, which is somewhat extraordinary, but it was done for a specific reason. It was to show that even though that portion has a lower amount of out-of-state spending, that was really...

Ayala: I understand why.

Hutchison: Okay.

Ayala: I understand that part. I'm just curious as to when we got aggressive on the mixed-use part of it, we have real aggressive assumptions that I just don't understand why they

are. In particular, the one that stuck out was the hotel rooms at an 85% occupancy rate, average room rate of \$90, when last year in downtown it was 78% and \$65 or \$68. I just was wondering why we continue to go there if we already -- I don't understand it.

Hutchison: Mr. Lambeth.

Lambeth: Well, our numbers as it relates -- and Mr. Sears can address this as well. Our numbers as it relates to hotel room occupancy were based on information we got from the Convention and Visitors Bureau, as well as Smith Travel, which is a leading firm. But as was mentioned earlier, the rates there, the speed of those hotel rooms are irrelevant to the preponderance finding. It has nothing to do with the preponderance finding here. I mean, that is a legitimate question to ask of the report. It doesn't have any impact on the preponderance piece. Zach, did you want to add anything extra to that?

Sears: Sure. The occupancy rate and the (inaudible) are the average daily rate. Those are based on the overall city average. So that's true. They include the Strip and other areas of the city. If you look at just the downtown, the occupancy is a little bit lower and the rates are a little bit lower as well. But we didn't want to include the lower rate, just because if you think about three new hotels coming online, we didn't want to be thinking of lower-end hotels. If you work into it a 65 ADR, then you're also talking about sometimes that could be \$40-\$45 a room night. Of course, that depends on seasonality and all of those questions, but we wanted to be a little bit aggressive on those assumptions. This is new supply coming online. If you look at it from a developer's perspective, they're more likely to be thinking of building a hotel that is going to be generating good revenues. It's not going to be a lower-end hotel, so we didn't want to work into it the lower ADR.

But, again, with respect to the preponderance, we wanted to show that even if this does come online, which as we said is unlikely in the next 12 months, that we still meet the preponderance question.

Hutchison: Commissioner Ayala, anything else you want to add there?

Ayala: No. Thank you.

Hutchison: Okay. Great. Governor?

Hunt-Bono: Yes, Lieutenant Governor. Staff did a marvelous job in putting all of this together for us, lots of detail. I appreciate the recap of our past TIDs, because there were a lot that went before us that we wanted to use for this meeting today. But there were two questions I have for staff. One would be on the letter from Claudia. On page three, staff said, "that once the answers were received based on the questions that were asked to our consultants, that the staff would provide Commissioners with a determination regarding the strength of the preponderance study." Does the staff, at this time, have a response for us regarding the strength of the preponderance study after the answer to their questions? That's my first question.

Hutchison: Ms. Vecchio, please.

Vecchio: Yes. Thank you, Lieutenant Governor Hunt-Bono. We do have a response that was sent out on March 12th, and this was based on conversations that we had with our third-party economist, a person that we work with. Without having the expertise in house, we felt we needed to go outside, so we did consult with a third party. He looked through this study very carefully, and he came back with these four questions that we sent along to the City of Las Vegas, and they, along with their consultants, provided answers back. We then provided these out to our consultant, and he looked at these and responded back that he thought based on the answers, that this was a reasonable study, and that it was, in fact, founded in solid economic research modeling and principles.

From that standpoint, from the input that we received from him, that is what we believe. We believe that the study that you have before you is a sound study. We had one question that remained that has since, through those conversations we've had, that Zach has answered. This is coming from our economist, not me. "We have a lingering concern regarding the calibration of distance function and the share captures associated with Table 3 and Table 4, and how these numbers were derived," and I do believe that was answered. That is the distance modeling and the distance ratio.

We do believe that this is a solid study, and we wanted to be sure that you knew that you weren't making a decision based on a study that was somehow flawed. We appreciate this person looking at this study and giving us his response to that.

Hutchison: Thank you. Lieutenant Governor, anything further there?

Hunt-Bono: Yes. One other question. The second question was on page two of Claudia's letter. It said, "Staff was awaiting additional information regarding foundational information from the Department of Taxation that will allow the Commission to make an informed decision. Do you have that information available today?"

Bradley: This is Sarah Bradley, and I was actually the one that was reaching out to the Department of Taxation, and I did speak to them. Normally NRS Chapter 360.855, is not something that they take a position for or against. We talked about the process and kind of what it means, and I believe Ms. Vecchio did summarize that response in her memo, but I can say it for you as well.

Essentially, if the Commission approves that use of the tax money to prepay or pay in advance some of the bonds or portions of the debt, if the Commission authorizes that, there is probably a negative impact, perhaps, to the state. It's hard to say exactly how much it is because if there's an increase in sales tax, it's hard to say exactly how much will be taken away, and it's a policy question. So in other words, the legislature has decided they think it's important to have Tourism Improvement Districts, and they've created this mechanism for you to approve that money to be used in that way.

I know the county was very upset. In some of their letter, they detail the negative effect to the county, and there probably will be a decrease in the general fund, as well as in the school fund for them from sales tax. But, again, it's hard to say how much, and the legislature, in a policy decision, believed these are important, and the way I see it, in the short term, perhaps, there's this decrease, but overall it benefits the state ultimately.

I think the city may have some more precise answers or thoughts on that, that they could share, but that's my understanding. In my view, if you think the project meets

the preponderance and you approve that piece, this kind of goes along with it, and how that part works out isn't really our job. Meaning, we don't decide whether bonds are issued, how much, for how long, all of that. You're just authorizing them to use part of that increased sales tax to pay down the debt.

Hunt-Bono: Okay. Thank you very much. I have no other questions, Lieutenant Governor.

Hutchison: Great. Thank you very much. Let's go ahead and move now to Carson City then, Commissioners. Commissioner Carano, anything else? Okay. Commissioner Sheltra, anything?

Sheltra: Yes. Sarah, just backing all the way up, and I want to ask this question. If I can't use it, fine, but I'd just like you to answer it. To Tourism Improvement Districts in general, the definition of a project, NRS 271.234, does a parking garage even qualify for bond issuance? You're not going to find it in the book. You're going to have to actually look it up on your -- I have it here if you'd like to read it quickly.

Bradley: I'll look it up right now. I believe we read this.

Sheltra: Because, man, I don't see it. I see buildings. I see complexes. I see libraries, galleries, pictures galleries. I don't see parking garage in there.

Hutchison: Where are you looking at?

Sheltra: Right here. I'm sorry. Yeah. Right here, 271.234. It is project defined.

Bradley: Well, if you look at 271A.050, that defines a project, and so I know you're looking at 271...

Sheltra: Sorry, Sarah, what was the number you just gave?

Bradley: If you look at 271A.050, this is...

Sheltra: Correct.

Bradley: I went over that with staff. We talked about this. So a project -- and if we look at (4) and (5), it's "any real or personal property suitable for retail, tourism, or entertainment

purposes," and then "any real or personal property necessary, useful, or desirable in connection with any of the projects set forth in this section," so there's kind of a catchall there.

Sheltra: So you're saying in that subsection, it can be any of those six? It doesn't have to be something under one?

Bradley: Any combination of the -- yeah. I mean, I think so. I think that as long as it meets -- it's one of the things listed in 271A.050, which defines project, so it can be...

Sheltra: So you have six sentences there. You're saying it can be any one of the six sentences?

Follett: (Inaudible) City of Las Vegas (inaudible).

Bradley: Okay. Can I ask Kendra to make a statement on the record?

Sheltra: Sure.

Bradley: Do you want to hear her on this?

Sheltra: Sure.

Bradley: It does say on the bottom "any combination of the projects set forth." The way I'm reading it is there's a list here of items one through five, and then number six says, "any combination thereof." In this case, we would have (4) is "any real or personal property suitable for retail," and then (5), "any real or personal property necessary or useful in connection with that." If we look at the top, it's "with respect to a county whose population is 700,000 or more." This wouldn't apply to every single county we have in Nevada, but obviously Clark County, would apply to there. I do think Ms. Follett might be able to speak as well.

Sheltra: Great.

Hutchison: Go right ahead. Good afternoon.

Follett: Kendra Follett from Sherman & Howard. I agree with everything Sarah said, and there are some of these items in one through five that do not apply to the City of Las Vegas, but the last two do.

Hutchison: And you're here representing...

Follett: The City of Las Vegas.

Hutchison: I guess the larger question is whether or not that's even something that we can consider within the scope of this hearing, Ms. Bradley, whether that's something that we're here to meet on. I don't know that I saw that we have to opine about that. But you're confident that the project falls within the definition of the statute?

Bradley: I think so. We went over it, we tried to look at all of the provisions, I did with staff. I think it's a mixed-use. For example, I know there were questions about it not being contiguous. There's no requirement, that I can see, that it be contiguous. There were questions about the retail space that's currently under construction and perhaps would proceed regardless of whether this is approved, and there's nothing mentioned in the law about that. It's just very clear that you can't have retail sales within 120 days of the ordinance in that location.

I just found the provision. You were looking at NRS 271.234, and that defines tourism and entertainment. Let me go back there. I think because we're looking at 271A as our primary authority, we would want to pay -- not that this is not relevant, because I think it is, but the project defined in 271A, I think, is what would control here. I am looking at, yeah, 271.234, tourism and entertainment project defined. This does say "any publically owned building or complex of building to accommodate or house public and private activities as part of a multifaceted center for tourism."

I don't know that this excludes -- I mean, I see there's not a list here that says parking garage. But I mean, it is part of that multifaceted. I think we're going to really have to look at 271A.050, which is the chapter that we're in, and that's what authorizes these sorts of projects.

Hutchison: I think at this point that's all we need. We've got the legal opinion that you believe that we're within the definition, and I think we can move on to another subject now. Commissioner Sheltra, please.

Sheltra: Thank you. Thank you, Governor. In respect to this outlet mall Phase 3 opening, when will the first store open? Anybody can field that.

Arent: For the record, Bill Arent, City of Las Vegas. Through you, Mr. Chairman, to Commissioner Sheltra, my understanding is that the first store will open in late May. I believe they're having a ribbon cutting on the third week in May. I could probably look up that date, but that's when they're cutting the ribbon. The stores, of course, got to get filled with inventory and get all of the staff. So the construction will be finished by that time. The stores would likely be open shortly thereafter, late May or early June.

Sheltra: Do you know how much of this project is currently under lease, Phase 3?

Arent: I do not know. I think that leasing has gone well, but I do not have that information.

Sheltra: Thank you.

Hutchison: Anything further, Commissioner?

Sheltra: No, thank you.

Hutchison: You're good? Okay. Commissioner Newman?

Newman: Ryan kind of touched base on how much is leased out, but back to the Simon Group. Will some of the business shift from the other property that they have out on Las Vegas Boulevard and is it Warm Springs? Is that a Simon project as well? Will they be transferring visitor volume, because that too is a very heavy international use project. Are we robbing Peter to pay Paul here, or how much of that will be separated?

Arent: For the record, Bill Arent, City of Las Vegas. Mr. Chairman, through you to Commissioner Newman, very good question. My understanding is the vast majority of the retail will be new stores. This mall, Las Vegas Premium Outlets North, while it's a Simon property like the mall on South Las Vegas Boulevard, they really are two

different malls and they cater to two different income levels. The Premium Outlets North is more high end. I think one of their new stores that is not only new to this property but new to Las Vegas, Saks OFF 5th, is one of the stores that's coming in, for instance.

I haven't personally studied the entire retail mix to compare how it looks compared to existing retailers in the market, but I think that was a consideration of Civitas in their report, and I'd be glad to invite Mr. Lambeth if you have any follow-up questions.

Newman: One quick follow-up. The Symphony Park area, the district in and of itself is currently bare land. There is no demolition or any other swapping of projects or land. It's a current inventory of available space for these projects.

Arent: Thank you. Again, Mr. Chairman, and through you to Commissioner Newman, essentially, yes, that's correct. We do have the two finished buildings: the Cleveland Clinic Lou Ruvo Center for Brain Health, the Smith Center for the Performing Arts. We do have some surface parking lots where in advance of new development we decided to install surface parking to help with some of existing projects. The city, through an affiliate company, owns most of the undeveloped land with one notable exception. Forest City Enterprises did purchase Parcel P and Parcel Q, so they own that land, and it's entitled for hotel/casino 1,000 rooms. We don't know of the exact timetable of how they're moving forward. But that is one notable exception where the city does not own some of the vacant land. It is privately own, but it is, as you indicated in your question, it is vacant, unimproved land.

Hutchison: Thank you, Commissioner. Commissioner Santos, please.

Santos: Thank you, Governor. Herb Santos for the record. I want to make sure, looking at the preponderance, that I've got a good grasp on some of these issues. On the boundary document that you had up on the board, the blue area is the only area that's the district, correct?

Arent: Thank you. Mr. Chairman, through you to Commissioner Santos, yes, that's correct.

Santos: And when we determine the preponderance, we have to base our analysis on what's currently identified as what's going to be placed in that blue area?

Arent: That is correct. Planned future retail in that blue area. That is correct.

Santos: So in looking at the entire area, if -- what's on there are those -- the housing developments, that's why we have to include that whole area, because that changes the numbers in the preponderance study?

Arent: Yes, that's generally correct. We wanted to look at the entire area, and it's not going to be all retail, but it's really being developed as one campus, so we did include those other parcels. The residential, that's an excellent observation, it's not planned that there's going to be a lot of retail, but all of the other parcels, there is some planned retail.

Santos: Those are the areas that are not covered in that district; is that right?

Arent: Correct. And we excluded them for another reason, as I mentioned at the outset, but those residential parcels for the most part are excluded. There are two residential parcels that are inside the district, which are Parcels C, as in Charlie, and N, as in Nancy. Those are planned residential. Those are included in the district. But what we did with our consultant, Civitas, is we handed them our master plan showing where the planned retail was going to go, and we gave them all of the planning, including design standards that have been approved by our city council. That plan has essentially been in place since 2005, so it has all of the parcels. And there is, in the study, and I'd be glad to invite Mr. Lambeth up to address this, but in the study there is a note on where the retail is parcel by parcel. I don't recall which page, but I do recall seeing that in the study.

Santos: So the area that's not part of the district, for purpose of the analysis that was done, we're making the assumption that there's residential going in there, and those numbers are being included in the analysis to determine local sales?

- Arent: Mr. Chairman, for the record Bill Arent, through you to Commissioner Santos. With regards to the study, we didn't author the study, so with your permission, I'd like to invite Mr. Lambeth up to answer that question.
- Santos: Thank you, sir.
- Lambeth: Thank you. For the record, John Lambeth from Civitas. Is your question essentially, the new residential driving the retail numbers?
- Santos: My question is, the area that's not part of this district, did we used the assumption that residential is going in there for purpose to determine the local sale to compare with the nonlocal sales?
- Lambeth: We have not estimated that, I don't believe, in the five-year horizon. Mr. Sears, I'd have you weigh in on that as well, that the residential in the area that is not included in the boundaries of the TID...
- Santos: But is part of the master plan.
- Lambeth: ...but part of the master plan, whether those residents are included in the demand for the new retail within the boundary.
- Sears: Sure. I believe I understand the question, and no, those are not included. We only considered the components that are in the TID and then the broader population figures. So the difference there, the additional residents that would be in those parcels not included in the TID, we did not explicitly work those in. But to the extent to which that residential development simply attracts other residents from the city, those residents would already be in the population figures.
- Santos: So you're saying that if the residential is there, that that's going to be people within that close proximity, that would use that area or not?
- Sears: They would be in our estimates of the local portion of that demand, yes.
- Santos: I don't understand that. Can you explain how you'd come to that conclusion or what did you base that on?

Sears: Well, what we don't know is the extent to which those new residents in the TID or just next to the TID would be new residents to Las Vegas or whether or not they would just be displacement from other parts of the city. If they are just residents moving from one part of the city, then they are already in the population estimates. If they are new residents, then no, then they are not included in the local demand.

Santos: All right. So let me just ask you this. Are you able to give us any prediction that if these were all new residents to that area that wouldn't be included in the area around Symphony Park, would that make any difference on the preponderance study in terms of the ratio of out-of-state versus in-state sales?

Sears: It could make a difference. I think that the difference would be very minor.

Santos: Very minor?

Sears: Very minor, correct.

Santos: Okay. Thank you.

Hutchison: Thank you. Commissioner Newman, please.

Newman: Just a follow-up on that for Commissioner Santos. I mean, as I've listened to this, I kind of go on my own personal experience, and I've coined a phrase of residential tourist. Because even though you reside in an area, you may not live there. Whether it's an international visitor or it's another state visitor that purchases a residence within the district, it's not their primary residence, it's a secondary. As a visitor to this area as a residential tourist, they're going to spend money on shopping, on dining, on entertainment aspects, especially when you factor in a world-class center like the Smith Center, and the entertainment and opportunities that a facility like that, a world-class facility, brings to this area.

We've talked, as a Commission, many times about the opportunities for medical tourism, and certainly with the Lou Ruvo Cleveland Clinic in the neighborhood, that is a first-class, world-class facility. Again, that is used by residents of Clark County and Las Vegas; however, people come from all over the world for treatment and services that

that facility would provide. I think we have to look a little bit larger than the scope of just Xs and Os here, and talk about some of the other things that these businesses and opportunities bring to the table. Although the World Market Center does not fall within the district, the impacts of that business and those shows have on this area are tremendous. We need to look at this whole big picture. Thank you.

Hutchison: Thank you. Thank you, Commissioner Newman. Are there any other questions from any members of the Commission in Las Vegas? Any more questions in Las Vegas at all?

Hunt-Bono: No.

Hutchison: Okay. Any questions here from any members of the Commission in Carson City? How about any members of the Commission on the telephone?

Vaswani: None.

Hutchison: Okay. So I'm not hearing any further questions. I want to just summarize, because I think this is an important point and maybe a misunderstanding that I had coming in and maybe others have had coming in. There has been criticism that the consultants, Mr. Lambeth, you and Mr. Sears, used an aggressive growth model under the mixed-use portion of this analysis. We've got mixed-use and then we've got the expansion of the outlet mall. Some people say, look, they're using these aggressive growth models just to prop up the preponderance percentages. When, in fact, the exact opposite is true. If you have aggressive model for the mixed-use, that takes you down from 66.7%, which you have all by yourself with just the retail outlet mall. Now, that's going to drive it down, because the best thing that happens as far as increasing your preponderance percentage is that the mixed-use doesn't even come online at all. That it's slow growth and for a year, two, three years it doesn't even come online. If it comes online hardcore aggressive the first year, that's when you calculated that, and now that's when you get driven down from 67% to 55%, and you're closer in terms of the preponderance dense. I just want you to be able to comment on whether my summary on that is accurate or not, and maybe whether some people are a little confused in terms of the aggressive growth model.

Lambeth: John Lambeth from Civitas. That's exactly right, Mr. Chair, and we wanted to be conservative on those preponderance numbers, and that's why the assumptions were built the way they were, but you got it exactly right.

Hutchison: Great. Thank you very much. Okay. Any other comments from you or Mr. Sears?

Lambeth: No. Thank you very much.

Hutchison: Okay. Mr. Lambeth, thank you.

Lambeth: Thank you.

Hutchison: All right. Now, I know that there are folks in Las Vegas who wish to support this tourism improvement district, so if you'd please come up to the table, if you're there in Las Vegas, and testify. We'll take your testimony now. Please identify yourself as you get here.

Barlow: Thank you, Mr. Chairman and members of the Committee. I'm Las Vegas City Councilman Ricki Barlow. Pleased to be here with you all today. I represent the area of Ward 5, and specifically in particular, the subject matter before you here today. I just want to just share with you that dating back to 2000, when the master plan of the Symphony Park area -- then we called it the Jewel in the Desert and now Symphony Park -- that we had always envisioned this being a very prime piece of real estate to really revitalize and redevelop the downtown community, and I believe that we've done that. Even amidst of a slumped economy, we were able to move a lot of developments forward, being very creative and assertive at the same time.

I believe, through the Tourism Improvement District, it will give us an opportunity to continue to move forward a lot of structured opportunities and infrastructure that will really impact the overall development moving forward on this very prime piece of real estate. Our staff has worked very diligently, very deliberately trying to work with the various municipalities, as well as the community, the downtown business operators, to really do all that we can to make sure that we have an opportunity for tourists to come into our downtown from out-of-state, to really have a great time, but more so be able to stay in our downtown even longer. As the developments that have already come

online, such as the Smith Performing Arts Center, the Lou Ruvo Cleveland Clinic, opportunity of the expansion of the Las Vegas Premium Outlet -- and let me just digress just for one second to talk about the Las Vegas Premium Outlet.

When we had started discussions, initially, in regards to bringing the Simon Development into downtown, so many people called us crazy. They said there's no way that this development will survive in downtown Las Vegas, and today we're very excited. The community is very honored to have such a development that is continuing to grow Phase 3 of their expansion. It really goes to show you that we do have an opportunity here to continue the momentum that has continued to transpire for our downtown residents. I believe that the TID, upon the possibility of the approval today, will only help us really continue with the infrastructure needs that are necessary, because we do have commitments to build parking. We want to be in a position to where parking is not an issue as more developments come online in the future. Because if, in fact, we don't have adequate parking, then that too can stifle the ability for future development, specifically in an already very tight downtown when it comes to parking, specifically on the west side of the railroad tracks.

I just wanted to just basically lend my support, not only as the representative of the area, but also as a resident who grew up in this area, having seen what this land used to be from boxcars that I played on, hide and seek, as a little boy, and now having an opportunity to represent this area that has really revitalized and has become a jewel, not only for Las Vegas but for the state of Nevada as to our ability to house the Smith Performing Arts Center, as well as the Lou Ruvo, and other that will be coming online as we move forward. I just really want to thank you all so very much, and add that additional information to the conversation today. Mr. Chairman, thank you all so very much for allowing me the opportunity to be here and say a few words.

Hutchison:

Councilman Barlow, thank you for being here, and thank you for your testimony and for your service for so many years on the council. You're uniquely situated for me to ask you this question. Now, you've seen the reports, right? You've gone through the analysis. You've seen the reports. You know that the basic conclusion is that if you expand that mall, the outlet mall there, that you're going to get about 66% of people

from out-of-state, tourists coming in and buying things and adding to our tax base. Do you think that estimate, just based on your just general experience, is accurate?

Barlow: I would have to lean on all of the professionals that we've had to bring us this information. I'm not a statistician, but however, I do trust in their ability to, from a conservative standpoint, bring accurate information that will sustain. And from the information that I've seen, everything looks to be at least conservative to say the least.

Hutchison: Is there anything in the report that causes you any concern at all, concerning meeting the preponderance test?

Barlow: If I had my way, I would prefer to have the section in which the stadium was proposed in there, now that the stadium conversation is dead and gone, being that it's left open. But I understand also that the timeline that this process had already taken, the train had already left the station. But other than that, I would have liked to see that section that the stadium no longer exists in that, so that as new development, mixed-use development, come online, we'll have an opportunity to offset and balance what the Premium Outlet is bringing to the table today.

Hutchison: All right. Well, thank you very much again, Councilman, for your insight and for your testimony today. Are there any questions of my fellow Commissioners of Councilman Barlow before we let him go? Councilman, you've just been spellbinding, so everybody here is convinced.

Barlow: Thank you also very much.

Hutchison: Thank you very much for your time. Thank you.

Barlow: All right. Thank you. Thank you all for your service as well. Thank you.

Hutchison: Thank you. Anyone else in Las Vegas who would like to testify in favor of the Tourism Improvement District, please come forward, state your name.

Martin: Good afternoon, Mr. Chairman. It's Myron Martin, the President and CEO of the Smith Center for the Performing Arts. Hello. I would like to say that it's been nearly 20 years since we first started the conversation about bringing a world-class performing arts

center to Las Vegas, and that it would have a significant economic impact on the neighborhood in which we build. But I will tell you that Councilman Barlow and the city manager and Mr. Arent will all tell you that all of our early conversations had less to do with performing arts center as they did have about parking.

Parking has been one of my primary concerns from day one. It's just as important to the experience of coming to the Smith Center as the performance itself. So I'm here today just to say thank you to the City of Las Vegas for finding ways to make this all-important public parking component come to life, because it not only will help us and our Children's Museum, and the Las Vegas Metro Chamber of Commerce and, of course, the Lou Ruvo Center, but it will help us to have new neighbors develop in our neighborhood. So that's what I have for you, Mr. Lieutenant Governor. Thank you for allowing me to be here.

Hutchison: Well, thank you very much for your testimony. I think that your testimony lends weight to this idea that parking has been discussed as part of this district area for a long time. This isn't just something that happened in connection with the sporting venue. This is something that's been discussed for an awful long time is what you're saying and what you're adding to the conversation; is that correct?

Martin: Yes, sir. That's exactly right. It truly is a key part to have public parking in a public area like Symphony Park.

Hutchison: Wonderful. Well, thank you very much for your testimony. Any questions of my fellow Commissioners? All right. Thank you very much, and again, appreciate all of your great work at the Smith Center.

Martin: Thank you.

Hutchison: Okay. Anyone else who would like to testify in favor of the Tourism Improvement District please come forward. Please state your name.

Wolfe: Hi. Nicole Wolfe with Cleveland Clinic Lou Ruvo Center for Brain Health. Been there since the opening in 2009, and of course, we sit on the parcels that Mr. Arent called out as A1, and I currently have the privilege of parking in our open-air lot on A2. I

would suggest to all of you who haven't visited that this absolutely VIP parking. For my season tickets over at the Smith Center I'm privileged to be able to walk on over, and I'm sure that more of Mr. Martin's patrons wish they had the opportunity to do likewise.

Our security guard tells us that on average we have about 100 camera-toting tourists visiting us a day. They walk over from the outlet mall, and they come and visit us because they want to photograph Mr. Gehry's masterpiece. On the flip side, I myself have probably made more visits than I should over to the outlet mall, but from those visits would suggest that I agree with those numbers of the percentage of out-of-state or out-of-country shoppers there. I often find myself the only English-speaking customer in a store if I go on a lunch break, so definitely a lot of international tourism going on over there.

For our current population of patients, I think folks who are familiar with Cleveland Clinic Lou Ruvo Center for Brain Health know that we tend to serve an elderly population through Alzheimer's, as well as folks who are moving impaired through Huntington's disease, Parkinson's disease, and multiple sclerosis. In particular, the latter disease, multiple sclerosis, they are very, very, very sensitive to the heat. A parking garage in close proximity to our facilities, both the current facility, as well as the proposed facilities, would be incredibly advantageous.

As our partnerships continue to grow with the community, we run into more and more parking issues. For example, we do a lot of education of aspiring local medical professionals, and last week we had 80 nurses, student nurses, from Roseman University visiting to tour our facility, to interact with our providers, and they were walking from the current open-air lot in the proposed location of the garage. They were walking from parking at World Market, which I don't know that we're supposed to be using, but they were coming to continue their education with us. A parking lot would definitely help for that as well, a parking garage.

I would also add that right now, without a parking garage, for a lot of our events when we expect large visitation, be it for our free education programs that are open to the

community, or be it for guests at our event center, which is available for rent to the public for special events, the proceeds from which support our clinical efforts, because we don't have enough parking we hire valet. We've been told by some of our guests that valet comes off as a bit pretentious for a nonprofit organization. I think if we had the opportunity to offer some self-parking, that would be looked upon as a good community collaboration and a little bit more in line with what you might expect when visiting a medical clinic.

Lastly, I would just say that obviously a parking garage would facilitate the future growth that we hope for and that the city is projecting on the map that Bill Arent presented, so that's it.

Hutchison:

Ms. Wolfe, thank you very much for your testimony. Even though we're not considering the impact of a parking garage or facilities through the TID on existing businesses, I think we can appreciate how much of a benefit that's going to be for the Ruvo Center. We also heard you loud and clear when you were saying there are a lot of tourists who are actually coming over to the Ruvo Center. That area is a collection then of different tourist destinations and places where they're coming, which I think is helpful as well. Finally, your observation about just your own empirical experience of going over to the outlet malls and seeing how many tourists there are there, bolsters, again, the economic analysis and the evaluation that we're taking a look at. I appreciate and the Commission appreciate your time.

Are there any questions before we let Ms. Wolfe go? All right. Thank you very much, again, for everything you do at Ruvo Center. Anyone else in support of the Tourism Improvement District in Las Vegas? Governor, anybody else that I'm missing that I can't see, or does it look like we've come to the end of our in-support witnesses? Commissioner, go ahead. I'll take that as a no. Anyone else here in Carson or anybody who would like to come and testify in favor of the Tourism Improvement District?

Moradkhan:

Good afternoon, Mr. Chairman. Paul Moradkhan, Vice President of Government Affairs for Las Vegas Metro Chamber of Commerce. As Mr. Arent from the city earlier mentioned, the Metro Chamber is located at the Smith Center. As part of our

discussions as a business organization in Southern Nevada that is engaged in public policy, part of the conversations we have had with the city over the last 12 to 14 months about economic development in this area is parking and traffic management. We have encouraged the city to look at different options of how they can address those parking needs, and we do believe this is one of those options that we do support. As has been indicated, there is a significant amount of tourism that occurs in this sector and this corridor, and we are in support of those efforts. Thank you very much, Mr. Chairman.

Hutchison: Great. Thank you, Paul. Thank you very much. Any other witnesses in support of the Tourism Improvement District here in Carson City? All right. Mr. Arent, you're the quarterback here, and why don't you wrap it up or tell us what else you have by way of the city's position here. I know we've got some other people who may have a little different viewpoint who'd like to express themselves here. But I'll give you the last word here in terms of anybody else you'd like to present or any other points you'd like to make before we move on.

Arent: Thank you, Mr. Chairman. Again, Bill Arent, City of Las Vegas. Mr. Chairman, I appreciate you opening remarks reiterating the purpose of today's hearings. I would say for those who are listening, whether here in Carson City or in Las Vegas, that this is an important procedural step, but it's not the last step for approval of the district. If there are concerns unrelated to the preponderance test -- if this item before you is approved today, folks who have concerns unrelated to the preponderance, but to the district as a whole, will have an opportunity to appear before a legislative body at the Las Vegas City Council to state their objections, or if they're in support, to state their support.

From a policy perspective and from a procedural perspective, I just wanted to make sure -- I know that you and the Commission are abundantly clear on that, but for those that are listening in person or down in Las Vegas, this is not the last step. If there are policy concerns, certainly there will be another venue to address that.

We believe that we adhered to the process clearly outlined in state law. We believe that clearly a preponderance of spending will come from non-Nevada residents and from tourists. We believe that the study that Civitas and Oxford Economics did meets the full requirements of the statute. I would just leave that as my final remarks. Thank you for your patience and your time spent on this hearing.

Hutchison: Mr. Arent, thank you. Just because you brought up a procedural matter, I think it's important -- and I don't know what you've got in front of you or not, but I'm looking at the city's resolution, R-2-215. That, I believe, is the resolution that you're asking us to essentially approve by finding or determining that there will be a preponderance of the sales or use taxes that will be through non-Nevada tourist transactions; is that correct?

Santos: (Inaudible).

Hutchison: Yes. Thank you very much, Commissioner Santos. For all of the Commissioners, I am at tab nine of our materials, and I'm looking at R-2-215 resolution, and it was signed by Mayor Goodman, and I'm looking for a date that I don't see. I want to make sure that that's what we're talking about in terms of when we're going to vote, this is what you're asking us to approve by way of the preponderance test, correct?

Arent: Thank you, Mr. Chairman. Bill Arent, City of Las Vegas. That is correct. For the Commission it is in tab nine on page five, it shows that it was passed, adopted, and approved by the Las Vegas City Council at the February 4, 2015 City Council meeting. For those in the listening audience that may not have that packet, it did go before our Las Vegas City Council. That is the step today. The next step, if this item is passed and approved by the Commission, we still have to go back to the Las Vegas City Council with an ordinance to actually adopt the district, and that does go through a hearing at our Las Vegas City Council.

I just wanted to make it abundantly clear that today's item is not the final action for the district itself. It is the only action required by the Nevada Commission on Tourism, but we are asking for approval of this resolution. But as a policy matter, there will be another vote, and anyone who has comments, either for or against the district as a whole, and any questions about anything pertaining to this district as a matter of

policy, as a matter of fiscal impact, I believe that that would be the appropriate venue for those questions.

Hutchison: Thank you, Mr. Arent, for making that comment because we do have a fairly narrow scope that we're addressing today, even though it's taken us two hours to get through the first part of the scope. Thank you very much, Mr. Arent.

Arent: Thank you.

Hutchison: Thank you. With that then, and unless there's other questions for Mr. Arent before we move on to the county? All right. If you're looking at your Agenda, we're moving on from 4A now to 4B, presentation by Clark County regarding the proposed Tourism Improvement District, and I believe we've got members of the Commission there. If Clark County is in the room and can come forward. Commissioner, please, come on up here, and we'd love to hear from you.

Giunchigliani: Thank you. Commissioner Chris Giunchigliani. Commissioner Sisolak, our chair, was going to be here but he had a conflict, so I am batting in extra, so hopefully, I can answer any questions that are there. As you're well aware, when the city makes a certain finding regarding an ordinance, they are required to bring that to the county to see what the impact on the loss of tax revenues will be. We made a finding. Our Board unanimously opposed the creation of the Tourism Improvement District. It's rather awkward, because we do have a good working relationship with the city, but sometimes we have to agree to disagree on certain factors.

I would like to take a couple of moments. Your conversations regarding NRS 271A, which was again amended after I was in the legislature. They still need to go back, in my opinion, and clean up some things, make it very clear to what a Tourism Improvement District is supposed to have been founded for. Perhaps it's a little bit nebulous on the contiguousness or noncontiguousness of it. Perhaps it's a little bit nebulous about what a project is, although I don't find that nebulous. It does state that the governing body has to find within its boundaries -- make certain findings.

If I go back to the State of Nevada Legislative Counsel Bureau, actually had the University of Nevada, in 2012, do a funding economic development in Nevada Tourism Improvement District fact sheet. According to the State of Nevada Legislative Counsel Bureau, Fiscal Analysis Division, "The use of a TID or the associated STAR bonds as an economic development tool specifically designed to aid in the attraction and creation of retail businesses that will attract visitors to a market, as well as allow residents to partake of the retail business. Although NRS 271A contains the current legal structure of TIDs and STAR bonds in Nevada, in 2003, Senate Bill 495 and Senate Bill 306, in 2005, contain certain authorizing legislation for TIDs and STAR bonds in Nevada."

According to the State of Nevada Legislative Counsel Bureau, Fiscal Analysis Division, they contain the following preamble which sets the stage that I hope your Commission takes into consideration. It says, "Whereas the state legislature recognizes the importance of economic development in tourism to the State of Nevada and the need to compete effectively with other states in the promotion of economic development in tourism, and whereas it is the intention of the state legislature for the provisions of this act to be carried out for the promotion of economic development and tourism in the State of Nevada and for no other purpose. In short, the purpose of TIDs and STAR bonds is to attract new tourism-oriented retail as a way of increasing tourism counts in communities in the State of Nevada by using the incremental sales tax revenue generated from new tourism-oriented retailers to offset the costs of the acquisition, the demolition, and the construction associated with the new tourism-oriented retail development."

Now, as you know, the TID that's been proposed by the city was configured in such a way that it includes retail property that has been under development for quite some time. Without the inclusion of the outlet mall expansion, it's still our belief that the TID would not meet the preponderance test and do not include any outlet mall expansion. I've been listening for the entire thing. I am a city resident, so I figure I can have a little bit more say on that side of it as well. I have been to all of the hearings. I'm not going to bring up the stadium, but I will state specifically that the entire intent of a parking garage originally was to support the creation of a stadium. Somehow

recently it morphed into becoming something that's needed for the general public, including the Smith Center, and I'm the one who wrote the legislation to get the creation of the Smith Center through the car rental tax.

They realized that a parking garage was obligated to them to have to build for the Smith Center separate from this whole other issue. So whether a parking garage really meets it, to me it's not that so much as it is about the intent of the sales tax. It was to create a new business. If that corner of the mall north opens before the 120 days, they cannot, by state law, use that, number one. So what's the rush? All of the sudden this ordinance came in, the development came in, it just moved faster than I've ever seen anything in my 24 years of government, God bless them if that's the case. But that is the factor that's there, and I think because everybody knows that the only way the TID will work is if they can include that small, tiny component of the retail mall.

We still believe, too, that the areas of the TID that if they do not include the outlet mall are only expected to generate 29.2% in tourist sales, well below the expected demonstration for a preponderance. The outlet mall expansion, per city Commission report, is expected to generate 66.7% in tourist sales. But only when the outlet mall is blended into the total can the TID achieve the estimated 55.2% in tourist sales, and that is barely a preponderance if that's the case. It can be established that the mall was under construction prior to the city even initiating the TID. Thus, it can also be established that the expansion of the mall was not incentivized by the creation of a TID, which was the intent of the state law.

The expansion was included solely to allow the balance of the TID to arguably achieve an estimated preponderance, and the timing of the construction of the mall proves this to the point, even though the city's own report does as well. With this being said, it is maybe appropriate to turn to the project that is contemplated. It is intended to serve wide interest, from what we've heard today, from Symphony Park, Cleveland Clinic, Smith Center, World Market, Lou Ruvo Institute, and even though they claim it's dead, it's not, there's no stake in the heart of the stadium, the proposed stadium.

Returning of a moment to the intended use of the TID, which is to provide for the acquisition, demolition, and construction associated with new, new, new tourism-oriented retail development, it is difficult to accept that a parking garage supporting these nonretail uses even meets the intent. There may be a need, and I don't disagree. I go to the Smith Center. I was there last week for MOMIX. It was awesome. But the intent of this is for retail development in order to generate more sales tax because of the loss of the sales tax that's going to come into the C tax or the consolidated tax, which affects not only the county but the other cities as well, and the school district somewhat.

This is not intended to be a legal argument, as much as it is to be more of a logical or a moral argument. Since legal counsel on the side of the city has opined that the project is appropriate, as is the inclusion of the outlet mall expansion, you heard that today from them, as well as your own staff, it is assumed that they found a way to make their proposal meet legal tests. However, this can only be done on a very thin margin, and we would speak more to the weaknesses in the statute, in my opinion, than to the appropriateness of their TID proposal. This is a very liberal use of the law.

TIDs, I was there when they first came in, in STAR bonds. They were to be very narrowly construed, because we wanted to protect the tax dollars, the public tax dollars to make sure it was going for truly economic development. And in my mind, this really doesn't meet that need. Is there a need for parking? Yes. But this is not -- through a Tourism Improvement District is the way, legislatively nor legally, as the intent that's supposed to be there. So in our opinion, in the county, they cannot meet the preponderance test without the inclusion of the outlet mall expansion, including a retail project in the TID that was already under construction prior to them even conceiving of a TID is highly suspect and not within the spirit of the law.

It is noted that we do still feel -- even though you've asked some questions, Mr. Chair, that we still believe that a full technical review did need to come into play, because numbers can do anything you want. I mean, I know that even as a school teacher, but we want to make sure that whatever finding is made, it's made on realistic numbers, and I don't believe the realistic numbers are there. If you even go into the report

where the Metropolitan Police Department impact, the numbers that were used by the company were back from '09, when they looked at the Lady Luck TID, which I opposed at that time as well.

So I just think that sometimes you've got to be very careful. You're asking to make a policy decision. I want the city to succeed. I want them to be able to provide parking for Lou Ruvo and the Smith Center. That's not what this parking garage was originally intended to do, and it may have morphed into that, but that is not a correct use of the statute, in my opinion.

I tried to answer any questions. I did listen to all of the meeting, so I don't want to rehash any of the other things. You asked the questions about whether or not the definition is there. You looked at the issue of gravity theory and density. My understanding is that's usually tied to macro economics, not to -- which looks at a big global piece of how you do your funding and your analysis versus looking at individual markets. And to me, looking at a TID should've been driven down into the individual markets, but I'm not an economist.

So I'll leave it with that. The county's resolution has been submitted for public testimony along with a letter from our Chair Sisolak. Thank you very much for your time.

Hutchison:

Commissioner, thank you very much, and we appreciate your testimony. We appreciate your insight, your years and years having worked on these kinds of projects. I will tell you, they're very helpful, and they're very insightful. You know, having spent so much time in the legislature and having spent so much time with just government bodies, that sometimes our scope of inquiry is narrow and sometimes it's broad. I'd be happy to hear your thoughts about this. To me, our body here is not a policy making body, it's a fact finding body, and I say that just based on the language of the statute that says that the Commission on Tourism -- this is under 271A.080(6). It says, "The Commission on Tourism has determined," that's again why I think it's fact finding, the word determined is used, "at a public hearing conducted 15 days after providing notice of the hearing by publication that a preponderance of the increase in the

proceeds from sale and use taxes identify pursuant to Section 5," which is the district, "will be attributable to transactions with tourists who are not residents of the state."

That is my understanding of what our narrow purpose is and what our narrow mission is as a Commission. I think policy decisions are beyond our control and our consideration right now. Legislative intent comes into play legally when the language is less than clear. You can see where at least my focus as the chairman seems to be a little bit more narrow than maybe yours is, Commissioner. I want to give you a chance to comment on that.

Giunchigliani: Thank you. I think you're absolutely correct. It does come down to the preponderance, and that's why I wanted to go back to, in my mind, what intent was to create a TID so that when you make a decision as a Commission on whether they met the threshold for the preponderance, were the facts relevant? And if that's the case, creating a TID, an ordinance to create a TID to include a mall that had already been under construction and was slated for opening, in my mind, calls into question that. But even more so, if you look at the numbers, it doesn't justify it in the long run.

So I agree. You don't need to get into the policy so of it. That's for us to wrangle over and arm wrestle and do whatever we do down here. But if you go back to even -- it's supposed to be a result of the project as retailers will locate their businesses in such a district, and there's been a substantial increase in the proceeds from the sales and use tax. The county is going to stand to lose anywhere between \$1.5 to \$1.7 million a year. Cities will be impacted as well. That's partially why we had to make our finding as well. We think that that's part of what the statute addresses. It doesn't go to the preponderance question, but that is something that has to be take into consideration. When you try to do good, what else are you harming in the long run as well. So thank you very much for your attention.

Hutchison: Commissioner, thank you very much. Again, thanks for taking the time and waiting (inaudible).

Giunchigliani: My pleasure. Thank you.

Hutchison: Before you go, can I just ask if any of the Commissioners here have any questions in Las Vegas.

Ayala: Yes, I have a couple.

Hutchison: Mr. Ayala.

Ayala: You said something at the end about are the facts relevant and look at the numbers in the long run, and you skipped into something else. What were you referencing?

Giunchigliani: I was still going back to where we found that 29.2% is actually going to be generated, not the 66.7%. Therefore, it doesn't meet the threshold of the preponderance because you can't -- if you really wanted to...

Ayala: That would be excluding the mall?

Giunchigliani: It'd be excluding the mall.

Ayala: Okay.

Giunchigliani: Correct.

Ayala: Thank you very much. Can I ask, Sarah, is there anything that you'd like to comment on the intent of the law or what we should consider, as Commissioner Giunchigliani says, and the intent of the TID and the correct uses of the TID?

Bradley: Well, I just would look at NRS Chapter 271A, and they create the chapter for the purpose of making Tourism Improvement Districts. In the chair's opening statement, I had given him some language from the preface to the bill. The legislature when they enacted this provision -- so they added this chapter in 2005, and there's been some amendments since. They said it's important to promote tourism and economic development in the state, and so for that reason we're going to allow these districts to be created. They give us a little bit of a policy statement, I think, in their bill.

I did read all of the legislative history before. There's a lot of mixed comments made. I tend to stick, myself, with what's written down, the beginning of the bill where it says the purpose of enacting this chapter, and then kind of what they've given us here. My

view is we look at the plain language unless we have something ambiguous. I realize the law may not be written as best as it can be, but I do think it's clear in the law that the question before you is the preponderance question. The city makes lots of findings regarding the district itself, whether or not it's appropriate and all those sorts of things. I think your question is really the preponderance and whether that preponderance study is correct or not.

Certainly, I think it's fair to question that study if you think it's worth questioning it, but I think that's kind of our role perhaps.

Hutchison: Commissioner Ayala, anything else?

Ayala: I'm good. Thank you.

Hutchison: Okay. Good. Commissioner Santos, please.

Santos: Thank you. Herb Santos for the record. I just want to make sure that as a Commissioner I'm doing my job right, and when I look at 271A.080(6), it talks about the sales and use taxes identified pursuant to (5). That doesn't give us the -- and I don't want to say jurisdiction -- but it gives the ability to start looking at (5) to determine whether or not the areas are right, should they have included this, should they have included that. We have been told this is what's been identified, and from what's been identified, that's what we determine the preponderance from. I just want to make sure I'm clear on that, that that's a correct scope of what we're here to do today.

Bradley: I would agree that what we're looking at is what the city has identified pursuant to (5). So (5), they're the governing body. They haven't had their public hearing yet. I mean, they've had public meetings, but I mean, they haven't created the ordinance yet, so this is still the precursor steps. They did have a public hearing, and they provided notice of that. Then they found, as a result of the project, retailers would locate their business in the district, and there will be a substantial increase in sales and use tax. They've found in that ordinance, I think, that the chairman referred to earlier --

Lieutenant Governor referred to earlier that there is the preponderance of increase, and so we now look at the report and then make that decision.

So I think you're correct. I think your jurisdiction is over -- they've given you this. You're to review it and decide whether or not it makes sense, as far as the preponderance piece. And one thing the law did do since 2005 when this was enacted, it used to be, I believe, that they could have anybody they wanted create a report, and then, I think, in the past the Commission sometimes also hired a company to make an analysis. The law changes said that the Commission gives a list of names to do that analysis and then -- so I think the idea was to try to get more of an independent person doing the analysis. I mean, yes, they're paid by the city and the city picks who to use, but I think there was an attempt anyway to try to make it more neutral.

Hutchison: Commissioner Santos, are you good? Okay. Any other questions for our Commissioner before we let her go? I'm sure there are a million things going on down there in Vegas.

Giunchigliani: Thank you, Mr. Chair. If I might wind up. I apologize.

Hutchison: No, that's okay. I've actually got another question for you here.

Giunchigliani: Okay.

Hutchison: Commissioner Sheltra.

Sheltra: Just one. Commissioner, you brought up the 120 days for sales and doing -- actually, it doesn't say sales in the ordinance, it says doing business or a fixed place of business. I'd like our legal counsel or our attorney general representative to comment on your concern with the 120 days and to see if that is actually -- passes the test or not.

Bradley: I'm looking at 271A.080, and then it says -- I believe you're looking at 1A there where it says, "If the ordinance...

Sheltra: Correct.

Bradley: ...creates a district, the governing body has determined that no retailers will have maintained or will be maintaining a fixed place of business within the district on or

within that 120 days immediately preceding the date of the ordinance." So again, the governing body would be the city, and the ordinance hasn't been passed yet. My understanding is that's going to happen after this meeting, perhaps, assuming you approve it. They make that determination that no retailers will have maintained or will be maintaining a fixed place of business within the district on or within 120 days.

What that means, obviously, there could've been retail sales in the past, but there hasn't been -- the current retailers -- it says no retailers, so there can't have been sales in the parts that they've picked within that 120 days immediately preceding the adoption of the ordinance. Considering that part is under construction, I believe what they're telling us is there hasn't been sales there. And then the other parts, I think, they're telling us there hasn't been retail sales. I know that there is a concern that that portion is already under construction and maybe would open without this. But the law doesn't really speak to that, that I can see.

Sheltra: Commissioner, can you respond to that, down in Vegas?

Giunchigliani: Yes, I will attempt to. The intent is for new mixed-use. That's why that section was in there so that you didn't have someone that already existed as a business that was already paying sales and use taxes then allowed to create a Tourism Improvement Tax, which then diverted money from regional programs, counties, cities, and so forth. So that's why that was there, is if there is a business already doing sales tax by the time this opens, they're not to be allowed to be counted for a Tourism Improvement District. Therefore, that was our argument, too, is that a TID doesn't fit. They only took that little north end in order to qualify it, hoping that it doesn't open within the next 120 days, in my opinion.

Secondarily, if you look at the master plan, and I think the councilman is absolutely correct, it's been there for 15 years. But if I show you my picture I took this morning, it's completely empty. There is no mixed-use. There is no hotel. There is no agreement. There is no signed development for anything. There's wishful hoping. But that's unfortunately what's in tables six through nine, I think, in your report, which is what might be 1,650 rooms, what might be -- and they didn't use an average from the

downtown. They only used the Strip average. But be that as it may, there is nothing new to generate a Tourism Improvement District that would qualify for this.

In that section -- and I'm probably jinxing myself, but if that mall opens anything and starts sales tax, that can't qualify it in the first place. So that's what I believe that intent of that section was for.

Hutchison: Thank you. Commissioner Carano?

Carano: To follow up on Commissioner Sheltra's question then, would this be eliminated or cut out of the TID if they opened up within the 120 days after the ordinance was passed or is it just that it just can't go back 120 days?

Bradley: The way I read it is, it's preceding the ordinance date. So let's say the ordinance date, just for ease, is April 15th, then it would be 120 days back from there, which would get us to approximately mid-December. From mid-December to mid-April, has there been any sales there, and if the answer is no, they would meet it. I understand the Commissioner's concern regarding -- I mean, I think the 120 days is there to be a cut-off period. What I mean by that is, there may have been some businesses that have struggled in a particular area, and so it's not that there's never, ever been any sales there, but they're closed, redevelopment's occurring, something's occurring, and then it's going to reopen.

The way I saw it, and maybe it's just me reading that into it, is they need to have a cut-off date of some point. They can't say there's never been sales there, so they picked 120 days, I think, thinking that if nothing has happened there for 120 days, this is new, at least for the purposes of this. I mean, that was my reading. I think it could be possibly argued the other way, but I guess I just look at the 120 days, it's kind of black and white. If they're telling us there are no sales, and I don't think we have any reason to believe there are sales, then I think they've probably met that requirement.

Hutchison: Any other questions of...

Ayala: I have a question.

Hutchison: Go ahead, Commissioner.

Ayala: I don't know if I heard you wrong, Commissioner Giunchigliani, but I want to ask Sarah -- first of all, it was your statement that it's necessary to have a mixed-use component in the TID?

Giunchigliani: No. No, I don't believe the legislation speaks to having to have that, but their report took in the mixed-use component, which is what they blended in order to justify the rate for the preponderance, and yet that mixed-use is not there. There is no way -- you can't get a parking -- you can't get a garage at your house up and running by 2016, let alone mixed-use.

Ayala: Sure. But as I understand it, they say -- they included that aggressive part so that it wouldn't look as -- it actually brings down the preponderance level. If they didn't include it, it would be 67% versus 55%.

Giunchigliani: No, the mixed-use -- my understanding from hearing today, the gentleman said he didn't even -- no, he didn't count the hotels, right? That's what he didn't count.

Ayala: No. He said they included it all...

Giunchigliani: They included the mixed-use.

Ayala: ...so that it would actually reduce the preponderance...

Giunchigliani: Yeah.

Ayala: ...so it doesn't look as aggressive as if you just left the mall in there. Because if you just left the mall and didn't include anything else, it would be 67%.

Giunchigliani: With the mall expansion in the Commission report, it would expect to generate 66.7% in tourist sales. Only when the mall is blended into the total of the TID do you get the 55%, which makes it just a bare minimum of the preponderance. It still makes it, I'll agree, but it's a bare minimum of the preponderance on that side.

Ayala: No, I understand. I understand that. I've got it. That was one of my questions coming in.

Giunchigliani: Yeah.

Ayala: I understand what you're saying. I just want to be clear on what you're saying. Okay.

Hutchison: Okay. Any other questions?

Giunchigliani: Thank you.

Hutchison: Thank you very much for being here. Bye-bye. Thank you. Any other witnesses or anybody else who'd like to speak against the Tourism Improvement District? Anybody else in Las Vegas? Anybody here in Carson? All right. Seeing none then, I will go ahead then and close out Item No. 4, because that concludes both the city, as well as the county's presentations to us today. Actually, I'm not going to close it out, I'm just going to move on to Subsection C, as I'm turning my page here of my Agenda, because now we're going to have to make a decision on what we're going to do.

All right. We will entertain two motions then. Well, let me just ask the Commission this. Do we need to talk at all or would you like to talk at all or do we want to wait for our motion in terms of the use of the sales proceeds to retire any kind of bond that may be acquired? There will be two motions that we'll take. We'll take a motion on whether we're going to go ahead and approve the resolution that we've just discussed, the city has identified, because the preponderance of the tax revenue test has been met. Then if we approve that, we then move on to the next question of whether or not we're going to authorize the city to use any excess proceeds to retire the bond debt early.

Santos: I have one question.

Hutchison: Yes. Commissioner Santos, please.

Santos: Thank you, Governor. I just want to make sure that the packets that we received, is that part of the record, or does there need to be a motion to make that part of the record, as to what we reviewed?

Hutchison: Good question. I'll defer to either Ms. Vecchio or to Ms. Bradley.

Bradley: I think usually the supporting documents provided to Commissioners are considered -- they're part of the record for the open meeting law purposes, and so it would be a part of the meeting record just for that. For the approval here, I don't know that there's a requirement. I mean, they're going to look at the minutes. One of the things in the proposed resolution that the city had drafted anyway, it showed, like for example, minutes from the meeting as an exhibit to your decision, and then like the notice and the fact that it was published. I think the minutes at least refer to the fact that the Commissioners had a packet, and then for the open meeting law purposes that packet will be retained and is part of a record of the meeting.

Santos: I would submit that it might be appropriate, given the scope of what we're deciding today, that what we were provided, along with the email that we received with the two other reports, to have full transparency that that be included as part of the record of this proceeding.

Bradley: If you'd like, you can put on the record what that is so that way the minutes are very clear.

Hutchison: Let's do that. And I agree, Commissioner. Unless there is any opposition to that, I would suggest and state on the record here that for purposes of the record in this proceeding, all the materials that we've received from the Commission and from Commission staff will be made available. That would include the February 24, 2015 letter from our Director, Ms. Vecchio. That would include the statutes that were provided, although that's all public record, in terms of what we've already been discussing, or the relevant statutes. That would include the tabs that were provided by the City of Las Vegas, and our tabs are 1 through 14. It would also include the Clark County materials that were submitted by Chairman Steve Sisolak, with the supporting documents that they included as well. It would include the Historical TID Program Analysis, and documents that we have in our materials that are actually quite lengthy. I think they gave us the background on the prior TID projects. It would also include then the last tab, which is the taxation reports that we received and that are updated periodically as required by the statute for purposes of tax improvement -- or for Tourism Improvement Districts. Am I missing anything?

Santos: Just the email that we received on Friday.

Hutchison: Great. And Ms. Vecchio, can you identify that for the record, please?

Vecchio: Yes. I sent an email out to the Commissioners. The email was sent on March 13th, but the date on the memo was March 12, 2015.

Hutchison: Thank you. Commissioner Santos, anything else? Does that satisfy your thoughts, because I agree with them 100%?

Santos: Thank you, Governor.

Hutchison: Okay. You bet. All right. Commissioner Carano, please.

Carano: Governor, I would like to make the motion to approve the Symphony Park TID, as presented by the City of Las Vegas, that they have met the preponderance, that preponderance of dollars will be spent by nonresidents of Nevada.

Hutchison: That would include, Commissioner Carano, the resolution that we identified, which is the actual formal resolution by the city, R-2-215?

Carano: Yes, sir.

Hutchison: Okay. So we have a motion from Commissioner Carano to approve the Symphony Park Tourism Improvement District outlined in the city's resolution, R-2-2015, which is found at tab nine within our materials, because the preponderance of the proceeds from the sales and use tax identified under the statute would be attributable to transactions of tourists not within the State of Nevada. Is there a second?

Newman: Commissioner Newman. I would second.

Hutchison: There's a second. Is there any discussion on the motion? Commissioners, any discussion on this motion?

Ayala: I have a question.

Hutchison: Commissioner Ayala.

Ayala: Can we talk about this vote and the next vote? Just explain it to me a little bit more clearer.

Hutchison: Commissioner, would you mind repeating that so I understand really what you're asking?

Ayala: We have two votes coming, right? Is that correct?

Hutchison: Yes, we do. Right. Yeah. Let me set that up for you.

Ayala: So the first one -- just go through the procedure.

Hutchison: Let me set that up for you. Thank you for the clarification. The first motion that we're going to take deals specifically with approving the Symphony Park Tourism Improvement District itself. Do we believe, based on our fact finding mission here today, and the determination that we need to make under the relevant statute, 271A.080, that a preponderance of the increases in the proceeds from the sales and use taxes will be attributable to transactions with tourists outside the state of Nevada. That will be our first motion.

And then our second motion we'll accept will be, if in fact we do approve that and the motion carries, will we authorize the city then to use any excess proceeds from the taxes that will be collected within, and available under the statute within the district, to be used not only to retire principal and interest, but could actually be used to prepay any bond debt obligations.

Because if we didn't do that, then any of the excess that would not otherwise be used for principal and interest would be sent back to the general fund in the state. Basically, what we're saying is you can use that money and prepay your bond rather than sending it back to the general fund. That's why our counsel discussed there may be an impact to the state -- may have an adverse impact to the state because we wouldn't otherwise be sending that money to the general fund. We would allow the city to use that excess tax proceeds to prepay their bond. That will be the second motion. Does that make sense?

Ayala: Correct. Thank you.

Hutchison: Great. Okay. We've got a motion on the floor by Senator Carano, seconded by Senator Newman. Is there any further discussion? Is that right? Was it by Senator Newman? Or Commissioner Newman. Am I calling you Senator? I'm elevating you, brother.

Newman: Thank you.

Hutchison: So Commissioner Carano has moved, and it's been seconded by Commissioner Newman. Is there discussion on the motion?

Sheltra: Just a little bit, Governor.

Hutchison: Please.

Sheltra: I understand what Sarah Bradley is telling us and how narrow of a scope. But I would like to go on the record and talk a little bit about the history of STAR bonds and this body. I've been through them all. I've been through every single one that's come in front of the Commission. I do think legislative intent is incredibly important. I do think -- I don't think -- I've spent much time on the original versions, sitting with Senator Debbie Smith, who was a huge advocate of reform, strengthening the STAR bonds. I would implore the legislature to fix them, because I thought they were fixed, and they're clearly not.

What I'm seeing today, this was not the purpose. Our basis on everything that's come before us before was to generate tourism, was to generate bodies to the state of Nevada, and to spend money. If you look at Legends in Sparks, you look at The Mob Museum, you look at Cabelas, you look at the Aces Stadium, every single one of them is very similar in the aspect that they're going to drive tourism to our state, and that is why the local municipalities and our school boards and fire and police make the sacrifices of tax revenue, because we're going to bring more money in.

That's not the case here. We're building a parking garage, and I get it. In our narrow scope, we may not have the opportunity to say no. I'm not saying the parking garage

isn't justified, I think it is. I look at it, they clearly need the parking. And, in fact, I see in the notes here that the City of Las Vegas is under an obligation to build the Smith Center 1,200 spaces. It's no coincidence that the parking garage for this STAR bond is 1,200 spaces. We here are approving a STAR bond project to help the City of Las Vegas meet an obligation to the Smith Center. That's what's happening. That was not the intent of STAR bonds. It was never the intent of STAR bonds, and I would not sleep tonight if I did not speak up and call that out.

Again, speaking with Senator Smith, I thought we had -- there was great reform. I did a little research on the outlet mall. This was announced -- and the good Commissioner from Clark County, and I apologize, I cannot pronounce her last name.

Ayala: Giunchigliani.

Sheltra: I have an article in my hand from the "Las Vegas Review Journal," this project started in 2012, June of 2012 they announced this project. This thing was already rolling. Whether we approve this or not today, this mall opens. We are deferring the \$1.7 million we heard from Clark County, but we're hurting the schools and all these essential services so we can build a parking garage. Again, I'm not saying it's not needed. It clearly is. But that was not the intent of STAR bonds, and every single STAR bond that's come in front of this body has had a clear goal, as we look back in hindsight, 20/20 hindsight, whether they met it or not, at least it was an honest attempt to drive tourism, and we're parking cars.

And I get it, our scope is so narrow, we have to say yes. But I implore the legislature to look at this, and hopefully somebody will read my notes and my minutes, and it still needs to be addressed and tightened up. Thank you, Governor, for the opportunity.

Hutchison: Commissioner Sheltra, thank you very much for your comments. Commissioner Newman?

Newman: Yeah, Ryan, well spoken. I think that, again, the whole scope of the area -- we saw downtown Las Vegas, we saw Fremont street that grew somewhat tired over the years. As two gamers sit on this Commission, action generates action. I think you

would understand where I'm coming from with that. As a cornerstone to development, I mean, we haven't even -- and again, it's not for us to consider, but I think it should be for the record. You have something like Zappos that is investing a tremendous amount of money in the area, not in the district but in the area, and action generating action is only going to increase building blocks in this park.

I think that as it -- someone is driving those cars, and so you've got to have a place to put them. Again, I think that by intent, we can argue that, but we're not supposed to. But, again, if we look at this as a cornerstone to growth, that's my take on the whole thing. This is just a piece of the puzzle.

Hutchison: Commissioner Newman, thank you very much. Commissioner Santos?

Santos: Thank you, Governor. Herb Santos for the record. This is difficult because our hands are tied in terms of what we're allowed to consider, and I keep going back -- there were some very valid points by the Commissioner from County Commission in Las Vegas. But I can't get past the fact that the scope of what we're here to determine is based upon what's been identified as to what's in this district. I don't think we can sit here and go back and forth on whether or not what's been identified in that district is appropriate or valid. We have to rely on the City of Las Vegas and what they've provided to us, and what they provided to us was a district that appears to meet the preponderance.

One of my questions earlier when I thought there could've been a hole was whether or not -- if the sections that were not included and were developed in that district but were part of the development that's in that area were all residential, would that create any type of difference in the preponderance. The representation from Mr. Sears was that there would be, but it would be minor. So that we'd still be within that preponderance that the sales and use taxes would be from out-of-state tourists.

Looking at what that limited scope that we have today, I don't think we can do anything other than vote on the project as it's been represented to us. And with that, I'll defer to any other Commissioners.

Hutchison: Thank you, Commissioner Santos.

Ayala: Can I say something?

Hutchison: Yeah. Commissioner Ayala, go ahead.

Ayala: I hear a lot of discomfort. I share that. It doesn't matter whether I share it or not. Bottom line is I'm hearing our hands are tied, et cetera, et cetera. Bottom line is, you've got a yes or a no vote, or we're not taking a vote. Do whatever you think you need to do, but nobody's hands are tied or we don't take a vote.

Hutchison: Okay. Thank you very much, Commissioner. Governor, any comments?

Hunt-Bono: No, thank you.

Hutchison: All right. I'll just give you my thoughts at this point. I think there's been a lot of great points made throughout the course of the day, but in my view, we've got a very, very, very narrow scope of work to do here today. One is, we don't decide whether or not the expansion of the outlet mall can be included or not included. We can't even make that decision because an ordinance hasn't been passed yet. The statute says that you determine whether or not you can include businesses 120 days before, immediately preceding an ordinance. It hasn't been passed yet. That's not even something we can even do.

Commissioner Sheltra, you made excellent points in terms of what the legislative intent may have been and what people were hoping to accomplish. I will tell you, just having been a member of the legislature, for as many people as think that they know what one intent is, the other person says exactly the opposite. It's exactly the kind of stuff we want. Of course we want a parking garage to facilitate tourism districts and to make things better, and someone will say, "Are you crazy, that's not what we intended. I wanted to have only facilities that would actually drive tourists in."

That's why the law says that unless it's ambiguous, unless the language is ambiguous, legislative intent has no bearing. What you follow is what the legislature actually wrote and two bodies passed and the Governor signed. What a legislative body passed

was that our Commission is to determine, in this hearing, that a preponderance of the increase in the proceeds from the sale and use taxes identified pursuant to Section 5 will be attributable to transactions with tourists who are not residents of the state.

Nobody has presented evidence that refuted the study that was provided to us. We gave both the city and the county every opportunity to provide whatever materials they wanted to provide us. If I were a policy making body, and I was involved in a policy making body, maybe I'd make a different decision, but I'm not. I'm a fact finder, and the facts before us are largely undisputed, and that is that if you include the expansion of the mall, you're going to get 66% of out-of-state sales tax and use tax revenue coming in. If you include the mixed retail use throughout the district on a future basis, it's going to be about 29%. You add them both together, it's 55%.

In a worst-case scenario, under the most aggressive model, where the city builds out all of their mixed-use in 2016, so it's a lower amount with that mixed-use, you still meet the preponderance test. I just haven't seen any evidence to the contrary of that. I'm not saying that my hands are tied. I'm saying that I'm following what the legislature has told us to do, and that is look at the preponderance of the sales revenue and make a decision. You don't get to decide whether or not the mall is part of it or not part of it because you've got to have an ordinance first to pass that. We're very narrowly considering it, and so as a result of that, I'll be supporting the motion.

Are there any other comments or remarks by my fellow Commissioners? If not, I'm going to call for the vote. Let's just go ahead and go down the roll. Commissioner Carano, I'll ask if you're going to support your own motion?

Carano: Aye.

Hutchison: Commissioner Sheltra?

Sheltra: Aye.

Hutchison: Commissioner Newman?

Newman: Yes. Aye.

Hutchison: Commissioner Santos?

Santos: Aye.

Hutchison: Lieutenant Governor Bono-Hunt?

Unidentified Male: She was recusing.

Hutchison: You are recusing. Thank you. I'm sorry. I forgot about that. Commissioner Ayala? I'm sorry?

Ayala: Did you call me?

Hutchison: Yes.

Ayala: I'm saying no.

Hutchison: Okay. You're a no vote. The chair votes aye. Mike, are you still on the phone? Mike Vaswani, are you still -- Commissioner Vaswani?

Vaswani: Yes, I'm on the phone. Yes.

Hutchison: Are you a yea vote or a nay vote?

Vaswani: Yes. Yea vote.

Hutchison: A yea vote. All right. I'm not keeping count, but I think it's like seven to one; is that right? Eight to one. One, two, three, four, five, six, seven -- yeah, eight to one. And the -- was it seven?

Unidentified Male: Six.

Hutchison: Six to one. All right. See, you guys are keeping track. Six. All right, Ms. Vecchio, we're going to make you the tie breaker. You tell us how many votes there are and what the count is.

Vecchio: Six to one.

Hutchison: Six to one. The motion carries. The Tourism Improvement District has been approved for the City of Las Vegas under their resolution that we just described, R-2-215. They can now go back and decide whether or not they've got enough votes to pass an ordinance, and whether or not the public wants to chime in on that, and to discuss policy, and discuss the wisdom of the district, and discuss whether that's a good or a bad thing, and discuss whether or not we're taking away money from other essential services. That can all be decided in a different forum, in a different environment, before the city council in their next meeting.

Now, the next thing we've got to decide, Commissioners, is whether we are going to then approve the use of any excess proceeds from the sales and use taxes that are permitted under the statutory scheme to be used in addition to paying off principal and interest, to prepaying any bond or notes that would be secured to support the Tourism Improvement District. Do I have a motion on that piece of our hearing today?

Unidentified Male: (Inaudible).

Hutchison: You bet. Let's go ahead and -- what we'd like to do then, prior to the motion or hearing a motion is, we'd like to have Mr. Arent, you come on up here and maybe tell us why it is that we ought to be considering providing this approval, and what it is that you're contemplating doing with these proceeds.

Arent: Thank you, Mr. Chairman. For the record, Bill Arent, City of Las Vegas. Our thinking with this item is really two-fold. One is we don't know what we don't know. We're looking at future sales tax revenue to be generated within this Tourism Improvement District. We have some really good modeling, as I think you've heard today, on the existing sales tax revenue from the existing outlet mall, how much sales tax revenue would be generated at the portion of the expansion for the future retail development in Symphony Park. We don't know the exact retail mix, the volume of sales. We have some modeling, but we don't know what we don't know.

Our thinking on this side, and then I think it's referred to in the statute, colloquially, as a turbo provision, which would allow us to retire sales tax and anticipated revenue bonds in less than the maximum term authorized by the district. The basic mechanics

of the district is this. Once an ordinance is passed, the sales tax is remunerated to the district, a portion, only the portion that the district keeps. Some of the legislative changes that had been made recently are schools are essentially kept whole. The local school support tax, which was part of the district, no longer is. Regardless of whether the district moves forward or not, this should have zero bearing on the sales tax going to education and to the school district.

There is funding that goes to local school support tax -- I'm sorry, Basic City and County Relief Tax, the BCCRT, and the Supplemental City and County Relief Tax, and I think that's the fiscal item that Commissioner Giunchigliani referred to, so there is an impact there.

Our thinking is, it's really trying to take advantage of the upside, not only for the City of Las Vegas, but what we think is good public policy. We'll model the sales tax district a certain way. If approved by our city council, we'll go to market on STAR bonds a certain way. We believe the city's track record is, we operate very conservatively as a city. We are still AA credit by Standard & Poor's. We don't like risk, and our chief financial officer, even if I want to, doesn't let us take risks. We operate conservatively. When we go to market on those bonds, we'll be conservative. If there is additional sales tax coming into the district, by having this provision that will allow us to retire the bonds early.

If you think of this sales tax increasing over time, 20 years is a long period of time. We haven't done a lot of rigorous analysis, and we'd likely to that at the time we go to our own Board. But we think there is an upside to the extent that retail in the Tourism Improvement District is performing, it's advantageous not only for city to be able to retire these bonds early, but it's likely advantageous for the other sales tax jurisdictions. If you think about sales tax as a volume increasing over time, essentially what you're saying is, instead of trapping sales tax, a portion of it, for a 20-year period, we can retire those bonds early. As soon as those bonds are retired, all of that excess sales tax goes back to the normal tax jurisdictions.

We do want to spend some time being thoughtful about it, because we realize this is an important decision, and we're not going to take it lightly, but we are going to go through that process. We'll present the analysis. We'll have our entire city finance team looking at it. But it's likely advantageous for other tax jurisdictions to retire that (inaudible) early. So for example, if we issued 20-year bonds, if this provision is approved, maybe we're able to retire those bonds in 10 years, in 12 years, and then all of those taxes revert back to the other tax jurisdictions.

We will do more analysis, but that's the purpose of this. Regardless of whether this item is approved or not, I anticipate us being very conservative on any debt we'd issue. We'd likely have between one and a half times and two times coverage on any bonds that we'd be issuing, and because it's anticipated revenue, what we've seen is we believe that the private marketplace will require that level of conservative underwriting as well. We believe, if the district performs, that the upside is we can retire those bonds early, and there's likely a fiscal upside, particularly on those later years, being able to retire the district early.

If you have any technical questions about the statute itself, I'll defer to Ms. Follett of Sherman & Howard, our counsel.

Hutchison: Thank you, Mr. Arent. Are there any questions for him before we let him go? Bottom line is, if you retire this debt early, the sales tax allocation to various governmental jurisdictions returns to normal more quickly?

Arent: That is correct.

Hutchison: Great. Thank you.

Arent: Thank you.

Hutchison: Let me just ask a question. Ms. Bradley or Ms. Vecchio, whoever wants to answer it or even members of the Commission who've been here long enough to know what we did. What have we done in the past on TIDs that have been approved related to this prepayment of bonds?

- Bradley: Every project has not asked for this approval, only some of them have. I believe every time it was asked, the Commission did approve it. I guess it depends on whether the city wants to ask for that or not, because it's the governing body makes determinations, as well, and the Commission before it can happen.
- Hutchison: And in this instance, the city has asked for it?
- Bradley: Yes, they have.
- Hutchison: All right. Commissioners, any other questions before -- Commissioner Newman?
- Newman: Yeah. I just want to make sure prepayment penalties, that obviously would not be in the bonds you would be looking to purchase.
- Arent: Bill Arent, City of Las Vegas. Through you, Mr. Chairman, to Commissioner Newman. Excellent question. There likely may be a prepayment penalty. It's been my experience those typically occur 10 years or later. I don't think they way we'll do it we'd even be in a position of prepaying them, say, in seven years or eight years. If we do move forward with this provision, we'd make sure that, at worst, that prepayment penalty or defeasance penalty would expire after year 10. For the record, I don't think we'd likely retire them in less than 10 years, but this provision would give us flexibility in certainly retiring them in less -- the future sales tax and anticipated revenue bond, I should say, in less than 20 years, and possibly as early as between 10 and 15 years.
- Hutchison: All right. Thank you. Any further questions? Commissioner Santos?
- Santos: Yes. One more question for you. I'm sorry.
- Hutchison: Mr. Arent.
- Santos: We know there's going to be a financial impact to the state and the county, and what I get from the staff was that it's impossible to determine how much at this point. I mean, can I get a better grasp on understanding that, as opposed to it being so open that we have no information. Give me maybe a ballpark or some type of analysis that could tell us how big of an impact it would have on the state and the county.

Arent: Thank you. For the record, Bill Arent, City of Las Vegas. Through you, Mr. Chairman, to Commissioner Santos. Our modeling -- and I'm going to ask Mr. Lambeth to come up because he and Oxford did the modeling. Where it was conservative for the preponderance test, we think it was aggressive on revenue, so I'll state that for the record. When we looked at early modeling, we thought it would be in the range of \$3 to \$4 million in annual revenue total going into the district. They modeled it as more revenue, but I would like Mr. Lambeth just to put on the record that the number that is in the study -- and again, that's just a portion of sales tax. The sales tax that's collected by the district is only a portion. It's 75% of the taxes, which exclude a general apportionment to the state and also an apportionment for local school support tax. With that, I'd like to turn it over to Mr. Lambeth.

Hutchison: Mr. Lambeth, please.

Lambeth: Good afternoon, Mr. Chair. John Lambeth with Civitas. As I testified earlier, it was very aggressive for purposes of preponderance. Obviously any analysis for purposes of bond sales would be a different analysis as it relates to income generated and sales tax generated. Mr. Sears, did you also want to confirm that, or have anything to add on that topic?

Sears: Sure. That is correct in terms of the timeline in relation to the revenues projected here. In terms of numbers, we've got estimates of just under \$3 million a year that would go to the TID, that's 75% of the gross revenues. And, of course, that's incorporating the mixed-use development portion, about just under a third of that would be generated from that component of the project. If you discount that portion of it, then you can discount about roughly a third of that \$3 million estimate.

Hutchison: Thank you. Commissioner Santos, are you good or you want some more?

Santos: I'm not sure.

Hutchison: Okay. Any follow-up questions at all for you?

Santos: No.

Hutchison: All right.

Carano: I have one.

Hutchison: Yeah. Commissioner Carano, please.

Carano: I don't know if I paid attention to my finance class at UNLV or not. However, my question is the amount that you're going out for bonds, at this time we don't know exactly what your bond issuance would be, right? Would you be going out for just the garage, or would you go out for bonds to fund the infrastructure? I know that you had drainage and what have you. Would that amount be large enough to never make the prepayment an issue because you're not going to have enough revenue for it? Or if you were in default, it said the City of Las Vegas would be not be in default, would not be liable for this repayment. I didn't understand all that.

Arent: Thank you. Bill Arent, City of Las Vegas. Through you, Mr. Chair, to Commissioner Carano. Good questions, particularly on the default. You're correct, we have not sized the bonds. We want to be fiscally responsible and conservative in how we do that, so we're not at that step yet. There's a lot of work to be done. We're going to now only work with our own team with the city. We have a financial advisor, Andrew Artusa from Nevada State Bank. We're going to also look at the underwriting market. We don't know yet. We think that those additional costs, above and beyond the garage, are ancillary. It's likely a small expense. To give you a rule of thumb on the expense that we're thinking about for the garage, a rule of thumb for a structured parking space in a parking garage, particularly in an urban environment, is about \$20,000 per space. We think the parking garage, in other words, construction costs may cost about \$25 million. Our initial estimates, based on the work done by Mr. Lambeth, show that we'll have above and beyond revenue needed to service debt for that. Even after coverage that the bond holders require, that there'll still be money left over. We're looking at some minor work in addition to the garage, such as a box culvert for drainage, which would be, I think, about \$3 million, maybe some site work related to the garage. We don't have that final bucket of costs done yet, but it's going to be all infrastructure, and the vast majority of any expenses would be on the garage.

The question about default is kind of an interesting one. These will be revenue bonds if the city issues them. The City of Las Vegas will be the issuer of the bonds. So they'll be revenue bonds in the sense that the only obligation to repay those bonds will be the revenue that's pledged, which will be the sales tax revenue within the district. The way our city team looks at it is we're still the issuer of the debt. There is an inherent moral obligation that we should be paying these bonds and not defaulting on the bonds. I'm not aware of any bond issue that the city has defaulted on. As I mentioned, we have AA credit. We underwrite everything very conservatively. It's my expectation that we would do the bonds in a way where there's very little, if not any, risk to taxpayers. Again, it's only this revenue that's being pledged.

I can't recall a situation where we had bonds, which have been in default, but, again, this is a revenue bond. Because City of Las Vegas, our name is on it, it's going to be underwritten very conservatively, and because it's going for a purpose that the city is going to control. I think some of the other districts around the state, I think it's been a little different, where the developer of the retail district itself was the purchaser of the bonds. There is maybe built in less risk aversion, if you will, from the buyer of the bonds. I would expect the buyer of these bonds to be risk averse. Again, we don't know what we don't know, so it's likely going to be very little risk of nonpayment.

I don't have a better answer for you yet as far as the likelihood that we will be able to exercise this early prepayment, but we're going to study the district more and work with our own advisors. We certainly have a lot of the work already done for us in the homework by Civitas and by Oxford Economics. We believe that there's a likelihood that we will be able to prepay these a little bit early. It probably won't be in 10 years, probably would be somewhere between 15 and 20 years.

Hutchison: Thank you, Mr. Arent. Okay. Commissioner Carano, are you good on that? Another question, Commissioner Santos?

Santos: Sure. I've got three questions all together, two for you and then one for the attorney general. If we were to vote no on this, what impact would that be for the City of Las Vegas?

Arent: My understanding is if you vote no, this is a required item in this statute. I kind of agree with the Commission staff on this point, that the procedures are written the way they are in state law, but it is maybe a bit awkward for you to be authorizing the city to do something in the future on a fiscal matter. It's really very different than the action you took on the last item.

Hutchison: What's the impact on the city if we vote no?

Arent: Yeah. The impact to the city -- my understanding, it's really a procedural item. We would not have the ability to prepay these early. We need authorization from you, and I'll defer to Ms. Bradley or our own counsel, but it's my understanding if you do not take action to approve this item, we will not have the ability to prepay these early. It will be a 20-year bond, provided that the council approves the district, and we go and do, in fact, issue STAR bonds, it will be a 20-year bond. That's why I framed it as, if it outperforms our expectations, we're kind of forgoing the ability to retire this debt early. The city's preference would be to have this, but I don't think it would impact the success of the project. It would mean we'd just be carrying the bonds for 20 years, versus having the ability to pay them off early.

Again, I made this statement earlier for the record, I'll make it again, that when we go through the process with our own counsel, we're going to do that analysis so that we have that answer, as far as looking at a sensitivity. If you prepay them early, what's the public benefit, not only to the city but other tax jurisdictions? Versus if you let it ride 20 years, what's the impact to tax jurisdictions? I think we owe that to the taxpayers, and you have my commitment that we'll do that.

Santos: Is there a timing issue in terms of, if we voted no, are you able to come back to us again at some later point in time with more information as to those issues that are sort of we don't know what we don't know?

Arent: Thank you, Commissioner Santos. Bill Arent, City of Las Vegas. I think there could be a timing issue. I'll defer to counsel, Ms. Bradley or our counsel. I think we could come back through with that items separately, rather than going through the whole process again. But we may be too close to the formation of the district where that's

procedurally impractical. As far as the steps to do that, I'll defer to Ms. Bradley or our own counsel as well.

Santos: Can I ask you that question?

Bradley: I don't know that the statute prohibits them from coming back and requesting it. I know in a previous project -- now, I don't know exactly what the timing was, but there was a previous project where it wasn't asked initially, and then this approval was asked for two months later. So like I said, they don't always ask for it in every project. In at least a previous project, they wanted the first approval first, and then they came and asked the second part. My understanding, after talking with the city's counsel, because I don't do bonds myself in my work for the state. One thing she explained, which I thought was maybe helpful and interesting to know is that it helps when the economy goes up and down. If they can prepay or pay ahead, it kind of helps them stay on target with their payments. It can give them some flexibility to maybe if there's a recession or things go down. That made sense to me that I can see why that's a benefit for them, and it's also, I think, a benefit for the state that the bonds are paid and not not paid.

Santos: We're giving them the ability in their own discretion whether or not they want to prepay those or not?

Bradley: Yeah. They don't have to prepay it but they can. And then, of course, as the Lieutenant Governor said earlier, if they don't -- like if this approval is not done, then that money has to go to the general fund. What this does is it allows them, if there's sales tax in excess of the amount needed to service the debt, so principal and interest on the debt. If there is anything else, normally that would all just go to the general fund, but if you approve it, then they can take that money and pay their debt down early.

Santos: Okay.

Bradley: Either prepay or pay it down early. I'm not sure how it's classified. I think the law allows both, and I know sometimes there's a difference in debts whether you're paying your payment due date ahead or you're paying the principal down.

Santos: Okay. The ones that this body has approved in the past, did they have all of the information regarding all of the different components, or were they in the situation that we're in where we don't know a lot of the facts?

Bradley: I could be wrong, but I think it was deemed sort of a, if you approve the project, you approve this part. The materials are in here. I'm not sure there was extensive information provided, and maybe I'm incorrect and staff can help me with that, but I don't know that we had, like, a complete financial portfolio for that.

Santos: Thank you.

Hutchison: Thank you, Commissioner. Any other questions or comments? Commissioner Ayala, anything in Vegas?

Ayala: No.

Hutchison: All right. Then let's move on then to our motion. The chair will entertain a motion to authorize the City of Las Vegas, under NRS 360.855, to use the proceeds from the sales or use tax available under the relevant statutes to prepay any bonds issued for the Symphony Park Tourism Improvement District.

Ayala: So moved.

Carano: So moved.

Hutchison: All right. We've got a motion from Commissioner Ayala in Las Vegas. We've got a second from Commissioner Carano in Carson City. Is there any discussion on the motion? All right. We'll call for the vote. Commissioner Carano?

Carano: Aye.

Hutchison: Commissioner Sheltra is excused. Commissioner Newman?

Newman: Aye.

Hutchison: Commissioner Santos?

Santos: Aye.

Hutchison: Commissioner Ayala?

Ayala: Aye.

Hutchison: Commissioner Vaswani?

Vaswani: Aye.

Hutchison: And the chair votes aye. Motion passes, and the city is authorized to prepay the bonds. All right. I believe that there is nothing else under Item No. 4.

**Commissioner Comments**

Hutchison: Having concluded all of our work on Item No. 4, we will close that item and move on to Item No. 5. Any comments from the Commissioners? Any comments from the Commissioners in Las Vegas?

Hunt-Bono: None.

Ayala: None.

Hutchison: All right. Any comments from the Commissioners in Carson City? Commissioner Santos?

Santos: Thank you, Governor. I just want to thank the staff for a very detailed analysis to help us reach our decisions today, and the thoroughness of the binder that we received and the supporting documentation. It helped me in analyzing these two questions that we had. I thank you for work well done.

Hutchison: Well said. We second it and we say amen to all of that. All right. Any other Commissioner comments?

**Public Comment**

Hutchison: How about public comment in Carson City? Anybody from the public wishing to make public comment? Anyone in Las Vegas wishing to make public comment? All right.

**Adjournment**

Hutchison: I'll entertain a motion to adjourn. Is there a motion to adjourn?

Group: So moved.

Hutchison: Second?

Vaswani: Aye.

Hutchison: Second. All those in favor signify by saying aye.

Group: Aye.

Hutchison: Any opposed, no. Motion carries. We are adjourned.

The meeting adjourned at 4:36 p.m.

Respectfully submitted,  
Dee Chekowitz-Dykes, Executive Assistant  
Department of Tourism and Cultural Affairs  
Nevada Commission on Tourism