

**PRELIMINARY OFFICIAL STATEMENT DATED DECEMBER 13, 2017**

**NEW ISSUE  
BOOK-ENTRY ONLY**

**RATINGS: Moody's: "A1"  
Standard & Poor's: "A+"  
See "RATINGS"**

*In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2017B Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2017B Bonds (the "Tax Code"), and interest on the 2017B Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See "TAX MATTERS."*

**\$70,730,000\***

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY, NEVADA  
REVENUE REFUNDING BONDS  
SERIES 2017B**

**Dated: Date of Delivery**

**Due: July 1, as shown herein**

The 2017B Bonds are issued as fully registered bonds in denominations of \$5,000, or any integral multiple thereof. The 2017B Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), securities depository for the 2017B Bonds. Purchases of the 2017B Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2017B Bonds. See "THE 2017B Bonds--Book-Entry Only System." The 2017B Bonds bear interest at the rates set forth below, payable on January 1 and July 1 of each year, commencing July 1, 2018, to and including the maturity dates shown herein (unless the 2017B Bonds are redeemed earlier), to the registered owners of the 2017B Bonds (initially Cede & Co.). The principal of the 2017B Bonds will be payable upon presentation and surrender at the principal operations office of The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or its successor as the paying agent for the 2017B Bonds. See "THE 2017B Bonds."

**The maturity schedule for the 2017B Bonds appears on the inside cover page of this Official Statement.**

The 2017B Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described in "THE 2017B Bonds--Prior Redemption."

Proceeds of the 2017B Bonds, together with other available Authority funds, will be used to: (i) refund all of the Authority's outstanding Revenue Refunding Bonds, Series 2010E, as more fully described herein; and (ii) pay certain costs of issuing the 2017B Bonds. See "SOURCES AND USES OF FUNDS."

The 2017B Bonds are special, limited obligations of the Authority, payable solely from and secured by an irrevocable pledge of the Pledged Revenues (defined herein) on a parity with certain outstanding bonds of the Authority and of Clark County, Nevada (the "County"). Pledged Revenues consist primarily of the net revenues derived from the operation and use of certain convention hall and stadium facilities and from certain license taxes on hotels and motels and certain other rental businesses. See "SECURITY FOR THE BONDS" and "REVENUES AVAILABLE FOR DEBT SERVICE." **The 2017B Bonds do not constitute a debt or indebtedness of the Authority within the meaning of any constitutional or statutory provision or limitation. Owners of the 2017B Bonds may not look to any other funds or accounts other than those specifically pledged by the Authority to the payment of the 2017B Bonds.** Neither the Authority nor any other governmental entity has the power to levy ad valorem taxes to pay debt service on the 2017B Bonds. See "SECURITY FOR THE BONDS."

**This cover page contains certain information for quick reference only. It is *not* a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision, giving particular attention to the section entitled "CERTAIN RISK FACTORS."**

The 2017B Bonds are offered when, as, and if issued by the Authority and accepted by the Underwriters, subject to the approval of legality of the 2017B Bonds by Sherman & Howard L.L.C., Las Vegas, Nevada, and the satisfaction of certain other conditions. Sherman & Howard L.L.C. has also acted as special counsel to the Authority in connection with the Official Statement. Katten Muchin Rosenman LLP, New York, New York, has acted as counsel to the Underwriters. JNA Consulting Group, LLC, Boulder, City, Nevada, and Montague DeRose and Associates, LLC, Westlake Village, California, have acted as Municipal Advisors to the Authority. Certain legal matters will be passed upon for the Authority by its Legal Counsel. It is expected that the 2017B Bonds will be available for delivery through the facilities of DTC, on or about December 27, 2017\*.

**Morgan Stanley**

**BofA Merrill Lynch**

**BAIRD**

\*Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of such jurisdiction.

**\$70,730,000\***  
**Las Vegas Convention and Visitors Authority**  
**Revenue Refunding Bonds**  
**Series 2017B**

**MATURITY SCHEDULE\***  
**(CUSIP® 6-digit issuer number:)**

Maturing ( <u>July 1</u> )	Principal <u>Amount*</u>	Interest <u>Rate</u>	Price or <u>Yield</u>	CUSIP® Issue <u>Number</u>
2022	\$2,380,000			
2023	2,500,000			
2024	2,625,000			
2025	2,765,000			
2026	2,905,000			
2027	3,055,000			
2028	3,210,000			
2029	3,375,000			
2030	3,550,000			
2031	3,710,000			
2032	3,865,000			
2033	4,015,000			
2034	4,185,000			
2035	4,340,000			
2036	4,495,000			
2037	4,655,000			
2038	4,835,000			
2039	5,030,000			
2040	5,235,000			

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\* Preliminary, subject to change.

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## **USE OF INFORMATION IN THIS OFFICIAL STATEMENT**

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the 2017B Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the 2017B Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the Las Vegas Convention and Visitors Authority (the "Authority"). The Authority provides certain information to the public on the internet; however, such information is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2017B Bonds.

The information set forth in this Official Statement has been obtained from the Authority and from the sources referenced throughout this Official Statement, which the Authority believe to be reliable. No representation is made by the Authority, however, as to the accuracy or completeness of information provided from sources other than the Authority, and nothing contained herein is or shall be relied upon as a guarantee of the Authority. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the 2017B Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the 2017B Bonds and may not be reproduced or used in whole or in part for any other purpose.

The 2017B Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The 2017B Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

**THE PRICES AT WHICH THE 2017B BONDS ARE OFFERED TO THE PUBLIC BY THE UNDERWRITERS (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE UNDERWRITERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2017B BONDS, THE UNDERWRITERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2017B BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

# **LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

## **Board of Directors**

Lawrence Weekly, Chairman  
Chuck Bowling, Vice Chairman  
Larry Brown, Treasurer  
Bill Noonan, Secretary  
Ricki Y. Barlow  
Carolyn Goodman  
Tom Jenkin  
Peggy Leavitt  
Gregory Lee  
John Lee  
John Marz  
Kristin McMillan  
George Rapson  
Maurice Wooden

## **Authority Officials**

Rossi T. Ralenkotter, President/CEO  
Rana D. Lacer, CPA, CGMA, Chief Financial Officer  
Ed Finger, Senior Vice President of Finance

## **MUNICIPAL ADVISORS**

JNA Consulting Group, LLC  
Boulder City, Nevada

Montague DeRose and Associates LLC  
Westlake Village, California

## **BOND COUNSEL AND SPECIAL COUNSEL**

Sherman & Howard L.L.C.  
Las Vegas, Nevada

## **UNDERWRITERS' COUNSEL**

Katten Muchin Rosenman LLP  
New York, New York

## **REGISTRAR, PAYING AGENT, AND ESCROW BANK**

The Bank of New York Mellon Trust Company, N.A.  
Dallas, Texas

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## OFFICIAL STATEMENT

**\$70,730,000\***  
**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**  
**REVENUE REFUNDING BONDS**  
**SERIES 2017B**

### INTRODUCTION

#### General

This Official Statement, which includes the cover page, the inside cover page and the appendices, provides information concerning the Las Vegas Convention and Visitors Authority (the “Authority”) and the \$70,730,000\* Las Vegas Convention and Visitors Authority Revenue Refunding Bonds, Series 2017B (the “2017B Bonds”). Unless otherwise defined, all capitalized terms used in this Official Statement shall have the same meanings as used in the resolution authorizing the issuance of the 2017B Bonds (the “Bond Resolution”), adopted by the Board of Directors of the Authority (the “Board”) on November 14, 2017. See APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION.

*The offering of the 2017B Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the 2017B Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein, particularly the section entitled “CERTAIN RISK FACTORS.” Detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page, the inside cover page and the appendices, is unauthorized.*

#### The Authority

The Authority is an instrumentality of Clark County, Nevada (the “County”), established pursuant to Nevada Revised Statutes (“NRS”) 244A.597 through 244A.655 (the “Project Act”) for the purpose, among others, of acquiring, operating and promoting public convention hall and recreational facilities within the County. The Las Vegas Convention Center (the “Convention Center”), the Cashman Center and certain incidental recreational facilities currently comprise the Authority’s Facilities (defined below). See “REVENUES AVAILABLE FOR DEBT SERVICE--Facilities Revenues - Present Facilities; Rates and Charges.”

#### Authority for Issuance

The 2017B Bonds are being issued pursuant to the constitution and laws of the State, including the Project Act, the Local Government Securities Law, NRS 350.500 through 350.720, as amended (the “Bond Act,”), Chapter 348 of NRS (the “Supplemental Bond Act”), and the Bond Resolution.

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\* Preliminary; subject to change.

## **The 2017B Bonds; Prior Redemption**

The 2017B Bonds are issued solely as fully registered certificates in denominations of \$5,000, or any integral multiple thereof. The 2017B Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), the securities depository for the 2017B Bonds. Purchases of the 2017B Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2017B Bonds. See “THE 2017B BONDS--Book-Entry Only System.” The 2017B Bonds are dated as of the date of their delivery and mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page hereof. The payment of principal and interest on the 2017B Bonds is described in “THE 2017B BONDS--Payment Provisions.”

The 2017B Bonds are subject to optional redemption prior to maturity and are also subject to mandatory sinking fund redemption as described in “THE 2017B Bonds--Prior Redemption.”

### **Purpose**

Proceeds of the 2017B Bonds, together with other available Authority funds, will be used to: (i) refund all of the outstanding Authority’s Revenue Refunding Bonds, Series 2010E (the “2010E Bonds”), currently outstanding in the aggregate principal amount of \$76,725,000; and (ii) pay the costs of issuing the 2017B Bonds. See “SOURCES AND USES OF FUNDS.” The refunding of all of the outstanding 2010E Bonds is sometimes referred to herein as the “Refunding Project.”

### **Security for the Bonds**

Pledged Revenues. The 2017B Bonds are special limited obligations of the Authority payable solely from the Pledged Revenues of the Authority. “Pledged Revenues” means the Gross Revenues remaining after the payment of the Operation and Maintenance Expenses of the Facilities.

“Gross Revenues” generally means all of the Facilities Revenues (defined below) and all of the proceeds from the License Taxes (defined below), but excluding the reasonable costs of the collection of the License Taxes not exceeding, for any collection period, an amount equal to 10% of the gross revenues collected from the License Taxes as more specifically provided in the Bond Resolution. As clarification of the term “Gross Revenues:” (i) all investment income from any fund or account established under the Bond Resolution shall be treated as a part of the Gross Revenues; and (ii) with respect to the License Taxes, nothing in the Bond Resolution shall be deemed to be an assignment or pledge of any license tax on gaming, or of license taxes other than the License Taxes assigned or pledged by the Authority to the Existing Bonds (defined below) by ordinances adopted by the Board of the County and City Councils of the Cities (defined below), prior to the delivery of the 2017B Bonds.

“Facilities Revenues” means the gross revenues derived from the operation of the Facilities. See “REVENUES AVAILABLE FOR DEBT SERVICE--Facilities Revenues” and “--Facilities Revenue Data” and “AUTHORITY FINANCIAL INFORMATION AND DEBT

STRUCTURE--History of Revenues, Expenses, and Changes in Fund Balance – General Fund.” “Facilities” means the Convention Center and incidental recreational facilities under the jurisdiction of the Authority, including, without limitation, fairgrounds, auditoriums, fieldhouses, amusement halls, public parks, playgrounds, other recreational facilities, buildings therefor, improvements incidental thereto, and sites and grounds, equipment and furnishings therefor, as the same may thereafter (both heretofore and hereafter) from time to time be extended or otherwise improved, or any combination thereof. Although not specifically listed in the definition of “Facilities,” the Cashman Center is currently one of the Authority’s Facilities it operates. For a description of the Cashman Center and the future plans regarding ownership of the Cashman Center, see “REVENUES AVAILABLE FOR DEBT SERVICE--Facilities Revenues--Present Facilities; Rates and Charges--*Cashman Center*.”

“License Taxes” means, collectively, the City License Taxes and the County License Taxes. See “REVENUES AVAILABLE FOR DEBT SERVICE--License Taxes” and “-License Tax Data” and “AUTHORITY FINANCIAL INFORMATION AND DEBT STRUCTURE--History of Revenues, Expenses, and Changes in Fund Balance – General Fund.” “City License Taxes” means the license tax for revenue upon hotels and motels and certain other rental businesses, fixed by each City and assigned for a pledge to bonds by ordinance adopted by each City, pursuant to the City Tax Act and the Project Act and all laws supplemental thereto and includes any license taxes subsequently substituted therefor. “County License Taxes” means the license taxes for revenue upon hotels and motels and certain other rental businesses, fixed by the County, acting by and through the Board, and assigned for a pledge to bonds, pursuant to the County Tax Act, the Project Act and all laws supplemental thereto and includes any license taxes subsequently substituted therefor. “City” means any incorporated city within the County, now consisting of Boulder, Henderson, Las Vegas, North Las Vegas and Mesquite, and “Cities” means collectively all such incorporated cities.

“Operation and Maintenance Expenses,” or any phrase of similar import, means all reasonable and necessary current expenses paid or accrued, of operating, maintaining and repairing the Facilities or of any other designated facilities in connection with which such term is used, as more fully defined in APPENDIX B.

The proceeds from License Taxes imposed on hotels and motels are sometimes referred to herein as “Room Taxes.”

SB1 Revenues Not Pledged. During a special legislative session in October 2016, the Nevada Legislature approved Senate Bill No. 1 (“SB1”) relating to tourism infrastructure projects. SB1 includes a provision requiring the County and the Cities to impose a 0.5% increase in the Room Tax (the “Additional Room Tax”) and distribute the proceeds thereof to the Authority for the sole purpose of expanding the Convention Center and/or paying the principal of and interest on securities issued to finance the expansion of the Convention Center (collectively, and as more particularly described herein under the heading “LAS VEGAS CONVENTION AND VISITORS AUTHORITY--Capital Plans--Las Vegas Convention Center District Program,” the “LVCCD Program”). SB1 further limits the fees that may be distributed to the County and the Cities for the collection of the License Taxes to a sum not to exceed the lesser of 10% of the proceeds of the License Taxes or \$25,000,000, and any collection fee in excess of a total of \$25,000,000 (the “Excess Collection Fees”) must be used solely for the Convention Center Project. Collectively, the Additional Room Tax and the Excess Collection Fees are

referred to herein as the “SB1 Revenues”. **The SB1 Revenues may only be used for the LVCCD Program and are thus not pledged to the payment of the 2017B Bonds.**

Lien Priority.

*Parity Lien Bonds.* The 2017B Bonds have a lien (but not necessarily an exclusive lien) on the Pledged Revenues on a parity with the lien thereon of: (i) the Authority’s Revenue Refunding Bonds, Series 2016C (the “Prior Revenue Bonds”), currently outstanding in the aggregate principal amount of \$100,705,000; (ii) the Prior Parity Bonds described below; and (iii) any additional bonds issued in the future with a parity lien on the Pledged Revenues, upon compliance with the terms of the Bond Resolution. See “SECURITY FOR THE BONDS--Additional Parity Bonds.”

The Authority has also issued, or is about to issue, certain bonds on behalf of Clark County, Nevada (the “County”), which are outstanding in the aggregate principal amount of \$628,245,000 (collectively, the “Prior Parity Bonds,” and together with the Prior Revenue Bonds, the “Existing Bonds”). All of the Prior Parity Bonds are direct and general obligations of the County, payable as to principal and interest from annual general (ad valorem) taxes levied against all taxable property within the County (except to the extent any other monies are made available therefor), subject to the limitations imposed by the constitution and statutes of the State. All of the Prior Parity Bonds also have a lien on the Pledged Revenues on a parity with the lien thereon of the 2017B Bonds and the Prior Revenue Bonds. In addition to a parity lien on the Pledged Revenues, the Prior Parity Bonds have a lien on certain revenues derived by license taxes imposed by the Cities (except Boulder City) and the County on certain gaming businesses (the “Gaming Fees”). *The Gaming Fees are not pledged to the payment of the 2017B Bonds or the Prior Revenue Bonds.*

Those outstanding Prior Parity Bonds are comprised of the following:

- the County’s General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Transportation Bonds (Additionally Secured with Pledged Revenues), Series 2008 (the “2008 Bonds”), currently outstanding in the aggregate principal amount of \$630,000;
- the County’s General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Transportation Bonds (Additionally Secured with Pledged Revenues), Series 2010A (Taxable Direct Pay Build America Bonds) (the “2010A Bonds”), currently outstanding in the aggregate principal amount of \$70,770,000;
- the County’s General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Transportation and Refunding Bonds (Additionally Secured with Pledged Revenues), Series 2010B (the “2010B Bonds”), currently outstanding in the aggregate principal amount of \$37,670,000;
- General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Transportation Bonds (Additionally Secured with Pledged Revenues), Series 2010C (Taxable Direct Pay Build America Bonds) (the

“2010C Bonds”), currently outstanding in the aggregate principal amount of \$146,620,000<sup>(1)</sup>;

- the County’s General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Bonds (Additionally Secured with Pledged Revenues), Series 2012 (the “2012 Bonds”), currently outstanding in the aggregate principal amount of \$20,805,000;
- the County’s General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Bonds (Additionally Secured with Pledged Revenues), Series 2014 (the “2014 Bonds”), currently outstanding in the aggregate principal amount of \$50,000,000;
- the County’s General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Refunding Bonds (Additionally Secured with Pledged Revenues), Series 2015A (the “2015A Bonds”), currently outstanding in the aggregate principal amount of \$153,720,000
- the County’s General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Refunding Bonds (Additionally Secured with Pledged Revenues), Series 2017 (the “2017 Bonds”), currently outstanding in the aggregate principal amount of \$21,175,000; and
- the County’s General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Crossover Refunding Bonds (Additionally Secured with Pledged Revenues), Series 2017C (the “2017C Bonds”), which will be outstanding in the aggregate principal amount of \$126,855,000 on December 28, 2017<sup>(2)</sup>.

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<sup>(1)</sup> The net proceeds of the 2017C Bonds are being placed into the escrow account established for the purpose of (i) paying the interest on the 2017C Bonds through and including July 1, 2020 and (ii) paying all of the principal of the 2010C Bonds maturing on and after July 1, 2021 on July 1, 2020. The interest on the 2010C Bonds due and payable on and prior to July 1, 2020 will be paid by the Authority and will not be paid from monies on deposit in the escrow account. Consequently, the 2010C Bonds are not expected to remain outstanding beyond July 1, 2020.

<sup>(2)</sup> The County sold the 2017C Bonds on December 7, 2017 and is expected to issue the 2017C Bonds on December 28, 2017.

*Subordinate Lien Bonds.* The Authority also currently has outstanding \$1,000,000 aggregate principal amount of its Subordinate Revenue Bonds, Series 2016A (the “2016A Subordinate Bonds”). The 2016A Subordinate Bonds have a lien on the Pledged Revenues that is subordinate to the lien thereon of the Existing Bonds and any additional Parity Bonds (defined below) or additional Parity Securities (defined below) hereafter issued. The 2016A Subordinate Bonds evidence and secure amounts drawn by the Authority under a Revolving Credit Agreement, dated as of July 1, 2016 (the “Revolving Credit Agreement”), between the Authority and JPMorgan Chase Bank, National Association (the “Lender”). Pursuant to the Revolving Credit Agreement, the Authority is entitled to receive advances from the Lender up to a maximum outstanding principal amount of \$100,000,000. Subject to the

repayment of previous advances and the requirement that no more than \$100,000,000 of unpaid advances be outstanding at any given time, the Authority is entitled to receive a cumulative total of \$300,000,000 in advances from the Lender pursuant to the Revolving Credit Agreement. As of December 1, 2017, the Authority has \$1,000,000 outstanding on the Revolving Credit Agreement. The Revolving Credit Agreement expires on July 13, 2018, unless extended in accordance with the terms of the Revolving Credit Agreement.

For a description of certain risk related to the 2016A Subordinate Bonds, see “CERTAIN RISK FACTORS--Risks Related to Existing and Additional Bonds--Subordinate Bonds.”

Additional Bonds. The Authority, for itself or on behalf of the County, may issue additional bonds or other obligations with a lien on the Pledged Revenues (or portions thereof) that is on a parity with the lien of the 2017B Bonds (“Parity Bonds” or “Parity Securities”), upon compliance with the terms of the Bond Resolution. See “SECURITY FOR THE 2017B BONDS--Additional Parity Bonds.” The Bond Resolution prohibits the Authority or the County from issuing bonds or other obligations with a lien on the Pledged Revenues that is prior and superior to the lien on the 2017B Bonds. Conversely, nothing in the Bond Resolution prohibits the Authority and the County from issuing bonds or other obligations with a lien on the Pledged Revenues that is subordinate to the lien thereon of the Bonds, including additional draws on the Revolving Credit Agreement discussed below. See “SECURITY FOR THE 2017B Bonds--Subordinate Securities Authorized.”

During the next seven fiscal years, the Authority, for itself or on behalf of the County, currently anticipates issuing approximately \$1.1 billion of additional securities to support the LVCCD Program. These additional securities will be supported by the SB1 Revenues and may further be secured by a parity or subordinate lien on the Pledged Revenues. Notwithstanding the foregoing, the amount of securities actually issued in support of the LVCCD Program will depend on several factors, including, but not limited to, projected SB1 Revenues, projected Pledged Revenues, and projected LVCCD Program costs. See “LAS VEGAS CONVENTION AND VISITORS AUTHORITY--Capital Plans.” The Oversight Panel for Convention Facilities in Clark County has approved the issuance of up to \$900,000,000 of additional securities related to Phase II of the LVCCD Program and the Authority has adopted a resolution authorizing \$400,000,000 of general obligation backed bonds which are expected to be issued as early as 2018. Additional legal proceedings are required to issue the bonds.

The Authority may draw additional amounts under the Revolving Credit Agreement relating to the Authority’s 2016A Subordinate Bonds to pay for a portion of the LVCCD Program. For a description of the 2016A Subordinate Bonds, see “INTRODUCTION--Security for the 2017B Bonds--Lien Priority – Subordinate Lien Obligations” and “CERTAIN RISK FACTORS--Risks Related to Subordinate Bonds.”

## **Professionals**

Sherman & Howard L.L.C., Las Vegas, Nevada, has acted as Bond Counsel and also has acted as Special Counsel to the Authority in connection with preparation of this Official Statement. Katten Muchin Rosenman LLP, New York, New York, has acted as counsel to the Underwriters. The municipal advisors to the Authority in connection with the issuance of the

2017B Bonds are JNA Consulting Group, LLC, Boulder City, Nevada, and Montague DeRose and Associates LLC, Westlake Village, California (the “Authority Municipal Advisors”). See “MUNICIPAL ADVISORS.” The fees of the Municipal Advisors will be paid only from 2017B Bond proceeds at closing. The basic audited financial statements of the Authority (contained in APPENDIX A to this Official Statement) include the report of Piercy Bowler Taylor & Kern, certified public accountants, Las Vegas, Nevada. See “INDEPENDENT AUDITORS.” The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, will act as registrar and paying agent for the 2017B Bonds (the “Registrar” and “Paying Agent”), and will also act as the escrow bank in connection with the Refunding Project (the “Escrow Bank”). Certain mathematical computations regarding the Escrow Account (defined below) will be verified by Causey Demgen & Moore, P.C., Denver, Colorado, a firm of independent public accountants. See “SOURCES AND USES OF FUNDS.”

### **Tax Status**

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2017B Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the 2017B Bonds (the “Tax Code”), and interest on the 2017B Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See “TAX MATTERS--Federal Tax Matters.”

Under the laws of the State in effect as of the date of delivery of the 2017B Bonds, the 2017B Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS. See “TAX MATTERS--State Tax Exemption.”

### **Continuing Disclosure Undertaking**

The Authority will execute a continuing disclosure certificate (the “Disclosure Certificate”) at the time of the closing for the 2017B Bonds. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the 2017B Bonds and the Authority will covenant in the Bond Resolution to comply with its terms. The Disclosure Certificate will provide that so long as the 2017B Bonds remain outstanding, the Authority will annually provide the following information to the Municipal Securities Rulemaking Board, through the Electronic Municipal Market Access (“EMMA”) system: (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain material events; as specified in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as APPENDIX E.

The Authority has not failed to materially comply with any continuing disclosure undertakings entered into pursuant to the Rule in the last five years. The Authority notes that in 2014, the Authority failed to timely file a material event notice relating to an insurer upgrade on its 2010E Bonds. Additionally, in its annual report for fiscal year 2015, the Authority did not include budgeted information for the ensuing fiscal year in its Historical and Budgeted Pledged

Revenues and Debt Service Coverage table. Audited 2016 financial results are available and have been previously disclosed.

### **Additional Information**

This introduction is only a brief summary of the provisions of the 2017B Bonds, the Bond Resolution and the Refunding Project; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the 2017B Bonds, the Bond Resolution, the Authority and the Pledged Revenues are included in this Official Statement. All references herein to the 2017B Bonds, the Bond Resolution and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

Additional information and copies of the documents referred to herein are available from the Authority and the Municipal Advisors at the addresses set forth below:

Las Vegas Convention and Visitors Authority  
Attn: Chief Financial Officer  
3150 Paradise Road  
Las Vegas, Nevada 89109  
Telephone: (702) 892-2990

JNA Consulting Group, LLC.  
410 Nevada Way, Suite 200  
Boulder City, Nevada 89005  
Telephone: (702) 294-5100

Montague DeRose and Associates LLC  
2801 Towngate Road, Suite 221  
Westlake Village, California 91361  
Telephone: (805) 496-2211



## **CERTAIN RISK FACTORS**

Each prospective investor is encouraged to read this Official Statement in its entirety and to give particular attention to the factors described below which, among others discussed herein, could affect the payment of debt service on the 2017B Bonds and could affect the market price of the 2017B Bonds to an extent that cannot be determined at this time. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the 2017B Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of such risks.

### **Special, Limited Obligations**

The 2017B Bonds are special obligations of the Authority, payable solely from and secured by an irrevocable pledge of the Pledged Revenues on a parity with the Existing Bonds. See “SECURITY FOR THE BONDS.” The 2017B Bonds do not constitute a debt of the State of Nevada (the “State”) or a debt or an indebtedness of the Authority within the meaning of any constitutional or statutory provision or limitation and shall not be considered to be a general obligation of the Authority or of the County or the State within the meaning of any constitutional or statutory provisions or limitations.

### **No Pledge of Property**

The payment of the 2017B Bonds is not secured by an encumbrance, mortgage or other pledge of property of the Authority, except the Pledged Revenues and any other moneys or accounts as set forth pledged in the Bond Resolution for the payment of the 2017B Bonds. No property of the Authority, subject to such exceptions, shall be liable to be forfeited or taken in payment of the 2017B Bonds.

### **Dependence on Gaming, Tourism and Other Factors**

The economy of the County and the State (and therefore the revenues of the Authority) is heavily dependent on the tourist industry, which is based significantly on legalized gambling. Any decrease in the level of tourist activity (including convention activity) in the County is likely to result in a reduction in Pledged Revenues. Factors such as weakening in the national economy and reductions in travel for any reason, including terrorist attacks and increases in gas prices, have impacted Pledged Revenues in the past and could do so in the future. The recession from approximately 2008 to 2010 decreased Pledged Revenues from a pre-recession high of nearly \$221 million (occurring in 2008) to a low of approximately \$154 million (occurring in 2010) (a drop of over 30%); however, Pledged Revenues have increased every year since fiscal year 2010, and are budgeted to increase again in fiscal year 2018. See “SECURITY FOR THE BONDS--Historical and Budgeted Pledged Revenues and Debt Service Coverage.” Prior to the recessionary period occurring between 2008 and 2010, Room Tax Revenues have only decreased year-over-year one prior time in the Authority’s history (i.e., since 1961). In 2002, Room Tax Revenues decreased by over 8% from the prior year’s Room Tax Revenues as a likely consequence of the terrorist attacks occurring on September 11, 2001. There can be no assurance that a future recession or other significant local or national event will not again have a materially negative impact on the Authority’s Pledged Revenues. On October 1, 2017, Las

Vegas was the site of one of the worst mass shootings in U.S. history. The tragedy is likely to have adverse effects on tourism to the area, the local economy, and the Authority's revenues and operations for an undeterminable period that are not subject to estimation at this time.

Other factors that are beyond the control of the Authority also may adversely affect the level of Room Tax revenues in the future. These factors include a dependence on the individual members of the hotel/casino industry to attract visitors to the Las Vegas area through the use of advertising and other promotional activities, and to not significantly decrease hotel rates or provide excessive "complimentary" rooms to customers. Another factor is the availability of affordable and frequent air service to the County. Reductions in air service or increases in the price of such service may occur due to the poor health of the airline industry in general, increases in jet fuel costs or other factors.

A class action lawsuit has been filed against Caesars Entertainment Corporation relating to a portion of the License Taxes collected by Caesars Entertainment Corporation. The Authority is not a party to the complaint against Caesars Entertainment Corporation. The complaint, *Cabral et al vs Caesars Entertainment Corporation*, Case No. 2:17-cv-02841-APG-VCF was filed for damages and declaratory relief on November 10, 2017. The complaint alleges that Caesars Entertainment Corporation charges a resort fee to overnight guests which includes the provision of internet access and that Caesars Entertainment Corporation collects taxes on the portion of the resort fee attributable to internet access by overnight guests in violation of the Internet Tax Freedom Act ("ITFA"), P.L. 105-277, Div. C., Title XI § 1100 (Oct. 21, 1998), 112 Stat. 2681-719 (enacted as statutory note to 47 U.S.C. § 151, as amended). The Authority receives taxes collected on the resort fee as License Taxes. The complaint seeks, among other things, damages in the amount of the portion of the taxes on the resort fee attributable to internet access. The complaint does not seek to enjoin, suspend, or restrain the assessment, levy, or collection of the License Taxes by Clark County or the State of Nevada. The extent of this class action complaint and any other similar cases that may arise on the collection and distribution of License Taxes cannot be determined at this time.

### **Competition for Convention Space**

The Facilities Revenues are largely dependent upon the continued attractiveness of convention activities in the metropolitan Las Vegas area. Competition for convention activity in other metropolitan areas may cause downward pressure on Facilities rates and thus cause a decline in future Facilities Revenues. Furthermore, any decline in the continued attractiveness of the Facilities themselves as a venue for holding conventions could lead to a decline in Facilities Revenues.

### **Hotel/Casino Practices with Respect to Room Rentals**

Other factors which are beyond the Authority's control include the rates at which hotels rent rooms and the rate at which hotel/casinos provide complimentary ("comp") rooms to guests. Hotel/casinos may be inclined, especially during low tourism periods or for competitive advantage, to significantly decrease the price of room rentals. When the price of the room rental decreases, Room Tax revenues (and therefore Pledged Revenues) may also decline. In addition, "comp" rooms are not subject to Room Tax. Accordingly, an increase in the number of "comp" rooms may adversely impact Room Tax revenues. The Authority has no control over the room

rates charged by individual properties or the amount of “comp” rooms provided by hotel/casinos. Accordingly, when the hotel/casino operators decide to lower room rates for extended periods of time or increase the number of “comp” rooms, Room Tax revenues decline.

### **Impact of Foreclosure on Collection of Pledged Revenues**

The ability and willingness of an owner or operator of a property to pay License Taxes (including the Room Tax) may be adversely affected by the filing of a bankruptcy proceeding by the owner. The ability to collect delinquent License Taxes using foreclosure and sale for non-payment of taxes may be forestalled or delayed by bankruptcy, reorganization, insolvency, or other similar proceedings of the owner of a taxed property or the holder of mortgage liens on the taxed property. Prosecution of such proceedings could be delayed due to crowded local court calendars or legal delaying tactics. The federal bankruptcy laws provide for an automatic stay of foreclosure and sale proceedings, thereby delaying such proceedings, perhaps for an extended period. Additionally, trade shows or other exhibitors filing for bankruptcy could result in delayed or drastically reduced payments to the Authority for the use of the Facilities. Delays in the exercise of remedies could result in Pledged Revenues collections which may be insufficient to pay debt service on the 2017B Bonds when due. On January 15, 2015, Caesars Entertainment Operating Company and approximately 172 other entities filed for Chapter 11 bankruptcy. Caesars Entertainment Operating Company has since exited bankruptcy. However, the payment of Room Tax by hotels owned by entities which have filed for bankruptcy could be delayed, and the Authority’s ability to collect delinquent Room Taxes using foreclosure could be forestalled or delayed. See “REVENUES AVAILABLE FOR DEBT SERVICE – License Tax Data – Largest Taxpayers.”

### **Authority Cannot Increase Rates of Taxes**

The Authority has no control over the rate at which Room Taxes are imposed; the rate of such taxes can be increased only by action of the State legislature (the “Legislature”). Accordingly, should the Pledged Revenues be insufficient to pay debt service on the 2017B Bonds and the Existing Bonds, none of the Authority, the Cities or the County is authorized to increase the rate of the Room Taxes in order to raise sufficient revenues to pay debt service.

### **Risks Related to Subordinate Bonds**

The terms of the 2016A Subordinate Bonds (and the related Revolving Credit Agreement) provide that the 2016A Subordinate Bonds are subject to acceleration upon an event of default, among other remedies. Such terms also provide that from and after the date on which the Lender accelerates any of the 2016A Subordinate Bonds, no payments may be made during any Bond Year until all payments due on the 2017B Bonds, the Existing Bonds, and all other Parity Securities for such Bond Year have been paid. If acceleration were to occur, however, the payment of the 2016A Subordinate Bonds could materially impair, or even eliminate, funds to pay all expenses of the Authority (including its marketing budget) in such Bond Year not otherwise falling under the definition of Operation and Maintenance Expenses, and could further cause the Authority to be in default of its rate maintenance covenant to the extent it could not, or chose not, to raise Facilities rates to amounts sufficient to pay accelerated amounts due under the 2016A Subordinate Bonds in the following Bond Year. See “SECURITY FOR THE 2017B Bonds—Rate Maintenance Covenant and Covenant Regarding Collection of Taxes.”

The Authority expects that \$1,000,000 will be outstanding on the 2016A Subordinate Bonds on the date of issuance of the 2017B Bonds, which will leave approximately \$299,000,000 of available draw capacity under the related Revolving Credit Agreement (subject to the requirement that no more than \$100,000,000 of unpaid advances be outstanding at any given time). See “INTRODUCTION--Security for the 2017B Bonds--Lien Priority--*Subordinate Lien Obligations*.”

All principal and accrued and unpaid interest on the 2016A Subordinate Bonds is due on July 13, 2018 (the “Subordinate Bonds Maturity Date”). Any amounts not paid on the Subordinate Bonds Maturity Date will, unless an event of default under the Revolving Credit Agreement has occurred, convert into amortizing term loans (the “Amortizing Term Loans”) on the Subordinate Bonds Maturity Date with approximately equal semi-annual principal payments, plus accrued interest, due through July 1, 2021 (with all unpaid principal and accrued interest due on July 1, 2021).

Any failure or inability of the Authority to refinance the 2016A Subordinate Bonds prior to the Subordinate Bonds Maturity Date, or any failure to make a required payment due on the Amortizing Term Loans, if applicable, would present the same risks and potential consequences as are described in the first paragraph of this section.

### **Risks Related to Additional Bonds**

The Authority may, for itself or on behalf of the County, issue additional Parity Bonds with a lien on the Pledged Revenues (or portions thereof) that is on a parity with the lien of the 2017B Bonds, upon compliance with the terms of the Bond Resolution. Specifically, during the next five to seven fiscal years, the Authority, for itself or on behalf of the County, currently anticipates issuing approximately \$1.1 billion of additional securities to support the LVCCD Program. These additional securities will be supported by the SB1 Revenues and may further be secured by a parity or subordinate lien on the Pledged Revenues. Notwithstanding the foregoing, the amount of securities actually issued in support of the LVCCD Program will depend on several factors, including, but not limited to, projected SB1 Revenues, projected Pledged Revenues, and projected LVCCD Program costs. See “LAS VEGAS CONVENTION AND VISITORS AUTHORITY--Capital Plans.” The Oversight Panel for Convention Facilities in Clark County has approved the issuance of up to \$900,000,000 of additional securities related to Phase II of the LVCCD Program and the Authority has adopted a resolution authorizing \$400,000,000 of general obligation backed bonds which are expected to be issued in calendar year 2018. Additional legal proceedings are required to issue the bonds.

To the extent the issuance of additional Parity Bonds increases the amount of debt service payable by the Authority or the County, the issuance of such additional Parity Bonds will have the effect of diluting the security for the 2017B Bonds. See “SECURITY FOR THE BONDS--Additional Parity Bonds.”

### **Limitation of Remedies**

Judicial Remedies. Upon the occurrence of an Event of Default under the Bond Resolution, each owner of the 2017B Bonds is entitled to enforce the covenants and agreements of the Authority by mandamus, suit or other proceeding at law or in equity. Any judgment will,

however, only be enforceable against the Pledged Revenues and other moneys held under the Bond Resolution and not against any other fund or properties of the Authority.

The enforceability of the Bond Resolution is also subject to equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the police powers of the State and the exercise of judicial authority by State or federal courts.

Due to the delays in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in obtaining judicial remedies to enforce the covenants and agreements of the Authority under the Bond Resolution, to the extent enforceable, could result in delays in any payment of principal of and interest on the 2017B Bonds.

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the 2017B Bonds and the obligations incurred by the Authority in issuing the 2017B Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2017B Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights or otherwise materially adversely affect the payment and/or market value of the Bonds.

No Acceleration. There is no provision for acceleration of maturity of the principal of the 2017B Bonds in the event of a default in the payment of principal of or interest on the 2017B Bonds. Consequently, remedies available to the owners of the 2017B Bonds may have to be enforced from year to year.

### **Forward-Looking Statements**

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Sections of this Official Statement containing forward-looking statements include, but are not limited to: "SECURITY FOR THE BONDS--Historical and Budgeted Pledged Revenues and Debt Service Coverage," "REVENUES AVAILABLE FOR DEBT SERVICE--License Tax Data - History of Room Tax and Gaming Tax Collections," "REVENUES AVAILABLE FOR DEBT SERVICE--Facilities Revenue Data," "AUTHORITY FINANCIAL INFORMATION AND DEBT STRUCTURE--History of Revenues, Expenditures and Changes in Fund Balance - General Fund" and "AUTHORITY FINANCIAL INFORMATION AND DEBT STRUCTURE--Recent Developments." When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that

could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results. Those differences could be material and could impact the availability of funds to pay debt service on the 2017B Bonds.

### **Future Changes in Laws**

Various State laws apply to the imposition, collection, and expenditure of Room Taxes and to other Authority revenues as well as to the operation and finances of the Authority. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material adverse effect, directly or indirectly, on the affairs of the Authority and the imposition, collection, and expenditure of revenues, including Room Taxes.

### **Secondary Market**

Investment in the Bonds poses certain economic risks which may not be appropriate for certain investors, and only persons with substantial financial resources who understand the risk of investment in the Bonds should consider such investment. No guarantee can be made that a secondary market for the 2017B Bonds will develop or be maintained by the Underwriters or others. Thus, prospective investors should be prepared to hold their 2017B Bonds to maturity.

## SOURCES AND USES OF FUNDS

### Sources and Uses of Funds

The proceeds of the 2017B Bonds are expected to be applied in the manner set forth in the following table.

#### Sources and Uses of Funds

	<u>Amount</u>
<b><u>SOURCES:</u></b>	
Principal amount .....	
Plus/(less): Original issue premium/(discount) .....	
Other available funds <sup>(1)</sup> .....	
Total .....	
 <b><u>USES:</u></b>	
The Refunding Project .....	
Costs of issuance (including underwriting discount) .....	
Total .....	

<sup>(1)</sup> Consists of moneys on deposit in the bond fund and reserve fund for the Refunded Bonds and other available Authority funds.

Source: The Municipal Advisors.

### The Refunding Project

The Refunding Project. The net proceeds of the 2017B Bonds will be used to: (a) advance refund all of the outstanding 2010E Bonds (the “Refunded Bonds”). To accomplish the Refunding Project, the Authority will deposit a portion of the 2017B Bond proceeds and other legally available funds into the Escrow Account created pursuant to the Bond Resolution. Pursuant to an Escrow Agreement between the Authority and the Escrow Bank, the amounts deposited into the Escrow Account will be invested in Federal Securities (defined herein) maturing at such times and in such amounts as are required to pay the interest of the Refunded Bonds both on and prior to July 1, 2020 (the “Redemption Date”), and the principal of the Refunded Bonds both on and prior to the Redemption Date.

Verification of Mathematical Computations. Causey Demgen & Moore, P.C., Denver, Colorado, a firm of independent public accountants, will deliver to the Authority, on or before the settlement date of the 2017B Bonds, its verification report indicating that it has verified the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the government obligations deposited into the Escrow Account, to pay, when due, the interest of the Refunded Bonds both on and prior to the Redemption Date, and the principal of the Refunded Bonds both on and prior to the Redemption Date..

The verification performed by Causey Demgen & Moore, P.C. will be solely based upon data, information, and documents provided to Causey Demgen & Moore, P.C. by the

Authority and its representatives. Causey Demgen & Moore, P.C. has restricted its procedures to recalculating the computations provided by the Authority and its representatives and has not evaluated or examined the assumptions or information used in the computations.



## **THE 2017B BONDS**

### **General**

The 2017B Bonds will be issued as fully registered bonds in denominations of \$5,000 and any integral multiple thereof. The 2017B Bonds will be dated as of their date of delivery and will mature and bear interest as set forth on the inside cover page of this Official Statement. The 2017B Bonds initially will be registered in the name of “Cede & Co.,” as nominee for DTC, the securities depository for the 2017B Bonds. Purchases of the 2017B Bonds are to be made in book-entry only form. Purchasers will not receive certificates evidencing their beneficial ownership interest in the 2017B Bonds. See “Book-Entry Only System” below.

### **Payment Provisions**

Interest on the 2017B Bonds is payable on January 1 and July 1 of each year, commencing July 1, 2018, by check or draft mailed by the Paying Agent on or before the interest payment date (or if such day is not a business day, on or before the next succeeding business day) to the person in whose name each 2017B Bond is registered (i.e., Cede & Co.) on the 15th day of the calendar month preceding the interest payment date (the “Regular Record Date”), at the address shown on the registration records maintained by the Paying Agent as of the close of business on the Regular Record Date. However, if there is a default in payment or provision of interest due with respect to a 2017B Bond on any interest payment date, such interest thereafter will be paid to the registered owner of such 2017B Bond as of a special record date (the “Special Record Date”) to be established by the Registrar whenever moneys become available for payment of the defaulted interest. The Special Record Date will be fixed by the Paying Agent whenever money becomes available for payment of the defaulted interest, and notice of the Special Record Date will be given to the registered owners of the 2017B Bonds not less than 10 days prior thereto by first-class mail to each registered owner as shown on the Registrar’s registration records on a date selected by the Registrar, stating the date of the Special Record Date and the date selected for the payment of the defaulted interest. Principal of the 2017B Bonds will be payable at maturity at the principal operations office of the Paying Agent (or at such other office designated by the Paying Agent) upon presentation and surrender thereof. Any 2017B Bond not paid upon presentation and surrender at or after maturity shall continue to draw interest at the rate stated in the 2017B Bond until the principal is paid in full. All such payments of principal and interest shall be made in lawful money of the United States of America. Payments to beneficial owners are to be made as described below in “Book-Entry Only System.”

Notwithstanding the foregoing, payments of the principal of and interest on the 2017B Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the registered owner of the 2017B Bonds. Disbursement of such payments to DTC’s Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of DTC’s Participants and the Indirect Participants, as more fully described herein. See “Book-Entry Only System” below.

### **Prior Redemption**

Optional Prior Redemption. The 2017B Bonds, or portions thereof, maturing on and after July 1, 20\_\_\_, are subject to redemption prior to their respective maturities at the option

of the Authority on and after July 1, 20\_\_, in whole or in part at any time, from such maturities as are selected by the Authority and if less than all the 2017B Bonds of a maturity are to be redeemed, the 2017B Bonds of such maturity to be redeemed are to be selected by lot (giving proportionate weight to 2017B Bonds in denominations larger than \$5,000), at a price equal to the principal amount of each 2017B Bond or portion thereof so redeemed plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The 2017B Bonds maturing on July 1, 20\_\_ (the “Term Bonds”), are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date.

As and for a sinking fund for the redemption of the Term Bonds maturing on July 1, 20\_\_, there shall be deposited into the 2017B Bond Fund on or before the dates set forth below, a sum which, together with other moneys available therein is sufficient to redeem (after credit is provided below) the Term Bonds maturing on July 1, 20\_\_, on the dates and in the principal amounts set forth below:

Redemption Date (July 1)	Principal Amount
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Not more than 60 days nor less than 30 days prior to the sinking fund payment dates for the Term Bonds, the Registrar shall proceed to select for redemption (by lot in such manner as the Registrar may determine) from all outstanding Term Bonds, a principal amount of the Term Bonds equal to the aggregate principal amount of Term Bonds redeemable with the required sinking fund payments, and shall call such Term Bonds or portions thereof for redemption from the sinking fund on the next July 1, and give notice of such call as provided in Notice of Redemption below.

At the option of the Authority to be exercised by delivery of a written notice to the Registrar not less than sixty days next preceding any sinking fund redemption date, it may (i) deliver to the Registrar for cancellation Term Bonds or portions thereof (\$5,000 or any integral multiple thereof) in an aggregate principal amount desired by the Authority or, (ii) specify a principal amount of Term Bonds or portions thereof (\$5,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation. Each Term Bond or portion thereof so delivered or previously redeemed which is a part of the maturity which would be subject to mandatory redemption on the following July 1 shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Authority on the sinking fund redemption dates and any excess shall be so credited against future sinking fund redemption obligations in such manner as the Authority determines.

Notice of Redemption. Unless waived by any registered owner of a 2017B Bond to be redeemed, notice of prior redemption shall be given by the Registrar by electronic mail to the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access System

("MSRB") and as long as Cede & Co. or a nominee or a successor depository is the registered owner of the 2017B Bonds, and otherwise by first class, postage prepaid mail, at least 30 days but not more than 60 days prior to the Redemption Date to the Municipal Securities Rulemaking Board ("MSRB") and the registered owner of any 2017B Bond (initially Cede & Co.) all or a part of which is called for prior redemption at his or her address as it last appears on the registration records kept by the Registrar. The notice shall identify the 2017B Bonds and state that on such date the principal amount thereof, and premium, if any, thereon will become due and payable at the Paying Agent (accrued interest to the Redemption Date being payable by mail or as otherwise provided in the Bond Resolution), and that after such Redemption Date interest will cease to accrue. After such notice and presentation of said Bonds, the 2017B Bonds called for redemption will be paid. Actual receipt of notice by the MSRB or any registered owner of Bonds shall not be a condition precedent to redemption of such 2017B Bonds. Failure to give such notice to the MSRB or the registered owner of any 2017B Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other 2017B Bond. A certificate by the Registrar that notice of call and redemption has been given as described above shall be conclusive as against all parties; and no owner whose 2017B Bond is called for redemption or any other owner of any 2017B Bond may object thereto or may object to the cessation of interest on the Redemption Date on the ground that he failed actually to receive such notice of redemption.

Notwithstanding the foregoing, any notice of redemption may contain a statement that the redemption is conditional upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the 2017B Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the 2017B Bonds called for redemption in the same manner as the original redemption notice was given.

### **Tax Covenant**

In the Bond Resolution, the Authority covenants for the benefit of the Holders of the 2017B Bonds that it will not take any action or omit to take any action with respect to the 2017B Bonds, the proceeds thereof, any other funds of the Authority or any facilities refinanced with the proceeds of the 2017B Bonds if such action or omission (i) would cause the interest on the 2017B Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, (ii) would cause interest on the 2017B Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2017B Bonds until the date on which all obligations of the Authority in fulfilling the above covenant under the Tax Code have been met.

### **Defeasance**

When all Bond Requirements (defined in APPENDIX B) of any 2017B Bond have been duly paid, the pledge and lien and all obligations under the Bond Resolution shall thereby be discharged and that 2017B Bond shall no longer be deemed to be Outstanding within the meaning of the Bond Resolution. There shall be deemed to be due payment of any

Outstanding 2017B Bond or other securities when the Authority has placed in escrow or in trust with a trust bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of such 2017B Bond or other security, as the same becomes due to the final maturity of the 2017B Bond or other security, or upon any redemption date as of which the Authority shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of 2017B Bond or other security for payment then. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the Authority and the bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as so needed to meet the schedule.

“Federal Securities” means bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or obligations which are unconditionally guaranteed by, the United States. However, for the purposes described in this section, “Federal Securities” shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the holder thereof.

### **Book-Entry Only System**

The 2017B Bonds will be available only in book-entry form in the principal amount of \$5,000 or any integral multiples thereof. DTC will act as the initial securities depository for the 2017B Bonds. The ownership of one fully registered 2017B Bond for each maturity as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See APPENDIX C--Book-Entry Only System.

**SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2017B BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE 2017B Bonds WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.**

None of the Authority, the Registrar or the Paying Agent will have any responsibility or obligation to DTC’s Participants or Indirect Participants (defined in APPENDIX C), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the 2017B Bonds as further described in APPENDIX C to this Official Statement.

### **DEBT SERVICE REQUIREMENTS**

The following table sets forth the total annual debt service payable on the Existing Bonds (including the 2017C Bonds expected to be issued on December 28, 2017). Following the sale of the 2017B Bonds, this table will be updated in the Official Statement to show the annual (fiscal year) debt service requirements for the 2017B Bonds and the annual (fiscal year) debt service requirements on the Existing Bonds after taking the Refunding Project into account. The debt service requirements on the Subordinate Bonds, which includes only interest on drawn amounts through the Subordinate Bonds Maturity Date, is not shown in the following table.

Debt Service Requirements<sup>(1)</sup>

Fiscal Year Ending June 30	Debt Service on Prior Parity Bonds <sup>(2)</sup>	Debt Service on Prior Revenue Bonds <sup>(3)</sup>	Grand Total	2010C Bonds <sup>(4)</sup>	Revised Total
2018	\$13,241,803	\$ 4,107,441	\$ 17,349,244	--	\$17,349,244
2019	57,968,421	10,052,383	68,020,804	--	68,020,804
2020	57,234,166	10,055,783	67,289,949	--	67,289,949
2021	44,293,736	10,055,983	54,349,719	(4,442,925)	49,906,794
2022	47,092,606	12,727,263	59,819,869	(13,759,500)	46,060,369
2023	47,429,726	12,720,405	60,150,131	(13,661,570)	46,488,561
2024	50,171,078	12,728,843	62,899,921	(13,552,520)	49,347,401
2025	49,981,675	12,721,118	62,702,793	(13,440,700)	49,262,093
2026	49,783,796	12,709,243	62,493,039	(13,314,380)	49,178,659
2027	49,590,105	12,795,743	62,385,848	(13,181,730)	49,204,118
2028	44,106,215	12,789,618	56,895,833	(13,043,700)	43,852,133
2029	43,874,796	12,782,368	56,657,164	(12,891,575)	43,765,589
2030	43,647,375	12,787,868	56,435,243	(12,731,900)	43,703,343
2031	43,390,198	12,788,358	56,178,556	(12,557,375)	43,621,181
2032	43,115,997	12,785,291	55,901,288	(12,376,225)	43,525,063
2033	42,849,168	12,788,498	55,637,666	(12,185,750)	43,451,916
2034	40,817,046	12,783,635	53,600,681	(11,984,900)	41,615,781
2035	40,519,220	12,786,980	53,306,200	(11,777,450)	41,528,750
2036	40,206,482	12,787,913	52,994,395	(11,557,175)	41,437,220
2037	39,864,779	12,779,088	52,643,867	(11,327,850)	41,316,017
2038	39,520,642	12,783,375	52,304,017	(11,088,075)	41,215,942
2039	39,141,088	9,640,825	48,781,913	(10,836,450)	37,945,463
2040	10,434,211	9,637,488	20,071,699	--	20,071,699
2041	10,455,870	9,639,913	20,095,783	--	20,095,783
2042	10,476,068	3,868,700	14,344,768	--	14,344,768
2043	10,500,619	3,871,900	14,372,519	--	14,372,519
2044	10,523,844	3,869,900	14,393,744	--	14,393,744
2045	6,976,800	3,867,600	10,844,400	--	10,844,400
2046	--	3,869,700	3,869,700	--	3,869,700
2047	--	3,870,900	3,870,900	--	3,870,900
<b>Total:</b>	<b>\$1,027,207,530</b>	<b>\$303,454,123</b>	<b>\$1,330,661,653</b>	<b>(\$229,711,750)</b>	<b>\$1,100,949,903</b>

(1) Totals may not add due to rounding.

(2) Includes total principal and interest payable on the Prior Parity Bonds, including the 2017C Bonds to be issued on December 28, 2017. Table shows gross debt service and does not net out any BAB Credit expected to be received on the 2010A Bonds or 2010C Bonds. Through July 1, 2020, interest payments on the 2017C bonds will be made from an escrow account funded with proceeds of the 2017C Bonds.

(3) Includes total principal and interest payable on the Prior Revenue Parity Bonds. Excludes debt service on the 2016A Subordinate Bonds. See "AUTHORITY FINANCIAL INFORMATION AND DEBT STRUCTURE--Outstanding Obligations of the Authority--Subordinate Bonds." Does not include the effect of the Refunding Project.

(4) The net proceeds of the 2017C Bonds are being placed into an escrow account established for the purpose of (i) paying the interest on the 2017C Bonds through and including July 1, 2020 and (ii) paying all of the principal of the 2010C Bonds maturing on and after July 1, 2021 on July 1, 2020. The interest on the 2010C Bonds due and payable on and prior to July 1, 2020 will be paid by the Authority and will not be paid from monies on deposit in the escrow account. Consequently, the 2010C Bonds are not expected to remain outstanding beyond July 1, 2020.

Source: The Municipal Advisors.

## SECURITY FOR THE BONDS

### General

The 2017B Bonds are special obligations of the Authority, payable as to all Bond Requirements solely from the Pledged Revenues. None of the covenants, agreements, representations and warranties contained in the Bond Resolution shall ever impose or shall be construed as imposing any liability, obligation or charge against the Authority (except the special funds pledged therefor, including the Reserve Fund and any other special funds pledged in the Bond Resolution) or against the general credit of the Authority, payable out of the general fund of the Authority, or out of any funds derived from any ad valorem taxes. The 2017B Bonds shall not constitute an indebtedness or a debt within the meaning of any constitutional or statutory provision or limitation; and the 2017B Bonds shall not be considered or held to be general obligations of the Authority or the County but shall constitute the Authority's special obligations.

### Historical and Budgeted Pledged Revenues and Debt Service Coverage

The combined maximum annual principal and interest requirements on the Existing Bonds (including the 2017C Bonds and without taking the Refunding Project into account) is \$68,020,804 occurring in fiscal year 2019. This amount is not net of the estimated BAB Credit on the 2010A Bonds or the 2010C Bonds; to the extent the BAB Credit is received, the combined maximum annual debt service payable from Pledged Revenues will be lower. See "THE 2017C BONDS--Authority Debt Service Requirements" for the total debt service due on the 2017C Bonds and the Existing Bonds. In its fiscal year 2018 augmented budget, the Authority budgeted to receive Pledged Revenues of \$256,494,500. When compared to the combined maximum annual principal and interest requirements on the Existing Bonds (i.e., \$68,020,804 occurring in fiscal year 2019), the resulting pro forma debt service coverage is 3.77x.

The following table sets forth a history of the Pledged Revenues, the Annual Principal and Interest Requirements in each fiscal year and the associated debt service coverage, calculated by dividing the Pledged Revenues by the Annual Principal and Interest Requirements in each year. The table also sets forth those items as set forth in the Authority's augmented budget information for fiscal year 2018. *There is no assurance that the Pledged Revenues will continue to be realized in the amounts illustrated below or that Pledged Revenues will continue to grow on a year-to-year basis in the future.* See "CERTAIN RISK FACTORS" and other factors described throughout this Official Statement.

Historical and Budgeted Pledged Revenues and Debt Service Coverage<sup>(1)</sup>

<b>Revenues</b>	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Augmented Budget
Room Tax	\$203,196,429	\$222,781,385	\$ 239,318,802	\$ 259,967,636	\$ 281,389,017	\$ 294,500,000
Gaming Fees <sup>(2)</sup>	1,831,589	1,710,108	1,726,843	1,646,281	1,593,600	1,600,000
Use of Facilities <sup>(9)</sup>	45,043,436	56,927,724	49,001,770	56,884,742	59,984,760	54,594,300
Other fees and charges	2,803,458	3,858,682	2,966,604	3,950,825	8,022,339	3,771,000
Other <sup>(3)</sup>	246,378	471,938	326,209	320,489	607,295	464,100
<b>Total</b>	<b>253,121,290</b>	<b>285,749,837</b>	<b>293,340,228</b>	<b>322,769,973</b>	<b>351,597,011</b>	<b>354,929,400</b>
<b>Less Operation &amp; Maintenance Expenses</b>						
General Government <sup>(4)</sup>	10,872,247	11,459,425	11,662,296	13,563,830	17,036,148	20,981,200
Marketing <sup>(5)(6)</sup>	6,565,106	--	3,778,156	3,985,899	4,282,028	4,712,400
Operations <sup>(6)</sup>	36,690,902	43,141,589	39,453,977	41,415,858	39,289,788	43,131,300
<b>Total</b>	<b>54,128,255</b>	<b>54,601,014</b>	<b>54,894,429</b>	<b>58,965,587</b>	<b>60,607,964</b>	<b>68,824,900</b>
<b>Less Collection Fee<sup>(7)</sup></b>						
Returned to County/Cities	20,502,802	22,449,149	24,104,565	26,161,392	25,000,000	25,000,000
Restricted for LVCCD Program	--	--	--	--	3,298,262	4,610,000
<b>Total</b>	<b>20,502,802</b>	<b>22,449,149</b>	<b>24,104,565</b>	<b>26,161,392</b>	<b>28,298,262</b>	<b>29,610,000</b>
<b>Total Pledged Revenues<sup>(2)</sup></b>	<b>178,490,233</b>	<b>208,699,674</b>	<b>214,341,234</b>	<b>237,642,994</b>	<b>262,690,785</b>	<b>256,494,500</b>
<b>Annual Principal and Interest Requirements<sup>(8)</sup></b>	<b>\$53,951,716</b>	<b>\$54,393,473</b>	<b>\$57,183,145</b>	<b>\$61,252,680</b>	<b>\$62,892,859</b>	<b>\$63,199,582</b>
<b>Coverage</b>	<b>3.3x</b>	<b>3.8x</b>	<b>3.7x</b>	<b>3.9x</b>	<b>4.2x</b>	<b>4.1x</b>
<b>Revenues Available for Operations</b>	<b>\$124,538,517</b>	<b>\$154,306,201</b>	<b>\$157,158,089</b>	<b>\$176,390,314</b>	<b>\$199,797,926</b>	<b>\$193,294,918</b>

Footnotes on the following page.

- (1) Totals may not add due to rounding
- (2) Gaming Fees **are not** pledged to pay debt service on the 2017B Bonds or the Prior Revenue Bonds.
- (3) Comprised of interest income, miscellaneous fees and miscellaneous charges for services. Amounts differ from past continuing disclosure reports filed by the Authority due to the recent decision to include interest on its debt service funds in this category. The Authority's future continuing disclosure reports will continue to include interest on its debt service funds in this category.
- (4) Excludes the Public Affairs Department.
- (5) Includes only the expenditures related to the sales efforts of the Convention Center and Cashman Center (Destination Services Administration, Registration & Housing, and Convention Services). The remainder of the Authority's marketing costs are not Operation and Maintenance Expenses under the Bond Resolution and therefore are excluded.
- (6) In fiscal year 2014, a strategic realignment took place within the Authority and the Operations Division was renamed the Global Business District ("GBD"). Departments within marketing that had a function related to operating the Authority's buildings were moved to the GBD division. The sales departments were combined and now market the destination as a whole with no distinction between selling the Authority's facility space and other Las Vegas hotel facility space. In fiscal year 2015, a realignment took place. Departments within the GBD that were a function of marketing were moved back to the Marketing Division and the GBD Division returned to its traditional title of "Operations."
- (7) As of fiscal year 2017, and pursuant to SB1, collection fees up to the lesser of 10% of the proceeds of the License Taxes or \$25 million are distributed to the political subdivisions which collected the taxes on behalf of the Authority. Collection fees in excess of \$25 million are retained by the Authority and are restricted by SB1 to the payment of the LVCCD Program. See "INTRODUCTION—Security for the 2017B Bonds—SB1 Revenues Not Pledged."
- (8) Includes principal and interest payments on Existing Bonds. Excludes any bond issuance costs and operating transfers out. In the budgeted 2018 column, reflects the budgeted debt service on the Existing Bonds (as estimated at the time of preparation of the original 2018 budget). Excludes interest payments due on subordinate lien bonds, including the 2016A Subordinate Bonds. See "CERTAIN RISK FACTORS--Risks Related to Existing and Additional Bonds--Subordinate Bonds." Amounts are gross of any BAB Credit expected to be received on the 2010 Bonds and the 2010C Bonds.
- (9) Facilities revenue are higher in fiscal year 2014 and 2017 as compared to the other fiscal years due primarily to the seasonality of trade shows. Fiscal year 2014 and fiscal year 2017 included one large trade show which occurs only on a triennial basis.

Source: The Authority, from information derived from the Authority's Comprehensive Annual Financial Reports for fiscal years 2013-2017, and from the Authority's augmented FY 2018 Budget.

## **Rate Maintenance Covenant and Covenant Regarding Collection of Taxes**

Rate Maintenance Covenant. In the Bond Resolution, the Authority covenants to charge users of the Facilities (but not necessarily all users) such rentals, fees, rates and other charges as shall be at least adequate to meet the requirements described below and other provisions of the Bond Resolution. Such charges relating to the Facilities shall be sufficient, together with the proceeds of the License Taxes, to produce Gross Revenues to pay in each Fiscal Year:

(a) Operation and Maintenance. An amount equal to the annual Operation and Maintenance Expenses of the Facilities for the Fiscal Year,

(b) Principal, Interest and Reserves. An amount equal to the sum of (i) 1.25 times the annual principal and interest requirements on the 2017B Bonds, the Existing Bonds and any other Parity Bonds or Subordinate Securities payable in the Comparable Bond Year, and (ii) any amounts required to be accumulated from the Pledged Revenues in such Bond Year into any reserves or other accounts for such securities, and

(c) Deficiencies. Any amounts required to meet then existing deficiencies relating to any account relating to the Pledged Revenues or any securities payable therefrom;

but the foregoing rate maintenance covenant is subject to compliance by the Authority with any legislation of the United States or the State or any regulation or other action taken by the Federal Government or any State agency or public body of the State pursuant to



such legislation, in the exercise of the police power thereof for the public welfare, which legislation, regulation or action limits or otherwise inhibits the amounts of fees, rates and other charges due to the Authority for the use of or otherwise relating to, and all services rendered by, the Facilities, including, without limitation, increases in the amounts of such charges. All of such Gross Revenues shall be subject to distribution to the payment of Operation and Maintenance Expenses of the Facilities and to the payment of the Bond Requirements of all securities payable from the Pledged Revenues, including reasonable reserves therefor, as provided in the Bond Resolution.

The Bond Resolution defines “Annual Principal and Interest Requirements” as the sum of the principal of and interest on the 2017B Bonds, the Existing Bonds and any other Outstanding Parity Securities to be paid during any Bond Year, but excluding any reserve requirements to secure such payments unless otherwise expressly provided. In calculating this amount, any principal amount of securities required to be redeemed prior to maturity pursuant to a mandatory redemption schedule contained in the instrument authorizing the issuance of such securities shall be treated as maturing in the Bond Year in which such amounts are so required to be redeemed, rather than in the Bond Year in which the stated maturity of such securities occurs. In the case of any calculation of the annual principal and interest requirements to be paid in the future on any bonds with respect to which the Authority expects to receive a BAB Credit, “interest” for any Bond Year shall be treated as the amount of interest to be paid by the Authority on those bonds in that Bond Year less the amount of the BAB Credit then expected to be paid by the United States with respect to interest payments on those bonds in that Bond Year and required by the ordinance or other instrument authorizing those bonds to be used to pay interest on those bonds in that Bond Year or to reimburse the Authority for amounts already used to pay interest on those bonds in that Bond Year. If the BAB Credit is not expected to be received as of the date of such a calculation, “interest” shall be the total amount of interest to be paid by the Authority on the bonds without a deduction for the credit to be paid by the United States under Section 6431 of the Tax Code. The Chief Financial Officer may certify in writing the expected amount and expected date of receipt of any BAB Credit, and that certificate shall be conclusive for purposes of the Bond Resolution.

Collection of Charges and License Taxes. The Authority, on behalf of the County, shall cause the Gross Revenues, both the proceeds of the License Taxes and the rentals, fees, rates and other charges relating to the Facilities, to be collected as soon as reasonable, shall prescribe and enforce rules and regulations or impose contractual obligations for the payment thereof, to the end that the Gross Revenues shall be adequate to meet the requirements of the Bond Resolution and of any other resolutions supplemental thereto. If the Authority is of the opinion that any License Taxes are not being duly collected, fully, promptly or otherwise, the Authority shall perform all proper acts duly to effect their collection, as previously authorized by the Board of County Commissioners and the City Council of each of the Cities as prescribed in NRS 268.460.

## **Additional Parity Bonds**

The Bond Resolution authorizes the issuance of additional Parity Bonds having a lien on the Pledged Revenues that is on a parity with the lien thereon of the 2017B Bonds. However, before any such additional Parity Bonds are authorized or actually issued (excluding any additional Parity Bonds issued as refunding bonds, which are subject to different conditions as described in APPENDIX B hereto), the following conditions must be met:

(a) *Absence of Default.* At the time of the adoption of the supplemental instrument authorizing the issuance of the additional Parity Bonds, the Authority shall not be in default in making any payments required by the Bond Resolution (as described in APPENDIX B - Summary of Certain Provisions of the Bond Resolution--Flow of Funds).

(b) *Historic Earnings Test.* Except as otherwise provided in the Bond Resolution, the Gross Revenues derived in the Fiscal Year immediately preceding the date of the issuance of the additional Parity Bonds shall have been at least sufficient to pay:

(i) An amount equal to the Operation and Maintenance Expenses of the Facilities for such Fiscal Year, and

(ii) An amount equal to 150% of the Combined Maximum Annual Principal and Interest Requirements (to be paid during any one Bond Year commencing with the Bond Year in which the additional Parity Securities are issued and ending on the first day of July of the year in which any then Outstanding Bonds last mature) of the Outstanding Bonds and any other Outstanding Parity Bond and the additional Parity Bonds proposed to be issued.

(c) *Consideration of Additional Expenses.* In determining whether or not additional Parity Bonds may be issued as described under paragraph (b) above, consideration shall be given to any probable estimated increase (but not reduction) in Operation and Maintenance Expenses of the Facilities that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the additional Parity Bonds.

(d) *Adjustment of Pledged Revenues.* In any computation of the earnings test as to whether or not additional Parity Securities may be issued as described in (b) above, the amount of the Gross Revenues for such Fiscal Year shall be decreased and may be increased by the amount of any loss or gain conservatively estimated by an Independent Accountant or by the Authority making the computations described above which loss or gain results from any change in any schedule of License Taxes constituting a part of the Gross Revenues which change took effect during the next preceding Fiscal Year or thereafter prior to the issuance of the Additional Parity Bonds, based on the number of taxpayers during such next preceding Fiscal Year as if such modified schedule of License Taxes shall have been in effect during the entire next preceding Fiscal Year, if such change shall have been made by the Authority or other legislative body having or purportedly having jurisdiction in the premises before the computation of the designated earnings test but made in the same Fiscal Year as the computation is made or in the next preceding Fiscal Year. Nothing in the Bond Resolution shall be construed to permit a reduction in License Taxes from the rates charged at the time of delivery of the 2017B Bonds.

A written certification or written opinion by an Independent Accountant or by the Chief Financial Officer, based upon estimates thereby as described in paragraph (c) above, that the annual revenues when adjusted as described in paragraph (d) above, are sufficient to pay such amounts as described in paragraph (b) above, shall be conclusively presumed to be accurate in determining the right of the Authority to authorize, issue, sell and deliver Additional Parity Bonds.

### **Subordinate Securities Authorized; Superior Securities Prohibited**

Nothing in the Bond Resolution prevents the County or the Authority from issuing additional securities payable from the Pledged Revenues and having a lien thereon that is subordinate, inferior and junior to the lien thereon of the 2017B Bonds, and the Authority currently has outstanding the Revolving Credit Agreement and the 2016A Subordinate Bonds. See “AUTHORITY FINANCIAL INFORMATION AND DEBT STRUCTURE--Outstanding Obligations of the Authority--Existing Subordinate Debt.” The Subordinate Bond Resolution restricts the ability of the Authority to issue additional bonds which are on a parity with the 2016A Subordinate Bonds. The restrictions of the Subordinate Bond Resolution are substantially similar to the restrictions of the Bond Resolution set forth above regarding additional Parity Bonds, except that the historic earnings test requires that Gross Revenues be equal to 175 percent of the Combined Maximum Annual Principal and Interest Requirements of Parity Bonds and obligations which are subordinate to the Parity Bonds.

The Bond Resolution prohibits the County and the Authority from issuing additional bonds or other additional securities payable from the Pledged Revenues and having a lien thereon prior and superior to the lien thereon of the 2017B Bonds.

### **Other Obligations**

The Bond Resolution does not limit the ability of the County or the Authority to issue bonds or other obligations which are not secured by a lien on any part of the Pledged Revenues.

### **Other Security Matters**

No Pledge of Property. The payment of the 2017B Bonds is not secured by an encumbrance, mortgage or other pledge of property of the Authority, except the Pledged Revenues and any other moneys pledged for the payment of the 2017B Bonds. No property of the Authority, subject to such exception, shall be liable to be forfeited or taken in payment of the 2017B Bonds.

No Repealer. State statutes provide that no act concerning the 2017B Bonds or their security may be repealed, amended, or modified in such a manner as to impair adversely the 2017B Bonds or their security until all of the 2017B Bonds have been discharged in full or provision for their payment and redemption has been fully made.

No Reserve Fund. The 2017B Bonds are not secured by a debt service reserve fund, and the debt service reserve fund established for the Prior Revenue Bonds does not secure the 2017B Bonds.

## REVENUES AVAILABLE FOR DEBT SERVICE

### General

Pledged Revenues consist of (i) the Gross Revenues derived from the operation and use of the Facilities and (ii) the License Taxes levied by the County and the Cities and assigned to the Authority pursuant to ordinances adopted by the governing bodies of the respective entities after deducting certain costs of collection (not to exceed 10% of the gross license taxes collected), less operation and maintenance expenses of the Facilities. See APPENDIX B - Summary of Certain Provisions of the Bond Resolution. The License Taxes do not include the proceeds of certain room taxes imposed pursuant to State law but required to be remitted to other governmental entities or used for purposes other than the payment of debt service.

In the Bond Resolution and pursuant to the Project Act, the Authority covenants to take action to prevent the governing bodies of the County and the Cities from permitting any business subject to License Taxes to avoid the payment of such taxes and from repealing or modifying any such License Taxes in any manner prejudicially and materially affecting the security or pledge for the payment of the Bonds.

### License Taxes

Room Taxes Generally. A license tax is levied on money received from room rentals by operators of hotels, motels, apartments and hotel apartments throughout the County and the Cities. The rate levied varies from 12% to 14% for resort hotels and 10.5% to 13% for non-resort hotels depending on the location of the property. The Authority receives only a portion of those Room Taxes (described in more detail below); the remainder is allocated to State agencies, the County, the Cities and the School District pursuant to State law. The License Taxes do not include the proceeds of certain room taxes imposed pursuant to State law that are required to be remitted to other governmental entities or used for purposes other than the payment of debt service.

The following table illustrates the Room Tax received by the Authority pledged to the 2017B Bonds from the various taxing jurisdictions in the County. Such table excludes the Additional Room Tax to be received by the Authority pursuant to SB1, which is not pledged to the payment of the 2017B Bonds.

	Total *	LVCVA General Fund & LVCVA Capital Fund	Las Vegas Stadium Authority	Clark County School District	Clark County Transportation	Taxing Entity	State of Nevada
Resort Hotels <sup>(1)</sup>	12% - 14%	4 1/2% - 5 1/2%	0% - 7/8%	1 5/8%	1%	0% - 2%	3 3/8%
Other hotel and motels <sup>(2)</sup>	10% - 13%	2 1/2% - 4 1/2%	0% - 7/8%	1 5/8%	1%	0% - 2%	3 3/8%

\* The individual components of room tax have distinct geographical regions and therefore each property pays varying room tax rates.

- (1) Each entity defines the categories of establishments renting rooms within its boundaries. "Resort Hotel" is not a defined term in all of the municipal codes.
- (2) The "other" includes all other transient lodging not defined as a resort hotel.

Source: The Authority.

Rentals paid by permanent occupants, defined as resident guests from and after thirty days of continued residence, are exempt from the tax. Certain of the governmental entities collecting room taxes allow property operators that make prompt payment of the taxes to retain a discount equal to 2% on the total taxes due (those amounts otherwise would constitute Room Taxes); operators who pay taxes late are not allowed to retain the 2% discount.

As described above, the Cities, the County, the School District and the State also receive Room Tax revenues that are not distributed to the Authority and therefore, are not pledged to the payment of the 2017B Bonds.

License Tax Collections. The County and each of the Cities are responsible for collection of the License Taxes. The Authority receives License Taxes from the County and the Cities on a monthly basis. Pursuant to an agreement dated December 5, 1995, as amended on September 11, 2007, between the Authority, the County and the Cities, the Authority returns 10% of the combined gross tax revenues it receives to the County and the Cities for their services in collecting the taxes; however, as described below, SB1 capped such collection fees returned at \$25 million. Beginning in fiscal year 2008, the amount returned to each entity generally is calculated based upon a "base" amount equal to the amount received in fiscal year 2007, plus a "supplemental" amount based partly upon proportional population and partly upon the actual amount of taxes collected within the entity's boundaries. Pursuant to SB1, the sum of the collection fees distributed to the County and the Cities must not exceed a total of 10 percent of the proceeds of the tax or \$25,000,000, whichever is less; and (2) any collection fee in excess of a total of \$25,000,000 must be used solely for the LVCCD Program. See "INTRODUCTION--Security for the 2017B Bonds--SB1 Revenues Not Pledged."

## License Tax Data

History of Room Tax Collections. The table below presents a history of the Room Taxes collected by the County and each of the Cities and remitted to the Authority and the collection allowance returned by the Authority to the County and each of the Cities in the years

shown. The table also includes the Authority's budgeted amounts for 2018. *Gaming Fees are not pledged to pay debt service on the 2017B Bonds.* Gaming Fees are shown in this schedule because they secure certain of the Prior Parity Bonds that were outstanding in the periods shown and they are included in the calculation of the collection allocation returned to the County and the Cities as described above.

History of Room Tax and Gaming Fee Collections<sup>(1)</sup>

<u>Fiscal Year Ending June 30,</u>	2013 (Actual)	2014 (Actual)	2015 (Actual)	2016 (Actual)	2017 (Actual)	2018 (Augmented Budget)
<b>ROOM TAXES (2)</b>						
Collected by:						
Clark County	\$188,590,987	\$206,596,998	\$221,053,936	\$ 239,469,354	\$ 258,814,625	\$ 272,657,300
City of Las Vegas	9,310,685	10,482,979	11,924,254	13,607,247	15,206,184	14,344,300
City of North Las Vegas	774,918	848,826	972,025	1,104,943	1,236,988	1,183,700
City of Henderson	3,675,766	3,991,690	4,454,066	4,818,604	5,071,188	5,270,700
City of Boulder City	72,745	90,514	98,234	76,390	77,618	77,300
City of Mesquite	771,328	770,378	816,287	891,099	982,414	966,700
Total	<u>203,196,429</u>	<u>222,781,385</u>	<u>239,318,802</u>	<u>259,967,637</u>	<u>281,389,017</u>	<u>294,500,000</u>
<b>GAMING FEES (3)</b>						
Collected by:						
Clark County	1,367,233	1,301,541	1,306,230	1,271,387	1,198,738	1,223,400
City of Las Vegas	111,892	106,265	96,032	73,247	92,559	82,900
City of North Las Vegas	122,888	114,164	107,247	110,484	111,638	111,000
City of Henderson	193,217	144,791	179,623	153,920	153,790	150,600
City of Mesquite	36,359	43,347	37,711	37,243	36,875	32,100
Total	<u>1,831,589</u>	<u>1,710,108</u>	<u>1,726,843</u>	<u>1,646,281</u>	<u>1,593,600</u>	<u>1,600,000</u>
<b>TOTAL LICENSE TAXES</b>	<u>\$205,028,018</u>	<u>\$224,491,493</u>	<u>\$241,045,645</u>	<u>\$261,613,918</u>	<u>\$282,982,617</u>	<u>\$296,100,000</u>
<b>COLLECTION ALLOCATION(4)</b>						
Redistributed To:						
Clark County	\$8,529,166	\$9,770,369	\$11,411,502	\$ 13,289,888	\$ 12,135,909	\$ 11,543,315
City of Las Vegas	5,845,349	6,503,053	6,503,336	6,667,739	6,671,182	7,018,013
City of North Las Vegas	2,224,554	2,082,929	2,096,928	2,110,967	2,099,224	2,345,873
City of Henderson	2,632,560	2,758,525	2,758,525	2,758,525	2,759,411	2,758,525
City of Boulder	451,062	473,452	473,452	473,252	473,452	473,452
City of Mesquite	820,112	860,822	860,822	860,822	860,822	860,822
Total Collection Allocation	<u>\$20,502,803</u>	<u>\$22,449,150</u>	<u>\$24,104,565</u>	<u>\$26,161,193</u>	<u>\$25,000,000</u>	<u>\$25,000,000</u>

- (1) Totals may not add due to rounding.
- (2) Does not include room license taxes that are not pledged to the payment of the 2017B Bonds.
- (3) Boulder City prohibits gaming; therefore, it does not impose Gaming Fees. **Gaming Fees are not pledged to payment of the 2017B Bonds.**
- (4) As of fiscal year 2017, and pursuant to SB1, collection fees up to the lesser of 10% of the proceeds of the License Taxes or \$25 million are distributed to the political subdivisions which collected the taxes on behalf of the Authority. Collection fees in excess of \$25 million are retained by the Authority and are restricted by SB1 to the payment of the LVCCD Program. See "INTRODUCTION--Security for the 2017B Bonds--SB1 Revenues Not Pledged."

Source: The Authority.

**Largest Room Taxpayers.** The primary revenue source for the Authority is Room Taxes imposed on hotels and motels in the County. The following table sets forth the ten largest hotel properties in the County (which, accordingly, are in the group which generates the greatest

volume of Room Taxes for the Authority). The ten largest hotel properties according to the number of rooms as of December 31, 2016, are set forth in the following table together with aggregate information about other properties within the County. The ten largest hotel properties represented 24.6% of the total room inventory in the County as of December 31, 2016; such properties represented 26.5% of the total room inventory in the Las Vegas metropolitan area as of that date. MGM Resorts International was the owner of seven of the ten principal Room Taxpayers as of December 31, 2016, representing 28,340 rooms (approximately 17.6% of the total rooms in the County).

Caesar's Entertainment Corporation ("Caesars") owned two of the ten principal Room Taxpayers as of December 31, 2016, representing 7,252 rooms (approximately 4.5% of the total rooms in the County). In addition to the two properties owned by Caesars that are in the top ten list below (Caesars Palace and Flamingo Las Vegas), Caesars also owns, directly or indirectly, numerous additional properties in the County, including but not limited to Bally's Hotel and Casino, the Cromwell Hotel, Harrah's Hotel and Casino, Nobu Hotel, Paris Hotel and Casino, Planet Hollywood Hotel and Casino, The Linq Hotel and the Rio Hotel and Casino. Together, these properties contained 15,896 rooms as of December 31, 2016, representing approximately 9.9% of the total rooms in the County.

Principal Room Taxpayers<sup>(1)(2)</sup>  
As of December 31, 2016

	Rooms at Dec 31, 2016	% of total rooms
MGM Grand <sup>(3)</sup>	5,044	3.1%
Luxor <sup>(3)</sup>	4,400	2.7%
Venetian <sup>(4)</sup>	4,027	2.5%
Aria Resort <sup>(3)</sup>	4,004	2.5%
Excalibur <sup>(3)</sup>	3,981	2.5%
Bellagio <sup>(3)</sup>	3,933	2.4%
Caesars Palace <sup>(5)</sup>	3,792	2.4%
Circus Circus <sup>(3)</sup>	3,767	2.3%
Flamingo <sup>(5)</sup>	3,460	2.1%
Mandalay Bay <sup>(3)</sup>	3,211	2.0%
	39,619	24.6%
Total Jean/Primm	2,945	1.8%
Other Hotels/Motels <sup>(6)</sup>	106,775	66.3%
	149,339	92.7%
Total Las Vegas metropolitan area	149,339	92.7%
Total Laughlin	9,920	6.2%
Total Mesquite	1,905	1.2%
Total Inventory of Rooms	161,164	100%

<sup>(1)</sup> Totals may not add due to rounding

<sup>(2)</sup> See "CERTAIN RISK FACTORS--Dependence on Gaming, Tourism and Other Factors."

<sup>(3)</sup> Owned by MGM Resorts International.

<sup>(4)</sup> Owned by Las Vegas Sands Corporation.

<sup>(5)</sup> Owned by Caesars Entertainment Corporation or related entities.

<sup>(6)</sup> Does not include timeshare properties.

Source: The Authority.

Room Availability and Occupancy. One measure of the historic growth of tourism in the County is the increase in the number of hotel and motel rooms available for occupancy as shown in the following table. The County's hotels and motels have historically experienced higher occupancy rates than those on a national level. The following table illustrates a history of total visitor volume, rooms available, occupancy rate, average rooms occupied daily (calculated by multiplying the inventory by the occupancy rate) and average daily room rate.



### Rooms Available and Occupancy<sup>(1)</sup>

Calendar Year	Total Visitor Volume	Room Inventory <sup>(2)</sup>	Occupancy Rate	Average Rooms Occupied Daily	National Occupancy Rates <sup>(3)</sup>	Average Daily Rate
2008	37,481,552	140,529	86.0%	120,855	60.3%	\$119.19
2009	36,351,469	148,941	81.5%	121,387	54.5%	93.06
2010	37,335,436	148,935	80.4%	119,744	57.5%	94.91
2011	38,928,708	150,161	83.8%	125,835	59.9%	105.11
2012	39,727,022	150,481	84.4%	127,006	51.3%	108.08
2013	39,668,221	150,593	84.3%	126,950	52.2%	110.72
2014	41,126,512	150,544	86.8%	130,672	64.4%	116.26
2015	42,312,216	149,213	87.7%	130,860	65.6%	119.94
2016	42,936,109	149,339	89.1%	133,061	65.5%	125.96
2016 (Jan-Oct)	36,231,550	149,273	90.4%	134,943	67.1%	127.08
2017 (Jan-Oct)	35,712,858	148,532	90.2%	133,976	67.6%	131.47

<sup>(1)</sup> See “CERTAIN RISK FACTORS--Dependence on Gaming, Tourism and Other Factors.”

<sup>(2)</sup> Total rooms available in Las Vegas metropolitan area and Jean/Primm properties.

<sup>(3)</sup> National Occupancy Rate from Smith Travel Research.

Source: Authority Marketing Division - Research Center.

Las Vegas room inventory has remained steady since 2011 at approximately 150,000 rooms but there has been significant investment in the destination. Extensive renovation and modernization of existing room inventory and construction of other entertainment amenities has been occurring. Fiscal year 2018 room inventory is expected to remain steady, although new room inventory is under development and expected to come online within the next several years. Based upon plans as announced by the developers of the applicable hotel properties, approximately 4,000 rooms will be added in 2020, including a 3,500 room resort on the strip from the Genting Group. However, not all of the anticipated projects have begun design or construction. Projects under construction may be significantly delayed or abandoned at the discretion of the applicable developer. Therefore, these estimates remain subject to change.

### **Facilities Revenues**

General. The Authority’s Facilities are not intended to be self-supporting but to generate convention, tourism and business activity within the County. This activity, in turn, generates the Room Tax revenues and Gaming Fee revenues which are used to maintain the functions of the Authority. In 1959, the Convention Center was opened, and the Authority has regularly expanded its facilities to accommodate the growth of population and convention activity in metropolitan Las Vegas.

Present Facilities; Rates and Charges. The Facilities currently consist primarily of the Convention Center and the Cashman Center. Brief descriptions of those facilities follow, including a general description of current rates and charges at each facility.

Facility rates are reviewed annually as a part of the Authority’s budget development process. Rate increases to support operations, as well as contribute to the costs of the LVCCD Program will be considered to the extent rates do not exceed competitive tradeshow and meeting destinations that would negatively impact the Authority’s ability to attract and retain those shows. The Authority approved two phased rate increases as a part of the fiscal year 2016

budget process. The first increase, from 29¢ to 33¢ per net square foot, became effective for leases executed on or after July 1, 2016. The second increase from 33¢ to 35¢ per net square foot, will become effective for leases executed on or after July 1, 2018.

*Convention Center* – Located on a campus over 190 acres, including portions adjacent to the Las Vegas Strip, the Convention Center is one of the busiest and functional facilities in the country. The Convention Center is a 3.2 million square foot facility located within a short distance of more than 100,000 hotel rooms. The exhibit space consists of 16 exhibit halls; the exhibit space in the South Hall is equally divided between two floors and is connected to the older building by a span across Desert Inn Road. Truck ramps on the south side of the building allow freight vehicles direct access to the second floor. An additional 80,000 square feet is dedicated to food service facilities, including two restaurants with seating for 1,600. Additionally, more than two million square feet of net exhibit space, 145 meeting rooms (more than 241,000 square feet) handle seating capacities ranging from 20 to 2,500. A grand lobby and registration area link existing exhibit halls with new exhibit and meeting rooms, and allows simultaneous setup, breakdown and exhibition of multiple events. Parking for 7,000 cars is available on-site. Concessions currently are provided by Volume Services, Inc, dba Centerplate, (“Centerplate”) pursuant to a lease between the Authority and Centerplate (see “AUTHORITY FINANCIAL INFORMATION AND DEBT STRUCTURE--Other Obligations and Long-Term Contracts”).

At the Convention Center, the cost per individual exhibit hall is either the minimum daily rate or 33¢ per net square foot, whichever is greater. Exhibit halls are not charged when used for catered food functions or general sessions. Move-in/move-out days exceeding the number of show days are charged at 50% of the minimum daily rate. Meeting room charges are based on 10 complimentary meeting rooms per 100,000 square feet of exhibit space used for halls N1-N4 and C1-C5. Meeting rooms for exhibit halls S1-S4 are assigned. Additional meeting rooms are charged minimum daily rates. If any meeting room and office space is used for exhibits, the rent is double the minimum daily rate.

The daily parking fee at the Convention Center is \$10 per vehicle.

*Cashman Center* - The Cashman Center is located on a 55-acre site adjacent to the downtown area of the City of Las Vegas. The Cashman Center currently provides a 9,260-seat outdoor sports stadium, a 1,898-seat performing arts theater, 14 meeting rooms and 98,100 square feet of exhibit hall space for medium-sized conventions with between 3,000 and 6,000 delegates. The Cashman Center currently is the home of the Las Vegas “51s,” a AAA baseball franchise. Concessions (including operation of the Club Level Restaurant) currently are provided by Centerplate, see “AUTHORITY FINANCIAL INFORMATION AND DEBT STRUCTURE--Other Obligations and Long-Term Contracts.” The Cashman Center is an aging facility that will require substantial capital maintenance in the future. The Authority has been studying its use of Cashman Center and alternatives to its ownership. On June 1, 2017, the Cashman Center property was transferred to the City of Las Vegas in an effort to redevelop the site. The transfer agreement is joined to a management agreement, whereby the City of Las Vegas engages the Authority to continue operating the meeting and exhibit hall facilities through December 2017. At the end of calendar year 2017, the Authority will close the meeting, convention and theater space, maintaining it in “mothballed” status. Under the management agreement, the Authority will continue to operate Cashman Field (the stadium) until the

expiration of the baseball team lease (December 2022) or until the team terminates the lease with sufficient notice, whichever comes first. At that time, the management agreement for the Cashman campus will cease and the City of Las Vegas will assume all responsibilities for the property. On October 10, 2017, the Authority Board of Directors approved a Naming Rights and Marketing Agreement with the Clark County Las Vegas Stadium LLC (Stadium Company) providing for naming and marketing rights for a replacement baseball field for Cashman Stadium. Under the terms of the agreement, the Authority will pay \$4 million per year to the Stadium Company for a period of 20 years once the new facility is operational. The new facility is expected to be open for the 2019 minor league baseball season. At such time, the Authority's obligations to operate Cashman Field would cease. At present, the Cashman Center is operated at an annual loss.

At the Cashman Center, effective January 1, 2010, the cost per individual exhibit hall for conventions or trade shows is either the minimum daily or 29¢ per net square foot, whichever is greater. Exhibit halls are not charged when used for catered food functions or general sessions only. Move-in/move-out days exceeding the number of show days are charged at 50% of the minimum daily rate. Meeting room charges are based on 10 (ten) complimentary meeting rooms per 100,000 square feet of exhibit space used. Additional rooms are charged the minimum daily rate of \$320. If any meeting room is used for exhibits, the rent is double the minimum daily rate. Governments and non-profits will receive a discount of 50% and 25%, respectively.

For public events, the cost per individual exhibit hall is either the minimum daily rate of \$4,000 or 12% of gross admission receipts, whichever is greater. Move-in/move-out days exceeding the number of show days are charged at 50% of the minimum daily rate. Meeting room rentals will be \$320 per room per day. Governments and non-profits will receive a discount of 50% and 25%, respectively.

The Club Level Restaurant rental is \$800 per day. The daily rental is not charged when used for catered food functions. Effective January 1, 2010, the stadium rental rate is negotiable and the theater rental rate for performances will be the greater of \$3,000 per day or 12% of gross admission receipts. Dress rehearsals performed prior to actual show days are charged at 50% of the minimum daily rate.

The daily parking fee at Cashman Center is \$5 per vehicle. Nonprofits may rent entire parking lot sections in conjunction with exhibit hall rentals in lieu of paid parking. Each parking lot carries a specified fee ranging from \$1,350 to \$5,700.

For additional information on the Cashman Center, see "AUTHORITY FINANCIAL INFORMATION AND DEBT STRUCTURE--Other Obligations and Long-Term Contracts."

## **Facilities Revenue Data**

Facilities Revenues. The following table shows revenue generated from the Convention Center and the Cashman Center for the years indicated and augmented budget information for 2018 as approved in November 2017.

Revenues from Use of Facilities<sup>(1)</sup>

Fiscal Year Ended June 30,	2013 Actual	2014 Actual <sup>(4)</sup>	2015 Actual	2016 Actual	2017 Actual <sup>(4)</sup>	2018 Amended Budget
<b>Convention Center:</b>						
Exhibit Halls	\$22,337,839	\$27,898,115	\$ 23,765,221	\$ 26,748,020	\$ 28,915,297	\$ 28,500,000
Meeting Rooms	628,763	1,134,390	915,020	1,070,906	940,160	1,000,000
Parking	2,713,704	3,101,721	3,007,161	3,175,539	3,842,975	3,200,000
Contractors	6,659,066	8,722,924	7,102,865	9,217,368	9,963,838	8,100,000
Caterers	6,063,135	7,748,847	6,257,047	7,554,524	7,229,597	6,000,000
Reimbursed Services	311,032	320,659	231,638	322,233	498,223	325,000
Telephone	3,195,835	4,151,495	3,833,749	4,725,905	4,794,084	4,400,000
Other <sup>(2)</sup>	1,318,849	2,059,250	1,981,445	2,016,930	1,826,238	1,716,000
<b>Total</b>	<b>\$43,228,223</b>	<b>\$55,137,401</b>	<b>\$47,094,146</b>	<b>\$54,831,425</b>	<b>\$58,010,412</b>	<b>\$53,241,000</b>
<b>Cashman Center:</b>						
Exhibit Halls	\$497,025	\$537,053	560,500	615,552	524,333	347,000
Meeting Rooms	72,240	60,960	114,480	162,320	120,560	69,100
Parking	546,946	513,072	510,840	547,695	551,600	430,000
Stadium	321,787	318,023	334,383	340,871	348,324	344,300
Theater	205,050	184,820	197,063	172,500	173,250	43,300
Caterer	42,774	55,487	70,768	36,788	111,503	48,700
Reimbursed Services	11,547	26,243	21,515	26,957	17,944	11,600
Other <sup>(3)</sup>	117,847	94,666	98,075	150,634	126,834	59,300
<b>Total</b>	<b>1,815,216</b>	<b>1,790,324</b>	<b>1,907,624</b>	<b>2,053,317</b>	<b>1,974,348</b>	<b>1,353,300</b>
<b>Total Facilities Revenues</b>	<b>\$45,043,439</b>	<b>\$56,927,725</b>	<b>\$49,001,770</b>	<b>\$56,884,742</b>	<b>\$59,984,760</b>	<b>\$54,594,300</b>

(1) Totals may not add due to rounding.

(2) Other (Convention Center) is comprised of advertising, cable and recording fees, cell site leases, equipment rental, late fees, and miscellaneous use of facilities.

(3) Other (Cashman Center) is comprised of Club Level Restaurant, cell site leases, contractor services, equipment rental, late fees, miscellaneous use of facilities, and telephone services.

(4) Facilities revenue are higher in fiscal year 2014 and 2017 as compared to the other fiscal years due primarily to the seasonality of trade shows. Fiscal year 2014 and fiscal year 2017 included one large trade show which occurs only on a triennial basis.

Source: The Authority.

Usage Statistics. The following tables set forth the number of conventions, events and meetings held at the Convention Center and Cashman for the past five years. In the following categories, “Special Events” are directly tied to visitors to the County and “Public Events” includes shows aimed at local residents, meetings and other local organization events.

Summary of Convention Center and Cashman Center Activity

<b>Convention Center</b>					
Fiscal Year	Conventions	Special Events	Public Invited Events	Meetings	Total
2012	53	7	3	3	66
2013	47	9	7	1	64
2014	47	12	1	3	63
2015	51	11	5	3	70
2016	51	9	10	1	71
2017	50	12	7	4	73

Source: The Authority.

<b>Cashman Center<sup>(1)</sup></b>					
Fiscal Year	Conventions	Special Events	Public Invited Events	Meetings	Total
2012	1	4	142	36	183
2013	2	3	149	35	189
2014	1	5	164	35	205
2015	1	3	152	47	203
2016	1	9	164	62	236
2017	1	11	143	49	204

<sup>(1)</sup> On June 1, 2017, the Cashman Center property was transferred to the City of Las Vegas in an effort to redevelop the site. The transfer agreement is joined to a management agreement, whereby the City of Las Vegas engages the Authority to continue operating the meeting and exhibit hall facilities through December 2017. At the end of calendar year 2017, the Authority will close the meeting, convention and theater space, maintaining it in “mothballed” status. Under the management agreement, the Authority will continue to operate Cashman Field (the stadium) until the expiration of the baseball team lease (December 2022) or until the team terminates the lease with sufficient notice, whichever comes first. At that time, the management agreement for the Cashman campus will cease and the City of Las Vegas will assume all responsibilities for the property. See “REVENUES AVAILABLE FOR DEBT SERVICE – Facilities Revenues – Present Facilities; Rates and Charges – *Cashman Center*.”

Source: The Authority.

## **LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

### **General**

The Authority was originally established in 1955 as the Clark County Fair and Recreation Board in order to acquire and operate convention hall and recreation facilities within the Las Vegas metropolitan area. In addition, the Authority is charged with the responsibility of promoting the recreational facilities of the County and is the operating instrumentality of the County for convention purposes and recreational facilities. The Authority is also the primary marketing organization for the area. To provide revenue to support such efforts, pursuant to NRS 244.335 and NRS 268.095, the County and the incorporated cities of Las Vegas, North Las Vegas, and Henderson imposed certain taxes in 1957 on hotel, motel and gaming businesses, as more fully described under "REVENUES AVAILABLE FOR DEBT SERVICE--License Taxes." Shortly after its incorporation in 1959, Boulder City imposed a similar tax on hotel and motel businesses, but not on gaming, which is prohibited in Boulder City. The City of Mesquite, which was incorporated in 1984, has similarly imposed a license tax on hotel, motel and gaming business.

### **Governing Body**

In accordance with State statutes, the Board consists of fourteen members composed of (1) two members of the Board of Clark County Commissioners; (2) two members of the Council of the City of Las Vegas; (3) one member of the Council of the City of Henderson; (4) one member of the Council of the City of Mesquite (5) one member of the Council of the City of Boulder City; (6) one member of the Council of the City of North Las Vegas; and (7) six private sector members appointed by the aforementioned elected officials. Three of the six private sector members are nominated by the Greater Las Vegas Chamber of Commerce the ("Chamber"). Of the three private sector members nominated by the Chamber, two must represent tourism interests (at least one of those must represent the resort hotel industry) and one must represent other commercial interests or interests related to tourism. The remaining three private sector members must be selected from a list of nominees submitted by the Nevada Resort Association; two must represent the resort hotel industry and one must represent the downtown hotel industry. Seven of eight elected officials are selected periodically by their respective governing bodies; their terms on the Board are coterminous with their terms of office. The elected official from the second least populated incorporated city serves a two-year term, starting with their term in office. The six private sector members serve staggered two-year terms.

The present members of the Board, their representation and the date of expiration of their respective terms are set forth below.

<u>Name</u>	<u>Title</u>	<u>Entity Represented</u>	<u>Term Expires</u>
Lawrence Weekly	Chair	Clark County	December 2020
Chuck Bowling	Vice Chair	Nevada Resort Association	June 2019
Bill Noonan	Secretary	Nevada Resort Association	June 2018
Larry Brown	Treasurer	Clark County	December 2020
Ricki Y. Barlow	Member	City of Las Vegas	June 2019
Carolyn Goodman	Member	City of Las Vegas	June 2019
Tom Jenkin	Member	Chamber of Commerce	June 2019
Peggy Leavitt	Member	Boulder City	June 2019
Gregory Lee	Member	Chamber of Commerce	June 2018
John Lee	Member	City of North Las Vegas	June 2021
John Marz	Member	City of Henderson	June 2021
Kristin McMillan	Member	Chamber of Commerce	June 2019
George Rapson	Member	City of Mesquite	December 2018
Maurice Wooden	Member	Nevada Resort Association	June 2019

## **Administration**

The Board appoints administrators who serve at the pleasure of the Board to carry out the policy of the Authority. Certain of those administrators are described below.

The Authority Board appoints administrators who serve at the pleasure of the Authority Board to carry out the policy of the Authority. Certain of those administrators are described below.

Rossi T. Ralenkotter, President/CEO. Rossi Ralenkotter is President/CEO for the Authority. As President/CEO of the Authority, Mr. Ralenkotter is responsible for marketing and branding Las Vegas and Southern Nevada as the world's most desirable destination for leisure and business travel.

Mr. Ralenkotter began his career at the Authority 44 years ago as a research analyst. Prior to becoming President/CEO in 2004, he was the Authority's Executive Vice President and Senior Vice President of Marketing. Before joining the Authority, Mr. Ralenkotter worked for a local telephone company and served in the United States Air Force. He has been a resident of Southern Nevada for more than 60 years.

Mr. Ralenkotter is a member of the American Society of Travel Agents, Destination Marketing Association International, the American Society of Association Executives and the Hotel Sales Marketing Association. He also is the past Chair of U.S. Travel Officers on the board of directors for the U.S. Travel Association. Mr. Ralenkotter has served as Chair to the Travel and Tourism Advisory Board for the U.S. Department of Commerce and remains on the board. Mr. Ralenkotter was named "Employer of the Year" by the Employee Service Management Association in 2006, one of the "25 Most Influential People in the Meetings Industry" by *Meeting News* in 2005, and in 2004, he was selected "Co-Brand Marketer of the Year" by *Brandweek* magazine. In 2014, he was inducted into both U.S. Travel's "Hall of Leaders" and DMAI's "Hall of Fame." Mr. Ralenkotter was named one of the Outstanding

Young Men of America, listed in *Who's Who of America*. Additionally, he served as a delegate to the White House Conference on Tourism. He served as a First Lieutenant in the United States Air Force with the 468<sup>th</sup> Medical Service Flight. He is a member of the Las Vegas Ad Club, which inducted him into the Las Vegas Advertising Hall of Fame for lifetime marketing achievements. He also received Lifetime Achievement honors from the American Marketing Association and the Travel and Tourism Research Association.

Mr. Ralenkotter earned a Bachelor of Science degree in marketing from Arizona State University in 1969 and a Master in Business Administration degree from University of Nevada, Las Vegas, in 1971. He was honored with UNLV's Distinguished Nevadan Award in 2009, UNLV Alumni of the Year in 2008 and inducted into the Nevada Business Hall of Fame in March 2016.

Rana D. Lacer, CPA, CGMA, Chief Financial Officer. Rana Lacer is the Chief Financial Officer for the Authority. Ms. Lacer is responsible for directing the activities of the Authority's finance department, including financial reporting and analysis for more than \$959 million in assets; accounting and payroll; financial systems; purchasing and contracts; central warehouse administration; debt management; cash management and investments. She is also responsible for the preparation, administration and control of a combined annual budget of nearly \$485 million including a \$255 million general fund operating budget plus capital project funds, debt service fund, and an internal service fund.

Ms. Lacer joined the Authority in 2008 and was promoted to her current position in January 2016. Prior to joining the Authority, she worked as Director of Finance for the cities of Killeen, Texas and Lansing, Kansas. Ms. Lacer is a certified public accountant (CPA) and a chartered global management accountant (CGMA) and is a member of several professional organizations including the American Institute of Certified Public Accountants (AICPA), Government Finance Officers Association (GFOA), and the Texas Society of Certified Public Accountants (TSCPA). She is a 2012 graduate of the Las Vegas Chamber of Commerce Leadership Las Vegas Program. Ms. Lacer received her bachelor's degree in accounting with Summa Cum Laude honors from Austin Peay State University in 1997 and is currently enrolled in the Columbia Business School Executive Education program.

Ed Finger, Senior Vice President of Finance. Ed Finger is the Senior Vice President of Finance of the Authority. He is responsible for overseeing the finance and accounting and purchasing and business services functions under the direction of the Chief Financial Officer. Mr. Finger has over 20 years of public sector experience, having served as Deputy County Manager of Adams County, Colorado, as Comptroller and then Assistant County Manager of Clark County, Nevada, and as Finance Director of the City of Thornton, Colorado. Mr. Finger began his career in public accounting with Grant Thornton LLP. Mr. Finger is a Certified Public Accountant, belongs to the American Institute of Certified Public Accountants (AICPA) and the Government Finance Officers Association (GFOA), and has served on a number of boards including as President of the Nevada Society of CPAs. He holds a Bachelor's Degree in Accounting and a Master's Degree in Finance, both from the University of Colorado at Denver.



## Employee Relations and Pension Benefits

Employees. As of October 1, 2017, the Authority will have 545 authorized full-time positions. The Authority also has over 400 intermittent and temporary employees who are available as needed. Presently, approximately 58% of the Authority employees are represented by a union, the Nevada Service Employees Union/SEIU Local 1107. The Authority and the Employees Association entered into an agreement which expires June 30, 2018.

Benefits. The Authority provides a deferred compensation plan to its employees, as well as long term disability and life insurance, health insurance, paid personal time off and holidays, and reimbursement for certain educational expenses. The Authority participates in the County’s self-funded health insurance fund.

Pension Matters. The State Public Employees’ Retirement System (“PERS”) covers substantially all public employees of the State, its agencies and its political subdivisions, including the Authority. PERS, established by the Legislature effective July 1, 1948, is governed by the Public Employees’ Retirement Board whose seven members are appointed by the Governor. Retirement Board members serve for a term of four years. Except for certain Authority specific information set forth below, the information in this section has been obtained from publicly-available documents provided by PERS. The Authority has not independently verified the information obtained from the publicly available documents provided by PERS and is not responsible for its accuracy.

All public employees who meet certain eligibility requirements participate in PERS, which is a cost sharing multiple-employer defined benefit plan. Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member’s highest average compensation. Benefit payments to which participants may be entitled under PERS include pension benefits, disability benefits, and death benefits. PERS has several tiers based on legislative changes effective with membership dates. The following table illustrates the PERS service credit multiplier.

Membership Date	<u>PERS Benefit Multiplier</u>				Highest Contiguous Average Over
	Before 07/01/01	<u>Service Credit Multiplier</u>		After 07/01/15	
		After 07/01/01	After 01/01/10		
Before July 1, 2001	2.50%	2.67%	2.67%	2.67%	36 months
After July 1, 2001, before January 1, 2010	--	2.67%	2.67%	2.67%	36 months
After January 1, 2010, before July 1, 2015	--	--	2.50%	2.50%	36 months
After July 1, 2015	--	--	--	2.25%	36 months

Similarly, legislative changes have created several tiers of retirement eligibility thresholds. The following table illustrates the PERS retirement eligibility thresholds for regular members.

### Nevada PERS Retirement Eligibility

Membership Date	Regular	
	Age	Years of Service
Before January 1, 2010	65	5
	60	10
	Any	30
After January 1, 2010, before July 1, 2015	65	5
	62	10
	Any	30
After July 1, 2015	65	5
	62	10
	55	30
	Any	33 1/3

Nevada law requires PERS to conduct a biennial actuarial valuation showing unfunded actuarial accrued liability (“UAAL”) and the contribution rates required to fund PERS on an actuarial reserve basis. The actual employer and employee contribution rates are established in cycle with the State’s biennium budget on the first full pay period of the even numbered fiscal years. By PERS policy, the system actually performs an annual actuary study. The most recent independent actuarial valuation report of PERS was completed as of June 30, 2016. The following table reflects some of the key valuation results from the last three PERS’ actuary studies:

#### PERS Actuarial Report

Key Valuation Results	June 30, 2016	June 30, 2015	June 30, 2014
UAAL	\$12.56 billion	\$12.35 billion	\$12.53 billion
Market Value Funding Ratio	72.2%	75.1%	76.3%
Actuarial Value Funding Ratio	74.1%	73.2%	71.5%
Assets Market Value	\$35.00 billion	\$34.61 billion	\$33.58 billion
Assets Actuarial Value	\$35.90 billion	\$33.72 billion	\$31.47 billion

For the purpose of calculating the actuarially determined contribution rate, the UAAL is amortized as a level percent of payroll over a year-by-year closed amortization period where each amortization period is set at 20 years. The amortization period prior to fiscal year 2012 was 30 years. Effective starting fiscal year 2012, the PERS Board adopted a shorter amortization period to be used to amortize new UAAL resulting from actuarial gains or losses and changes in actuarial assumptions. Any new UAAL is amortized over a period equal to the truncated average remaining amortization period of all prior UAAL layers, until the average remaining amortization period is less than 20 years; after that time, 20-year amortization periods will be used. The PERS Board also adopted a five-year asset smoothing policy for net deferred gains/losses.

For the year ended June 30, 2014, PERS adopted Governmental Accounting Standards Board Statement (“GASB”) No. 67, Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25 (“GASB 67”). GASB 67 replaces the requirements of GASB Statement Nos. 25 and 50 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The objective of GASB 67 is to

improve financial reporting by state and local governmental pension plans. It requires enhancement to footnote disclosure and required supplementary information for pension plans.

Prior to these new standards, the accounting and reporting requirements of the pension related liabilities followed a long-term funding policy perspective. The new standards separate the accounting and reporting requirements from the funding decisions and require the unfunded portion of the pension liability to be apportioned among the participating employers. These standards apply for financial reporting purposes only and do not apply to contribution amounts for pension funding purposes.

With the implementation of GASB 67, PERS reported its total pension liability, fiduciary net position, and net pension liability in its Comprehensive Annual Financial Report for the fiscal years ended June 30, 2014 and 2015. The total pension liability for financial reporting was determined on the same basis as the Actuarial Accrued Liability measure for funding. The fiduciary net position is equal to the market value of assets.

Effective with fiscal year 2015, the Authority was required to apply the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* (“GASB 68”), to its audited financial statements. Among other requirements, the Authority was required to report its proportionate share of the total PERS net pension liability in its financial statements.

The following presents the net pension liability of PERS as of June 30, 2016 and the Authority’s proportionate share of the net pension liability of PERS as of June 30, 2017, calculated using the discount rate of 8.00%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (7.00%) or one percentage point higher (9.00%) than the current discount rate:

	<u>Net Pension Liability</u>		
	<u>1% Decrease in Discount Rate (7%)</u>	<u>Discount Rate (8%)</u>	<u>1% Increase in Discount Rate (9%)</u>
PERS Net Pension Liability	\$19,725,527,478	\$13,457,132,664	\$8,241,905,366
Authority Share of PERS Net Pension Liability	111,042,247	75,755,148	46,396,716

Contribution rates to PERS are established by State statute. The statutes currently require an adjustment in the statutory contribution rates on July 1 of each odd-numbered fiscal year. However, contribution rates are only adjusted if the difference between the existing and actuarially determined rates exceeds one-half of 1%. Plan members have the option of being funded under two alternative methods. Under the employer pay contribution plan, the Authority is required to contribute all amounts due under the plan. Under the employee-employer contribution plan, the Authority and the employee share equally in contribution of amounts due under the plan. A history of contribution rates for each funding method, as a percentage of payroll, is shown below.

Contribution Rates

	<u>Fiscal Years 2012 and 2013</u>	<u>Fiscal Years 2014 and 2015</u>	<u>Fiscal Years 2016 and 2017</u>	<u>Fiscal Years 2018 and 2019</u>
Regular members Employer-pay plan	23.75%	25.75%	28.00%	28.00%
Regular members Employee/Employer- plan	12.25	13.25	14.50	14.50

A history of the Authority’s contribution to PERS in each of its last five fiscal years is shown below. For each fiscal year shown, the amount contributed equaled the Authority’s required contribution.

PERS Contributions

	<u>Fiscal Year 2013</u>	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2017</u>
Contribution	\$7,174,667	\$8,204,400	\$8,585,609	\$9,545,749	\$10,088,792

The Authority has budgeted a contribution to PERS of \$10,911,000 for the fiscal year ending June 30, 2018.

See Note 10 in the audited financial statements attached hereto as APPENDIX A for additional information on PERS. In addition, copies of PERS’ most recent annual financial report, including audited financial statements and required supplemental information, are available from the Public Employees Retirement System of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599, telephone: (775) 687-4200.

Other Post-Employment Benefits. Beginning in fiscal year 2007-08, Governmental Accounting Standards Board Statement No. 45 (“GASB 45”) required that the Authority begin recording a liability for its share of the OPEB Program. The Authority has obtained an actuarial study to determine the actuarial value of the obligations under the OPEB Program. See Note 11 in the audited financial statements attached hereto as APPENDIX A for a further description of the Authority’s OPEB liabilities, a description of the plan, and the funding policy. The Authority historically has funded its OPEB liabilities on a pay-as-you go basis; that basis results in payments that are less than the actuarially determined Annual Required Contribution (or “ARC”). In a proactive measure to address the OPEB liability, the Authority created an internal service fund in fiscal year 2013 in order to accumulate resources through yearly budget transfers from the General Fund for its OPEB liability. Transfers to the internal service fund do not constitute an OPEB contribution for actuarial reporting. Rather, the funds are an earmarking of employer assets to reflect the Authority’s current intent to apply those assets to finance the cost of benefits at some time in the future and therefore does not offset or reduce the liability recorded for OPEB.

In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Other Than Pension, which is effective for fiscal years beginning after June 15, 2017. The objective of this Statement is to improve the accounting and financial reporting by state and local governments for postemployment benefits other than pensions. It also improves information provided by state and local governmental employers

about financial support for OPEB that is provided by other entities. The Authority has not yet completed its assessment of this statement.

## **Insurance**

The Authority has a comprehensive insurance program in place. Current coverage includes property coverage with a limit in excess of \$500,000,000. In addition, the Authority carries commercial general liability insurance with a \$1,000,000 base policy, which includes automobile liability coverage, umbrella excess policies which total \$100,000,000 and terrorist acts insurance. These policies expire on August 1, 2018.

Effective July 1, 2003, the Authority began self-insuring for workers' compensation. The Authority has purchased excess workers compensation insurance for all claims over \$400,000 per claim and \$1,250,000 in total. The Authority also has purchased Directors and Officer's liability insurance, which includes employment practices liability coverage (\$10,000,000 coverage).

In the opinion of the Authority's Legal Counsel, the Authority's insurance policies provide adequate insurance protection for the Authority.

## **Capital Plans**

General. The Authority develops a five-year Capital Improvement Plan ("CIP") in conjunction with its budget process and updates it annually. The CIP is a planning document and does not authorize or fund projects; the Authority authorizes individual projects on an as-needed basis. Capital projects that are expected to be designed and constructed over the next five years, as well as equipment purchases exceeding \$30,000, are included in the CIP. The Authority maintains a Capital Improvement and Replacement Fund ("CIRF") for these purposes. The Authority also plans for significant, non-recurring facility capital improvements, in addition to routine CIRF. These capital programs, depending on scope and projected costs, are generally accounted for in separate dedicated capital funds. The Las Vegas Convention Center District (the "LVCCD") capital program (the "LVCCD Program") consists of multiple phases including land acquisition, new construction to expand exhibit space, and the renovation, improvement and modernization of the existing campus and facilities. Phase One of the LVCCD Program, consisting solely of land acquisition, demolition, and site preparation, was funded from the Authority's CIRF fund. Phases Two and Three of the LVCCD Program are programmed over a seven-year horizon at a projected budget of \$1.4 billion and are accounted for in a separate LVCCD fund, further described below.

Capital Improvement and Replacement Fund (CIRF). The following table sets forth the currently planned expenditures from the CIRF for fiscal years 2018 through 2022. Near-term capital improvement projects are not expected to affect the ability to lease all available square footage in the Convention Center. The acquisition of the Riviera Hotel and Casino real property in 2015 was funded through the CIRF. The land purchases were part of the first phase of the LVCCD Program and a key component to the accomplishment of Phase Two of the LVCCD Program. Phase One of the LVCCD Program, inclusive of acquisition, demolition and site preparation, is now complete and the property began being used by clients in January 2017. The acreage provides for traffic circulation, additional parking, outdoor exhibit space and

attendee access until such time as construction commences on Phase Two of the LVCCD Program.

Fiscal Year	CIRF Expenditures
2018	\$5,532,200
2019	3,486,815
2020	3,157,200
2021	2,554,400
2022	2,779,100
	\$17,509,715

The Authority has historically funded CIP projects using transfers from the General Fund; in fiscal year 2015, \$21.5 million was transferred; \$14.0 million in fiscal year 2016 and \$11.5 million was transferred for CIP projects in fiscal year 2017. As of October 1, 2017, the Authority has transferred \$5.5 million in fiscal year 2018. The funding will be used for current capital projects, equipment additions and replacements, to supplement the economic reserve in accordance with board directives.

Las Vegas Convention Center District Program. In January 2017, a new capital fund was created to account for Phases Two and Three of the LVCCD Program. This fund is restricted to report all revenues and expenditures related to the expansion and renovation project(s) associated with the LVCCD Program. The following table sets forth the currently planned expenditures for Phases II and III of the LVCCD Program for fiscal years 2018 through 2022.

Fiscal Year	LVCCD Expenditures
2018	\$40,208,000
2019	308,014,800
2020	494,587,550
2021	377,511,650
2022	131,513,500
	\$1,351,835,500

The LVCCD Program includes the expansion of the Convention Center and a comprehensive facility renovation plan to modernize and grow the existing facility.

There are four major conceptual phases in the LVCCD Program. Phase One was completed in 2017, as discussed earlier with the CIRF.

Phase Two will add a minimum of 600,000 square feet of new indoor and outdoor exhibit space, plus additional square footage for meeting rooms, additional parking, new food and beverage outlets, and support and service spaces. The estimated budget for Phase Two of the LVCCD Program is \$860 million.

Phase Three of the LVCCD Program consists of renovation, modernization and additions to the current facility. Improvements include upgrades to the exhibit halls, meeting rooms, restrooms and entrances with upgraded technology, lights and design. Phase Three of the

LVCCD Program will also provide upgraded restrooms and new food and beverage outlets as well as an enclosed connector between the current halls. Structuring the project in this manner provides space for the Authority's trade shows while existing facilities are closed for renovation during Phase Three of the LVCCD Program. The estimated budget for Phase Three of the LVCCD Program is \$540 million.

Phase Four of the LVCCD Program includes concepts of potential future improvements and expansions. Conceptual components include a campus media center, administrative offices for trade show partners and a plaza. Specifics are yet to be determined due to potential timing of this phase and the possibility of additional customer needs at that time. Phase Four's schedule and funding will be based upon the completion of the previous phases. Funding for Phase Four is not included in the financing analysis referenced above.

Substantial accomplishment of Phases Two and Three was contingent upon receipt of new funding streams sufficient to complement the Authority's existing resources to support the capital financing program, which was achieved through the Additional Room Tax and the Excess Collection Fees. See "INTRODUCTION--Security for the 2017B Bonds--SB1 Revenues Not Pledged." The Additional Room Tax went into effect in January 2017 (i.e., approximately halfway through the 2017 fiscal year), and the fiscal year 2017 receipts from the Additional Room Tax were \$11.2 million. The fiscal year 2018 Additional Room Tax receipts are projected to be \$29.5 million.

The fiscal year 2018 augmented budget for the transfer from the General Fund to the LVCCD Fund is \$52.1 million, \$47.5 million in pay as you go reserves and \$4.6 million in Excess Collection Fees.

## **AUTHORITY FINANCIAL INFORMATION AND DEBT STRUCTURE**

### **General**

General. The Authority's revenue is derived from the following sources: Room Taxes, Gaming Fees, Facilities Revenues and income from investments and other miscellaneous sources. Not all of the Authority's revenue is pledged to the repayment of the 2017B Bonds; only the Pledged Revenues are available to pay debt service on the 2017B Bonds.

Major Sources of Revenue. Room Taxes historically have provided the main source of Authority General Fund revenue (historically averaging approximately 80% of such revenue). Facilities Revenues (charges for services) historically have provided the next largest source of Authority General Fund revenue (historically averaging approximately 16%). Descriptions of Room Taxes and Facilities Revenues and related collection data can be found in "REVENUES AVAILABLE FOR DEBT SERVICE."

### **Budgeting**

Prior to April 15 of each year, the tentative budget for the next fiscal year commencing on July 1 is filed with the State Department of Taxation and the County Clerk. The proposed operating budget contains the proposed expenditures and means of financing them.

The Authority is required to conduct a public hearing, no earlier than the third Monday in May and no later than the last day in May. The Authority is required to adopt the final budget on or before June 1. The final budget, as approved by the Authority, is on file for public inspection at the Authority offices, the State Department of Taxation and the office of the County Clerk.

Chief Officers and Senior Vice Presidents are authorized to transfer appropriations between accounts within their respective departments. The President is authorized to transfer appropriations between departments within the various functional levels of the general fund. Any revisions that alter or augment total appropriations at the functional level of the General Fund or fund level of other funds must be approved in advance by the Authority Board. Formal budgetary integration is employed as a management control device during the year for all funds of the Authority.

Budgeted appropriations may not be exceeded by actual expenditures of the various governmental functions in the General Fund or by total expenditures in the Capital Projects Fund, except for designated exceptions under Nevada Revised Statutes. Capital Projects Fund expenditures for construction or completion of public works may exceed budgetary appropriations if financed by bond or medium-term debt proceeds. At year end, any encumbered appropriations lapse and outstanding encumbrances are re-appropriated in the following year's budget.

Awards. The Government Finance Officers Association of the United States and Canada ("GFOA") awarded the Authority the Distinguished Budget Presentation Award for its 2016-17 budget. This was the 28<sup>th</sup> consecutive year the Authority has received this award.



## **Annual Reports**

General. The Authority prepares a comprehensive annual financial report (“CAFR”) setting forth the financial condition of the Authority as of June 30 of each fiscal year. The latest completed report is for the year ended June 30, 2017. The CAFR is the official financial report of the Authority. It was prepared following generally accepted accounting principles (“GAAP”). See Note 1 to the audited financial statements attached hereto as APPENDIX A for a description of the Authority’s significant accounting policies.

Certificate of Achievement. The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its comprehensive financial report for the fiscal year ended June 30, 2016. This is the 33<sup>rd</sup> consecutive year the Authority has received this recognition. A certificate of achievement is valid for a period of one year only. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR with contents conforming to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The Authority will submit its 2017 CAFR for award consideration.

## **Accounting**

The Authority maintains governmental fund types for accounting purposes. The governmental funds include: the General Fund, used to account for all financial resources of the Authority except those required to be accounted for in another fund; the Capital Projects Fund, used to account for the financial resources to be used for the acquisition or construction of major capital facilities; the LVCCD Capital Fund, used to account for all project costs related to Phase Two and Three of the LVCCD program; and the Debt Service Funds, used to accumulate monies for the payment of principal and interest on certain outstanding bonds. All governmental funds are accounted for using the modified accrual basis of accounting in which revenues are recognized when they become measurable and available as net current assets.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is principal and interest on general long-term debt which is recognized when due.

## **History of Revenues, Expenditures and Changes in Fund Balance - General Fund**

General. The table below presents a five-year history of the Authority’s General Fund revenues, expenditures and changes in fund balance. The historical information in this table has been derived from the Authority’s CAFRs for the years ended June 30, 2013 through 2017. The table also presents augmented budget information fiscal year 2018, as approved in November 2017. The information in this table should be read together with the Authority’s audited basic financial statements for the year ended June 30, 2017, and the accompanying notes, which are included as APPENDIX A hereto. Financial statements for prior years can be obtained from the sources listed in “INTRODUCTION--Additional Information.”

Pursuant to an adopted financial management policy, the Authority targets ending general fund balance to between 4.0% and 16%. The budgeted ratio for fiscal year 2017 was approximately 11%; however, actual ending fund balance was in excess of 23% based mainly on

Room Tax revenues higher than expected combined with savings in expenditures compared to budget. The revenue surplus and expenditure savings are currently projected to provide an additional \$27.8 million to ending fund balance. Fiscal year 2018 ending fund balance was budgeted at 6% in the original budget, and is increasing to 12% as a result of the fiscal year 2017 surplus. The Authority also budgets a contingency reserve of \$500,000 each fiscal year for the discretionary use of the Authority Board. Additionally, the Authority targets a goal of accumulating 10% of annual Room Tax projections as an extraordinary economic reserve. The economic reserve is maintained in the Capital Fund, and is budgeted to be \$29.4 million in fiscal year 2018, after augmentation. In the following table, portions of the amounts depicted as “Fund Balance, Ending” represent these budgeted reserves (as well as other reserves required by GAAP) that are restricted and are only available for specific expenditures. Other portions represent amounts that are designated (for contingencies and reserves) but are available for expenditure.

This table provides information about the Authority’s General Fund for informational purposes only. *Investors are cautioned that not all of the revenues shown in the following table are available to pay debt service on the 2017B Bonds. Only the Pledged Revenues are available to pay debt service on the 2017B Bonds.*

**History of Revenues, Expenditures and Changes in Fund Balance - Authority General Fund**

<u>Fiscal Year Ending June 30,</u>	Actual 2013	Actual 2014	Actual 2015	Actual 2016	Actual 2017	2018 Augmented Budget
<b>REVENUES</b>						
Room Tax	\$203,196,429	\$222,781,385	\$ 239,318,802	\$ 259,967,636	\$ 281,389,017	\$ 294,500,000
Gaming Fees	1,831,589	1,710,108	1,726,843	1,646,281	1,593,600	1,600,000
Charges for Services	47,846,895	60,786,406	51,968,375	60,835,567	68,007,099	58,365,300
Interest	170,348	353,464	188,829	195,706	389,506	266,000
Miscellaneous	6,091	4,020	4,527	4,368	8,100	7,000
<b>Total Revenues</b>	<b>253,051,352</b>	<b>285,635,383</b>	<b>293,207,376</b>	<b>322,649,558</b>	<b>351,387,322</b>	<b>354,738,300</b>
<b>EXPENDITURES<sup>(1)</sup></b>						
General Government	13,246,144	14,208,721	14,322,106	16,146,746	19,532,835	24,128,900
Marketing/Advertising/Special Events <sup>(2)</sup>	120,889,064	129,284,703	127,874,290	143,214,809	153,195,998	162,165,600
Operations	36,690,902	44,964,997	39,453,977	41,415,858	39,289,787	43,131,300
Community Support and Grants	28,742,952	22,449,149	32,870,164	26,161,392	25,000,000	25,000,000
<b>Total Expenditures</b>	<b>199,569,062</b>	<b>210,907,570</b>	<b>214,520,537</b>	<b>226,938,805</b>	<b>237,018,620</b>	<b>254,425,800</b>
Revenues over expenditures	53,482,290	74,727,813	78,686,839	95,710,753	114,368,702	100,312,500
<b>OTHER SOURCES/USES</b>						
Operating transfers in	69,938	114,454	132,853	120,416	209,689	191,100
Proceeds-Sale of fixed assets	57,083	80,073	35,893	45,964	24,271	40,000
Transfer out to OPEB internal service fund	(3,000,000)	(3,000,000)	(3,500,000)	(4,500,000)	(10,500,000)	(2,500,000)
Transfers out to Capital Funds	(12,800,000)	(7,250,000)	(21,500,000)	(14,000,000)	(11,500,000)	(7,900,000)
Transfers out to LVCCD fund	--	--	--	--	(20,000,000)	(47,500,000)
Transfers to LVCCD fund – excess coll alloc.	--	--	--	--	(3,298,262)	(4,610,000)
Transfers out to Debt Service Fund	(49,978,233)	(51,233,509)	(54,988,725)	(58,010,457)	(66,453,419)	(63,282,477)
<b>Total other sources/uses</b>	<b>(65,651,212)</b>	<b>(61,288,982)</b>	<b>(79,819,979)</b>	<b>(76,344,077)</b>	<b>(111,517,721)</b>	<b>(125,561,377)</b>
Revenues & other sources over (under) expenditures and other uses <sup>(3)</sup>	(12,168,922)	13,438,831	(1,133,140)	19,366,676	2,850,981	(25,248,877)
Reserve for contingency	n/a	n/a	n/a	n/a	n/a	(500,000)
<b>FUND BALANCE, BEGINNING</b>	<b>33,450,412</b>	<b>21,281,490</b>	<b>34,720,321</b>	<b>33,587,181</b>	<b>52,953,857</b>	<b>55,804,838</b>
<b>FUND BALANCE, ENDING</b>	<b>\$21,281,490</b>	<b>\$34,720,321</b>	<b>\$33,587,181</b>	<b>\$52,953,857</b>	<b>\$55,804,838</b>	<b>\$30,055,961</b>

\*\*Footnotes on following page.

- (1) Operation and Maintenance Expenses, as defined in the Bond Resolution, are a subset of these Expenditures.
- (2) In fiscal year 2014, a strategic realignment took place within the Authority. Departments within marketing that had a function related to operating the Authority's buildings were moved to the Operations Division. The sales departments were combined and now market the destination as a whole with no distinction between selling the Authority's facility space and other Las Vegas hotel facility space. In fiscal year 2015, a realignment took place. Departments within Operations that were a function of marketing were moved back to the Marketing Division.
- (3) Changes in Charges for Services are related to the cyclical fluctuation of tradeshow in the facilities. Specifically, fiscal years 2014 and 2017 include a large construction show which only occurs every three years.

Source: Derived from the Authority's CAFRs for fiscal years 2013-2017 and the Authority's fiscal year 2018 Augmented Budget.

## **Recent Developments**

### 2018 Budgeting Factors

The fiscal year 2018 budget was prepared during the Authority's seventh consecutive period of year-over-year revenue growth. Revenues across all categories are projected to continue the growth trend over the coming budget cycle. Tourism, which is the backbone of the Las Vegas economy, was one of the first industries in Southern Nevada to demonstrate recovery post-recession, and many economic indicators now exceed pre-recession levels. Due to the strength of the tourism industry and the destination as a whole, total room tax forecast in fiscal year 2018 is expected to exceed the previous year record high. The increases are driven by growth in visitation and average daily room rate, and occupancy rate. Recent reinvestments in the destination from resort partners and other local businesses also support projections for continued moderate growth in the long-term.

On October 1, 2017, Las Vegas was the site of one of the worst mass shootings in U.S. history. The tragedy is likely to have adverse effects on tourism to the area, the local economy, and Authority's revenues and operations for an undeterminable period that are not subject to estimation at this time.

Results for room tax for fiscal year 2017 exceeded \$281 million, a 9% increase over the previous year. Original projections indicated visitor volume in Las Vegas would exceed 43 million in calendar year 2017. However, it is expected that the events of October 1, 2017, will have some impact on visitation that is not yet determined. At this time, the Authority has not made adjustments to revenue or expenditure line items.

The Authority continually monitors numerous key visitation statistics to ensure appropriate budgeting of its primary revenue source. For the 2016 calendar year, average daily auto traffic was up 5.5%, deplaned passengers at McCarran International Airport were up 4.5% and convention and meeting attendance was up 7.1% over calendar year 2015. All of these factors point toward new growth for the destination. The Authority also reviews tourism data at a macro-level. Data from the United States Department of Commerce and the US Travel Association is monitored frequently, to evaluate trends for international visitation as well as domestic business and leisure travel. Although most recent indicators for the local economy continue to trend positively, the Authority is keenly aware of national and global economic conditions as well as legislative actions that could affect future revenue. Conservative budgeting techniques and continuous monitoring of the environment are used to reduce the potential impact of these risks. Long-term plans for Authority expansion and renovation, as described earlier, are phased to align with available revenues to ensure the financial integrity of the entity.

The fiscal year 2018 budgeted room taxes and gaming revenues are projected be \$296.1 million, a 5% increase over the 2017 actual results. This is directly attributable to the budgeted growth in room tax driven by occupancy and ADR. Use of facilities revenue for the Convention Center reflects an 8% decrease, an anticipated reflection of the annual rotation of tradeshow. Total fiscal year 2018 revenues, including other financing sources, are budgeted to be \$355 million, an increase of 1% over fiscal year 2017 actual.

Expenditures for Marketing, Advertising, and Special Events are budgeted at \$162 million, after augmentation, as the Authority continues to support its core mission. This is a 6% increase from fiscal year 2017 mainly due to the increase in advertising in support of Brand USA, airline development, and various sponsorships. Post-augmentation, fiscal year 2018 transfers out from the General Fund include the Capital Projects Fund at \$7.9 million, which includes an increase to the Economic Reserve of \$2.4 million, the LVCCD Capital Fund at \$52.1 million, OPEB at \$2.5 million, and Debt Service at \$63.3 million. In the aggregate, total expenditures and transfers to other funds for fiscal year 2018 are projected to increase 9% over fiscal year 2017 mainly due to increased “pay-as-you-go” funding for the LVCCD.

The Authority continues to assess its position with a commitment to remain flexible and responsive to ensure resource allocations align with the objectives of the Authority to achieve sustainable growth for the destination. The Authority undertakes the follow analysis when monitoring its finances:

- The Authority’s cash and investments position is monitored daily. The analysis includes an evaluation of cash resources against the timing of cash requirements. The Authority has never failed to meet its financial obligations for debt service funding or vendor obligations.
- Room Tax revenues and Facility Use revenues are assessed as preliminary information from the County becomes available. Final monthly revenue data is communicated to the President/CEO and Executive Committee as soon as it is verified.
- Multiple economic indicators are monitored continuously by the Authority’s Research and Finance staff, and shared with management and executive staff as available.
- The Chief Financial Officer advises executive management no less than monthly and the Authority Board no less than quarterly on the Authority’s financial position and recommendation for budgetary actions.

#### Other Information

The Authority’s fiscal year 2018 budget reflects the Authority’s commitment to its core mission of marketing Southern Nevada as a leisure and business destination worldwide and operating the Convention Center. The Authority continually conducts research to assist it in creating effective messaging for consumers. Advertising in the current year will continue to be aggressive using unique, innovative ways to make the Las Vegas message stand out and drive awareness and favorability for the destination. Business marketing initiatives will continue to emphasize that serious business gets done in Las Vegas while highlighting the tremendous value available compared to other major business destinations.

#### **Investment Policy**

The Authority Board has adopted an investment policy which is applicable to all investments of Authority funds. This policy received the “Certification of Excellence” in 2015 from the Association of Public Treasurers of the U.S. and Canada. The investment policy can be changed only by the Authority Board. Pursuant to the investment policy, investments of

Authority money, bank deposits and certificates of deposit must be fully insured by the FDIC or collateralized; repurchase agreements and certificates of deposit which require collateral must be collateralized with obligations of the United States Government, its agencies or instrumentalities. Collateral must be delivered to the Authority's third party custodial agent for safe-keeping or another third party. The market value of all collateral must equal or exceed 102% of the uninsured deposits, principal amount of the certificates of deposit, or repurchase agreements and collateral must be marked to market daily for repurchase agreements and monthly for bank deposits and certificates of deposit. The policy also allows investments of the Authority's money in Banker's Acceptances & Commercial Paper with a minimum of A-1, P-1, or equivalent rating; a minimal of AAA rating for Money Market Funds and two of the three ratings of A-1, P-1 or F-1 for Negotiable Certificates of Deposit. The Authority's policy has a strategy that investments are to be held to maturity unless unforeseen circumstances require liquidation and require that investments be purchased with a time horizon which matches the anticipated time funds will be needed. A cash need analysis is utilized to maximize the investment of idle cash while insuring adequate cash to meet existing commitments. Under the policy guidelines, investment maturities may not exceed five years; the amount of investments exceeding two year maturities is limited to 10% of the total portfolio at the time of the investment. The investment policy also requires diversification within specified parameters. Variable interest rates securities may not be purchased or accepted as collateral, the use of leveraging is not permitted, trading and speculating is not permitted, and the acquisition of derivatives and reverse repurchase agreements is prohibited. See Note 4 in the audited financial statements attached hereto as APPENDIX A for a further description of the Authority's investments (as of June 30, 2017).

### **Debt Issuance Compliance Policy**

The Authority Board has adopted a debt issuance compliance policy which is applicable to all debt issuance activities of the Authority. This policy received the "Certification of Excellence" in 2016 from the Association of Public Treasurers of the U.S. and Canada. The policy establishes the requirements and procedures for ensuring compliance with federal laws relating to the issuance and post-issuance monitoring of tax-exempt bonds and taxable Direct Pay Bonds. The use of tax-exempt debt plays an important role in funding the Authority's capital projects. As a result, the Authority realizes the importance of complying with federal and regulatory requirements regarding the issuance and ongoing management of its tax-exempt debt. In order to maintain the debt status as tax-exempt, the Authority must comply with post-issuance debt requirements.

### **Debt Limit - County Bonds For Recreation Purposes**

State statutes limit the aggregate principal amount of general obligation bonds issued by the County for recreational purposes to five percent (5%) of the total last assessed valuation of the taxable property in the County. Based upon the County's assessed valuation for fiscal year 2016-2017 of \$77,201,273,046, which includes the assessed valuation of various redevelopment agencies located within the County, the County is limited to general obligation indebtedness for recreational purposes in the aggregate amount of \$3,860,063,652. Based upon the County's assessed valuation for fiscal year 2017-2018 of \$81,306,131,252, which includes the assessed valuation of various redevelopment agencies located within the County, the County would be limited to general obligation indebtedness for recreational purposes in the aggregate amount of \$4,065,306,563. As of December 1, 2017, the County has outstanding \$628,245,000

(including the 2017C Bonds expected to be issued on December 28, 2017) of general obligation debt issued by the Authority for recreational purposes, consisting entirely of the Prior Parity Bonds. See “Outstanding Obligations of the Authority” below.

### Outstanding Obligations of the Authority

General. The following table illustrates the outstanding bonds and other obligations of the Authority as of December 1, 2017, after taking the issuance of the 2017B Bonds and the Refunding Project into account. The following table also includes the 2017C Bonds, but does not take the refunding project of that issue into account.

<u>Authority’s Proposed and Outstanding Indebtedness<sup>(1)*</sup></u>				
	<u>Dated</u>	<u>Maturity</u>	<u>Original</u>	<u>Amount</u>
	<u>Date</u>	<u>Date</u>	<u>Amount</u>	<u>Outstanding</u>
<u>PRIOR REVENUE PARITY BONDS<sup>(2)</sup></u>				
2016C Bonds	08/09/16	07/01/46	\$100,705,000	\$100,705,000
2017B Bonds ( <i>this issue</i> )	12/21/17	07/01/40	70,730,000*	<u>70,730,000*</u>
Total				\$171,435,000*
<u>PRIOR PARITY BONDS<sup>(3)</sup></u>				
2008 Bonds	08/19/08	07/01/18	\$ 26,455,000	\$ 630,000
2010A Bonds	01/26/10	07/01/38	70,770,000	70,770,000
2010B Bonds	01/26/10	07/01/26	53,520,000	37,670,000
2010C Bonds <sup>(4)</sup>	12/08/10	07/01/38	155,390,000	146,620,000
2012 Bonds	08/08/12	07/01/32	24,990,000	20,805,000
2014 Bonds	02/20/14	07/01/43	50,000,000	50,000,000
2015 Bonds	04/02/15	07/01/44	181,805,000	153,720,000
2017 Bonds	05/11/17	07/01/38	21,175,000	21,175,000
2017C Bonds <sup>(5)</sup>	12/28/17	07/01/38	126,855,000	<u>126,855,000</u>
Total				<u>\$628,245,000</u>
GRAND TOTAL				\$799,680,000*

(1) After taking the issuance of the 2017B Bonds and the Refunding Project into account.

(2) These bonds are special limited obligations of the Authority payable solely from the Pledged Revenues.

(3) Comprised of the Prior Parity Bonds, which are general obligation bonds secured by the full faith, credit and taxing power of the County. The ad valorem tax available to pay these bonds is limited to the \$3.64 statutory and the \$5.00 constitutional limit. These bonds are additionally secured by a lien on the Pledged Revenues on a parity with the lien thereon of the Prior Revenue Parity Bonds and the 2017B Bonds.

(4) The net proceeds of the 2017C Bonds are being placed into an escrow account (the “2017C Escrow Account”) for the purpose of (i) paying the interest on the 2017C Bonds through and including July 1, 2020 and (ii) paying all of the principal of the 2010C Bonds maturing on and after July 1, 2021 on July 1, 2020. The interest on the 2010C Bonds due and payable on and prior to July 1, 2020 is expected to be paid by Pledged Revenues and will not be paid from monies on deposit in the 2017C Escrow Account. Consequently, the 2010C Bonds are not expected to remain outstanding beyond July 1, 2020.

(5) The 2017C Bonds were sold on December 7, 2017 and are expected to be issued on December 28, 2017.

Source: The Authority.

\*Preliminary; subject to change



Additional Bonds. The Authority, for itself or on behalf of the County, may issue Parity Bonds or Parity Securities in the future. See “SECURITY FOR THE 2017B BONDS--Additional Parity Bonds.” Specifically, during the next five to seven fiscal years, the Authority, for itself or on behalf of the County, currently anticipates issuing approximately \$1.1 billion of additional securities to support the LVCCD Program. These additional securities will be supported by the SB1 Revenues and may further be secured by a parity or subordinate lien on the Pledged Revenues. Notwithstanding the foregoing, the amount of securities actually issued in support of the LVCCD Program will depend on several factors, including, but not limited to, projected SB1 Revenues, projected Pledged Revenues, and projected LVCCD Program costs. See “LAS VEGAS CONVENTION AND VISITORS AUTHORITY--Capital Plans.” The Oversight Panel for Convention Facilities in Clark County has approved the issuance of up to \$900,000,000 of additional securities related to Phase II of the LVCCD Program and the Authority has adopted a resolution authorizing \$400,000,000 of general obligation backed bonds which are expected to be issued in one or more series in calendar year 2018. Additional legal proceedings are required to issue the bonds.

Subordinate Bonds. The Authority may draw additional amounts under the Revolving Credit Agreement relating to the Authority’s 2016A Subordinate Bonds to pay for a portion of the LVCCD Program. For a description of the 2016A Subordinate Bonds, see “INTRODUCTION--Security for the 2017B Bonds--Lien Priority – *Subordinate Lien Obligations*” and “CERTAIN RISK FACTORS--Risks Related to Subordinate Bonds.”

### **Other Obligations and Long-Term Contracts**

Other Obligations. The Authority is a party to several non-cancellable operating leases for office space, parking spaces, computers, copiers and other office equipment. Total rental costs under such leases were \$321,155 for the fiscal year ended June 30, 2017. The remaining amount due under those leases as of June 30, 2017, was \$2,533,107 through fiscal year 2026. The Authority has entered into two capital leases for computer and office equipment. The total amount due for these capital leases as of June 30, 2017, totaled \$312,299 through fiscal year 2020.

The Authority entered into an agreement with the Professional Rodeo Cowboys Association, through Las Vegas Events, to provide annual payments of \$2.2 million as an annual sponsorship fee for the National Finals Rodeo, and \$250,000 annually to be the exclusive national sponsor for the National Finals of Steer Roping if not held in Las Vegas. The contract is for 10 years, lasting through fiscal year 2024.

In March 2017, the Authority entered into an agreement with the Las Vegas Motor Speedway to provide annual sponsorship payments of \$2,000,000 each year, in addition to expending \$500,000 annually for marketing efforts, for two (2) annual National Association for Stock Car Racing (“NASCAR”) races to be held in the spring and summer of each year. The agreement is for seven (7) years, lasting through December 31, 2024, and may be extended for three (3) additional years at the Authority’s notice.

The Authority has no long-term obligation to fund other organizations, for example, Las Vegas Events. However, we acknowledge these other organizations do engage in long-term sponsorship commitments.

It is the Authority's policy to permit employees to accumulate earned but unused paid time off ("PTO") benefits. Such benefits are accrued within the government-wide statements when earned by the employee.

The Authority records a liability for these PTO (compensated absence) accruals as described in Notes 1 and 8 to the audited financial statements attached hereto as APPENDIX A.

Long-Term Contracts. The Authority is a party to many long-term contracts, some of which are discussed below.

The Authority has entered into cooperative agreements with the State to staff, operate and maintain two visitor information centers owned by the State in Boulder City and Mesquite. These centers provide information on recreational opportunities in the County. The Boulder City and Mesquite agreements end in October 2018; each contains a five-year renewal option.

The Authority leases Cashman Center baseball park, stadium and necessary appurtenances (including storage space, offices and parking) pursuant to a lease agreement dated September 8, 1992, as amended, with Summerlin LV Baseball Club, which owns the "51s" AAA baseball club. The term of the current lease ends December 31, 2022. The baseball club pays the Authority a base rental set forth in the lease. The Authority also receives revenue from parking. There is a provision whereby the 51's may terminate the lease, with proper notice, before 2022. The Cashman Center is an aging facility that will require substantial capital maintenance in the future. On June 1, 2017, the Cashman Center property was transferred to the City of Las Vegas in an effort to redevelop the site. The transfer agreement is joined to a management agreement, whereby the City of Las Vegas engages the Authority to continue operating the meeting and exhibit hall facilities through December 2017. At the end of the calendar year, the Authority will close the meeting, convention and theater space, maintaining it in "mothballed" status. Under the management agreement, the Authority will continue to operate Cashman Field (the stadium) until the expiration of the baseball team lease (December 2022) or until the team terminates the lease with sufficient notice, whichever comes first. At that time, the management agreement for the Cashman campus will cease and the City of Las Vegas will assume all responsibilities for the property.

For a further description of the Transfer Agreement, see "REVENUES AVAILABLE FOR DEBT SERVICE--Facilities Revenues – Present Facilities; Rates and Charges – Cashman Center."

The Authority also has entered into a lease commencing on January 1, 2017, with Centerplate for services at the Convention Center and Cashman Center. Pursuant to this lease, the Authority leases concession stands, restaurants, customer serving locations, food preparation areas, kitchen and warehouse facilities, administrative offices and other food service areas to Centerplate for a period of 7 1/2 years (from January 1, 2017, through June 30, 2024). The lease may be renewed and extended upon written agreement of the parties. Centerplate is granted the exclusive right to sell and prepare food and beverages (including catering and restaurant services) for all events held at the Convention Center and Cashman Center. Centerplate agreed in the lease to make an initial investment of \$17.5 million for the design, purchase, construction and installation of new or renovated food service facilities amortized over the term of the agreement. Most of the construction and installation has been completed as of October 2017. As of June 30,

2017, the total investment made by Centerplate was \$5.9 million. The improvements are owned by the Authority at the end of the term. If early termination occurs the Authority is obligated to reimburse Centerplate for a portion of their investment (\$5.4 million if termination occurred June 30, 2017). This is considered a contingent liability which is not recorded in the Authority's financial statements. For the current lease term Centerplate pays rent to the Authority, at a minimum of 22.5% to a maximum of 40% based on its gross receipts, as defined by agreement. The agreement also currently requires Centerplate to set aside 3% of its gross receipts for Authority replacement and maintenance reserve purposes.

R&R Partners is the official advertising and marketing communications agency for the Authority. The company develops marketing plans for both long-term and short-term initiatives and works with the Authority in the areas of consumer marketing, business and convention marketing, international marketing and extended destination marketing. Compensation is 6.5% of gross billed amounts for commission on media and external production and services. In addition, in fiscal year 2017 there was an agency service fee of \$7,029,600 and content creation services fee of \$8,585,000. Both service fees are subject to CPI increases. The current contract term is through June 2018, which can be terminated by either party with 90 days' notice. The Authority, through R&R, also sponsors various special events which bring people to Las Vegas. Some of these involve multi-year contracts. The sponsorship contract commitments at June 30, 2017, were \$11.4 million for fiscal year 2018 and \$1.1 million for fiscal year 2019.

Telecommunications services provided to clients who lease the Convention Center and Cashman Center are provided by Cox Communications. This agreement began September 29, 2013, and runs through September 28, 2020. Cox pays the Authority 46% of all gross revenues. In addition, 3% of gross revenues are set aside for Authority replacement and maintenance reserve purposes. Cox is obligated to invest at least \$9.5 million of telecommunication infrastructure improvements to the Authority's facilities over the life of the agreement. The total investment through June 30, 2017, is in excess of \$10.3 million. The investment will be owned by the Authority at the end of the term. If early termination occurs, the Authority is obligated to reimburse Cox for a portion of their investment (\$4.9 million if termination occurred June 30, 2017). This is considered a contingent liability which is not recorded in the Authority financial statements.

During the year, as contemplated under the Cox agreement, a neutral host digital antenna system (DAS) was installed in the Las Vegas Convention Center with proceeds from the cellular carriers that use the DAS. Under these agreements, all operating costs of the DAS are paid by the carriers in addition to monthly rent to the Authority. The DAS becomes property of the Authority at the earlier of the end of the DAS agreement term (November 2026) or the termination of the Cox agreement. If the agreement with COX terminates before September 28, 2020, the Authority would assume the rights to the DAS assets and also be responsible for executing the administrative function of operating and maintaining the DAS as defined in the agreement through the remainder of the DAS contract term. This is considered a contingent commitment and asset which is not recorded in the Authority's financial statements as it is dependent on potential future events.

American Express leases an area at the Convention Center, currently paying \$848,556 annually with a 2.5% increase per year. The lease runs from November 1, 2012, to

October 31, 2019. Federal Express leases space to provide business center services to building clients. This lease runs from February 1, 2013, through January 31, 2018, and pays the Authority \$1,872,000 for the term of the lease. The Authority anticipates both leases will be extended.

The Authority is party to contracts for international office representation which covers the following areas: Australia and New Zealand, Benelux, Canada, China, Hong Kong, Taiwan, Europe, France, Germany, Scandinavia, Switzerland, Austria, Japan, Mexico and Central America, South America, South Korea, and the United Kingdom. The 2-year contracts were approved at the May 10, 2016, Authority Board meeting. The contract's value for fiscal year 2018 is \$2.3 million, and can be terminated by either party with or without cause with 30 days written notice.

## **TAX MATTERS**

### **Federal Tax Matters**

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2017B Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, and interest on the 2017B Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below.

The Tax Code imposes several requirements which must be met with respect to the 2017B Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the 2017B Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2017B Bonds; (b) limitations on the extent to which proceeds of the 2017B Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the 2017B Bonds above the yield on the 2017B Bonds to be paid to the United States Treasury. The Authority covenants and represents in the Bond Resolution that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the 2017B Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under federal income tax laws in effect when the 2017B Bonds are delivered. Bond Counsel's opinion as to the exclusion of interest on the 2017B Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the Authority to comply with these requirements could cause the interest on the 2017B Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the Authority and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of

a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the 2017B Bonds.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the 2017B Bonds. Owners of the 2017B Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the 2017B Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the 2017B Bonds may be sold at a premium, representing a difference between the original offering price of those 2017B Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest on the 2017B Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the 2017B Bonds. Owners of the 2017B Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2017B Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the 2017B Bonds, the exclusion of interest on the 2017B Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the 2017B Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the 2017B Bonds. Owners of the 2017B Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2017B Bonds. If an audit is commenced, the market value of the 2017B Bonds may be adversely affected. Under current audit procedures the Service will treat the Authority as the

taxpayer and the 2017B Bond owners may have no right to participate in such procedures. The Authority has covenanted in the Bond Resolution not to take any action that would cause the interest on the 2017B Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income for the owners thereof for federal income tax purposes. None of the Authority, the Municipal Advisors, the Underwriters, Bond Counsel or Special Counsel is responsible for paying or reimbursing any 2017B Bond holder with respect to any audit or litigation costs relating to the 2017B Bonds.

### **State Tax Exemption**

The 2017B Bonds, their transfer, and the income therefrom, are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

## **LEGAL MATTERS**

### **Litigation**

The Authority's Legal Counsel states that, as of the date of this Official Statement, there is no pending or threatened litigation which would restrain or enjoin the issuance of the 2017B Bonds or the collection of the Pledged Revenues. The Authority is, however, subject to certain pending and threatened litigation regarding various other matters arising in the ordinary course of operation of the Authority. It is the opinion of counsel to the Authority that the pending or threatened litigation will not result in final judgments against the Authority which would, individually or in the aggregate, materially adversely affect the Authority's financial position, its ability to pay debt service on the 2017B Bonds or its ability to perform its obligations to the owners of the 2017B Bonds.

The Authority is the defendant in various legal actions. It is the opinion of the Authority's management and legal counsel that they will not result in any material liabilities to the Authority other than disclosed below. The Authority does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather, records such as period costs when the services are rendered.

There is ground water contamination in one of the parking areas of the Convention Center. Management believes it is probable that the Authority will be named as a responsible party for remediation activities; and therefore, has recorded a \$1,845,000 remediation liability on the government-wide financials using the expected cash flow technique for future remediation costs. This estimate is based on a preliminary analysis which could change over time due to continued investigation, actual remediation actions performed, future regulator rulings, changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation effort.

There is a class action complaint against Caesars Entertainment Corporation relating to a portion of the License Taxes collected by Caesars Entertainment Corporation. The Authority is not a party to the complaint against Caesars Entertainment Corporation. The complaint, *Cabral et al vs Caesars Entertainment Corporation*, Case No. 2:17-cv-02841-APG-

VCF was filed for damages and declaratory relief on November 10, 2017. The complaint alleges that Caesars Entertainment Corporation charges a resort fee to overnight guests which includes the provision of internet access and that Caesars Entertainment Corporation collects taxes on the portion of the resort fee attributable to internet access by overnight guests in violation of the Internet Tax Freedom Act (“ITFA”), P.L. 105-277, Div. C., Title XI § 1100 (Oct. 21, 1998), 112 Stat. 2681-719 (enacted as statutory note to 47 U.S.C. § 151, as amended). The Authority receives taxes collected on the resort fee as License Taxes. The complaint seeks, among other things, damages in the amount of the portion of the taxes on the resort fee attributable to internet access. The complaint does not seek to enjoin, suspend, or restrain the assessment, levy, or collection of the License Taxes by Clark County or the State of Nevada. The extent of this class action complaint and any other similar cases that may arise on the collection and distribution of License Taxes cannot be determined at this time. See “SECURITY FOR THE BONDS” and “REVENUES AVAILABLE FOR DEBT SERVICE.”

### **Sovereign Immunity**

Pursuant to State statute (NRS 41.035), an award for damages in an action sounding in tort against the Authority may not include any amount as exemplary or punitive damages and is limited to \$100,000 per cause of action. The limitation does not apply to federal actions brought under federal law such as civil rights actions under 42 U.S.C. Section 1983 and actions under The Americans with Disabilities Act of 1990, or to actions in other states.

### **Approval of Certain Legal Proceedings**

The approving opinion of Sherman & Howard L.L.C., as Bond Counsel, will be delivered with the 2017B Bonds. A form of the bond counsel opinion is attached to this Official Statement as APPENDIX E. The opinion will include a statement that the obligations of the Authority are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers delegated to it by the federal constitution, including bankruptcy. Sherman & Howard L.L.C. has also acted as Special Counsel to the Authority in connection with this Official Statement.

### **Police Power**

The obligations of the Authority are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power and powers of taxation inherent in the sovereignty of the State, and to the exercise by the United States of the powers delegated to it by the federal constitution (including bankruptcy).

## **RATINGS**

Moody's Investors Service, Inc. ("Moody's") and S&P Global Ratings ("S&P") have assigned the respective ratings to the 2017B Bonds shown on the cover page of this Official Statement. An explanation of the significance of the rating given by Moody's may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. An explanation of the significance of any rating given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041.

There is no assurance that such ratings will continue for any given period of time after they are received or that they will not be lowered or withdrawn entirely if, in the judgment of the rating agencies, circumstances so warrant. Other than the Authority's obligations under the Disclosure Certificate, neither the Authority nor either of the Municipal Advisors has undertaken any responsibility either to bring to the attention of the owners of the 2017B Bonds any proposed change in or withdrawal of such ratings or to oppose any such proposed revision. Any such change in or withdrawal of the ratings could have an adverse effect on the market price of the 2017B Bonds.

## **INDEPENDENT AUDITORS**

The Authority's audited basic financial statements as of and for the year ended June 30, 2017, and the report rendered thereon by Piercy Bowler Taylor & Kern, certified public accountants, Las Vegas, Nevada, have been included herein as APPENDIX A.

The audited basic financial statements of the Authority, including the auditors report thereon, are public documents and pursuant to State law, no consent from the auditors is required to be obtained prior to inclusion of the audited basic financial statements in this Official Statement. Since the date of its report, Piercy Bowler Taylor & Kern has not been engaged to perform and has not performed any procedures on the basic financial statements addressed in that report and also has not performed any procedures relating to this Official Statement.

## **MUNICIPAL ADVISORS**

JNA Consulting Group, LLC, and Montague DeRose and Associates LLC are serving as the Authority Municipal Advisors (together, the "Municipal Advisors") in connection with the 2017B Bonds. See "INTRODUCTION--Additional Information" for contact information for the Authority Municipal Advisors.

The Municipal Advisors have not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the County or the Authority, with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Municipal Advisors respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

## **UNDERWRITING**

Merrill Lynch, Pierce, Fenner & Smith Incorporated, on behalf of itself and as representative of Morgan Stanley & Co. LLC. and Robert W. Baird & Co. Incorporated



(collectively, the “Underwriters”) have agreed pursuant to a Bond Purchase Agreement to purchase the 2017B Bonds from the Authority at a price of \$\_\_\_\_\_ (equal to the par amount of the 2017B Bonds, plus/less original issue premium/discount of \$\_\_\_\_\_, less Underwriters’ discount of \$\_\_\_\_\_).

Morgan Stanley & Co. LLC., an underwriter of the 2017B Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2017B Bonds.

The Underwriters are committed to take and pay for all of the 2017B Bonds if any are taken. The Underwriters intend to offer the 2017B Bonds to the public at the offering prices appearing on the inside cover page of this Official Statement. After the initial public offering, the public offering price may be varied from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the underwriters and their affiliates may have certain creditor and/or other rights against the Authority and its affiliates in connection with such activities. In the various course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Authority. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

**OFFICIAL STATEMENT CERTIFICATION**

The undersigned official of the Authority hereby confirms and certifies that the execution and delivery of this Official Statement and its use in connection with the offering and sale of the 2017B Bonds have been duly authorized by the Board.

LAS VEGAS CONVENTION AND VISITORS  
AUTHORITY

By: \_\_\_\_\_  
President/CEO

**APPENDIX A**

**AUDITED BASIC FINANCIAL STATEMENTS OF THE AUTHORITY  
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**INDEPENDENT AUDITORS' REPORT ON FINANCIAL  
STATEMENTS AND SUPPLEMENTARY INFORMATION**

Board of Directors  
Las Vegas Convention and Visitors Authority  
Las Vegas, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Las Vegas Convention and Visitors Authority (the LVCVA) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the LVCVA's basic financial statements as listed in the table of contents.

An audit performed in accordance with applicable professional standards is a process designed to obtain reasonable assurance about whether the LVCVA's basic financial statements are free from material misstatement. This process involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the LVCVA's preparation and fair presentation of the basic financial statements to enable the design of audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the LVCVA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the basic financial statements.

**Management's Responsibility for the Financial Statements.** Management is responsible for the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility.** Our responsibility is to express an opinion on the basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion.** In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the LVCVA as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters.** Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, postemployment benefits other than pensions, schedule of funding

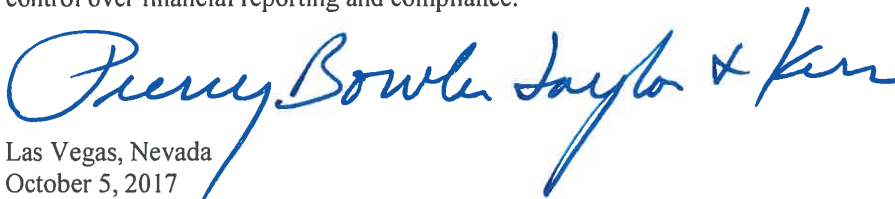
progress, proportionate share of the collective net pension liability information, proportionate share of statutorily required pension contribution information and budgetary comparison information on pages 3-13 and 51-58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information.** Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the LVCVA's basic financial statements. The introductory section, other supplementary information, as listed in the table of contents, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards*.** In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2017, on our consideration of the LVCVA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LVCVA's internal control over financial reporting and compliance.

  
Las Vegas, Nevada  
October 5, 2017

## **Management's Discussion and Analysis**

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**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Management’s Discussion and Analysis

For the Year Ended June 30, 2017

As management of the Las Vegas Convention and Visitors Authority (the LVCVA), we offer readers of the LVCVA’s financial statements this narrative overview and analysis of the LVCVA’s financial performance for the fiscal year (FY) ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the letter of transmittal, which can be found on pages i to x of this report.

**FINANCIAL HIGHLIGHTS**

- In October 2016, the Nevada Legislature approved Senate Bill 1 (SB1) which provided for a 0.5% increase to transient lodging tax for the LVCVA to partially fund Phase Two and Three of the Las Vegas Convention Center District (LVCCD), the \$1.4 billion project to expand and renovate the Las Vegas Convention Center. The LVCCD capital fund was created for the purpose of accounting for these new legislatively restricted revenues, as well as all associated construction and financing costs. Through June 30, 2017, the new restricted room tax rate generated \$13.6 million since the January 15, 2017 implementation.
- Phase One of the LVCCD project was completed in early FY 2017. Phase One was comprised of the demolition of the former Riviera property towers, followed by clearing and improvements to the land to prepare it for client use. The land is being utilized for outdoor exhibits and overflow parking until construction activities begin on the exhibit hall expansion as part of Phase Two. Approximately \$19.7 million was spent on demolition and improvement activities during FY 2017.
- In June 2017, the LVCVA transferred ownership of the Cashman Center real property to the City of Las Vegas to enhance redevelopment opportunities on the site for the benefit of the community. Associated with the transfer agreement is a management operating agreement stating that the LVCVA will continue to operate the convention facility until December 2017 and operate the stadium until the expiration of the baseball lease. As a result of this transfer, the LVCVA recorded a capital asset reduction totaling \$9.9 million as a special item.
- Total government-wide revenues increased approximately \$38.9 million, which is the seventh consecutive year of growth. Room taxes and gaming fees increased \$31.8 million, 12% over the prior year. FY 2017 saw the highest room tax collection in history for the LVCVA due to average daily room rate (ADR) increases, combined with the new 0.5% increase in room tax rate. Facility charges for services also increased over the prior year due to strong cyclical show rotation schedules and rate increases.
- Net position increased to \$81.8 million, primarily as a result of higher room taxes totaling \$296.6 million and service revenues of \$72.6 million, combined with maturing debt.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

Comprehensive Annual Financial Report			
Introductory Section	Financial Section	Statistical Section	Additional Reports of the Independent Auditors
General information on the government structure, services and environment	Independent Auditors' Reports	Trend data and non-financial data	Independent Auditors' Reports
	Management's Discussion and Analysis		
	Government-wide Financial Statements		
	Governmental Fund Financial Statements		
	Proprietary Fund Financial Statements		
	Notes to the Financial Statements		
	Required Supplementary Information		
	Individual Fund Financial Schedules		

# LAS VEGAS CONVENTION AND VISITORS AUTHORITY

## Management's Discussion and Analysis

For the Year Ended June 30, 2017

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Although the Comprehensive Annual Financial Report (CAFR) is comprised of various sections, the LVCVA's basic financial statements are presented in four components:

- (1) Government-wide financial statements
- (2) Governmental fund financial statements
- (3) Proprietary fund financial statements
- (4) Notes to the financial statements

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

These two financial statements are designed to provide readers with a broad overview of the LVCVA's finances in a manner similar to private-sector business.

The Statement of Net Position is, in substance, the balance sheet. It includes not just current assets and liabilities and deferred outflows and inflows, but also capital assets and long-term debt. All funds are included in this statement. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the LVCVA is improving or deteriorating.

The Statement of Activities is the operating statement for the LVCVA as a whole. It is based on full accrual accounting rather than the traditional modified accrual. Depreciation and amortization of capital assets is recognized as an expense, as are compensated absences, postemployment benefits other than pensions (OPEB) and an allocated share of PERS' net pension liability. The format of the statement has an unfamiliar appearance and it focuses on the net cost of the LVCVA's individual functions and is intended to answer the question "How much did it cost and how is it being paid for?"

### **GOVERNMENTAL FUND FINANCIAL STATEMENTS**

Following the government-wide statements is a section containing the fund financial statements. A fund is a grouping of related accounts that is used to maintain control over specific activities. Governmental funds use the modified accrual basis of accounting, which focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. The LVCVA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **PROPRIETARY FUND FINANCIAL STATEMENTS**

Following the governmental fund financial statements is a section containing the proprietary fund financial statements. The LVCVA uses an internal service fund to accumulate monies in reserve for its OPEB liabilities. Because this service benefits governmental rather than business type functions, it is included within the governmental activities in the government-wide financial statements. Proprietary funds use the accrual basis of accounting, which focuses on the determination of net position, operating income, changes in net position and cash flows.

### **NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 50 of this report.

### **REQUIRED SUPPLEMENTARY INFORMATION**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information found on pages 51-54, including a schedule of OPEB funding progress, the LVCVA's allocated share of the PERS net pension liability, contributions to the PERS pension plan, and general fund budgeted and actual revenues, expenditures, and change in fund balance.



**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Management's Discussion and Analysis

For the Year Ended June 30, 2017

**CONDENSED COMPARATIVE DATA**

**ASSETS, DEFERRED OUTFLOWS, LIABILITIES, DEFERRED INFLOWS, AND NET POSITION**

The LVCVA's net position, on the government-wide basis, increased \$49.6 million during the year as follows:

	CHANGES IN NET POSITION					
	FY 2016		FY 2017		Increase (Decrease)	
					Amount	Percent
Net position (deficit) – beginning	\$	(17,501,886)	\$	32,227,967	\$49,729,853	284%
Revenues		332,718,001		371,606,410	38,888,409	12%
Expenses		282,988,148		312,077,655	29,089,507	10%
Excess before special item		49,729,853		59,528,755	9,798,902	20%
Special Item		-		9,907,463	9,907,463	100%
Change in net position		49,729,853		49,621,292	(108,561)	0%
Net position – ending	\$	32,227,967	\$	81,849,259	\$49,621,292	154%

This growth is primarily attributed to the LVCVA's increase in room tax revenues while continuing the practice of containing expenses below revenues. The LVCVA transferred the real property and land of Cashman Center to the City of Las Vegas, resulting in an asset reduction of \$9.9 million which is shown as a special item in the above table.

During FY 2017, net position consists of the following:

	NET POSITION					
	June 30, 2016		June 30, 2017		Increase (Decrease)	
					Amount	Percent
Current and other assets	\$	274,934,630	\$	282,521,541	\$ 7,586,911	3%
Capital assets		679,077,721		677,365,626	(1,712,095)	0%
Total assets		954,012,351		959,887,167	5,874,816	1%
Deferred outflows of resources		14,936,751		25,819,971	10,883,220	73%
Current and other liabilities		102,614,288		83,979,327	(18,634,961)	-18%
Long-term liabilities		825,859,862		814,805,792	(11,054,070)	-1%
Total liabilities		928,474,150		898,785,119	(29,689,031)	-3%
Deferred inflows of resources		8,246,985		5,072,760	(3,174,225)	-38%
Net position						
Net investment in capital assets		189,376,462		209,841,668	20,465,206	11%
Restricted		69,025,936		70,033,074	1,007,138	1%
Unrestricted (deficit)		(226,174,431)		(198,025,483)	(28,148,948)	-12%
Total net position	\$	32,227,967	\$	81,849,259	\$49,621,292	154%

A large portion of net position reflects an investment in capital assets, less debt used to acquire those assets. Restricted net position is reported separately to show legal constraints from debt covenants or other restrictions that limit the LVCVA's ability to use those resources. See Note 3 on page 28 for additional information on net position.

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Management’s Discussion and Analysis

For the Year Ended June 30, 2017

**REVENUES**

Revenues are classified as either general or program. The general revenue classification includes all room taxes and gaming fees and investment income because they are not related to charges for program services. The LVCVA’s primary source of revenue is from room taxes, which are classified as general revenue. Clark County (the County) and the incorporated cities within the County, which includes Las Vegas, levy room tax on all transient lodging establishments.

All revenues that do not qualify as general revenues are reported as program revenues.

Program revenues are those directly generated by a function or activity of the LVCVA. For example, the cost of operating and maintaining the Las Vegas Convention Center (LVCC) and Cashman Center (CC) is reported in the Operations function. Revenues are generated as a direct result of the operation of those facilities in the form of building rental charges, concession sales, parking fees and other charges to users of the facilities.

Total revenues for FY 2017 amounted to \$371.6 million, an 11.7% increase over FY 2016.

	FY 2016		FY 2017		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
General revenues						
Room taxes and gaming fees	\$ 264,844,257		\$ 296,626,214		\$ 31,781,957	12%
Interest and investment earnings	1,201,484		1,014,447		(187,037)	-16%
Miscellaneous	855,070		1,328,542		473,472	55%
Total general revenue	266,900,811		298,969,203		32,068,392	12%
Program revenues						
Operations	59,536,936		61,623,859		2,086,923	4%
Marketing	1,506,532		6,302,091		4,795,559	318%
General government	4,773,722		4,711,257		(62,465)	-1%
Total program revenues	65,817,190		72,637,207		6,820,017	10%
Total revenues	\$ 332,718,001		\$ 371,606,410		\$ 38,888,409	12%

FY 2017 represented the seventh consecutive year of growth on a year-over-year basis for room tax revenues. Room tax is based on the number of lodging rooms available, occupancy rate and ADR. Room inventory in Clark County was relatively flat during the fiscal year. Clark County occupancy increased slightly from 87.7% to 89.1% in calendar year 2016 and exceeded the national average by 24 percentage points.

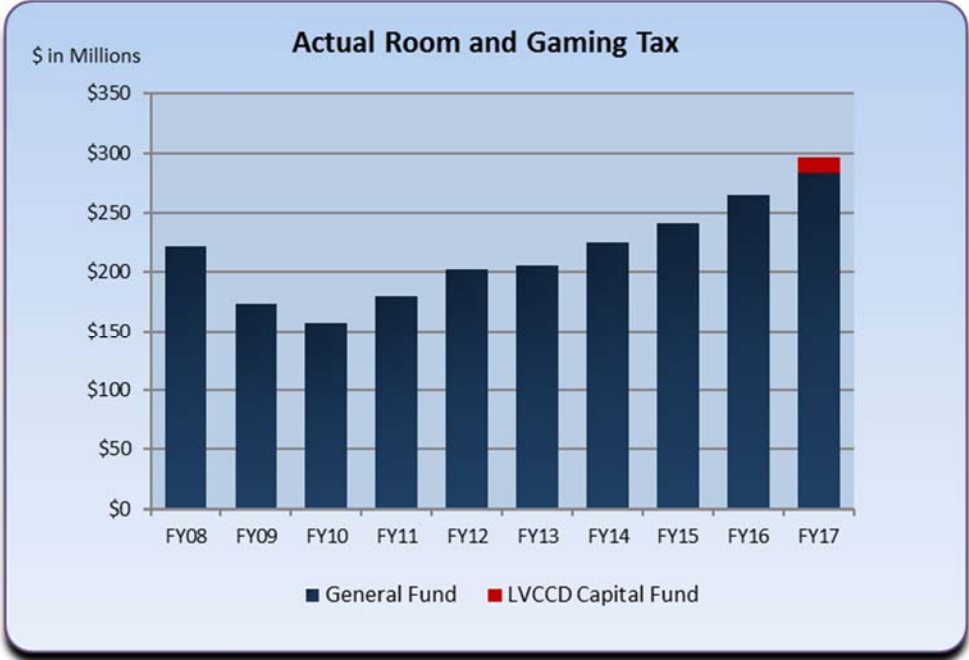
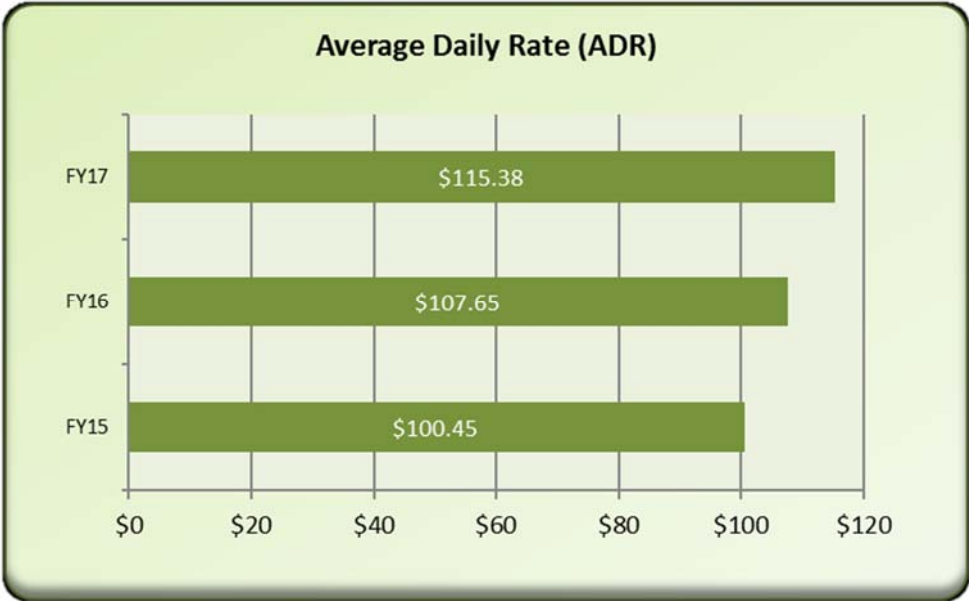
The most volatile factor in calculating room taxes is ADR. With hotel rooms being booked over the internet, price fluctuations are common with hotels having the ability to respond quickly to occupancy trends. ADR averaged \$115.38 in FY 2017, a 7.2% increase over the \$107.65 result in FY 2016. The growth in ADR is largely a result of increased visitor demand. Government-wide room taxes and gaming fees provided \$296.6 million during FY 2017, an increase of \$31.8 million. The LVCVA expects modest increases in ADR to continue based on an improving global economy.

The rate of tax levied in Clark County averages from 10% to 13.38% on lodging facilities. The rate of taxes can only be increased by the action of the Nevada State Legislature.

In October 2016, SB1 passed during the 30th Special Session of the Nevada Legislature. SB1 provides for a 0.5% increase to transient lodging tax. The new revenues are legislatively restricted to support the construction and financing program of the LVCCD capital fund.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Management’s Discussion and Analysis  
For the Year Ended June 30, 2017



SB1 also provided for up to an additional 0.88% increase to the lodging tax, to create and fund the Las Vegas Stadium Authority (LVSA). The LVSA will be responsible for the ownership and oversight of a new National Football League (NFL) stadium to be built in Clark County, for the expressed purpose of housing a NFL team.

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Management’s Discussion and Analysis

For the Year Ended June 30, 2017

In general, the tax for resort hotel room rentals will be distributed as follows:

4% - 5%	LVCVA - General Fund
0.5%	LVCVA – LVCCD Capital Fund
0.0% - 0.88%	Las Vegas Stadium Authority
1.625%	Clark County School District - Capital Projects
0% - 2%	City/County (collecting entities jurisdiction) - General Fund
1%	Clark County - County transportation tax
0.375%	State General Fund – a portion of the proceeds are allocated to tourism
2% - 3%	State of Nevada - Education and other state programs

The LVCVA received \$296.6 million in room taxes and gaming fees, from the collecting entities. The majority was generated in Clark County and totaled \$272.5 million (92.0%). The City of Las Vegas was the second largest collector of room taxes and gaming fees, at \$16.1 million (5.4%). The other incorporated cities of North Las Vegas, Henderson, Boulder City, and Mesquite combined to provide the remaining 2.6%.

FACILITY OPERATIONS						
	FY 2016		FY 2017		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
Charges for services	\$ 59,536,936		\$ 61,623,859		\$ 2,086,923	4%
Expense	61,963,405		59,976,302		(1,987,103)	-3%
Net proceeds/(expense)	\$ (2,426,469)		\$ 1,647,557		\$ 4,074,026	168%

Facility charges for services reflected an increase of 4% over FY 2016, due primarily to the customary cyclical rotation of trade shows including CONEXPO-CON/AGG, a large construction trade show held every three years. Total expenses to operate the facilities were \$60 million in FY 2017, including depreciation and amortization, a decrease of 3% compared to FY 2016. The decline is primarily due to an organizational structure adjustment moving the Information Technology department from the Operations division to the General Government division.

Program revenues for Marketing also increased \$4.8 million as compared to FY 2016. This is primarily attributable to non-recurring revenues related to hosting the final 2016 Presidential Debate. It is also reflects the first year of restricted revenues totaling \$1.4 million related to a new inter-local agreement with Clark County. The agreement provides for a pass-through of certain marriage license fees, which the LVCVA must use to conduct marketing efforts specifically for wedding promotion.

**EXPENSES**

Total government-wide expenses by function were as follows:

	FY 2016		FY 2017		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
General government	\$ 16,546,045		\$ 20,732,669		\$ 4,186,624	25%
Marketing:						
Advertising	95,012,365		95,905,154		892,789	1%
Marketing and sales	37,518,015		46,369,065		8,851,050	24%
Special events grants	11,665,284		12,196,297		531,013	5%
Operations	61,963,405		59,976,302		(1,987,103)	-3%
Community support and grants:						
Capital grants to other governments	671,219		17,754,180		17,082,961	2545%
Other community support	26,484,425		25,005,309		(1,479,116)	-6%
Interest and other	33,127,390		34,138,679		1,011,289	3%
	\$ 282,988,148		\$ 312,077,655		\$ 29,089,507	10%

# LAS VEGAS CONVENTION AND VISITORS AUTHORITY

## Management's Discussion and Analysis

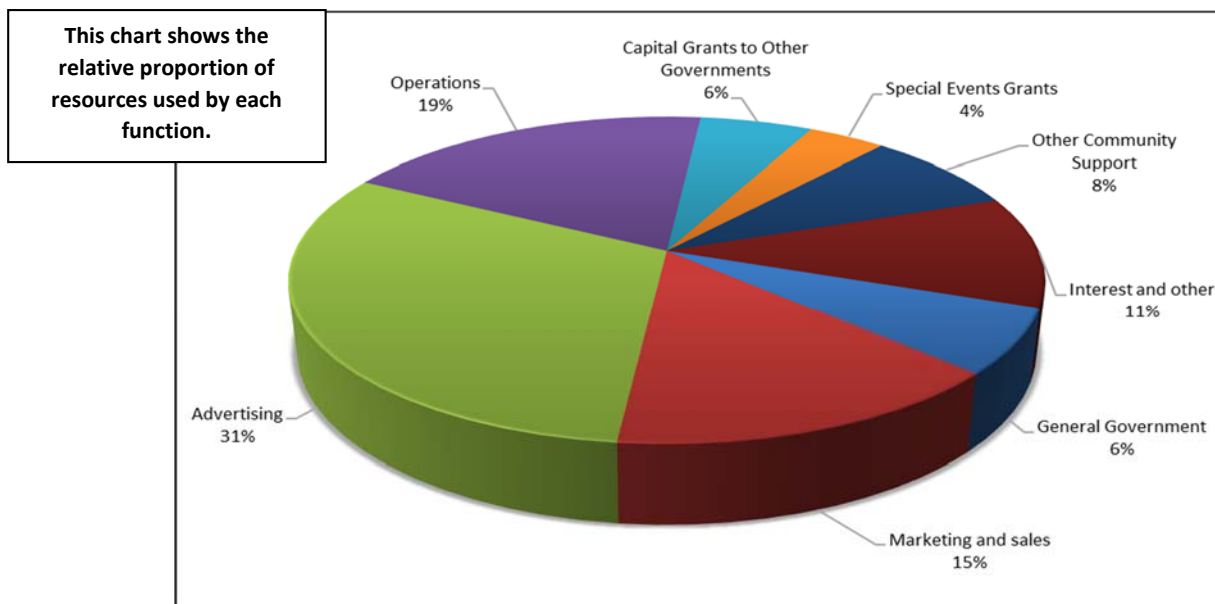
For the Year Ended June 30, 2017

The largest increases in expenses relate to capital grants to other governments. Expenses in capital grants to other governments is the result of a legislative mandate requiring the LVCVA to contribute funds to the Nevada Department of Transportation (NDOT) for critical transportation projects essential to providing access to the recreational and tourism facilities in Clark County. In FY 2017, amounts designated for improvements at the intersection of Las Vegas Boulevard and Tropicana Avenue were utilized and the LVCVA's contribution to the project is substantially complete. Final payments of approximately \$200 thousand are expected in FY 2018 at which point all legislatively mandated amounts will have been expended.

The increase in Marketing expenses is primarily attributable to hosting the final 2016 Presidential Debate.

Operations expenses decrease primarily due to an organizational structure adjustment moving the Information Technology department to General Government.

Community Support, the administrative fee returned to the collecting government entities of room taxes and gaming fees, decreased by 5.6% as a direct result of a cap enacted under SB1. As provided for by NRS 244A.645, up to 10% of the total room taxes and gaming fees received by the LVCVA may be paid back to the county and incorporated cities. The calculation excludes revenues generated from SB1 as those revenues are wholly restricted to the LVCCD expansion and renovation project. Additionally, SB1 imposed a cap of \$25 million on the total annual collection eligible to be returned to the collecting entities. Any funds above the cap are restricted to the LVCCD capital fund.



### OVERALL FINANCIAL POSITION

The LVCVA demonstrated strong financial results for FY 2017, the seventh consecutive year of revenue growth over recessionary lows. During the period, the LVCVA's general fund revenues exceeded budget by \$12.8 million and expenditures were under budget by \$13.7 million. LVCCD capital fund generated \$13.6 million in SB1 revenues which also contributed to the \$49.6 million increase in overall net position. Additional fund balance was allocated to economic reserves as well as the LVCCD capital fund for "pay-as-you-go" reserves for future phases. The LVCVA's debt coverage ratio remains more than double the 1.5 times minimum coverage required by bond covenants and also exceeds the 3.0 times coverage required by internal policy. Management remains vigilant to maintain fiscal sustainability through conservative budgeting and continuous monitoring of actual financial results and economic trends at the local, state and national level. Such approach allows the LVCVA the ability to react swiftly to changing conditions and sustain operations during challenging periods. The LVCVA is dedicated to the preservation of adequate fund balances to meet operating cash flow requirements and to satisfy debt service obligations.

# LAS VEGAS CONVENTION AND VISITORS AUTHORITY

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For the Year Ended June 30, 2017

### FUND ANALYSIS

The fund balance in the general fund and debt fund increased while the capital projects fund decreased during FY 2017 as follows:

	General Fund	Capital Projects Fund	LVCCD Capital Fund	Debt Fund
Fund balance - beginning	\$ 52,953,857	\$ 79,186,650	\$ -	\$ 55,096,758
Fund balance - ending	55,804,838	45,550,159	36,970,630	62,232,978
Increase/(Decrease)	\$ 2,850,981	\$ (33,636,491)	\$ 36,970,630	\$ 7,136,220
Percent change	5.4%	-42.5%	100.0%	13.0%

The final budget for FY 2017 targeted an ending general fund balance of \$28.0 million, or 11.2% of operating expenditures. The actual ending general fund balance was \$55.8 million a \$27.8 million positive variance. Actual revenues exceeded budget by \$12.8 million or 3.8% which is primarily due to increased visitation and growth in ADR that generated higher room tax revenues. Expenditures were lower than budget by \$13.7 million or 5.5% due to the LVCVA's practice of budgeting expenditures to capture all potential programmatic costs, yet monitoring the actual spend and identifying cost-saving opportunities throughout the fiscal year. Transfers out were reduced by \$1.1 million due to the receipt of unbudgeted federal grant subsidy related to taxable bonds.

The decrease in fund balance for the capital projects fund is primarily due to payments to other governments of \$17.8 million and the completion of Phase One of the LVCCD project.

Funding for the LVCCD capital fund included SB1 room tax revenues, transfers from the general fund of \$20 million for "pay-as-you-go reserves", a transfer of \$3.3 million representing the excess collection allocation above the \$25 million returned to collecting entities, and a \$3.3 million transfer of accumulated reserves from the capital projects fund.

The debt fund ending fund balance was increased in anticipation of the issuance of debt related to LVCCD Phases Two and Three.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The FY 2017 budget was originally based on 9.0% growth in room tax revenues over the revised FY 2016 budget. During the year, actual room tax revenues showed more robust growth than anticipated. Therefore, in November 2016, the budget was adjusted to reflect the increased estimates. New revenue projections due to the passage of SB1 were also budgeted. Revenue augmentation also included charges for service revenue related to non-recurring amounts from the hosting of the October 2016 Final Presidential Debate. Expenditure augmentation included funds for the cost of hosting the 2016 Final Presidential Debate along with additional transfers to debt, OPEB and capital projects to increase reserves. In January 2017, LVCCD capital fund was created and related funds were augmented out of the general fund to provide for separate reporting. Additional reserves were also augmented for transfer from the general fund to debt and OPEB funds in preparation for future year costs. The \$3.2 million change between the General Government division and the Operations division is related to the transfer of the Information Technology department from the Operations division to the General Government division.

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For the Year Ended June 30, 2017

The following tables summarize the changes in both revenues and expenditures budget.

<b>GENERAL FUND CHANGES IN BUDGETED REVENUES AND TRANSFERS</b>			
	Original Budget	Revisions	Final Budget
Room taxes and gaming fees	\$ 268,950,000	\$ 2,800,000	\$ 271,750,000
Charges for service	60,327,000	6,250,000	66,577,000
Interest and other	233,800	-	233,800
Transfers in	109,900	-	109,900
Proceeds from sale of capital assets	58,000	-	58,000

<b>GENERAL FUND CHANGES IN BUDGETED EXPENDITURES AND TRANSFERS</b>			
	Original Budget	Revisions	Final Budget
General government	\$ 20,173,800	\$ 3,214,300	\$ 23,388,100
Marketing:			
Advertising	96,500,000	100,000	96,600,000
Marketing and sales	45,164,200	4,450,000	49,614,200
Special events grants	14,280,600	(300,000)	13,980,600
Operations	44,866,100	(3,214,300)	41,651,800
Community support:			
Other community support	27,395,000	(1,895,000)	25,500,000
Transfers out	(78,073,300)	(34,825,000)	(112,898,300)

Actual general fund revenues, transfers in and proceeds from the sale of capital assets totaled \$351.6 million which is \$12.9 million higher than the final budget. Total actual general fund expenditures and transfers out totaled \$348.8 million, about \$14.9 million less than the final budget. These results are largely due to conservative budgeting practices, which are based on the strategy of budgeting revenues cautiously while budgeting expenditures aggressively.

**CAPITAL ASSETS**

Capital assets additions totaled \$27.9 million, which includes \$19.7 million related to the Riviera Hotel demolition and site improvements on land purchased in FY 2015. Investment in capital assets as of June 30, 2017 totaled \$677.4 million (net of accumulated depreciation and amortization), which is a slight decrease compared to FY 2016. This is primarily due to a modest increase in depreciable assets during the year which was offset by the transfer of Cashman Center capital assets of \$9.9 million to the City of Las Vegas. Depreciation and amortization expense for the year was approximately \$17.7 million.

In June 2017, the LVCVA transferred ownership of Cashman Center real property and land to the City of Las Vegas in an effort to redevelop the site. Associated with the transfer agreement is a management operating agreement stating that the LVCVA will continue to operate the convention facility until December 31, 2017 at which time that facility will be mothballed. Additionally, the operating agreement provides for the LVCVA to operate the stadium until the expiration of the baseball

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Management's Discussion and Analysis

For the Year Ended June 30, 2017

lease in 2022, or until such time as the team provides notices of termination, whichever is earlier. At that time, the LVCVA's obligation to manage and operate any activities at the Cashman campus will cease in full.

Capital assets consist of assets accounted for in both the capital projects fund and the LVCCD capital fund. More detailed information on capital assets can be found in Note 5 on page 32.

<b>CAPITAL ASSETS</b>				
(net of depreciation and amortization)				
			Increase (Decrease)	
	June 30, 2016	June 30, 2017	Amount	Percent
Land	\$ 423,033,987	\$ 439,064,772	\$ 16,030,785	4%
Intangibles	100,000	563,363	463,363	463%
Construction in progress	1,113,900	1,402,611	288,711	26%
Buildings	229,579,340	214,788,871	(14,790,469)	-6%
Improvements	21,817,763	17,930,110	(3,887,653)	-18%
Furniture and equipment	3,432,732	3,615,899	183,167	5%
	<b>\$ 679,077,722</b>	<b>\$ 677,365,626</b>	<b>\$ (1,712,096)</b>	<b>0%</b>

**LONG-TERM DEBT**

At June 30, 2017, debt totaled \$707.7 million. Of this amount, \$527.5 million was general obligation bonds additionally secured by specified revenue sources and \$180.2 million was revenue bonds. Furthermore, of the total outstanding, \$260.3 million was for the purpose of providing funds to NDOT for transportation projects within the Southern Nevada resort corridor in compliance with a 2007 legislative mandate.

The LVCVA completed four bond issuances in FY 2017. In July 2016, the LVCVA issued Subordinate Revenue Bonds 2016A (2016A LOC) and 2016B (2016B) which provided a current refunding of the 2014A Subordinate Revenue Bonds (2014 LOC). The 2016A LOC issuance is a revolving line of credit with JPMorgan, allowing for a maximum principal outstanding amount of up to \$100,000,000, and a maximum cumulative amount of \$300,000,000. The LVCVA drew \$1,000,000 from the 2016A LOC in July 2016, and used those proceeds to partially defease the 2014A LOC. The LVCVA simultaneously issued the 2016B in the principal amount of \$69,200,000, and used those proceeds to defease the remaining portion of the 2014 LOC. The 2016B were refunded with the issuance of the 2016C Revenue Bonds in August 2016. The 2016C Revenue Bonds also advance refunded a portion of the 11/07 Revenue Bonds. In May 2017, the LVCVA issued the 2017 General Obligation Bonds which provided an advanced refunding of the 2008 General Obligation Bonds. Total present value of refunding's was \$8,958,473.

	General Obligation Bonds Principal Balance	Revenue Bonds Principal Balance	Unamortized Premiums and Discounts	Total
	(In Thousands)			
Beginning balance	\$ 552,365	\$ 192,915	\$ 14,363	\$ 759,643
Payments/retirements and amortization	(46,090)	(183,585)	(3,638)	(233,313)
New Issuances	21,175	170,905	13,870	205,950
Ending balance	<b>\$ 527,450</b>	<b>\$ 180,235</b>	<b>\$ 24,595</b>	<b>\$ 732,280</b>

More detailed information on debt can be found in Note 8 on pages 34 through 39.



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Management's Discussion and Analysis

For the Year Ended June 30, 2017

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### INTERNAL SERVICE FUND

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In FY 2013, an internal service fund was established to accumulate resources, through yearly transfers from the general fund, for future payment of liabilities related to post-employment benefits other than pensions. Discretionary transfers since FY 2013 total \$24.5 million. The annual funding considerations include biannual actuarial studies among other factors and conditions.

### ADDITIONAL FINANCIAL INFORMATION

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The LVCVA's financial statements are designed to present users (citizens, taxpayers, customers and investors) with a general overview of the LVCVA's finances and to demonstrate accountability. If you have any questions about the report or need additional financial information, please contact:

LVCVA Chief Financial Officer

3150 Paradise Road

Las Vegas, NV 89109

(702) 892-2990

Or, please visit our website at:

[www.lvcva.com/who-we-are/funding-and-finance/](http://www.lvcva.com/who-we-are/funding-and-finance/)

## **BASIC FINANCIAL STATEMENTS**

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### **Government-Wide**

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**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Statement of Net Position - Governmental Activities

June 30, 2017

<b>Assets:</b>	
Cash, cash equivalents and investments	\$ 216,232,651
Receivables:	
Room taxes and gaming fees	51,958,472
Accounts	8,998,864
Interest	175,177
Inventory	587,609
Prepaid and other items	4,568,768
Capital and intangible assets:	
Non-depreciable	440,567,383
Depreciable, net of accumulated depreciation and amortization	236,798,243
Total assets	959,887,167
<b>Deferred outflows of resources:</b>	
Deferred charges on refunding	5,285,822
Deferred resources related to pension	20,534,149
Total deferred outflows of resources	25,819,971
<b>Liabilities:</b>	
Accounts payable	20,999,217
Accrued payroll and related items	4,529,145
Due to other governments	6,822,683
Deposits	305,990
Unearned revenue	225,867
Interest payable	17,534,951
Other	1,845,000
Noncurrent liabilities:	
Due within one year:	
Capital lease obligation	126,300
Bonds payable	27,865,000
Compensated absences payable	3,725,174
Due in more than one year:	
Capital lease obligation	185,999
Bonds payable, net of unamortized discounts and premiums	704,414,782
Compensated absences payable	2,317,997
Post-employment benefits other than pensions payable	32,131,866
Net pension liability	75,755,148
Total liabilities	898,785,119
<b>Deferred inflows of resources:</b>	
Deferred resources related to pension	5,072,760
<b>Net position:</b>	
Net investment in capital assets	209,841,668
Restricted for:	
Community support	4,538,328
Other purposes	579,628
LVCCD capital project	13,715,630
Debt service	51,199,488
Unrestricted (deficit):	
Related to non-capital debt (See Note 3)	(261,021,461)
Related to capital projects	68,614,482
Other	(5,618,504)
Total net position	\$ 81,849,259

The notes to the financial statements are an integral part of this statement.

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Statement of Activities - Governmental Activities

For the Year Ended June 30, 2017

Function/Program	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Capital Grants and Contributions	
Governmental activities:				
General government	\$ 20,732,669	\$ -	\$ 4,711,257	\$ (16,021,412)
Marketing:				
Advertising	95,905,154	-	-	(95,905,154)
Marketing and sales	46,369,065	6,302,091	-	(40,066,974)
Special events grants	12,196,297	-	-	(12,196,297)
Operations	59,976,302	61,623,859	-	1,647,557
Community support and grants:				
Capital grants to other governments	17,754,180	-	-	(17,754,180)
Other community support	25,005,309	-	-	(25,005,309)
Interest on long-term debt	33,124,760	-	-	(33,124,760)
Bond issuance costs	1,013,919			(1,013,919)
<b>Total governmental activities</b>	<b>\$ 312,077,655</b>	<b>\$ 67,925,950</b>	<b>\$ 4,711,257</b>	<b>(239,440,448)</b>
General revenues:				
Room taxes and gaming fees				296,626,214
Interest and investment earnings				1,014,447
Miscellaneous				1,328,542
Special item				
Transfer of capital assets (See Note 3)				(9,907,463)
Total general revenues and special items				289,061,740
Change in net position				49,621,292
Net position - beginning				32,227,967
Net position - ending				\$ 81,849,259

The notes to the financial statements are an integral part of this statement.

## **BASIC FINANCIAL STATEMENTS**

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### **Governmental Funds**

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**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Balance Sheet - Governmental Funds

June 30, 2017

	General Fund	Capital Projects Fund	LVCCD Capital Fund	Debt Service Fund	Total Governmental Funds
<b>Assets:</b>					
Cash, cash equivalents and investments	\$ 50,799,238	\$ 46,070,518	\$ 32,128,179	\$ 62,362,390	\$ 191,360,325
<b>Receivables:</b>					
Room taxes and gaming fees	47,151,314	-	4,807,158	-	51,958,472
Accounts	7,362,947	1,635,917	-	-	8,998,864
Interest	14,236	66,366	20,366	33,302	134,270
Due from other funds	162,714	3,652	2,447,724	-	2,614,090
Inventory	587,609	-	-	-	587,609
Prepaid and other items	4,536,121	32,647	-	-	4,568,768
<b>Total assets</b>	<b>\$ 110,614,179</b>	<b>\$ 47,809,100</b>	<b>\$ 39,403,427</b>	<b>\$ 62,395,692</b>	<b>\$ 260,222,398</b>
<b>Liabilities:</b>					
Accounts payable	\$ 19,915,060	\$ 995,175	\$ 88,982	\$ -	\$ 20,999,217
Accrued payroll and related items	4,529,145	-	-	-	4,529,145
Due to other governments	4,538,327	-	-	-	4,538,327
Due to other funds	2,451,376	-	-	162,714	2,614,090
Customer deposits	305,990	-	-	-	305,990
Unearned revenue	225,867	-	-	-	225,867
<b>Total liabilities</b>	<b>31,965,765</b>	<b>995,175</b>	<b>88,982</b>	<b>162,714</b>	<b>33,212,636</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue	22,843,576	1,263,766	2,343,815	-	26,451,157
<b>Fund balances:</b>					
Nonspendable	5,123,730	32,647	-	-	5,156,377
Restricted	4,927,279	190,677	13,715,630	51,199,488	70,033,074
Committed	12,048,877	40,133,479	23,255,000	11,033,490	86,470,846
Assigned	13,400,000	5,193,356	-	-	18,593,356
Unassigned	20,304,952	-	-	-	20,304,952
<b>Total fund balances</b>	<b>55,804,838</b>	<b>45,550,159</b>	<b>36,970,630</b>	<b>62,232,978</b>	<b>200,558,605</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 110,614,179</b>	<b>\$ 47,809,100</b>	<b>\$ 39,403,427</b>	<b>\$ 62,395,692</b>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital and intangible assets used in the governmental activities are not current financial resources; and therefore, are not reported in the funds (See Note 2)	677,365,626
Certain assets are not available to pay for current period expenditures; and therefore, are not recorded or are deferred in the funds:	
Room taxes and gaming fees - earned but unavailable	25,187,391
Other community support	(2,284,356)
Other revenue - earned but unavailable	1,263,766
Deferred inflows related to pension	20,534,149
The internal service fund is used by management to fund the future other post-employment benefit costs. The net position of the internal service fund is reported with governmental activities.	24,913,233
Certain liabilities are not due and payable in the current period; and therefore, are not reported in the funds:	
Accrued compensated absences	(6,043,171)
Post-employment benefits other than pensions	(32,131,866)
Net effect of difference in the treatment of long-term debt and related items (See Note 2)	(744,841,210)
Accrued pollution remediation	(1,845,000)
Net pension liability	(75,755,148)
Deferred outflows related to pension	(5,072,760)
<b>Net position, governmental activities</b>	<b>\$ 81,849,259</b>

The notes to the financial statements are an integral part of this statement.

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2017

	General Fund	Capital Projects Fund	LVCCD Capital Fund	Debt Service Fund	Total Governmental Funds
<b>Revenues:</b>					
Room taxes and gaming fees	\$ 282,982,617	\$ -	\$ 11,246,673	\$ -	\$ 294,229,290
Charges for services	68,007,099	-	-	-	68,007,099
Interest and investment earnings	389,506	323,975	80,289	154,298	948,068
Federal grant subsidy	-	-	-	4,711,257	4,711,257
Miscellaneous	8,100	1,320,442	-	-	1,328,542
Total revenues	<u>351,387,322</u>	<u>1,644,417</u>	<u>11,326,962</u>	<u>4,865,555</u>	<u>369,224,256</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	19,532,835	-	-	-	19,532,835
<b>Marketing:</b>					
Advertising	95,905,154	-	-	-	95,905,154
Marketing and sales	45,094,547	-	-	-	45,094,547
Special events grants	12,196,297	-	-	-	12,196,297
Operations	39,289,787	-	-	-	39,289,787
<b>Community support and grants:</b>					
Capital grants to other governments	-	17,754,180	-	-	17,754,180
Other community support	25,000,000	-	-	-	25,000,000
<b>Capital outlay:</b>					
Capitalized assets	-	25,027,655	904,470	-	25,932,125
Non-capitalized assets	-	1,040,512	5,124	-	1,045,636
<b>Debt service:</b>					
Principal	-	72,672	-	27,820,000	27,892,672
Interest	-	10,162	-	35,372,829	35,382,991
Principal retirement	-	-	-	70,200,000	70,200,000
Payment to refunded debt escrow agent	-	-	-	69,200,000	69,200,000
Debt issuance costs	-	-	-	1,013,919	1,013,919
Total expenditures	<u>237,018,620</u>	<u>43,905,181</u>	<u>909,594</u>	<u>203,606,748</u>	<u>485,440,143</u>
Excess (deficiency) of revenues over (under) expenditures	<u>114,368,702</u>	<u>(42,260,764)</u>	<u>10,417,368</u>	<u>(198,741,193)</u>	<u>(116,215,887)</u>
<b>Other financing sources (uses):</b>					
Transfers in	209,689	11,500,000	26,553,262	66,453,419	104,716,370
Transfers out	(111,751,681)	(3,255,000)	-	(209,689)	(115,216,370)
Proceeds from the sale of assets	24,271	-	-	-	24,271
Issuance of capital lease obligation	-	379,273	-	-	379,273
Issuance of debt refunding bonds	-	-	-	192,080,000	192,080,000
Premium on debt issuance	-	-	-	13,870,085	13,870,085
Payment to refunded debt escrow agent	-	-	-	(66,316,402)	(66,316,402)
Total other financing sources (uses)	<u>(111,517,721)</u>	<u>8,624,273</u>	<u>26,553,262</u>	<u>205,877,413</u>	<u>129,537,227</u>
Net change in fund balances	2,850,981	(33,636,491)	36,970,630	7,136,220	13,321,340
Fund balances - beginning	52,953,857	79,186,650	-	55,096,758	187,237,265
Fund balances - ending	<u>\$ 55,804,838</u>	<u>\$ 45,550,159</u>	<u>\$ 36,970,630</u>	<u>\$ 62,232,978</u>	<u>\$ 200,558,605</u>

The notes to the financial statements are an integral part of this statement.

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds	\$	13,321,340
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures and do not report donated capital assets. However, in the statement of net position, assets with an initial, individual cost that meets LVCVA's capitalization threshold are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense.

Capital outlays (asset additions)	25,932,125	
Special Item	(9,907,463)	
Depreciation and amortization expense, including disposed assets	(17,736,756)	(1,712,094)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		2,315,775
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The issuance of long-term debt (*i.e.*, bonds and capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred in the statement of net position and amortized over the term of the related debt.

Issuance of debt	(192,080,000)	
Payment to refunded debt escrow agent	135,516,402	
Issuance of capital lease obligation	(379,273)	
Premium on debt issuance	(13,870,085)	
Amortization of debt premiums and discounts	2,988,831	
Amortization of refunding charges	(777,818)	
Accrued interest expense	47,218	
Repayment/retirement of debt principal	98,092,672	29,537,947

Some expenses reported in the statement of activities do not require the use of current financial resources; and therefore, are not reported as expenditures in the governmental funds.

Compensated absences	346,903	
Postemployment benefits other than pensions	(3,112,526)	
Net pension liability	(12,014,736)	
Deferred inflows related to pension	3,174,225	
Deferred outflows related to pension	8,448,388	
Pollution remediation	(1,245,000)	
Due to other governments	(5,309)	(4,408,055)

The internal service fund is used by management to fund future other post-employment benefit costs. The change in net position of the internal service fund is reported with governmental activities.		10,566,379
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Change in net position of governmental activities	\$	49,621,292
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The notes to the financial statements are an integral part of this statement.



## **BASIC FINANCIAL STATEMENTS**

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### **Proprietary Fund**

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**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Statement of Net Position

Proprietary Fund

June 30, 2017

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	Governmental Activities
	<u>Internal Service Fund</u>
Assets:	
Current assets:	
Cash and cash equivalents	\$ 8,898,962
Investments	15,973,364
Interest receivable	<u>40,907</u>
Total assets	<u>24,913,233</u>
Net position:	
Unrestricted	<u>\$ 24,913,233</u>

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The notes to the financial statements are an integral part of this statement.

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**  
Statement of Revenues, Expenses and Change in Net Position  
Proprietary Fund  
For the Year Ended June 30, 2017

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	Governmental Activities
	Internal Service Fund
Nonoperating revenues (expenses):	
Interest and investment earnings	\$ 66,379
Income before transfers	66,379
Transfers in	10,500,000
Change in net position	10,566,379
Net position - beginning	14,346,854
Net position - ending	\$ 24,913,233

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The notes to the financial statements are an integral part of this statement.

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2017

	Governmental Activities
	Internal Service Fund
Cash flows from noncapital financing activities:	
Transfers in	\$ 6,500,000
Cash flows from investing activities:	
Interest on investments	182,880
Net cash used in investing activities	182,880
Net increase in cash and cash equivalents	6,682,880
Cash and cash equivalents, beginning	2,216,082
Cash and cash equivalents, ending	\$ 8,898,962
Noncash investing and non-capital financing activities	
Transfer to investments	\$ 4,000,000
Interest on investments	22,565
Unrealized loss	(144,538)
	-

The notes to the financial statements are an integral part of this statement.

## **BASIC FINANCIAL STATEMENTS**

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### **Notes to the Financial Statements**

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# LAS VEGAS CONVENTION AND VISITORS AUTHORITY

## Notes to the Financial Statements

For the Year Ended June 30, 2017

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements of the Las Vegas Convention and Visitors Authority (the LVCVA) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the primary source of governmental accounting and financial reporting principles. The LVCVA's significant accounting policies are summarized below, along with a discussion of some of the practices that are unique to governments.

#### **REPORTING ENTITY**

The LVCVA was created in 1955 under the provisions of Nevada Revised Statutes (NRS) 244A as the Clark County Fair and Recreation Board. This NRS governs the powers and duties of the Board of Directors (the Board), including the number, selection, and term of its members. The LVCVA is subject to State of Nevada (the State or Nevada) laws governing local governments, including the Local Government Budget and Finance Act. The Board is responsible for establishing policy for overall operations. The LVCVA's President serves as chief executive officer. The LVCVA does not include any component units in its financial statements and is not included as a component unit in any other entity's financial statements.

The LVCVA has been charged with the promotion of tourism as well as to own, operate and promote recreation and convention facilities within Clark County (the County) for the benefit of the local economy.

#### **GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

*Government-wide financial statements* display information about the reporting government as a whole. In order to present an accurate financial picture, the effects of interfund activity have been eliminated. The purpose of the Statement of Activities is to allow financial statement users to determine operating results of the LVCVA in its entirety over a period of time. It demonstrates the degree to which the direct expenses are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. The LVCVA's program revenues include, but are not limited to, charges to customers for facility rentals, commissions from concession stand sales, parking revenue, and commissions from electrical, plumbing and telecommunication services.

Room taxes and gaming fees and other items not included among program revenues are reported as general revenues.

The Statement of Net Position is intended to present a snapshot of the financial position of the LVCVA as a whole as of year-end. It displays the difference between assets and deferred outflows and liabilities and deferred inflows as net position.

*Governmental fund financial statements* are used to account for essentially the same functions reported in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year (FY).

A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates operations according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Governmental fund types are used to account for general governmental activities. The operating fund of the LVCVA is the general fund. The capital projects fund is used to account for the acquisition and improvement of routine capital assets. The LVCCD capital fund, created in January 2017, is used to account for the construction of new facilities and improvement of the existing facilities related to the Las Vegas Convention Center District (LVCCD) project. Servicing of long-term debt obligations is recorded in the debt service fund.

*Proprietary fund financial statements* distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenue and expenses not meeting this definition are reported as

# LAS VEGAS CONVENTION AND VISITORS AUTHORITY

## Notes to the Financial Statements For the Year Ended June 30, 2017

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nonoperating revenue and expenses. Internal service funds may be used to account for all or a portion of a government's risk financing activities. The LVCVA's only proprietary fund is an internal service fund. This internal service fund was established during FY 2013 for the purpose of receiving resources from the general fund designated for future payment of post-employment benefits.

### **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of measurement focus.

*Government-wide financial statements* are presented on a full accrual basis of accounting with an economic resource measurement focus, as are the proprietary fund financial statements. An economic resource measurement focus concentrates on net position. All transactions and events that affect the total economic resources (net position) during the period are reported. Under the full accrual basis of accounting, revenues are recorded when earned and liabilities are recorded at the time the obligations are incurred, regardless of the timing of related cash inflows and outflows.

*Governmental fund financial statements* are presented using a modified accrual basis and the current financial resources measurement focus. Earned revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period, generally, within 30 days of year end. Liabilities are generally recorded when an obligation is incurred. However, debt service expenditures and certain other long-term obligation expenditures are recorded only when payment is due.

Since governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, the statements include reconciliations that explain the differences between the net change in fund balances of governmental funds using a modified accrual basis and the change in government-wide governmental activities using a full accrual basis and between total fund balances and net position.

The financial transactions of the LVCVA are recorded in individual funds. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of assets and deferred outflows, liabilities and deferred inflows, fund balance, revenues, expenditures and other funding sources (uses).

The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance of each major fund, as defined by GAAP, and any other fund the government determines to have particular importance are presented separately.

The LVCVA reports the following major governmental funds:

#### *General Fund*

- Used as the LVCVA's primary operating fund, it accounts for resources traditionally associated with governments that are not required to be accounted for in another fund. The most significant sources of revenue are room taxes and gaming fees, which are assessed on hotels and motels in Clark County. Facility rentals, concession commissions, and contractor commissions also provide a large amount of general fund revenue. The primary expenditures are for advertising, marketing and operation of the facilities.

#### *Capital Projects Fund*

- Accounts for capital expenditures for furniture, equipment, intangibles, and routine improvements or additions to land and buildings financed by general government resources.
- Accounts for capital grants to other governments, which are for the express purpose of capital construction activities by the other government.

#### *LVCCD Capital Fund*

- Accounts for all project costs related to LVCCD Phase Two and Three of the expansion and renovation project. This fund accounts for transfer from the general fund and tax revenues enacted and restricted by the Nevada legislature.

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Notes to the Financial Statements  
For the Year Ended June 30, 2017

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*Debt Service Fund*

- Used to accumulate monies for the payment of principal and interest on the following debt:

5/07 General Obligation/Refunding Bonds	7/08 (NDOT) General Obligation Bonds
2010 A (NDOT/BABs) General Obligation Bonds	2010B (NDOT) General Obligation/Refunding Bonds
2010 C (NDOT/BABs) General Obligation Bonds	2010E Revenue/Refunding Bonds
2012 General Obligation Bonds	2014 General Obligation Bonds
2015 General Obligation/Refunding Bonds	2016 A Subordinate Revenue Bonds/Line of Credit
2016 C Revenue/Refunding Bonds	2017 General Obligation/Refunding Bonds

The LVCVA reports the following proprietary fund:

*Internal Service Fund*

- Used to accumulate monies for future payment of liabilities related to post-employment benefits other than pensions.

**DEPOSITS AND INVESTMENTS**

Cash and cash equivalents are defined as demand deposit accounts, petty cash, money market demand accounts and certificates of deposits with original maturities of three months or less.

The LVCVA's investment policy authorizes investments in obligations of the U.S. Treasury, U.S. Agencies, commercial paper, banker's acceptances, money market funds, repurchase agreements (REPOs) and the Nevada State Treasurer's Local Government Investment Pool (LGIP). The holding period of the LVCVA's investments does not exceed five years. The LVCVA's policy also governs the limitations as to the percentage of each type of investment held, its term to maturity, and allocation of investments in two to five year maturities.

The LVCVA's investments are generally reported at fair value. However, the LVCVA reports investments at cost if they have a remaining maturity at the time of purchase of one year or less. The LVCVA includes in investment income the change in fair value along with any realized gains or losses.

**RECEIVABLES AND PAYABLES**

Transactions between funds that are outstanding at year end are reported as "due to/from other funds" within the fund financials statements. For government-wide and proprietary fund financial statements, receivables and related revenues are recognized as soon as they are earned, whereas for governmental fund financial statement purposes, receivables and related revenues are recognized when earned and are both measurable and available. Room taxes and gaming fees receivable, the LVCVA's major revenue source, are considered measurable and available when they can be collected within 30 days after year end. Room taxes and gaming fees received more than 30 days after year end are classified as deferred inflows in governmental fund financial statements.

Receivables are reported net of any significant amounts not expected to be collected.

**PREPAID ITEMS AND INVENTORY**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. In the fund financial statements, prepaid items are recorded as expenditures when consumed rather than when purchased.

Inventory is primarily comprised of promotional items and is recorded at cost using the first-in/first-out (FIFO) method. The cost of such inventories is recorded in the fund financial statements as expenditures when consumed rather than when purchased.

**CAPITAL ASSETS**

Capital assets, which include property, equipment (including some under capital leases), and intangibles, are accounted for in the government-wide financial statements. All purchased capital assets are valued at historical cost net of impairment

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LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

adjustments, if any. Donated assets are valued at their acquisition value on the date of gift. Additions or improvements and other capital outlays that significantly extend the useful life of an asset or that significantly enhance the functionality of an asset are capitalized.

Costs incurred for normal repairs and maintenance that do not add to the functionality of assets or materially extend asset lives are expensed as incurred.

The LVCVA classifies an item as a capital asset when its estimated useful life is at least one year and meets one of the following thresholds:

- Property and equipment with unit acquisition cost exceeding \$10,000.
- Bulk purchases which are part of the rolling stock of recurring purchases.
- Capital leases with total acquisition costs exceeding \$50,000.
- Trademarks, patents, logos, easements and internally generated software with an acquisition cost equal or exceeding \$200,000.

Depreciation and amortization on exhaustible assets and intangibles is recorded in the Statement of Activities, while accumulated depreciation and amortization is reflected in the Statement of Net Position. Depreciation and amortization is computed on a straight-line basis over the following estimated useful lives:

ASSET DESCRIPTION	USEFUL LIFE (YEARS)
Buildings	40
Major land improvements, leasehold improvements and building improvements. Leasehold improvements are limited to the shorter of useful life or lease term.	5-20
Furniture/fixtures, and the following equipment items: baseball equipment, carts, communication equipment (mobile), forklifts, heavy equipment, set-up equipment, power tools, risers, tables, telephones, test equipment, turf equipment, typewriters, vacuums, and word processing equipment.	5-15
Equipment items in the following categories: camera equipment, cleaning equipment, copiers, fax machines, MATV equipment, mowers, refuse equipment, mobile sound equipment, tools, turnstiles, vehicles, and other equipment.	5-15
Computers, printers, and software	3

Intangibles assets with indefinite lives are not amortized, but rather are evaluated annually for continued compliance with applicable requirements.

Gains or losses from sales or retirements of capital assets are included in the Statement of Activities.

**COMPENSATED ABSENCES**

It is the LVCVA’s policy to permit employees to accumulate earned but unused paid time off (PTO) benefits. Such benefits are accrued within the government-wide statements when earned by the employee.

**PUBLIC EMPLOYEES’ RETIREMENT SYSTEM NEVADA (PERS) DEFINED BENEFIT PENSION PLAN**

The LVCVA participates in PERS, a cost-sharing multiple-employer defined benefit plan (the System), and is required to report a net pension liability and related amounts in its financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended. The underlying financial information used to calculate amounts to be reported in the LVCVA’s financial statements is based on PERS financial statements, which are prepared in accordance with GAAP that apply to governmental accounting for pension plans. This includes measuring net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense, information about the fiduciary net position of the System and additions to/deductions from the System’s fiduciary net position on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# LAS VEGAS CONVENTION AND VISITORS AUTHORITY

## Notes to the Financial Statements For the Year Ended June 30, 2017

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### **OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

The LVCVA has implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In accordance with the transition rules of that statement, the LVCVA elected to apply its measurement and recognition requirements on a prospective basis and set its beginning net OPEB obligation at zero for the year ended June 30, 2008. The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contributions (ARC) of the LVCVA, calculated using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements. The OPEB obligation at June 30, 2017, is determined by adding the annual OPEB cost to the OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year and other adjustments required by the standard.

In a proactive measure to address the OPEB liability, the LVCVA created an internal service fund in FY 2013 to accumulate resources through yearly transfers from the general fund. Transfers to the internal service fund do not constitute an OPEB contribution for actuarial reporting. Rather, the funds are an earmarking of employer assets to reflect the LVCVA's current intent to apply those assets to the payment of future benefits; and therefore, does not offset or reduce the recorded OPEB liability.

### **DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to assets, a separate section is reported for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The unamortized deferred refunding charges (the difference between the reacquisition price and the net carrying amount of the defeased debt) qualifies for reporting in this category as well as items related to pensions.

In addition to liabilities, a separate section is reported for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Revenues that are unavailable to satisfy current obligations qualify for reporting in this category as well as items related to pensions.

### **LONG-TERM OBLIGATIONS**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are recorded and amortized over the life of the bonds using the effective interest method. Bond issuances costs are expensed as incurred. For current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as either a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

For governmental fund types, bond premiums and discounts, as well as issuance costs are recognized during the current period, as applicable. Bond proceeds are reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuance are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

### **ACCOUNTING CHANGES DURING FY 2017**

The LVCVA implemented Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* effective July 1, 2016. This statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The LVCVA does not currently administer OPEB funds through a trust, therefore Statement No. 74 had no material effect on the LVCVA's financial reporting of the OPEB plan.

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Notes to the Financial Statements

For the Year Ended June 30, 2017

The GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, in March 2016. This statement updates Statements No. 67, 68, and 73 regarding pension reporting. As required by the standard, the LVCVA updated the calculation of covered payroll, which also adjusted the related ratios, in the Required Supplementary Information of the CAFR.

The LVCVA implemented other GASB Statements during FY 2017 that had no effect on the LVCVA's reporting including No. 77, *Tax Abatement Disclosures*, No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, and No. 80, *Blending Requirements for Certain Component Units*

**USE OF ESTIMATES**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

The governmental funds balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide Statement of Net Position.

One element of that reconciliation explains that “capital and intangible assets used in the governmental activities are not current financial resources; and therefore, are not reported in the funds.” The details of this \$677,365,626 difference are as follows:

Depreciable and amortizable capital and intangible assets	\$ 490,856,663
Accumulated depreciation and amortization	<u>(254,058,420)</u>
Depreciable and amortizable capital and intangible assets, net	236,798,243
Non-depreciable and non-amortizable capital and intangible assets	<u>440,567,383</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 677,365,626</u>

Another element of that reconciliation is long-term liabilities, including bonds, deferred refunding charges, accrued interest that are not due and payable in the current period, as well as related items; and therefore, are not reported in the funds. The details of this \$744,861,210 difference are as follows:

Bonds payable, due in more than one year	\$ 679,820,000
Unamortized bond premiums and discounts	<u>24,594,782</u>
Total bonds payable, net of unamortized discounts and premiums due in more than one year	704,414,782
Bonds payable, due within one year	27,865,000
Capital lease obligation, due within one year	126,300
Capital lease obligation, due in more than one year	185,999
Unamortized refunding charges	(5,285,822)
Interest payable	<u>17,534,951</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 744,841,210</u>

# LAS VEGAS CONVENTION AND VISITORS AUTHORITY

## Notes to the Financial Statements

For the Year Ended June 30, 2017

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### **NOTE 3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

#### **BUDGETARY INFORMATION**

Budgets for all of the LVCVA's governmental and proprietary funds are adopted annually and prepared using a presentation basis consistent with GAAP. Requests for current year transfers and following year appropriations are submitted by divisions and sections for review and approval. As required by the NRS, the tentative budget documents are filed with the Nevada Department of Taxation and the County Clerk by April 15. After April 15 and before the budget hearing, the public has the opportunity to review the tentative budget document and submit any comments for inclusion on the agenda of the public hearing. The budget hearing is held no earlier than the third Monday in May and no later than the last day of May. The approved budget is fully integrated on July 1 with LVCVA's accounting system. All appropriations lapse at the end of the fiscal year.

NRS 354.626 generally prohibits expenditures in excess of appropriations at the function level, which is the legal level of budgetary control. Budget transfers are reviewed by the Finance Department for budget availability and conformance with policies and the NRS. Three types of budget transfers are permitted by the NRS:

- Functional budget transfers are defined as transfers within the same function (i.e. general government, marketing, operations, and community support) and same fund (i.e. general fund, capital projects fund). Transfers \$250,000 and under are approved by the Chief Financial Officer; else the President/CEO's approval is required.
- Intra-fund budget transfers are defined as transfers between different functions, but within the same fund. The approval level is the same as functional transfers and the Board is advised of these transfers.
- Inter-fund or contingency budget transfers are defined as transfers between different funds and require approval of the Board.

Augmentations (increasing total appropriations) are accomplished by formal Board action. During the year, funds were re-appropriated to honor encumbrances that lapsed at June 30, 2015. All amendments made to the original budget were as prescribed by law.

#### **NET POSITION**

The government-wide Statement of Net Position utilizes a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted. Net investment in capital assets is less the related debt outstanding that relates to the acquisition, construction, or improvement of capital assets.

Restricted assets are assets that have externally imposed (statutory, bond covenant, contract, or grantor) limitations on their use. Restricted assets are classified either by debt service, capital projects or purpose. Assets restricted by purpose relate to net position of government whose use is legally limited by outside parties for a specific purpose. The restriction for debt service represents assets legally restricted by statute or bond covenants for future debt service requirements of both principal and interest. The amount restricted for capital projects consists of unspent debt proceeds with third party restriction for use on specific projects or programs or legislative mandate for capital use. The government-wide statement of net position reports \$70,033,074 of restricted net position, all of which is externally imposed.

Unrestricted net position represents financial resources of the County that do not have externally imposed limitations on their use. Total unrestricted net position at June 30, 2017, was (\$198,025,483). The components of unrestricted net position were as follows:

- Outstanding non-capital debt obligation of (\$261,021,461) related to the LVCVA's obligation to the Nevada Department of Transportation (NDOT) for critically needed transportation projects (See Note 8).
- \$68,614,482 specifically identified for ongoing capital projects.
- Cumulative results of all past years' operations of (\$5,618,504).

## LAS VEGAS CONVENTION AND VISITORS AUTHORITY

### Notes to the Financial Statements For the Year Ended June 30, 2017

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#### TRANSFER OF CAPITAL ASSETS

As of June 1, 2017, the LVCVA transferred ownership of the Cashman Center real property and land to the City of Las Vegas. Simultaneously, the City of Las Vegas engaged the LVCVA to continue operating the meeting and exhibit hall facilities at Cashman Center through December 2017. At that time the LVCVA will close the meeting, convention and theater space, maintaining it in a dormant status. Under the management agreement, the LVCVA will also continue to operate Cashman Field (the stadium) until the expiration of the baseball team lease in December 2022 or until the team terminates the lease, whichever comes first. At that time, the management agreement for the Cashman campus will cease and the City of Las Vegas will assume all responsibilities for the property. Cashman revenues are reported as charges for services and expenses are part of the Operations and Marketing function.

#### NEW PRONOUNCEMENTS

The LVCVA staff is currently evaluating the effects, if any, that the following GASB pronouncements will have on the LVCVA's future financial reporting:

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued in June 2015. This statement establishes new accounting and financial reporting requirements for governments whose employees are provided with other post-employment benefits (OPEB). It also includes specific recognition and disclosure requirements for various OPEB plans similar to current accounting for pensions. The LVCVA does not currently administer OPEB funds through a trust. This statement is effective beginning in FY 2018.

Statement No. 81, *Irrevocable Split-Interest Agreements*, was issued in March 2016. The statement enhances the comparability of financial statements by providing accounting and financial reporting guidance for irrevocable split-interest agreements in which a government is a beneficiary. This statement is effective for periods beginning after December 15, 2016, which is FY 2018 for the LVCVA and will be implemented accordingly.

Statement No. 83, *Certain Asset Retirement Obligations* was issued in November 2016. The Statement requires the recognition of future obligations related to certain tangible capital asset retirements. The LVCVA will implement the changes related to asset retirement obligation in fiscal year 2019.

Statement No. 84, *Fiduciary Activities*, was issued in January 2017. GASB No. 84 is intended to improve the identification and financial reporting regarding fiduciary activities. The LVCVA will further evaluate Statement No. 84 and determine if there will be any applicable activities to report in FY 2020.

Statement No. 85, *Omnibus 2017*, was issued in March 2017. This Statement covers a variety of reporting topics. The Statement was recently released and the LVCVA is currently evaluating what effects, if any, it will have on reporting in FY 2018.

Statement No. 86, *Certain Debt Extinguishment Issues*, was issued in May 2017. This statement was issued to improve consistency in accounting for in-substance defeasance of debt. The LVCVA will implement the requirements of GASB No. 86 in FY 2018.

Statement No. 87, *Leases*, was issued in June 2017. This Statement establishes a single model for lease reporting. The LVCVA will implement the provisions of this Statement in FY 2021.

#### NOTE 4. CASH AND INVESTMENTS:

The LVCVA maintains cash and investments separately for all of its funds. At June 30, 2017, cash and investments are displayed in the Statement of Net Position and governmental funds balance sheet as "cash, cash equivalents and investments" and in the internal service fund Statement of Net Position as "cash and cash equivalents" and "investments". The LVCVA has \$5.8 million of these funds which are restricted by covenant requirements for the Series 2010E Revenue Bond and are tracked separately within the debt service fund until such time as their release is allowed by the covenants.

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Notes to the Financial Statements

For the Year Ended June 30, 2017

At year end, the LVCVA's cash, cash equivalents and investment balances consisted of the following:

Cash and cash equivalents:	
Cash on hand	\$ 19,200
Deposits in bank	124,687,932
Investments (U.S. Agencies and LGIP)	<u>91,525,519</u>
	<u>\$ 216,232,651</u>

At year end, the LVCVA's carrying amount of deposits was \$124,687,932, and the bank balance was \$124,960,087.

According to the NRS, the LVCVA monies must be deposited in federally insured banks, credit unions, or savings and loan associations in the State. The LVCVA is authorized to use demand accounts, time accounts, and certificates of deposits. The NRS specifically requires collateral for all demand deposits and that collateral for time deposits may be of the same type as those described for permissible investments. Permissible investments are similar to the LVCVA's allowable investments described below, except that the NRS permits longer terms and include securities issued by municipalities within the State.

The LVCVA manages custodial credit risk for deposits by ensuring that they are fully covered by the federal depository insurance or collateralized by securities. This is currently accomplished by use of the State's Pooled Collateral Program which monitors collateral maintained by depositories for local government agency deposits. This program provided for centralized processing and management of all pledging and maintenance of collateral by the State Treasurer's Office rather than each local agency and eliminates the need for the LVCVA to establish separate custodial agreement with each financial institution. The State Treasurer requires that acceptable securities pledged as collateral be maintained at 102% of those entities' deposits participating in the pool and that the pledged securities be held by a third party for the benefit of the State Treasurer.

Local Government Investment Pool (LGIP) is an external investment pool administered by the State of Nevada's Treasurer, with oversight by the State's Board of Finance. The LVCVA deposits monies with the State Treasurer to be pooled with monies of other local governments for investment in the LGIP. The LGIP operates in accordance with all applicable NRS and the fair value of its shares is the same as the reported value of the shares. LGIP financial statements may be obtained from the State Treasurer's Office, 101 N. Carson Street Suite 4, Carson City, NV 89701.

As of June 30, 2017, the LVCVA had the following investments:

	<u>Investments by Maturities</u>				Accrued Interest	Total Value
	Original Cost	Fair Value	Less than 1 Year	1 - 5 Years		
U.S. Agencies	\$ 42,055,340	\$ 41,943,753	\$ 20,073,633	\$ 21,870,120	\$ 99,666	\$ 42,043,419
LGIP	49,615,505	49,581,766	49,581,766	-	43,109	49,624,875
Total	<u>\$ 91,670,845</u>	<u>\$ 91,525,519</u>	<u>\$ 69,655,399</u>	<u>\$ 21,870,120</u>	<u>\$ 142,775</u>	<u>\$ 91,668,294</u>

**CONCENTRATION OF CREDIT RISK**

The NRS and the LVCVA's investment policy limits investment instruments by credit risk. Any LVCVA investment in commercial paper must to be rated P-1 by Moody's Investor Service and A-1 by Standard and Poor's, however at this time the LVCVA doesn't not have nor is it contemplating any commercial paper. The LVCVA's money market investments must be invested in those funds rated by a nationally recognized rating service as AAA or its equivalent and that invest only in securities issued by the Federal Government, U.S. Agencies, or REPOs fully collateralized by such securities. The LVCVA's investments in U.S. Agencies, which are implicitly guaranteed by the U.S. Government must be all rated AAA or its equivalent by a nationally recognized rating service. The LGIP does not have a credit rating.

To limit exposure to concentrations of credit risk, the LVCVA's investment policy limits total investment (which includes overnight accounts included in cash equivalents). Limits for each category are as follows: U.S. Agencies to 80%, money market

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mutual funds to 30%, deposits, repurchase agreements and overnight investments to 60%, LGIP to 40%, certificates of deposit to 5%, and commercial paper to 20% of the entire portfolio at the time of investment. As of June 30, 2017, the LVCVA's investments were diversified at 26% in U.S. Agencies, 43% in Demand Deposits, and 31% in the LGIP.

The LVCVA's investment in U.S. Agencies was comprised of securities issued by the Federal Home Loan Bank (26%), the Federal Home Loan Mortgage Corporation (17%), the Federal National Mortgage Association (19%), the Federal Farm Credit Bank (31%), and the Federal Agricultural Mortgage Corporation (7%).

**INTEREST RISK:**

The LVCVA manages its exposure to the declines in fair value by limiting the maturities of its investments to five years or less. Some of the U.S. Agency investments have call options or prepayment risk, which, if exercised, could shorten the maturity of these investments.

**CUSTODIAL CREDIT RISK:**

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the LVCVA will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At year end, the LVCVA did not have any significant custodial credit risk.

**FAIR VALUE DETERMINATION AND RISK:**

GASB defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, the inputs used to measure fair value are prioritized based on a three-level hierarchy. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The LVCVA reports two types of investments, Federal Agency securities and LGIP. The LVCVA tracks the Federal Agency investments on an investment by investment basis, and because of this and the similarity of the investments, reports them in aggregate based upon reoccurring third party values using a market approach with matrix pricing. Therefore, these investments, which totaled \$41,943,753 at June 30, 2017, are classified as Level 2:

Fund	Level 1	Level 2	Total
Internal Service Fund	-	11,951,040	11,951,040
Capital Projects Fund	-	27,021,813	27,021,813
Debt Service Fund	-	2,970,900	2,970,900
	\$ -	\$ 41,943,753	\$ 41,943,753

The LGIP is an investment pool with multiple types of investments being reported at fair value, determined by availability of market pricing. The following chart breaks out the fair value by fund and risk levels at 10.22% for Level 1, and 89.78% for Level 2:

Fund	Level 1	Level 2	Total
General Fund	\$ 292,435	\$ 2,568,969	\$ 2,861,404
Internal Service Fund	411,082	3,611,243	4,022,325
Capital Projects Fund	1,417,908	12,455,950	13,873,858
LVCCD Capital Fund	2,177,585	19,129,509	21,307,094
Debt Service Fund	768,246	6,748,839	7,517,085
	\$ 5,067,256	\$ 44,514,510	\$ 49,581,766

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For the Year Ended June 30, 2017

**NOTE 5. CAPITAL ASSETS:**

Capital asset activity for the year ended June 30, 2017, was as follows:

Description	Balance at June 30, 2016	Increases	Decreases	Balance at June 30, 2017
Capital assets not being depreciated or amortized:				
Land	\$ 423,033,987	\$ 19,706,870	\$ (3,676,085)	\$ 439,064,772
Intangibles	100,000	-	-	100,000
Construction in progress	1,113,900	2,299,417	(2,010,706)	1,402,611
Total capital assets not being depreciated or amortized	<u>424,247,887</u>	<u>22,006,287</u>	<u>(5,686,791)</u>	<u>440,567,383</u>
Capital assets being depreciated or amortized:				
Buildings	446,040,861	2,984,053	(29,487,958)	419,536,956
Intangibles	138,402	598,286	-	736,688
Improvements other than buildings	53,417,925	1,174,717	(2,964,930)	51,627,712
	<u>18,206,443</u>	<u>1,179,486</u>	<u>(430,622)</u>	<u>18,955,307</u>
Total capital assets being depreciated or amortized	<u>517,803,631</u>	<u>5,936,542</u>	<u>(32,883,510)</u>	<u>490,856,663</u>
Accumulated depreciation or amortization:				
Buildings	(216,461,521)	(12,287,842)	24,001,278	(204,748,085)
Intangibles	(138,402)	(134,923)	-	(273,325)
Improvements other than buildings	(31,600,162)	(4,311,494)	2,214,054	(33,697,602)
Furniture and equipment	<u>(14,773,711)</u>	<u>(996,319)</u>	<u>430,622</u>	<u>(15,339,408)</u>
Total accumulated depreciation or amortization	<u>(262,973,796)</u>	<u>(17,730,578)</u>	<u>26,645,954</u>	<u>(254,058,420)</u>
Net capital assets being depreciated or amortized	<u>254,829,835</u>	<u>(11,794,036)</u>	<u>(6,237,556)</u>	<u>236,798,243</u>
Governmental activities capital assets, net	<u>\$ 679,077,722</u>	<u>\$ 10,212,251</u>	<u>\$ (11,924,347)</u>	<u>\$ 677,365,626</u>

Depreciation and amortization expense for governmental activities was charged to functions as follows:

General Government	\$ 396,521
Marketing	113,008
Operations	<u>17,221,049</u>
	<u>\$ 17,730,578</u>

**NOTE 6. INTERFUND TRANSACTIONS:**

The following schedule details the amounts due from/to other funds at June 30, 2017:

Receivable Fund	Payable Fund	Amount
General Fund	Debt Service Fund	\$ 162,714
Capital Projects Fund	General Fund	3,652
LVCCD Capital Fund	General Fund	<u>2,447,724</u>
		<u>\$ 2,614,090</u>



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The outstanding balances between funds result mainly from the delayed time period between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, and (2) interest on investments in the debt service fund that is earned and transferred back to the general fund.

Fund transfers are legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended. For the year ended June 30, 2017, transfers between funds were as follows:

	Transfers In	Transfers Out		
		General Fund	Debt Service Fund	Capital Projects Fund
		Fund	Fund	Fund
General Fund	\$ 209,689		\$ 209,689	
Capital Projects Fund	11,500,000	11,500,000		
Internal Service Fund	10,500,000	10,500,000		
LVCCD Capital Fund	26,553,262	23,298,262		3,255,000
Debt Service Fund	66,453,419	66,453,419		
	\$ 115,216,370	\$ 111,751,681	\$ 209,689	\$ 3,255,000

**NOTE 7. LEASES:**

**OPERATING LEASES**

The LVCVA has non-cancelable operating leases for office space, parking spaces, copiers and other equipment. Total rental costs for such leases were \$321,155, for the year ended June 30, 2017. Future minimum operating lease payments are as follows:

Year Ending June 30,	
2018	\$ 336,772
2019	340,803
2020	334,255
2021	330,834
2022	327,166
2023-2026	863,277
Total	\$ 2,533,107

**CAPITAL LEASES**

On December 1, 2016, the LVCVA entered into a \$379,273 capital lease for computer equipment, which was capitalized as furniture and equipment. Amortization expense for FY 2017 was \$73,748 and total accumulated amortization was also \$73,748 (since this was the first year of the contract). As of June 30, 2017, the net value of this capital lease is \$305,525. Total lease payments for FY 2017 were \$79,414.

The LVCVA entered into a five-year capital lease in April 2013 for \$14,942 to purchase a copier which was capitalized as furniture and equipment. Amortization expense for FY 2017 was \$2,988 and the total accumulated amortization was \$12,701. The net value at June 30, 2017 was \$2,241. Total lease payments for FY 2017 were \$3,420.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements  
For the Year Ended June 30, 2017

Future minimum capital lease payments are as follows:

Year Ending June 30,		
2018	\$	138,704
2019		136,139
2020		<u>56,724</u>
		331,567
Less portion of payment representing interest		<u>(19,268)</u>
Present value of minimum lease payments	\$	<u>312,299</u>

**NOTE 8. LONG-TERM DEBT:**

The LVCVA issues general obligation and revenue bonds to fund land and other improvement, acquisition, and construction of capital assets consisting primarily of meeting and exhibit and support facilities at the Las Vegas Convention Center. In addition, pursuant to legislative directive, the LVCVA provided \$300,000,000 of funding to the Nevada Department of Transportation (NDOT) for transportation infrastructure projects through the issuance of general obligation bonds with \$239.1 million outstanding at June 30, 2017. The balance of bond proceeds and the related interest earnings to be remitted to NDOT as of June 30, 2017 is approximately \$190,000.

Nine of the LVCVA's outstanding bonds are general obligation bonds of Clark County, Nevada, acting by and through the LVCVA.

Clark County, Nevada acts as the guarantor of these general obligation bonds, as defined in GASB Statement No. 70. The bonds are primarily secured by ad valorem taxes and are additionally secured by net pledged revenues of the LVCVA, primarily room taxes on hotels and motels in Clark County, Nevada. No requirements for repayment by the LVCVA to the County exist if ad valorem taxes had to be used. It has been the practice of the LVCVA never to resort to the use of ad valorem taxes for debt service, but rather to use only net pledged revenues derived from operations. In FY 2017, general fund room taxes and gaming fees of \$283 million exceeded five times the amount necessary to pay the \$53.2 million of principal and interest payments during the fiscal year. In fact, as of June 30, 2017, no ad valorem tax revenues have been allocated to the LVCVA for any purpose, including guarantee debt payments. No change in this practice is contemplated in the future.

**GENERAL OBLIGATION BONDS:**

**Advance Refunding**

The LVCVA issued Series 2017 General Obligation Bonds in May 2017. The principal totaled \$21,175,000 which is due in annual installments through FY 2039 with semi-annual interest from 3-5%. This issuance was an advance refunding, and the proceeds are being used to partially defease the 07/08 General Obligation Bond which had interest rates ranging from 4%-5%. The net proceeds of \$21,970,209 (including a \$1,152,022 premium and after payment of \$356,813 in underwriting fees and other issuance costs) along with an additional cash contribution to escrow were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the refunded portion of the 07/08 General Obligation Bond are considered defeased and the liability for that bond has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,244,078. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The LVCVA advance refunded the 07/08 General Obligation Bond to reduce its total debt service payments over 20 years by \$3,531,309 and to obtain present value savings of \$2,911,295. The 2017 General Obligation Bond is included in the summary schedule of general obligation/pledged revenue bonds.

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For the Year Ended June 30, 2017

The following is a summary of terms and balances for general obligation and pledged revenue bonds payable at June 30, 2017:

\$38,200,000 - 5/07 Refunding Bonds due in annual installments through FY 2018. Semi-annual interest from 4 - 5.5%	\$	3,035,000
\$26,455,000 - 7/08 (NDOT) Bonds due in annual installments through FY 2019. Semi-annual interest from 4 - 5%		1,235,000
\$70,770,000 - 2010A (NDOT/BABs) Bonds due in annual installments through FY 2039. Semi-annual interest from 6.55 - 6.75%		70,770,000
\$53,520,000- 2010B (NDOT/Refunding) Bonds due in annual installments through FY 2027. Semi-annual interest from 2 - 5%		40,165,000
\$155,390,000- 2010C (NDOT/BABs) Bonds due in annual installments through FY 2039. Semi-annual interest from 4 - 7%		151,065,000
\$24,990,000 - 2012 General Obligation Bonds due in annual installments through FY 2033. Semi-annual interest from 2 - 4%		21,885,000
\$50,000,000 - 2014 General Obligation Bonds due in annual installments through FY 2044. Semi-annual interest from 2 - 5%		50,000,000
\$181,805,000 - 2015 General Obligation Bonds due in annual installments through FY 2045. Semi-annual interest from 2 - 5%		168,120,000
\$21,175,000 - 2017 General Obligation Bonds due in annual installments through FY 2039. Semi-annual interest from 3 - 5%		21,175,000
	<u>\$</u>	<u>527,450,000</u>

**REVENUE BONDS:**

In 1999, the State passed legislation that allowed the LVCVA to issue revenue bonds. The legislation allowed the bonds to be secured by and payable from room taxes and gaming fees, in addition to revenues from the operation of the facility.

**Line of Credit**

In December 2014, the LVCVA issued its Series 2014A, Subordinate Revenue Bonds, which included a credit agreement with JPMorgan to provide a non-revolving credit line (LOC) of \$275 million. The bonds and the credit agreement were collectively referred to as the "2014 LOC." These bonds were issued to provide short-term financing primarily for acquiring land related to the first phase of the LVCCD. The 2014 LOC was non-revolving and subordinated to the other revenue bonds. The LVCVA entered FY 2017 with a balance due on the 2014 LOC of \$70,200,000.

In July 2016, the LVCVA issued Subordinate Revenue Bonds 2016A (2016A LOC) and 2016B (2016B) which provided a current refunding of the 2014 LOC. This transaction had no gain or loss. The 2016A issuance, is a revolving line of credit with JPMorgan, allowing for a maximum principal outstanding amount of up to \$100,000,000, and a maximum cumulative amount of \$300,000,000. The LVCVA drew \$1,000,000 from the 2016A LOC in July 2016, and used those proceeds to partially defease the 2014LOC. The LVCVA simultaneously issued the 2016B in the principal amount of \$69,200,000, and used those proceeds to defease the remaining portion of the 2014A Bonds. The 2016B was a term loan and was paid off and closed with the issuance of the 2016C Revenue Bonds. This is shown as principal retirement in the Statement of Revenues, Expenditures and Changes in Fund Balance. Interest on 2016B is included in the interest expense for FY 2017.

## LAS VEGAS CONVENTION AND VISITORS AUTHORITY

### Notes to the Financial Statements

For the Year Ended June 30, 2017

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The 2016A revolving LOC revenue bond has an interest and fee payment structure similar to the terms of the 2014A LOC. The interest rate on drawn funds is based upon the product of the one month London Interbank Offered Rate (LIBOR) times 70% times an applicable spread which is based on the LVCVA's credit rating times the greater of 1 or 1 less the maximum federal corporate tax rate times 1.53846. The applicable spread is currently 52.5 basis points (bps) and remains in effect as long as the LVCVA maintains a credit rating of A1 for Moody's, or A+ for S&P. This rate would increase to 67.5 bps for an A2 or A rating, respectively, and 92.5 bps for an A3 or A- rating, respectively. Similarly, lower ratings by Moody's and S&P would result in progressively higher increases. Interest is due and paid monthly. The interest rate on the remaining amount available to draw is also based on the credit rating of the LVCVA, currently 22.5 bps, progressively increasing, if the LVCVA's rating were to decrease and it is payable quarterly.

The 2016A LOC August 2017 interest rate was 138 basis points. The LVCVA has estimated the FY 2018 rate at this amount and used this figure to calculate the estimated interest payments for future years. FY 2018, totals \$13,900 based upon the current outstanding drawn balance. The current undrawn available funds of \$99,000,000, and at 22.5 basis points calculates an estimated fee for FY 2018 of \$223,400. The LVCVA has estimated on \$10,000 in interest and fees for FY 2019, since the 2016A LOC comes to term in July 2018. These estimates have been included in the interest and principal schedules below. A 1% increase in the floating interest rate would increase costs on the current outstanding balance by approximately \$10,000.

The agreement contains a provision allowing the LVCVA to convert any unpaid balance of drawn funds to a term loan on July 13, 2018 with equal semi-annual payments of principal over a 3-year term if not repaid. The interest rate would be 1% plus the higher of Prime Rate plus 1.5%, Federal Effective Rate plus 2.0%, or the rate of 7.5%.

#### **Current and Advance Refunding**

The LVCVA issued Series 2016C Revenue Bonds in August 2016 in the principal amount of \$100,705,000, which is comprised of a current refunding of the 2016B Subordinate Revenue Bonds of \$62,575,000 and an advance refunding of the 11/07 Revenue Bonds of \$38,130,000. The 2016C Revenue Bonds, with semi-annual interest rates of 3-5%, are due in annual installments through FY 2047.

The proceeds from 2016C Revenue Bonds, related to the current refunding, were used to fully defease the 2016B Subordinate Revenue Bond term loan with a long-term fixed rate obligation. The net proceeds of \$69,200,000 (including a \$6,976,562 premium and after payment of \$348,901 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent and then paid to JP Morgan to close the 2016B. There was no gain or loss on this refunding as the intent was to fix out short term debt with a long term fixed rate obligation.

The proceeds from 2016C Revenue Bonds, related to the advance refunding, were used to fully defease the remaining 11/07 Revenue Bonds which had interest rates ranging from 4.25%-6%. The net proceeds of \$43,655,984 (including a \$5,741,501 premium and after payment of \$215,517 in underwriting fees and other issuance costs) along with an additional cash contribution to escrow were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 11/07 Revenue Bonds are considered defeased and the liability for that bond has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,968,572. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The LVCVA advance refunded the 11/07 Revenue Bond to reduce its total debt service payments over 21 years by \$6,556,982 and to obtain present value savings of \$6,047,178. The 2016C Revenue Bonds are included in the summary schedule of general obligation/pledged revenue bonds.

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Notes to the Financial Statements  
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The following is a summary of revenue bonds payable at June 30, 2017:

\$81,925,000- 2010E Revenue Bonds due in annual installments through FY 2041. Semi-annual interest from 4 - 5.5%	78,530,000
\$1,000,000- 2016A Subordinate Revenue Bond/Line of Credit revolving variable rate indexed at one month LIBOR plus 22.5 basis points	1,000,000
\$100,705,000- 2016C Revenue Bonds due in annual installments through FY 2047. Semi-annual interest from 3 - 5%	100,705,000
	\$ 180,235,000

Schedule of interest and principal payments including the 2016 LOC estimated interest costs noted above.

Year Ending June 30,	General Obligation / Pledged Revenue Bonds		Revenue Bonds		All Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 26,060,000	\$ 26,577,083	\$ 1,805,000	\$ 8,488,283	\$ 27,865,000	\$ 35,065,366
2019	27,210,000	25,612,241	2,875,000	8,187,382	30,085,000	33,799,623
2020	27,830,000	24,300,516	1,955,000	8,100,783	29,785,000	32,401,299
2021	15,855,000	23,335,086	2,035,000	8,020,982	17,890,000	31,356,068
2022	17,280,000	22,602,956	4,860,000	7,867,262	22,140,000	30,470,218
2023-2027	101,230,000	98,104,254	28,165,000	35,510,350	129,395,000	133,614,604
2028-2032	96,295,000	71,316,456	36,445,000	27,488,501	132,740,000	98,804,957
2033-2037	111,590,000	42,156,470	46,325,000	17,601,113	157,915,000	59,757,583
2038-2042	77,595,000	12,223,728	38,230,000	7,340,300	115,825,000	19,564,028
2043-2047	26,505,000	1,496,262	17,540,000	1,810,000	44,045,000	3,306,262
	\$ 527,450,000	\$ 347,725,052	\$ 180,235,000	\$ 130,414,956	\$ 707,685,000	\$ 478,140,008

**ARBITRAGE REBATE AND DEBT COVENANT REQUIREMENTS**

The Federal Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the LVCVA. Under this Act, an amount may be required to be rebated to the United States Treasury (called "arbitrage") for interest on the bonds to qualify for exclusion from gross income for federal income tax purposes. Rebatable arbitrage is computed as of each installment computation date. As of the most recent such date, the LVCVA's management believes that there is no rebatable arbitrage amount due. Future calculations might result in adjustments to this determination. In addition, certain of the LVCVA's long-term debt obligations are subject to restrictive debt covenants, including certain revenue levels and revenue/expense ratios and the LVCVA's line of credit contains default interest and acceleration provisions. The LVCVA management believes it to be in compliance with such covenants.

**DEBT REFUNDING AND DEFEASANCE**

At June 30, 2017, \$76,195,000 of bonds defeased remained outstanding and an irrevocable trust account had a balance of \$79,417,209 to provide for all required future debt and interest payments on the old bonds. The trust assets and the liabilities for the defeased bonds are not included in the LVCVA financial statements.

**DEBT APPROVED BUT NOT YET ISSUED**

As disclosed elsewhere, the LVCVA is beginning Phase Two of the LVCCD, and anticipates the use of SB1 resources, transfers from the general fund, the revolving 2016 LOC and additional debt to complete the project. In May 2017, the Oversight Panel for Convention Facilities in Clark County approved the issuance of up to \$900 million of bonds to complete Phase Two. In June 2017, the LVCVA board approved the same financing plan. While specific detail as related to future debt issuances related to Phases Two and Three over the next three years is currently still being finalized, it is anticipated that the LVCVA will borrow approximately \$1.1 billion for the LVCCD, including the \$900 million for Phase Two.

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For the Year Ended June 30, 2017

The changes in long-term liabilities for the fiscal year were as follows:

	Interest paid During the Year	Beginning Balance, July 1, 2016	Additions	Reductions	Ending Balance, June 30, 2017
<b>BONDS</b>					
General Obligation/Pledged Revenue Bonds					
5/07 Refunding Bonds	\$ 231,225	\$ 5,925,000	\$ -	\$ (2,890,000)	\$ 3,035,000
7/08 General Obligation Bonds	1,078,385	22,970,000	-	(21,735,000)	1,235,000
2010A General Obligation Bonds	4,721,166	70,770,000	-	-	70,770,000
2010B General Obligation/Refunding Bonds	1,943,000	42,565,000	-	(2,400,000)	40,165,000
2010C General Obligation Bonds	9,823,695	155,390,000	-	(4,325,000)	151,065,000
2010D General Obligation Bonds	-	-	-	-	-
2012 General Obligation Bonds	675,523	22,940,000	-	(1,055,000)	21,885,000
2014 General Obligation Bonds	2,076,348	50,000,000	-	-	50,000,000
2015 General Obligation Bonds	7,716,850	181,805,000	-	(13,685,000)	168,120,000
2017 General Obligation Bonds	-	-	21,175,000	-	21,175,000
Revenue Bonds					
4/05 Revenue Bonds	-	-	-	-	-
11/07 Revenue Bonds	1,023,543	42,455,000	-	(42,455,000)	-
2010E Revenue Bonds	4,039,182	80,260,000	-	(1,730,000)	78,530,000
2014A Subordinate Revenue Bond/Line of Credit	54,734	70,200,000	-	(70,200,000)	-
2016A Subordinate Revenue Bond/Line of Credit	299,970	-	1,000,000	-	1,000,000
2016B Subordinate Revenue Bond/Term Loan	-	-	69,200,000	(69,200,000)	-
2016C Refunding Bond	1,689,208	-	100,705,000	-	100,705,000
Unamortized premiums and discounts	-	14,362,280	13,870,085	(3,637,583)	24,594,782
Subtotal Bonds	<u>35,372,829</u>	<u>759,642,280</u>	<u>205,950,085</u>	<u>(233,312,583)</u>	<u>732,279,782</u>
<b>OTHER LIABILITIES</b>					
Compensated absences	-	6,390,074	4,331,009	(4,677,912)	6,043,171
Capital lease obligations	10,162	5,698	379,273	(72,672)	312,299
Postemployment benefits other than pensions	-	29,019,340	3,112,526	-	32,131,866
Net pension liability	-	63,740,412	29,173,257	(17,158,521)	75,755,148
Subtotal other liabilities	<u>10,162</u>	<u>99,155,524</u>	<u>36,996,065</u>	<u>(21,909,105)</u>	<u>114,242,484</u>
	<u>\$ 35,382,991</u>	<u>\$ 858,797,804</u>	<u>\$ 242,946,150</u>	<u>\$ (255,221,688)</u>	<u>\$ 846,522,266</u>

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The portion of each long-term liability that is due in FY 2018 is shown below:

	Principal	Interest
<b><u>BONDS</u></b>		
General Obligation/Pledged Revenue Bonds		
5/07 Refunding Bonds	\$ 3,035,000	\$ 75,875
7/08 General Obligations Bonds	605,000	37,300
2010A General Obligations Bonds	-	4,721,166
2010B General Obligations Bonds	2,495,000	1,845,100
2010C General Obligations Bonds	4,445,000	9,641,628
2012 General Obligations Bonds	1,080,000	654,173
2014 General Obligations Bonds	-	2,076,349
2015 General Obligations Bonds	14,400,000	7,014,725
2017 General Obligations Bonds	-	510,767
Revenue Bonds		
4/05 Revenue Bonds	-	-
2010E Revenue Bonds	1,805,000	3,968,483
2016A Subordinate Revenue Bonds/Line of Credit*	-	237,300
2016C Refunding Bond	-	4,282,500
	27,865,000	35,065,366
 <b><u>OTHER LIABILITIES</u></b>		
Compensated absences	3,725,174	-
Capital lease obligation	126,300	12,402
	\$ 31,716,474	\$ 35,077,768

\* Interest cost shown also reflects estimated amounts based on the 2016A subordinate revenue bond / line of credit agreement.

The general fund is normally used to liquidate compensated absences, net pension obligations and other post-employment obligations.

**NOTE 9. RISK MANAGEMENT:**

The LVCVA is exposed to various risks of loss related to torts; thefts of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The LVCVA has third-party coverage for all lines of insurance, including property, commercial liability, and employees. For worker's compensation, the LVCVA is self-insured at a relatively low threshold. For claims over the threshold, third-party coverage would take effect. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

**NOTE 10. EMPLOYEE RETIREMENT PLAN:**

**Plan Description**

The LVCVA participates in a cost-sharing, multiple-employer, defined benefit public employees' retirement system (the System or PERS) which includes both Regular and Police/Fire members. The System was established by the Nevada Legislature in 1947, effective July 1, 1948. The System is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability. The LVCVA exercises no control over PERS. NRS 286.110 states that "The respective participating public employers are not liable for any obligations of the system."

# LAS VEGAS CONVENTION AND VISITORS AUTHORITY

## Notes to the Financial Statements For the Year Ended June 30, 2017

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### Benefits Provided

Benefits, as required by the NRS, are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits. Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier. For members entering the System on or after July 1, 2015, there is a 2.25% multiplier.

The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death. Post-retirement increases are provided by authority of NRS 286.575 - .579.

### Vesting

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service. Regular members entering the System on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or age 55 with 30 years of service or any age with 33 1/3 years of service. Police/Fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/Fire members entering the System on or after January 1, 2010, are eligible for retirement at 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as Police/Fire accredited service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

### Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. Contributions are shared equally by employer and employee. Employees can take a reduced salary and have contributions made by the employer (EPC) or can make contributions by a payroll deduction matched by the employer. The LVCVA elected the EPC plan.

The System's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due. The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

For the fiscal year ended June 30, 2016, the Statutory Employer/employee matching rate was 14.5% for Regular and 20.75% for Police/Fire. The Employer-pay contribution (EPC) rate was 28.0% for Regular and 40.50% for Police/Fire. For the fiscal year ended June 30, 2016, all of the rates remained the same. Contributions to the pension plan from the LVCVA were \$9,545,749 and \$10,088,792 for the years ended June 30, 2016 and 2017 respectively.



**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Notes to the Financial Statements

For the Year Ended June 30, 2017

**Pension Liabilities, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions**

The employer allocation percentage of the net pension liability was based on the total contributions due on wages paid during the measurement period. Contributions for employer pay dates that fall within PERS fiscal year ending June 30, 2016, are used as the basis for determining each employer's proportionate share of the collective pension amounts. The LVCVA's allocated portion was calculated at 0.56294%. The LVCVA recorded a liability of \$75,755,148 for its portion of the net pension liability at June 30, 2017.

Changes in the LVCVA's net pension liability were as follows:

Beginning net pension liability	\$	63,740,412
Change in pension liability		
Pension expense		10,480,915
Employer contributions		(9,545,749)
Net change in deferred inflows/outflows amortized		<u>11,079,570</u>
Change in pension liability		<u>12,014,736</u>
Ending net pension liability	\$	<u>75,755,148</u>

The LVCVA recognized pension expense of \$10,480,915 for the year ended June 30, 2017. The LVCVA reported deferred outflows and inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 5,072,760
Net difference between projected and actual earnings on investments	7,042,384	-
Changes in proportion and differences between actual contributions and proportionate share of contributions	3,402,973	-
LVCVA contributions subsequent to measurement date	10,088,792	-
	<u>\$ 20,534,149</u>	<u>\$ 5,072,760</u>

At June 30, 2016, the average expected remaining service life is calculated at 6.48 years.

The \$10,088,792 of deferred outflows for contributions made by the LVCVA to PERS subsequent to the measurement date will be recognized as a reduction to net pension liability in the year ending June 30, 2018. Differences in experience and earnings on investments listed as deferred outflows and deferred inflows of resources related to pensions will be recognized as follows:

Year End June 30,	
2018	(583,786)
2019	(583,786)
2020	2,496,946
2021	1,207,732
2022	(464,979)
After	(102,504)

Included in accounts payable at June 30, 2017, the LVCVA had \$1,128,812 payable to PERS, equal to the required contribution for the month of June 2017 which was subsequently paid in accordance with applicable due dates in July and August 2017.

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Notes to the Financial Statements

For the Year Ended June 30, 2017

**Actuarial Assumptions**

The System’s net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For this purpose, certain actuarial valuation assumptions are stipulated by GASB and may vary from those used to determine the prospective funding contribution rates. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.50%
Payroll growth	5.00%, including inflation
Investment rate of return	8.00%
Discount rate	8.00%
Productivity pay increase	0.75%
Projected salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.5%, depending on service Rates include inflation and productivity increases
Consumer price index	3.50%

At June 30, 2016, assumed mortality rates and projected life expectancies for selected ages were as follows:

Regular Members				
Age	Mortality Rates		Expected Years of Life Remaining	
	Males	Females	Males	Females
40	0.10%	0.05%	41.1	44.4
50	0.17%	0.12%	31.6	34.7
60	0.55%	0.42%	22.4	25.4
70	1.82%	1.39%	14.3	17.0
80	5.65%	3.79%	7.7	10.1

Police/Fire Members				
Age	Mortality Rates		Expected Years of Life Remaining	
	Males	Females	Males	Females
40	0.10%	0.06%	40.2	42.5
50	0.19%	0.15%	30.7	32.8
60	0.63%	0.54%	21.5	23.6
70	2.02%	1.72%	13.5	15.5
80	6.41%	4.63%	7.1	9.0

These mortality rates and projected life expectancies are based on the following:

- For non-disabled male regular members – RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA
- For non-disabled female regular members – RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year
- For all non-disabled police/fire members – RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set forward one year
- For all disabled regular members and all disabled police/fire members – RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years

Actuarial assumptions used in the June 30, 2016 valuation were based on the results of the experience review completed in 2013.

# LAS VEGAS CONVENTION AND VISITORS AUTHORITY

## Notes to the Financial Statements For the Year Ended June 30, 2017

### Valuation of Plan Assets-Investment Policy

The policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System. The following target allocation policy was adopted as of June 30, 2016:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Geometric Expected Real Rate of Return*</u>
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	<u>10%</u>	6.80%
	100%	

\* As of June 30, 2016, PERS' long-term inflation assumption was 3.5%.

### Discount Rate

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2016, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments (8%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016

### Pension Liability Discount Rate Sensitivity

The following presents the LVCVA's proportionate share of the net pension liability of the System as of June 30, 2016, calculated using the discount rate of 8.00%, as well as what the LVCVA's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1- percentage-point higher (9.00%) than the current rate:

	<u>1% Decrease (7.00%)</u>	<u>Discount Rate (8.0%)</u>	<u>1% Increase (9.00%)</u>
Net Pension Liability-LVCVA portion	\$111,042,247	\$75,755,148	\$46,396,716

### Pension Plan Fiduciary Net Position

PERS issues a stand-alone CAFR that includes financial statements and required supplementary information for the plan. Additional information about the System's fiduciary net position is available at [www.nvpers.org](http://www.nvpers.org) under Quick Links – Publications, or

Public Employees Retirement System of Nevada  
693 W. Nye Lane  
Carson City, NV 89703-1599  
(775) 687-4200

### NOTE 11. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

The cost of postemployment healthcare benefits, like the cost of pension benefits, are recorded in the period in which employee services are received, rather than in the future years when paid. The reported accumulated liability and related information is useful in assessing potential demands on the LVCVA's future cash flows.

# LAS VEGAS CONVENTION AND VISITORS AUTHORITY

## Notes to the Financial Statements For the Year Ended June 30, 2017

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### PLAN DESCRIPTION

In accordance with NRS, retirees of the LVCVA may continue insurance through existing plans, if enrolled as an active employee at the time of retirement. The LVCVA's two insurance programs that are available to active employees and retirees are the Clark County Self-Funded Group Medical and Dental Benefits Plan (CCSF) and Health Plan of Nevada (HPN), a fully-insured health maintenance organization (HMO) plan. Together, these plans are provided through a single-employer defined benefit plan. The assets accumulated for purposes of providing OPEB benefits through this plan are not administered through a trust that meets the specified criteria of GASB Statement No. 74. As such, in accordance with GASB Statement No. 74, assets accumulated are reported as assets of the LVCVA. An agency fund is not required because the LVCVA does not hold any assets in a fiduciary capacity.

The LVCVA also provides continuation of medical insurance coverage to retirees under the State of Nevada Public Employees Benefits Program (PEBP). For participants who enrolled in the PEBP prior to September 1, 2008, the LVCVA is responsible for payment of a monthly subsidy, based on the years of service with the local government for the life of the retiree. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. The PEBP report may be obtained by writing or calling the Public Employee Benefit Plan, 901 South Stewart Street, Suite 1001, Carson City, Nevada 89701, (800) 326-5496.

### FUNDING POLICY

For the CCSF and HPN insurance plans, contribution requirements of plan members and the LVCVA are established and may be amended through negotiations between the LVCVA and Clark County. In some years, the LVCVA has made additional contributions, as determined by the CCSF Executive Board, under terms of the agreement. Retirees in the CCSF and HPN programs receive no direct subsidy from the LVCVA. Retiree loss experience is pooled with active loss experience for the purpose of setting rates as required by NRS 287.023. The difference between the true claim cost and the blended premium is an implicit rate subsidy that creates an OPEB cost for the LVCVA. Based on the FY 2017 actuarial report, the LVCVA has 46 PEBP retirees, 159 non-PEBP retirees and spouse, 7 surviving spouses and 504 active employees in the CCSF and HPN plans. The LVCVA currently pays for postemployment healthcare benefits on a pay-as-you-go basis.

At the September 13, 2011, Board of Directors meeting, revisions to the LVCVA's Financial Management Policy were approved to establish a funding plan for its OPEB obligations. In FY 2013, the LVCVA established an internal service fund to accumulate resources to be held in reserve to pay its future liability for postemployment benefits. This internal service fund continues to meet the requirements of GASB Statement No. 74, which requires assets that are not held in trusts that meet the criteria of the statements to be reported as assets of the employer. Transfers from the general fund to the OPEB reserve fund have been incorporated into the annual budget process. Discretionary transfers since FY 2013 total \$24.5 million. The annual funding considerations include biannual actuarial studies among other factors and conditions.

The LVCVA is required to pay the PEBP an explicit subsidy, based on years of service, for retirees enrolled in this plan. Retirees are eligible for a subsidy after 5 years of service with a Nevada state or local government entity. The maximum subsidy is earned after 20 years of combined service with an eligible entity. If the retiree worked for more than one eligible entity, the subsidy is split based on the length of time with each entity. In FY 2017, the LVCVA's cost per month per retiree ranged from \$9 to \$1,100.

Annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount determined in accordance with the parameters of GASB standards. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the LVCVA's annual OPEB cost for the year, the amount contributed to the plan, and the changes in the LVCVA's net OPEB obligation.

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Notes to the Financial Statements  
For the Year Ended June 30, 2017

	CCSF and HPN	PEBP	Total
Annual required contribution (ARC)	\$ 4,108,792	\$ 232,660	\$ 4,341,452
Interest on net OPEB obligation	1,098,568	62,206	1,160,774
Adjustment to the ARC	<u>(1,588,256)</u>	<u>(89,935)</u>	<u>(1,678,191)</u>
Annual OPEB cost (expense)	3,619,104	204,931	3,824,035
Contributions made	<u>(528,214)</u>	<u>(183,295)</u>	<u>(711,509)</u>
Increase in net OPEB obligations	3,090,890	21,636	3,112,526
Net OPEB obligation - beginning of the year	<u>28,589,604</u>	<u>429,736</u>	<u>29,019,340</u>
Net OPEB obligation - end of the year	<u>\$ 31,680,494</u>	<u>\$ 451,372</u>	<u>\$ 32,131,866</u>

The LVCVA's annual OPEB cost, the percentage of annual cost contributed and net OPEB obligation for fiscal years 2015-2017 were as follows:

	Fiscal year ended June 30,	Annual OPEB Cost	Percent of OPEB Cost Contributed	Net OPEB Obligation
CCSF and HPN	2015	\$ 4,187,106	13.4%	\$ 24,873,561
	2016	4,314,696	13.9%	28,589,604
	2017	3,619,104	14.6%	31,680,494
PEBP	2015	\$ 292,915	66.0%	\$ 312,494
	2016	301,841	61.2%	429,736
	2017	204,931	89.4%	451,372

**FUNDED STATUS AND FUNDING PROGRESS**

The funded status of the plans as of the most recent actuarial valuation date was as follows:

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a percentage of Covered Payroll
<u>CCSF and HPN</u>						
7/1/2016	\$ -	\$ 36,654,493	\$ 36,654,493	0%	\$ 36,192,769	101%
<u>PEBP</u>						
7/1/2016	\$ -	\$ 4,023,171	\$ 4,023,171	0%	N/A*	N/A*

\*PEBP is a closed plan; and therefore, there are no current employees covered by the PEBP.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information, provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements

For the Year Ended June 30, 2017

**ACTUARIAL METHODS AND ASSUMPTIONS**

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan participants) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the LVCVA and the plan members. Bi-annual actuarial reports and mid-period adjustments to such estimates reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions were as follows:

	CCSF, HPN and PEBP
Actuarial valuation date	July 1, 2016
Actuarial cost method	Entry age normal, level dollar amount
Amortization method	30 years, open, level dollar amount
Remaining amortization period	30 years remaining as of July 1, 2016
Asset valuation	N/A, no assets in OPEB trust
Actuarial assumptions:	
Investment rate of return	4%
Projected salary increases	N/A
Cost of living adjustments	N/A
Healthcare inflation rates	PPO Medical - 7.5%; graded down to ultimate rate of 4.5% over 12 years PPO Drug - 12%; graded down to ultimate rate of 4.5% over 12 years HMO Non-Medicare - 7.0%; graded down to ultimate rate of 4.5% over 10 years HMO Medicare - 6.5%; graded down to ultimate rate of 4.5% over 8 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**NOTE 12. CLASSIFICATION OF NET POSITION AND FUND BALANCES:**

**FUND BALANCE CLASSIFICATIONS:**

Fund balances are required to be reported in classifications based on the following definitions:

Nonspendable Fund Balance – Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. These classifications include inventories, prepaid items, assets held for sale and long-term receivables.

Restricted Fund Balance – Includes constraints placed on the use of these resources that are either externally imposed by creditors (such as debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed Fund Balance – Includes amounts that can only be used for a specific purpose because of a formal action (resolution or board approval both of which are considered to be equally binding) by the government's highest level of decision-making authority, which is the LVCVA's Board of Directors. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources.

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Notes to the Financial Statements

For the Year Ended June 30, 2017

Assigned Fund Balance – Includes amounts that are constrained by the LVCVA’s intent for specific purposes, but do not meet the criteria to be classified as restricted or committed. The LVCVA Board of Directors has provided such authority to express intent in policy FIN-25 to the President/CEO and the CFO. Constraints imposed on the use of assigned amounts can be removed without formal Board action.

Unassigned Fund Balance – This is the residual classification of the general fund. This is fund balance that has not been reported in any other classification. The general fund is the only fund that can report a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as a result of overspending for specific purposes for which amounts have been restricted, committed or assigned.

**SPENDING PRIORITIZATION IN USING AVAILABLE RESOURCES:**

When both restricted resources and other resources (*i.e.* committed, assigned, and unassigned) can be used for the same purposes, the LVCVA financial management policy considers restricted resources to be spent first.

When committed, assigned, and unassigned resources can be used for the same purpose, the flow assumption in the LVCVA’s budget is to spend in the sequence of committed resources first, assigned second, and unassigned last.

**GENERAL FUND BALANCE POLICY:**

Based on Nevada Administrative Code 354.650-660, a minimum fund balance of 4.0% of budgeted general fund operating expenditures must be maintained. The LVCVA begins each new fiscal year operating from beginning fund balance for six weeks based on the timing of the first “new” years’ room tax collections. Six weeks is approximately 12% of budgeted operating expenditures. Thus, in order to ensure that the LVCVA has sufficient cash on hand to meet all of its financial obligations in a timely manner and to ensure that essential services are not disrupted in times of fluctuating revenues, the LVCVA’s fiscal practice is to target an ending general fund balance between 4% and 16% of expected expenditures for potential variances in economic conditions without detriment to operations.

The fund balances by component at June 30, 2017, were:

	General Fund	Capital Projects Fund	LVCCD Capital Fund	Debt Service Fund
<b>Non-Spendable</b>				
Inventory	\$ 587,609	\$ -	\$ -	\$ -
Prepaid and other items	4,536,121	32,647	-	-
<b>Restricted</b>				
SB1 revenues	-	-	13,715,630	-
Debt service programs	-	-	-	51,199,488
Collection allocation	4,538,327	-	-	-
Nevada Department of Transportation	-	190,677	-	-
Clark County Wedding Fee Revenue	388,952	-	-	-
<b>Committed</b>				
Capital project programs	-	40,133,479	23,255,000	-
Debt service programs	-	-	-	11,033,490
Operating budget	12,048,877	-	-	-
<b>Assigned</b>				
Marketing and advertising	-	-	-	-
Capital funds	9,900,000	5,193,356	-	-
Marketing and advertising	3,500,000	-	-	-
<b>Unassigned</b>	20,304,952	-	-	-
	<u>\$ 55,804,838</u>	<u>\$ 45,550,159</u>	<u>\$ 36,970,630</u>	<u>\$ 62,232,978</u>

## LAS VEGAS CONVENTION AND VISITORS AUTHORITY

Notes to the Financial Statements  
For the Year Ended June 30, 2017

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### **NOTE 13. COMMITMENTS AND CONTINGENCIES:**

The LVCVA often carries cash and cash equivalents on deposits with financial institutions in excess of federally-insured limits, and the risk of losses that may be sustained as a result of uninsured deposits in the event of a future failure of a financial institution if any, is not subject to estimation at this time.

#### **CONTRACTS AND COMMITMENTS**

##### **ADVERTISING AGENCY**

R&R Partners (R&R) is the official advertising and marketing communications agency for the LVCVA. R&R develops marketing plans for both long-term and short-term initiatives and works with the LVCVA in the areas of consumer marketing, business and convention marketing, international marketing and extended destination marketing. Beginning in July 2015, compensation is 6.5% of gross billed (6.95% of the net) amounts for commission on media and external production. Other reimbursable expenses are billed at net (production, travel, administration). In addition, in FY 2017 there was an agency service fee of \$7,029,600 and content creation services fee of \$8,585,000. Both service fees are subject to CPI increases. The current contract term is through June 2018 with an optional two-year extension, which can be terminated by either party with 90 days' notice. The LVCVA, through R&R, also sponsors various special events and pays for media advertising of the destination and its events which bring people to Las Vegas. Some of these involve multi-year contracts. These contract commitments at June 30, 2017 were \$11.4 million for FY 2018, of which \$1.8 million is included in prepaid expenses, as well as \$1.1 million for FY 2019.

##### **INTERNATIONAL OFFICES**

The LVCVA is party to contracts for international office representation which covers the following areas: Australia and New Zealand, Benelux, Canada, China, Hong Kong, Taiwan, Europe, France, Germany, Scandinavia, Switzerland, Austria, Japan, Mexico and Central America, South America, South Korea, and the United Kingdom. The 2-year contracts were approved at the May 10, 2016, Board of Directors meeting. The contract's combined value in FY 2018 is \$2.3 million and can be terminated without cause with a 30 day notice.

##### **NATIONAL FINALS RODEO**

Through Las Vegas Events, the LVCVA has an agreement with Professional Rodeo Cowboys Association (PRCA), to provide annual payments of \$2.2 million for the National Finals Rodeo, and \$250,000 annually to be the exclusive national sponsor for the National Finals of Steer Roping if not held in Las Vegas. The contract term is 10 years, ending in FY 2024.

##### **NASCAR SPONSORSHIP**

In March 2017, the LVCVA Board approved an agreement to sponsor two annual NASCAR races at the Las Vegas Motor Speedway through 2024, with a possible 3-year extension for a total cost of \$17.5 million. The required payment from LVCVA is \$2.5 million a year and includes other ancillary marketing sponsorship benefits.

##### **TERMINATION PAYMENTS AND COMMITMENTS IN CONTRACTOR AGREEMENTS**

The LVCVA has an agreement with Cox Nevada Telcom (Cox) for telecommunications services for the Las Vegas Convention Center, Cashman Center and other various buildings belonging to the LVCVA. Cox was obligated to invest at least \$9.5 million of telecommunication infrastructure improvements to the LVCVA's facilities, over the life of the agreement which ends on September 28, 2020. As of June 30, 2017, the total investment made by Cox was \$10.3 million. The improvements are owned by the LVCVA at the end of the term. If early termination occurs the LVCVA is obligated to reimburse Cox for a portion of their investment. As part of the Cashman property transfer to the City of Las Vegas, the LVCVA recorded an estimated liability of \$227 thousand for the unamortized portion of the Cox investment at the location. The remaining amount of \$4.9 million as of June 30, 2017 is considered a contingent liability which is not recorded in the LVCVA's financial statements.



# LAS VEGAS CONVENTION AND VISITORS AUTHORITY

## Notes to the Financial Statements For the Year Ended June 30, 2017

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During the year, as contemplated under the Cox agreement, a neutral host digital antenna system (DAS) was installed in the Las Vegas Convention Center with proceeds from the cellular carriers that use the DAS. Under these agreements, all operating costs of the DAS are paid by the carriers in addition to monthly rent to the LVCVA. The DAS becomes property of the LVCVA at the earlier of the end of the DAS agreement term (November 2026) or the termination of the Cox agreement. If the agreement with COX terminates before September 28, 2020, the LVCVA would assume the rights to the DAS assets and also be responsible for executing the administrative function of operating and maintaining the DAS as defined in the agreement through the remainder of the DAS contract term. This is considered a contingent commitment and asset which is not recorded in the LVCVA's financial statements as it is dependent on potential future events.

The LVCVA has an agreement with Volume Services (dba Centerplate) for food services for the Las Vegas Convention Center and Cashman Center. Centerplate is obligated to invest at least \$17.5 million in food infrastructure improvements to the LVCVA's facilities, over the life of the agreement which terminates on June 30, 2024. As of June 30, 2017, the total investment made by Centerplate was \$5.9 million. The improvements are owned by the LVCVA at the end of the term. If early termination occurs the LVCVA is obligated to reimburse Centerplate for a portion of their investment (\$5.4 million if termination occurred June 30, 2017). This is considered a contingent liability which is not recorded in the LVCVA's financial statements.

### **OTHER OBLIGATIONS**

The LVCVA has no long-term obligation to fund other organizations, for example, Las Vegas Events. However, we acknowledge these other organizations do engage in long-term sponsorship commitments.

On June 1, 2017, the LVCVA transferred ownership of Cashman Center to the City of Las Vegas. In conjunction with the transfer, the LVCVA entered into a management operating agreement with the City of Las Vegas. As part of this operating agreement the LVCVA agreed to operate the convention facility portion until December 31, 2017 at which time the convention facility section will be placed in a "mothball" status. The LVCVA also agreed to operate the stadium portion until 2022, the end of the lease for the current triple A baseball tenant. The LVCVA is responsible for all expenses related to running the facility and the stadium and receives all revenue generated, as well as a yearly stipend from the City for \$209,000 to maintain the convention facility in the mothballed state. Revenues related to operating the facility are recorded in Charges for Services and expenditures are coded to Operating and Marketing Functions.

### **CONSTRUCTION CONTRACTS AND OTHER SIGNIFICANT COMMITMENTS**

The LVCVA is a party to several contracts and commitments relating to construction projects and services related to the LVCVA's facilities and land. At June 30, 2017, such contracts, in the capital projects fund, totaled approximately \$5 million with an estimated outstanding balance of approximately \$1.9 million. Other outstanding commitment balances in the general fund totaled approximately \$2.9 million. As of June 30, 2017, the LVCVA Board has approved staff to host future events in the destination in FY 2018 budgeted at approximately \$1.8 million not previously disclosed.

### **LEGAL MATTERS**

The LVCVA is the defendant in various legal actions. It is the opinion of the LVCVA's management and legal counsel that they will not result in any material liabilities to the LVCVA other than disclosed below. The LVCVA does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather, records such as period costs when the services are rendered.

There is ground water contamination in one of the parking areas of the LVCC. Management believes it is probable that the LVCVA will be named as a responsible party for remediation activities; and therefore, has recorded a \$1,845,000 remediation liability on the government-wide financials using the expected cash flow technique for future remediation costs. This estimate is based on preliminary analysis which could change over time due to continued investigation, actual remediation actions performed, future regulatory rulings, changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation effort.

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Notes to the Financial Statements

For the Year Ended June 30, 2017

**NOTE 14. ROOM TAX REVENUE:**

The LVCVA’s primary revenue source is a portion of the average 10% - 13.38% room tax imposed on lodging establishments in Clark County, Nevada. The rate of taxes can only be increased by action of the Nevada State Legislature.

In October 2016, Senate Bill 1 (SB1) passed during the 30th Special Session of the Nevada Legislature. SB1 provides for a 0.5% increase to transient lodging tax. The new revenues are legislatively restricted to support the LVCCD project.

SB1 also provided for up to an additional 0.88% increase to the lodging tax, to create and fund the Las Vegas Stadium Authority (LVSA). The LVSA will be responsible for the ownership and oversight of a new NFL stadium to be built in Clark County, for the expressed purpose of housing a NFL team. The Stadium Authority will approve the stadium location, development plan and operating agreement, as well as manage the stadium capital improvement fund and related expenditures.

The tax for transient lodging in Clark County is distributed as follows:

	Total *	LVCVA General Fund & LVCVA Capital Fund	Las Vegas Stadium Authority	Clark County School District	Clark County Transportation	Taxing Entity	State of Nevada
Resort Hotels	12% - 14%	4 1/2% - 5 1/2%	0% - 7/8%	1 5/8%	1%	0% - 2%	3 3/8%
Other hotel and motels	10% - 13%	2 1/2% - 4 1/2%	0% - 7/8%	1 5/8%	1%	0% - 2%	3 3/8%

\*The individual components of room tax have distinct geographical regions and therefore each property pays varying room tax rates.

As provided for by NRS 244A.645, up to 10% of the total room taxes and gaming fees received by the LVCVA may be paid back to the county and incorporated cities excluding revenues generated from SB1 as those revenues are wholly restricted to the Las Vegas Convention Center District (LVCCD) expansion and renovation project. Additionally, SB1 imposed a cap of \$25.0 million on the total annual collection allocation eligible to be returned to the collecting entities and any value of the 10% collection allocation exceeding the cap, will be restricted to the LVCCD capital fund. The total recognized collection allocation was \$25.0 million in FY 2017, while \$3.3 million was transferred to the LVCCD capital fund in compliance with SB1 for the LVCCD project.

**NOTE 15. SUBSEQUENT EVENTS**

Events through October 5, 2017, were evaluated by the management of the LVCVA who determined that no additional recognition or disclosure in these financial statements is necessary, except in regard to the matters discussed in the following paragraphs.

On October 1, 2017, Las Vegas was the site of one of the worst mass shootings in U.S. history. The tragedy is likely to have adverse effects on tourism to the area, the local economy, and LVCVA’s revenues and operations for an undeterminable period that are not subject to estimation at this time.

On October 4, 2017, management posted an agenda item for the LVCVA’s Board meeting scheduled for October 10, 2017, where the Board will consider a naming rights agreement related to a proposed new ballpark. Site acquisition, all improvements, and operation of the park would be the sole responsibility of the professional team. The proposed 20-year agreement would provide the LVCVA with exclusive naming rights, dominate sponsorship signage and other marketing assets for an annual fee of \$4 million estimated to commence in FY 2019.

## REQUIRED SUPPLEMENTARY INFORMATION

### **SCHEDULE OF FUNDING PROGRESS**

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Postemployment Benefits Other Than Pensions

### **SCHEDULE OF SHARE OF NET PENSION LIABILITY**

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Pensions

### **SCHEDULE OF SHARE OF NET PENSION LIABILITY**

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Pensions

### **SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL**

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#### General Fund

This fund is the primary operating fund, which accounts for the accumulation of financial resources of the LVCVA; except for those required to be accounted for in a separate fund.

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**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Schedule of Funding Progress

Postemployment Benefits Other Than Pensions

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>CCSF and HPN</b>						
7/1/2012	---	\$ 40,159,887	\$ 40,159,887	0%	\$ 30,228,041	133%
7/1/2014	---	39,266,548	39,266,548	0%	33,467,565	117%
7/1/2016	---	36,654,493	36,654,493	0%	36,192,769	101%
<b>PEBP</b>						
7/1/2012	---	\$ 6,363,081	\$ 6,363,081	0%	N/A*	N/A*
7/1/2014	---	5,386,309	5,386,309	0%	N/A*	N/A*
7/1/2016	---	4,023,171	4,023,171	0%	N/A*	N/A*

\* PEBP is a closed plan; and therefore, there are no current employees covered by the PEBP.

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**  
Schedule of Proportionate Share of the PERS Net Pension Liability  
For the Years Ended June 30, 2016 and the Last 9 Fiscal Years<sup>(2)</sup>

	<b>2014</b>	<b>2015</b>	<b>2016</b>
LVCVA proportion of net pension liability	0.54167%	0.55623%	0.56294%
LVCVA proportionate share of net pension liability	\$ 56,452,216	\$ 63,740,412	\$ 75,755,148
LVCVA's covered employee payroll <sup>(1)</sup>	\$ 32,046,157	\$ 33,468,391	\$ 34,395,199
LVCVA's proportionate share of the net pension liability as a percentage of LVCVA's covered employee payroll	57%	53%	45%
Plan fiduciary net position as a percentage of total pension liability	76%	75%	72%

<sup>(1)</sup>As required by implementation of GASB Statement No. 82, amounts were restated to reflect payroll on which contributions to the pension are based.

<sup>(2)</sup>Only three years of historical data available since the first year of GASB Statement No. 68 implementation.

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**  
Schedule of Contributions to PERS Pension Plan  
For the Years Ended June 30, 2017 and the Last 9 Fiscal Years<sup>(2)</sup>

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Contractually required contribution	\$ 8,204,400	\$ 8,585,609	\$ 9,545,749	\$ 10,088,792
Contributions in relation to the contractually required contribution	8,204,400	8,585,609	9,545,749	10,088,792
Contribution deficiency	\$ -	\$ -	\$ -	\$ -
LVCVA's covered employee payroll*	\$ 32,046,157	\$ 33,468,391	\$ 34,395,199	\$ 36,192,769
Contributions as a percentage of covered employee payroll	26%	26%	28%	28%

<sup>(1)</sup>As required by implementation of GASB Statement No. 82, amounts were restated to reflect payroll on which contributions to the pension are based.

<sup>(2)</sup>Only four years of historical data available since the first year of GASB Statement No. 68 implementation.

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual

General Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Room taxes and gaming fees	\$ 268,950,000	\$ 271,750,000	\$ 282,982,617	\$ 11,232,617
Charges for services	60,327,000	66,577,000	68,007,099	1,430,099
Interest and investment earnings	231,100	231,100	389,506	158,406
Miscellaneous	2,700	2,700	8,100	5,400
Total revenues	<u>329,510,800</u>	<u>338,560,800</u>	<u>351,387,322</u>	<u>12,826,522</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	20,173,800	23,388,100	19,532,835	3,855,265
<b>Marketing:</b>				
Advertising	96,500,000	96,600,000	95,905,154	694,846
Marketing and sales	45,164,200	49,614,200	45,094,547	4,519,653
Special events	14,280,600	13,980,600	12,196,297	1,784,303
Operations	44,866,100	41,651,800	39,289,787	2,362,013
<b>Community support:</b>				
Other community support	27,395,000	25,500,000	25,000,000	500,000
Total expenditures	<u>248,379,700</u>	<u>250,734,700</u>	<u>237,018,620</u>	<u>13,716,080</u>
Excess of revenues over expenditures	<u>81,131,100</u>	<u>87,826,100</u>	<u>114,368,702</u>	<u>26,542,602</u>
<b>Other financing sources (uses):</b>				
Transfers in	109,900	109,900	209,689	99,789
Transfers out	(78,073,300)	(112,898,300)	(111,751,681)	1,146,619
Proceeds from the sale of assets	58,000	58,000	24,271	(33,729)
Total other financing sources (uses):	<u>(77,905,400)</u>	<u>(112,730,400)</u>	<u>(111,517,721)</u>	<u>1,212,679</u>
Net change in fund balances	3,225,700	(24,904,300)	2,850,981	27,755,281
Fund balances - beginning	52,953,857	52,953,857	52,953,857	-
Fund balances - ending	<u>\$ 56,179,557</u>	<u>\$ 28,049,557</u>	<u>\$ 55,804,838</u>	<u>\$ 27,755,281</u>

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Notes to the Required Supplementary Information

For the Year Ended June 30, 2017

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

For the year ended June 30, 2017, no significant events occurred that would have affected or changed the benefits provision, size or composition of those covered by the other post-employment benefit plans, or actuarial methods and assumptions used in the actuarial valuation reports dated July 1, 2016, 2014 and 2012.

The actuarial accrued liability and unfunded actuarial accrued liability involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. These estimates are subject to continual revisions.

Additional information related to postemployment benefits other than pensions can be found in Note 11 to the financial statements on pages 43 through 46 of this report.

**NOTE 2: PERS PENSION PLAN:**

For the year ended June 30, 2017, no significant events occurred that would have affected or changed the benefits provision, size or composition of those covered by the pension plan, or actuarial methods and assumptions used in the actuarial valuation report dated June 30, 2017.

Additional information related to postemployment benefits other than pensions can be found in Note 10 to the financial statements on pages 39 through 43 of this report.

**NOTE 3. BUDGET INFORMATION:**

The accompanying general fund schedule of revenues, expenditures and change in fund balance presents the original adopted budget, the final amended budget and actual general fund data. The original budget was adopted on a basis consistent with the LVCVA's financial accounting policies and with accounting principles generally accepted in the United States. All amendments made to the original budget were as prescribed by law and similarly consistent.

Additional budgetary information can be found in Note 3 to the financial statements on page 28 through 29 of this report.

## INDIVIDUAL FUND INFORMATION

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

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#### **Governmental Funds**

##### Capital Projects Fund

This fund accounts for capital expenditures for furniture, equipment, intangibles, and routine improvements or additions to land and buildings financed by general government resources. It also accounts for capital grants to other governments, which are for the express purpose of capital construction activities by the other government.

##### LVCCD Capital Fund

This fund accounts for all project costs related to LVCCD Phase Two and Three of the expansion and renovation project, as well as accounting for transfers from the general fund and tax revenues enacted and restricted by the Nevada legislature.

##### Debt Service Fund

This fund accounts for the accumulation of resources and principal and interest payments of the LVCVA's long-term debt.

#### **Proprietary Fund**

##### Internal Service Fund

This fund is used to accumulate monies in reserve for future payment of other post-employment benefits liabilities.

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**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual

Capital Projects Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Interest and investment earnings	\$ 285,000	\$ 285,000	\$ 323,975	\$ 38,975
Miscellaneous	-	-	1,320,442	1,320,442
Total revenues	<u>285,000</u>	<u>285,000</u>	<u>1,644,417</u>	<u>1,359,417</u>
<b>Expenditures:</b>				
Capital outlay:				
Land	-	10,000,000	19,706,870	(9,706,870)
Land improvements	1,045,000	1,407,400	626,893	780,507
Buildings	3,386,500	4,386,600	2,955,426	1,431,174
Furniture and equipment	3,418,500	4,677,700	1,400,099	3,277,601
Construction in progress	107,500,000	71,315,300	338,367	70,976,933
Noncapitalized assets	-	-	1,040,512	(1,040,512)
Capital grants to other governments	-	17,881,830	17,754,180	127,650
Debt service:				
Principal	-	-	72,672	(72,672)
Interest	-	-	10,162	(10,162)
Total expenditures	<u>115,350,000</u>	<u>109,668,830</u>	<u>43,905,181</u>	<u>65,763,649</u>
Deficiency of revenues under expenditures	<u>(115,065,000)</u>	<u>(109,383,830)</u>	<u>(42,260,764)</u>	<u>67,123,066</u>
<b>Other financing sources (uses):</b>				
Transfers in	10,350,000	11,500,000	11,500,000	-
Transfers out	-	(3,255,000)	(3,255,000)	-
Issuance of capital lease obligation	-	-	379,273	379,273
Issuance of debt	50,000,000	50,000,000	-	(50,000,000)
Total other financing sources	<u>60,350,000</u>	<u>58,245,000</u>	<u>8,624,273</u>	<u>(49,620,727)</u>
Net change in fund balances	<u>(54,715,000)</u>	<u>(51,138,830)</u>	<u>(33,636,491)</u>	<u>17,502,339</u>
Fund balances - beginning	<u>79,186,650</u>	<u>79,186,650</u>	<u>79,186,650</u>	<u>-</u>
Fund balances - ending	<u>\$ 24,471,650</u>	<u>\$ 28,047,820</u>	<u>\$ 45,550,159</u>	<u>\$ 17,502,339</u>

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual

LVCCD Capital Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Room tax	\$ -	\$ 10,500,000	\$ 11,246,673	\$ 746,673
Interest and investment earnings	-	-	80,289	80,289
Total revenues	-	10,500,000	11,326,962	826,962
Expenditures:				
Construction in progress	-	3,500,000	904,470	2,595,530
Noncapitalized assets	-	-	5,124	(5,124)
Total expenditures	-	3,500,000	909,594	2,590,406
Excess of revenues over expenditures	-	7,000,000	10,417,368	3,417,368
Other financing sources:				
Transfers in	-	23,255,000	23,255,000	-
Transfers in - Excess Collection Allocation	-	2,175,000	3,298,262	1,123,262
Total other financing sources	-	25,430,000	26,553,262	1,123,262
Net change in fund balances	-	32,430,000	36,970,630	4,540,630
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ 32,430,000	\$ 36,970,630	\$ 4,540,630

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Schedule of Revenues, Expenditures and Change in Fund Balance - Budget and Actual

Debt Service Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Interest and investment earnings	\$ 109,900	\$ 109,900	\$ 154,298	\$ 44,398
Federal grant subsidy	2,530,213	2,530,213	4,711,257	2,181,044
	<u>2,640,113</u>	<u>2,640,113</u>	<u>4,865,555</u>	<u>2,225,442</u>
<b>Expenditures:</b>				
5/07 Refunding Bond				
Principal	2,890,000	2,890,000	2,890,000	-
Interest	231,225	231,225	231,225	-
11/07 Revenue Bond				
Principal	1,150,000	1,150,000	1,150,000	-
Interest	2,024,085	1,023,543	1,023,543	-
7/08 General Obligation Bond (NDOT)				
Principal	585,000	585,000	585,000	-
Interest	1,078,385	1,078,385	1,078,385	-
2010A General Obligation Bond (NDOT/BABs)				
Interest	4,721,166	4,721,166	4,721,166	-
2010B General Obligation (NDOT)/Refunding Bond				
Principal	2,400,000	2,400,000	2,400,000	-
Interest	1,943,000	1,943,000	1,943,000	-
2010C General Obligation Bond (NDOT/BABs)				
Principal	4,325,000	4,325,000	4,325,000	-
Interest	9,823,695	9,823,695	9,823,695	-
2010E Revenue Refunding Bond				
Principal	1,730,000	1,730,000	1,730,000	-
Interest	4,039,182	4,039,182	4,039,182	-
2012 General Obligation Bond				
Principal	1,055,000	1,055,000	1,055,000	-
Interest	675,523	675,523	675,523	-
2014 General Obligation Bond				
Interest	2,076,348	2,076,348	2,076,348	-
2015 General Obligation Bond				
Principal	13,685,000	13,685,000	13,685,000	-
Interest	7,716,850	7,716,850	7,716,850	-
2016B Term Loan				
Principal retirement	-	69,200,000	69,200,000	-
Interest	-	54,734	54,734	-
2016C Refunding				
Interest	-	1,689,208	1,689,208	-
Subordinate Revenue Bond (Line of Credit)				
Principal retirement	1,000,000	1,000,000	1,000,000	-
Interest	1,830,000	11,202,830	299,970	10,902,860
Payment to refunded debt escrow agent	69,200,000	69,200,000	69,200,000	-
Debt issuance costs	170,000	1,093,892	1,013,919	79,973
Total expenditures	<u>134,349,459</u>	<u>214,589,581</u>	<u>203,606,748</u>	<u>10,982,833</u>
Deficiency of revenues under expenditures	<u>(131,709,346)</u>	<u>(211,949,468)</u>	<u>(198,741,193)</u>	<u>13,208,275</u>
<b>Other financing sources (uses):</b>				
Transfers in	62,223,300	68,723,300	66,453,419	(2,269,881)
Issuance of debt	70,200,000	192,080,000	192,080,000	-
Premium on debt issuance	-	13,870,085	13,870,085	-
Transfers out	(109,900)	(109,900)	(209,689)	(99,789)
Payment to refunded debt escrow agent	-	(66,316,403)	(66,316,402)	1
Total other financing sources (uses):	<u>132,313,400</u>	<u>208,247,082</u>	<u>205,877,413</u>	<u>(2,369,669)</u>
Net change in fund balances	604,054	(3,702,386)	7,136,220	10,838,606
Fund balances - beginning	55,096,758	55,096,758	55,096,758	-
Fund balances - ending	<u>\$ 55,700,812</u>	<u>\$ 51,394,372</u>	<u>\$ 62,232,978</u>	<u>\$ 10,838,606</u>

**LAS VEGAS CONVENTION AND VISITORS AUTHORITY**

Schedule of Revenues, Expenses and Change in Net Position - Budget and Actual

Internal Service Fund

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Non-operating revenues (expenses):				
Interest and investment earnings	\$ 185,200	\$ 185,200	\$ 66,379	\$ (118,821)
Income before transfers	185,200	185,200	66,379	(118,821)
Transfers in	5,500,000	10,500,000	10,500,000	-
Change in net position	5,685,200	10,685,200	10,566,379	(118,821)
Net position - beginning	14,346,854	14,346,854	14,346,854	-
Net position - ending	\$ 20,032,054	\$ 25,032,054	\$ 24,913,233	\$ (118,821)

## **APPENDIX B**

### **SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION**

The following statements are a summary of certain provisions of the 2017B Bonds. Such statements do not purport to be complete and reference is made to the Bond Resolution (also referred to herein as the 2017B Revenue Refunding Bond Resolution), copies of which are on file and available for examination at the office of the Chief Financial Officer of the Authority. All capitalized terms used herein without definition have the respective meanings specified in the 2017B Revenue Refunding Bond Resolution.

#### **Certain Definitions**

Certain terms used in the 2017B Revenue Refunding Bond Resolution are defined substantially as follows:

“Annual Principal and Interest Requirements” means the sum of the principal of and interest on the Bonds and any other Outstanding Parity Securities to be paid during any Bond Year, but excluding any reserve requirements to secure such payments unless otherwise expressly provided. In calculating this amount, any principal amount of securities required to be redeemed prior to maturity pursuant to a mandatory redemption schedule contained in the resolution, ordinance or other instrument authorizing the issuance of such securities shall be treated as maturing in the Bond Year in which such amounts are so required to be redeemed, rather than in the Bond Year in which the stated maturity of such securities occurs. In the case of any calculation of the annual principal and interest requirements to be paid in the future on any bonds with respect to which the Authority expects to receive a BAB Credit, “interest” for any Bond Year shall be treated as the amount of interest to be paid by the Authority on those bonds in that Bond Year less the amount of the BAB Credit then expected to be paid by the United States with respect to interest payments on those bonds in that Bond Year and required by the ordinance or other instrument authorizing those bonds to be used to pay interest on those bonds in that Bond Year or to reimburse the Authority for amounts already used to pay interest on those bonds in that Bond Year. If the BAB Credit is not expected to be received as of the date of such a calculation, “interest” shall be the total amount of interest to be paid by the Authority on the Bonds without a deduction for the credit to be paid by the United States under Section 6431 of the Tax Code. The Chief Financial Officer may certify in writing the expected amount and expected date of receipt of any BAB Credit, and that certificate shall be conclusive for purposes of this Resolution.

“Average annual principal and interest requirements” means (i) the Bond Requirements of the 2017B Bonds payable from the Pledged Revenues, which Bond Requirements come due during any Bond Year from the date of calculation to the last day on which any of the 2017B Bonds are due and payable, but not including any 2017B Bonds which are no longer Outstanding under the defeasance provisions of Section 1001 of the 2017B Revenue Refunding Bond Resolution, (ii) divided by the number of years (including any fraction thereof) from the date of the calculation of the average annual principal and interest requirements to the last day on which any of the 2017B Bonds are due and payable.

“Authority” means the Las Vegas Convention and Visitors Authority, constituting a recreation board under the Project Act so far as are concerned the powers granted thereto under

the Project Act and all laws supplemental thereto, and including any successor governing body with respect to such powers.

“Authority Board” means the Board of Directors of the Las Vegas Convention and Visitors Authority of Clark County, Nevada, including any successor governing body of the Authority.

“Authority Treasurer” means the de jure or de facto treasurer chosen and designated as treasurer by the Authority, or his or her successor in functions, if any.

“Board” means the Board of County Commissioners of Clark County, Nevada, including any successor governing body of the County.

“Bond Act” means NRS 350.500 through 350.720, and all laws amendatory thereof, designated in NRS 350.500 as the Local Government Securities Law.

“2017B Bond Fund” means the special account designated as the “Las Vegas Convention and Visitors Authority, Nevada Revenue Refunding Bonds, Series 2017B, Pledged Revenues Interest and Principal Retirement Fund,” created in Section 602 of the 2017B Revenue Refunding Bond Resolution and required to be accumulated and maintained as provided in Section 609 of the 2017B Revenue Refunding Bond Resolution.

“Bond Requirements” means the principal of, any prior redemption premiums due in connection with, and the interest on the Bonds and any Parity Securities hereafter issued, or such part of such securities or such other securities relating to the Facilities as may be designated, as such principal, premiums and interest become due, at maturity, pursuant to a mandatory redemption schedule, on call for optional redemption, or otherwise.

“Bond Year” means the 12 months commencing on July 2 of any calendar year and ending on July 1 of the next succeeding calendar year.

“Bonds” means the 2017B Bonds and the Existing Bonds.

“2007 Refunding Bonds” means the “Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Refunding Bonds (Additionally Secured with Pledged Revenues), Series 2007.”

“2008 Bonds” means the “Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Transportation Bonds (Additionally Secured with Pledged Revenues), Series 2008.”

“2010A&B Bonds” means the securities issued and designated as the “Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Transportation Bonds (Additionally Secured with Pledged Revenues), Series 2010A (Taxable Direct Pay Build America Bonds)” and the “Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Transportation and Refunding Bonds (Additionally Secured with Pledged Revenues), Series 2010B.”

“2010C Bonds” means the securities issued and designated as the “Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Transportation Bonds (Additionally Secured with Pledged Revenues), Series 2010C (Taxable Direct Pay Build America Bonds).”

“2010E Bonds” means the securities issued and designated as the “Las Vegas Convention and Visitors Authority, Nevada Revenue Refunding Bonds, Series 2010E.”

“2012 Bonds” means the securities issued and designated as the “Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Bonds (Additionally Secured with Pledged Revenues), Series 2012.”

“2014 Bonds” means the securities issued and designated as the “Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Bonds (Additionally Secured with Pledged Revenues), Series 2014.”

“2015 Bonds” means the securities issued and designated as the “Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Refunding Bonds (Additionally Secured with Pledged Revenues), Series 2015A.”

“2016C Bonds” means the securities issued and designated as the “Las Vegas Convention and Visitors Authority, Nevada Revenue Refunding Bonds, Series 2016C.”

“2017 Bonds” means the securities issued and designated as the “2017 Clark County, Nevada, General Obligation (Limited Tax) Las Vegas Convention and Visitors Authority Refunding Bonds (Additionally Secured with Pledged Revenues) Series 2017.”

“Budget Act” means NRS 354.470 to 354.626, inclusive, and all laws amendatory thereof, designated in NRS 354.470 as the Local Government Budget Act.

“Chairman” means the de jure or de facto chairman of the Authority, or such officer’s successor in functions, if any.

“City” means any incorporated city within the County, now consisting of Boulder, Henderson, Las Vegas, North Las Vegas and Mesquite, and “Cities” means collectively all such incorporated cities.

“City Clerk” means the de jure or de facto city clerk of any City or any officer performing duties commonly required of a city clerk of a City, or his or her successor in functions, if any.

“City Council” means the city council of a City or any other or successor legislative body of a City, as such governing body may be from time to time constituted.

“City License Taxes” means the license tax for revenue upon hotels and motels and certain other rental businesses, fixed by each City and assigned for a pledge to bonds by ordinance adopted by each City, pursuant to the City Tax Act and all laws supplemental thereto and includes any license taxes subsequently substituted therefor.

“City Tax Act” means the act now cited as NRS 268.095, as amended.

“City Treasurer” means the de jure or de facto city treasurer of a City or any officer performing duties commonly required of a city treasurer of a City, or his or her successor in functions, if any.

“Combined Maximum Annual Principal and Interest Requirements” means the greatest of the Annual Principal and Interest Requirements to be paid during any Bond Year for the period beginning with the Bond Year in which such computation is made and ending with the Bond Year in which any Bond last becomes due at maturity or on a redemption date on which any Bond thereafter maturing is called for prior redemption.

“Commercial Bank” means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation and which is located within the United States; and such term includes, without limitation, any trust bank.

“Comparable Bond Year” means, in connection with any Fiscal Year, the Bond Year which commences in the Fiscal Year. For example, for the Fiscal Year commencing on July 1, 2017, the Comparable Bond Year commences on July 2, 2017 and ends on July 1, 2018.

“Costs of Issuance Account” means the special account designated as the “Las Vegas Convention and Visitors Authority, Revenue Refunding Bonds, Series 2017B, Costs of Issuance Account” created in the 2017B Revenue Refunding Bond Resolution.

“County” means the County of Clark in the State, and constituting a political subdivision thereof, or any successor municipal corporation; and where the context so indicates, either such term means the geographical area comprising the County. Except as otherwise expressly provided or necessarily implied in the 2017B Revenue Refunding Bond Resolution or in any law of the State, the County shall act by and through the Authority; and subject to any such exception, no reference in the 2017B Revenue Refunding Bond Resolution to the County shall be construed to the contrary.

“County Clerk” means the de jure or de facto county clerk of the County and designated as such by the County, or his or her successor in functions, if any.

“County License Taxes” means the license taxes for revenue upon hotels and motels and certain other rental businesses, fixed by the County, acting by and through the Board, and assigned for a pledge to bonds, pursuant to the County Tax Act, the Project Act and all laws supplemental thereto and includes any license taxes subsequently substituted therefor; however.

“County Tax Act” means the act now cited as NRS 244.335, as amended.

“County Treasurer” means the de jure or de facto county treasurer of the County and designated as such by the County, or his or her successor in functions, if any.

“Escrow Account” means the special account designated as the “Las Vegas Convention and Visitors Authority, Revenue Refunding Bonds, Series 2017B, Escrow Account” created in the 2017B Revenue Refunding Bond Resolution and held by the Escrow Bank.

“Escrow Agreement” means the agreement between the Authority and the Escrow Bank regarding the redemption of the Refunded Bonds.



“Escrow Bank” means The Bank of New York Mellon Trust Company, N.A., or any successor thereto.

“Events of Default” means the events stated in Section 1103 of the 2017B Revenue Refunding Bond Resolution.

“Existing Bonds” means the Outstanding 2017 Bonds, 2016C Bonds, 2015 Bonds, 2014 Bonds, 2012 Bonds, 2010E Bonds, 2010C Bonds, 2010A&B Bonds, 2008 Bonds, and 2007 Refunding Bonds.

“Facilities” means the Las Vegas Convention Center, and incidental recreational facilities under the jurisdiction of the Authority, including, without limitation, fairgrounds, auditoriums, fieldhouses, amusement halls, public parks, playgrounds, other recreational facilities, buildings therefor, improvements incidental thereto, and sites and grounds, equipment and furnishings therefor, as the same may thereafter (both heretofore and hereafter) from time to time be extended or otherwise improved, or any combination thereof.

“Facilities Revenues” means the gross revenues derived from the operation of the Facilities.

“Federal Government” means the United States, or any agency, instrumentality or corporation thereof.

“Federal Securities” means bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or obligations which are unconditionally guaranteed by, the United States.

“Fiscal Year” means the 12 months commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year; but if the Nevada legislature changes the statutory fiscal year relating to the Authority and the Facilities, the Fiscal Year shall conform to such modified statutory fiscal year from the time of each such modification, if any.

“Gross Revenues” means all the Facilities Revenues and all the proceeds from the License Taxes, but excluding the reasonable costs of the collection of the License Taxes not exceeding, for any collection period, an amount equal to 10% of the gross revenues collected from the License Taxes as more specifically provided in Section 926 of the 2017B Revenue Refunding Bond Resolution. As clarification of the foregoing term (i) all investment income from any fund or account established in the 2017B Revenue Refunding Bond Resolution, shall be treated as a part of the Gross Revenues; and (ii) with respect to the License Taxes, nothing in the 2017B Revenue Refunding Bond Resolution shall be deemed to be an assignment or pledge of any license tax on gaming, or of license taxes other than the License Taxes assigned or pledged by the Authority to the Existing Bonds by ordinances adopted by the Board of the County and City Councils of the Cities, prior to the delivery of the 2017B Bonds.

“Hereby,” “herein,” “hereinabove,” “hereinafter,” “hereinbefore,” “hereof” and any similar term refer to the 2017B Revenue Refunding Bond Resolution and not solely to the particular portion thereof in which the word is used; “heretofore,” means before the adoption of the 2017B Revenue Refunding Bond Resolution; and “hereafter” means after the adoption of the 2017B Revenue Refunding Bond Resolution.

“Holder” or any similar term, when used in conjunction with any coupons, any bonds, or any other securities, means the Person in possession and the apparent owner of the designated item if such obligation is registered to bearer or is not registered, or the term means the registered owner, as shown on the registration records, of any bond or other security which is registrable for payment if it shall at the time be registered for payment otherwise than to bearer.

“Income Fund” means the special account designated as the “Clark County, Nevada, Recreational Facilities and License Taxes Gross Revenues Income Fund,” continued in Section 602 of the 2017B Revenue Refunding Bond Resolution.

“Independent Accountant” means any certified public accountant, or any firm of certified public accountants, duly licensed to practice and practicing as such under the laws of the State, as from time to time appointed and compensated by the Authority:

(a) Who or which is, in fact, independent and not under the domination of the County and the Authority;

(b) Who or which does not have any substantial interest, direct or indirect, with the County and the Authority; and

(c) Who or which is not connected with the County or the Authority as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the County or the Authority.

“Interest Payment Date” means January 1 and July 1.

“License Taxes” means, collectively, the City License Taxes and the County License Taxes.

“Maximum annual principal and interest requirements” means the maximum sum of the principal of and interest on the Outstanding 2017B Bonds payable from the Pledged Revenues, to be paid during any one Bond Year for the period beginning with the Bond Year in which such computation is made and ending with the Bond Year in which any 2017B Bond last becomes due at maturity or on a date on which any 2017B Bond thereafter maturing has been called for prior redemption, but excluding any reserve requirements to secure such payments unless otherwise expressly provided. Any such computation shall be made by the Authority’s Chief Financial Officer or an Independent Accountant unless otherwise expressly provided.

“NRS” means Nevada Revised Statutes, as amended from time to time.

“Operation and Maintenance Expenses,” or any phrase of similar import, means all reasonable and necessary current expenses paid or accrued, of operating, maintaining and repairing the Facilities or of any other designated facilities in connection with which such term is used; and the term includes, except as limited by law, without limitation:

(a) Engineering, auditing, reporting, legal and other overhead expenses directly related and reasonably allocable to the administration, operation and maintenance of the Facilities;

(b) Fidelity bond and property and liability insurance premiums relating to the Facilities, or a reasonably allocable share of a premium of any blanket bond or policy relating to the Facilities;

(c) Payments to pension, retirement, health and hospitalization funds, and other insurance, and to any self-insurance fund as insurance premiums not in excess of the premiums which would otherwise be required for such insurance;

(d) Any general taxes, assessments, excise taxes or other charges which may be lawfully imposed on the County, the Authority, the Facilities, revenues therefrom, or the income from or operations of any properties under its control and relating to the Facilities, or any privilege in connection with the Facilities or their operation;

(e) The reasonable charges of any paying agent and depository relating to the Bonds and any other Parity Securities payable from the Pledged Revenues or otherwise relating to the Facilities;

(f) Contractual services, professional services, salaries, other administrative expenses, and costs of materials, supplies, repairs and labor, relating to the Facilities or to the issuance of the Bonds or any other securities relating to the Facilities, including, without limitation, the expenses and compensation of any trustee, receiver or other fiduciary under the Bond Act;

(g) The costs incurred by the Authority in the collection, other than collection costs deducted in arriving at Gross Revenues, as provided in Section 926 of the 2017B Revenue Refunding Bond Resolution, and any refunds of all or any part of the Gross Revenues;

(h) Any costs of utility services furnished to the Facilities;

(i) Any lawful refunds of any Gross Revenues;

(j) The procurement (except as hereinbelow limited) and the administration of conventions held in the County; and

(k) All other administrative, general and commercial expenses relating to the Facilities; but

(i) Excluding any allowance for depreciation;

(ii) Excluding any costs of extensions, enlargements, betterments and other improvements (or any combination thereof);

(iii) Excluding any reserves for major capital replacements (other than normal repairs);

(iv) Excluding any reserves for operation, maintenance or repair of the Facilities;

(v) Excluding any allowance for the redemption of any Bond or other security evidencing a loan or other obligation, or the payment of any interest thereon, or any prior redemption premium due in connection therewith;

(vi) Excluding any liabilities incurred in the acquisition or improvement of any properties comprising any Project or any existing facilities (or any combination thereof) relating to the Facilities, or otherwise;

(vii) Excluding any costs of advertising, publicizing and promoting the Facilities; and

(viii) Excluding any liabilities incurred as the result of its negligence in the operation of the Facilities or any other ground of legal liability not based on contract.

“Operation and Maintenance Fund” means the special account designated as the “Clark County, Nevada, Recreational Facilities Operation and Maintenance Fund” and continued in Section 602 of the 2017B Revenue Refunding Bond Resolution.

“Outstanding” when used with reference to the Bonds or any other designated securities and as of any particular date means all the Bonds or any such other securities payable from the Pledged Revenues or otherwise relating to the Facilities, as the case may be, in any manner theretofore and thereupon being executed and delivered:

(a) Except any Bond or other security canceled at or before such date;

(b) Except any Bond or other security the payment of which is then due or past due and moneys fully sufficient to pay which are on deposit with the Paying Agent;

(c) Except any Bond or other security for the payment or the redemption of which moneys at least equal to the Bond Requirements to the date of maturity or to any redemption date, shall have heretofore been deposited with a trust bank in escrow or in trust for that purpose, as provided in Section 1001 of the 2017B Revenue Refunding Bond Resolution; and

(d) Except any Bond or other security in lieu of or in substitution for which another Bond or other security shall have been executed and delivered pursuant to Section 306 or Section 1209 of the 2017B Revenue Refunding Bond Resolution.

“Parity Bonds” or “Parity Securities” means bonds, securities or other obligations which have a lien on the Pledged Revenues that is on a parity with the lien thereon of the Bonds.

“Paying Agent” means The Bank of New York Mellon Trust Company, N.A., or any successor as paying agent of the Bonds.

“Person” means a corporation, firm, other body corporate (including, without limitation, the Federal Government, the State, or any other body corporate and politic other than the County), partnership, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

“Pledged Revenues” means the Gross Revenues remaining after the payment of the Operation and Maintenance Expenses of the Facilities.

“President/CEO” means the de jure or de facto chief administrative officer of the Authority, or any officer performing duties commonly required of the chief administrative officer of the Authority, or his or her successor in functions, if any.

“Principal Payment Date” means July 1 of each year.

“Project Act” means the act authorizing the organization and reorganization of a county fair and recreation board in any county in the State, including, without limitation, the Authority and the County, respectively, and the exercise by the Authority on behalf of the County of certain powers designated in the 2017B Revenue Refunding Bond Resolution and relating to recreational facilities, including, without limitation, the issuance of bonds, which act is now cited as NRS 244A.597 through 244A.655, as amended.

“2017B Rebate Fund” means the “Las Vegas Convention and Visitors Authority, Nevada Revenue Bonds, Series 2017B, Rebate Fund” created in the 2017B Revenue Refunding Bond Resolution.

“Refunded Bonds” means all or a portion of the 2007 Bonds, the 2010E Bonds and the 2016B Subordinate Lien Bonds, if any.

“Registrar” means the Paying Agent or any successor Commercial Bank as bond registrar for the Bonds.

“Regular Record Date” means the fifteenth day of the calendar month next preceding each Interest Payment Date.

“Resolution” means this resolution, designated in Section 101 of the 2017B Revenue Refunding Bond Resolution by the short title “2017B Revenue Refunding Bond Resolution,” and the term “Resolution of the County,” “Resolution of the Authority,” “Amendatory Resolution,” “Supplemental Resolution” or any phrase of similar import means any resolution adopted by the Authority on its own behalf or on behalf of the County, as amended and supplemented from time to time.

“Secretary” means the de jure or de facto Secretary of the Authority and designated as such by the Authority, or his or her successor in functions, if any.

“Special Record Date” means a special date fixed by the Paying Agent to determine the names and addresses of Holders of 2017B Bonds for the payment of any defaulted interest on any 2017B Bonds, as further provided in Section 302 of the 2017B Revenue Refunding Bond Resolution. At least 10 days’ notice will be given by the Paying Agent by first-class regular mail to each Holder of a 2017B Bond, as stated on the Registrar’s registration

records at the close of business on a date fixed by the Paying Agent, stating the date of the Special Record Date and the due date fixed for the payment of such defaulted interest.

“State” means the State of Nevada, in the United States; and where the context so indicates, “State” means the geographical area comprising the State of Nevada.

“2016 Subordinate Bonds” means the Las Vegas Convention and Visitors Authority, Nevada, Subordinate Revolving Revenue Bond, Series 2016A.

“Subordinate Bonds” or “Subordinate Securities” means bonds, securities or other obligations heretofore or hereafter issued which have a lien on the Pledged Revenues that is subordinate and junior to the lien thereon of the Bonds, including the 2016 Subordinate Lien Bonds.

“Tax Code” means the Internal Revenue Code of 1986, as amended to the date of delivery of the 2017B Bonds.

“Trust Bank” means a Commercial Bank, which bank is authorized to exercise and is exercising trust powers, and also means any branch of the Federal Reserve Bank.

“United States” means the United States of America; and where the context so indicates, “United States” means the geographical area comprising the United States of America.

### **Security for the 2017B Bonds**

The 2017B Bonds are special obligations of the Authority, payable as to all debt service requirements (principal, interest, and any prior redemption premium) solely from and secured by an irrevocable pledge of and a lien (but not necessarily an exclusive lien) on the Pledged Revenues on a parity with a lien thereon of the Parity Securities.

The Authority has covenanted to prevent the governing bodies of the County and of each incorporated city within the County from permitting any trade, calling, industry, occupation, profession or business located in the County and subject to the payment of a License Taxes to avoid the payment of such tax at a later time after the issuance of the 2017B Bonds and from repealing or modifying any such License Taxes in any manner prejudicially and materially affecting the security for the payment of the 2017B Bonds.

### **Flow of Funds**

So long as any of the 2017B Bonds or any other Parity Securities are Outstanding, the entire Gross Revenues shall, upon their receipt from time to time by the Authority, be credited immediately to the Income Fund and transferred therefrom and applied in the following order of priority (and on a parity with such order of priority):

(a) From time to time into the Operation and Maintenance Fund moneys sufficient to pay Operation and Maintenance Expenses, as budgeted and approved in accordance with State budgetary procedures, as such expenses become due and payable;

(b) Monthly into the bond funds relating to the Outstanding Parity Securities and the 2017B Bonds, and periodically into any bond funds created for the payment of debt

service in the resolutions authorizing any additional Parity Securities then Outstanding, an amount which, with other periodic installments, will be sufficient, together with any other moneys available therefor, to pay the installments of principal and interest next due on the Parity Securities and the 2017B Bonds, and to pay the installments of principal and interest next maturing with respect to any such additional Parity Securities;

(c) To be credited by the Authority to the reserve funds for Parity Securities an amount required by the resolutions authorizing such Parity Securities;

(d) From time to time into a rebate fund for the purpose of making rebate payments to the U.S. Government pursuant to the Tax Code and the 2017B Revenue Refunding Bond Resolution; and

(e) To pay principal, interest, and redemption premiums on additional Subordinate Securities, if any, payable from Pledged Revenues, including reasonable reserves therefor.

Any Pledged Revenues remaining in the Income Fund at any time that all of the above payments in the required amounts have been made may be used for any lawful purpose or purposes relating to the Facilities, or otherwise, as the Authority may from time to time determine.

### **Parity Securities**

The Outstanding Parity Securities and the 2017B Bonds constitute a lien upon the Pledged Revenues on a parity with the pledges of liens on the Pledged Revenues to secure the payment of any additional Parity Securities hereafter authorized. Such additional Parity Securities (other than refunding securities) may be issued if:

(a) At the time of the adoption of the supplemental instrument authorizing the issuance of such additional Parity Securities, the Authority shall not be in default in making any payments required to be made to the certain funds designated in the 2017B Revenue Refunding Bond Resolution and described above under the caption "Flow of Funds"; and

(b) The Gross Revenues derived in the Fiscal Year immediately preceding the date of the issuance of such additional Parity Securities shall have been at least equal to an amount equal to the Operation and Maintenance Expenses of the Facilities for such Fiscal Year together with an amount equal to 150% of the Combined Maximum Annual Principal and Interest Requirements for the 2017B Bonds, and Outstanding Parity Securities and the additional Parity Securities then to be issued.

In making the calculations for paragraph (b) above, the Authority is required to increase Operations and Maintenance Expenses by the probable estimated increase in such expenses that will result from the construction of the facilities to be financed with such additional Parity Securities. Further, the Authority shall adjust Gross Revenues for any loss (and may adjust for any gain) conservatively estimated which results from any change in the schedule of License Taxes constituting a portion of Gross Revenues.

The 2017B Bonds and any Parity Securities heretofore or hereafter outstanding shall not be entitled to any priority one over the other in the application of the Pledged Revenues, regardless of the time or times of the issuance of the 2017B Bonds and any other such securities.

### **Refunding and Subordinate Securities**

The 2017B Revenue Refunding Bond Resolution provides that refunding securities may be issued only if the Bonds or other securities to be refunded at the time or times of their required surrender for payment shall then mature or be then callable for prior redemption for the purpose of refunding them at the Authority's option upon proper call, unless the Holders of all such securities consent to such surrender and payment. Except in certain events (absence of increase of principal and interest requirements, subordination of the lien of such refunding bonds, or meeting of the requirements for additional parity securities), partial refunding of an issue requires consent of the Holders of the unrefunded portion of the Outstanding Parity Securities payable from Pledged Revenues.

The 2017B Revenue Refunding Bond Resolution provides that the County or the Authority may issue Subordinate Securities.

### **Investments**

Any moneys in any account designated in the 2017B Revenue Refunding Bond Resolution, except for the Escrow Account, and not required for immediate use, may be invested or reinvested by the Authority Treasurer by deposit in one or more commercial banks, as provided in the 2017B Revenue Refunding Bond Resolution, or in bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or obligations which are unconditionally guaranteed by, the United States of America ("Federal Securities") or other investments permitted under State law (collectively, "Permitted Securities"). The Permitted Securities so purchased as an investment or reinvestment of moneys in any such account shall be deemed at all times to be a part of the account and held in trust therefor. Any interest or other gain in any account and any loss in any account from any investments and reinvestments in Permitted Securities shall be credited or debited, as the case may be, to the account in which the investment is held.

### **Reasonable and Adequate Charges**

The Authority covenants in the 2017B Revenue Refunding Bond Resolution to charge against users of the Facilities rentals, fees, rates, and charges sufficient to produce Gross Revenues annually, in an amount which, together with the proceeds from License Taxes (described under "AUTHORITY FINANCIAL INFORMATION") and any other funds available therefor, will pay:

- (a) The Operation and Maintenance Expenses of the Facilities;
- (b) 1.25 times the principal of and interest on the 2017B Bonds, any Outstanding Parity Securities, and any Outstanding Subordinate Bonds payable in that Bond Year;
- (c) Any other amounts required to be accumulated from the Pledged Revenues into any reserves or other accounts for such securities; and



(d) Any amounts required to meet then existing deficiencies in any account relating to the Pledged Revenues or any securities payable therefrom. This rate maintenance covenant is subject to compliance by the Authority with any Federal, State or other governmental agency legislation or regulations or other action taken pursuant to that legislation in the exercise of the police or other power thereof for the public welfare, which legislation, regulation or action limits or otherwise inhibits the amounts of any such charges due to the Authority for the use of any or all of the Facilities.

### **Operations Consultant**

If the Authority defaults in paying promptly the principal of, redemption premium, if any, and interest on the 2017B Bonds, any Parity Securities or any other securities payable from the Pledged Revenues as the same fall due, or in the keeping of any covenants contained in a the 2017B Revenue Refunding Bond Resolution, and if such default continues for a period of 60 days, or if the Pledged Revenues in any Fiscal Year fail to equal at least the amount of the debt service requirements of the 2017B Bonds, any Parity Securities and any other securities payable from the Pledged Revenues in the comparable Bond Year, the Authority shall retain a firm of competent operations consultants skilled in the operation of such facilities to assist the management of the Facilities so long as such default continues or so long as the Pledged Revenues are less than such amount.

### **Maintenance and Insurance**

The Authority covenants that it shall at all times operate the Facilities properly and in a sound and economical manner; and shall maintain, preserve and keep the same properly or cause the same so to be maintained, preserved, and kept, and shall from time to time make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the operation or other activities may be properly and advantageously conducted.

The Authority covenants that it will at all times maintain fire and extended coverage insurance, workmen's compensation insurance, public liability insurance, and all such other insurance as is customarily maintained with respect to facilities of like character against loss of or damage to the Facilities and against public and other liability to the extent reasonably necessary to protect the interests of the Authority and of each Holder of 2017B Bonds or any other security payable from Pledged Revenues. If at any time the Authority is unable to obtain insurance to the extent provided in the 2017B Revenue Refunding Bond Resolution, it shall maintain such insurance to the extent it is reasonably obtainable. The Authority may provide self-insurance in lieu of providing the insurance described above. If any useful part of the Facilities shall be damaged or destroyed, the Authority shall, as expeditiously as possible, commence and diligently prosecute the repair or replacement of the damaged or destroyed property so as to restore the same to use. The proceeds of any such property insurance relating to the Facilities shall be applied by the Authority to the necessary costs involved in such repair and replacement and to the extent not so applied, shall be deposited in the Income Fund as Gross Revenues. If the costs of such repair and replacement of the damaged or destroyed property exceed the proceeds of the property insurance available for payment of the same, moneys in the Income Fund shall be used to the extent necessary and available for such purposes.

## **Tax Covenant**

The Authority covenants for the benefit of the owners of the 2017B Bonds that it will not take any action or omit to take any action with respect to the 2017B Bonds, the proceeds thereof, any other funds of the Authority or any facilities refinanced with the proceeds of the 2017B Bonds if such action or omission (i) would cause the interest on the 2017B Bonds to lose its exclusion from gross income for federal income tax purpose under Section 103 of the Tax Code or (ii) would cause interest on the 2017B Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2017B Bonds until the date on which all obligations of the Authority in fulfilling the above covenant under the Tax Code have been met.

## **Events of Default and Remedies of Bondholders**

The 2017B Revenue Refunding Bond Resolution defines “Events of Default” as follows:

(a) There is a failure to pay when due the principal of the 2017B Bonds or any prior redemption premium in connection therewith, or any installment of interest as the same becomes due and payable;

(b) The Authority for any reason is rendered incapable of fulfilling its obligations under the 2017B Revenue Refunding Bond Resolution;

(c) The Authority fails to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under any contract relating to the Facilities or the Gross Revenues or otherwise (including the 2017B Revenue Refunding Bond Resolution), and such failure continues for 60 days after receipt of notice of such failure from the Holders to 10% in principal amount of the Outstanding 2017B Bonds;

(d) The Authority discontinues, unreasonably delays or fails to carry out with reasonable dispatch the reconstruction of any part of the Facilities which is destroyed or damaged;

(e) A decree is entered with the acquiescence or consent of the Authority appointing a receiver for the Facilities, the Gross Revenues, or any other moneys subject to the lien to secure payment of the 2017B Bonds, or such a decree is entered without the consent or acquiescence of the Authority, and is not vacated, discharged or stayed on appeal within 60 days after entry; or

(f) There is a default by the Authority in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the 2017B Bonds or in the 2017B Revenue Refunding Bond Resolution on its part to be performed, if such default continues for 60 days after written notice specifying such default and requiring the same to be remedied is given to the Authority by the Holders of 10% in principal amount of the Outstanding 2017B Bonds.

Upon the happening and continuance of an Event of Default, the Holders of not less than 10% in principal amount of the 2017B Bonds then Outstanding may proceed against the Authority and its agents, officers and employees to protect and enforce the rights of the 2017B Bond Holders under the 2017B Revenue Refunding Bond Resolution by mandamus or other suit, action or special proceedings, in equity or at law, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained therein or by an award of execution of any power granted in the 2017B Revenue Refunding Bond Resolution for the enforcement of any proper legal or equitable remedy, as such bondholders of 2017B Bonds may deem most effectual to protect and enforce such rights, or to enjoin any act or thing which may be unlawful or in violation of any right of any Holder of 2017B Bonds, or to require the Authority to act as if it were the trustee of an express trust or any combination of such remedies.

### **Defeasance**

When the principal of, any prior redemption premium, and interest on any 2017B Bond have been duly paid or provision has been made therefor in accordance with the 2017B Revenue Refunding Bond Resolution, the pledge and lien and all obligations under the 2017B Revenue Refunding Bond Resolution as to that 2017B Bond shall thereby be discharged, and the 2017B Bond shall no longer be deemed to be Outstanding within the meaning of the 2017B Revenue Refunding Bond Resolution. The Authority may provide for such payment by placing in escrow or in trust with a trust bank an amount sufficient (together with the known minimum yield available therefor from any initial investments in Federal Securities), to meet all requirements of principal, interest and any prior redemption premium as the same become due to final maturities or upon the date as of which the Authority shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the 2017B Bonds for payment.

### **Amendment of the 2017B Revenue Refunding Bond Resolution**

The 2017B Revenue Refunding Bond Resolution may be amended or supplemented by resolutions adopted by the Authority in accordance with the laws of the State, without receipt by the Authority if any additional consideration and without the consent of the Holders of the 2017B Bonds or the insurer of the 2017B Bonds, if any, in order to correct any format defect or ambiguity or in order to make any other change that does not materially and adversely affect the rights of the Holders of the 2017B Bonds, and otherwise upon the written consent of the insurer of the 2017B Bonds if they are insured, and if they are not insured, with the written consent of the Holders of a majority in principal amount of the 2017B Bonds then Outstanding. No resolution shall permit the following unless the insurer of the 2017B Bonds, if any, and all of the Holders of the 2017B Bonds adversely and materially affected thereby give their written consent to: (1) a change in the maturity or in the terms of redemption of the principal of or any installment of interest on any Outstanding 2017B Bond; (2) a reduction of the principal, interest rate or prior redemption premium of any 2017B Bond; (3) the creation of a lien upon or a pledge of revenues ranking prior to the lien or to the pledge created by the 2017B Revenue Refunding Bond Resolution; (4) a reduction of the percentages required to consent to any modification or amendment; (5) the establishment of priorities between Outstanding 2017B Bonds; or (6) any change materially and prejudicially modifying or otherwise materially and prejudicially affecting the rights or privileges of the Holders of less than all the 2017B Bonds then Outstanding.

## APPENDIX C

### BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2017B Bonds. The 2017B Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the 2017B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2017B Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2017B Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the 2017B Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC

and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2017B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2017B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2017B Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 2017B Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2017B Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2017B Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2017B Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2017B Bonds at any time by giving reasonable notice to the Authority or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.*

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2017B BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE 2017B BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

The Authority and the Registrar and Paying Agent may treat DTC (or its nominee) as the sole and exclusive owner of the 2017B Bonds registered in its name for the purpose of payment of the principal of or interest or premium, if any, on the 2017B Bonds, giving any notice permitted or required to be given to registered owners under the Bond Resolution, including any notice of redemption, registering the transfer of Bonds, obtaining any consent or other action to be taken by registered owners and for all other purposes whatsoever, and will not be affected by any notice to the contrary. The Authority and the Registrar and Paying Agent will not have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the 2017B Bonds under or through DTC or any DTC Direct Participant, Indirect Participant or other person not shown on the records of the Registrar as being a registered owner with respect to: the accuracy of any records maintained by DTC, any DTC Direct Participant or Indirect Participant regarding ownership interests in the 2017B Bonds; the payment by DTC, any DTC Direct Participant or Indirect Participant of any amount in respect of the principal of or interest or premium, if any, on the 2017B Bonds; the delivery to any DTC Direct Participant, Indirect Participant or any Beneficial Owner of any notice which is permitted or required to be given to registered owners under the Authorizing Document, including any notice of redemption; the selection by DTC, any DTC Direct Participant or any Indirect Participant of any person to receive payment in the event of a partial redemption of the 2017B Bonds; or any consent given or other action taken by DTC as a registered owner.

As long as the DTC book-entry system is used for the 2017B Bonds, the Registrar will give any notice of redemption or any other notices required to be given to registered owners of Bonds only to DTC or its nominee. Any failure of DTC to advise any DTC Direct Participant, of any DTC Direct Participant to notify any Indirect Participant, of any DTC Direct Participant or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the 2017B Bonds called for redemption or of any other action premised on such notice.

## APPENDIX D

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Las Vegas Convention and Visitors Authority, Nevada (the “Issuer”) in connection with the issuance of the Las Vegas Convention and Visitors Authority, Nevada, Revenue Refunding Bonds, Series 2017B, in the aggregate principal amount of \$\_\_\_\_\_ (the “Bonds”). The Bonds are being issued pursuant to a bond resolution adopted by the Board of Directors of the Issuer on November 14, 2017 (the “Resolution”) The Issuer covenants and agrees as follows:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Material Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB’s required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

**SECTION 3. Provision of Annual Reports.**

a. The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Issuer’s fiscal year of each year, commencing nine (9) months following the end of the Issuer’s fiscal year ending June 30, 2018, provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days

prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

b. If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall file or cause to be filed with the MSRB a notice in substantially the form attached as Exhibit A.

c. The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(2) if the Dissemination Agent is other than the Issuer, send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

a. A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

b. An update of the type of information identified in Exhibit B hereto, which is contained in the tables in the Official Statement with respect to the Bonds (excluding projections, forecasts and budgeted information which are not required to be updated).

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds:

a. Principal and interest payment delinquencies;

b. Non-payment related defaults, *if material*;



- c. Unscheduled draws on debt service reserves reflecting financial difficulties;
- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of credit or liquidity providers or their failure to perform;
- f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- g. Modifications to rights of bondholders, if material;
- h. Bond calls, if material, and tender offers;
- i. Defeasances;
- j. Release, substitution or sale of property securing repayment of the Bonds, if material;
- k. Rating changes;
- l. Bankruptcy, insolvency, receivership or similar event of the obligated person;\*
- m. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

SECTION 6. Format; identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

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\* *For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.*

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule [add any other applicable obligated persons]; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and

beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: \_\_\_\_\_, 2017.

LAS VEGAS CONVENTION AND VISITORS  
AUTHORITY, NEVADA

By: \_\_\_\_\_  
Chief Financial Officer

**EXHIBIT A**

**NOTICE OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Las Vegas Convention and Visitors Authority, Nevada

Name of Bond Issue: Las Vegas Convention and Visitors Authority, Nevada, Revenue Refunding Bonds, Series 2017B

CUSIP: \_\_\_\_\_

Date of Issuance: \_\_\_\_\_, 2017

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Resolution, adopted on November 14, 2017, and the Continuing Disclosure Certificate executed on \_\_\_\_\_, 2017, by the Issuer. The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_, \_\_\_\_\_

LAS VEGAS CONVENTION AND VISITORS  
AUTHORITY, NEVADA

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT B**

**INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED**

(See page -iv- of the Official Statement)

## APPENDIX E

### FORM OF APPROVING OPINION OF BOND COUNSEL

Las Vegas Convention and Visitors Authority  
3150 Paradise Road  
Las Vegas, Nevada 89109

\$ \_\_\_\_\_  
**Las Vegas Convention and Visitors Authority, Nevada**  
**Revenue Refunding Bonds**  
**Series 2017B**

Ladies and Gentlemen:

We have acted as bond counsel to the Las Vegas Convention and Visitors Authority in the State of Nevada (the “Authority” and the “State,” respectively) in connection with its issuance of “Las Vegas Convention and Visitors Authority, Nevada, Revenue Refunding Bonds, Series 2017B”, in the aggregate principal amount of \$\_\_\_\_\_ (the “Bonds”) pursuant to an authorizing resolution of the Authority’s Board of Directors adopted on November 14, 2017 (the “Bond Resolution”). In such capacity, we have examined the Authority’s certified proceedings and such other documents and such law of the State and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms by the Bond Resolution.

Regarding questions of fact material to our opinions, we have relied upon the certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds are valid and binding, special, limited obligations of the Authority payable solely from the Pledged Revenues and from funds and accounts pledged therefor under the Bond Resolution.

2. The Bond Resolution creates a valid lien on the Pledged Revenues pledged therein for the security of the Bonds on a parity with the Outstanding Parity Bonds and other Parity Bonds (if any) to be issued. The Bond Resolution also creates a valid lien on the 2017B Bond Fund. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Pledged Revenues or on funds and accounts created by the Bond Resolution.

3. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Tax Code”), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code (except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations). The opinions

expressed in this paragraph assume continuous compliance with the covenants and representations contained in the Authority's certified proceedings and in certain other documents and certain other certifications furnished to us.

4. Under the laws of the State in effect as of the date hereof, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the Authority incurred pursuant to the Bonds and the Bond Resolution may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

In expressing the opinions above, we are relying, in part, on a report of independent certified public accountants verifying (i) the mathematical computations of the adequacy of the maturing principal amounts of and interest on the investments and moneys included in the Escrow Account to pay all interest when due on the Refunded Bonds and the principal thereof and redemption premium becoming due on the prior redemption thereof or at stated maturity, and (ii) the mathematical calculations of the yield of the Bonds and the yield of certain investments made with the proceeds of the Bonds and other moneys deposited in the Escrow Account.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not opining upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state consequences arising from the receipt or accrual of interest on or the disposition or ownership of the Bonds, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

## APPENDIX F

### ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning the economic and demographic conditions in the County. This information is intended only to provide prospective investors with general information regarding the Authority's community. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The information presented was obtained from the sources indicated, and the Authority makes no representation as to the accuracy or completeness of the data obtained from parties other than the Authority.

#### Population and Age Distribution

Population. The table below sets forth the population growth of the County and the State since 1970. Between 2000 and 2017, the County's population increased approximately 60% and the State's population increased approximately 49%.

Year	<u>Population</u>			
	Clark County	Percent Change <sup>(1)</sup>	State of Nevada	Percent Change
1970	273,288	--	488,738	--
1980	463,087	69.5%	800,493	63.8%
1990	741,459	60.1	1,201,833	50.1
2000	1,375,765	85.5	1,998,257	66.3
2010	1,951,269	41.8	2,700,551	35.1
2011	1,967,722	0.8	2,721,794	0.8
2012	1,988,195	1.0	2,750,217	1.0
2013	2,031,723	2.2	2,800,967	1.8
2014	2,069,450	1.9	2,843,301	1.5
2015	2,118,353	2.4	2,897,584	1.9
2016	2,166,181	2.3	2,953,375	1.9
2017	2,198,682	1.5	2,982,636	1.0

Sources: United States Department of Commerce, Bureau of Census (1970-2010 as of April 1<sup>st</sup>), and Nevada State Department of Taxation (2011-2016 estimates as of July 1<sup>st</sup>; 2017 projection is as of March 1, 2017). Populations are subject to periodic revision.



Age Distribution. The following table sets forth a projected comparative age distribution profile for the County, the State and the United States as of January 1, 2017.

Age Distribution

Age	Percent of Population		
	Clark County	State of Nevada	United States
0-17	23.4%	23.0%	22.8%
18-24	8.9	8.8	9.7
25-34	14.2	13.9	13.4
35-44	14.0	13.4	12.6
45-54	13.4	13.3	13.1
55-64	11.8	12.4	12.9
65-74	8.8	9.4	9.1
75 and Older	5.5	5.8	6.4

Source: © 2017 The Nielsen Company.

**Income**

The following two tables reflect Median Household Effective Buying Income (“EBI”), and also the percentage of households by EBI groups. EBI is defined as “money income” (defined as follows) less personal tax and nontax payments. “Money income” is defined as the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deductions are made for personal income taxes (federal, state and local), personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied nonbusiness real estate. The resulting figure is known as “disposable” or “after-tax” income.

Median Household Effective Buying Income Estimates<sup>(1)</sup>

Year	Clark County	State of Nevada	United States
2013	\$40,897	\$40,617	\$41,358
2014	41,576	42,480	43,715
2015	43,603	44,110	45,448
2016	45,634	46,230	46,738
2017	47,610	47,914	48,043

(1) The difference between consecutive years is not an estimate of change from one year to the next; combinations of data are used each year to identify the estimated mean of income from which the median is computed.

Source: © The Nielsen Company, *SiteReports*, 2013-2017.

Percent of Households by Effective Buying Income Groups – 2017 Estimates

Effective Buying Income Group	Clark County Households	State of Nevada Households	United States Households
Under \$24,999	22.3%	22.6%	24.0%
\$25,000 - \$49,999	30.4	29.7	28.2
\$50,000 - \$74,999	21.4	21.2	19.3
\$75,000 - \$99,999	13.1	13.3	13.0
\$100,000 - \$124,999	5.6	5.9	6.0
\$125,000 - \$149,999	2.6	2.7	3.5
\$150,000 or more	4.6	4.6	6.0

Source: © 2017 The Nielsen Company.

The following table sets forth the annual per capita personal income levels for the residents of the County, the State and the nation.

Per Capita Personal Income<sup>(1)</sup>

Year	Clark County	State of Nevada	United States
2012	\$38,562	\$39,211	\$44,282
2013	38,028	38,939	44,493
2014	39,860	40,718	46,494
2015	41,915	43,118	48,451
2016	42,284	43,567	49,246

(1) County figures posted November 2017; state and national figures posted September 2017. All figures are subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

**Employment**

The average annual labor force summary for the Las Vegas-Henderson-Paradise Metropolitan Statistical Area (“MSA”) is set forth in the following table. The Las-Vegas-Henderson-Paradise MSA is coextensive with Clark County.

Average Annual Labor Force Summary  
Las Vegas-Henderson-Paradise MSA, Nevada  
(Estimates in Thousands)<sup>(3)</sup>

Calendar Year	2012	2013	2014	2015	2016	2017 <sup>(1)</sup>
TOTAL LABOR FORCE	999.5	1,005.0	1,019.9	1,039.4	1,048.0	1,063.6
Unemployment	112.5	96.9	81.5	71.5	60.8	53.8
Unemployment Rate <sup>(2)</sup>	11.3%	9.6%	8.0%	6.9%	5.8%	5.1%
Total Employment	887.0	908.1	938.5	968.0	987.2	1,009.8

(1) Averaged figures through October 31, 2017.

(2) The annual average U.S. unemployment rates for the years 2012 through 2016 are 8.1%, 7.4%, 6.2%, 5.3%, and 4.9, respectively.

(3) All figures are subject to change.

Sources: Research and Analysis Bureau Local Area Unemployment Statistics, Nevada Dept. of Employment, Training and Rehabilitation; and U.S. Bureau of Labor, Bureau of Labor Statistics.

The following table indicates the number of persons employed, by type of employment, in non-agricultural industrial employment in the Las Vegas-Henderson-Paradise MSA.

Industrial Employment<sup>(1)</sup>  
Las Vegas-Henderson-Paradise MSA, Nevada (Clark County)  
(Estimates in Thousands)

Calendar Year	2012	2013	2014	2015	2016	2017 <sup>(2)</sup>
Natural Resources and Mining	0.3	0.3	0.4	0.3	0.3	0.3
Construction	37.4	41.1	45.4	51.1	55.3	62.7
Manufacturing	20.2	20.7	21.1	21.6	22.1	22.5
Trade (Wholesale and Retail)	117.7	120.0	124.1	128.3	128.3	128.0
Transportation, Warehousing & Utilities	36.2	36.6	38.3	40.5	41.5	40.1
Information	9.7	9.8	10.6	10.6	11.1	10.9
Financial Activities	41.7	43.3	43.6	46.0	48.3	50.3
Professional and Business Services	106.7	111.6	117.7	126.6	133.8	140.2
Education and Health Services	75.6	79.2	82.3	86.6	91.7	95.1
Leisure and Hospitality (casinos excluded)	103.9	109.6	115.7	121.4	127.6	131.4
Casino Hotels and Gaming	157.9	157.8	162.6	161.1	158.5	159.3
Other Services	24.0	24.4	25.4	26.7	30.7	32.5
Government	<u>93.9</u>	<u>95.1</u>	<u>96.4</u>	<u>98.0</u>	<u>100.0</u>	<u>101.1</u>
TOTAL ALL INDUSTRIES	<u>825.2</u>	<u>849.4</u>	<u>883.4</u>	<u>918.7</u>	<u>949.2</u>	<u>974.2</u>

(1) Totals may not add up due to rounding. All numbers are subject to periodic revision.

(2) Averaged figures through October 31, 2017.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

The following table is based on unemployment insurance tax account numbers and is an estimate based on reported information. No independent investigation has been made of and consequently no assurances can be given as to the financial condition or stability of the employers listed below or the likelihood that such entities will maintain their status as major employers in the County.

Clark County's Ten Largest Employers  
2<sup>nd</sup> Quarter 2017

Employer	Employment Range	Industry
Clark County School District	30,000 - 39,999	Public education
Clark County	8,500 - 8,999	Local government
Wynn Las Vegas	8,000 - 8,499	Casino hotel
MGM Grand Hotel/Casino	7,500 - 7,999	Casino hotel
Bellagio LLC	7,500 - 7,999	Casino hotel
Aria Resort & Casino LLC	7,000 - 7,499	Casino hotel
Mandalay Bay Resort and Casino	7,000 - 7,499	Casino hotel
The Venetian/Palazzo Casino Resort	6,000 - 6,499	Casino hotel
University of Nevada – Las Vegas	5,500 - 5,999	University
Las Vegas Metropolitan Police	5,000 - 5,499	Local government

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

The following table sets forth the firm employment size breakdown for the County.

Size Class of Industries<sup>(1)</sup>  
Clark County, Nevada (Non-Government Worksites)

CALENDAR YEAR	2 <sup>nd</sup> Qtr. 2017	2 <sup>nd</sup> Qtr. 2016	Percent Change 2017/2016	Employment Totals 2 <sup>nd</sup> Qtr. 2017
<b>TOTAL NUMBER OF WORKSITES</b>	54,453	55,496	(1.9)%	863,480
Less Than 10 Employees	40,518	42,017	(3.6)	105,342
10-19 Employees	6,668	6,484	2.8	90,416
20-49 Employees	4,546	4,391	3.5	136,602
50-99 Employees	1,490	1,413	5.4	102,434
100-249 Employees	872	840	3.8	129,250
250-499 Employees	192	188	2.1	67,486
500-999 Employees	98	95	3.2	65,631
1000+ Employees	69	68	1.5	166,319

(1) Subject to revisions.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

### **Retail Sales**

The following table sets forth a record of taxable sales in the County and the State.

Taxable Sales<sup>(1)</sup>

<u>Fiscal Year<sup>(2)</sup></u>	<u>County Total</u>	<u>Percent Change</u>	<u>State Total</u>	<u>Percent Change</u>
2013	\$32,566,664,630	--	\$45,203,408,413	--
2014	35,040,891,695	7.6%	47,440,345,167	4.9%
2015	37,497,073,742	7.0	50,347,535,591	6.1
2016	39,242,730,088	4.7	52,788,295,421	4.8
2017	40,888,477,460	4.2	56,547,741,530	7.1
Jul 16 – Aug 16	\$ 6,528,344,056	--	\$ 9,079,845,338	--
Jul 17 – Aug 17	6,723,405,641	3.0%	9,470,895,573	4.3%

(1) Subject to revision.

(2) Fiscal year runs from July 1 to the following June 30.

Source: State of Nevada - Department of Taxation.

## Construction

Construction valuation is a value placed on a project in order to determine permit and plans check fees. Construction valuation has no relationship to assessed valuation. Set forth in the following table is a summary of the number and valuation of new single-family (including townhomes and condos) building permits within the County and its incorporated areas.

Residential Building Permits

Clark County, Nevada

(Values in Thousands)

Calendar Year	2013		2014		2015		2016		2017 <sup>(2)</sup>	
	Permits	Value	Permits	Value	Permits	Value	Permits	Value	Permits	Value
Las Vegas	1,538	\$201,412	1,453	\$202,296	1,663	\$243,674	1,503	\$309,105	1,287	\$ 239,548
North Las Vegas	506	70,222	491	66,508	698	91,462	804	107,004	678	106,336
Henderson	1,352	185,094	1,318	196,285	1,696	255,663	2,197	317,413	1,804	206,932
Mesquite	202	33,066	196	34,323	206	40,564	246	56,274	252	56,179
Unincorporated										
Clark County	3,593	449,225	3,428	452,740	3,847	492,320	4,048	518,263	3,635	490,475
Boulder City <sup>(1)</sup>	10	3,401	16	5,199	22	6,977	3	962	3	1,195
TOTAL	7,201	\$942,420	6,902	\$957,351	8,132	\$1,130,660	8,801	\$1,309,021	7,659	\$1,100,665

(1) Boulder City imposed a strict growth control ordinance effective July 1, 1979.

(2) As of September 30, 2017.

Sources: Building Departments: Las Vegas, North Las Vegas, Henderson, Mesquite, Clark County; and Boulder City.

The following table is a summary of the total valuation of all building permits within the County and its incorporated areas.

### Total Building Permits

Calendar Year	2012	2013	2014	2015	2016	2017 <sup>(1)</sup>
Las Vegas	\$ 411,022,949	\$ 497,750,543	\$ 596,103,559	\$ 602,775,475	\$ 690,905,467	\$ 700,647,595
North Las Vegas	158,651,851	203,590,405	263,192,557	262,266,938	394,803,755	440,703,849
Henderson	243,753,376	359,371,027	385,009,871	423,923,070	595,334,431	275,903,937
Mesquite	28,789,392	38,879,662	38,059,247	45,697,056	66,907,918	66,831,218
Unincorporated						
Clark County	1,661,632,803	1,631,904,822	1,987,655,692	2,251,507,323	2,306,747,407	1,830,901,872
Boulder City	96,450,660	333,212,307	29,391,159	18,566,548	92,521,659	6,510,589
<b>TOTAL</b>	<b>\$2,600,301,031</b>	<b>\$3,064,708,766</b>	<b>\$3,299,412,085</b>	<b>\$3,604,736,410</b>	<b>\$4,147,220,637</b>	<b>\$3,321,499,060</b>
Percent Change	60.59%	17.86%	7.66%	9.25%	15.05%	--

(1) As of September 30, 2017.

Sources: Building Departments: Las Vegas, North Las Vegas, Henderson, Mesquite, Clark County; and Boulder City.

### **Gaming**

**General.** The economy of County (and the State) is substantially dependent upon the tourist industry, which is based on legalized casino gambling and related forms of entertainment. The following table sets forth a history of the gross taxable gaming revenue and total gaming taxes collected in the County and the State. Over the past five years, an average of 85.7% of the State's total gross taxable gaming revenue has been generated from Clark County.

#### Gross Taxable Gaming Revenue and Total Gaming Taxes<sup>(1)</sup>

Fiscal Year Ended	Gross Taxable Gaming Revenue <sup>(2)</sup>		% Change Clark County	State Gaming Collection <sup>(3)</sup>		% Change Clark County
	State Total	Clark County		State Total	Clark County	
June 30						
2013	\$10,208,528,371	\$8,758,837,726	--	\$892,106,457	\$774,549,912	--
2014	10,208,211,093	8,768,009,640	0.10%	912,371,316	795,514,687	2.71%
2015	10,511,527,575	9,025,697,588	2.94	909,857,085	790,506,339	(0.63)
2016	10,612,521,986	9,105,165,777	0.88	876,040,147	756,465,063	(4.31)
2017	10,964,843,874	9,418,288,485	3.44	874,777,727	752,463,971	(0.53)
July-Sept. 2016	\$ 2,723,531,735	\$ 2,302,464,713	--	\$ 193,344,417	\$ 162,327,990	--
July-Sept. 2017	2,844,981,992	2,401,225,195	4.29%	192,812,547	161,501,016	(0.51)%

(1) The figures shown are subject to adjustments due to amended tax filings, fines and penalties.

(2) The total of all sums received as winnings less only the total of all sums paid out as losses (before operating expenses).

(3) Cash receipts of the State from all sources relating to gaming (General Fund and other revenues) including percentage license fees, quarterly flat license fees, annual license fees, casino entertainment taxes, annual slot machine taxes, penalties, advance fees, and miscellaneous collections. A portion of collections is deposited to the State funds other than the State's General Fund.

Source: State of Nevada - Gaming Control Board.

**Gaming Competition.** Different forms of legalized gaming have been authorized by many states, as well as the tribal casinos, across the United States. Other states may authorize gaming in the future in one form or another. The different forms of gaming range from casino gaming to riverboat gambling to lotteries and internet gaming. Historically, the availability of

these forms of gaming in other states has not had any significant impact on gaming in the County. Nonetheless, neither the County nor the Commission can predict the impact of legalization of legalized gaming in other states or other countries on the future economy of the County.

## Tourism

Tourism is an important industry in the County. Hoover Dam, Lake Mead, Mt. Charleston and other tourist attractions are in the County. Attractions such as the Great Basin, Grand Canyon, Yosemite, Bryce Canyon, Zion, and Death Valley National Parks are each within a short flight or day's drive of southern Nevada.

## Transportation

Clark County, through its Department of Aviation, operates an airport system comprised of McCarran International Airport ("McCarran") and a reliever airport in North Las Vegas. Other general aviation airports in the County include Jean Sport, Overton/Perkins Field and Henderson Executive Airport in Henderson. Boulder City Municipal Airport, which is not owned by the County, is located in the southeastern part of Clark County.

Nearly half of all Las Vegas visitors arrive by air via McCarran, making it a major driving force in the southern Nevada economy. McCarran's long range plan focuses on building and maintaining state-of-the-art facilities, maximizing existing resources, and capitalizing on new and innovative technology. McCarran opened Terminal 3 in 2012, a new 1.9 million-square-foot facility, which eases congestion within garages, ticketing lobbies and security checkpoints. McCarran reported 47.4 million arriving and departing passengers in 2016, making the year the second-busiest in the airport's 68-year history. In recent years, much of the airport's new service has come from markets outside of the United States, including the most recent addition of Hainan Airlines' nonstop flight from China. A history of passenger statistics is set forth in the following table.

McCarran International Airport Enplaned & Deplaned Passenger Statistics

Calendar Year	Scheduled Carriers	Charter, Commuter & Other Aviation	Total	Percent Change
2012	39,807,361	1,860,235	41,667,596	--
2013	40,334,735	1,522,324	41,857,059	0.5%
2014	41,327,024	1,558,326	42,885,350	2.5
2015	43,933,404	1,455,670	45,389,074	5.8
2016	45,857,096	1,578,544	47,435,640	4.5
2017 <sup>(1)</sup>	35,087,226	1,331,528	36,418,754	--

(1) As of September 30, 2017. Total passengers increased 2.3% over year-to-date passenger count for the same time period in 2016.

Source: McCarran International Airport.

A major railroad crosses Clark County. There are nine federal highways in Nevada, two of which are part of the interstate system. Interstate 15, connecting Salt Lake City

and San Diego, passes through Las Vegas and provides convenient access to the Los Angeles area. Interstate 80 connects Salt Lake City with the San Francisco Bay area and passes through the Reno-Sparks area. Several national bus lines and trucking lines serve the State.

U.S. Highways 95 and 93 are major routes north from Las Vegas, through Reno and Ely, Nevada, respectively. South of Las Vegas, U.S. 95 extends to the Mexican border, generally following the Colorado River, and U.S. 93 crosses Hoover Dam into Arizona.

### **Federal Activities**

Operations and facilities of the federal government in the State have been significant, beginning with Hoover Dam in the 1930's, an Army Air Force gunnery school (which later became Nellis Air Force Base) during World War II, and the subsequent creation of the Nevada Test Site. Currently, the following federal activities are located in the County.

Hoover Dam. Hoover Dam, operated by the Bureau of Reclamation, is a multiple-purpose development. The dam controls floods and stores water for irrigation, municipal and industrial uses, hydroelectric power generation, and recreation. Hoover Dam is still one of the world's largest hydroelectric installations with a capacity of more than 2,000,000 kilowatts. Hoover Dam also is a major tourist attraction in the County.

Nellis Air Force Base. Nellis Air Force Base, a part of the U.S. Air Force Air Combat Command, is located adjacent to the City of Las Vegas. The base itself covers more than 14,000 acres of land, while the total land area occupied by Nellis Air Force Base and its ranges is over three million acres. The base hosts numerous military programs as well as civilian workers. It is the home base of the "Thunderbirds," the world famous air demonstration squadron.

Nevada National Security Site. The Nevada National Security Site ("NNSS"), previously the Nevada Test Site, was established in 1950 as the nation's proving ground for nuclear weapons testing. In recent years under the direction of the Department of Energy's (DOE) Nevada Operations Office, NNSS use has diversified into many other areas, including hazardous chemical spill testing, emergency response training, conventional weapons testing, and waste management projects which can best be conducted in the remote desert area. The NNSS has been designated as an Environmental Research Park where scientists and students can conduct research on environmental issues. Located 65 miles northeast of Las Vegas, the NNSS is a massive outdoor laboratory and national experimental center and comprises 1,360 square miles surrounded by thousands of additional acres of land which were withdrawn from the public domain to be used as a protected wildlife range and a military gunnery range, creating an unpopulated area of some 5,470 square miles. Federal employees and independent contractors are employed at NNSS.