

Frequently Asked Questions

March 9, 2017 Update

(Questions in red are new.)

1. What is the purpose of the Las Vegas Stadium Authority?

The Las Vegas Stadium Authority (LVSA) is created by Senate Bill 1 (SB1) of the 30th Special Session of the Nevada State Legislature. SB1 provides a pathway for the construction, development and operation of an NFL stadium in Clark County, Nevada.

2. Is the LVSA a public agency?

Yes. The LVSA is a public body under Nevada law and must comply with all applicable laws and regulations that govern public agencies in the state. The LVSA is governed by a nine-member appointed board of directors and has jurisdiction within the Stadium District.

3. What is the Stadium District?

Created by SB1, the Stadium District encompasses all areas within 25 miles of the Clark County Government Center in downtown Las Vegas. Hotels, motels and other lodging establishments within the Stadium District are subject to the room tax increase enacted to fund construction of an NFL stadium project. Additionally, should an NFL stadium project move forward, it must be located within the Stadium District.

4. Is Senate Bill 1 specific to the Raiders, the Adelson family or some combination of the two?

No. SB1 is not specific to any NFL team, nor is it specific to any development partner.

5. What is the timeline for the LVSA's approval of an NFL stadium project?

SB1 became effective upon passage and approval on October 17, 2016. It requires that any LVSA Board of Directors (Board) approval of a stadium project be completed within 18 months of passage and approval (i.e., April 17, 2018).

6. What is the responsibility of the Las Vegas Stadium Authority in terms of approving an NFL stadium?

SB1 does not mandate the approval of the stadium project by the LVSA Board; rather, it authorizes action in the event the LVSA Board believes a stadium project is in the best interest of the state.

7. Why is the state willing to invest significantly in the development of an NFL stadium?

The state's interests in the development of a stadium include: (1) increased economic activity, creating jobs, increasing local wages and salaries, adding visitor trips and associated visitor spending and increasing business output; (2) a new home field for UNLV football, mitigating the need to build a collegiate stadium; (3) increased tax payments that would not exist but for the stadium, including those generated directly by stadium operations (e.g., live entertainment tax) and those generated by incremental visitation (e.g., room tax, gaming tax and sales and use tax); and (4) having a large entertainment venue that can house events today not present in southern Nevada, including NFL football.

Notably, the stadium project is expected to have a significant jobs impact in Clark County, including directly and indirectly supporting 18,700 person years of employment during construction and approximately 6,000 recurring jobs once completed. These jobs impacts consider both stadium operations as well as the impact of incremental visitation sourced to events held at the stadium. Southern Nevada's ability to leverage core tourism assets such as 43 million annual visitor trips, 150,000 hotel rooms and the national second-busiest origination and destination airport, uniquely positions the market to both host major stadium events and benefit from the economic activity they produce.

8. Can anyone propose the development of an NFL stadium?

Generally, yes. However, the LVSA is required to qualify the developer of the stadium, establishing that the developer has the appropriate approvals from the NFL, has the ability to construct a stadium and has the financial capacity to fund its share of the project.

9. Will the Las Vegas Stadium Authority actually construct the NFL stadium?

No. The LVSA will provide oversight of the stadium’s construction. SB1 requires the LVSA to enter into a development agreement with a qualified developer to manage the construction of the stadium. That development agreement must provide details specific to the project’s design, where the project will be located and how the project will be financed. The development agreement must state that any cost overruns will be borne solely by the developer.

10. Will the Las Vegas Stadium Authority be responsible for stadium event programming or running the day-to-day operations of the stadium?

No. The LVSA will not run the day-to-day operations of the stadium. The LVSA will enter into an operating lease agreement with a stadium events company. The stadium events company will have responsibility for the programming, operations and maintenance of the stadium. The operating lease agreement must state that any operating losses will be borne solely by the stadium events company.

11. Who will own the stadium?

SB1 requires that the LVSA be the owner of the stadium project, including both the building and the underlying land.

12. How much will the stadium cost to develop?

SB1 does not establish a cost for the stadium, instead it requires that the project have a location, design, fit and finish consistent with a first-class, premier NFL facility. The current estimated cost of the project is \$1.9 billion, which includes land and infrastructure costs as well as a new team practice facility. The total cost estimate is broken down as follows:

Cost Category	Amount
Stadium Construction	\$1.325 billion
Land, Infrastructure and Siting	\$375 million
Practice Facility	\$100 million
Contingency	\$100 million
Estimated Total Cost	\$1.9 billion

13. How much is the public investment in the NFL stadium project?

SB1 caps the total amount of public investment in an NFL stadium at no more than \$750 million.

14. How much is the private investment in the NFL stadium project?

Any costs in excess of public’s contribution of \$750 million will be funded by private investment. There is no predetermined project cost; however, the current cost estimate is \$1.9 billion.

15. How will the public and private investments be distributed to fund the project?

SB1 limits the public’s contribution to the NFL stadium project’s construction cost to \$750 million. Respecting this limitation, SB1 also requires the private developer to fund the initial \$100 million of the project cost, excluding the value of the land that must also be contributed by the developer. After the initial \$100 million payment by the private developer, the project will be funded on a pro-rata basis by the public

and private contributors except that the last \$50 million of project cost is to be paid by the public after the private developer has funded 100 percent of its share of the project costs.

16. When would the NFL stadium project open?

SB1 does not provide a specific timeline for the NFL stadium project. Based on information provided to the board, the earliest the stadium could be ready for NFL football would be the 2020 season.

17. What is the timeline for constructing an NFL stadium project?

Stadium construction timelines can vary, but for comparison the newly opened U.S. Bank Stadium in Minnesota took approximately 30 months to build. Based on that schedule, construction of the Las Vegas stadium would need to begin in early 2018 to be completed by the 2020 NFL season. Construction can begin once a team secures approval from the NFL to relocate to Las Vegas and the appropriate development and operating lease agreements have been approved by the LVSA.

18. What will the stadium look like?

The stadium design will be determined by the project developer and may not necessarily reflect existing artist renderings that have been publicly circulated. The LVSA does not have a direct role in the design and look of the stadium, however, it is required to approve the design, fit and finish of the project and ensure that it is consistent with a first-class, premier NFL facility.

19. What happens if additional design elements increase construction costs?

Generally, all construction cost overruns, including those created by additional design elements or challenges encountered during construction, would be the sole responsibility of the project developer.

20. Does the Las Vegas Stadium Authority share in either revenues or profits generated by the NFL stadium project?

The LVSA does not receive a revenue split from the operations of the stadium. This includes any rent paid by the NFL team, or any other stadium tenant, as well as revenues sourced to common stadium revenue streams such as naming rights, ticket sales or concessions. Splitting revenue in such a manner would potentially put at risk the non-taxable status of stadium bonds.

21. Who is responsible for the cost of needed infrastructure such as traffic mitigation as a result of the NFL stadium's development?

SB1 specifically requires that the stadium developer contribute to any increased infrastructure costs needed as a result of the stadium development. The developer is required to complete the development approval process with the appropriate local government, likely Clark County, and coordinate directly with the Nevada Department of Transportation before the LVSA can approve the development agreement. These infrastructure costs are assumed to be part of the \$1.9 billion estimated project cost.

22. I have heard that there will be \$800 million in transportation improvements needed as a result of the NFL stadium project's construction. Is this correct?

This is not the case. Preliminary transportation impact analyses focused solely on the cost of planned infrastructure projects in areas where an NFL stadium could be developed. These are transportation projects that are proposed to be developed with or without the development of an NFL stadium, but which may need to be accelerated in terms of time should the NFL stadium be developed. The actual cost of transportation improvements will need to be determined by the developer prior to the LVSA's approval of the development agreement.

23. How does the Las Vegas Stadium Authority fund its share of the NFL stadium project?

The public portion of the project will be funded through an increase in the hotel room tax. Room tax collections will either be used to pay project costs directly or Clark County will issue stadium bonds on

behalf of the LVSA that will be secured by the hotel room tax. Under no circumstances can the total amount of the public contribution exceed \$750 million.

24. Is the stadium project tax exempt?

Because the stadium itself is a public asset, it will be exempt from property taxes. All stadium operations, including those of any tenants using the stadium, will be subject to all state and local taxes, including sales and use taxes, live entertainment (ticket) taxes, personal property taxes and modified business (payroll) taxes. SB1 provides no tax exemptions or abatements for the NFL team, the stadium events company or the stadium developer.

Nevada's live entertainment tax specifically exempts, "an athletic contest, event or exhibition conducted by a professional team based in this State if the professional team based in this State is a participant in the contest, event or exhibition." As such, tickets to home games of an NFL team or any other Nevada-based professional team would not be subject to the live entertainment tax. Notably, this is not specific to the NFL stadium project as it is a general law applying to all Nevada entertainment venues.

25. How do the private investors in the NFL stadium project make a return on their investment? How much do they make on the deal?

The private investors in the stadium project, including the NFL team, will earn a return on their investment from the profits generated by stadium operations. Exactly how much they make will depend on the successful programming of the stadium itself. This not only provides a return for the developer, it also aligns the interest of the LVSA with the investors in that the more events held at the stadium, the greater the economic activity benefits for Clark County.

26. I read that the Raiders are only willing to pay \$1 in rent for the new stadium. Is this true?

During the January 26, 2017, LVSA board meeting, board members were provided with a preliminary Stadium Use Agreement submitted by The Oakland Raiders. While the board did not discuss the details of the agreement during its meeting, it became the focus of some media reports, with particular attention given to a rent payment provision. More specifically, section 4.2 of the draft submission stated that the Raiders would pay an annual rent of \$1 for the team's use of the proposed stadium.

Rent paid by the Raiders, or any other stadium lessee, would not be paid to the LVSA. Rather, rent paid by the Raiders would be paid to the company operating the stadium, generally referred to in SB1 as the stadium events company. Public financing for the NFL stadium project is supported by hotel room taxes, not rental income or, for that matter, any revenues from stadium operations. SB1 does not contemplate stadium operating revenues inuring to the benefit of the LVSA because to do so would potentially jeopardize the tax status of the stadium bonds. Because the LVSA will not receive any rental revenue and because the development partners and the stadium events company are solely responsible for all development and operating cost overruns, the rental rate provided in the draft Stadium Use Agreement and highlighted in media accounts is not a meaningful consideration for the LVSA at this time.

27. Will Nevada small businesses owners benefit from the development of the stadium project?

SB1 requires that 15 percent of the NFL stadium project be subcontracted to small local businesses.

28. Is there a community benefits plan required by Senate Bill 1?

Yes, SB1 requires that the Stadium Events Company develop a community benefits plan to ensure the greatest possible participation by all segments of the local community in the economic opportunities available in connection with the design, construction and operation of the NFL stadium project.

29. What happens if the NFL stadium project is not successful or the necessary agreements are not put in place prior to the deadlines established by Senate Bill 1?

In this case, the LVSA would wind down its operations as it would have no further responsibilities pursuant to SB1. SB1 provides that if such a circumstance occurs, UNLV can elect to develop a collegiate stadium. There are several requirements for UNLV to develop a stadium, including raising \$200 million for the project during the ensuing two-year period. If UNLV elects to move forward with the collegiate stadium, hotel room tax dollars held in a capital projects fund of the NFL stadium will be transferred to a similar fund for the construction of a collegiate stadium. The incremental hotel room tax created by SB1 will also be reduced. In the event the UNLV collegiate stadium project is unsuccessful for any reason, the incremental hotel room tax will be reduced to zero and all collected funds will be used to accelerate the repayment of debt on the Las Vegas Convention Center expansion and renovation project.

30. What would happen if stadium construction is interrupted before completion?

Under SB1, the LVSA would own all physical assets associated with the NFL stadium project, including the land and the facility. Should construction halt prematurely, the LVSA would not only maintain control of these assets, it would also have the right to enforce the development agreement through legal action or engage with an alternative developer to continue construction.

To reduce the potential for a funding shortfall during construction, SB1 requires the private developer to provide the LVSA with an irrevocable financial commitment that guarantees adequate funding is available and dedicated to an NFL stadium project. This financial commitment is required before any bonds are issued to fund the public investment portion of the project.

31. What would happen if the NFL team decides to relocate to another city?

SB1 requires that the lease agreement between the stadium events company and the LVSA include a requirement that the NFL team commit to a lease term of at least 30 years. The lease agreement would include terms for potential financial penalties or other remedies that would be enforceable should the team relocate before the 30-year lease term expires.