



Las Vegas Stadium Authority



Consulting Report on the Sam Boyd Stadium Closure
and Related Provisions of Senate Bill 1 Section 34(4)(d)(2)



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

CONSULTING REPORT ON THE SAM BOYD STADIUM CLOSURE AND RELATED PROVISIONS OF SENATE BILL 1 SECTION 34(4)(d)(2)

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

January 6, 2022

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Dear Board Members:

We have completed our consulting project relating to the closure of Sam Boyd Stadium and the related provisions within Senate Bill 1 Section 34(4)(d)(2). This project included an analysis of the net income generated from the operation of Sam Boyd Stadium, prior to the opening of Allegiant Stadium and resulted in our recommendation that Fiscal Year 2016 be utilized as the Base Year, as defined within Senate Bill 1 Section 34(4)(d). Our recommendation of using Fiscal Year 2016 as the Base Year is based on the following:

1. Fiscal Year 2020 being excluded from consideration as it was adversely impacted by the COVID-19 pandemic;
2. Subsequent to the public's knowledge of Senate Bill 1 (October 2016), there was a decline in non-football related other events hosted at Sam Boyd Stadium, which adversely impacted the net income generated by Sam Boyd Stadium; and
3. The net income generated by Sam Boyd Stadium in Fiscal Year 2016 was the most representative when analyzing the historical data.

Our engagement was conducted in accordance with the Statements on Standards for Consulting Services as promulgated by the American Institute of Certified Public Accountants and was not an audit or examination. Accordingly, we have not expressed an opinion on the information provided. In addition, the engagement did not include a detailed audit of transactions that would be required to discover fraud, defalcations or other irregularities.

The accompanying report includes the objectives, background, a summary of provisions from Senate Bill 1, our evaluation of the information provided, and our recommendation for the Board of Directors. This report is intended for the information and use of the Las Vegas Stadium Authority's Board of Directors in their determination of a Base Year, as required of the Board of Directors under Section 34(4)(d)(2) of Senate Bill 1, passed within the 30th Special Session (2016). This report is not intended and should not be used by anyone other than the Las Vegas Stadium Authority's Board of Directors.

We would like to express our gratitude to all individuals involved with this project. Each person involved was accessible and responsive to our requests for information.

Sincerely,

RubinBrown LLP

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Project Objective

The objective of our project was to assist the Las Vegas Stadium Authority's (LVSA) Board of Directors in identifying the Base Year that provides the most representative fiscal year net income generated by the University Nevada Las Vegas's (UNLV or the University) operation of Sam Boyd Stadium before the Allegiant Stadium project opened to the public. The need for determining the Base Year is established within the provisions of Senate Bill 1 Section 34(d)(4), which allows UNLV to recover losses sustained from the opening of Allegiant Stadium and concurrent closure of Sam Boyd Stadium.

The project scope included obtaining schedules from the University that detailed the net income generated by Sam Boyd Stadium, analyzing the information being provided, and providing our professional recommendation to the Las Vegas Stadium Authority's Board of Directors. The accuracy of the information being provided and the components included in computing Sam Boyd Stadium's net income was the responsibility of UNLV.

Overall Recommendation

Within the section titled, "*RubinBrown's Considerations of the Base Year*," we have provided the Las Vegas Stadium Authority Board of Directors with our detailed professional observations and recommendation for their final consideration. In summary, we have recommended that the Fiscal Year ended June 30, 2016, be utilized as the Base Year for purposes of applying the provisions of Senate Bill 1 Section 34(4)(d). Our recommendation is based on the conclusion that Fiscal Year 2016 was the most representative of the net income generated from the operation of Sam Boyd Stadium prior to the opening of Allegiant Stadium. If adopted, this recommendation would result in Sam Boyd Stadium's Base Year net income equaling \$5.0 million.

Background

On January 4, 2016, the Oakland Raiders (Raiders), St. Louis Rams (Rams), and San Diego Chargers (Chargers) filed paperwork with the National Football League (NFL), requesting permission to relocate from their respective home markets to Los Angeles, California. On January 12, 2016, the Raiders-Chargers plan for a Los Angeles stadium was officially backed by the NFL relocation committee. Later that day, the NFL Ownership voted against the relocation committee's recommendation and approved the Rams relocation and stadium plans. With the approval of the Rams stadium and relocation, the NFL ownership also provided the Chargers with the option to relocate to Los Angeles, under the condition they also play in the Rams stadium. The Raiders were provided a secondary option to do the same, in the event the Chargers did not take the option to relocate.¹ The Chargers ultimately agreed to take the first option available², which allowed the Raiders to look at alternative options that did not include two NFL teams in one city and one stadium. Between January 2016 and April 2016, there were several rumored landing spots for the Raiders, with Las Vegas being one of the rumored cities.³

¹ National Football League. (March 27, 2017). *Raiders relocation to Las Vegas: Timeline of events*. <https://www.nfl.com/news/raiders-relocation-to-las-vegas-timeline-of-events-0ap3000000795415>

² National Football League. (January 12, 2017). *Letter from Dean Spanos on Chargers relocating team*. <https://www.nfl.com/news/letter-from-dean-spanos-on-chargers-relocating-team-0ap3000000773188>

³ Las Vegas Review-Journal. (October 14, 2016). *Timeline of Raiders move to L.A. and later proposed moves*. <https://www.reviewjournal.com/sports/raiders-nfl/timeline-of-raiders-move-to-l-a-and-later-proposed-moves/>

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After having the opportunity to see what the Southern Nevada community could offer, the Raiders owner, Mark Davis, announced his desire to relocate to Las Vegas on April 28, 2016, and committed \$500 million towards the construction of a new NFL caliber stadium in Southern Nevada.⁴

To support the Raiders effort to bring the NFL and professional sports to Nevada, the Nevada State Legislature convened the 30th Special Session in October 2016. The purpose of the 30th Special Session was to pass legislation that allowed for the creation of a public-private partnership to construct a NFL stadium in Clark County, Nevada.⁵ During the 30th Special Session, the legislature passed Senate Bill 1 (SB 1), which provided the pathway for the development of what is now known as Allegiant Stadium. SB 1 was passed by the Senate on October 11, 2016, and the Assembly on October 14, 2016. On October 17, 2016, the Governor approved SB 1.⁶ Under the provisions of SB 1, the Clark County Stadium Authority, publically referred to as the Las Vegas Stadium Authority or LVSA, was immediately formed. The LVSA Board of Directors held their first meeting on December 5, 2016.⁷

During the March 2017 ownership meetings, the NFL took up the topic of the Raiders request for relocation to Las Vegas and on March 27, 2017, the NFL Ownership officially approved the Raiders request to relocate from Oakland, California to Las Vegas, Nevada. The relocation was approved in a 31 – 1 vote, with the Miami Dolphins owner being the only owner to vote against relocation.⁸ Subsequent to the NFL's approval of the Raiders relocation, the public message within Las Vegas was that a NFL Stadium would be constructed in earnest. On November 13, 2017, construction of Allegiant Stadium officially began with the targeted completion date being prior to the start of the 2020 NFL Season.⁹

Under the conditions set forth within Section 29(3)(g) of SB 1, the University of Nevada Las Vegas's (UNLV) Football Team is to be provided sufficient access to Allegiant Stadium for all of their home games. In exchange for access to Allegiant Stadium, UNLV agreed to close Sam Boyd Stadium, as Section 34(4)(d) of SB 1 provides UNLV with the opportunity to receive up to \$3.5 million in lost income from the closure of Sam Boyd Stadium, for a period not to extend beyond 10 years.

On July 30, 2020, Allegiant Stadium was considered substantially completed after receiving a temporary certificate of occupancy.¹⁰ With the certificate of occupancy being issued to Allegiant Stadium, Sam Boyd Stadium was considered effectively closed.¹¹

⁴ Las Vegas Sun. (April 28, 2016). *Raiders owner willing to spend \$500 million on move to Las Vegas.*

<https://lasvegassun.com/news/2016/apr/28/hoping-to-attract-raiders-stadium-backers-go-before/>

⁵ State of Nevada Executive Department. (October 11, 2016). *A Proclamation by Governor Brian Sandoval to Convene a Special Session of the Nevada State Legislature.* Retrieved from <https://www.leg.state.nv.us/Session/30th2016Special/>

⁶ Nevada Legislature. *Final Volume Nevada Legislature at Carson City Thirtieth Special Session 2016: Senate History.* Retrieved from <https://www.leg.state.nv.us/App/NELIS/REL/30th2016Special/Histories>.

⁷ Las Vegas Stadium Authority. (December 5, 2016). *Board Meeting.* Retrieved from <http://www.lvstadiumauthority.com/meetings/index.php?mtgID=5>.

⁸ Rosenthal, G. (March 27, 2017). *NFL owners approve Raiders' move to Las Vegas.* National Football League. <https://www.nfl.com/news/nfl-owners-approve-raiders-move-to-las-vegas-0ap3000000795413>

⁹ National Football League. (November 13, 2017). *Raiders break ground on new stadium in Las Vegas.* <https://www.nfl.com/news/raiders-break-ground-on-new-stadium-in-las-vegas-0ap3000000876703>

¹⁰ Las Vegas Raiders. (July 31, 2020). *Construction of Allegiant Stadium achieves Certificate of Occupancy.* <https://www.raiders.com/news/construction-of-allegiant-stadium-achieves-certificate-of-occupancy>

¹¹ Kantowski, R. (January 9, 2021). *Sam Boyd Stadium's long farewell nearing end.* Las Vegas Review-Journal. <https://www.reviewjournal.com/sports/unlv/sam-boyd-stadiums-long-farewell-nearing-end-2246963/>

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Key Provisions within Senate Bill 1

Section 34 of SB 1 defines how proceeds of the tax imposed by SB 1 are to be distributed and utilized. Within Sub-Part 4(d) of Section 34, the Board of Directors is required to determine the amount "necessary to compensate the University for the loss of net income as a result of the operation of... [Allegiant] stadium." Section 34(4)(d) has been included in its entirety as an appendix to this report.

The following provides a summary of the provisions.

- UNLV is entitled to receive money from the stadium tax account to compensate UNLV for the loss in net income from the closure of Sam Boyd Stadium;
- UNLV's ability to receive money from the stadium tax account will begin in the first fiscal year when both Allegiant Stadium is open to the public and Sam Boyd Stadium ceases operations and extend for a period of 10 years;
- The amount determined necessary to compensate the University for any loss in net income shall not exceed \$3.5 million in any given fiscal year;
- The amount to be paid to the University shall consider both the loss of net income from football and other events hosted at Sam Boyd Stadium and any increase in net income from the use of Allegiant Stadium;
- The loss in net income will be based upon computing a change in net income that utilizes a Base Year that is mutually agreed-upon by the Board of Directors and UNLV;
- The Base Year for calculating changes in net income shall not be earlier than the Fiscal Year 2015 – 2016, which ended on June 30, 2016;
- If there are insufficient proceeds to make a payment due, the amount due is to be carried forward until such a time that there are sufficient proceeds; and
- Any proceeds carried forward shall not accrue interest.

From the provisions set forth in SB 1, it is our understanding that the formula used to compute future tax proceeds payable to UNLV is as follows:

Annual Payment is equal to the lessor of either (a) \$3.5 million or (b) Base Year Sam Boyd Stadium Net Income from both Football and Non-Football Events minus Current Year Net Income from the Use of Allegiant Stadium

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UNLV's Historical Net Income from Sam Boyd Stadium

The following provides a summary of the historical net income UNLV generated from the operations of the Sam Boyd Stadium for fiscal years ending on June 30.

Figure 1: Net Income from the Operation of Sam Boyd Stadium by Fiscal Year

	Displayed for Historical Context			Eligible Fiscal Years for Selection as the Base Year				
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Revenues								
Football Revenues	\$ 2,492,124	\$ 2,744,539	\$ 2,406,635	\$ 3,328,271	\$ 2,903,279	\$ 3,004,324	\$ 2,748,574	\$ 3,729,286
Other Event Revenues	5,199,182	5,194,606	5,466,181	4,632,411	4,642,173	4,100,998	4,399,855	1,758,897
Total Revenues	7,691,306	7,939,145	7,872,816	7,960,682	7,545,452	7,105,322	7,148,429	5,488,183
Expenses								
Event Related Expenses	512,783	642,476	692,578	724,025	594,009	635,949	459,721	302,384
Maintenance	261,752	336,555	223,413	276,268	176,750	380,188	471,760	375,221
Utilities	608,340	502,058	507,877	433,103	500,196	683,256	454,665	589,795
General & Administrative	1,221,089	1,356,430	1,706,221	1,524,555	1,696,700	1,480,780	1,546,452	1,556,033
Total Expenses	2,603,964	2,837,519	3,130,089	2,957,951	2,967,655	3,180,173	2,932,598	2,823,433
Net Income	\$ 5,087,342	\$ 5,101,626	\$ 4,742,727	\$ 5,002,731	\$ 4,577,797	\$ 3,925,149	\$ 4,215,831	\$ 2,664,750

The table in Figure 1 presents information going back to the Fiscal Year July 1, 2012 – June 30, 2013, which is three years prior to the first eligible fiscal year (FY 2015 – 2016), as stipulated by Senate Bill 1 Section 34(4)(d)(2)(ii). The table concludes with Fiscal Year 2020, as this was the last full-year of operations for Sam Boyd Stadium, as Allegiant Stadium officially achieved its certificate of occupancy on July 30, 2020, which occurred during Fiscal Year 2021. While Fiscal Year 2020 was included within this table, it was ultimately excluded from our consideration based on the adverse impacts of the COVID-19 pandemic. The adverse impacts of the COVID-19 pandemic are discussed further on page 8 of this report.

The elements included within historical net income include the following items:

Revenues:

- Ticket Revenue
- Club Seating & Suite Revenue
- Catering (Net of Costs of Goods Sold)
- Concessions (Net of Costs of Goods Sold)
- Merchandise
- Parking

Expenses:

- Event Related Expenses
 - Game Day Expenses
 - Salaries & Wages for Stadium Personnel
 - Facility Charges
 - Security
 - Ticket Fees
- Maintenance
- Utilities
- General and Administrative

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As a part of our work we considered the information provided by UNLV and performed the following analysis and testing of this information:

1. Obtained the historical financial results of the net income generated from football and non-football operations and agreed the information to UNLV's financial records;

We obtained the detailed schedules summarizing the net income and expenses for each football and non-football event occurring between Fiscal Years 2013 and 2019.

- *For the football revenues, we reconciled the amounts reported on the UNLV Athletic Department's annual NCAA Agreed-Upon Procedure Reports. Within the NCAA Agreed-Upon Procedure Reports we reviewed each line item to understand the nature of the revenues and expenses being reported and substantiated that only Sam Boyd Stadium revenues were being utilized for our analysis.*
 - *For the non-football event revenues, we agreed the details provided to the University's underlying financial records and agreed the revenues reported to the individual event settlement sheets.*
 - *For the Sam Boyd Stadium expenses we agreed the details included in the computation to the associated Sam Boyd Stadium programs maintained with the University System's chart of accounts, which are incorporated in the overall financial statement audit process. We then specifically traced individual expenses incurred by Sam Boyd Stadium to the overall University's financial statements. The specific program included PG00268 SBS Event Services; PG01432 SBS Facility Operations; PG08122 SBS Back of House; and PG08497 SBS Facility Support.*
2. Met with UNLV representatives to discuss the financial information provided to understand how the schedules were prepared, where the information originated from, and what assumptions were used in compiling this information;

We met with UNLV representatives throughout the project to discuss the information that was being used to compile the schedules. The meetings occurred on August 3, 2020, April 15, 2021, May 25, 2021, July 2, 2021, September 1, 2021, November 2, 2021, November 9, 2021, and November 18, 2021. During these meetings we noted the following key assumptions were made:

- *The football revenues and expenses were isolated to stadium related sources. Specifically, non-stadium related items such as football coach salaries, player scholarships, uniform expenses, and conference media rights revenue were excluded from the analysis, as these items were unrelated to the operation of Sam Boyd Stadium.*
- *The special event analysis was focused on event related expenses leading up to hosting an event and the cost incurred on the day of the event.*
- *General overhead expenses associated with maintaining the general care of the facility (i.e. utilities and maintenance) were included in the analysis.*
- *As asserted to by the University's representatives, the concession and catering revenues included within the University's detailed schedules are being reported on a net basis, after factoring in cost of goods sold.*

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3. Mathematically tested the accuracy of the summarized information provided;

We evaluated the clerical accuracy of the University's sub-schedules that were used to create the Figure 1 and noted no mathematical errors or formula logic errors.

4. Verified the underlying financial records are included within the scope of UNLV's overall financial statement audit and compliance procedures;

As noted within item 1, we verified the information was being included in the scope of the UNLV's financial statement audit and NCAA compliance procedures.

5. Traced a sample of events back to supporting documentation to verify the information was supported by detailed documentation; and

For each year, we selected one football game and one special event for testing. We agreed the detail included within the University's sub-schedules to the supporting documentation.

6. Provided UNLV with considerations for adjustments and modifications to their prepared calculations based on the results of our evaluation.

Throughout the project, we had an open dialog with the UNLV representatives to discuss the information provided, our observations, and considerations. Through this process, both our team and UNLV's team gained consensus on the final schedules utilized to compile the information presented within this report.

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RubinBrown's Recommendation of the Base Year

RubinBrown recommends that the Las Vegas Stadium Authority Board of Directors select Fiscal Year 2016 as the Base Year for computing the potential lost net income from the closure of Sam Boyd Stadium. This recommendation is based on the conclusion that Fiscal Year 2016 is the most representative of the net income generated from the operation of Sam Boyd Stadium prior to the opening of Allegiant stadium. The UNLV's athletics department is also in mutual agreement with this recommendation, as they independently concluded that Fiscal Year 2016 should be utilized as the Base Year when applying the provisions of Senate Bill 1 Section 34(4)(d).

If the Board of Directors follows our recommendation and selects Fiscal Year 2016 as the Base Year, the stadium related net income threshold would become \$5.0 million. This means that for the University to benefit from the \$3.5 million available under SB 1, UNLV must demonstrate that their net income generated from the use of Allegiant Stadium was less than \$5 million. Furthermore, for UNLV to be entitled to receive the full \$3.5 million made available under SB 1, the University's net income from the use of Allegiant Stadium will have to be less than \$1.5 million.

The following summarizes the various considerations that emerged from our analysis and led us to conclude that 2016 was the most representative year available for selection:

- Exclusion of Fiscal Year 2020 from consideration due to the COVID-19 pandemic;
- Decline in Other Event Revenues Subsequent to the Passage of SB 1; and
- Historical Trend Analysis.

Exclusion of Fiscal Year 2020 from Consideration Due to the COVID-19 Pandemic

The net income generated in Fiscal Year 2020 was severely impacted by the SAR-CoV-2 (COVID-19) pandemic and thus was excluded from our overall consideration, as Fiscal Year 2020 was not considered a representative year. Utilizing the historical data, it is estimated that Sam Boyd Stadium lost upwards of \$2.5 million in Other Event Revenues as a result of the COVID-19 pandemic. This estimate is based on the median Other Event Revenues produced between March and June of each fiscal year dating back to the Fiscal Year ended June 30, 2013, through the Fiscal Year ended June 30, 2020, and the timing of the public health warnings and subsequent government imposed restrictions that were issued amidst the beginning of the COVID-19 pandemic.

The following summarizes the timeline of pertinent public health warnings and government imposed restrictions:

- January 23, 2020, the World Health Organization issues its first statement on the COVID-19 virus after convening an emergency committee to discuss the outbreak of COVID-19 on January 22, 2020;¹²
- March 11, 2020, the World Health Organization declared a global pandemic in response to the COVID-19 pandemic;¹³
- March 12, 2020, the Nevada Governor declared a State of Emergency for COVID-19;¹⁴

¹² World Health Organization. (January 23, 2020). *Statement on the first meeting of the International Health Regulations (2005) Emergency Committee regarding the outbreak of novel coronavirus (2019-nCoV)*. [https://www.who.int/news/item/23-01-2020-statement-on-the-meeting-of-the-international-health-regulations-\(2005\)-emergency-committee-regarding-the-outbreak-of-novel-coronavirus-\(2019-nCoV\)](https://www.who.int/news/item/23-01-2020-statement-on-the-meeting-of-the-international-health-regulations-(2005)-emergency-committee-regarding-the-outbreak-of-novel-coronavirus-(2019-nCoV))

¹³ World Health Organization. (March 11, 2020). *WHO Director-General's opening remarks at the media briefing on COVID-19 – 11 March 2020*. <https://www.who.int/director-general/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020>

¹⁴ Nevada Governor. (March 12, 2020). *2020-03-12 - COVID-19 Declaration of Emergency*. Retrieved from https://gov.nv.gov/News/Archives/Emergency_Orders_Archive_2020/

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- March 13, 2020, the United States President declared a Nationwide Emergency in response to COVID-19;¹⁵ and
- March 20, 2020, the Nevada Governor issued Declaration of Emergency for COVID-19 Directive 003, which suspended the operation of all non-essential business.¹⁶

The March 20, 2020, directive was not lifted until after Fiscal Year 2020 concluded and effectively closed Sam Boyd Stadium. As a result of both the March 20, 2020, directive and the earlier warnings, the University saw a significant loss in revenues from the COVID-19 pandemic. The following table depicts the other event revenues generated between March and June of each fiscal year:

Figure 2: Other Event Revenue by Fiscal Year

Fiscal Year	Total Other Event Revenue	Total Sam Boyd Stadium Revenue	Revenue Generated Between March & June	% of Other Event Revenue Generated Between March & June	% of Total Revenue Generated Between March & June
Years Displayed for Historical Context					
FY 2013	\$ 5,199,182	\$ 7,691,306	\$ 2,112,470	40.6%	27.5%
FY 2014	\$ 5,194,606	\$ 7,939,145	\$ 2,355,297	45.3%	29.7%
FY 2015	\$ 5,466,181	\$ 7,872,816	\$ 2,034,278	37.2%	25.8%
Eligible Base Years for Selection					
FY 2016	\$ 4,632,411	\$ 7,960,682	\$ 3,404,805	73.5%	42.8%
FY 2017	\$ 4,642,173	\$ 7,545,452	\$ 3,472,893	74.8%	46.0%
FY 2018	\$ 4,100,998	\$ 7,105,322	\$ 2,901,373	70.7%	40.8%
FY 2019	\$ 4,399,855	\$ 7,148,429	\$ 2,580,036	58.6%	36.1%
FY 2020	\$ 1,758,897	\$ 5,488,183	\$ 50,827	2.9%	0.9%
Average (FY13 - FY19)	\$ 4,805,058	\$ 7,609,022	\$ 2,694,450	57.3%	35.5%
Median (FY13 - FY19)	\$ 4,642,173	\$ 7,691,306	\$ 2,580,036	58.6%	36.1%

Note 1: FY 2020 was excluded from the average and median computations, based on the adverse impacts of COVID-19.

Note 2: The shift in revenues generated between March and June significantly increased between FY 2015 and FY 2016, as the timing of the USA Sevens (Rugby) event shifted from February to March of each fiscal year. This one event, on average, generated \$1.25 million in annual revenue.

As displayed in Figure 2, the Other Event Revenues generated by Sam Boyd Stadium declined from \$4.4 million in Fiscal Year 2019 to \$1.8 million in Fiscal Year 2020. This decline in other event revenues can be further explained when comparing the data in Figure 2 to the historical timeline of public health warnings and government imposed restrictions.

Prior to Fiscal Year 2020, the median Other Event Revenues generated by Sam Boyd Stadium between March and June of each fiscal year was \$2.6 million. In Fiscal Year 2020, the Other Event Revenues recorded between March and June was \$50.8 thousand. The difference in the actual revenues recorded and the historical median is \$2.5 million.

Using both the historical Other Event Data and the public health warnings around the COVID-19 pandemic, we concluded that Fiscal Year 2020 should be excluded from our analysis as the results were not representative of the net income generated from the operation of Sam Boyd Stadium.

¹⁵ The White House. (March 13, 2020). *Proclamation on Declaring a National Emergency Concerning the Novel Coronavirus Disease (COVID-19) Outbreak*. Retrieved from <https://trumpwhitehouse.archives.gov/presidential-actions/proclamation-declaring-national-emergency-concerning-novel-coronavirus-disease-covid-19-outbreak/>

¹⁶ Nevada Governor. (March 20, 2020). *2020-03-20 – COVID-19 Declaration of Emergency Directive 003 (Attachments)*. Retrieved from https://gov.nv.gov/News/Archives/Emergency_Orders_Archive_2020/

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Decline in Other Events Subsequent to the Passage of SB 1

Subsequent to the announcement and passage of SB 1, we noted a decline in the quantity of other events hosted at Sam Boyd Stadium that began in Fiscal Year 2017 and continued throughout the period of analysis. During our meetings with University personnel, we noted that the decline in events was attributed to a decline in corporate events and soccer exhibitions held at Sam Boyd Stadium.

The following figure presents the other event revenues and the number of other events held by year:

Figure 3: Other Event Revenues and Number of Other Events By Fiscal Year

	Historical Period			Years Eligible for Selection			
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Other Event Revenues	\$ 5,199,182	\$ 5,194,606	\$ 5,466,181	\$ 4,632,411	\$ 4,642,173	\$ 4,100,998	\$ 4,399,855
# of Other Events Hosted	17	21	14	14	10	12	8
# of Community Events Hosted	6	12	5	5	4	6	2
Adjusted # of Events Hosted	11	9	9	9	6	6	6

Note: For purposes of this analysis, community events are defined as events hosted for the benefit of the community and not the purpose of generating revenues. Each event generated less than \$50k in top line revenue. Examples of these events include 5k runs, Car Swap Meets, NIAA Football Championships, and Band Competitions.

When comparing the historical period (Fiscal Years 2013 – 2015) to the Years Eligible for Selection (Fiscal Years 2016 – 2019) we noted the following trends:

- The number of events held at Sam Boyd Stadium, after adjustment for community focused events, remained relatively consistent between Fiscal Years 2013 and 2016. Beginning in Fiscal Year 2017, the University began to see a decline in large revenue events being hosted.
- There was a reduction in soccer matches held at Sam Boyd Stadium subsequent to the passage of SB 1. Prior to the passage of SB 1 (July 2012 through October 2016), Sam Boyd Stadium hosted 8 soccer matches, including the El Super Clasico in Fiscal Year 2014 (the biggest rivalry match in Mexican Soccer). Subsequent the passage of SB 1, Sam Boyd Stadium only hosted two soccer matches between October 2016 and June 2019. The two matches hosted after the passage of SB 1 included the Mexico vs. Iceland match on February 8, 2017, and the Club Leon vs. Club Tijuana match on July 8, 2017; both of these matches had been booked and marketed prior to the passage of SB 1.
- There was a significant reduction in the number of corporate events held at Sam Boyd Stadium that began in Fiscal Year 2017. During the three-year Historical Period, there were six corporate events that included events hosted by Polaris, Toyota, and State Farm. In comparison, during the four Years Eligible for Selection, there was only one event, which was the State Farm event occurring in Fiscal Year 2019.
- The decline in revenues between Fiscal Year 2015 and Fiscal Year 2016 was primarily based on the State Farm Event being held in Fiscal Year 2015 which generated over \$1 million in revenues for Sam Boyd Stadium.

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- Between Fiscal Years 2013 and 2019, there were five recurring annual events that were always held at Sam Boyd Stadium. These events included a fall Supercross, spring Supercross, the Las Vegas Bowl NCAA football game, the Rugby tournament held each spring, and the Monster Jam held each Spring.

As previously stated, we noted in our discussions with University personnel, there was a decline in other events that occurred after the passage of SB 1. This observation was consistent with the overall trends that emerged from our analysis of the revenues and income generated from each individual event. While there were a variety of qualitative factors that led to the decline in events, we did note, during our inquiries with University management, that the ability to book large revenue producing events (i.e. international soccer exhibitions or corporate events) was significantly diminished by the announcement of a new stadium. The known factors leading to these challenges included organizers choosing to forgo hosting a soccer match or event in Las Vegas in anticipation of a larger stadium being available as early as 2020, the inability to book multi-year deals at Sam Boyd Stadium with its impending closure in 2020, and an overall lack of resources dedicated to Sam Boyd Stadium in anticipation of its closure in 2020.

In summary, after the public's awareness of the impending closure of Sam Boyd Stadium there was both a reduction in the number of events held at Sam Boyd Stadium and Other Event Revenues generated from the operation of the Stadium. As a result of this decline in Other Events, we concluded that Fiscal Year 2016 was the most representative year available, as it was not impacted by the public's awareness of Senate Bill 1.

Historical Trend Analysis

Our historical trend analysis utilized the revenues, expenses, and net income generated for each fiscal year available for selection and the three years of historical data. The analysis ultimately led us to determining that Fiscal Year 2016 was the most representative. Using the information gathered during our analysis of Other Events, we examined the historical trend of revenues, expenses, and net income using two distinct periods of data. The first approach was to look at the trend data for the years prior to the passage of SB 1 and the second approach was to look at all of the data made available. The different analysis taken by our team included comparing the available Base Years to the overall averages and medians and analyzing the historical trend line.

Comparison of Base Years to Overall Averages and Medians

The following summarizes the averages and medians for the two distinct periods of data.

Figure 4: Historical Averages and Medians

	Analysis of Fiscal Years Prior to SB 1 (FY 13 - 16)		Analysis of All Available Fiscal Years (FY 13 - 19)	
	Average	Median	Average	Median
Revenues				
Football Revenues	\$ 2,742,892		\$ 2,803,964	
Other Event Revenues	5,123,095		4,805,058	
Total Revenues	\$ 7,865,987	\$ 7,905,981	\$ 7,609,022	\$ 7,691,306
Operating Expenses				
Event Related Expenses	\$ 642,966		\$ 608,792	
Maintenance	274,497		303,812	
Utilities	512,845		527,071	
General & Administrative	1,452,074		1,504,604	
Total Operating Expenses	\$ 2,882,382	\$ 2,897,735	\$ 2,944,279	\$ 2,957,951
Net Income	\$ 4,983,605	\$ 5,008,246	\$ 4,664,743	\$ 4,733,355

Las Vegas Stadium Authority

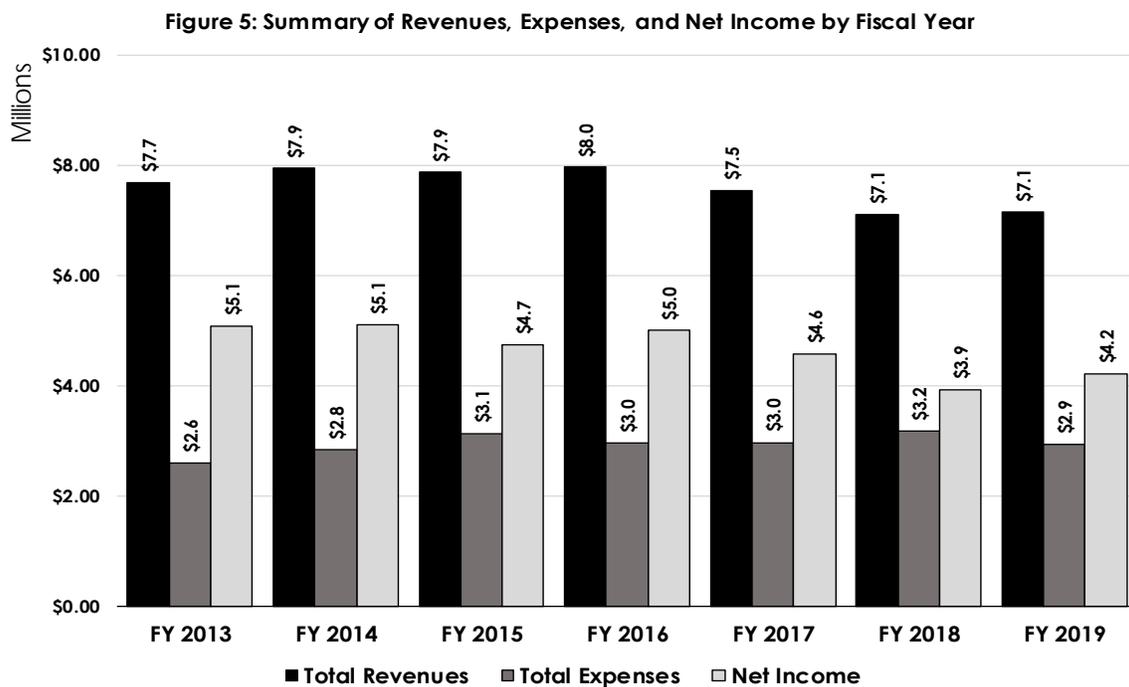
Senate Bill 1 Section 34(4)(d)(2) Consulting Report



When examining the averages and medians from both sets of data included within Figure 4, we noted that the overall analysis suggested that the Base Year total net income should be between \$4.66 million and \$5.0 million. When comparing this amount to the net income generated in each eligible year, as depicted in Figure 1 on page 3, we noted that Fiscal Years 2016 and 2017 were the closest eligible Base Years to this suggested range and Fiscal Year 2016 was the only year that fell within the suggested range.

Consideration of the Overall Trend in Revenues, Expenses, and Net Income

The following details the historical trend in revenues, expenses and net income dating back to Fiscal Year 2013:



Note: The net income values displayed in Figure 5 are based on the rounded net income amounts presented in Figure 1.

When looking at the overall trend in revenues, expenses, and net income, we noted that there were two distinct trends that also aligned with the passage of SB 1. Between Fiscal Years 2013 and Fiscal Years 2016, revenues, expenses, and net income stayed relatively constant with an overall annual net income level of \$5.0 million.

Beginning in Fiscal Year 2017, we noted that the revenues from Other Events and overall net income began to decline, which was consistent with the decrease in the number of Other Events held at Sam Boyd Stadium during this time. As this information remained consistent with our analysis of the individual Other Events hosted at Sam Boyd Stadium, we concluded that the selection of FY 2016 was the most representative of the net income generated by Sam Boyd Stadium prior to the opening of Allegiant Stadium.

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Concluding Summary

The objective of our project was to assist the Las Vegas Stadium Authority's Board of Directors in identifying the Base Year that is the most representative fiscal year net income generated by the University's operation of Sam Boyd Stadium before the Allegiant Stadium project opened to the public. The project scope included obtaining schedules from the University that detailed the net income generated by Sam Boyd Stadium, analyzing the information being provided, and providing our professional recommendation to the Las Vegas Stadium Authority's Board of Directors. The accuracy of the information provided and the components included in computing Sam Boyd Stadium's net income was the responsibility of UNLV.

After performing the various analysis, as detailed throughout this report, we are recommending that the Fiscal Year ended June 30, 2016, be utilized as the Base Year when applying the provisions of Senate Bill 1 Section 34(4)(d). Our recommendation of using Fiscal Year 2016 as the Base Year is based on the following:

1. Fiscal Year 2020 being excluded from consideration as it was adversely impacted by the COVID-19 pandemic;
2. Subsequent the public's knowledge of Senate Bill 1 (October 2016), there was a decline in Non-football related events hosted at Sam Boyd Stadium, which adversely impacted the net income generated by Sam Boyd Stadium; and
3. The net income generated by Sam Boyd Stadium in Fiscal Year 2016, was the most representative when analyzing the historical data.

If the Board of Directors follows our recommendation and selects Fiscal Year 2016 as the Base Year, the stadium related net income threshold would become \$5.0 million. This means that for the University to benefit from the \$3.5 million available under SB 1, UNLV must demonstrate that their net income generated from the use of Allegiant Stadium was less than \$5 million. Furthermore, for UNLV to be entitled to receive the full \$3.5 million made available under SB 1, the University's net income from the use of Allegiant Stadium will have to be less than \$1.5 million.

We would like to express our gratitude to all individuals involved with this project. Each person involved was accessible and responsive to our requests for information.

Appendix A: Section 34(4)(d) of Senate Bill 1 from Nevada's 30th Special Session (2016)

The following provides the legislative text contained within Senate Bill 1, as used to provide the summary points within the report section titled *Key Provisions within Senate Bill 1*.

Sec. 34

4. Except as otherwise provided in subsection 5, after the issuance of bonds or other securities pursuant to section 36 of this act, the Stadium Authority shall use money in the stadium tax account created pursuant to subsection 3 of section 27 of this act only for the following uses:
 - (d) *From the proceeds remaining after the payments required by paragraphs (a), (b) and (c), to make payments to the University each fiscal year for a period of not more than 10 fiscal years commencing in the first fiscal year in which the National Football League stadium project is open to the public and Sam Boyd Stadium ceases operations, in an amount that the Board of Directors determines is necessary to compensate the University for loss of income as a result of the operation of the National Football League, as demonstrated by the University, but not to exceed \$3,500,000 each fiscal year. In determining the amount of the loss of net income pursuant to this paragraph, the Board of Directors shall:*
 - (1) *Consider the loss of net income from football and other events hosted at Sam Boyd Stadium and any increase in income for the University generated by the use of the National Football League stadium project by the University.*
 - (2) *Use a Base Year for calculating changes in income that is:*
 - (I) *Not earlier than Fiscal Year 2015-2016; and*
 - (II) *Determined by mutual agreement between the Board of Directors and the University to be the fiscal year that is most representative of the net income of the University from the operation of Sam Boyd Stadium before the National Football League stadium project is open to the public.*

If the proceeds remaining after the payments required by paragraphs (a), (b) and (c) are insufficient to make a payment due to the University in any given year as set forth in this paragraph, the amount remaining due to the University must be carried forward and made payable in subsequent future years when sufficient money is available. Interest is not due on a payment carried forward pursuant to this paragraph. If an amount carried forward pursuant to this paragraph remains unpaid at the end of the 10-year period described in this paragraph, the remaining amount must be carried forward beyond the 10-year period until such time as all amounts carried forward are paid in full.