

**WELLS
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JUL 17 2008

**Las Vegas
Monorail Company**
NOTICE TO HOLDERS OF

*Wells Fargo Bank, N.A.
Corporate Trust Services
Special Accounts Group
MAC N9311-115
625 Marquette Avenue
Minneapolis, MN 55479*

**DIRECTOR OF THE STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
LAS VEGAS MONORAIL PROJECT REVENUE BONDS
1ST TIER SERIES 2000 AND 2ND TIER SERIES 2000**

CUSIP NUMBERS:

25457V

**1st Tier: AA4, AB2, AC0, AF3, AG1, AH9, AJ5, AK2, AL0, AM8, AN6, AP1 AQ9, AR7, AS5, AT3,
AU0, AV8, AW6, AX4, AY2, AZ9, BA3, BB1**

2nd TIER: BC9, BD7, BE5

Wells Fargo Bank, National Association, serves as Trustee (the "Trustee") under a Senior Indenture, dated as of September 1, 2000 (the "Senior Indenture"), between the Trustee and the Director of the State of Nevada Department of Business and Industry (the "Issuer"), pursuant to which the Issuer's 1st Tier (the "1st Tier Bonds") and 2nd Tier (the "2nd Tier Bonds") Series 2000 Las Vegas Monorail Project Revenue Bonds (the 1st Tier Bonds and 2nd Tier Bonds are sometimes collectively referred to as the "Bonds"), were issued and are outstanding. The proceeds of the Bonds were used for financing (in part) of the acquisition, construction, improvement and/or equipping of a four-mile dual guideway monorail system in Clark County, Nevada (the "Project"). The Issuer loaned the proceeds of the Bonds to Las Vegas Monorail Company, a non-profit corporation organized under the laws of the State of Nevada (the "Borrower"), pursuant to a Financing Agreement, dated as of September 1, 2000, between the Issuer and the Borrower (the "Financing Agreement").

Bond Insurance

Insured Bonds. Payment of the principal of, interest and Accreted Value on the 1st Tier Bonds when due are insured by a municipal bond insurance policy (the "Bond Insurance Policy") issued by Ambac Assurance Corporation ("Ambac" or the "Bond Insurer"). The 2nd Tier Bonds are not insured by the Bond Insurance Policy nor any other surety arrangement.

Ambac Assurance Corporation Credit Downgrades. The financial strength of the Bond Insurer is rated by Moody's Investors Service ("Moody"), Standard & Poor's ("S&P") and Fitch Ratings ("Fitch"). On June 4, 2008, Moody announced that it had placed the "Aa3" insurance financial strength rating of the Bond Insurer on review for possible downgrade. On June 5, 2008, S&P lowered its financial strength rating on the Bond Insurer to "AA" from "AAA" and placed the rating on CreditWatch with negative implications. On June 26, 2008, Fitch, at the request of the Bond Insurer, withdrew its rating of the Bond Insurer.

Control and Direction of Enforcement of Rights and Remedies Under the Senior Indenture

Section 7.02 of Senior Indenture. The Senior Indenture provides for certain remedies available to the Trustee upon the occurrence and continuance of an Event of Default, including, without limitation, declaring the full amount of outstanding interest and principal on the Bonds immediately due and payable, instituting legal or equitable proceedings against the Issuer and the Borrower, seeking the appointment of receivers, engaging consultants and exercising the rights and remedies of a secured party under the Uniform Commercial Code of Nevada. However, under Section 7.02 of the Senior Indenture the Bond Insurer, as insurer of the 1st Tier Bonds, is entitled to control and direct the enforcement of all rights and remedies granted to the Bondholders or the Trustee for the benefit of the Bondholders under the Senior Indenture.

Section 5.08 of Senior Indenture. The 2nd Tier Bonds are subordinated and junior in right of payment to the prior payment in full of the 1st Tier Bonds. So long as the 1st Tier Bonds are outstanding, holders of the 2nd Tier Bonds have very limited rights under the Senior Indenture to institute any suit or action to enforce remedies under the Senior Indenture. The terms of these very limited rights of the holders of the 2nd Tier Bonds, as well as the terms of subordination to the rights of the 1st Tier Bonds, are set forth in the Senior Indenture, particularly Section 5.08. Copies of the Indenture are available to holders of the Bonds by request directed to the Trustee.

Las Vegas Monorail Company Has Appointed A Chief Restructuring Officer

At the Bond Insurer's request, the Borrower has retained Michael Monaco, Senior Managing Director of Conway, Del Genio, Gries & Co., as Chief Restructuring Officer, reporting directly to the Borrower's Board of Directors. Mr. Monaco has been engaged to conduct a financial and operational review of the Borrower with the goal of strengthening the borrower's financial performance. His appointment was effective May 5, 2008. The Trustee has been advised that an initial assessment and preliminary recommendations concerning the operations of the Borrower is expected to be released by Mr. Monaco mid-to-late August, 2008.

Las Vegas Monorail Company and The Bond Insurer Are Negotiating a Temporary Forbearance Agreement

The Bond Insurer and the Borrower are negotiating a temporary forbearance agreement (the "Proposed Forbearance Agreement"), to be entered into among the Borrower, the Bond Insurer and the Trustee. The latest draft of the Proposed Forbearance Agreement circulated to the Trustee provides that the Bond Insurer and the Trustee will forbear from the exercise of the rights and remedies available to them as a result of the occurrence and continuation of the existing Events of Default until August 1, 2008, so long as there are no additional Events of Default under the Senior Indenture or the Financing Agreement and the Borrower complies with the terms of the Proposed Forbearance Agreement, which requires, among other things, that the Borrower continue to engage and cooperate with Mr. Monaco, as Chief Restructuring Officer.

Pursuant to Section 7.02 of the Indenture, the Bond Insurer is expected to authorize and direct the Trustee to enter into the Proposed Forbearance Agreement. To induce the Trustee to take the actions described in the Proposed Forbearance Agreement, the Bond Insurer is also expected to indemnify and hold harmless the Trustee from and against all damage, loss, claims, demands, liabilities, obligations,

expenses, actions and cause of action whatsoever arising out of or relating to the performance of the actions described in the Proposed Forbearance Agreement.

**The Borrower Failed to Deposit Sufficient Revenues from Operations
to Pay Debt Service Scheduled for July 1, 2008**

Section 4.2(a)(i) of the Financing Agreement requires the Borrower to pay to the Trustee, on or before the last Business Day of each month, sums sufficient to fund debt service on the Bonds and replenish the Debt Service Reserve shortfalls (over twelve months). Specifically, the Financing Agreement requires monthly payments from the Borrower sufficient to pay the following (in order of priority):

1. Into the 1st Tier Debt Service Fund, one-sixth of the interest and one-twelfth of the principal next coming due on the 1st Tier Bonds;
2. Into the 1st Tier Debt Service Reserve (the "1st Tier DSRF"), one-twelfth of the total amount necessary to restore the 1st Tier DSRF to the Debt Service Reserve Requirement for the 1st Tier Bonds;
3. Into the 2nd Tier Debt Service Fund, one-sixth of the interest and one-twelfth of the principal next coming due on the 2nd Tier Bonds;
4. Into the 2nd Tier Debt Service Reserve (the "2nd Tier DSRF"), one-twelfth of the total amount necessary to restore the 2nd Tier DSRF to the Debt Service Reserve Requirement for the 2nd Tier Bonds.

As the Trustee has previously informed Bondholders, the Borrower failed to make sufficient payments in December, 2007 to satisfy the requirements of Section 4.2(a)(i) and consequently, on January 2, 2008 the Trustee withdrew from the 1st Tier DSRF and the 2nd Tier DSRF amounts sufficient to make up the deficiency in the respective Debt Service Funds. The amounts withdrawn were:

From the 1 st Tier DSRF:	\$1,620,907.02
From the 2 nd Tier DSRF:	\$ 762,896.30

The Borrower has since failed to make sufficient payments in each of the first six months of 2008 to satisfy the requirements of Section 4.2(a)(i) of the Financing Agreement. Funds available to fund debt service from January through May 2008 were \$6,324,212.24, of which \$2,557,513.96 was applied to operations and maintenance expenses. The balance of \$3,766,698.28 has been applied to debt service due on July 1, 2008 (discussed below). Since January 2008, in every month the amount of revenues available to be applied to debt service has been less than that required under §5.03(a) of the Senior Indenture to fund 1st Tier debt service. The Trustee has therefore transferred the entire balance of the available revenues on deposit in Revenue Fund each month to the 1st Tier Debt Service Fund. No revenues have been available to replenish the 1st Tier DSRF, to fund the 2nd Tier Debt Service Fund, or to replenish the 2nd Tier DSRF.

These failures to fund debt service and replenish the Debt Service Reserves constitute Events of Default under the Financing Agreement and the Senior Indenture.

**The July 1, 2008 Debt Service Payments On 1st Tier Bonds and 2nd Tier Bonds
Were Made In Full from Moneys Held In Reserves Under The Senior Indenture**

On July 1, 2008 the following payments of interest came due:

1 st Tier interest:	\$ 9,634,971.88
2 nd Tier interest:	\$ 5,493,875.00
Total debt service due:	\$15,128,846.88

There were insufficient revenues available in the 1st Tier Debt Service Fund to make the July 1, 2008 debt service payment and the Trustee made a withdrawal on the 1st Tier DSRF to cover the shortfall of \$5,856,909.83. The entire amount of the 2nd Tier payment of interest was funded from the 2nd Tier DSRF. The amounts withdrawn were thus:

From the 1 st Tier DSRF:	\$ 5,856,909.83
Remaining balance:	\$14,191,904.00
From the 2 nd Tier DSRF:	\$ 5,493,806.64
Remaining balance:	\$ 8,498,958.04

Following the draws on the 1st Tier DSRF and the 2nd Tier DSRF, the Borrower is required to replenish both reserve funds. Under the Senior Indenture, payments to the 1st Tier DSRF take priority over payments to both the 2nd Tier Debt Service Fund and the 2nd Tier DSRF.

**Concerns About Sufficiency of Revenues from Operations and Moneys
Held In Reserves To Make Future Scheduled Debt Service Payments**

The 1st Tier DSRF has sufficient funds available to make the entire payment of principal and interest coming due January 1, 2009. Unless the Borrower is able to generate increased revenues available for debt service on the 1st Tier Bonds, it is possible that the amounts available in the 1st Tier Debt Service Fund and the 1st Tier DSRF will be insufficient to fully pay the 1st Tier interest payment due July 1, 2009. On that date, if there are insufficient funds in the 1st Tier Debt Service Fund and the 1st Tier DSRF, the Trustee will make a demand on the Bond Insurer under the Bond Insurance Policy for the amount of the shortfall.

Similarly, the 2nd Tier DSRF has sufficient funds available to make the entire payment of interest coming due January 1, 2009. If the Borrower continues to fail to fund debt service on the 2nd Tier Bonds, the 2nd Tier DSRF will not have sufficient funds to fully fund the 2nd Tier interest payment due July 1, 2009. On that date, if there are insufficient funds in the 2nd Tier Debt Service Fund and the 2nd Tier DSRF, the 2nd Tier Bonds will experience a payment default.

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Las Vegas Monorail Project Bonds, Series 2000
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Contact Information

Any party in receipt of this Notice may direct questions by telephone to the Trustee at (612) 667-3777, or by mail addressed to:

Wells Fargo Bank, National Association
Corporate Trust Department – Attn: Gavin Wilkinson
MAC# N9311-115
625 Marquette Avenue, 11th Floor,
Minneapolis, MN 55479
Email: gavin.wilkinson@wellsfargo.com

Bondholders should not rely on the Trustee as their sole source of information. The Trustee makes no recommendations and gives no investment or legal advice herein or as to the Bonds generally.

Dated: July 11, 2008

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee

