



Wells Fargo Corporate Trust Services  
Special Accounts  
MAC: N9311-115  
625 Marquette, 11<sup>th</sup> Floor  
Minneapolis, MN 55479

**DECEMBER 31, 2009**

**NOTICE TO HOLDERS OF  
DIRECTOR OF THE STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
LAS VEGAS MONORAIL PROJECT REVENUE BONDS  
1<sup>ST</sup> TIER SERIES 2000, 2<sup>ND</sup> TIER SERIES 2000 AND 3<sup>RD</sup> TIER SERIES 2000**

**CUSIP NUMBERS:  
(Base CUSIP: 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**

**3<sup>rd</sup> TIER: BF2**

**Introduction**

Wells Fargo Bank, National Association, currently serves as trustee (the "Trustee") under the 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"). The Issuer issued its 1st Tier (the "1st Tier Bonds") and 2<sup>nd</sup> Tier (the "2nd Tier Bonds") Series 2000 Las Vegas Monorail Project Revenue Bonds (the 1<sup>st</sup> Tier Bonds and 2<sup>nd</sup> Tier Bonds are collectively referred to as the "Senior Bonds"), under the Senior Indenture. The Trustee also currently serves as trustee under the Subordinate Indenture, dated as of September 1, 2000 (the "Subordinate Indenture"), between the Trustee and the Issuer. The Issuer issued its Las Vegas Monorail Project Revenue Bonds 3<sup>rd</sup> Tier Series 2000 A-I (the "3<sup>rd</sup> Tier Bonds" also referred to herein as the "Subordinate Bonds" and together with the Senior Bonds are referred to as the "Bonds").

This Notice primarily concerns the payment in full of due and owing interest and principal on the 1<sup>st</sup> Tier Bonds, the non-payment of scheduled interest on the 2<sup>nd</sup> Tier Bonds, and the appointment of a co-trustee for the 2<sup>nd</sup> Tier Bonds under the Senior Indenture. The Trustee refers holders of the Bonds to prior Notices for more information regarding the Bonds.

As the trustee previously informed holders of the Bonds, the Borrower has failed to fund debt service in sufficient amounts to pay interest and principal on the Bonds as they come due. 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). These failures to fund debt service and replenish the Debt Service Reserves constitute Events of Default under the Financing Agreement and the Senior Indenture.

Ambac Assurance Corporation, a Wisconsin-domiciled stock insurance corporation (the “Bond Insurer”), issued a municipal bond insurance policy (the “Bond Insurance Policy”) that insures payment of the principal of and interest and accreted value on the 1<sup>st</sup> Tier Bonds when such payments are due. Proceeds of the Bond Insurance Policy are not available to pay the principal of or interest on the 2<sup>nd</sup> Tier Bonds or the 3<sup>rd</sup> Tier Bonds.

The Bond Insurer has also issued a Surety Reserve Bond (the “1<sup>st</sup> Tier Surety Reserve Bond”) with respect to the 1<sup>st</sup> Tier Debt Service Reserve Fund (the “1<sup>st</sup> Tier DSRF”). In the event and to the extent that moneys on deposit with the Trustee are insufficient to pay the amount of principal, interest and accreted value coming due on the 1<sup>st</sup> Tier Bonds, the Bond Insurer is required to make a deposit of moneys in the 1<sup>st</sup> Tier Debt Service Fund sufficient for the payment of principal, interest and accreted value then due on the 1<sup>st</sup> Tier Bonds up to but not in excess of the 1<sup>st</sup> Tier Surety Reserve Bond Coverage.

### **The Payment in Full of Interest and Principal Coming Due on the 1<sup>st</sup> Tier Bonds**

**And**

### **The Non-payment of Interest Coming Due on the 2<sup>nd</sup> Tier Bonds**

On January 1, 2010, principal and interest on the 1<sup>st</sup> Tier Bonds comes due in the amount of \$16,764,971.88. The Trustee had no cash funds on deposit in the 1<sup>st</sup> Tier Debt Service Fund or the 1<sup>st</sup> Tier DSRF and thus made demand, under the 1<sup>st</sup> Tier Surety Reserve Bond, on the Bond Insurer for the full amount due to holders of the Bonds on January 1, 2010. **The Trustee has received funds in the amount of \$16,764,971.88 from the Bond Insurer and will apply those funds to pay interest and principal on the 1<sup>st</sup> Tier Bonds on January 4, 2010. This will constitute a full payment of the amounts then due and owing on the 1<sup>st</sup> Tier Bonds.**

The remaining balance on the 1<sup>st</sup> Tier Surety Reserve Bond is \$416,305.52.

On January 1, 2010 interest on the 2<sup>nd</sup> Tier bonds comes due in the amount of \$5,493,875.00. This amount is in addition to interest that came due on July 1, 2009 but remains unpaid. The amount of such unpaid interest is \$3,689,360.07. **There will be no payment of interest on the 2<sup>nd</sup> Tier Bonds on January 4, 2010.**

It is expected that the Borrower’s failure to fully fund debt service on the 1<sup>st</sup> Tier and 2<sup>nd</sup> Tier Bonds will continue, and the Trustee will hold insufficient amounts to fully fund the 1<sup>st</sup> Tier and 2<sup>nd</sup> Tier interest payments due July 1, 2010. On that date, if, as expected, there are insufficient funds available to pay interest due on the 1<sup>st</sup> Tier Bonds, the Trustee will make demand on the Bond Insurer regarding the 1<sup>st</sup> Tier Surety Reserve Bond and the Bond Insurance Policy to fully fund the shortfall on the 1<sup>st</sup> Tier Bonds. If, as expected, there are insufficient funds available to pay interest due on the 2<sup>nd</sup> Tier Bonds, the 2<sup>nd</sup> Tier Bonds will experience an additional payment default.

### **Trustee Petition for Appointment of Co-Trustee and Subordinate Trustee**

On November 11, 2009, the Trustee filed with the District Court of Hennepin County, Minnesota (the “Court”), a Verified Petition for the Appointment of a Co-Trustee and for Instruction in the Administration of a Trust Pursuant to Minn. Stat. § 501B.16 (the “Petition”). The Petition sought instruction from the Court with respect to the appointment of a qualified corporate trust administrator to act as co-trustee for the 2<sup>nd</sup> Tier Bonds in order to resolve a possible conflict of interest under the Senior Indenture. A conflict may arise if the Trustee continues to administer

the Trust Estate for the different tiers of Bonds, in light of the existing and continuing Events of Default caused by the Borrower's failure to deposit sufficient revenues to pay debt service on the Bonds.

The Court heard the Trustee's Petition on December 30, 2009 and granted it, naming US Bank, National Association as the Co-Trustee for the 2<sup>nd</sup> Tier Bonds. Holders of the 2<sup>nd</sup> Tier Bonds may reach the Co-Trustee by telephone at 702-251-1656, or by mail addressed to:

US Bank, National Association  
Attn: Sandra Spivey  
Nevada Financial Center  
2300 W. Sahara, Suite 200  
Las Vegas, Nevada 89102  
Email: Sandra.spivey@usbank.com

The Trustee is pursuing the appointment of a qualified corporate trust administrator to act as a subordinate and successor trustee for the 3<sup>rd</sup> Tier Bonds in order to resolve a possible conflict of interest. A conflict may arise if the Trustee continuing to administer the Trust Estate for the different tiers of Bonds in light of the existing and continuing Events of Default created by the Borrower's failure to deposit sufficient revenues to pay debt service on the Bonds. The Trustee is in the process of identifying such a subordinate and successor trustee for the 3<sup>rd</sup> Tier Bonds and will file a subsequent notice with additional and updated information regarding its progress on this matter.

### **Conclusion**

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 concerning the Bonds. The Trustee makes no recommendations and gives no investment or legal advice herein or as to the Bonds generally.**

Dated: December 31, 2009.

WELLS FARGO BANK, NATIONAL  
ASSOCIATION,  
as Trustee