



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

JULY 1, 2009

**NOTICE TO HOLDERS OF
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:
(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

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").

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.

On July 1, 2009 the following payments of interest came due:

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

There were insufficient funds available in the 1st Tier Debt Service Fund to make the July 1, 2009 debt service payment. The Trustee therefore drew on the Debt Service Reserve Fund (in the amount of \$4,144,007.84) and the Surety Bond issued by Ambac Assurance Corporation which makes up part of the 1st Tier Debt Service Reserve Fund to cover the shortfall. After applying the amounts available in the 1st Tier Debt Service Fund and the 1st Tier Debt Service Reserve Fund, the amount of the shortfall and the subsequent draw

on the Surety Bond was \$3,767,799.27. Following this draw on the Surety Bond, the Trustee made the interest payment on the 1st Tier Bonds in full.

Following this payment on the 1st Tier Bonds, the 1st Tier Debt Service Reserve Fund has zero balance and the remaining amount outstanding on the Surety Bond (assuming no reinstatement) is \$17,224,008.23.

The 2nd Tier Debt Service Fund balance prior this payment was zero, and the funds available in the 2nd Tier Debt Service Reserve Fund were insufficient to pay in full the July 1 interest payment on the 2nd Tier Bonds. Moreover, the Trustee has received direction from a requisite number of holders of the Senior Bonds to withhold \$1,500,000 in the 2nd Tier Debt Service Reserve Fund from the July 1, 2009 payment of interest on the 2nd Tier Bonds. The Trustee thus made a partial payment of interest, in the amount of \$1,804,514.93, to holders of the 2nd Tier Bonds, compared to interest due in the amount of \$5,493,875.00.

Following this payment on the 2nd Tier Bonds, the 2nd Tier Debt Service Reserve Fund has a balance of \$1,500,000.

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.

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Trustee