



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

July 1, 2010

**NOTICE OF PAYMENT DEFAULT
TO HOLDERS OF
DIRECTOR OF THE STATE OF NEVADA
DEPARTMENT OF BUSINESS AND INDUSTRY
LAS VEGAS MONORAIL PROJECT REVENUE BONDS
1ST TIER SERIES 2000**

RECEIVED
JUL 12 2010
Las Vegas Monorail Co

**CUSIP NUMBERS:
(Base CUSIP: 25457V)**

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

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 Series 2000 (the "1st Tier Bonds") and its 2nd Tier Series 2000 (the "2nd Tier Bonds") Las Vegas Monorail Project Revenue Bonds (the 1st Tier Bonds and 2nd Tier Bonds are collectively referred to as the "Senior Bonds"), under the Senior Indenture.¹

The proceeds of the Bonds were used for the financing of the acquisition, construction, improvement and/or equipping of a four-mile dual guideway monorail system in Clark County, Nevada. 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.

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"). On or about March 24, 2010, the Bond Insurer established a segregated account (the "Segregated Account") for certain policies including the Bond Insurance Policy and the surety bond (the "Surety Bond") that partially funded the 1st Tier Debt Service Reserve Fund. The Office of the Commissioner of Insurance of the State of Wisconsin (OCI) subsequently filed a petition to rehabilitate the Segregated Account and has announced that it will permit no payments on claims against policies in the Segregated Account until a rehabilitation plan is approved.

The Borrower filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Nevada (Case No. BK-S-10-10464-LBR) (the "Bankruptcy Proceedings"). Under the Bankruptcy Proceedings an automatic stay precludes the enforcement of remedies against the Borrower.

¹ US Bank currently serves as successor trustee for the 2nd Tier Bonds under the Senior Indenture.

Notice to Holders of Las Vegas Monorail Project Revenue Bonds, Series 2000

July 1, 2010

Page 2

The Trustee has previously delivered notices regarding the Segregated Account rehabilitation proceedings and the Bankruptcy Proceedings. This and prior notices can be found at EMMA, the official source for municipal disclosures and market data of the Municipal Securities Rulemaking Board (www.emma.msrb.org).

First Tier Bond Payment Default

On July 1, 2010 interest in the amount of \$9,634,971.88 came due. There are no funds available in the 1st Tier Debt Service Fund or the 1st Tier Debt Service Reserve Fund to pay the interest due.² On June 30, 2010, the Trustee delivered demands to the Bond Insurer for payment under the Bond Insurance Policy and the Surety Bond. However, because of the Segregated Account rehabilitation proceedings, the Bond Insurer has not honored those demands. As a result, no payment of interest on the 1st Tier Bonds was made.

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: July 1, 2010

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Trustee

² As of June 30, 2010 the Revenue Account held funds in the amount of \$1,042,605.39. These funds may only be used for operations and maintenance expenses of the Borrower and are not available for debt service pursuant to an order of the Bankruptcy Court.