

Rating Action: Moody's assigns Aa3 to Las Vegas Convention & Visitors Authority, NV's 2018C revenue bonds; outlook stable

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New York, October 18, 2018 -- Moody's Investors Service has assigned a Aa3 rating to Las Vegas Convention & Visitors Authority, Nevada's (LVCVA) Revenue Bonds, Series 2018 C in the estimated amount of \$80 million. Moody's maintains Aa3 ratings on the authority's outstanding revenue bonds totaling \$671.7 million as well as Aa1 ratings on the authority's double-barreled GOLT revenue bonds issued through Clark County that are outstanding in the amount of \$801 million. The authority's outlook is stable.

RATINGS RATIONALE

The Aa3 rating primarily reflects LVCVA's entrenched position as the nation's market leader for large-scale conventions and the area's substantial tourism amenities that include the renowned Las Vegas Strip. Increasing hotel room rates are bolstering pledged tax receipts at a modest pace and to new all-time highs, and average daily hotel occupancy has been uncommonly strong at 89%. Sound maximum annual debt service coverage of 3.0 times fiscal 2017 pledged revenues provides headroom to endure economic volatility. Recent economic growth in the US and globally directly benefits the authority's revenues. Visit volume declined modestly in 2017, but remained in the 42 million range, after reaching all-time highs for each of the past few years. Lastly, legal provisions are considered adequate.

RATING OUTLOOK

The stable outlook anticipates continued positive trends for pledged revenues, especially hotel taxes that are expected to grow modestly, which are supported by the Las Vegas area's resilient appeal as a global travel destination. LVCVA has substantial capital plans and future debt issuances will be driven by a multi-phased convention center expansion led by the authority's prudent management with attention to economic and financial conditions.

FACTORS THAT COULD LEAD TO AN UPGRADE

- Reduced economic volatility for pledged revenues, particularly during recessions
- Sustainable, significant strengthening of maximum annual debt service coverage

FACTORS THAT COULD LEAD TO A DOWNGRADE

- Substantial additional debt that significantly reduces coverage, including to below management's 3.0x total annual debt service coverage target
- Significant declines in pledged revenues, especially hotel taxes

LEGAL SECURITY

LVCVA's revenue bonds are all secured by the authority's first lien pledge of net revenues from hotel room taxes collected throughout Clark County as well as revenues from its convention facilities after the payment of operating expenses.

USE OF PROCEEDS

The proceeds will repay draws on an outstanding bank facility which funded a land acquisition, funding capitalized interest, and some facility improvements including demolition and construction costs for new parcels.

PROFILE

LVCVA markets the Las Vegas (Aa2 stable) area as a global travel destination for business and leisure and operates the Las Vegas Convention Center. The authority is an independent governmental entity with its own

governing board and administrative staff.

METHODOLOGY

The principal methodology used in this rating was US Public Finance Special Tax Methodology published in July 2017. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

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Patrick Liberatore
Lead Analyst
Regional PFG West
Moody's Investors Service, Inc.
One Front Street
Suite 1900
San Francisco 94111
US
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Leonard Jones
MANAGING DIRECTOR
Regional PFG Northeast
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A
JOURNALISTS: 1 212 553 0376
Client Service: 1 212 553 1653

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