

Nevada State Board of Equalization
Taxpayer Petition for Appeal from



the Decision of the County Board of Equalization

If you have questions about this form or the appeal process, please call: (775) 684-2160.

Email completed form to: stateboard@tax.state.nv.us by 5:00 p.m. March 10, 2026.

Mail to: State Board of Equalization, 3850 Arrowhead Drive, Carson City, NV, 89706. POSTMARK by 5:00 p.m. March 10, 2026.

Please Print or Type:

Part A. PROPERTY OWNER AND PETITIONER INFORMATION

NAME OF PROPERTY OWNER AS IT APPEARS ON THE TAX ROLL The Boring Company					
NAME OF PETITIONER (IF DIFFERENT THAN PROPERTY OWNER LISTED IN PART A) Arun Prakash				TITLE CFO	
MAILING ADDRESS OF PETITIONER (STREET ADDRESS OR P.O. BOX) 130 Walker Watson Road				EMAIL ADDRESS arun@boringcompany.com	
CITY Bastrop	STATE TX	ZIP CODE 78602	DAYTIME PHONE 5125246582	ALTERNATE PHONE 3106633253	FAX NUMBER N/A

Part B. PROPERTY OWNER ENTITY DESCRIPTION

Check organization type which best describes the Property Owner if an entity and not a natural person. Natural persons may skip Part B.

- ☐ Sole Proprietorship ☐ Trust ☒ Corporation
☐ Limited Liability Company (LLC) ☐ General or Limited Partnership ☐ Government or Governmental Agency
☐ Other, please describe: _____

The organization described above was formed under the laws of the State of _____.

The organization described above is a non-profit organization. ☐ Yes ☐ No

Part C. RELATIONSHIP OF PETITIONER TO PROPERTY OWNER IN PART A

Check box which best describes the relationship of Petitioner to Property Owner: ☒ Additional information may be necessary.

- ☐ Self ☐ Trustee of Trust ☐ Employee of Property Owner
☐ Co-owner, partner, managing member ☐ Officer of Company
☒ Employee or Officer of Management Company
☐ Employee, Officer, or Owner of Lessee of leasehold, possessory interest, or beneficial interest in real property
☐ Other, please describe: _____

Part D. PROPERTY IDENTIFICATION INFORMATION

1. Enter Physical Address of Property:

ADDRESS N/A	STREET ROAD N/A	CITY (IF APPLICABLE) N/A	COUNTY Clark
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2. Enter Applicable APN or Account Number from assessment notice or tax bill:

ASSESSOR'S PARCEL NUMBER (APN) N/A	ACCOUNT NUMBER 230178, 230177
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3. Does this appeal involve multiple parcels? Yes ☒ No ☐

List multiple parcels on a separate, letter-sized sheet.

If yes, enter number of parcels: 2	Multiple parcel list is attached. ☐
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4. Check Property Use Type: ☒

☐ Vacant Land	☐ Mobile Home (Not on foundation)	☐ Mining Property
☐ Residential Property	☐ Commercial Property	☐ Industrial Property
☐ Multi-Family Residential Property	☐ Agricultural Property	☐ Personal Property
☒ Possessory Interest in Real or Personal property		

5. Check Year and Roll Type of Assessment being appealed: ☒

☐ 2026-2027 Secured Roll	☒ 2025-2026 Unsecured Roll	☐ 2025-2026 Supplemental Roll
☐ 2026-2027 Centrally-assessed Roll	☐ 2025-2025 Net Proceeds Roll	

Other years being appealed: 2024-2025

Be prepared to cite the legal authority, if any, that permits the State Board to consider appeals of taxable value from prior years.

Part E. VALUE OF PROPERTY

Property Type	As established by County Board of Equalization		Property Owner: What is the value you seek? Write N/A on each line for values which are not being appealed.	
	Taxable Value	Assessed Value	Taxable Value	Assessed value
Land	0	0	N/A	N/A
Buildings	0	0	N/A	N/A
Personal Property	6,486,771	6,486,771	0	0
Total	6,486,771	6,486,771	0	0

For Clerk Use Only

26-116

Part F. TYPE OF APPEAL*Check box which best describes the authority of the State Board to take jurisdiction to hear the appeal.*

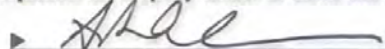
☒	NRS 361.360(1), NRS 361.400(2) The value of real or personal property is being appealed, the Petitioner is aggrieved at the action of the County Board or the failure of the County Board to equalize resulting in overvaluation of property or undervaluation or non-assessment of other property
☐	NRS 361A.240(2)(b) The under-or-over valuation of open-space use property is being appealed
☐	NRS 361A.273(1) This is an appeal of a determination that agricultural property has been converted to a higher use and for valuations for deferred tax years the notice of conversion from the assessor was received after July 1 and before December 16 and the appeal was heard by the County Board
☐	NRS 361.360(1), NAC 361.747(2)(c) The property was denied an exemption that is allowed by law. If so, describe the applicable exemption
☐	Other reason, please describe _____

Part G. ATTACH A BRIEF STATEMENT OR LETTER DESCRIBING THE ISSUES AND CONTENTIONS IN THIS APPEAL.**Part H. COUNTY APPEAL INFORMATION**

County in which appeal was heard:	County Case Number:	Date Heard by County:
Clark	21, 22	02/25/2026

VERIFICATION

I verify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief; and that I am either (1) the person who owns or controls taxable property, or possesses in its entirety taxable property, or the lessee or user of a leasehold interest, possessory interest, beneficial interest or beneficial use, pursuant to NRS 361.334; or (2) I am a person employed by the Property Owner or an affiliate of the Property Owner and I am acting within the scope of my employment. If Part I below is completed, I further certify I have authorized each agent named therein to represent the Property Owner as stated and I have the authority to appoint each agent named in Part I.


 Petitioner Signature
 Arun Prakash
 Print Name of Signatory

CFO
 Title
 03/05/2026
 Date

Part I. AUTHORIZATION OF AGENT *Complete this section only if an agent, including an attorney, has been appointed to represent the Property Owner/Petitioner in proceedings before the State Board. List additional authorized agents on a separate sheet as needed, including printed name, contact information, signature, title and date.*

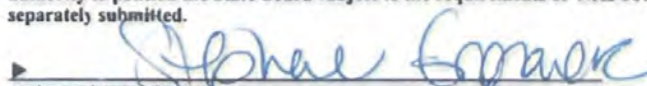
I hereby authorize the agent whose name and contact information appears below to file a petition to the Nevada State Board of Equalization and to contest the value and/or exemption established for the properties named in Part D(2) of this Petition. I further authorize the agent listed below to receive all notices and decision letters related thereto; and represent the Petitioner in all related hearings and matters including stipulations and withdrawals before the Nevada State Board of Equalization. This authorization is limited to the appeal of property valuation for the tax roll and fiscal year named in Part D(5) of this Petition.

Authorized Agent Contact Information:

NAME OF AUTHORIZED AGENT		TITLE			
Stephanie Gronauer		Attorney			
AUTHORIZED AGENT COMPANY, IF APPLICABLE		EMAIL ADDRESS			
Kaempfer Crowell		sgronauer@kcenvlaw.com			
MAILING ADDRESS OF AUTHORIZED AGENT (STREET ADDRESS OR P.O. BOX)					
1980 Festival Plaza Dr. Suite 650					
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER
Las Vegas	NV	89135	702-792-7045	(702) 792-7045	702-792-7045

Authorized Agent must check each applicable statement and sign below.

- ☒ I hereby accept appointment as the authorized agent of the Property Owner in proceedings before the County Board.
- ☐ I verify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief; and I am the authorized agent with authority to petition the State Board subject to the requirements of NRS 361.362 and the limitations contained in the Agent Authorization Form to be separately submitted.


 Authorized Agent Signature
 Stephanie Gronauer
 Print Name of Signatory

Attorney
 Title
 3/6/26
 Date

Appeal to State BoE of the Clark County BoE Appeal:

Possessory Interest of Tunnels under Clark County Right-of-Way

Value summary:

Materials in tunnels:	\$6,298,572 (Tax District 410)
	\$12,235,060 (Tax District 470)

Assessed at 35% of value:	\$2,204,500 (410)
	\$4,282,271 (470)

Tax due (2.9328%):	\$64,654 (410)
	\$125,591 (470)

Basis for Protest:

The assessment is protested for the following reasons:

The tunnel itself in the Loop is built within 30 to 100 feet under the surface. This land would not have any other potential higher or better use, and therefore would remain undeveloped without the Loop project commencing. In fact, the land above the tunnels has the same value as it had prior to the tunnels existing, which by the identity property of addition, means the tunnels, despite being made of tangible items such as concrete, have no real value.

The tunnels have zero value factoring in economic obsolescence using comparable analysis and discounted cash flows even with aggressive growth assumptions.

See further attachments.

Vegas Loop Combined Discounted Cash Flow

					0	1	2	3	4
Revenue and Direct Growth					100%	100%	100%	100%	75%
Indirect Growth					25%	25%	25%	25%	25%
Line item	Customer	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast
Management Revenue	LVCVA	4,430,248	4,579,316	4,920,317	6,150,396	7,687,995	9,609,994	12,012,492	15,015,615
Management Revenue	RW	158,533	152,870	83,120	103,900	129,875	162,343	202,929	253,662
Management Revenue	Westgate	-	-	65,810	82,262	102,828	128,535	160,668	200,835
Management Revenue	Encore	-	-	138,857	173,571	216,964	271,205	339,006	423,758
Fares		492,276	663,160	1,310,779	2,621,558	5,243,117	10,486,233	20,972,467	36,701,816
Advertising		23,475	36,802	65,993	131,987	263,973	527,946	1,055,893	1,847,813
DAS Revenue Share		41,125	37,253	38,487	76,973	153,946	307,892	615,785	1,077,624
		5,145,657	5,469,400	6,623,362	9,340,647	13,798,697	21,494,149	35,359,240	55,521,122
Direct Personnel		2,012,124	2,477,896	3,294,340	4,645,868	6,863,221	10,690,798	17,587,042	27,615,195
Merchant Fees		24,393	36,074	63,367	126,735	253,470	506,939	1,013,878	1,774,287
Permits, Bonds, Licenses		28,751	21,221	42,955	53,694	67,118	83,897	104,871	131,089
Vehicle Registration		8,655	79,466	94,274	117,842	147,303	184,129	230,161	287,701
Equipment Purchase, Repair, Rental		149,203	181,844	304,042	380,053	475,066	593,833	742,291	927,864
Indirect Personnel		2,249,671	2,581,860	3,339,125	4,173,906	5,217,382	6,521,728	8,152,160	10,190,200
Professional Fees		9,695	9,349	4,720	5,900	7,375	9,219	11,524	14,405
Travel		833	9,856	26,519	33,149	41,437	51,796	64,745	80,931
Employee Expenses		56,127	82,734	34,102	42,628	53,285	66,606	83,257	104,072
Misc. Operating Expenses		226,411	701,794	542,317	677,897	847,371	1,059,213	1,324,017	1,655,021
Shared Services - Insurance, HR, Accounting		1,464,000	1,464,000	1,464,000	1,830,000	2,287,500	2,859,375	3,574,219	4,467,773
Financing - Vehicles		1,168,916	1,207,654	1,025,525	1,281,906	1,602,383	2,002,978	2,503,723	3,129,653
		7,398,780	8,853,747	10,235,288	13,369,578	17,862,910	24,630,512	35,391,888	50,378,192
Revenue - not including LVCVA		715,409	890,084	1,703,045	3,190,251	6,110,702	11,884,155	23,346,748	40,505,507
Expenses - not including LVCVA		2,968,532	4,274,431	5,314,971	7,219,182	10,174,915	15,020,518	23,379,396	35,362,576
Cash Flow (not including construction)		(3,422,040)	(4,592,000)	(4,637,450)	(5,310,837)	(5,666,595)	(5,139,341)	(2,536,371)	2,013,277
Capex - Tunnel Construction (not including LVCVA)		(3,567,590)	(3,652,030)	(10,288,237)	(20,576,474)	(41,152,948)	(82,305,896)	(164,611,792)	-
Assume X year financing of constructions costs	2023	(118,920)	(118,920)	(118,920)	(118,920)	(118,920)	(118,920)	(118,920)	(118,920)
30	2024	-	(121,734)	(121,734)	(121,734)	(121,734)	(121,734)	(121,734)	(121,734)
	2025	-	-	(342,941)	(342,941)	(342,941)	(342,941)	(342,941)	(342,941)
	2026	-	-	-	(685,882)	(685,882)	(685,882)	(685,882)	(685,882)
	2027	-	-	-	-	(1,371,765)	(1,371,765)	(1,371,765)	(1,371,765)
	2028	-	-	-	-	-	(2,743,530)	(2,743,530)	(2,743,530)
	2029	-	-	-	-	-	-	(5,487,060)	(5,487,060)
	2030	-	-	-	-	-	-	-	-
		(118,920)	(240,654)	(583,595)	(1,269,478)	(2,641,243)	(5,384,773)	(10,871,832)	(10,871,832)
Cash Flow (including construction)		(3,540,959)	(4,832,654)	(5,221,045)	(6,580,315)	(8,307,838)	(10,524,113)	(13,408,203)	(8,858,555)
WACC	19.4%								
Discount Factor					1.00	0.84	0.70	0.59	0.49
Terminal Value (assume flat after 2030)									-
NPV of Cash Flows									(33,171,660)
									(33,171,660)
Not including construction									
Terminal Value (assume flat after 2030)									10,393,791
NPV of Cash Flows									(14,164,281)
									(3,770,490)

WACC Calculation

The WACC formula for a 100% equity-financed company is: **WACC = Re** Where **Re = Rf + β × ERP** (using CAPM).

Component	Value	Explanation
Risk-free Rate	4.37%	10-year US Treasury yield
Beta Multiplier	3.00	Market risk for this project, even higher than companies with heavy capex and future payback from mass market (e.g., Carnival 2.44)
Equity Risk Premium	5.00%	Kroll
Cost of Equity (Re)	19.37%	CAPM reflects market risk for equity investors.
WACC	19.37%	WACC = Re, as the entire capital structure is equity.

UNSECURED PROPERTY TAX BILL - POSSESSORY INTEREST



Clark County

Briana Johnson, Clark County Assessor

500 S. Grand Central Pkwy., 2nd Floor, Las Vegas, NV 89155

www.ClarkCountyNV.gov/Assessor

Bill No.: 1586532

Date: 12/09/2025

Phone: (702) 455-3882

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Fiscal Year	Account	Tax District	Tax Rate	Property Location and Description
2025/2026	230177	470	2.9328	PARADISE RD LAS VEGAS
Assessed Valuation				
Property Value			4,282,271	Possessory Interest
Name				Exemption Values
THE BORING COMPANY 130 WALKER WATSON RD BASTROP TX 78602-3170				
				Total Exemption 0

Sale or disposal of this property after July 1, 2025 does not relieve the obligation to pay this tax.

Property Value Ad Valorem Tax	7,590.61
Abatement Amount	0.00
*Abatement Applied Limits Increase To 8.00%	
Net Ad Valorem Tax	7,590.61
New Property Value Outside CAP	117,999.85
Adjusted Tax Amount	0.00
Exemption Amount	0.00
Recapture Amount	0.00
Net Tax Amount	125,590.46
Penalties	12,559.05
Miscellaneous Fees	0.00
Veteran's Home Donation	0.00
Total Amount Billed	138,149.51
Less Payments Applied	0.00
Balance Remaining	138,149.51
Prior Year Delinquencies	8,205.85
Total Balance Owning	\$146,355.36

Detail of Amount Due		
Description	Total Due	Minimum Due
Tax Year 2025/2026	138,149.51	138,149.51
Tax Year 2024/2025	8,205.85	8,205.85
Total	146,355.36	146,355.36

Payments received will be applied to the oldest charge first.
To avoid penalties, payments must be postmarked by due date.
Penalties are 10% of the tax amount due.

All delinquent amounts are due immediately.

If property is protected by bankruptcy, this is for your information. Do not consider this an attempt to collect.

Current Year Tax Distribution		
Agency	Rate	Amount
Clark County Capital	0.0500	2,141.14
Clark County Family Court	0.0192	822.19
Clark County Fire Service District	0.2197	9,408.15
Clark County General Operating	0.4599	19,694.16
County School Debt (Bonds)	0.5534	23,698.09
State Education	0.7500	32,117.05
Indigent Accident Fund	0.0150	642.34
LV/Clark County Library	0.0942	4,033.90
LVMPD Emergency 911	0.0050	214.11
LVMPD Manpower Supplement County	0.2800	11,990.36
Medical Asst to Indigent Persons	0.1000	4,282.27
Paradise Town	0.2064	8,838.61
State Cooperative Extension	0.0100	428.23
State of Nevada	0.1700	7,279.86
Totals	2.9328	125,590.46
Payment Installment(s)		
Description	Due Date	Amount Due
Installment 1	11/21/2025	138,149.51
Installment 2		0.00
Installment 3		0.00
Installment 4		0.00

Cut Here



Please return this portion with your payment.

Date: 12/09/2025



togetherforbetter

Make checks payable to:
Clark County Assessor

Fiscal Year: 2025/2026
Pay Immediately

Account Number: 230177

Tax District: 470
Tax Amount: \$133,050.32
Penalty: \$13,305.04
Misc. Fee: \$0.00

Name: THE BORING COMPANY
Description: Possessory Interest
Location: PARADISE RD

Minimum Due: \$146,355.36
To Pay In Full: \$146,355.36

2026230177000000000040000146355360000146355361



UNSECURED PROPERTY TAX BILL - POSSESSORY INTEREST

Clark County

Briana Johnson, Clark County Assessor

500 S. Grand Central Pkwy., 2nd Floor, Las Vegas, NV 89155

www.ClarkCountyNV.gov/Assessor

Bill No.: 1586643

Date: 12/09/2025

Phone: (702) 455-3882

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Fiscal Year	Account	Tax District	Tax Rate	Property Location and Description	
2025/2026	230178	410	2.9328	PARADISE RD LAS VEGAS	
Assessed Valuation				Property Value	
				2,204,500	Possessory Interest
Name					Exemption Values
THE BORING COMPANY 130 WALKER WATSON RD BASTROP TX 78602-3170					Total Exemption
					0

Sale or disposal of this property after July 1, 2025 does not relieve the obligation to pay this tax.

Property Value Ad Valorem Tax	56,606.38
Abatement Amount	0.00
*Abatement Applied Limits Increase To 8.00%	
Net Ad Valorem Tax	56,606.38
New Property Value Outside CAP	8,047.22
Adjusted Tax Amount	0.00
Exemption Amount	0.00
Recapture Amount	0.00
Net Tax Amount	64,653.60
Penalties	6,465.36
Miscellaneous Fees	0.00
Veteran's Home Donation	0.00
Total Amount Billed	71,118.96
Less Payments Applied	0.00
Balance Remaining	71,118.96
Prior Year Delinquencies	61,098.20
Total Balance Owning	\$132,217.16

Detail of Amount Due		
Description	Total Due	Minimum Due
Tax Year 2025/2026	71,118.96	71,118.96
Tax Year 2024/2025	61,098.20	61,098.20
Total	132,217.16	132,217.16

Payments received will be applied to the oldest charge first.
To avoid penalties, payments must be postmarked by due date.
Penalties are 10% of the tax amount due.

All delinquent amounts are due immediately.

If property is protected by bankruptcy, this is for your information. Do not consider this an attempt to collect.

Current Year Tax Distribution		
Agency	Rate	Amount
Clark County Capital	0.0500	1,102.25
Clark County Family Court	0.0192	423.26
Clark County Fire Service District	0.2197	4,843.29
Clark County General Operating	0.4599	10,138.50
County School Debt (Bonds)	0.5534	12,199.71
State Education	0.7500	16,533.76
Indigent Accident Fund	0.0150	330.68
LV/Clark County Library	0.0942	2,076.64
LVMPD Emergency 911	0.0050	110.23
LVMPD Manpower Supplement County	0.2800	6,172.60
Medical Asst to Indigent Persons	0.1000	2,204.50
State Cooperative Extension	0.0100	220.45
State of Nevada	0.1700	3,747.65
Winchester Town	0.2064	4,550.08
Totals	2.9328	64,653.60

Payment Installment(s)		
Description	Due Date	Amount Due
Installment 1	11/21/2025	71,118.96
Installment 2		0.00
Installment 3		0.00
Installment 4		0.00

Cut Here ----- Please return this portion with your payment. Date: 12/09/2025



togetherforbetter

Make checks payable to:
Clark County Assessor

Mail to:
500 S. Grand Central Pkwy., 2nd Floor
PO Box 551401
Las Vegas, NV 89155-1401

Fiscal Year: 2025/2026
Pay Immediately

Account Number: 230178
Tax District: 410
Tax Amount: \$120,197.42
Penalty: \$12,019.74
Misc. Fee: \$0.00

Name: THE BORING COMPANY
Description: Possessory Interest
Location: PARADISE RD

Minimum Due: \$132,217.16
To Pay In Full: \$132,217.16

2026230178000000000040000132217160000132217169



Nevada State Board of Equalization Agent Authorization Form

If you have questions about this form or the appeal process, please call: (775) 684-2160.
Email completed form to: stateboard@tax.state.nv.us.
Mail to: State Board of Equalization, 3850 Arrowhead Dr., Carson City, NV, 89706

Please Print or Type:

Part A. PROPERTY OWNER AND CONTACT INFORMATION OF PERSON GRANTING AUTHORITY TO AGENT

NAME OF PROPERTY OWNER AS IT APPEARS ON THE TAX ROLL: <u>The Boring Company</u>					
NAME OF PERSON GRANTING AUTHORITY TO AGENT (IF DIFFERENT THAN PROPERTY OWNER LISTED IN PART A): <u>Stephen T. Schwarzbach Jr.</u>				TITLE: <u>Head of Legal Affairs</u>	
MAILING ADDRESS OF PETITIONER (STREET ADDRESS OR P.O. BOX): <u>3987 Paradise Rd.</u>				EMAIL ADDRESS: <u>Legal@boringcompany.com</u>	
CITY: <u>Las Vegas</u>	STATE: <u>NV</u>	ZIP CODE: <u>89169</u>	DAYTIME PHONE: <u>832-711-6520</u>	ALTERNATE PHONE:	FAX NUMBER:

Part B. PROPERTY OWNER INFORMATION

Check organization type which best describes the Property Owner if not a natural person: ☒ Natural persons may skip Part B.

- ☐ Sole Proprietorship ☐ Trust ☒ Corporation
☐ Limited Liability Company (LLC) ☐ General or Limited Partnership ☐ Government or Governmental Agency
☐ Other, please describe: _____

The organization described above was formed under the laws of the State of _____

The organization described above is a non-profit organization. ☐ Yes ☐ No

Part C. RELATIONSHIP OF PERSON GRANTING AUTHORITY TO AGENT TO PROPERTY OWNER

Check box which best describes the relationship of Petitioner to Property Owner: ☒ Additional information may be necessary.

- ☐ Self ☐ Trustee of Trust ☐ Employee of Property Owner
☐ Co-owner, partner, managing member ☒ Officer of Company
☐ Employee or Officer of Management Company
☐ Employee, Officer, or Owner of Lessee of leasehold, possessory interest, or beneficial interest in real property
☐ Other, please describe: _____

Part D. PROPERTY SUBJECT TO THIS AGENT AUTHORIZATION:

Enter Applicable Number from assessment notice or tax bill:

ASSESSOR'S PARCEL NUMBER (APN): <u>230177 ; 230178</u>	ACCOUNT NUMBER:	PROPERTY IDENTIFICATION NUMBER (PID)-MINES:
---	-----------------	---

☐ Multiple parcel list attached. (Use letter-size paper)

Part E. YEAR AND ROLL TYPE OF ASSESSMENT BEING APPEALED: ☒

- ☐ 2026-2027 Secured Roll ☒ 2025-2026 Unsecured Roll ☐ 2025-2026 Supplemental Roll
☐ 2026-2027 Centrally-assessed Roll ☐ 2025-2026 Net Proceeds Roll

Other years being appealed: _____

Be prepared to cite the legal authority, if any, that permits the State Board to consider appeals of taxable value from prior years.

For clerk use only

Part F. AUTHORIZATION OF AGENT

I hereby authorize the agent whose name and contact information appears below to file a petition to the Nevada State Board of Equalization and to contest the value and/or exemption established for the properties named in Part D of this Agent Authorization.

I further authorize the agent listed below to receive all notices and decision letters related thereto; and represent the Petitioner in all related hearings and matters including stipulations and withdrawals before the Nevada State Board of Equalization. This authorization is limited to the appeal of property valuation for the tax roll and fiscal year named in Part E of this document.

List additional authorized agents on a separate sheet as needed, including printed name, contact information, signature, title and date.

Authorized Agent Contact Information:

NAME OF AUTHORIZED AGENT Barbara Smith Campbell		TITLE Principal	
AUTHORIZED AGENT COMPANY, IF APPLICABLE: The Ferraro Group, LTD.		EMAIL ADDRESS: barbara@theferrargroup.com	
MAILING ADDRESS OF AUTHORIZED AGENT (STREET ADDRESS OR P.O. BOX) 1165 W. Liberty St. Ste 210			
CITY Reno	STATE NV	ZIP CODE 89501	DAYTIME PHONE 775.331.4555
ALTERNATE PHONE		FAX NUMBER	

I hereby accept appointment as the authorized agent of the Property Owner in proceedings before the State Board.

Authorized Agent Signature: Barbara Smith Campbell Title: Principal Date: 5-13-26

Authorized Agent Contact Information:

NAME OF AUTHORIZED AGENT Greg Ferraro		TITLE President and Founder	
AUTHORIZED AGENT COMPANY, IF APPLICABLE: The Ferraro Group, LTD.		EMAIL ADDRESS: greg@theferrargroup.com	
MAILING ADDRESS OF AUTHORIZED AGENT (STREET ADDRESS OR P.O. BOX) 1165 W. Liberty St. Ste 210			
CITY Reno	STATE NV	ZIP CODE 89501	DAYTIME PHONE 775.331.4555
ALTERNATE PHONE		FAX NUMBER	

I hereby accept appointment as the authorized agent of the Property Owner in proceedings before the State Board.

Authorized Agent Signature: [Signature] Title: President-Founder Date: May 13, 2026

VERIFICATION

I verify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief; and that I am either (1) the person who owns or controls taxable property, or possesses in its entirety taxable property, or the lessee or user of a leasehold interest, possessory interest, beneficial interest or beneficial use, pursuant to NRS 361.334; or (2) I am a person employed by the Property Owner or an affiliate of the Property Owner and I am acting within the scope of my employment. I further certify I have authorized each agent named herein to represent the Property Owner as stated and I have the authority to appoint each agent named herein.

Property Owner / Petitioner Signature: [Signature] Title: Head of Legal Affairs Date: May 13, 2026



Nevada State Board of Equalization
Agent Authorization Form

If you have questions about this form or the appeal process, please call: (775) 684-2160.
Email completed form to: stateboard@tax.state.nv.us.
Mail to: State Board of Equalization, 3850 Arrowhead Dr., Carson City, NV, 89706

Please Print or Type:

Part A. PROPERTY OWNER AND CONTACT INFORMATION OF PERSON GRANTING AUTHORITY TO AGENT

NAME OF PROPERTY OWNER AS IT APPEARS ON THE TAX ROLL: <u>The Boring Company</u>					
NAME OF PERSON GRANTING AUTHORITY TO AGENT (IF DIFFERENT THAN PROPERTY OWNER LISTED IN PART A): <u>Stephen T. Schwarzbach Jr.</u>				TITLE: <u>Head of Legal Affairs</u>	
MAILING ADDRESS OF PETITIONER (STREET ADDRESS OR P.O. BOX): <u>3987 Paradise Rd.</u>				EMAIL ADDRESS: <u>Legal@boringcompany.com</u>	
CITY: <u>Las Vegas</u>	STATE: <u>NV</u>	ZIP CODE: <u>89169</u>	DAYTIME PHONE: <u>832-711-6520</u>	ALTERNATE PHONE:	FAX NUMBER:

Part B. PROPERTY OWNER INFORMATION

Check organization type which best describes the Property Owner if not a natural person: ☒ Natural persons may skip Part B.

- | | | |
|--|---|--|
| ☐ Sole Proprietorship | ☐ Trust | ☒ Corporation |
| ☐ Limited Liability Company (LLC) | ☐ General or Limited Partnership | ☐ Government or Governmental Agency |
| ☐ Other, please describe: _____ | | |

The organization described above was formed under the laws of the State of _____

The organization described above is a non-profit organization. ☐ Yes ☐ No

Part C. RELATIONSHIP OF PERSON GRANTING AUTHORITY TO AGENT TO PROPERTY OWNER

Check box which best describes the relationship of Petitioner to Property Owner: ☒ Additional information may be necessary.

- | | | |
|---|--|---|
| ☐ Self | ☐ Trustee of Trust | ☐ Employee of Property Owner |
| ☐ Co-owner, partner, managing member | ☒ Officer of Company | |
| ☐ Employee or Officer of Management Company | | |
| ☐ Employee, Officer, or Owner of Lessee of leasehold, possessory interest, or beneficial interest in real property | | |
| ☐ Other, please describe: _____ | | |

Part D. PROPERTY SUBJECT TO THIS AGENT AUTHORIZATION:

Enter Applicable Number from assessment notice or tax bill:

ASSESSOR'S PARCEL NUMBER (APN): <u>230177 ; 230178</u>	ACCOUNT NUMBER:	PROPERTY IDENTIFICATION NUMBER (PID)-MINES:
---	-----------------	---

☐ Multiple parcel list attached. (Use letter-size paper)

Part E. YEAR AND ROLL TYPE OF ASSESSMENT BEING APPEALED: ☒

- | | | |
|--|--|--|
| ☐ 2026-2027 Secured Roll | ☒ 2025-2026 Unsecured Roll | ☐ 2025-2026 Supplemental Roll |
| ☐ 2026-2027 Centrally-assessed Roll | ☐ 2025-2026 Net Proceeds Roll | |

Other years being appealed: _____

Be prepared to cite the legal authority, if any, that permits the State Board to consider appeals of taxable value from prior years.

For clerk use only

Part F. AUTHORIZATION OF AGENT

I hereby authorize the agent whose name and contact information appears below to file a petition to the Nevada State Board of Equalization and to contest the value and/or exemption established for the properties named in Part D of this Agent Authorization.

I further authorize the agent listed below to receive all notices and decision letters related thereto; and represent the Petitioner in all related hearings and matters including stipulations and withdrawals before the Nevada State Board of Equalization. This authorization is limited to the appeal of property valuation for the tax roll and fiscal year named in Part E of this document.

List additional authorized agents on a separate sheet as needed, including printed name, contact information, signature, title and date.

Authorized Agent Contact Information:

NAME OF AUTHORIZED AGENT Barbara Smith Campbell		TITLE Principal	
AUTHORIZED AGENT COMPANY, IF APPLICABLE: The Ferraro Group, LTD.		EMAIL ADDRESS: barbara@theferrargroup.com	
MAILING ADDRESS OF AUTHORIZED AGENT (STREET ADDRESS OR P.O. BOX) 1165 W. Liberty St. Ste 210			
CITY Reno	STATE NV	ZIP CODE 89501	DAYTIME PHONE 775.331.4555
ALTERNATE PHONE		FAX NUMBER	

I hereby accept appointment as the authorized agent of the Property Owner in proceedings before the State Board.

Authorized Agent Signature: Barbara Smith Campbell Title: Principal Date: 5-13-26

Authorized Agent Contact Information:

NAME OF AUTHORIZED AGENT Greg Ferraro		TITLE President and Founder	
AUTHORIZED AGENT COMPANY, IF APPLICABLE: The Ferraro Group, LTD.		EMAIL ADDRESS: greg@theferrargroup.com	
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CITY Reno	STATE NV	ZIP CODE 89501	DAYTIME PHONE 775.331.4555
ALTERNATE PHONE		FAX NUMBER	

I hereby accept appointment as the authorized agent of the Property Owner in proceedings before the State Board.

Authorized Agent Signature: [Signature] Title: President-Founder Date: May 13, 2026

VERIFICATION

I verify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief; and that I am either (1) the person who owns or controls taxable property, or possesses in its entirety taxable property, or the lessee or user of a leasehold interest, possessory interest, beneficial interest or beneficial use, pursuant to NRS 361.334; or (2) I am a person employed by the Property Owner or an affiliate of the Property Owner and I am acting within the scope of my employment. I further certify I have authorized each agent named herein to represent the Property Owner as stated and I have the authority to appoint each agent named herein.

Property Owner / Petitioner Signature: [Signature] Title: Head of Legal Affairs Date: May 13, 2026



STATE OF NEVADA
DEPARTMENT OF TAXATION

MAIN OFFICE
3850 Arrowhead Drive
Carson City, Nevada 89706

JOE LOMBARDO
Governor

GEORGE KELESIS
Chair, Nevada Tax Commission

SHELLIE HUGHES
Executive Director

April 8, 2026

Taxpayer/ Petitioner:

The Boring Company
Arun Prakash, CFO
130 Walker Watson Rd
Bastrop TX 78602

CONFIRMATION OF APPEAL

Your appeal has been received by the State Board of Equalization (SBE). When referring to this appeal, please use the SBE case number assigned. The case number may be found at the bottom of this confirmation.

The SBE hearings are scheduled from March through October and are held in Carson City and Las Vegas. The parties will be notified, by certified mail, of the date and approximate time of the hearing. If more information about the appeal process is required, please contact SBE staff at the number listed below. At this time, the precise hearing date has not yet been set.

If someone is representing you in this matter, and you have NOT already submitted an original signed authorization, it must be received by this office before any materials, including hearing notices, are sent to your representative. NRS 361.362 requires that the agent be authorized in writing on a form to be provided. This form must be submitted to the SBE before the hearing and have original signatures of the property owner and the agent. An authorization form can be downloaded from our website at: <https://tax.nv.gov/wp-content/uploads/2024/03/LGS-F032-Agent-Authorization-Form-SBE.pdf>

If the appeal involves a matter that is currently in litigation before the courts of Nevada, it is the policy of the SBE to hold the appeal in abeyance pending the resolution of the court litigation unless the parties agree that the court litigation will not be relevant to the appeal before the SBE.

Kari Skalsky, Management Analyst III
Department of Taxation
(775) 684-2160
stateboard@tax.state.nv.us

STATE BOARD OF EQUALIZATION CASE NUMBER: 26-116

Respondent:

Clark County Assessor
Briana Johnson
500 S Grand Central Pkwy, 2nd Floor
Las Vegas NV 89155

Petitioner Authorized Agent:

Stephanie Gronauer
1980 Festival Plaza Dr Ste 650
Las Vegas NV 89135

County Board Record

**State Board of Equalization Records Request
Preference of Order**

CLARK COUNTY BOARD OF EQUALIZATION

GENERAL INDEX

CBOE Case #: [21, 22](#)
SBOE Case #: [26-116](#)
PPID: [230177, 230178](#)
CBOE Hearing Date: [February 25, 2026](#)
Petitioner: [THE BORING COMPANY](#)
Respondent: [Clark County Assessor](#)

1. Clerk's Certification of Copy
2. Petition for Review of Assessed Valuation
3. Evidence of Mailing Notice of Hearing
4. Notice of Decision
5. Petitioner's Exhibits
6. Assessor's Exhibits
7. Audio and Video Evidence (will be transmitted separately)
8. Minutes (see pertinent pages dated [February 25, 2026](#))

CERTIFICATION OF COPY

STATE OF NEVADA)
)§
COUNTY OF CLARK)

I, LYNN MARIE GOYA, the duly qualified and acting Clerk of Clark County, in the State of Nevada, and Ex-Officio Clerk of the Clark County Board of Equalization, do hereby certify that the foregoing is a true, full and correct copy of the original now on file and of record in this office:

CBOE Case #: **21**
Hearing Date: **February 25, 2026**
PPID: **230177**
Petitioner: **THE BORING COMPANY**



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Clark County at my office, Las Vegas, Nevada, May 18, 2026..



Lynn Marie Goya, Clark County Clerk

CERTIFICATION OF COPY

STATE OF NEVADA)
)§
COUNTY OF CLARK)

I, LYNN MARIE GOYA, the duly qualified and acting Clerk of Clark County, in the State of Nevada, and Ex-Officio Clerk of the Clark County Board of Equalization, do hereby certify that the foregoing is a true, full and correct copy of the original now on file and of record in this office:

CBOE Case #: **22**
Hearing Date: **February 25, 2026**
PPID: **230178**
Petitioner: **THE BORING COMPANY**



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of Clark County at my office, Las Vegas, Nevada, May 18, 2026..



Lynn Marie Goya, Clark County Clerk

APPEAL FORM # 21

Clark County Board of Equalization

PETITION FOR REVIEW OF TAXABLE VALUATION

Submit this Petition Form no later than 5 p.m. of the date due. Most types of appeals must be filed no later than January 15th. If the appeal involves valuation of property escaping taxation, or a determination that agricultural property has been converted to a higher use, a different due date may apply. **Please Print or Type:**

Part A. PROPERTY OWNER/PETITIONER INFORMATION (Agents Information to be completed in Part H)

NAME OF PROPERTY OWNER AS IT APPEARS ON THE TAX ROLL THE BORING COMPANY					
NAME OF PETITIONER (IF DIFFERENT FROM PROPERTY OWNER)				TITLE	
MAILING ADDRESS OF PETITIONER (STREET ADDRESS OR P.O BOX)				EMAIL ADDRESS	
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER

Part B. PROPERTY OWNER ENTITY DESCRIPTION

Check organization type which best describes the Property Owner if an entity and not a natural person. Natural persons may skip Part B.

- ☐ Sole Proprietorship
 ☐ Trust
 ☒ Corporation
 ☐ Limited Liability Company (LLC)
 ☐ General or Limited Partnership
 ☐ Government or Governmental Agency
 ☐ Other, please describe: _____

☒ The organization described above was formed under the laws of the State of TX

The organization described above is a non-profit organization ☐ Yes ☒ No

Part C. RELATIONSHIP OF PETITIONER IN PART C TO PROPERTY OWNER IN PART A

Check box which best describes the relationship of Petitioner to Property Owner: ☐ Additional information may be necessary. Please see Instructions.

- ☐ Self
 ☐ Trustee of Trust
 ☐ Employee of Property Owner
 ☐ Co-owner, Partner, Management Member
 ☒ Officer of Company
 ☐ Employee or Officer of Management Company
 ☐ Employee, Officer, or Owner of Lessee of leasehold, possessory interest, or beneficial interest in real property.
 ☐ Other, please describe: _____

Part D. PROPERTY IDENTIFICATION INFORMATION

1. Enter Physical Address of Property:

ADDRESS 0	STREET/ROAD Paradise Road	CITY (IF APPLICABLE) Las Vegas	COUNTY
PURCHASE PRICE: 0		PURCHASE DATE: 7-01-2025	

2. Enter Applicable Assessor Parcel Number or Personal Property Account Number from assessment notice or tax bill:

ASSESSOR'S PARCEL NUMBER (APN)	ACCOUNT NUMBER 230177
--------------------------------	--------------------------

3. Does this appeal involve multiple parcels? No *List multiple parcels on a separate, letter-sized sheet.*

If yes, enter number of parcels: 0 Multiple parcel list is attached. No

Appeals must be single parcels unless multiple contiguous parcels act as a single unit.

4. Check Property Type:

☐ Vacant Land	☐ Mobile Home (Not on foundation)	☐ Mining Property
☐ Residential Property	☐ Commercial Property	☐ Industrial Property
☐ Multi-Family Residential Property	☐ Agricultural Property	☐ Personal Property
☒ Possessory Interest in Real or Personal property		☐ Exemption

5. Check Year and Roll Type of Assessment being appealed:

25-26 Unsecured Roll

Part E. VALUE OF PROPERTY

Property Owner: What is the value you seek? Write N/A on each line for values which are not being appealed. See NRS 361.025 for the definition of Full Cash Value.

Property Type	Assessor's Taxable Value	Owner's Opinion of Value
Land		0
Buildings		0
Personal Property		0
Possessory interest in real property		1
Exempt Value		0
Total		1

APPEAL FORM # 21

Part F. TYPE OF APPEAL

Check box which best describes the authority of the County Board to take jurisdiction to hear the appeal.

- ☒ NRS 361.357: The full cash value of my property is less than the computed taxable value of the property.
- ☐ NRS 361.356: My property is assessed at a higher value than another property that has an identical use and a comparable location to my property.
- ☐ NRS 361.355: My property is overvalued because other property within the county is undervalued or not assessed; and have attached the proof showing the owner, the location, the description and the taxable value of the undervalued property.
- ☐ NRS 361.155: I request a review of the Assessor's decision to deny my claim for exemption from property taxes.
- ☐ NRS 361A.280: The Assessor has determined my agricultural property has been converted to a higher use and that deferred taxes are now due.
- ☐ NRS 361.769: My property has been assessed as property escaping taxation for this year and/or prior years.

Part G. WRITE A STATEMENT DESCRIBING THE FACTS AND/OR REASONS FOR YOUR APPEAL, REQUEST FOR REVIEW OR COMPLAINT. (ATTACH A SEPARATE PAGE IF MORE ROOM IS NEEDED)

Value summary: Materials in tunnels: \$6,298,572 (Tax District 410) \$12,235,060 (Tax District 470) Assessed at 35% of value: \$2,204,500 (410) \$4,282,271 (470) Tax due (2.9328%): \$64,654 (410) \$125,591 (470) Basis for Protest: The assessment is protested for the following reasons: As with the land located at 3395 Cambridge St., the use of these tunnels is to support an exempt entity, the Las Vegas Convention and Visitors Authority ("LVCVA"). The tunnels have negative value factoring in economic obsolescence using comparable analysis and discounted cash flows (see attachment with DCF models). Further, for the prior taxable year, notice of value was received late and were not able to be appealed by May 15th, 2025. We wish to appeal the prior taxable year in a similar manner.

CERTIFICATION

I certify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief; and that I am either (1) the person who owns or controls taxable property, or possesses in its entirety taxable property, or the lessee or user of a leasehold interest, possessory interest, beneficial interest or beneficial use, pursuant to NRS 361.334; or (2) I am a person employed by the Property Owner or an affiliate of the Property Owner and I am acting within the scope of my employment. If Part H below is completed, I further certify I have authorized the agent named therein to represent the Property Owner as stated and I have the authority to appoint the authorized agent named in Part H.

AP

Mr

Owner/Petitioner Signature

Title

Arun Prakash - Chief Financial Officer

1/7/2026 12:22:51 PM

Print Name of Owner/Petitioner

Date

Part H. AUTHORIZATION OF AGENT

Complete this section only if an agent, including an attorney, has been appointed to represent the Property Owner/Petitioner in proceedings before the County Board. Read instructions for further information.

I hereby authorize the agent whose name and contact information appears below to file a petition to the Clark County Board of Equalization and to contest the value and/or exemption established for the properties named in Part D(2) of this Petition.

I further authorize the agent listed below to receive all notices and decision letters related thereto; and represent the Petitioner in all related hearings and matters including stipulations and withdrawals before the Clark County Board of Equalization. This authorization is limited to the appeal of property valuation for the tax roll and fiscal year named in Part D(5) of this Petition.

Authorized Agent Contact Information:

NAME OF AUTHORIZED AGENT:				TITLE:	
AUTHORIZED AGENT COMPANY, IF APPLICABLE:				EMAIL ADDRESS:	
MAILING ADDRESS OF AUTHORIZED AGENT (STREET ADDRESS OR P.O. BOX)					
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER

I hereby accept appointment as the authorized agent of the Property Owner in proceedings before the County Board.

CERTIFICATION

Agent Signature required only if Petitioner did not sign certification and a separate Agent Authorization will be submitted.

I certify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief; and I am the authorized agent with authority to petition the Clark County Board subject to the requirements of NRS 361.362 and NAC 361.TBD (7012) and the limitations contained in the Agent Authorization Form to be separately submitted

Authorized Agent Signature	Mr
	Title
Print Name of Signatory	Date

☐ I hereby withdraw appeal to the Board of Equalization	
Signature of Owner or Authorized Agent/Attorney	Date

APPEAL FORM # 22



Clark County Board of Equalization

PETITION FOR REVIEW OF TAXABLE VALUATION

Submit this Petition Form no later than 5 p.m. of the date due. Most types of appeals must be filed no later than January 15th. If the appeal involves valuation of property escaping taxation, or a determination that agricultural property has been converted to a higher use, a different due date may apply.

Please Print or Type:

Part A. PROPERTY OWNER/PETITIONER INFORMATION (Agents Information to be completed in Part H)

NAME OF PROPERTY OWNER AS IT APPEARS ON THE TAX ROLL THE BORING COMPANY					
NAME OF PETITIONER (IF DIFFERENT FROM PROPERTY OWNER)				TITLE	
MAILING ADDRESS OF PETITIONER (STREET ADDRESS OR P.O BOX)				EMAIL ADDRESS	
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER

Part B. PROPERTY OWNER ENTITY DESCRIPTION

Check organization type which best describes the Property Owner if an entity and not a natural person. Natural persons may skip Part B.

- ☐ Sole Proprietorship
 ☐ Trust
 ☒ Corporation
 ☐ Limited Liability Company (LLC)
 ☐ General or Limited Partnership
 ☐ Government or Governmental Agency
 ☐ Other, please describe: _____

☒ The organization described above was formed under the laws of the State of TX _____

The organization described above is a non-profit organization ☐ Yes ☒ No

Part C. RELATIONSHIP OF PETITIONER IN PART C TO PROPERTY OWNER IN PART A

Check box which best describes the relationship of Petitioner to Property Owner: ☐ Additional information may be necessary. Please see Instructions.

- ☐ Self
 ☐ Trustee of Trust
 ☐ Employee of Property Owner
 ☒ Officer of Company
 ☐ Co-owner, Partner, Management Member
 ☐ Employee or Officer of Management Company
 ☐ Employee, Officer, or Owner of Lessee of leasehold, possessory interest, or beneficial interest in real property.
 ☐ Other, please describe: _____

Part D. PROPERTY IDENTIFICATION INFORMATION

1. Enter Physical Address of Property:

ADDRESS 0	STREET/ROAD Paradise Road	CITY (IF APPLICABLE) Las Vegas	COUNTY
PURCHASE PRICE: 0		PURCHASE DATE: 7-01-2025	

2. Enter Applicable Assessor Parcel Number or Personal Property Account Number from assessment notice or tax bill:

ASSESSOR'S PARCEL NUMBER (APN)	ACCOUNT NUMBER 230178
--------------------------------	--------------------------

3. Does this appeal involve multiple parcels? No ☐ List multiple parcels on a separate, letter-sized sheet.

If yes, enter number of parcels: 0	Multiple parcel list is attached. No
------------------------------------	--------------------------------------

Appeals must be single parcels unless multiple contiguous parcels act as a single unit.

4. Check Property Type:

☐ Vacant Land	☐ Mobile Home (Not on foundation)	☐ Mining Property
☐ Residential Property	☐ Commerical Property	☐ Industrial Property
☐ Multi-Family Residential Property	☐ Agricultural Property	☐ Personal Property
☒ Possessory Interest in Real or Personal property		☐ Exemption

5. Check Year and Roll Type of Assessment being appealed:

25-26 Unsecured Roll

Part E. VALUE OF PROPERTY

Property Owner: What is the value you seek? Write N/A on each line for values which are not being appealed. See NRS 361.025 for the definition of Full Cash Value.

Property Type	Assessor's Taxable Value	Owner's Opinion of Value
Land		0
Buildings		0
Personal Property		0
Possessory interest in real property		1
Exempt Value		0
Total		1

APPEAL FORM # 22



Part F. TYPE OF APPEAL

Check box which best describes the authority of the County Board to take jurisdiction to hear the appeal.

- ☒ NRS 361.357: The full cash value of my property is less than the computed taxable value of the property.
- ☐ NRS 361.356: My property is assessed at a higher value than another property that has an identical use and a comparable location to my property.
- ☐ NRS 361.355: My property is overvalued because other property within the county is undervalued or not assessed; and have attached the proof showing the owner, the location, the description and the taxable value of the undervalued property.
- ☐ NRS 361.155: I request a review of the Assessor's decision to deny my claim for exemption from property taxes.
- ☐ NRS 361A.280: The Assessor has determined my agricultural property has been converted to a higher use and that deferred taxes are now due.
- ☐ NRS 361.769: My property has been assessed as property escaping taxation for this year and/or prior years.

Part G. WRITE A STATEMENT DESCRIBING THE FACTS AND/OR REASONS FOR YOUR APPEAL, REQUEST FOR REVIEW OR COMPLAINT. (ATTACH A SEPARATE PAGE IF MORE ROOM IS NEEDED)

Value summary: Materials in tunnels: \$6,298,572 (Tax District 410) \$12,235,060 (Tax District 470) Assessed at 35% of value: \$2,204,500 (410) \$4,282,271 (470) Tax due (2.9328%): \$64,654 (410) \$125,591 (470) Basis for Protest: The assessment is protested for the following reasons: As with the land located at 3395 Cambridge St., the use of these tunnels is to support an exempt entity, the Las Vegas Convention and Visitors Authority ("LVCVA"). The tunnels have negative value factoring in economic obsolescence using comparable analysis and discounted cash flows (see attachment with DCF models).

CERTIFICATION

I certify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief; and that I am either (1) the person who owns or controls taxable property, or possesses in its entirety taxable property, or the lessee or user of a leasehold interest, possessory interest, beneficial interest or beneficial use, pursuant to NRS 361.334; or (2) I am a person employed by the Property Owner or an affiliate of the Property Owner and I am acting within the scope of my employment. If Part H below is completed, I further certify I have authorized the agent named therein to represent the Property Owner as stated and I have the authority to appoint the authorized agent named in Part H.

AP

Mr

Owner/Petitioner Signature

Title

Arun Prakash - Chief Financial Officer

1/7/2026 12:19:15 PM

Print Name of Owner/Petitioner

Date

Part H. AUTHORIZATION OF AGENT

Complete this section only if an agent, including an attorney, has been appointed to represent the Property Owner/Petitioner in proceedings before the County Board. Read instructions for further information.

I hereby authorize the agent whose name and contact information appears below to file a petition to the Clark County Board of Equalization and to contest the value and/or exemption established for the properties named in Part D(2) of this Petition.

I further authorize the agent listed below to receive all notices and decision letters related thereto; and represent the Petitioner in all related hearings and matters including stipulations and withdrawals before the Clark County Board of Equalization. This authorization is limited to the appeal of property valuation for the tax roll and fiscal year named in Part D(5) of this Petition.

Authorized Agent Contact Information:

NAME OF AUTHORIZED AGENT:				TITLE:	
AUTHORIZED AGENT COMPANY, IF APPLICABLE:				EMAIL ADDRESS:	
MAILING ADDRESS OF AUTHORIZED AGENT (STREET ADDRESS OR P.O. BOX)					
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER

I hereby accept appointment as the authorized agent of the Property Owner in proceedings before the County Board.

CERTIFICATION

Agent Signature required only if Petitioner did not sign certification and a separate Agent Authorization will be submitted.

I certify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief; and I am the authorized agent with authority to petition the Clark County Board subject to the requirements of NRS 361.362 and NAC 361.TBD (7012) and the limitations contained in the Agent Authorization Form to be separately submitted

Authorized Agent Signature _____ Mr _____
Title _____

Print Name of Signatory _____ Date _____

☐ I hereby withdraw appeal to the Board of Equalization

Signature of Owner or Authorized Agent/Attorney _____ Date _____



Date: 05/06/2026

CLARK COUNTY BOARD OF EQUALIZATION NOTICE OF HEARING

This is your notification that your Petition for Review to the Clark County Board of Equalization for review of the assessed value has been placed on the Agenda for the meeting of:

Date: Wednesday, February 25, 2026
Time: 08:00 am
Location: Commission Chambers
Clark County Government Center
500 S Grand Central Pkwy, 1st Floor
Case Number: 00021
Primary APN/ PPID: 230177

We encourage you to arrive at the above hearing at the scheduled start time. Depending on the length of the agenda, your case may be heard anytime between the start time noted and the completion of the agenda.

YOUR HEARING DATE HAS BEEN SET, IT CANNOT BE CHANGED.

If you have signed a stipulation letter, you are not required to attend your scheduled hearing; however, stipulated values are subject to review and change by the Board of Equalization. Signed withdrawals are not subject to further action by the Board.

Assessor's data related to your case will be provided to you at the hearing or you may contact the Assessor's Office to check availability prior to the hearing. Please bring this notice in order to receive the documents.

Petitioners requiring a transcript of the hearing must provide and pay for a court reporter. A copy of such transcript must also be provided to the County Clerk and the Secretary of the State Board of Equalization.

The Assessor's Office is located at 500 S. Grand Central Parkway, 2nd Floor.
If you have any questions, please call 702-455-4997.



Date: 05/06/2026

CLARK COUNTY BOARD OF EQUALIZATION NOTICE OF HEARING

This is your notification that your Petition for Review to the Clark County Board of Equalization for review of the assessed value has been placed on the Agenda for the meeting of:

Date: Wednesday, February 25, 2026 Time: 08:00 am Location: Commission Chambers Clark County Government Center 500 S Grand Central Pkwy, 1st Floor Case Number: 00022 Primary APN/ PPID: 230178

We encourage you to arrive at the above hearing at the scheduled start time. Depending on the length of the agenda, your case may be heard anytime between the start time noted and the completion of the agenda.

YOUR HEARING DATE HAS BEEN SET, IT CANNOT BE CHANGED.

If you have signed a stipulation letter, you are not required to attend your scheduled hearing; however, stipulated values are subject to review and change by the Board of Equalization. Signed withdrawals are not subject to further action by the Board.

Assessor's data related to your case will be provided to you at the hearing or you may contact the Assessor's Office to check availability prior to the hearing. Please bring this notice in order to receive the documents.

Petitioners requiring a transcript of the hearing must provide and pay for a court reporter. A copy of such transcript must also be provided to the County Clerk and the Secretary of the State Board of Equalization.

The Assessor's Office is located at 500 S. Grand Central Parkway, 2nd Floor.
If you have any questions, please call 702-455-4997.



200 Lewis Avenue
Box 551604
Las Vegas, NV 89155-1604
(702) 671-0500

Office of the County Clerk

Lynn Marie Goya
County Clerk
Commissioner of Civil Marriages

Carl Bates
Chief Deputy County Clerk

21/02-25-26

THE BORING COMPANY
130 WALKER WATSON RD
BASTROP TX 78602-3170

March 05, 2026

Re: Petition No. 21

Assessment Year:	2025 - 2026
PPID:	230177
Multiple PPIDs:	No
Hearing Date:	February 25, 2026

This is to notify you that the Clark County Board of Equalization has made the following determination on the petition you have filed on the above-described property:

Accepted the Assessor's recommendation (for no change in the total taxable value of \$12,235,061) FY 2025-2026

If you have any questions, please contact the Clark County Assessor's Office, 500 South Grand Central Parkway, Second Floor, Las Vegas, NV 89106 Phone: (702) 455-3882.

Sincerely,

A handwritten signature in black ink that reads "Lynn Marie Goya".

Lynn Marie Goya, Clark County Clerk

Ex-Officio Clerk of:

Board of County Commissioners • Clark County Board of Equalization
Clark County Debt Management Commission • Clark County Water Reclamation District Board of Trustees
Clark County Redevelopment Agency • Clark County Liquor and Gaming Board • Mt. Charleston Fire Protection District
University Medical Center of Southern Nevada Board of Trustees • Moapa Valley Fire Protection District Board of Fire Commissioners

SBE 26-116 Pg 23



200 Lewis Avenue
Box 551604
Las Vegas, NV 89155-1604
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Office of the County Clerk

Lynn Marie Goya
County Clerk
Commissioner of Civil Marriages

Carl Bates
Chief Deputy County Clerk

22/02-25-26

THE BORING COMPANY
130 WALKER WATSON RD
BASTROP TX 78602-3170

March 05, 2026

Re: Petition No. 22

Assessment Year:	2025 - 2026
PPID:	230178
Multiple PPIDs:	No
Hearing Date:	February 25, 2026

This is to notify you that the Clark County Board of Equalization has made the following determination on the petition you have filed on the above-described property:

Accepted the Assessor's recommendation (for no change in the total taxable value of \$6,298,572) FY 2025-2026

If you have any questions, please contact the Clark County Assessor's Office, 500 South Grand Central Parkway, Second Floor, Las Vegas, NV 89106 Phone: (702) 455-3882.

Sincerely,

A handwritten signature in black ink that reads "Lynn Marie Goya".

Lynn Marie Goya, Clark County Clerk

Ex-Officio Clerk of:

Board of County Commissioners • Clark County Board of Equalization
Clark County Debt Management Commission • Clark County Water Reclamation District Board of Trustees
Clark County Redevelopment Agency • Clark County Liquor and Gaming Board • Mt. Charleston Fire Protection District
University Medical Center of Southern Nevada Board of Trustees • Moapa Valley Fire Protection District Board of Fire Commissioners

SBE 26-116 Pg 24



CLARK COUNTY BOARD OF EQUALIZATION

Case # 21

Petitioner Information

CONSULTING REPORT

**Consulting Report regarding the Boring
Company Transportation Tunnels located
in Las Vegas, Clark County, Nevada**

Prepared For:

The Boring Company
Attn: Arun Prakash
130 Walker Watson Rd.
Bastrop, TX 78602

Date of the Consulting Report:

September 23, 2025





September 30, 2025

The Boring Company
Attn: Arun Prakash
130 Walker Watson Rd.
Bastrop, TX 78602

Re: Consulting Report regarding the Boring
Company Transportation Tunnels
located in Las Vegas, Clark County,
Nevada

Dear Mr. Prakash:

Integra Realty Resources – Houston is pleased to submit the accompanying consulting report of the referenced property. The purpose of this consulting report is to amplify issues pertaining to the appropriate valuation of the Boring Company's transportation tunnels as it relates to their tax valuation. It is our understanding the current method of valuation employed by Clark County is based upon the construction costs of the tunnel facilities. There are a number of reasons that solely considering the reproduction or replacement cost of the existing improvements significantly overstates the value of the rights held in the transportation tunnels. The following pages will discuss various valuation approaches and methodologies as well as providing reference material published in regard to the valuation of deep subsurface tunnels.

The three primary generally accepted methodologies for valuing real property at its market value are the Cost Approach, Sales Comparison Approach and Income Approach.

The **Cost Approach** assumes that the informed purchaser would pay no more for a property than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **Sales Comparison Approach – As Improved** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This

approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **Sales Comparison Approach – Land Only** utilizes sales of properties similar to the subject property as the basis for an indication of market value. Direct comparison is made between each sale and the subject on an item-by-item basis. Adjustments are made to the sale price of the comparable property to arrive at an indication of what it would have sold for had it been essentially the same as the subject property. These adjusted prices are then reconciled into an indication of value for the subject property.

The **Income Capitalization Approach** reflects the market's perception of the relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

In this instance, the Sales Comparison Approach cannot be utilized as there is not a sufficient market for the unique property type involved. The Cost Approach to value provides an indication of the capital expenditure, but must account for all types of depreciation, including external obsolescence. The Income Approach to value can be completed, but for reasons discussed later in this consulting report, the income derived from the existing facilities are not sufficient to provide a positive return.

Valuation Literature Review

As the use of deep subsurface tunnels is a relatively new phenomenon, there are limited transactions involving deep subsurface easements to provide a standardized basis for valuation. There have been studies and articles written based upon information obtained pertaining to tunnel operations primarily used for rail, subway, or roadway. The following paragraphs detail some of the available literature and the opinions expressed based upon the available data.

Easement Valuation and Tunnel Studies

The Impact of Light Rail Tunnels on Property Value – Study of the Beacon Hill Light Rail Tunnel, Seattle, WA By: McKee Appraisal, Inc.

A study was conducted by McKee Appraisal, Inc. ("McKee") in Seattle, WA regarding the impact of Beacon Hill Tunnel which is comprised of twin tunnels, one for north bound tracks and the other for south bound tracks. These tunnels were bored by a tunnel boring machine and are approximately one mile long and 21 feet in diameter.

McKee's study area contained 300 feet north and south of the tunnel (excluding the sale of newly constructed houses). 67 properties were encumbered with a tunnel easement within this study area. Over a five year period, a total of 53 sales occurred, of which 17 were encumbered with tunnel easements.

The sales data from 2003 - 2007 is located on the following page:

Houses Without Tunnel Easements																
Sale ID	Tunnel Easement?	Street No.	Street Name	Sale Price Without Easement	Sale Price/sf Without Easement	Assessed Value at Yr. of Sale	Price/Assessed Value Without Easement	Sale Date	1st Floor Area (sf)	2nd Floor Area (sf)	Finished Bsmnt. Area (sf)	Unfinished Bsmnt. Area (sf)	Garage Area (sf)	Year Built	Total Finished Area (sf)	Lot Area (sf)
A	No	1804	McClellan St., S	\$236,000	\$179	\$236,000	1.00	9/8/03	750	570	0	750		1909	1,320	3,840
B	No	1809	Lander St., S	\$355,000	\$213	\$303,000	1.17	6/3/03	900	770	0	900		1914	1,670	4,800
C	No	2515	19th Ave S	\$322,000	\$273	\$241,000	1.34	6/25/04	840	340	0	840	210	1931	1,180	3,680
D	No	2719	19th Ave S	\$437,000	\$265	\$338,000	1.29	2/27/04	880	770	0	400		1909	1,650	3,840
E	No	2715	19th Ave S	\$298,000	\$200	\$309,000	0.96	2/24/04	940	550	0	940		1909	1,490	3,840
F	No	2713	20th Ave S	\$286,000	\$249	\$220,000	1.30	10/15/04	750	0	400	350		1910	1,150	3,840
G	No	2717	21st Ave S	\$320,000	\$256	\$220,000	1.45	11/29/04	1,250	0	0	0		1952	1,250	4,800
H	No	2506	18th Ave S	\$259,950	\$241	\$205,000	1.27	7/30/04	1,080	0	0	360		1943	1,080	4,000
I	No	1911	Bayview St., S	\$249,000	\$239	\$172,000	1.45	11/21/03	1,040	0	0	440		1902	1,040	4,000
J	No	2615	21st Ave S	\$238,500	\$236	\$201,000	1.19	7/29/03	1,010	0	0	1,010	300	1941	1,010	4,000
K	No	1711	BayView St., S	\$249,950	\$278	\$197,000	1.27	8/27/04	900	0	0	360		1913	900	2,600
L	No	2529	22nd Ave S	\$313,500	\$169	\$275,000	1.14	1/10/05	1,160	0	700	460	280	1956	1,860	5,600
M	No	2720	21st Ave S	\$249,950	\$158	\$268,000	0.93	3/26/04	790	0	790	0		1913	1,380	2,730
35	No	1931	S. Bayview St.	\$310,000	\$341	\$225,000	1.38	5/2/05	910	0	0	370	0	1928	910	4,000
40A	No	2710	18th Ave S	\$435,000	\$177	\$267,000	1.63	5/3/05	1,070	990	400	670	0	1914	2,460	4,160
23	No	2717	18th Ave S	\$308,050	\$280	\$250,000	1.23	5/20/05	1,100	0	0	880	220	1925	1,100	6,144
20A	No	1711	S. Wayne St.	\$215,000	\$262	\$220,000	0.98	6/17/05	820	0	0	460	180	1908	820	4,000
19	No	2517	18th Ave S	\$327,500	\$271	\$235,000	1.39	7/28/05	640	570	0	580	170	1913	1,210	2,600
50	No	2603	20th Ave S	\$309,000	\$262	\$207,000	1.49	10/21/05	740	0	440	300	0	1919	1,180	3,700
68	No	2316	S. Lander St.	\$355,000	\$303	\$247,000	1.44	11/1/05	1,170	0	0	620	0	1908	1,170	6,000
22	No	1710	S. McClellan St.	\$423,500	\$255	\$253,000	1.67	12/12/05	1,260	0	400	620	240	1926	1,660	4,664
64	No	2116	S. McClellan St.	\$239,950	\$375	\$182,000	1.32	3/30/06	640	0	0	0	0	1946	640	6,000
33	No	1911	S. Bayview St.	\$331,400	\$257	\$262,000	1.26	4/19/06	1,040	0	250	190	0	1902	1,290	4,000
20	No	1711	S. Wayne St.	\$250,000	\$305	\$232,000	1.08	6/13/06	820	0	0	460	180	1908	820	4,000
18	No	2509	18th Ave S	\$336,000	\$267	\$287,000	1.17	6/15/06	900	360	0	700	200	1924	1,360	4,000
66	No	2800	22nd Ave S	\$385,000	\$162	\$313,000	1.23	6/15/06	1,270	0	1,110	0	160	1952	2,380	4,000
57	No	2601	22nd Ave S	\$300,000	\$149	\$303,000	0.99	7/25/06	1,010	1,010	0	0	560	1950	2,020	4,000
65	No	2701	23rd Ave S	\$349,500	\$336	\$221,000	1.58	8/28/06	1,040	0	0	0	0	1963	1,040	4,000
62	No	2712	21st Ave S	\$339,950	\$337	\$247,000	1.38	9/7/06	1,010	0	0	860	0	1913	1,010	4,000
59	No	2717	21st Ave S	\$412,000	\$330	\$255,000	1.62	9/14/06	1,250	0	0	0	0	1952	1,250	4,800
70	No	2800	23rd Ave S	\$280,000	\$174	\$237,000	1.18	10/17/06	1,010	0	600	210	200	1956	1,610	4,000
28	No	2515	19th Ave S	\$463,500	\$256	\$284,000	1.63	10/27/06	840	340	630	0	210	1931	1,810	3,680
16	No	2508	17th Ave S	\$420,000	\$231	\$291,000	1.44	2/9/07	1,050	0	770	60	220	1957	1,820	6,732
53	No	2508	20th Ave S	\$309,000	\$303	\$264,000	1.17	3/20/07	770	0	250	340	180	1955	1,020	4,000
40	No	2710	18th Ave S	\$320,000	\$211	\$299,000	1.74	6/11/07	1,070	990	400	670	0	1914	2,460	4,160
81	No	2716	20th Ave S	\$305,000	\$218	\$287,000	1.06	9/28/07	1,400	0	0	0	250	1912	1,400	5,760
Avg. of 36 Sales Without Tunnel Easmts				\$326,089	\$237	\$251,472	1.30	8/9/05	976	202	198	411	145	1927	1,376	4,278

Houses With Tunnel Easements																
Sale ID	Tunnel Easement?	Address	Street	Sale Price With Easement	Sale Price/sf With Easement	Assessed Value at Yr. of Sale	Price/Assessed Value With Easement	Sale Date	1st Floor Area (sf)	2nd Floor Area (sf)	Finished Bsmnt. Area (sf)	Unfinished Bsmnt. Area (sf)	Garage Area (sf)	Year Built	Total Finished Area (sf)	Lot Area (sf)
BHT-126	Yes	2706	17th Ave. S	\$275,000	\$309	\$217,000	1.27	5/14/04	890	0	0	890	200	1910	890	3,360
BHT-131	Yes	2606	18th Ave. S	\$315,000	\$173	\$264,000	1.19	3/8/04	1,220	0	600	620		1953	1,820	4,000
BHT-132	Yes	2610	18th Ave. S	\$322,000	\$195	\$200,000	1.61	12/11/03	990	0	660	200	200	1928	1,650	4,000
BHT-134	Yes	2605	19th Ave. S	\$302,000	\$190	\$236,000	1.28	5/19/04	1,260	330	0	0		1907	1,590	4,600
BHT-139	Yes	2612	19th Ave. S	\$210,000	\$216	\$200,000	1.05	1/9/03	970	0	0	970		1926	970	3,200
BHT-139A	Yes	2612	19th Ave. S	\$299,950	\$309	\$200,000	1.50	10/15/03	970	0	0	970		1926	970	3,200
BHT-155	Yes	1936	Lander St., S	\$232,500	\$183	\$199,000	1.17	5/19/03	850	420	0	850		1915	1,270	4,000
BHT-167	Yes	2702	21st Ave. S	\$385,000	\$229	\$272,000	1.42	9/24/03	1,200	480	0	1,200	200	1939	1,680	4,000
BHT-133	Yes	2618	18th Ave. S	\$312,000	\$190	\$270,000	1.16	6/21/05	830	810	0	400	0	1921	1,640	4,000
BHT-156	Yes	2607	20th Ave. S	\$312,600	\$351	\$221,000	1.41	8/5/05	890	0	0	740	0	1919	890	3,700
BHT-180	Yes	2717	Harris Pl. S	\$281,000	\$190	\$246,000	1.14	9/2/05	880	0	600	80	200	1958	1,480	4,800
BHT-134	Yes	2605	19th Ave. S	\$395,000	\$248	\$259,000	1.53	1/24/07	1,260	330	0	0	0	1907	1,590	4,600
BHT-158	Yes	1946	S. Lander St.	\$433,000	\$209	\$321,000	1.35	3/5/07	1,040	740	290	0	450	1994	2,070	3,100
BHT-183	Yes	2802	Harris Pl. S	\$375,000	\$205	\$283,000	1.33	5/15/07	1,230	0	600	630	0	1955	1,830	5,500
BHT-132	Yes	2610	18th Ave. S	\$425,000	\$258	\$340,000	1.25	9/18/07	990	0	660	0	200	1928	1,650	4,000
BHT-14	Yes	1918	S. Lander St.	\$260,000	\$361	\$202,000	1.29	9/25/07	720	0	0	0	0	1943	720	4,000
BHT-12	Yes	1709	S. Lander St.	\$445,000	\$484	\$298,000	1.49	12/12/07	920	0	0	920	0	1925	920	5,896
Avg. of 17 Sales With Tunnel Easements				\$328,238	\$236	\$248,706	1.32	6/10/05	1,006	183	201	498	121	1933	1,390	4,115

McKee analyzed the above sales individually and collectively for various indications and characteristics but found little, if any, noticeable change in the value or marketability of properties with tunnel easements versus without tunnel easements. The average price of sales encumbered by a tunnel easement (17) is \$328,238 or \$236/SF and the average price of sales without a tunnel easement (36) is \$326,089 or \$237/SF.

McKee further interviewed agents that were involved in transactions encumbered by the Beacon Hill tunnel easement and found that there was little change in value and the tracts retained their marketability despite being encumbered.

The Appraisal of Underground Easements

By: Max J. Derbes, Jr., SR/WA

This article discusses near-surface, deep underground and semi-deep underground uses of easements as well as the valuation of the various easements. On Page 18, the portion regarding semi-deep underground uses, the article states that a contractor was commissioned to do a national impact study on various semi-deep underground uses.

Research began in Washington D.C. and Atlanta where subways had recently been constructed. “Every appraiser in every appraisal of deep, underground subway takings concluded that there was no diminution in the market value of the property”. In this instance, a nominal value was paid for the easement.

Research then went to San Antonio to determine the impact of a project that diverted water from the river which traversed the downtown area. The U.S. Army Corp of Engineers acquired large tunnels that were located under downtown buildings. Appraisals were obtained and “All the appraisers indicated that there would be no diminution to the market value of the properties as a result of the construction or existence of these deep channels.” In this instance, a nominal value was paid for the easement.

Additionally, “Other underground utility mains were studied, specifically, high voltage transmission lines and gas pipelines, in addition to lands near a nuclear plant. All of the empirical evidence studied showed no impact.”

More Semi-deep Easements: An Appraisal Case Study

By: Richard C. Floyd, SR/WA

This article further expands on the Derbes article on the previous page. In this article Floyd researches a subterranean easement project ("Rubidoux Project") that was being acquired for waste water transmission purposes. This project is located in Rubidoux, which is a suburb of Riverside, California. These easements would be located at varying depths, being 20 – 120 feet and would include no surface entry or surface use rights.

During research to determine the fair market value of the easements to be acquired, Floyd discovered that there was an existing subsurface easement for the purposes of a water transmission tunnel under several residential properties proximate to the Rubidoux Project. Floyd contacted the owner of the easement who indicated that there was no evidence of structural, operational or physical problems with the aqueduct. Floyd then analyzed marketing time, sales price and utility to determine if there was a diminution in value to the remainder property. It was found that there was no evidence of longer marketing time nor did the utility of the remainder property diminish. In regards to sales price, it is concluded that "no conclusion could be drawn to indicate that any difference exists in the market prices to be paid for the remainder parcels to be located directly over the proposed underground easements and pipeline from the market prices that will be paid for those comparable adjacent properties not located directly over the proposed easement and pipeline."

It was concluded that there is no diminution in value to the remainder properties as a result of the acquisition and use of the Rubidoux Project. "In the case of the subject easements, it was concluded that the only "just and equitable" measure of the amount of just compensation appropriate for each of the easements to be acquired was "a reasonable sum (of money) that was commensurate with the imposition on the time and energy of each owner to discuss and administer the details of the proposed easement conveyance." In the case of the subject easements to be acquired, that sum was concluded to be a nominal sum and was the same amount for the easement sought from each larger parcel."

The Impact of Deep Tunnels on Property Value – A Study of the Lake City Tunnel, Seattle, Washington By: McKee Appraisal, Inc.

The study of the Lake City Tunnel located in Seattle, Washington was performed to determine whether or not a deep tunnel, that is not apparent from the surface, lowers property values. Within this study, the tunnel varies in depth between 50 and 300 feet, with an average of 200 feet. The initial study was prepared in 2004 and included 497 comparable transactions that occurred between 1983 and 2004. Of these 497 transactions, 126 were encumbered with deep tunnel easements, while the remaining 371 were not. McKee's findings are located in the chart located below:

Appraisal Study - Lake City Tunnel Potential Impact of Deep Sewer Easements <i>Comparison of House Sales in Seattle</i>

Description: Probability testing of whether the presence of a deep sewer easement under a house property in Seattle has an effect on the value of the property
Method: t-test (Student's t-test), based on analysis of 497 sales between 3/9/1983 - 7/26/2004
Samples: Comparing sales of house properties with deep sewer easements underneath the property, versus sales of properties on the same block without deep sewer easements.
Variables: 3 variables are tested: The ratio of sale price to assessed value, the sale price per square foot of finished living area, and the sale price.
1-tailed test: Null Hypothesis: A house with a deep sewer easement does not have a lower sale price than a house without.
Alternative Hypothesis: A house with a deep sewer easement has a lower sale price than a house without.
2-tailed test: Null Hypothesis: The presence of a deep sewer easement does not impact the sale price of a house
Alternative Hypothesis: The presence of a deep sewer easement impacts the sale price of a house

Year of Sale	<u>No. of Sales</u>		<u>Sale Price/Assessed Value</u>				<u>Sale Price/sf</u>				<u>Mean Sale Price</u>			
	Houses Without Easmts.	Houses With Easmts.	Houses Without Easmts.	Houses With Easmts.	Probability Value - 1-tailed test	Probability Value - 2-tailed test	Houses Without Easmts.	Houses With Easmts.	Probability Value - 1-tailed test	Probability Value - 2-tailed test	Houses Without Easmts.	Houses With Easmts.	Probability Value - 1-tailed test	Probability Value - 2-tailed test
2003-2004	55	9	1.19	1.21	0.64	0.71	\$253.54	\$241.59	0.19	0.39	\$375,089	\$359,272	0.23	0.46
2001-2002	49	21	1.22	1.23	0.58	0.84	\$210.45	\$211.57	0.53	0.93	\$322,658	\$358,186	0.91	0.18
1999-2000	48	17	1.44	1.54	0.88	0.25	\$185.03	\$209.83	0.97	0.07	\$315,028	\$319,072	0.57	0.87
1997-1998	31	19	1.42	1.41	0.43	0.86	\$151.36	\$149.42	0.43	0.86	\$238,401	\$235,737	0.44	0.89
1995-1996	49	14	1.24	1.31	0.88	0.24	\$114.71	\$119.27	0.73	0.54	\$192,370	\$196,846	0.66	0.69
1993-1994	33	12	1.18	1.13	0.20	0.40	\$120.44	\$112.50	0.21	0.42	\$181,895	\$171,042	0.22	0.44
1991-1992	32	9	1.14	1.18	0.75	0.50	\$109.51	\$127.28	0.94	0.11	\$168,975	\$159,883	0.21	0.42
1989-1990	25	9	1.73	2.00	0.97	0.06	\$90.53	\$129.38	1.00	0.01	\$149,828	\$178,556	0.88	0.24
1987-1988	22	6	1.30	1.37	0.83	0.33	\$61.60	\$67.47	0.77	0.46	\$105,698	\$111,908	0.68	0.64
1985-1986	19	5	1.27	1.21	0.32	0.63	\$68.07	\$56.01	0.10	0.19	\$88,380	\$93,300	0.67	0.66
1983-1984	8	5	1.11	1.24	0.86	0.28	\$54.49	\$47.72	0.20	0.40	\$82,875	\$98,700	0.79	0.42
1983-2004	371	126	1.29	1.35	0.98	0.05	\$151.69	\$152.99	0.57	0.85	\$237,739	\$239,241	0.55	0.90
2000-2004	126	37	1.23	1.28	0.88	0.24	\$221.69	\$218.20	0.36	0.71	\$342,264	\$349,604	0.66	0.67

Conclusions: The Null Hypotheses are not rejected.

Interpretation: There is insufficient evidence to support the hypothesis that the presence of a deep easement has an effect on the sale price of a house property.

Discussion: The tests examine a variety of different populations, including total sample and sub-samples that are based on ranges of dates of sale. The rationale is that sale prices have changed significantly over time, so sub-sampling allows examination of results where the sale date variable becomes less significant. The results are consistent across the various sub-samples, and are particularly powerful for the more relevant 1-tailed test, and for the most significant variable of the ratio of sale price to assessed value (note: the assessment process is largely based on multiple regression analysis including transform of relevant variables, and the presence of a deep sewer easement is not a variable. Because of the assessment process of analyzing historical sales to derive future values, without time trending, the assessed value tends to be lower than market value in a rising market). The potential rejection of null hypotheses occurs rarely in the 2-tailed test, and only because houses with deep sewer easements appear more valuable than those without, an illogical premise.

The chart above indicates that there is no correlation between the existence of an easement and sales price. In the two year analysis above, there are 12 years where the houses encumbered by an easement sold for a higher per square foot value and 10 years indicating a lower per square foot value.

The Lake City Tunnel was constructed between 1964 and 1967. In the chart below, there is a sample of sales (1962-1972) that occurred just before, during and after construction of the tunnel. The second sample (1983-2007) set occurs approximately 15 years after completion of the tunnel.

Year of Sale	<i>No. of Sales</i>		<i>Sale Price/Assessed Value</i>					<i>Sale Price/sf</i>					<i>Mean Sale Price</i>				
	Houses Without Easmts.	Houses With Easmts.	Houses Without Easmts.	Houses With Easmts.	Diff.	p-value 1-tailed test	p-value 2-tailed test	Houses Without Easmts.	Houses With Easmts.	Diff.	p-value 1-tailed test	p-value 2-tailed test	Houses Without Easmts.	Houses With Easmts.	Diff.	p-value 1-tailed test	p-value 2-tailed test
1983-2007	416	139	1.29	1.35	5%	0.96	0.07	\$169.24	\$169.36	0%	0.51	0.99	\$269,244	\$259,203	-4%	0.22	0.44
1962-1972	265	87	6.61	6.30	-5%	0.10	0.21	\$11.86	\$11.83	0%	0.47	0.94	\$17,682	\$18,420	4%	0.78	0.44

McKee states “The mean difference in the samples is close to 0% for the houses with easements compared with houses without easements for the 2 samples and 3 different parameters sampled. The difference is not statistically significant”.

Summary of Literature

The articles above express an opinion that there is limited, if any, affect on surface values when a land area is encumbered with a deep subsurface easement. As it is atypical for deep subsurface areas to be used in the majority of construction, etc., the potential that the infrastructure placed in the deep subsurface would hinder development of the surface site under normal circumstances is unlikely. The literature summarizing the existing studies indicates that surface users would not be impacted by the deep subsurface easement and therefore, sales of properties with these types of easements would command the same measure of market value as those without. The authors of these studies opine that properties with and without deep subsurface easements, or those immediately before and immediately after the imposition of a deep subsurface easement, have effectively the same market value. It is clear that a deep subsurface easement is a property right that runs with the land. As such, it could be argued that any imposition on the “bundle of rights” associated with ownership of land represents some diminished value, regardless of how small. Depending on the approach to valuation, this diminished value could be as low as immeasurable, some nominal value to reflect recognition of the imposition or an amount considered appropriate to cover transaction costs, etc. Under any valuation scenario, the first step in the analysis is to determine the base valuation for the land area under study inclusive of all rights. The following sections of the report would typically deal with determining the base valuation of typical land holdings within the study areas and would consider surface and subsurface rights. After determining the base valuation of the land, it is appropriate to consider the discount to fee value to reflect the limited rights acquired for deep subsurface easement. The tunnel system utilizes land area below the subsurface that does not have a strong market demand for other users. In that regard, the fee owner of the surface area is not deprived their use of the land because the tunnel system only has surface rights at the station sites. As such, the land area encumbered with the tunnel system (excepting out the station sites) does not hinder the use of the surface area and therefore, has limited impact on value, if any.

Easement Analysis

In most appraisal or consulting assignments, the question being asked is “what is the market value of the property?”. As stated previously, **Market Value** is defined by the Financial Institutions Reform, Recovery and Enforcement Act of 1989 as being:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

As can be seen above, inherent in the definition of market value are factors such as a “competitive and open market”, “both parties are well informed or well advised” and “reasonable time is allowed for exposure in the open market”. Because deep subsurface tunnels for a new mode of transportation represents a developing technology, it is difficult to assume a competitive market, well informed participants and exposure to the market for a property use in its infancy. However, market value does provide a solid basis for the land valuation as unaffected which lends itself to appropriate discounting for the easement rights acquired. Because these potential transactions are still somewhat novel in the marketplace, sales prices diverging from market value could occur based upon the mechanisms used for purchase.

Private Entity Acquiring in an Open Market

A private entity seeking to acquire deep subsurface easements will be required to pay a market rate that is dependent upon a “meeting of the minds” between seller and buyer. The difficulty with private entity acquisition of significant linear projects is the danger of “non-sellers” or “hold out sellers”. Non-sellers are those individuals that refuse to grant easements at any price as a matter of choice. As a private entity rarely has the power of eminent domain, non-sellers can force significant reroutes of linear projects or block them all together depending upon their location in the corridor. Hold out sellers represent those individuals who wait out a project until there are a limited number of purchases required. Once a route is materially complete, hold out sellers understand that a private entity must pay whatever necessary in order to

complete the “links in the chain”. The lack of a private entity’s ability to use the power of eminent domain to force acquisition at market value is a significant detriment to private entity purchase. Without the power of eminent domain, budgeting for acquisition is almost impossible and there is no guarantee the entirety of any specific route could be assembled.

Public/Private Partnership

Public/Private Partnerships are often used in infrastructure projects to speed development and construction. Private sector groups have proven to be more agile in engineering, developing and building major infrastructure projects than many public or governmental entities. Often times, these design build projects are based upon a type of joint venture or “tolling agreement”. In many cases, a private entity will design and build the infrastructure and will get a return of and on their investment through tolls placed upon users of the infrastructure. This type of approach to infrastructure development is often preferred as it benefits from the speed of private entity entrepreneurship and most often has the eminent domain enforcement of public/governmental bodies. In most public/private partnerships, the land can be acquired at market value through the public side of the joint venture.

It could be argued that the current tunnel system only serves the LVCVA purposes and the entire system is akin to the Las Vegas Monorail. It is our understanding the Las Vegas Monorail company was granted 501C4 status as it was considered a “social welfare organization”. The 501C4 status is typically granted to those organizations that serve a public purpose. The transportation of individuals throughout Las Vegas could be seen as a benefit to the city, county and community in line with criteria necessary for tax-exempt status.

Governmental Entity

Governmental Entities typically have the ability to “take” or “acquire” private land for public infrastructure. The right of the government to do so is provided in the “takings clause” of the 5th amendment of the US Constitution, which reads as follows “... nor shall private property be taken for public use, without just compensation.”

When land is acquired through eminent domain by governmental entities, it is typically done so by one of two means – the Federal Rule or the State Rule. The approach is dictated by the jurisdiction in which the property is located and/or whether or not federal funds are involved in the project. According to an article written by David R. Lewis, ASA, MRICS, SR/WA, for the America Society of Appraisers, in his publication titled “Partial Acquisition Appraisals for Public Projects”:

“The Federal Rule is a strict before and after analysis which includes an analysis of damages and benefits. Consideration is given to any changes to the highest and best use and marketability in the before and after conditions. The State Rule is a form of a before and after analysis. The State Rule requires the appraiser to value the part to be taken plus any damages to the remainder property as a result of the taking and project. In addition, the appraiser must consider any benefits to the remainder. Benefits are items that enhance value such as a positive change to the

highest and best use or improved marketability. Under the State Rule benefits can only be used to deduct damages. This is a significant difference between the Federal and State Rules. Under the Federal Rule if the remainder is of greater value in the after condition as compared to the before condition, the owner is considered compensated. No money is offered. Under the State Rule the agency will pay for the part taken.”

Under the Federal Rule, the measure of just compensation is the value of the property before the acquisition of the easement and the value of the property after the acquisition of the easement. As shown in the studies previously analyzed, the difference in value of a property before the acquisition and the value of that same property after the acquisition is minimal, if any. Under the Federal Rule, it is difficult to provide a measurable amount of compensation and as such, a nominal amount is often stated. This amount can be \$100 or \$1,000, etc. to acknowledge that a portion of the rights are being acquired even though the value of the remainder property is unchanged after the imposition of the acquired easement.

Under the State Rule, the part to be acquired is valued prior to analyzing the remainder before the acquisition and the remainder after the acquisition. Again, the value of the deep subsurface rights is considered minimal based upon the lack of market demand for that portion of the property.

Property Rights Definitions

In addition to understanding what type of entity may be purchasing the deep subsurface easements, it is also important to understand the manner in which the property rights are acquired. The instruments used, and the property rights obtained can have a material impact on valuation.

The following provides insight into the property rights question as it relates to valuation of deep subsurface easements.

Ownership Concepts and Interests in Land

The ownership of land is not a singular right. In fact, ownership of land provides an owner with a variety of rights encompassing a significant number of specific benefits/responsibilities.

These various benefits of ownership are known as the “bundle of rights” or “bundle of sticks”. To best illustrate the bundle of rights, imagine a group of sticks. Each one of these sticks represents a right inherent in the ownership of property. When a property owner has all of these rights (total number of sticks), they have complete ownership interest in the property, which is known as the fee simple estate.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.¹

These bundle of rights or bundle of sticks represent a variety of rights including, but not limited to:

- The right to occupy the land;
- The right to sell the land;
- The right to lease the land to others;
- The right to subdivide or partition the land;
- The right to grant easements on or through the land;
- The right to bequeath or gift the land;
- The right to develop the land; and
- The right to let the land lay fallow.

The total number of sticks (rights) represents fee simple ownership. A lease, license, easement, deed restriction or life estate takes one of the sticks away from the bundle of rights, leaving the property with an encumbrance and can result in a partial interest in the property. We are focusing on the distinction between fee, an easement, lease, and license.

Easement

The right to use another's land for a stated purpose.²

Lease

A contract in which the rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.³

License

1. For real property, a personal, unassignable, and typically revocable privilege or permit to perform some activity on the land of another without obtaining an interest in the property. See also easement.
2. A formal agreement from a lawful source that allows a business or profession to be conducted, e.g., a franchise.
3. Government permission to conduct an activity.⁴

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

³ *ibid*

⁴ *ibid*

Partial interest

Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common, easement, or life interest. A partial interest can result in a discount to the value of a full ownership interest in property often applicable to ownership of a partial interest resulting from the diminished marketability of a less than full interest, lack of control, or both.⁵

As discussed above, ownership and/or possession of real estate and real estate related rights encompasses a wide spectrum. Obviously, fee simple estate is the most comprehensive ownership of real estate whereby the owner possesses all rights associated with the land. The fee simple estate is a real estate interest with a possessory right. Lower on the spectrum of ownership would be an easement. An easement is the right to use the lands of another whereby the easement holder maintains the “dominant estate” and the land that is burdened by the easement is known as the servient estate.

Dominant Estate

A property that is served or benefitted by an easement. The opposite of the servient estate, which granted the easement. Also known as the *dominant tenement* and the *servient tenement*, respectively.⁶

Servient Estate

A property burdened by an easement; also known as *servient tenement*. The *servient estate* is the opposite of the *dominant estate* (also known as the *dominant tenement*), which benefits from an easement.⁷

An easement is an interest in real property and reflects a possessory interest that typically runs with the land and is often perpetual. As such, the rights held by the dominant estate and those burdens on the servient estate, pass to successors and assigns in title. An entity may also obtain the right to use and occupy land through a contractual agreement known as a lease. Typically, a lease implies an exclusive possessory interest in the real property subject to the contract. Leases typically have a specified rent (payment) for a specified term. Although not exclusively, leased interests can be assigned and often survive a transfer of ownership of the fee.

A license is a non-possessory privilege or permit for conducting activity on land that does not grant a real estate interest. A license is not a perpetual right. Without express agreement, it does not run with the land and is not binding upon successors and assigns. Often, a license is a revokable permit (termination).

It is our understanding the warehouse facility located at 3395 Cambridge Street is taxed as though it is a possessory interest in real estate however the Boring Company has a license agreement with LVCVA for a reported license amount of \$1,000 per month. The nominal

⁵ *ibid*

⁶ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

⁷ *ibid*

licensing fee is an indication that LVCVA recognizes the community benefit of the structure in the operation of the tunneling enterprise. In fact, all activities conducted at 3395 Cambridge Street are in relation to the services of LVCVA.

Adjustment Factor as a Percentage of the Market Value of the Fee Simple Interest

In selecting a percentage adjustment factor, we consider our previous research and experience with utility corridors, a literature review of relevant documents including studies, legal cases, and publications.

As discussed previously, a license agreement does not represent fee simple interest and is something less than an easement or lease interest. There is a significant lack of information regarding the acquisition or purchase of license agreements as a percentage of fee value. For the purposes of this analysis, consideration is given to generally accepted valuation methodologies for easements (as that is the currently contemplated form of ownership). It should be noted that the discussion pertaining to easement valuation theory would require significant discounting to reflect the lesser rights procured if the right were acquired via a license agreement. The following article abstract is from a document published in the International Right of Way Associations' ROW magazine. The article mentions, and it should be stressed, that each easement valuation is unique and special consideration should be given to the easement rights being acquired and their potential impact on the utility and value of the underlying fee property. With that in mind, the following abstract is included for informational purposes.

"First, what is an easement? According to the Dictionary of Real Estate Appraisal, an easement is "an interest in real property that conveys use, but not ownership, of a portion of an owner's property."⁸ By definition, the ownership of real estate is endowed with a bundle of rights. The concept of bundle of rights maintains that like a bundle of sticks, real property ownership may be wholly intact (fee simple estate) or may be "unbundled" and conveyed in part to a third party.

In real property ownership, one has the inherent right to use the property, to sell it, to lease it, to enter upon it, to give it away - or to refuse to do any of these things. The creation of an easement conveys a portion of the total bundle of rights to a third party. The challenge before the appraiser is the measurement (in terms of dollars) of the market value of the rights conveyed.

With respect to time, easements may be either permanent or temporary in nature, with either specific or indefinite time frames. Please note that the rules regarding the ending of a permanent easement may vary from jurisdiction to jurisdiction and legal counsel should be consulted.

⁸ The Dictionary of Real Estate Appraisal, Third Edition, 1993, Appraisal Institute, Chicago, Ill., pg. 110

In terms of space, there are three broad classes of easements – surface, sub-surface and overhead (or aerial) easements. Some easements may involve two or even all three types of space.

The task before the appraiser is to evaluate the “rights conveyed” by the creation of the easement and to properly measure these rights. The principles and methodology applied to appraising property for partial acquisitions apply to the valuation of easements. All easement valuations are partial acquisitions under the theory that the property owner retains some residual rights within the easement area. The value of an easement is measured by what the property owner has lost from the bundle of rights NOT by what the grantee has gained.

Under the Federal Rule, the value of the easement will be based upon the difference between the value of the whole property before the taking and the value of the property after the taking with the easement in place. Under the State Rule, the appraiser will be required to estimate the value of the easement plus damages to the remainder, if any.

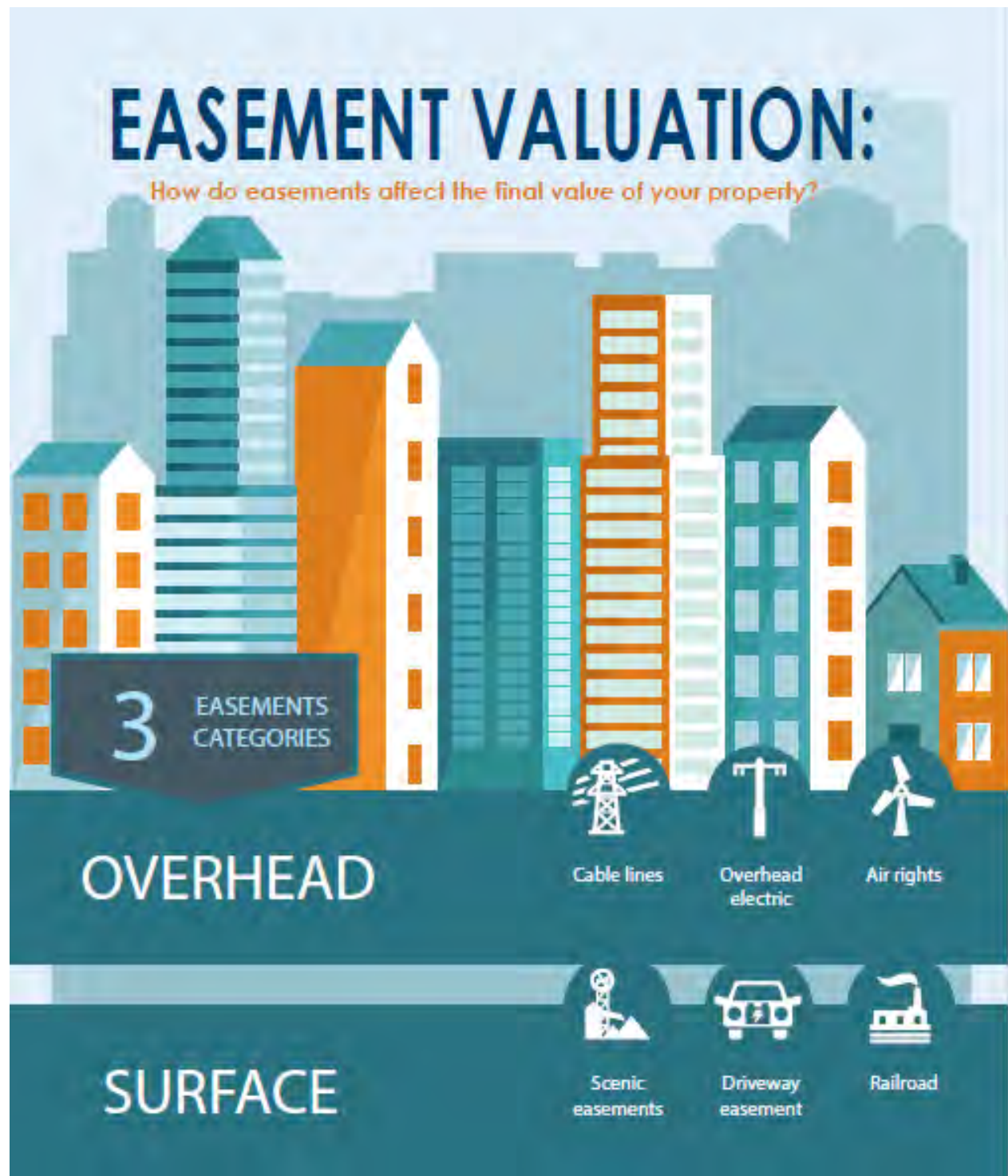
The appraiser’s task is to see what effect, if any, an easement has on the sale of property encumbered with similar easements. It is imperative that the appraiser understand the nature of both the legal and the physical rights being sought.

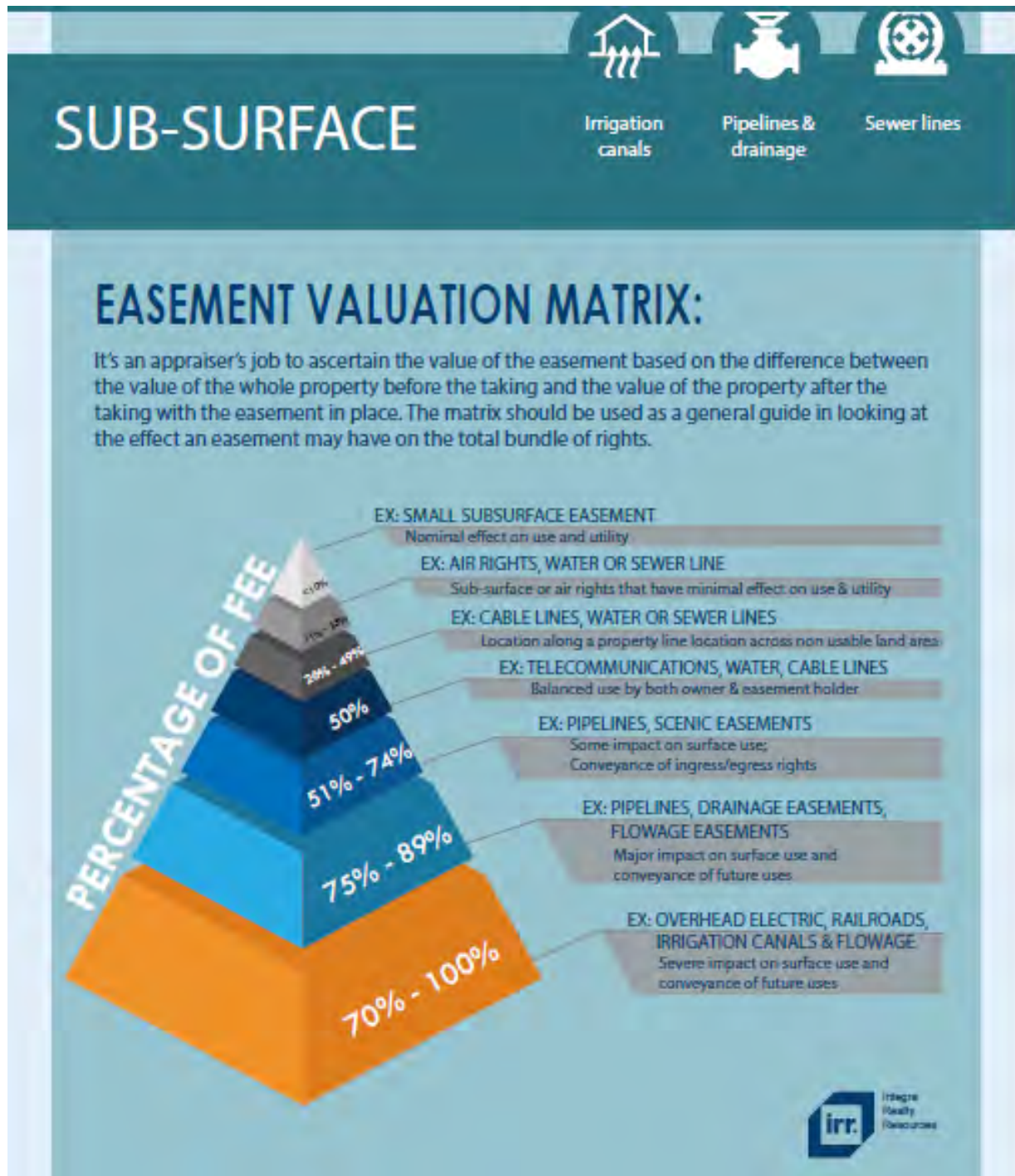
One key question is “will the easement affect the use and/or the utility of the property that results in a change in highest and best use?” Also, the easement may include accessory rights such as the ability to access the easement and the ability to expand the use within the easement (add additional pipes in the future).

One method used by appraisers includes matched pair sale analysis. In this analysis, the appraiser will attempt to find two similar sales, one encumbered with an easement and another without, and measure the impact the easement has on value. Care must be used in that one example may not be sufficient to apply to all situations. Also, by having multiple pairings, one can establish a general trend of the measured impact. In measuring the impact, it should be noted that the total difference between encumbered and unencumbered includes both the easement and its affect (damages).

A second method may be the result of interviews with buyers and sellers. This method can also be abused by inconsistent questions asked and in the selection of the sample of buyers/sellers asked. To assist appraisers and right of way professionals, the Easement Valuation Matrix presented in the appended infographic’s “pyramid” has been developed. The matrix should be used as a general guide in looking at the effect an easement may have on the total bundle of rights. This should not be considered an exclusive list as to the type of easements and their effect on the total bundle of rights but should be used only as a guide to general effects on the total fee ownership.

The rights included in an easement can vary depending on multiple considerations such as the type of structure, the location of the easement and other physical factors. Thus, this stresses the importance of good and thorough confirmation of the easement rights, verification of the location of the easement, determination of the size of the easement and having an adequate number of comparisons from which one can surmise general trends. Even with all this information, the imperfections of the real estate market must be tempered with the skill and experience of the appraiser. In every situation, the appraiser must explore the rights being acquired and allow the market to dictate the effect the easement will have on the remainder property. In most cases, the presence of an easement may be one of many deciding factors affecting value. Isolating the effect of an easement on the property requires extensive research and evaluation.”

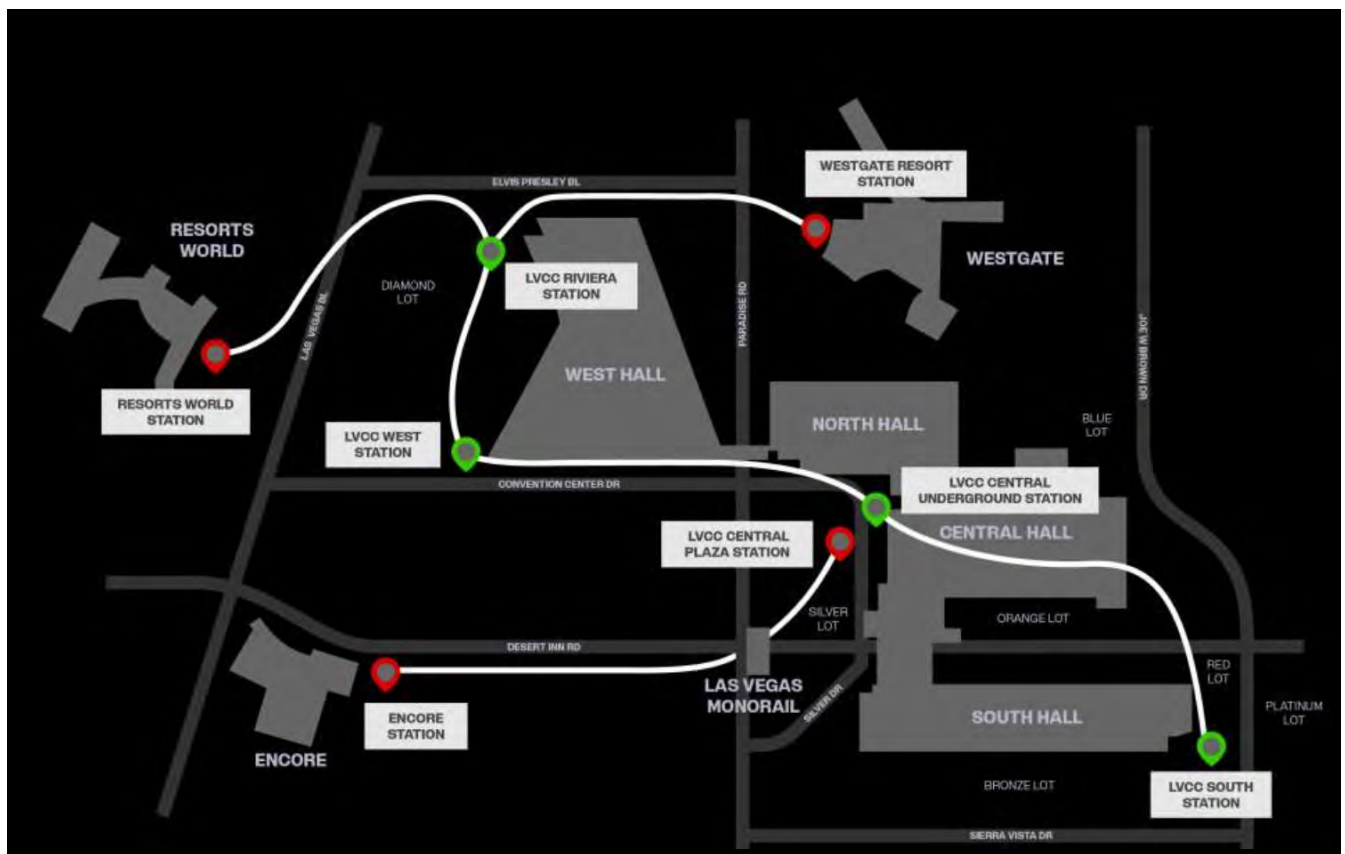




As can be seen on the previous page, the author includes a wide range of easement discounts allowing for the consideration of specific easement terms for similar types of infrastructure. The author provides an example of telecommunications, water, and cable lines where there is balanced use by both the owner and the easement holder. In this analysis, we are considering the potential impacts of a deep subsurface easement which is indicated to be significantly less than 10% of fee value and could be as low as nominal value.

Las Vegas Tunnel System

The Las Vegas Tunnel System currently serves the convention center and legs extending to Resorts World, Westgate and Encore complexes.



The current tunnel system depicted above is limited in scope and cannot serve a significant ridership due to the limited station locations. As such, the revenue generated does not justify the cost of construction. There is a concept in real estate valuation that cost does not always reflect value. This is the case when an improvement has a certain cost but the return on the investment (rent or fees charged) does not provide a return of the capital expenditure and a profit margin. When this occurs, the property suffers from external obsolescence.

External Obsolescence is defined as “A type of depreciation; a diminution in value caused by negative external influence and generally incurable on the part of the owner, landlord, or

tenant. The external influence may be either temporary or permanent. There are two forms of obsolescence: economic and locational.⁹

The obsolescence occurring on the Vegas Loop project is economic. The revenue and expense tables included in the addenda section of this report show that the current ridership and the loop's existing condition and locations do not provide sufficient income to justify the cost of the improvements. Therefore, relying on the cost of construction for tax valuation purposes significantly overstates the value of the real estate.

It is understood that the existing portion of the Vegas Loop is somewhat of a proof of concept and that the ultimate loop design will dramatically increase the opportunity to increase revenue through ridership and potentially offset the construction cost. Major transportation projects like the Vegas Loop are typically funded and constructed by governmental entities without regard to the potential return on investment. These facilities are often considered to be for the public good and therefore, the economics of the project are less relevant. These governmental entities, when completing similar projects, are typically tax-exempt and the valuation for tax purposes is unnecessary. In the case of the Vegas Loop and Clark County, a project that is primarily built for the public good is taxed because it is owned by a private entity. However, if the Las Vegas Loop is to be taxed based upon its market value, then the existing external obsolescence must be included which reflects a nominal value.

Based upon the review of existing literature and theory, it is clear that the subsurface easement and tunnel system owned by the Boring Company has nominal value. The specific income metrics associated with the existing tunnel system also indicate that the current improvements do not generate sufficient income to have a positive market value. Based upon all information available, the Las Vegas Loop as currently constructed, should be considered as having a nominal value.

Based upon revenue and expense information provided, we were able to analyze discounted cash flows that project potential income based upon future increases of ridership, expenses, etc. The discounted cash flow models, included in the addenda section of this report, indicate that each leg of the current system has a negative value. The cash flow models included project potential income streams through 2029 indicating that the current system, operating largely as a limited public transit system, will not be a profitable enterprise in the foreseeable future. The lack of a positive return on the investment is a strong indicator that the current tunnel system has nominal value.

As stated previously, the definition of Market Value is:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue

⁹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

When considering a market transaction, it is highly unlikely that an investor in real estate would purchase the tunnel system with the understanding that the income generated does not cover the cost. The income approach to value, and a primary driver of market value, is the anticipation of future income streams. As the potential income derived from the existing project is insufficient to create a positive market value, the pool of potential purchasers is significantly reduced and the likelihood of a transaction is almost non-existent. The measure of market value assumes a transaction based upon the parameters above. The absence of any real open market for the existing improvements is further support, and confirmation, of a nominal value.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

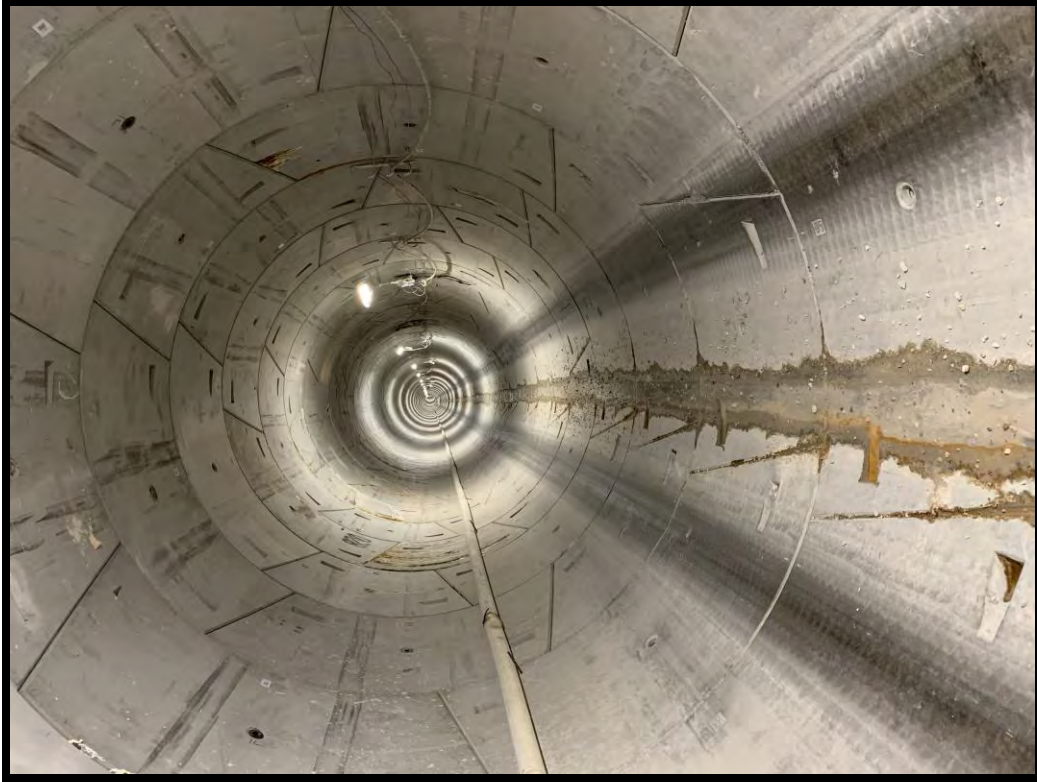
Respectfully Submitted,

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TUNNEL PHOTOGRAPHS





DISCOUNTED CASH FLOW ANALYSIS

Resorts World									
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue									
Fares	0	150,000	500,000	660,000	660,000	660,000	660,000	660,000	660,000
Management Fees	0	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Advertising	0	0	0	54,000	54,000	54,000	54,000	54,000	54,000
Total	0	180,000	530,000	744,000	744,000	744,000	744,000	744,000	744,000
Operating Expenses									
Direct personnel	0	200,000	600,000	625,000	625,000	625,000	625,000	625,000	625,000
Licenses & Permits	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Merchant Fees	0	7,500	25,000	33,000	33,000	33,000	33,000	33,000	33,000
Total Op. Expenses	15,000	222,500	640,000	673,000	673,000	673,000	673,000	673,000	673,000
Other Cash Expenses									
Vehicle financing	0	10,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Capital investment	0	1,929,454	0	0	0	0	0	0	0
Total Other Cash Expense	0	1,939,454	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Cash Flow	(15,000)	(1,981,954)	(125,000)	56,000	56,000	56,000	56,000	56,000	56,000
Discounted Cash Flow	(15,000)	(1,981,954)	(125,000)	56,000	56,000	51,852	48,011	44,455	41,162
Growth	0						Total Discounted Cash Flow		(1,824,475)
Discount rate	0						Terminal Value		823,233
Payback (yrs.)	38						Pre-Tax Enterprise Value		(1,001,241)

Westgate									
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue									
Fares	0	0	0	0	100,000	100,000	100,000	100,000	100,000
Management Fees	0	0	0	0	25,000	25,000	25,000	25,000	25,000
Advertising	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	125,000	125,000	125,000	125,000	125,000
Operating Expenses									
Direct personnel	0	0	0	0	80,000	80,000	80,000	80,000	80,000
Licenses & Permits	0	0	0	0	625	625	625	625	625
Merchant Fees	0	0	0	0	5,000	5,000	5,000	5,000	5,000
Total Op. Expenses	0	0	0	0	85,625	85,625	85,625	85,625	85,625
Other Cash Expenses									
Vehicle financing	0	0	0	0	15,000	15,000	15,000	15,000	15,000
Capital investment	0	0	1,638,136	1,693,022	600,000	0	0	0	0
Total Other Cash Expense	0	0	1,638,136	1,693,022	615,000	15,000	15,000	15,000	15,000
Cash Flow	0	0	(1,638,136)	(1,693,022)	(575,625)	24,375	24,375	24,375	24,375
Discounted Cash Flow	0	0	(1,638,136)	(1,693,022)	(575,625)	22,569	20,898	19,350	17,916
Growth	0						Total Discounted Cash Flow		(3,826,050)
Discount rate	0						Terminal Value		358,327
Payback (yrs.)	160						Pre-Tax Enterprise Value		(3,467,723)

The Boring Company

Encore									
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue									
Fares	0	0	0	0	100,000	103,000	106,090	109,273	112,551
Management Fees	0	0	0	0	90,000	120,000	120,000	120,000	120,000
Advertising	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	190,000	223,000	226,090	229,273	232,551
Operating Expenses									
Direct personnel	0	0	0	0	80,000	82,400	84,872	87,418	90,041
Licenses & Permits	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Merchant Fees	0	0	0	0	5,000	5,150	5,305	5,464	5,628
Total Op. Expenses	7,000	7,000	7,000	7,000	92,000	94,550	97,177	99,882	102,668
Other Cash Expenses									
Vehicle financing	0	0	0	0	15,000	15,000	15,000	15,000	15,000
Capital investment	0	0	0	1,959,008	260,000	0	0	0	0
Total Other Cash Expenses	0	0	0	1,959,008	275,000	15,000	15,000	15,000	15,000
Cash Flow	(7,000)	(7,000)	(7,000)	(1,966,008)	(177,000)	113,450	113,914	114,391	114,883
Discounted Cash Flow	(7,000)	(7,000)	(7,000)	(1,966,008)	(177,000)	105,046	97,662	90,807	84,442
Growth	0						Total Discounted Cash Flow		(1,786,050)
Discount rate	0						Terminal Value		1,688,843
Payback (yrs.)	19						Pre-Tax Enterprise Value		(97,207)



CLARK COUNTY BOARD OF EQUALIZATION

Case # 21

Petitioner Information

Integra Realty Resources
Houston

CONSULTING REPORT

**Consulting Report regarding the Boring
Company Transportation Tunnels located
in Las Vegas, Clark County, Nevada**

Prepared For:

The Boring Company
Attn: Arun Prakash
130 Walker Watson Rd.
Bastrop, TX 78602

Date of the Consulting Report:

September 23, 2025





September 30, 2025

The Boring Company
Attn: Arun Prakash
130 Walker Watson Rd.
Bastrop, TX 78602

Re: Consulting Report regarding the Boring
Company Transportation Tunnels
located in Las Vegas, Clark County,
Nevada

Dear Mr. Prakash:

Integra Realty Resources – Houston is pleased to submit the accompanying consulting report of the referenced property. The purpose of this consulting report is to amplify issues pertaining to the appropriate valuation of the Boring Company's transportation tunnels as it relates to their tax valuation. It is our understanding the current method of valuation employed by Clark County is based upon the construction costs of the tunnel facilities. There are a number of reasons that solely considering the reproduction or replacement cost of the existing improvements significantly overstates the value of the rights held in the transportation tunnels. The following pages will discuss various valuation approaches and methodologies as well as providing reference material published in regard to the valuation of deep subsurface tunnels.

The three primary generally accepted methodologies for valuing real property at its market value are the Cost Approach, Sales Comparison Approach and Income Approach.

The **Cost Approach** assumes that the informed purchaser would pay no more for a property than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **Sales Comparison Approach – As Improved** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This

approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **Sales Comparison Approach – Land Only** utilizes sales of properties similar to the subject property as the basis for an indication of market value. Direct comparison is made between each sale and the subject on an item-by-item basis. Adjustments are made to the sale price of the comparable property to arrive at an indication of what it would have sold for had it been essentially the same as the subject property. These adjusted prices are then reconciled into an indication of value for the subject property.

The **Income Capitalization Approach** reflects the market's perception of the relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

In this instance, the Sales Comparison Approach cannot be utilized as there is not a sufficient market for the unique property type involved. The Cost Approach to value provides an indication of the capital expenditure, but must account for all types of depreciation, including external obsolescence. The Income Approach to value can be completed, but for reasons discussed later in this consulting report, the income derived from the existing facilities are not sufficient to provide a positive return.

Valuation Literature Review

As the use of deep subsurface tunnels is a relatively new phenomenon, there are limited transactions involving deep subsurface easements to provide a standardized basis for valuation. There have been studies and articles written based upon information obtained pertaining to tunnel operations primarily used for rail, subway, or roadway. The following paragraphs detail some of the available literature and the opinions expressed based upon the available data.

Easement Valuation and Tunnel Studies

The Impact of Light Rail Tunnels on Property Value – Study of the Beacon Hill Light Rail Tunnel, Seattle, WA By: McKee Appraisal, Inc.

A study was conducted by McKee Appraisal, Inc. ("McKee") in Seattle, WA regarding the impact of Beacon Hill Tunnel which is comprised of twin tunnels, one for north bound tracks and the other for south bound tracks. These tunnels were bored by a tunnel boring machine and are approximately one mile long and 21 feet in diameter.

The Boring Company

McKee's study area contained 300 feet north and south of the tunnel (excluding the sale of newly constructed houses). 67 properties were encumbered with a tunnel easement within this study area. Over a five year period, a total of 53 sales occurred, of which 17 were encumbered with tunnel easements.

The sales data from 2003 - 2007 is located on the following page:

Houses Without Tunnel Easements																
Sale ID	Tunnel Easement?	Street No.	Street Name	Sale Price Without Easement	Sale Price/sf Without Easement	Assessed Value at Yr. of Sale	Price/Assessed Value Without Easement	Sale Date	1st Floor Area (sf)	2nd Floor Area (sf)	Finished Bsmnt. Area (sf)	Unfinish ed Bsmnt. Area (sf)	Garage Area (sf)	Year Built	Total Finished Area (sf)	Lot Area (sf)
A	No	1804	McClellan St., S	\$236,000	\$179	\$236,000	1.00	9/8/03	750	570	0	750		1909	1,320	3,840
B	No	1809	Lander St., S	\$355,000	\$213	\$303,000	1.17	6/3/03	900	770	0	900		1914	1,670	4,800
C	No	2515	19th Ave S	\$322,000	\$273	\$241,000	1.34	6/25/04	840	340	0	840	210	1931	1,180	3,680
D	No	2719	19th Ave S	\$437,000	\$265	\$338,000	1.29	2/27/04	880	770	0	400		1909	1,650	3,840
E	No	2715	19th Ave S	\$298,000	\$200	\$309,000	0.96	2/24/04	940	550	0	940		1909	1,490	3,840
F	No	2713	20th Ave S	\$286,000	\$249	\$220,000	1.30	10/15/04	750	0	400	350		1910	1,150	3,840
G	No	2717	21st Ave S	\$320,000	\$256	\$220,000	1.45	11/29/04	1,250	0	0	0		1952	1,250	4,800
H	No	2506	18th Ave S	\$259,950	\$241	\$205,000	1.27	7/30/04	1,080	0	0	360		1943	1,080	4,000
I	No	1911	Bayview St., S	\$249,000	\$239	\$172,000	1.45	11/21/03	1,040	0	0	440		1902	1,040	4,000
J	No	2615	21st Ave S	\$238,500	\$236	\$201,000	1.19	7/29/03	1,010	0	0	1,010	300	1941	1,010	4,000
K	No	1711	BayView St., S	\$249,950	\$278	\$197,000	1.27	8/27/04	900	0	0	360		1913	900	2,600
L	No	2529	22nd Ave S	\$313,500	\$169	\$275,000	1.14	1/10/05	1,160	0	700	460	280	1956	1,860	5,600
M	No	2720	21st Ave S	\$249,950	\$158	\$268,000	0.93	3/26/04	790	0	790	0		1913	1,380	2,730
35	No	1931	S. Bayview St.	\$310,000	\$341	\$225,000	1.38	5/2/05	910	0	0	370	0	1928	910	4,000
40A	No	2710	18th Ave S	\$435,000	\$177	\$267,000	1.63	5/3/05	1,070	990	400	670	0	1914	2,460	4,160
23	No	2717	18th Ave S	\$308,050	\$280	\$250,000	1.23	5/20/05	1,100	0	0	880	220	1925	1,100	6,144
20A	No	1711	S. Wayne St.	\$215,000	\$262	\$220,000	0.98	6/17/05	820	0	0	460	180	1908	820	4,000
19	No	2517	18th Ave S	\$327,500	\$271	\$235,000	1.39	7/28/05	640	570	0	580	170	1913	1,210	2,600
50	No	2603	20th Ave S	\$309,000	\$262	\$207,000	1.49	10/21/05	740	0	440	300	0	1919	1,180	3,700
68	No	2316	S. Lander St.	\$355,000	\$303	\$247,000	1.44	11/1/05	1,170	0	0	620	0	1908	1,170	6,000
22	No	1710	S. McClellan St.	\$423,500	\$255	\$253,000	1.67	12/12/05	1,260	0	400	620	240	1926	1,660	4,664
64	No	2116	S. McClellan St.	\$239,950	\$375	\$182,000	1.32	3/30/06	640	0	0	0	0	1946	640	6,000
33	No	1911	S. Bayview St.	\$331,400	\$257	\$262,000	1.26	4/19/06	1,040	0	250	190	0	1902	1,290	4,000
20	No	1711	S. Wayne St.	\$250,000	\$305	\$232,000	1.08	6/13/06	820	0	0	460	180	1908	820	4,000
18	No	2509	18th Ave S	\$336,000	\$267	\$287,000	1.17	6/15/06	900	360	0	700	200	1924	1,260	4,000
66	No	2800	22nd Ave. S	\$385,000	\$162	\$313,000	1.23	6/15/06	1,270	0	1,110	0	160	1952	2,380	4,000
57	No	2601	22nd Ave. S	\$300,000	\$149	\$303,000	0.99	7/25/06	1,010	1,010	0	0	560	1950	2,020	4,000
65	No	2701	23rd Ave. S	\$349,500	\$336	\$221,000	1.58	8/28/06	1,040	0	0	0	0	1963	1,040	4,000
62	No	2712	21st Ave. S	\$339,950	\$337	\$247,000	1.38	9/7/06	1,010	0	0	860	0	1913	1,010	4,000
59	No	2717	21st Ave. S	\$412,000	\$330	\$255,000	1.62	9/14/06	1,250	0	0	0	0	1952	1,250	4,800
70	No	2800	23rd Ave. S	\$280,000	\$174	\$237,000	1.18	10/17/06	1,010	0	600	210	200	1956	1,610	4,000
28	No	2515	19th Ave. S	\$463,500	\$256	\$284,000	1.63	10/27/06	840	340	630	0	210	1931	1,810	3,680
16	No	2508	17th Ave. S	\$420,000	\$231	\$291,000	1.44	2/9/07	1,050	0	770	60	220	1957	1,820	6,732
53	No	2508	20th Ave S	\$309,000	\$303	\$264,000	1.17	3/20/07	770	0	250	340	180	1955	1,020	4,000
40	No	2710	18th Ave S	\$320,000	\$211	\$299,000	1.74	6/11/07	1,070	990	400	670	0	1914	2,460	4,160
81	No	2716	20th Ave S	\$305,000	\$218	\$287,000	1.06	9/28/07	1,400	0	0	0	250	1912	1,400	5,760
Avg. of 36 Sales Without Tunnel Easmt				\$326,089	\$237	\$251,472	1.30	8/9/05	976	202	198	411	145	1927	1,376	4,278

Houses With Tunnel Easements																
Sale ID	Tunnel Easement?	Address	Street	Sale Price With Easement	Sale Price/sf With Easement	Assessed Value at Yr. of Sale	Price/Assessed Value With Easement	Sale Date	1st Floor Area (sf)	2nd Floor Area (sf)	Finished Bsmnt. Area (sf)	Unfinish ed Bsmnt. Area (sf)	Garage Area (sf)	Year Built	Total Finished Area (sf)	Lot Area (sf)
BHT-126	Yes	2706	17th Ave. S	\$275,000	\$309	\$217,000	1.27	5/14/04	890	0	0	890	200	1910	890	3,360
BHT-131	Yes	2606	18th Ave. S	\$315,000	\$173	\$264,000	1.19	3/8/04	1,220	0	600	620		1923	1,820	4,000
BHT-132	Yes	2610	18th Ave. S	\$322,000	\$195	\$200,000	1.61	12/11/03	990	0	660	200	200	1928	1,650	4,000
BHT-134	Yes	2605	19th Ave. S	\$302,000	\$190	\$236,000	1.28	5/19/04	1,260	330	0	0		1907	1,590	4,600
BHT-139	Yes	2612	19th Ave. S	\$210,000	\$216	\$200,000	1.05	1/9/03	970	0	0	970		1926	970	3,200
BHT-139A	Yes	2612	19th Ave. S	\$299,950	\$309	\$200,000	1.50	10/15/03	970	0	0	970		1926	970	3,200
BHT-155	Yes	1936	Lander St., S	\$232,500	\$183	\$199,000	1.17	5/19/03	850	420	0	850		1915	1,270	4,000
BHT-167	Yes	2702	21st Ave. S	\$385,000	\$229	\$272,000	1.42	9/24/03	1,200	480	0	1,200	200	1939	1,680	4,000
BHT-133	Yes	2618	18th Ave. S	\$312,000	\$190	\$270,000	1.16	6/21/05	830	810	0	400	0	1921	1,640	4,000
BHT-156	Yes	2607	20th Ave. S	\$312,600	\$351	\$221,000	1.41	8/5/05	890	0	0	740	0	1919	890	3,700
BHT-180	Yes	2717	Harris Pl. S	\$281,000	\$190	\$246,000	1.14	9/2/05	880	0	600	80	200	1958	1,480	4,800
BHT-134	Yes	2605	19th Ave. S	\$395,000	\$248	\$259,000	1.53	1/24/07	1,260	330	0	0	0	1907	1,590	4,600
BHT-158	Yes	1946	S. Lander St.	\$433,000	\$209	\$321,000	1.35	3/5/07	1,040	740	290	0	450	1994	2,070	3,100
BHT-183	Yes	2802	Harris Pl. S	\$375,000	\$205	\$283,000	1.33	5/15/07	1,230	0	600	630	0	1955	1,830	5,500
BHT-132	Yes	2610	18th Ave. S	\$425,000	\$258	\$340,000	1.25	9/18/07	990	0	660	0	200	1928	1,650	4,000
BHT-14	Yes	1918	S. Lander St.	\$260,000	\$361	\$202,000	1.29	9/25/07	720	0	0	0	0	1943	720	4,000
BHT-12	Yes	1709	S. Lander St.	\$445,000	\$484	\$298,000	1.49	12/12/07	920	0	0	920	0	1925	920	5,896
Avg. of 17 Sales With Tunnel Easements				\$328,238	\$236	\$248,706	1.32	6/10/05	1,006	183	201	498	121	1933	1,390	4,115

McKee analyzed the above sales individually and collectively for various indications and characteristics but found little, if any, noticeable change in the value or marketability of properties with tunnel easements versus without tunnel easements. The average price of sales encumbered by a tunnel easement (17) is \$328,238 or \$236/SF and the average price of sales without a tunnel easement (36) is \$326,089 or \$237/SF.

McKee further interviewed agents that were involved in transactions encumbered by the Beacon Hill tunnel easement and found that there was little change in value and the tracts retained their marketability despite being encumbered.

The Appraisal of Underground Easements

By: Max J. Derbes, Jr., SR/WA

This article discusses near-surface, deep underground and semi-deep underground uses of easements as well as the valuation of the various easements. On Page 18, the portion regarding semi-deep underground uses, the article states that a contractor was commissioned to do a national impact study on various semi-deep underground uses.

Research began in Washington D.C. and Atlanta where subways had recently been constructed. "Every appraiser in every appraisal of deep, underground subway takings concluded that there was no diminution in the market value of the property". In this instance, a nominal value was paid for the easement.

Research then went to San Antonio to determine the impact of a project that diverted water from the river which traversed the downtown area. The U.S. Army Corp of Engineers acquired large tunnels that were located under downtown buildings. Appraisals were obtained and "All the appraisers indicated that there would be no diminution to the market value of the properties as a result of the construction or existence of these deep channels." In this instance, a nominal value was paid for the easement.

Additionally, "Other underground utility mains were studied, specifically, high voltage transmission lines and gas pipelines, in addition to lands near a nuclear plant. All of the empirical evidence studied showed no impact."

More Semi-deep Easements: An Appraisal Case Study**By: Richard C. Floyd, SR/WA**

This article further expands on the Derbes article on the previous page. In this article Floyd researches a subterranean easement project ("Rubidoux Project") that was being acquired for waste water transmission purposes. This project is located in Rubidoux, which is a suburb of Riverside, California. These easements would be located at varying depths, being 20 – 120 feet and would include no surface entry or surface use rights.

During research to determine the fair market value of the easements to be acquired, Floyd discovered that there was an existing subsurface easement for the purposes of a water transmission tunnel under several residential properties proximate to the Rubidoux Project. Floyd contacted the owner of the easement who indicated that there was no evidence of structural, operational or physical problems with the aqueduct. Floyd then analyzed marketing time, sales price and utility to determine if there was a diminution in value to the remainder property. It was found that there was no evidence of longer marketing time nor did the utility of the remainder property diminish. In regards to sales price, it is concluded that "no conclusion could be drawn to indicate that any difference exists in the market prices to be paid for the remainder parcels to be located directly over the proposed underground easements and pipeline from the market prices that will be paid for those comparable adjacent properties not located directly over the proposed easement and pipeline."

It was concluded that there is no diminution in value to the remainder properties as a result of the acquisition and use of the Rubidoux Project. "In the case of the subject easements, it was concluded that the only "just and equitable" measure of the amount of just compensation appropriate for each of the easements to be acquired was "a reasonable sum (of money) that was commensurate with the imposition on the time and energy of each owner to discuss and administer the details of the proposed easement conveyance." In the case of the subject easements to be acquired, that sum was concluded to be a nominal sum and was the same amount for the easement sought from each larger parcel."

The Impact of Deep Tunnels on Property Value – A Study of the Lake City Tunnel, Seattle, Washington By: McKee Appraisal, Inc.

The study of the Lake City Tunnel located in Seattle, Washington was performed to determine whether or not a deep tunnel, that is not apparent from the surface, lowers property values. Within this study, the tunnel varies in depth between 50 and 300 feet, with an average of 200 feet. The initial study was prepared in 2004 and included 497 comparable transactions that occurred between 1983 and 2004. Of these 497 transactions, 126 were encumbered with deep tunnel easements, while the remaining 371 were not. McKee's findings are located in the chart located below:

Appraisal Study - Lake City Tunnel Potential Impact of Deep Sewer Easements Comparison of House Sales in Seattle

Description: Probability testing of whether the presence of a deep sewer easement under a house property in Seattle has an effect on the value of the property
Method: t-test (Student's t-test), based on analysis of 497 sales between 3/9/1983 - 7/26/2004
Samples: Comparing sales of house properties with deep sewer easements underneath the property, versus sales of properties on the same block without deep sewer easements.
Variables: 3 variables are tested: The ratio of sale price to assessed value, the sale price per square foot of finished living area, and the sale price.
1-tailed test: Null Hypothesis: A house with a deep sewer easement does not have a lower sale price than a house without.
Alternative Hypothesis: A house with a deep sewer easement has a lower sale price than a house without.
2-tailed test: Null Hypothesis: The presence of a deep sewer easement does not impact the sale price of a house
Alternative Hypothesis: The presence of a deep sewer easement impacts the sale price of a house

Year of Sale	<u>No. of Sales</u>		<u>Sale Price/Assessed Value</u>				<u>Sale Price/sf</u>				<u>Mean Sale Price</u>			
	Houses Without Easmts.	Houses With Easmts.	Houses Without Easmts.	Houses With Easmts.	Probability Value - 1-tailed test	Probability Value - 2-tailed test	Houses Without Easmts.	Houses With Easmts.	Probability Value - 1-tailed test	Probability Value - 2-tailed test	Houses Without Easmts.	Houses With Easmts.	Probability Value - 1-tailed test	Probability Value - 2-tailed test
2003-2004	55	9	1.19	1.21	0.64	0.71	\$253.54	\$241.59	0.19	0.39	\$375,089	\$359,272	0.23	0.46
2001-2002	49	21	1.22	1.23	0.58	0.84	\$210.45	\$211.57	0.53	0.93	\$322,658	\$358,186	0.91	0.18
1999-2000	48	17	1.44	1.54	0.88	0.25	\$185.03	\$209.83	0.97	0.07	\$315,028	\$319,072	0.57	0.87
1997-1998	31	19	1.42	1.41	0.43	0.86	\$151.36	\$149.42	0.43	0.86	\$238,401	\$235,737	0.44	0.89
1995-1996	49	14	1.24	1.31	0.88	0.24	\$114.71	\$119.27	0.73	0.54	\$192,370	\$196,846	0.66	0.69
1993-1994	33	12	1.18	1.13	0.20	0.40	\$120.44	\$112.50	0.21	0.42	\$181,895	\$171,042	0.22	0.44
1991-1992	32	9	1.14	1.18	0.75	0.50	\$109.51	\$127.28	0.94	0.11	\$168,975	\$159,883	0.21	0.42
1989-1990	25	9	1.73	2.00	0.97	0.06	\$90.53	\$129.38	1.00	0.01	\$149,828	\$178,556	0.88	0.24
1987-1988	22	6	1.30	1.37	0.83	0.33	\$61.60	\$67.47	0.77	0.46	\$105,698	\$111,908	0.68	0.64
1985-1986	19	5	1.27	1.21	0.32	0.63	\$68.07	\$56.01	0.10	0.19	\$88,380	\$93,300	0.67	0.66
1983-1984	8	5	1.11	1.24	0.86	0.28	\$54.49	\$47.72	0.20	0.40	\$82,875	\$98,700	0.79	0.42
1983-2004	371	126	1.29	1.35	0.98	0.05	\$151.69	\$152.99	0.57	0.85	\$237,739	\$239,241	0.55	0.90
2000-2004	126	37	1.23	1.28	0.88	0.24	\$221.69	\$218.20	0.36	0.71	\$342,264	\$349,604	0.66	0.67

Conclusions: The Null Hypotheses are not rejected.

Interpretation: There is insufficient evidence to support the hypothesis that the presence of a deep easement has an effect on the sale price of a house property.

Discussion: The tests examine a variety of different populations, including total sample and sub-samples that are based on ranges of dates of sale. The rationale is that sale prices have changed significantly over time, so sub-sampling allows examination of results where the sale date variable becomes less significant. The results are consistent across the various sub-samples, and are particularly powerful for the more relevant 1-tailed test, and for the most significant variable of the ratio of sale price to assessed value (note: the assessment process is largely based on multiple regression analysis including transform of relevant variables, and the presence of a deep sewer easement is not a variable. Because of the assessment process of analyzing historical sales to derive future values, without time trending, the assessed value tends to be lower than market value in a rising market). The potential rejection of null hypotheses occurs rarely in the 2-tailed test, and only because houses with deep sewer easements appear more valuable than those without, an illogical premise.

The chart above indicates that there is no correlation between the existence of an easement and sales price. In the two year analysis above, there are 12 years where the houses encumbered by an easement sold for a higher per square foot value and 10 years indicating a lower per square foot value.

The Lake City Tunnel was constructed between 1964 and 1967. In the chart below, there is a sample of sales (1962-1972) that occurred just before, during and after construction of the tunnel. The second sample (1983-2007) set occurs approximately 15 years after completion of the tunnel.

Year of Sale	<i>No. of Sales</i>		<i>Sale Price/Assessed Value</i>					<i>Sale Price/sf</i>					<i>Mean Sale Price</i>				
	Houses Without Easmts.	Houses With Easmts.	Houses Without Easmts.	Houses With Easmts.	Diff.	p-value 1-tailed test	p-value 2-tailed test	Houses Without Easmts.	Houses With Easmts.	Diff.	p-value 1-tailed test	p-value 2-tailed test	Houses Without Easmts.	Houses With Easmts.	Diff.	p-value 1-tailed test	p-value 2-tailed test
1983-2007	416	139	1.29	1.35	5%	0.96	0.07	\$169.24	\$169.36	0%	0.51	0.99	\$269,244	\$259,203	-4%	0.22	0.44
1962-1972	265	87	6.61	6.30	-5%	0.10	0.21	\$11.86	\$11.83	0%	0.47	0.94	\$17,682	\$18,420	4%	0.78	0.44

McKee states “The mean difference in the samples is close to 0% for the houses with easements compared with houses without easements for the 2 samples and 3 different parameters sampled. The difference is not statistically significant”.

Summary of Literature

The articles above express an opinion that there is limited, if any, affect on surface values when a land area is encumbered with a deep subsurface easement. As it is atypical for deep subsurface areas to be used in the majority of construction, etc., the potential that the infrastructure placed in the deep subsurface would hinder development of the surface site under normal circumstances is unlikely. The literature summarizing the existing studies indicates that surface users would not be impacted by the deep subsurface easement and therefore, sales of properties with these types of easements would command the same measure of market value as those without. The authors of these studies opine that properties with and without deep subsurface easements, or those immediately before and immediately after the imposition of a deep subsurface easement, have effectively the same market value. It is clear that a deep subsurface easement is a property right that runs with the land. As such, it could be argued that any imposition on the “bundle of rights” associated with ownership of land represents some diminished value, regardless of how small. Depending on the approach to valuation, this diminished value could be as low as immeasurable, some nominal value to reflect recognition of the imposition or an amount considered appropriate to cover transaction costs, etc. Under any valuation scenario, the first step in the analysis is to determine the base valuation for the land area under study inclusive of all rights. The following sections of the report would typically deal with determining the base valuation of typical land holdings within the study areas and would consider surface and subsurface rights. After determining the base valuation of the land, it is appropriate to consider the discount to fee value to reflect the limited rights acquired for deep subsurface easement. The tunnel system utilizes land area below the subsurface that does not have a strong market demand for other users. In that regard, the fee owner of the surface area is not deprived their use of the land because the tunnel system only has surface rights at the station sites. As such, the land area encumbered with the tunnel system (excepting out the station sites) does not hinder the use of the surface area and therefore, has limited impact on value, if any.

Easement Analysis

In most appraisal or consulting assignments, the question being asked is “what is the market value of the property?”. As stated previously, **Market Value** is defined by the Financial Institutions Reform, Recovery and Enforcement Act of 1989 as being:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

As can be seen above, inherent in the definition of market value are factors such as a “competitive and open market”, “both parties are well informed or well advised” and “reasonable time is allowed for exposure in the open market”. Because deep subsurface tunnels for a new mode of transportation represents a developing technology, it is difficult to assume a competitive market, well informed participants and exposure to the market for a property use in its infancy. However, market value does provide a solid basis for the land valuation as unaffected which lends itself to appropriate discounting for the easement rights acquired. Because these potential transactions are still somewhat novel in the marketplace, sales prices diverging from market value could occur based upon the mechanisms used for purchase.

Private Entity Acquiring in an Open Market

A private entity seeking to acquire deep subsurface easements will be required to pay a market rate that is dependent upon a “meeting of the minds” between seller and buyer. The difficulty with private entity acquisition of significant linear projects is the danger of “non-sellers” or “hold out sellers”. Non-sellers are those individuals that refuse to grant easements at any price as a matter of choice. As a private entity rarely has the power of eminent domain, non-sellers can force significant reroutes of linear projects or block them all together depending upon their location in the corridor. Hold out sellers represent those individuals who wait out a project until there are a limited number of purchases required. Once a route is materially complete, hold out sellers understand that a private entity must pay whatever necessary in order to

complete the “links in the chain”. The lack of a private entity’s ability to use the power of eminent domain to force acquisition at market value is a significant detriment to private entity purchase. Without the power of eminent domain, budgeting for acquisition is almost impossible and there is no guarantee the entirety of any specific route could be assembled.

Public/Private Partnership

Public/Private Partnerships are often used in infrastructure projects to speed development and construction. Private sector groups have proven to be more agile in engineering, developing and building major infrastructure projects than many public or governmental entities. Often times, these design build projects are based upon a type of joint venture or “tolling agreement”. In many cases, a private entity will design and build the infrastructure and will get a return of and on their investment through tolls placed upon users of the infrastructure. This type of approach to infrastructure development is often preferred as it benefits from the speed of private entity entrepreneurship and most often has the eminent domain enforcement of public/governmental bodies. In most public/private partnerships, the land can be acquired at market value through the public side of the joint venture.

It could be argued that the current tunnel system only serves the LVCVA purposes and the entire system is akin to the Las Vegas Monorail. It is our understanding the Las Vegas Monorail company was granted 501C4 status as it was considered a “social welfare organization”. The 501C4 status is typically granted to those organizations that serve a public purpose. The transportation of individuals throughout Las Vegas could be seen as a benefit to the city, county and community in line with criteria necessary for tax-exempt status.

Governmental Entity

Governmental Entities typically have the ability to “take” or “acquire” private land for public infrastructure. The right of the government to do so is provided in the “takings clause” of the 5th amendment of the US Constitution, which reads as follows “... nor shall private property be taken for public use, without just compensation.”

When land is acquired through eminent domain by governmental entities, it is typically done so by one of two means – the Federal Rule or the State Rule. The approach is dictated by the jurisdiction in which the property is located and/or whether or not federal funds are involved in the project. According to an article written by David R. Lewis, ASA, MRICS, SR/WA, for the America Society of Appraisers, in his publication titled “Partial Acquisition Appraisals for Public Projects”:

“The Federal Rule is a strict before and after analysis which includes an analysis of damages and benefits. Consideration is given to any changes to the highest and best use and marketability in the before and after conditions. The State Rule is a form of a before and after analysis. The State Rule requires the appraiser to value the part to be taken plus any damages to the remainder property as a result of the taking and project. In addition, the appraiser must consider any benefits to the remainder. Benefits are items that enhance value such as a positive change to the

highest and best use or improved marketability. Under the State Rule benefits can only be used to deduct damages. This is a significant difference between the Federal and State Rules. Under the Federal Rule if the remainder is of greater value in the after condition as compared to the before condition, the owner is considered compensated. No money is offered. Under the State Rule the agency will pay for the part taken.”

Under the Federal Rule, the measure of just compensation is the value of the property before the acquisition of the easement and the value of the property after the acquisition of the easement. As shown in the studies previously analyzed, the difference in value of a property before the acquisition and the value of that same property after the acquisition is minimal, if any. Under the Federal Rule, it is difficult to provide a measurable amount of compensation and as such, a nominal amount is often stated. This amount can be \$100 or \$1,000, etc. to acknowledge that a portion of the rights are being acquired even though the value of the remainder property is unchanged after the imposition of the acquired easement.

Under the State Rule, the part to be acquired is valued prior to analyzing the remainder before the acquisition and the remainder after the acquisition. Again, the value of the deep subsurface rights is considered minimal based upon the lack of market demand for that portion of the property.

Property Rights Definitions

In addition to understanding what type of entity may be purchasing the deep subsurface easements, it is also important to understand the manner in which the property rights are acquired. The instruments used, and the property rights obtained can have a material impact on valuation.

The following provides insight into the property rights question as it relates to valuation of deep subsurface easements.

Ownership Concepts and Interests in Land

The ownership of land is not a singular right. In fact, ownership of land provides an owner with a variety of rights encompassing a significant number of specific benefits/responsibilities.

These various benefits of ownership are known as the “bundle of rights” or “bundle of sticks”. To best illustrate the bundle of rights, imagine a group of sticks. Each one of these sticks represents a right inherent in the ownership of property. When a property owner has all of these rights (total number of sticks), they have complete ownership interest in the property, which is known as the fee simple estate.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.¹

These bundle of rights or bundle of sticks represent a variety of rights including, but not limited to:

- The right to occupy the land;
- The right to sell the land;
- The right to lease the land to others;
- The right to subdivide or partition the land;
- The right to grant easements on or through the land;
- The right to bequeath or gift the land;
- The right to develop the land; and
- The right to let the land lay fallow.

The total number of sticks (rights) represents fee simple ownership. A lease, license, easement, deed restriction or life estate takes one of the sticks away from the bundle of rights, leaving the property with an encumbrance and can result in a partial interest in the property. We are focusing on the distinction between fee, an easement, lease, and license.

Easement

The right to use another's land for a stated purpose.²

Lease

A contract in which the rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.³

License

1. For real property, a personal, unassignable, and typically revocable privilege or permit to perform some activity on the land of another without obtaining an interest in the property. See also easement.
2. A formal agreement from a lawful source that allows a business or profession to be conducted, e.g., a franchise.
3. Government permission to conduct an activity.⁴

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

³ *ibid*

⁴ *ibid*

Partial interest

Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common, easement, or life interest. A partial interest can result in a discount to the value of a full ownership interest in property often applicable to ownership of a partial interest resulting from the diminished marketability of a less than full interest, lack of control, or both.⁵

As discussed above, ownership and/or possession of real estate and real estate related rights encompasses a wide spectrum. Obviously, fee simple estate is the most comprehensive ownership of real estate whereby the owner possesses all rights associated with the land. The fee simple estate is a real estate interest with a possessory right. Lower on the spectrum of ownership would be an easement. An easement is the right to use the lands of another whereby the easement holder maintains the “dominant estate” and the land that is burdened by the easement is known as the servient estate.

Dominant Estate

A property that is served or benefitted by an easement. The opposite of the servient estate, which granted the easement. Also known as the *dominant tenement* and the *servient tenement*, respectively.⁶

Servient Estate

A property burdened by an easement; also known as *servient tenement*. The *servient estate* is the opposite of the *dominant estate* (also known as the *dominant tenement*), which benefits from an easement.⁷

An easement is an interest in real property and reflects a possessory interest that typically runs with the land and is often perpetual. As such, the rights held by the dominant estate and those burdens on the servient estate, pass to successors and assigns in title. An entity may also obtain the right to use and occupy land through a contractual agreement known as a lease. Typically, a lease implies an exclusive possessory interest in the real property subject to the contract. Leases typically have a specified rent (payment) for a specified term. Although not exclusively, leased interests can be assigned and often survive a transfer of ownership of the fee.

A license is a non-possessory privilege or permit for conducting activity on land that does not grant a real estate interest. A license is not a perpetual right. Without express agreement, it does not run with the land and is not binding upon successors and assigns. Often, a license is a revokable permit (termination).

It is our understanding the warehouse facility located at 3395 Cambridge Street is taxed as though it is a possessory interest in real estate however the Boring Company has a license agreement with LVCVA for a reported license amount of \$1,000 per month. The nominal

⁵ *ibid*

⁶ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

⁷ *ibid*

licensing fee is an indication that LVCVA recognizes the community benefit of the structure in the operation of the tunneling enterprise. In fact, all activities conducted at 3395 Cambridge Street are in relation to the services of LVCVA.

Adjustment Factor as a Percentage of the Market Value of the Fee Simple Interest

In selecting a percentage adjustment factor, we consider our previous research and experience with utility corridors, a literature review of relevant documents including studies, legal cases, and publications.

As discussed previously, a license agreement does not represent fee simple interest and is something less than an easement or lease interest. There is a significant lack of information regarding the acquisition or purchase of license agreements as a percentage of fee value. For the purposes of this analysis, consideration is given to generally accepted valuation methodologies for easements (as that is the currently contemplated form of ownership). It should be noted that the discussion pertaining to easement valuation theory would require significant discounting to reflect the lesser rights procured if the right were acquired via a license agreement. The following article abstract is from a document published in the International Right of Way Associations' ROW magazine. The article mentions, and it should be stressed, that each easement valuation is unique and special consideration should be given to the easement rights being acquired and their potential impact on the utility and value of the underlying fee property. With that in mind, the following abstract is included for informational purposes.

"First, what is an easement? According to the Dictionary of Real Estate Appraisal, an easement is "an interest in real property that conveys use, but not ownership, of a portion of an owner's property."⁸ By definition, the ownership of real estate is endowed with a bundle of rights. The concept of bundle of rights maintains that like a bundle of sticks, real property ownership may be wholly intact (fee simple estate) or may be "unbundled" and conveyed in part to a third party.

In real property ownership, one has the inherent right to use the property, to sell it, to lease it, to enter upon it, to give it away - or to refuse to do any of these things. The creation of an easement conveys a portion of the total bundle of rights to a third party. The challenge before the appraiser is the measurement (in terms of dollars) of the market value of the rights conveyed.

With respect to time, easements may be either permanent or temporary in nature, with either specific or indefinite time frames. Please note that the rules regarding the ending of a permanent easement may vary from jurisdiction to jurisdiction and legal counsel should be consulted.

⁸ The Dictionary of Real Estate Appraisal, Third Edition, 1993, Appraisal Institute, Chicago, Ill., pg. 110

In terms of space, there are three broad classes of easements – surface, sub-surface and overhead (or aerial) easements. Some easements may involve two or even all three types of space.

The task before the appraiser is to evaluate the “rights conveyed” by the creation of the easement and to properly measure these rights. The principles and methodology applied to appraising property for partial acquisitions apply to the valuation of easements. All easement valuations are partial acquisitions under the theory that the property owner retains some residual rights within the easement area. The value of an easement is measured by what the property owner has lost from the bundle of rights NOT by what the grantee has gained.

Under the Federal Rule, the value of the easement will be based upon the difference between the value of the whole property before the taking and the value of the property after the taking with the easement in place. Under the State Rule, the appraiser will be required to estimate the value of the easement plus damages to the remainder, if any.

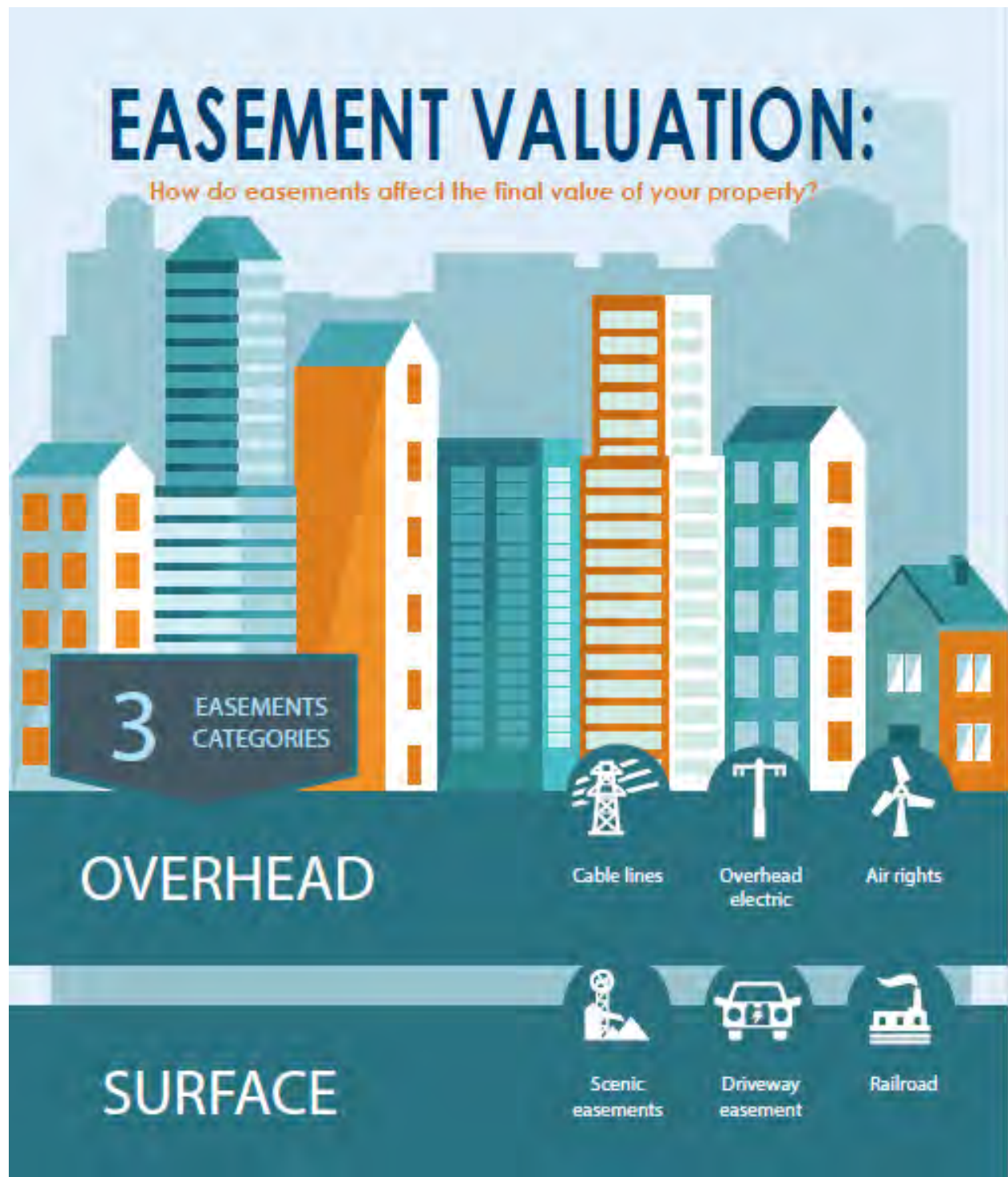
The appraiser’s task is to see what effect, if any, an easement has on the sale of property encumbered with similar easements. It is imperative that the appraiser understand the nature of both the legal and the physical rights being sought.

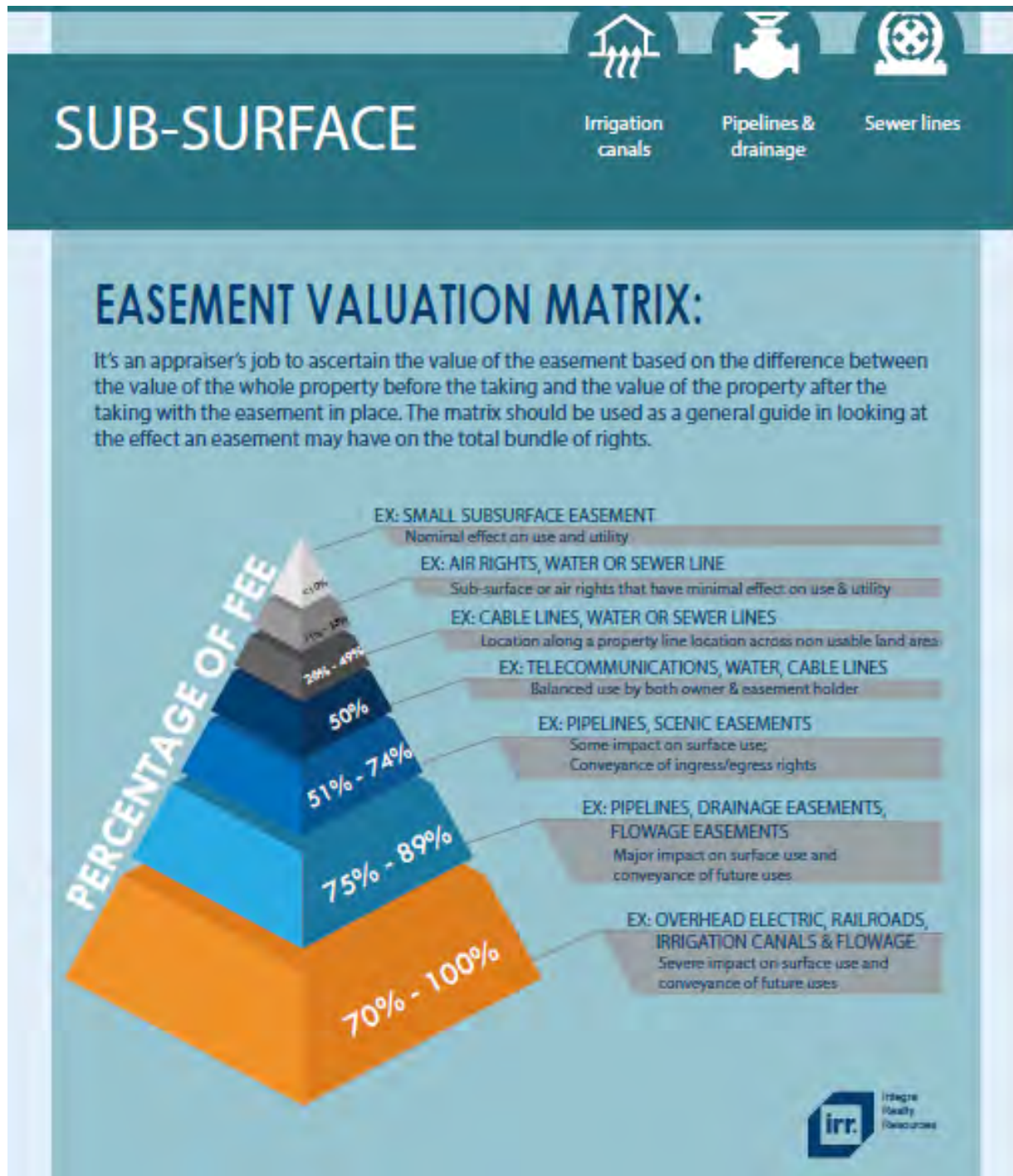
One key question is “will the easement affect the use and/or the utility of the property that results in a change in highest and best use?” Also, the easement may include accessory rights such as the ability to access the easement and the ability to expand the use within the easement (add additional pipes in the future).

One method used by appraisers includes matched pair sale analysis. In this analysis, the appraiser will attempt to find two similar sales, one encumbered with an easement and another without, and measure the impact the easement has on value. Care must be used in that one example may not be sufficient to apply to all situations. Also, by having multiple pairings, one can establish a general trend of the measured impact. In measuring the impact, it should be noted that the total difference between encumbered and unencumbered includes both the easement and its affect (damages).

A second method may be the result of interviews with buyers and sellers. This method can also be abused by inconsistent questions asked and in the selection of the sample of buyers/sellers asked. To assist appraisers and right of way professionals, the Easement Valuation Matrix presented in the appended infographic’s “pyramid” has been developed. The matrix should be used as a general guide in looking at the effect an easement may have on the total bundle of rights. This should not be considered an exclusive list as to the type of easements and their effect on the total bundle of rights but should be used only as a guide to general effects on the total fee ownership.

The rights included in an easement can vary depending on multiple considerations such as the type of structure, the location of the easement and other physical factors. Thus, this stresses the importance of good and thorough confirmation of the easement rights, verification of the location of the easement, determination of the size of the easement and having an adequate number of comparisons from which one can surmise general trends. Even with all this information, the imperfections of the real estate market must be tempered with the skill and experience of the appraiser. In every situation, the appraiser must explore the rights being acquired and allow the market to dictate the effect the easement will have on the remainder property. In most cases, the presence of an easement may be one of many deciding factors affecting value. Isolating the effect of an easement on the property requires extensive research and evaluation.”

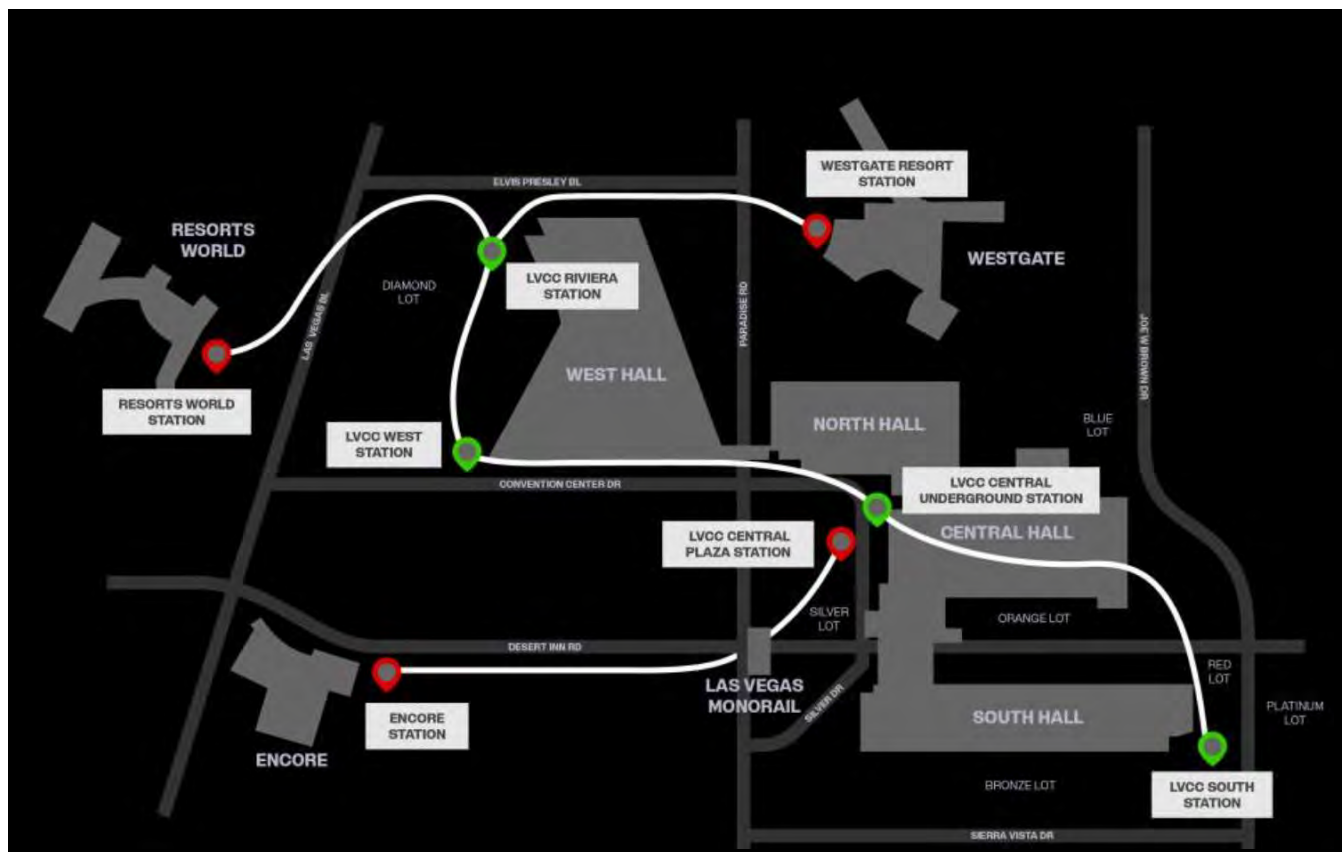




As can be seen on the previous page, the author includes a wide range of easement discounts allowing for the consideration of specific easement terms for similar types of infrastructure. The author provides an example of telecommunications, water, and cable lines where there is balanced use by both the owner and the easement holder. In this analysis, we are considering the potential impacts of a deep subsurface easement which is indicated to be significantly less than 10% of fee value and could be as low as nominal value.

Las Vegas Tunnel System

The Las Vegas Tunnel System currently serves the convention center and legs extending to Resorts World, Westgate and Encore complexes.



The current tunnel system depicted above is limited in scope and cannot serve a significant ridership due to the limited station locations. As such, the revenue generated does not justify the cost of construction. There is a concept in real estate valuation that cost does not always reflect value. This is the case when an improvement has a certain cost but the return on the investment (rent or fees charged) does not provide a return of the capital expenditure and a profit margin. When this occurs, the property suffers from external obsolescence.

External Obsolescence is defined as "A type of depreciation; a diminution in value caused by negative external influence and generally incurable on the part of the owner, landlord, or

tenant. The external influence may be either temporary or permanent. There are two forms of obsolescence: economic and locational.⁹

The obsolescence occurring on the Vegas Loop project is economic. The revenue and expense tables included in the addenda section of this report show that the current ridership and the loop's existing condition and locations do not provide sufficient income to justify the cost of the improvements. Therefore, relying on the cost of construction for tax valuation purposes significantly overstates the value of the real estate.

It is understood that the existing portion of the Vegas Loop is somewhat of a proof of concept and that the ultimate loop design will dramatically increase the opportunity to increase revenue through ridership and potentially offset the construction cost. Major transportation projects like the Vegas Loop are typically funded and constructed by governmental entities without regard to the potential return on investment. These facilities are often considered to be for the public good and therefore, the economics of the project are less relevant. These governmental entities, when completing similar projects, are typically tax-exempt and the valuation for tax purposes is unnecessary. In the case of the Vegas Loop and Clark County, a project that is primarily built for the public good is taxed because it is owned by a private entity. However, if the Las Vegas Loop is to be taxed based upon its market value, then the existing external obsolescence must be included which reflects a nominal value.

Based upon the review of existing literature and theory, it is clear that the subsurface easement and tunnel system owned by the Boring Company has nominal value. The specific income metrics associated with the existing tunnel system also indicate that the current improvements do not generate sufficient income to have a positive market value. Based upon all information available, the Las Vegas Loop as currently constructed, should be considered as having a nominal value.

Based upon revenue and expense information provided, we were able to analyze discounted cash flows that project potential income based upon future increases of ridership, expenses, etc. The discounted cash flow models, included in the addenda section of this report, indicate that each leg of the current system has a negative value. The cash flow models included project potential income streams through 2029 indicating that the current system, operating largely as a limited public transit system, will not be a profitable enterprise in the foreseeable future. The lack of a positive return on the investment is a strong indicator that the current tunnel system has nominal value.

As stated previously, the definition of Market Value is:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue

⁹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

When considering a market transaction, it is highly unlikely that an investor in real estate would purchase the tunnel system with the understanding that the income generated does not cover the cost. The income approach to value, and a primary driver of market value, is the anticipation of future income streams. As the potential income derived from the existing project is insufficient to create a positive market value, the pool of potential purchasers is significantly reduced and the likelihood of a transaction is almost non-existent. The measure of market value assumes a transaction based upon the parameters above. The absence of any real open market for the existing improvements is further support, and confirmation, of a nominal value.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully Submitted,

INTEGRA REALTY RESOURCES - HOUSTON



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TUNNEL PHOTOGRAPHS





DISCOUNTED CASH FLOW ANALYSIS

Resorts World									
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue									
Fares	0	150,000	500,000	660,000	660,000	660,000	660,000	660,000	660,000
Management Fees	0	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Advertising	0	0	0	54,000	54,000	54,000	54,000	54,000	54,000
Total	0	180,000	530,000	744,000	744,000	744,000	744,000	744,000	744,000
Operating Expenses									
Direct personnel	0	200,000	600,000	625,000	625,000	625,000	625,000	625,000	625,000
Licenses & Permits	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Merchant Fees	0	7,500	25,000	33,000	33,000	33,000	33,000	33,000	33,000
Total Op. Expenses	15,000	222,500	640,000	673,000	673,000	673,000	673,000	673,000	673,000
Other Cash Expenses									
Vehicle financing	0	10,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Capital investment	0	1,929,454	0	0	0	0	0	0	0
Total Other Cash Expense	0	1,939,454	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Cash Flow	(15,000)	(1,981,954)	(125,000)	56,000	56,000	56,000	56,000	56,000	56,000
Discounted Cash Flow	(15,000)	(1,981,954)	(125,000)	56,000	56,000	51,852	48,011	44,455	41,162
Growth	0						Total Discounted Cash Flow		(1,824,475)
Discount rate	0						Terminal Value		823,233
Payback (yrs.)	38						Pre-Tax Enterprise Value		(1,001,241)

Westgate									
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue									
Fares	0	0	0	0	100,000	100,000	100,000	100,000	100,000
Management Fees	0	0	0	0	25,000	25,000	25,000	25,000	25,000
Advertising	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	125,000	125,000	125,000	125,000	125,000
Operating Expenses									
Direct personnel	0	0	0	0	80,000	80,000	80,000	80,000	80,000
Licenses & Permits	0	0	0	0	625	625	625	625	625
Merchant Fees	0	0	0	0	5,000	5,000	5,000	5,000	5,000
Total Op. Expenses	0	0	0	0	85,625	85,625	85,625	85,625	85,625
Other Cash Expenses									
Vehicle financing	0	0	0	0	15,000	15,000	15,000	15,000	15,000
Capital investment	0	0	1,638,136	1,693,022	600,000	0	0	0	0
Total Other Cash Expense	0	0	1,638,136	1,693,022	615,000	15,000	15,000	15,000	15,000
Cash Flow	0	0	(1,638,136)	(1,693,022)	(575,625)	24,375	24,375	24,375	24,375
Discounted Cash Flow	0	0	(1,638,136)	(1,693,022)	(575,625)	22,569	20,898	19,350	17,916
Growth	0						Total Discounted Cash Flow		(3,826,050)
Discount rate	0						Terminal Value		358,327
Payback (yrs.)	160						Pre-Tax Enterprise Value		(3,467,723)

The Boring Company

Encore									
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue									
Fares	0	0	0	0	100,000	103,000	106,090	109,273	112,551
Management Fees	0	0	0	0	90,000	120,000	120,000	120,000	120,000
Advertising	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	190,000	223,000	226,090	229,273	232,551
Operating Expenses									
Direct personnel	0	0	0	0	80,000	82,400	84,872	87,418	90,041
Licenses & Permits	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Merchant Fees	0	0	0	0	5,000	5,150	5,305	5,464	5,628
Total Op. Expenses	7,000	7,000	7,000	7,000	92,000	94,550	97,177	99,882	102,668
Other Cash Expenses									
Vehicle financing	0	0	0	0	15,000	15,000	15,000	15,000	15,000
Capital investment	0	0	0	1,959,008	260,000	0	0	0	0
Total Other Cash Expenses	0	0	0	1,959,008	275,000	15,000	15,000	15,000	15,000
Cash Flow	(7,000)	(7,000)	(7,000)	(1,966,008)	(177,000)	113,450	113,914	114,391	114,883
Discounted Cash Flow	(7,000)	(7,000)	(7,000)	(1,966,008)	(177,000)	105,046	97,662	90,807	84,442
Growth	0						Total Discounted Cash Flow		(1,786,050)
Discount rate	0						Terminal Value		1,688,843
Payback (yrs.)	19						Pre-Tax Enterprise Value		(97,207)



CLARK COUNTY BOARD OF EQUALIZATION

Case # 22

Petitioner Information

CONSULTING REPORT

**Consulting Report regarding the Boring
Company Transportation Tunnels located
in Las Vegas, Clark County, Nevada**

Prepared For:

The Boring Company
Attn: Arun Prakash
130 Walker Watson Rd.
Bastrop, TX 78602

Date of the Consulting Report:

September 23, 2025





September 30, 2025

The Boring Company
Attn: Arun Prakash
130 Walker Watson Rd.
Bastrop, TX 78602

Re: Consulting Report regarding the Boring
Company Transportation Tunnels
located in Las Vegas, Clark County,
Nevada

Dear Mr. Prakash:

Integra Realty Resources – Houston is pleased to submit the accompanying consulting report of the referenced property. The purpose of this consulting report is to amplify issues pertaining to the appropriate valuation of the Boring Company's transportation tunnels as it relates to their tax valuation. It is our understanding the current method of valuation employed by Clark County is based upon the construction costs of the tunnel facilities. There are a number of reasons that solely considering the reproduction or replacement cost of the existing improvements significantly overstates the value of the rights held in the transportation tunnels. The following pages will discuss various valuation approaches and methodologies as well as providing reference material published in regard to the valuation of deep subsurface tunnels.

The three primary generally accepted methodologies for valuing real property at its market value are the Cost Approach, Sales Comparison Approach and Income Approach.

The **Cost Approach** assumes that the informed purchaser would pay no more for a property than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **Sales Comparison Approach – As Improved** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This

approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **Sales Comparison Approach – Land Only** utilizes sales of properties similar to the subject property as the basis for an indication of market value. Direct comparison is made between each sale and the subject on an item-by-item basis. Adjustments are made to the sale price of the comparable property to arrive at an indication of what it would have sold for had it been essentially the same as the subject property. These adjusted prices are then reconciled into an indication of value for the subject property.

The **Income Capitalization Approach** reflects the market's perception of the relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

In this instance, the Sales Comparison Approach cannot be utilized as there is not a sufficient market for the unique property type involved. The Cost Approach to value provides an indication of the capital expenditure, but must account for all types of depreciation, including external obsolescence. The Income Approach to value can be completed, but for reasons discussed later in this consulting report, the income derived from the existing facilities are not sufficient to provide a positive return.

Valuation Literature Review

As the use of deep subsurface tunnels is a relatively new phenomenon, there are limited transactions involving deep subsurface easements to provide a standardized basis for valuation. There have been studies and articles written based upon information obtained pertaining to tunnel operations primarily used for rail, subway, or roadway. The following paragraphs detail some of the available literature and the opinions expressed based upon the available data.

Easement Valuation and Tunnel Studies

The Impact of Light Rail Tunnels on Property Value – Study of the Beacon Hill Light Rail Tunnel, Seattle, WA By: McKee Appraisal, Inc.

A study was conducted by McKee Appraisal, Inc. ("McKee") in Seattle, WA regarding the impact of Beacon Hill Tunnel which is comprised of twin tunnels, one for north bound tracks and the other for south bound tracks. These tunnels were bored by a tunnel boring machine and are approximately one mile long and 21 feet in diameter.

McKee's study area contained 300 feet north and south of the tunnel (excluding the sale of newly constructed houses). 67 properties were encumbered with a tunnel easement within this study area. Over a five year period, a total of 53 sales occurred, of which 17 were encumbered with tunnel easements.

The sales data from 2003 - 2007 is located on the following page:

Houses Without Tunnel Easements																
Sale ID	Tunnel Easement?	Street No.	Street Name	Sale Price Without Easement	Sale Price/sf Without Easement	Assessed Value at Yr. of Sale	Price/Assessed Value Without Easement	Sale Date	1st Floor Area (sf)	2nd Floor Area (sf)	Finished Bsmnt. Area (sf)	Unfinish ed Bsmnt. Area (sf)	Garage Area (sf)	Year Built	Total Finished Area (sf)	Lot Area (sf)
A	No	1804	McClellan St., S	\$236,000	\$179	\$236,000	1.00	9/8/03	750	570	0	750		1909	1,320	3,840
B	No	1809	Lander St., S	\$355,000	\$213	\$303,000	1.17	6/3/03	900	770	0	900		1914	1,670	4,800
C	No	2515	19th Ave S	\$322,000	\$273	\$241,000	1.34	6/25/04	840	340	0	840	210	1931	1,180	3,680
D	No	2719	19th Ave S	\$437,000	\$265	\$338,000	1.29	2/27/04	880	770	0	400		1909	1,650	3,840
E	No	2715	19th Ave S	\$298,000	\$200	\$309,000	0.96	2/24/04	940	550	0	940		1909	1,490	3,840
F	No	2713	20th Ave S	\$286,000	\$249	\$220,000	1.30	10/15/04	750	0	400	350		1910	1,150	3,840
G	No	2717	21st Ave S	\$320,000	\$256	\$220,000	1.45	11/29/04	1,250	0	0	0		1952	1,250	4,800
H	No	2506	18th Ave S	\$259,950	\$241	\$205,000	1.27	7/30/04	1,080	0	0	360		1943	1,080	4,000
I	No	1911	Bayview St., S	\$249,000	\$239	\$172,000	1.45	11/21/03	1,040	0	0	440		1902	1,040	4,000
J	No	2615	21st Ave S	\$238,500	\$236	\$201,000	1.19	7/29/03	1,010	0	0	1,010	300	1941	1,010	4,000
K	No	1711	BayView St., S	\$249,950	\$278	\$197,000	1.27	8/27/04	900	0	0	360		1913	900	2,600
L	No	2529	22nd Ave S	\$313,500	\$169	\$275,000	1.14	1/10/05	1,160	0	700	460	280	1956	1,860	5,600
M	No	2720	21st Ave S	\$249,950	\$158	\$268,000	0.93	3/26/04	790	0	790	0		1913	1,380	2,730
35	No	1931	S. Bayview St.	\$310,000	\$341	\$225,000	1.38	5/2/05	910	0	0	370	0	1928	910	4,000
40A	No	2710	18th Ave S	\$435,000	\$177	\$267,000	1.63	5/3/05	1,070	990	400	670	0	1914	2,460	4,160
23	No	2717	18th Ave S	\$308,050	\$280	\$250,000	1.23	5/20/05	1,100	0	0	880	220	1925	1,100	6,144
20A	No	1711	S. Wayne St.	\$215,000	\$262	\$220,000	0.98	6/17/05	820	0	0	460	180	1908	820	4,000
19	No	2517	18th Ave S	\$327,500	\$271	\$235,000	1.39	7/28/05	640	570	0	580	170	1913	1,210	2,600
50	No	2603	20th Ave S	\$309,000	\$262	\$207,000	1.49	10/21/05	740	0	440	300	0	1919	1,180	3,700
68	No	2316	S. Lander St.	\$355,000	\$303	\$247,000	1.44	11/1/05	1,170	0	0	620	0	1908	1,170	6,000
22	No	1710	S. McClellan St.	\$423,500	\$255	\$253,000	1.67	12/12/05	1,260	0	400	620	240	1926	1,660	4,664
64	No	2116	S. McClellan St.	\$239,950	\$375	\$182,000	1.32	3/30/06	640	0	0	0	0	1946	640	6,000
33	No	1911	S. Bayview St.	\$331,400	\$257	\$262,000	1.26	4/19/06	1,040	0	250	190	0	1902	1,290	4,000
20	No	1711	S. Wayne St.	\$250,000	\$305	\$232,000	1.08	6/13/06	820	0	0	460	180	1908	820	4,000
18	No	2509	18th Ave S	\$336,000	\$267	\$287,000	1.17	6/15/06	900	360	0	700	200	1924	1,260	4,000
66	No	2800	22nd Ave S	\$385,000	\$162	\$313,000	1.23	6/15/06	1,270	0	1,110	0	160	1952	2,380	4,000
57	No	2601	22nd Ave S	\$300,000	\$149	\$303,000	0.99	7/25/06	1,010	1,010	0	0	560	1950	2,020	4,000
65	No	2701	23rd Ave S	\$349,500	\$336	\$221,000	1.58	8/28/06	1,040	0	0	0	0	1963	1,040	4,000
62	No	2712	21st Ave. S	\$339,950	\$337	\$247,000	1.38	9/7/06	1,010	0	0	860	0	1913	1,010	4,000
59	No	2717	21st Ave S	\$412,000	\$330	\$255,000	1.62	9/14/06	1,250	0	0	0	0	1952	1,250	4,800
70	No	2800	23rd Ave S	\$280,000	\$174	\$237,000	1.18	10/17/06	1,010	0	600	210	200	1956	1,610	4,000
28	No	2515	19th Ave S	\$463,500	\$256	\$284,000	1.63	10/27/06	840	340	630	0	210	1931	1,810	3,680
16	No	2508	17th Ave S	\$420,000	\$231	\$291,000	1.44	2/9/07	1,050	0	770	60	220	1957	1,820	6,732
53	No	2508	20th Ave S	\$309,000	\$303	\$264,000	1.17	3/20/07	770	0	250	340	180	1955	1,020	4,000
40	No	2710	18th Ave S	\$320,000	\$211	\$299,000	1.74	6/11/07	1,070	990	400	670	0	1914	2,460	4,160
81	No	2716	20th Ave S	\$305,000	\$218	\$287,000	1.06	9/28/07	1,400	0	0	0	250	1912	1,400	5,760
Avg. of 36 Sales Without Tunnel Easmt				\$326,089	\$237	\$251,472	1.30	8/9/05	976	202	198	411	145	1927	1,376	4,278

Houses With Tunnel Easements																
Sale ID	Tunnel Easement?	Address	Street	Sale Price With Easement	Sale Price/sf With Easement	Assessed Value at Yr. of Sale	Price/Assessed Value With Easement	Sale Date	1st Floor Area (sf)	2nd Floor Area (sf)	Finished Bsmnt. Area (sf)	Unfinish ed Bsmnt. Area (sf)	Garage Area (sf)	Year Built	Total Finished Area (sf)	Lot Area (sf)
BHT-126	Yes	2706	17th Ave. S	\$275,000	\$309	\$217,000	1.27	5/14/04	890	0	0	890	200	1910	890	3,360
BHT-131	Yes	2606	18th Ave. S	\$315,000	\$173	\$264,000	1.19	3/8/04	1,220	0	600	620		1923	1,820	4,000
BHT-132	Yes	2610	18th Ave. S	\$322,000	\$195	\$200,000	1.61	12/11/03	990	0	660	200	200	1928	1,650	4,000
BHT-134	Yes	2605	19th Ave. S	\$302,000	\$190	\$236,000	1.28	5/19/04	1,260	330	0	0		1907	1,590	4,600
BHT-139	Yes	2612	19th Ave. S	\$210,000	\$216	\$200,000	1.05	1/9/03	970	0	0	970		1926	970	3,200
BHT-139A	Yes	2612	19th Ave. S	\$299,950	\$309	\$200,000	1.50	10/15/03	970	0	0	970		1926	970	3,200
BHT-155	Yes	1936	Lander St., S	\$232,500	\$183	\$199,000	1.17	5/19/03	850	420	0	850		1915	1,270	4,000
BHT-167	Yes	2702	21st Ave. S	\$385,000	\$229	\$272,000	1.42	9/24/03	1,200	480	0	1,200	200	1939	1,680	4,000
BHT-133	Yes	2618	18th Ave. S	\$312,000	\$190	\$270,000	1.16	6/21/05	830	810	0	400	0	1921	1,640	4,000
BHT-156	Yes	2607	20th Ave. S	\$312,600	\$351	\$221,000	1.41	8/5/05	890	0	0	740	0	1919	890	3,700
BHT-180	Yes	2717	Harris Pl. S	\$281,000	\$190	\$246,000	1.14	9/2/05	880	0	600	80	200	1958	1,480	4,800
BHT-134	Yes	2605	19th Ave. S	\$395,000	\$248	\$259,000	1.53	1/24/07	1,260	330	0	0	0	1907	1,590	4,600
BHT-158	Yes	1946	S. Lander St.	\$433,000	\$209	\$321,000	1.35	3/5/07	1,040	740	290	0	450	1994	2,070	3,100
BHT-183	Yes	2802	Harris Pl. S	\$375,000	\$205	\$283,000	1.33	5/15/07	1,230	0	600	630	0	1955	1,830	5,500
BHT-132	Yes	2610	18th Ave. S	\$425,000	\$258	\$340,000	1.25	9/18/07	990	0	660	0	200	1928	1,650	4,000
BHT-14	Yes	1918	S. Lander St.	\$260,000	\$361	\$202,000	1.29	9/25/07	720	0	0	0	0	1943	720	4,000
BHT-12	Yes	1709	S. Lander St.	\$445,000	\$484	\$298,000	1.49	12/12/07	920	0	0	920	0	1925	920	5,896
Avg. of 17 Sales With Tunnel Easements				\$328,238	\$236	\$248,706	1.32	6/10/05	1,006	183	201	498	121	1933	1,390	4,115

McKee analyzed the above sales individually and collectively for various indications and characteristics but found little, if any, noticeable change in the value or marketability of properties with tunnel easements versus without tunnel easements. The average price of sales encumbered by a tunnel easement (17) is \$328,238 or \$236/SF and the average price of sales without a tunnel easement (36) is \$326,089 or \$237/SF.

McKee further interviewed agents that were involved in transactions encumbered by the Beacon Hill tunnel easement and found that there was little change in value and the tracts retained their marketability despite being encumbered.

The Appraisal of Underground Easements

By: Max J. Derbes, Jr., SR/WA

This article discusses near-surface, deep underground and semi-deep underground uses of easements as well as the valuation of the various easements. On Page 18, the portion regarding semi-deep underground uses, the article states that a contractor was commissioned to do a national impact study on various semi-deep underground uses.

Research began in Washington D.C. and Atlanta where subways had recently been constructed. “Every appraiser in every appraisal of deep, underground subway takings concluded that there was no diminution in the market value of the property”. In this instance, a nominal value was paid for the easement.

Research then went to San Antonio to determine the impact of a project that diverted water from the river which traversed the downtown area. The U.S. Army Corp of Engineers acquired large tunnels that were located under downtown buildings. Appraisals were obtained and “All the appraisers indicated that there would be no diminution to the market value of the properties as a result of the construction or existence of these deep channels.” In this instance, a nominal value was paid for the easement.

Additionally, “Other underground utility mains were studied, specifically, high voltage transmission lines and gas pipelines, in addition to lands near a nuclear plant. All of the empirical evidence studied showed no impact.”

More Semi-deep Easements: An Appraisal Case Study

By: Richard C. Floyd, SR/WA

This article further expands on the Derbes article on the previous page. In this article Floyd researches a subterranean easement project ("Rubidoux Project") that was being acquired for waste water transmission purposes. This project is located in Rubidoux, which is a suburb of Riverside, California. These easements would be located at varying depths, being 20 – 120 feet and would include no surface entry or surface use rights.

During research to determine the fair market value of the easements to be acquired, Floyd discovered that there was an existing subsurface easement for the purposes of a water transmission tunnel under several residential properties proximate to the Rubidoux Project. Floyd contacted the owner of the easement who indicated that there was no evidence of structural, operational or physical problems with the aqueduct. Floyd then analyzed marketing time, sales price and utility to determine if there was a diminution in value to the remainder property. It was found that there was no evidence of longer marketing time nor did the utility of the remainder property diminish. In regards to sales price, it is concluded that "no conclusion could be drawn to indicate that any difference exists in the market prices to be paid for the remainder parcels to be located directly over the proposed underground easements and pipeline from the market prices that will be paid for those comparable adjacent properties not located directly over the proposed easement and pipeline."

It was concluded that there is no diminution in value to the remainder properties as a result of the acquisition and use of the Rubidoux Project. "In the case of the subject easements, it was concluded that the only "just and equitable" measure of the amount of just compensation appropriate for each of the easements to be acquired was "a reasonable sum (of money) that was commensurate with the imposition on the time and energy of each owner to discuss and administer the details of the proposed easement conveyance." In the case of the subject easements to be acquired, that sum was concluded to be a nominal sum and was the same amount for the easement sought from each larger parcel."

The Impact of Deep Tunnels on Property Value – A Study of the Lake City Tunnel, Seattle, Washington By: McKee Appraisal, Inc.

The study of the Lake City Tunnel located in Seattle, Washington was performed to determine whether or not a deep tunnel, that is not apparent from the surface, lowers property values. Within this study, the tunnel varies in depth between 50 and 300 feet, with an average of 200 feet. The initial study was prepared in 2004 and included 497 comparable transactions that occurred between 1983 and 2004. Of these 497 transactions, 126 were encumbered with deep tunnel easements, while the remaining 371 were not. McKee's findings are located in the chart located below:

Appraisal Study - Lake City Tunnel Potential Impact of Deep Sewer Easements <i>Comparison of House Sales in Seattle</i>

Description: Probability testing of whether the presence of a deep sewer easement under a house property in Seattle has an effect on the value of the property
Method: t-test (Student's t-test), based on analysis of 497 sales between 3/9/1983 - 7/26/2004
Samples: Comparing sales of house properties with deep sewer easements underneath the property, versus sales of properties on the same block without deep sewer easements.
Variables: 3 variables are tested: The ratio of sale price to assessed value, the sale price per square foot of finished living area, and the sale price.
1-tailed test: Null Hypothesis: A house with a deep sewer easement does not have a lower sale price than a house without.
Alternative Hypothesis: A house with a deep sewer easement has a lower sale price than a house without.
2-tailed test: Null Hypothesis: The presence of a deep sewer easement does not impact the sale price of a house
Alternative Hypothesis: The presence of a deep sewer easement impacts the sale price of a house

Year of Sale	<u>No. of Sales</u>		<u>Sale Price/Assessed Value</u>				<u>Sale Price/sf</u>				<u>Mean Sale Price</u>			
	Houses Without Easmts.	Houses With Easmts.	Houses Without Easmts.	Houses With Easmts.	Probability Value - 1-tailed test	Probability Value - 2-tailed test	Houses Without Easmts.	Houses With Easmts.	Probability Value - 1-tailed test	Probability Value - 2-tailed test	Houses Without Easmts.	Houses With Easmts.	Probability Value - 1-tailed test	Probability Value - 2-tailed test
2003-2004	55	9	1.19	1.21	0.64	0.71	\$253.54	\$241.59	0.19	0.39	\$375,089	\$359,272	0.23	0.46
2001-2002	49	21	1.22	1.23	0.58	0.84	\$210.45	\$211.57	0.53	0.93	\$322,658	\$358,186	0.91	0.18
1999-2000	48	17	1.44	1.54	0.88	0.25	\$185.03	\$209.83	0.97	0.07	\$315,028	\$319,072	0.57	0.87
1997-1998	31	19	1.42	1.41	0.43	0.86	\$151.36	\$149.42	0.43	0.86	\$238,401	\$235,737	0.44	0.89
1995-1996	49	14	1.24	1.31	0.88	0.24	\$114.71	\$119.27	0.73	0.54	\$192,370	\$196,846	0.66	0.69
1993-1994	33	12	1.18	1.13	0.20	0.40	\$120.44	\$112.50	0.21	0.42	\$181,895	\$171,042	0.22	0.44
1991-1992	32	9	1.14	1.18	0.75	0.50	\$109.51	\$127.28	0.94	0.11	\$168,975	\$159,883	0.21	0.42
1989-1990	25	9	1.73	2.00	0.97	0.06	\$90.53	\$129.38	1.00	0.01	\$149,828	\$178,556	0.88	0.24
1987-1988	22	6	1.30	1.37	0.83	0.33	\$61.60	\$67.47	0.77	0.46	\$105,698	\$111,908	0.68	0.64
1985-1986	19	5	1.27	1.21	0.32	0.63	\$68.07	\$56.01	0.10	0.19	\$88,380	\$93,300	0.67	0.66
1983-1984	8	5	1.11	1.24	0.86	0.28	\$54.49	\$47.72	0.20	0.40	\$82,875	\$98,700	0.79	0.42
1983-2004	371	126	1.29	1.35	0.98	0.05	\$151.69	\$152.99	0.57	0.85	\$237,739	\$239,241	0.55	0.90
2000-2004	126	37	1.23	1.28	0.88	0.24	\$221.69	\$218.20	0.36	0.71	\$342,264	\$349,604	0.66	0.67

Conclusions: The Null Hypotheses are not rejected.

Interpretation: There is insufficient evidence to support the hypothesis that the presence of a deep easement has an effect on the sale price of a house property.

Discussion: The tests examine a variety of different populations, including total sample and sub-samples that are based on ranges of dates of sale. The rationale is that sale prices have changed significantly over time, so sub-sampling allows examination of results where the sale date variable becomes less significant. The results are consistent across the various sub-samples, and are particularly powerful for the more relevant 1-tailed test, and for the most significant variable of the ratio of sale price to assessed value (note: the assessment process is largely based on multiple regression analysis including transform of relevant variables, and the presence of a deep sewer easement is not a variable. Because of the assessment process of analyzing historical sales to derive future values, without time trending, the assessed value tends to be lower than market value in a rising market). The potential rejection of null hypotheses occurs rarely in the 2-tailed test, and only because houses with deep sewer easements appear more valuable than those without, an illogical premise.

The chart above indicates that there is no correlation between the existence of an easement and sales price. In the two year analysis above, there are 12 years where the houses encumbered by an easement sold for a higher per square foot value and 10 years indicating a lower per square foot value.

The Lake City Tunnel was constructed between 1964 and 1967. In the chart below, there is a sample of sales (1962-1972) that occurred just before, during and after construction of the tunnel. The second sample (1983-2007) set occurs approximately 15 years after completion of the tunnel.

Year of Sale	<i>No. of Sales</i>		<i>Sale Price/Assessed Value</i>					<i>Sale Price/sf</i>					<i>Mean Sale Price</i>				
	Houses Without Easmts.	Houses With Easmts.	Houses Without Easmts.	Houses With Easmts.	Diff.	p-value 1-tailed test	p-value 2-tailed test	Houses Without Easmts.	Houses With Easmts.	Diff.	p-value 1-tailed test	p-value 2-tailed test	Houses Without Easmts.	Houses With Easmts.	Diff.	p-value 1-tailed test	p-value 2-tailed test
1983-2007	416	139	1.29	1.35	5%	0.96	0.07	\$169.24	\$169.36	0%	0.51	0.99	\$269,244	\$259,203	-4%	0.22	0.44
1962-1972	265	87	6.61	6.30	-5%	0.10	0.21	\$11.86	\$11.83	0%	0.47	0.94	\$17,682	\$18,420	4%	0.78	0.44

McKee states “The mean difference in the samples is close to 0% for the houses with easements compared with houses without easements for the 2 samples and 3 different parameters sampled. The difference is not statistically significant”.

Summary of Literature

The articles above express an opinion that there is limited, if any, affect on surface values when a land area is encumbered with a deep subsurface easement. As it is atypical for deep subsurface areas to be used in the majority of construction, etc., the potential that the infrastructure placed in the deep subsurface would hinder development of the surface site under normal circumstances is unlikely. The literature summarizing the existing studies indicates that surface users would not be impacted by the deep subsurface easement and therefore, sales of properties with these types of easements would command the same measure of market value as those without. The authors of these studies opine that properties with and without deep subsurface easements, or those immediately before and immediately after the imposition of a deep subsurface easement, have effectively the same market value. It is clear that a deep subsurface easement is a property right that runs with the land. As such, it could be argued that any imposition on the “bundle of rights” associated with ownership of land represents some diminished value, regardless of how small. Depending on the approach to valuation, this diminished value could be as low as immeasurable, some nominal value to reflect recognition of the imposition or an amount considered appropriate to cover transaction costs, etc. Under any valuation scenario, the first step in the analysis is to determine the base valuation for the land area under study inclusive of all rights. The following sections of the report would typically deal with determining the base valuation of typical land holdings within the study areas and would consider surface and subsurface rights. After determining the base valuation of the land, it is appropriate to consider the discount to fee value to reflect the limited rights acquired for deep subsurface easement. The tunnel system utilizes land area below the subsurface that does not have a strong market demand for other users. In that regard, the fee owner of the surface area is not deprived their use of the land because the tunnel system only has surface rights at the station sites. As such, the land area encumbered with the tunnel system (excepting out the station sites) does not hinder the use of the surface area and therefore, has limited impact on value, if any.

Easement Analysis

In most appraisal or consulting assignments, the question being asked is “what is the market value of the property?”. As stated previously, **Market Value** is defined by the Financial Institutions Reform, Recovery and Enforcement Act of 1989 as being:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

As can be seen above, inherent in the definition of market value are factors such as a “competitive and open market”, “both parties are well informed or well advised” and “reasonable time is allowed for exposure in the open market”. Because deep subsurface tunnels for a new mode of transportation represents a developing technology, it is difficult to assume a competitive market, well informed participants and exposure to the market for a property use in its infancy. However, market value does provide a solid basis for the land valuation as unaffected which lends itself to appropriate discounting for the easement rights acquired. Because these potential transactions are still somewhat novel in the marketplace, sales prices diverging from market value could occur based upon the mechanisms used for purchase.

Private Entity Acquiring in an Open Market

A private entity seeking to acquire deep subsurface easements will be required to pay a market rate that is dependent upon a “meeting of the minds” between seller and buyer. The difficulty with private entity acquisition of significant linear projects is the danger of “non-sellers” or “hold out sellers”. Non-sellers are those individuals that refuse to grant easements at any price as a matter of choice. As a private entity rarely has the power of eminent domain, non-sellers can force significant reroutes of linear projects or block them all together depending upon their location in the corridor. Hold out sellers represent those individuals who wait out a project until there are a limited number of purchases required. Once a route is materially complete, hold out sellers understand that a private entity must pay whatever necessary in order to

complete the “links in the chain”. The lack of a private entity’s ability to use the power of eminent domain to force acquisition at market value is a significant detriment to private entity purchase. Without the power of eminent domain, budgeting for acquisition is almost impossible and there is no guarantee the entirety of any specific route could be assembled.

Public/Private Partnership

Public/Private Partnerships are often used in infrastructure projects to speed development and construction. Private sector groups have proven to be more agile in engineering, developing and building major infrastructure projects than many public or governmental entities. Often times, these design build projects are based upon a type of joint venture or “tolling agreement”. In many cases, a private entity will design and build the infrastructure and will get a return of and on their investment through tolls placed upon users of the infrastructure. This type of approach to infrastructure development is often preferred as it benefits from the speed of private entity entrepreneurship and most often has the eminent domain enforcement of public/governmental bodies. In most public/private partnerships, the land can be acquired at market value through the public side of the joint venture.

It could be argued that the current tunnel system only serves the LVCVA purposes and the entire system is akin to the Las Vegas Monorail. It is our understanding the Las Vegas Monorail company was granted 501C4 status as it was considered a “social welfare organization”. The 501C4 status is typically granted to those organizations that serve a public purpose. The transportation of individuals throughout Las Vegas could be seen as a benefit to the city, county and community in line with criteria necessary for tax-exempt status.

Governmental Entity

Governmental Entities typically have the ability to “take” or “acquire” private land for public infrastructure. The right of the government to do so is provided in the “takings clause” of the 5th amendment of the US Constitution, which reads as follows “... nor shall private property be taken for public use, without just compensation.”

When land is acquired through eminent domain by governmental entities, it is typically done so by one of two means – the Federal Rule or the State Rule. The approach is dictated by the jurisdiction in which the property is located and/or whether or not federal funds are involved in the project. According to an article written by David R. Lewis, ASA, MRICS, SR/WA, for the America Society of Appraisers, in his publication titled “Partial Acquisition Appraisals for Public Projects”:

“The Federal Rule is a strict before and after analysis which includes an analysis of damages and benefits. Consideration is given to any changes to the highest and best use and marketability in the before and after conditions. The State Rule is a form of a before and after analysis. The State Rule requires the appraiser to value the part to be taken plus any damages to the remainder property as a result of the taking and project. In addition, the appraiser must consider any benefits to the remainder. Benefits are items that enhance value such as a positive change to the

highest and best use or improved marketability. Under the State Rule benefits can only be used to deduct damages. This is a significant difference between the Federal and State Rules. Under the Federal Rule if the remainder is of greater value in the after condition as compared to the before condition, the owner is considered compensated. No money is offered. Under the State Rule the agency will pay for the part taken.”

Under the Federal Rule, the measure of just compensation is the value of the property before the acquisition of the easement and the value of the property after the acquisition of the easement. As shown in the studies previously analyzed, the difference in value of a property before the acquisition and the value of that same property after the acquisition is minimal, if any. Under the Federal Rule, it is difficult to provide a measurable amount of compensation and as such, a nominal amount is often stated. This amount can be \$100 or \$1,000, etc. to acknowledge that a portion of the rights are being acquired even though the value of the remainder property is unchanged after the imposition of the acquired easement.

Under the State Rule, the part to be acquired is valued prior to analyzing the remainder before the acquisition and the remainder after the acquisition. Again, the value of the deep subsurface rights is considered minimal based upon the lack of market demand for that portion of the property.

Property Rights Definitions

In addition to understanding what type of entity may be purchasing the deep subsurface easements, it is also important to understand the manner in which the property rights are acquired. The instruments used, and the property rights obtained can have a material impact on valuation.

The following provides insight into the property rights question as it relates to valuation of deep subsurface easements.

Ownership Concepts and Interests in Land

The ownership of land is not a singular right. In fact, ownership of land provides an owner with a variety of rights encompassing a significant number of specific benefits/responsibilities.

These various benefits of ownership are known as the “bundle of rights” or “bundle of sticks”. To best illustrate the bundle of rights, imagine a group of sticks. Each one of these sticks represents a right inherent in the ownership of property. When a property owner has all of these rights (total number of sticks), they have complete ownership interest in the property, which is known as the fee simple estate.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.¹

These bundle of rights or bundle of sticks represent a variety of rights including, but not limited to:

- The right to occupy the land;
- The right to sell the land;
- The right to lease the land to others;
- The right to subdivide or partition the land;
- The right to grant easements on or through the land;
- The right to bequeath or gift the land;
- The right to develop the land; and
- The right to let the land lay fallow.

The total number of sticks (rights) represents fee simple ownership. A lease, license, easement, deed restriction or life estate takes one of the sticks away from the bundle of rights, leaving the property with an encumbrance and can result in a partial interest in the property. We are focusing on the distinction between fee, an easement, lease, and license.

Easement

The right to use another's land for a stated purpose.²

Lease

A contract in which the rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.³

License

1. For real property, a personal, unassignable, and typically revocable privilege or permit to perform some activity on the land of another without obtaining an interest in the property. See also easement.
2. A formal agreement from a lawful source that allows a business or profession to be conducted, e.g., a franchise.
3. Government permission to conduct an activity.⁴

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

³ *ibid*

⁴ *ibid*

Partial interest

Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common, easement, or life interest. A partial interest can result in a discount to the value of a full ownership interest in property often applicable to ownership of a partial interest resulting from the diminished marketability of a less than full interest, lack of control, or both.⁵

As discussed above, ownership and/or possession of real estate and real estate related rights encompasses a wide spectrum. Obviously, fee simple estate is the most comprehensive ownership of real estate whereby the owner possesses all rights associated with the land. The fee simple estate is a real estate interest with a possessory right. Lower on the spectrum of ownership would be an easement. An easement is the right to use the lands of another whereby the easement holder maintains the “dominant estate” and the land that is burdened by the easement is known as the servient estate.

Dominant Estate

A property that is served or benefitted by an easement. The opposite of the servient estate, which granted the easement. Also known as the *dominant tenement* and the *servient tenement*, respectively.⁶

Servient Estate

A property burdened by an easement; also known as *servient tenement*. The *servient estate* is the opposite of the *dominant estate* (also known as the *dominant tenement*), which benefits from an easement.⁷

An easement is an interest in real property and reflects a possessory interest that typically runs with the land and is often perpetual. As such, the rights held by the dominant estate and those burdens on the servient estate, pass to successors and assigns in title. An entity may also obtain the right to use and occupy land through a contractual agreement known as a lease. Typically, a lease implies an exclusive possessory interest in the real property subject to the contract. Leases typically have a specified rent (payment) for a specified term. Although not exclusively, leased interests can be assigned and often survive a transfer of ownership of the fee.

A license is a non-possessory privilege or permit for conducting activity on land that does not grant a real estate interest. A license is not a perpetual right. Without express agreement, it does not run with the land and is not binding upon successors and assigns. Often, a license is a revokable permit (termination).

It is our understanding the warehouse facility located at 3395 Cambridge Street is taxed as though it is a possessory interest in real estate however the Boring Company has a license agreement with LVCVA for a reported license amount of \$1,000 per month. The nominal

⁵ *ibid*

⁶ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

⁷ *ibid*

licensing fee is an indication that LVCVA recognizes the community benefit of the structure in the operation of the tunneling enterprise. In fact, all activities conducted at 3395 Cambridge Street are in relation to the services of LVCVA.

Adjustment Factor as a Percentage of the Market Value of the Fee Simple Interest

In selecting a percentage adjustment factor, we consider our previous research and experience with utility corridors, a literature review of relevant documents including studies, legal cases, and publications.

As discussed previously, a license agreement does not represent fee simple interest and is something less than an easement or lease interest. There is a significant lack of information regarding the acquisition or purchase of license agreements as a percentage of fee value. For the purposes of this analysis, consideration is given to generally accepted valuation methodologies for easements (as that is the currently contemplated form of ownership). It should be noted that the discussion pertaining to easement valuation theory would require significant discounting to reflect the lesser rights procured if the right were acquired via a license agreement. The following article abstract is from a document published in the International Right of Way Associations' ROW magazine. The article mentions, and it should be stressed, that each easement valuation is unique and special consideration should be given to the easement rights being acquired and their potential impact on the utility and value of the underlying fee property. With that in mind, the following abstract is included for informational purposes.

"First, what is an easement? According to the Dictionary of Real Estate Appraisal, an easement is "an interest in real property that conveys use, but not ownership, of a portion of an owner's property."⁸ By definition, the ownership of real estate is endowed with a bundle of rights. The concept of bundle of rights maintains that like a bundle of sticks, real property ownership may be wholly intact (fee simple estate) or may be "unbundled" and conveyed in part to a third party.

In real property ownership, one has the inherent right to use the property, to sell it, to lease it, to enter upon it, to give it away - or to refuse to do any of these things. The creation of an easement conveys a portion of the total bundle of rights to a third party. The challenge before the appraiser is the measurement (in terms of dollars) of the market value of the rights conveyed.

With respect to time, easements may be either permanent or temporary in nature, with either specific or indefinite time frames. Please note that the rules regarding the ending of a permanent easement may vary from jurisdiction to jurisdiction and legal counsel should be consulted.

⁸ The Dictionary of Real Estate Appraisal, Third Edition, 1993, Appraisal Institute, Chicago, Ill., pg. 110

In terms of space, there are three broad classes of easements – surface, sub-surface and overhead (or aerial) easements. Some easements may involve two or even all three types of space.

The task before the appraiser is to evaluate the “rights conveyed” by the creation of the easement and to properly measure these rights. The principles and methodology applied to appraising property for partial acquisitions apply to the valuation of easements. All easement valuations are partial acquisitions under the theory that the property owner retains some residual rights within the easement area. The value of an easement is measured by what the property owner has lost from the bundle of rights NOT by what the grantee has gained.

Under the Federal Rule, the value of the easement will be based upon the difference between the value of the whole property before the taking and the value of the property after the taking with the easement in place. Under the State Rule, the appraiser will be required to estimate the value of the easement plus damages to the remainder, if any.

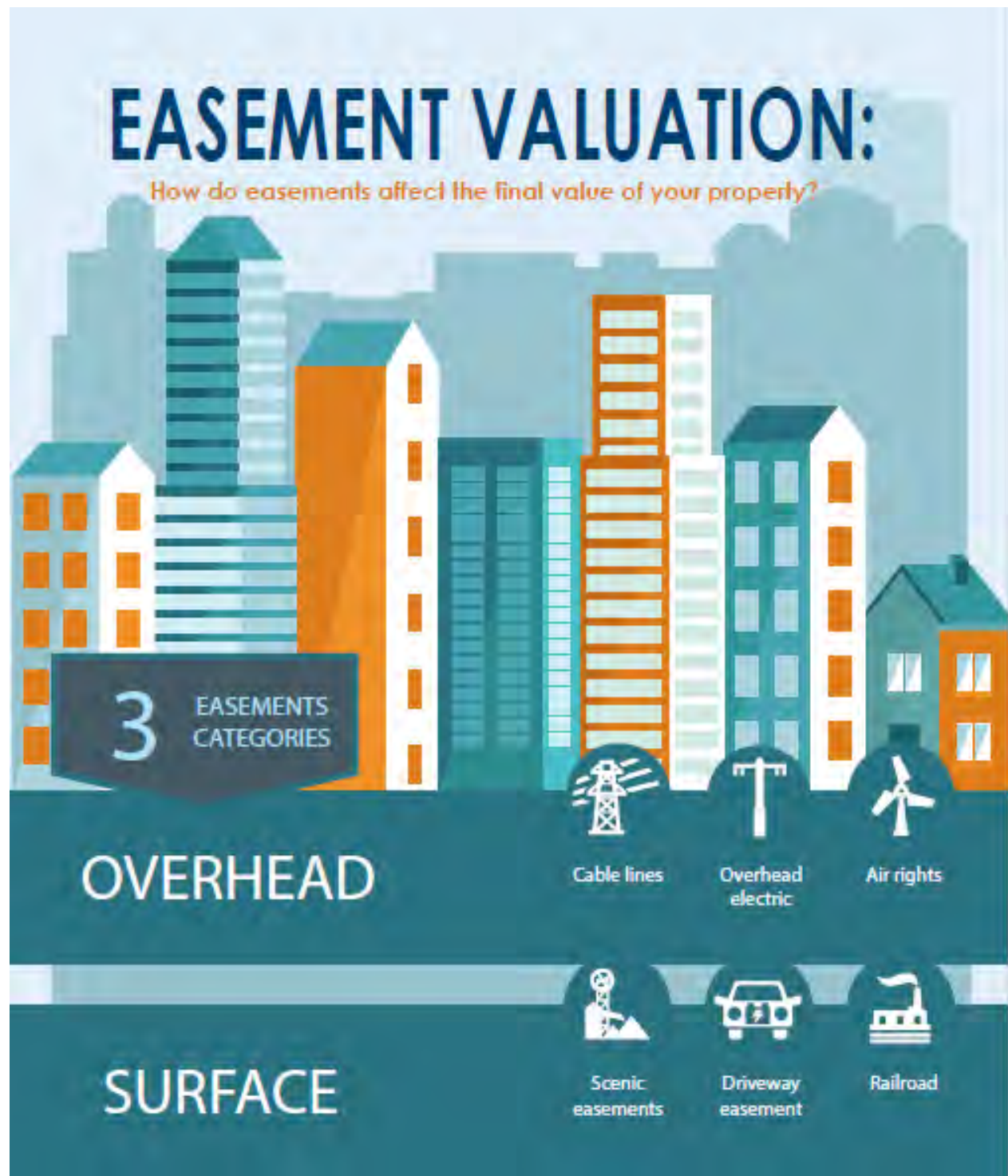
The appraiser’s task is to see what effect, if any, an easement has on the sale of property encumbered with similar easements. It is imperative that the appraiser understand the nature of both the legal and the physical rights being sought.

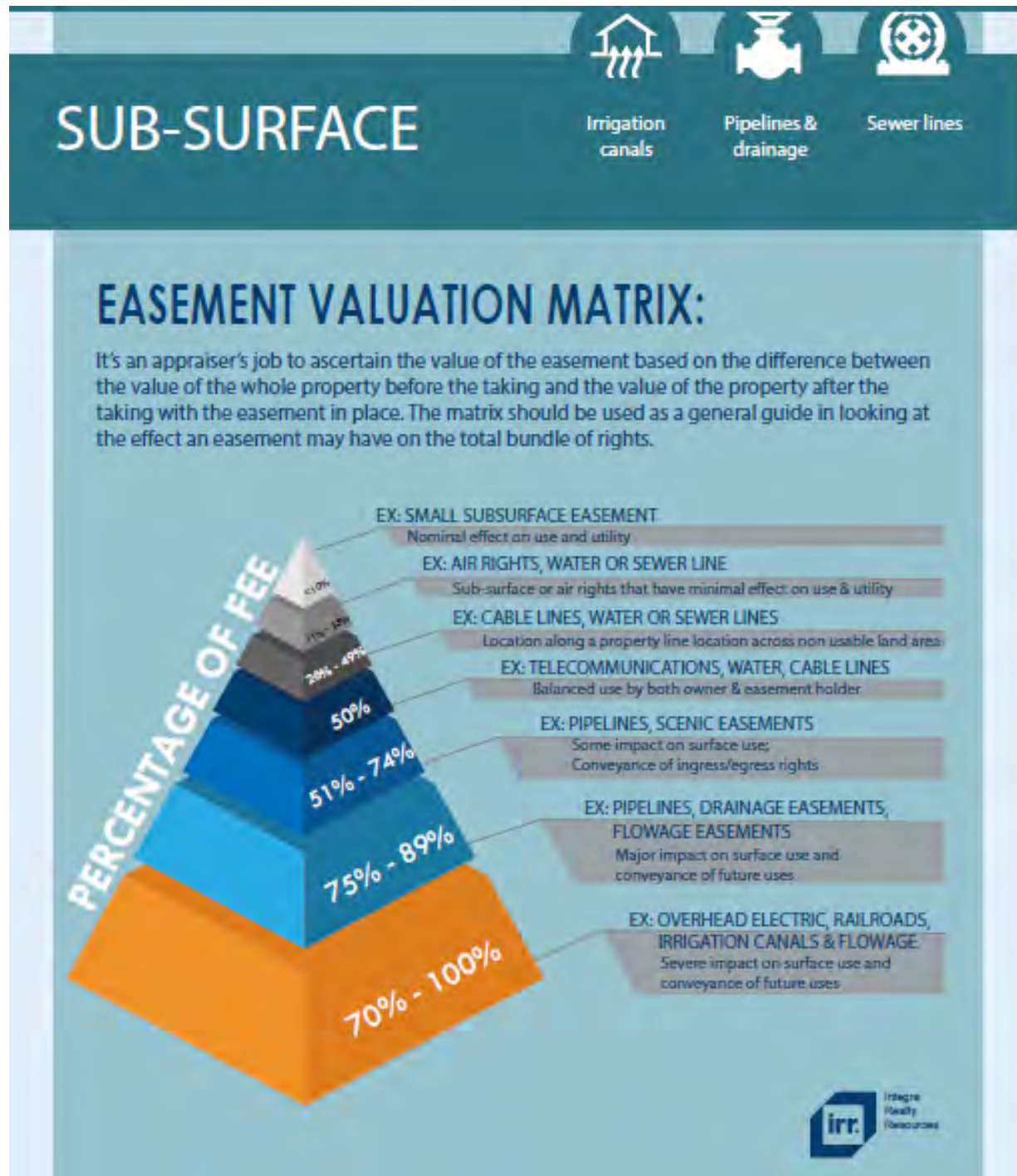
One key question is “will the easement affect the use and/or the utility of the property that results in a change in highest and best use?” Also, the easement may include accessory rights such as the ability to access the easement and the ability to expand the use within the easement (add additional pipes in the future).

One method used by appraisers includes matched pair sale analysis. In this analysis, the appraiser will attempt to find two similar sales, one encumbered with an easement and another without, and measure the impact the easement has on value. Care must be used in that one example may not be sufficient to apply to all situations. Also, by having multiple pairings, one can establish a general trend of the measured impact. In measuring the impact, it should be noted that the total difference between encumbered and unencumbered includes both the easement and its affect (damages).

A second method may be the result of interviews with buyers and sellers. This method can also be abused by inconsistent questions asked and in the selection of the sample of buyers/sellers asked. To assist appraisers and right of way professionals, the Easement Valuation Matrix presented in the appended infographic’s “pyramid” has been developed. The matrix should be used as a general guide in looking at the effect an easement may have on the total bundle of rights. This should not be considered an exclusive list as to the type of easements and their effect on the total bundle of rights but should be used only as a guide to general effects on the total fee ownership.

The rights included in an easement can vary depending on multiple considerations such as the type of structure, the location of the easement and other physical factors. Thus, this stresses the importance of good and thorough confirmation of the easement rights, verification of the location of the easement, determination of the size of the easement and having an adequate number of comparisons from which one can surmise general trends. Even with all this information, the imperfections of the real estate market must be tempered with the skill and experience of the appraiser. In every situation, the appraiser must explore the rights being acquired and allow the market to dictate the effect the easement will have on the remainder property. In most cases, the presence of an easement may be one of many deciding factors affecting value. Isolating the effect of an easement on the property requires extensive research and evaluation.”

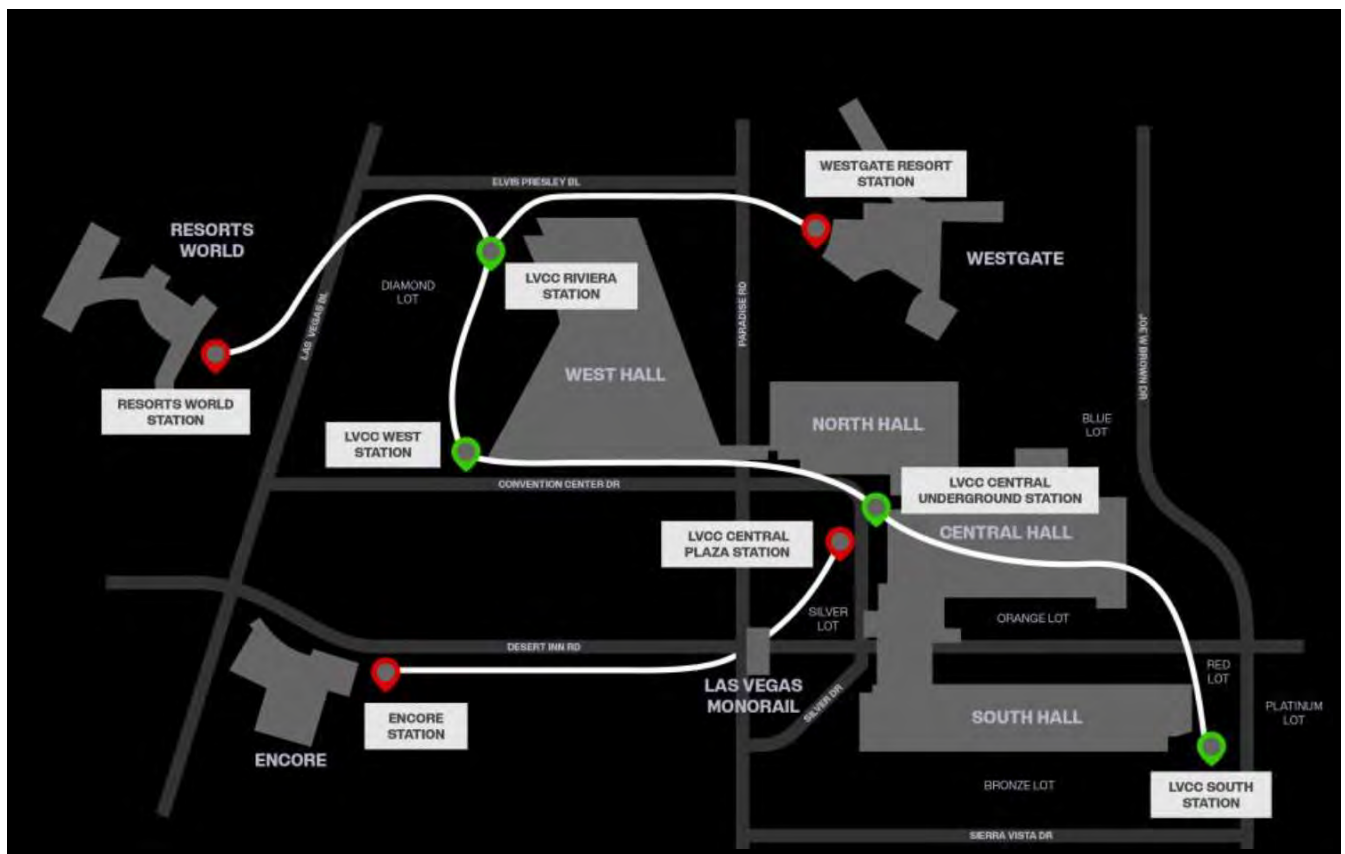




As can be seen on the previous page, the author includes a wide range of easement discounts allowing for the consideration of specific easement terms for similar types of infrastructure. The author provides an example of telecommunications, water, and cable lines where there is balanced use by both the owner and the easement holder. In this analysis, we are considering the potential impacts of a deep subsurface easement which is indicated to be significantly less than 10% of fee value and could be as low as nominal value.

Las Vegas Tunnel System

The Las Vegas Tunnel System currently serves the convention center and legs extending to Resorts World, Westgate and Encore complexes.



The current tunnel system depicted above is limited in scope and cannot serve a significant ridership due to the limited station locations. As such, the revenue generated does not justify the cost of construction. There is a concept in real estate valuation that cost does not always reflect value. This is the case when an improvement has a certain cost but the return on the investment (rent or fees charged) does not provide a return of the capital expenditure and a profit margin. When this occurs, the property suffers from external obsolescence.

External Obsolescence is defined as “A type of depreciation; a diminution in value caused by negative external influence and generally incurable on the part of the owner, landlord, or

tenant. The external influence may be either temporary or permanent. There are two forms of obsolescence: economic and locational.⁹

The obsolescence occurring on the Vegas Loop project is economic. The revenue and expense tables included in the addenda section of this report show that the current ridership and the loop's existing condition and locations do not provide sufficient income to justify the cost of the improvements. Therefore, relying on the cost of construction for tax valuation purposes significantly overstates the value of the real estate.

It is understood that the existing portion of the Vegas Loop is somewhat of a proof of concept and that the ultimate loop design will dramatically increase the opportunity to increase revenue through ridership and potentially offset the construction cost. Major transportation projects like the Vegas Loop are typically funded and constructed by governmental entities without regard to the potential return on investment. These facilities are often considered to be for the public good and therefore, the economics of the project are less relevant. These governmental entities, when completing similar projects, are typically tax-exempt and the valuation for tax purposes is unnecessary. In the case of the Vegas Loop and Clark County, a project that is primarily built for the public good is taxed because it is owned by a private entity. However, if the Las Vegas Loop is to be taxed based upon its market value, then the existing external obsolescence must be included which reflects a nominal value.

Based upon the review of existing literature and theory, it is clear that the subsurface easement and tunnel system owned by the Boring Company has nominal value. The specific income metrics associated with the existing tunnel system also indicate that the current improvements do not generate sufficient income to have a positive market value. Based upon all information available, the Las Vegas Loop as currently constructed, should be considered as having a nominal value.

Based upon revenue and expense information provided, we were able to analyze discounted cash flows that project potential income based upon future increases of ridership, expenses, etc. The discounted cash flow models, included in the addenda section of this report, indicate that each leg of the current system has a negative value. The cash flow models included project potential income streams through 2029 indicating that the current system, operating largely as a limited public transit system, will not be a profitable enterprise in the foreseeable future. The lack of a positive return on the investment is a strong indicator that the current tunnel system has nominal value.

As stated previously, the definition of Market Value is:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue

⁹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

When considering a market transaction, it is highly unlikely that an investor in real estate would purchase the tunnel system with the understanding that the income generated does not cover the cost. The income approach to value, and a primary driver of market value, is the anticipation of future income streams. As the potential income derived from the existing project is insufficient to create a positive market value, the pool of potential purchasers is significantly reduced and the likelihood of a transaction is almost non-existent. The measure of market value assumes a transaction based upon the parameters above. The absence of any real open market for the existing improvements is further support, and confirmation, of a nominal value.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

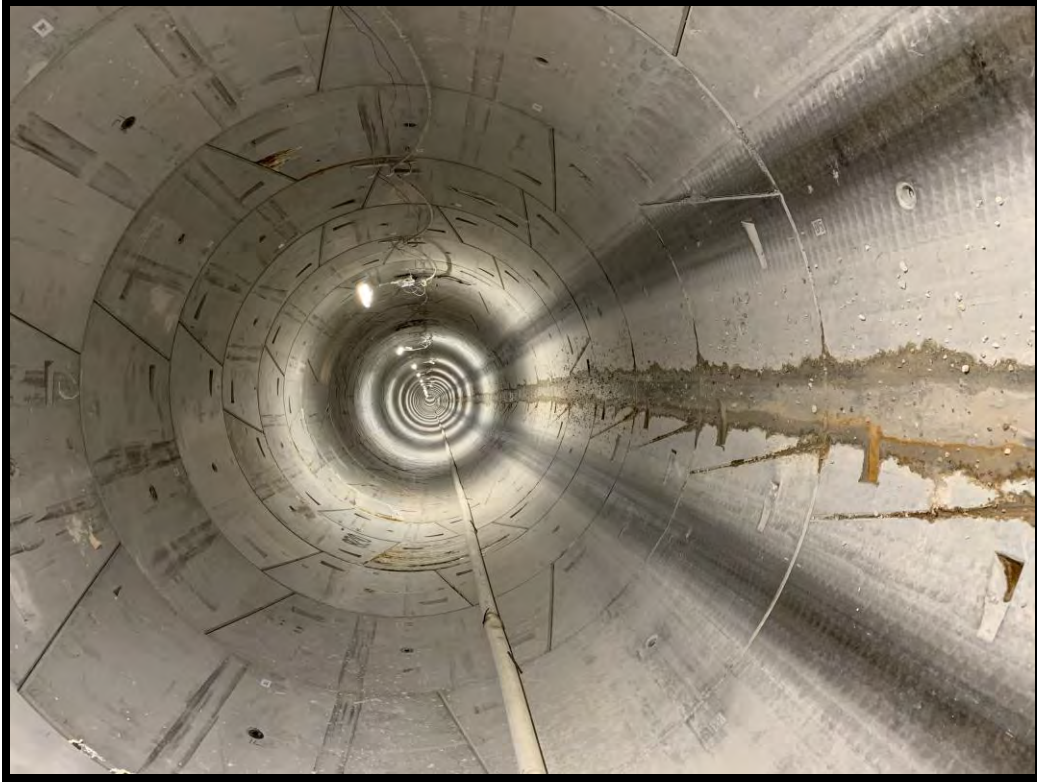
Respectfully Submitted,

INTEGRA REALTY RESOURCES - HOUSTON



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TUNNEL PHOTOGRAPHS





DISCOUNTED CASH FLOW ANALYSIS

Resorts World									
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue									
Fares	0	150,000	500,000	660,000	660,000	660,000	660,000	660,000	660,000
Management Fees	0	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Advertising	0	0	0	54,000	54,000	54,000	54,000	54,000	54,000
Total	0	180,000	530,000	744,000	744,000	744,000	744,000	744,000	744,000
Operating Expenses									
Direct personnel	0	200,000	600,000	625,000	625,000	625,000	625,000	625,000	625,000
Licenses & Permits	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Merchant Fees	0	7,500	25,000	33,000	33,000	33,000	33,000	33,000	33,000
Total Op. Expenses	15,000	222,500	640,000	673,000	673,000	673,000	673,000	673,000	673,000
Other Cash Expenses									
Vehicle financing	0	10,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Capital investment	0	1,929,454	0	0	0	0	0	0	0
Total Other Cash Expense	0	1,939,454	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Cash Flow	(15,000)	(1,981,954)	(125,000)	56,000	56,000	56,000	56,000	56,000	56,000
Discounted Cash Flow	(15,000)	(1,981,954)	(125,000)	56,000	56,000	51,852	48,011	44,455	41,162
Growth	0						Total Discounted Cash Flow		(1,824,475)
Discount rate	0						Terminal Value		823,233
Payback (yrs.)	38						Pre-Tax Enterprise Value		(1,001,241)

Westgate									
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue									
Fares	0	0	0	0	100,000	100,000	100,000	100,000	100,000
Management Fees	0	0	0	0	25,000	25,000	25,000	25,000	25,000
Advertising	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	125,000	125,000	125,000	125,000	125,000
Operating Expenses									
Direct personnel	0	0	0	0	80,000	80,000	80,000	80,000	80,000
Licenses & Permits	0	0	0	0	625	625	625	625	625
Merchant Fees	0	0	0	0	5,000	5,000	5,000	5,000	5,000
Total Op. Expenses	0	0	0	0	85,625	85,625	85,625	85,625	85,625
Other Cash Expenses									
Vehicle financing	0	0	0	0	15,000	15,000	15,000	15,000	15,000
Capital investment	0	0	1,638,136	1,693,022	600,000	0	0	0	0
Total Other Cash Expense	0	0	1,638,136	1,693,022	615,000	15,000	15,000	15,000	15,000
Cash Flow	0	0	(1,638,136)	(1,693,022)	(575,625)	24,375	24,375	24,375	24,375
Discounted Cash Flow	0	0	(1,638,136)	(1,693,022)	(575,625)	22,569	20,898	19,350	17,916
Growth	0						Total Discounted Cash Flow		(3,826,050)
Discount rate	0						Terminal Value		358,327
Payback (yrs.)	160						Pre-Tax Enterprise Value		(3,467,723)

Encore									
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue									
Fares	0	0	0	0	100,000	103,000	106,090	109,273	112,551
Management Fees	0	0	0	0	90,000	120,000	120,000	120,000	120,000
Advertising	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	190,000	223,000	226,090	229,273	232,551
Operating Expenses									
Direct personnel	0	0	0	0	80,000	82,400	84,872	87,418	90,041
Licenses & Permits	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Merchant Fees	0	0	0	0	5,000	5,150	5,305	5,464	5,628
Total Op. Expenses	7,000	7,000	7,000	7,000	92,000	94,550	97,177	99,882	102,668
Other Cash Expenses									
Vehicle financing	0	0	0	0	15,000	15,000	15,000	15,000	15,000
Capital investment	0	0	0	1,959,008	260,000	0	0	0	0
Total Other Cash Expenses	0	0	0	1,959,008	275,000	15,000	15,000	15,000	15,000
Cash Flow	(7,000)	(7,000)	(7,000)	(1,966,008)	(177,000)	113,450	113,914	114,391	114,883
Discounted Cash Flow	(7,000)	(7,000)	(7,000)	(1,966,008)	(177,000)	105,046	97,662	90,807	84,442
Growth	0						Total Discounted Cash Flow		(1,786,050)
Discount rate	0						Terminal Value		1,688,843
Payback (yrs.)	19						Pre-Tax Enterprise Value		(97,207)



CLARK COUNTY BOARD OF EQUALIZATION

Case # 21

Petitioner Information

Integra Realty Resources
Houston

CONSULTING REPORT

**Consulting Report regarding the Boring
Company Transportation Tunnels located
in Las Vegas, Clark County, Nevada**

Prepared For:

The Boring Company
Attn: Arun Prakash
130 Walker Watson Rd.
Bastrop, TX 78602

Date of the Consulting Report:

September 23, 2025



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September 30, 2025

The Boring Company
Attn: Arun Prakash
130 Walker Watson Rd.
Bastrop, TX 78602

Re: Consulting Report regarding the Boring
Company Transportation Tunnels
located in Las Vegas, Clark County,
Nevada

Dear Mr. Prakash:

Integra Realty Resources – Houston is pleased to submit the accompanying consulting report of the referenced property. The purpose of this consulting report is to amplify issues pertaining to the appropriate valuation of the Boring Company's transportation tunnels as it relates to their tax valuation. It is our understanding the current method of valuation employed by Clark County is based upon the construction costs of the tunnel facilities. There are a number of reasons that solely considering the reproduction or replacement cost of the existing improvements significantly overstates the value of the rights held in the transportation tunnels. The following pages will discuss various valuation approaches and methodologies as well as providing reference material published in regard to the valuation of deep subsurface tunnels.

The three primary generally accepted methodologies for valuing real property at its market value are the Cost Approach, Sales Comparison Approach and Income Approach.

The **Cost Approach** assumes that the informed purchaser would pay no more for a property than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **Sales Comparison Approach – As Improved** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This

approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **Sales Comparison Approach – Land Only** utilizes sales of properties similar to the subject property as the basis for an indication of market value. Direct comparison is made between each sale and the subject on an item-by-item basis. Adjustments are made to the sale price of the comparable property to arrive at an indication of what it would have sold for had it been essentially the same as the subject property. These adjusted prices are then reconciled into an indication of value for the subject property.

The **Income Capitalization Approach** reflects the market's perception of the relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

In this instance, the Sales Comparison Approach cannot be utilized as there is not a sufficient market for the unique property type involved. The Cost Approach to value provides an indication of the capital expenditure, but must account for all types of depreciation, including external obsolescence. The Income Approach to value can be completed, but for reasons discussed later in this consulting report, the income derived from the existing facilities are not sufficient to provide a positive return.

Valuation Literature Review

As the use of deep subsurface tunnels is a relatively new phenomenon, there are limited transactions involving deep subsurface easements to provide a standardized basis for valuation. There have been studies and articles written based upon information obtained pertaining to tunnel operations primarily used for rail, subway, or roadway. The following paragraphs detail some of the available literature and the opinions expressed based upon the available data.

Easement Valuation and Tunnel Studies

The Impact of Light Rail Tunnels on Property Value – Study of the Beacon Hill Light Rail Tunnel, Seattle, WA By: McKee Appraisal, Inc.

A study was conducted by McKee Appraisal, Inc. ("McKee") in Seattle, WA regarding the impact of Beacon Hill Tunnel which is comprised of twin tunnels, one for north bound tracks and the other for south bound tracks. These tunnels were bored by a tunnel boring machine and are approximately one mile long and 21 feet in diameter.

The Boring Company

McKee's study area contained 300 feet north and south of the tunnel (excluding the sale of newly constructed houses). 67 properties were encumbered with a tunnel easement within this study area. Over a five year period, a total of 53 sales occurred, of which 17 were encumbered with tunnel easements.

The sales data from 2003 - 2007 is located on the following page:

Houses Without Tunnel Easements																
Sale ID	Tunnel Easement?	Street No.	Street Name	Sale Price Without Easement	Sale Price/sf Without Easement	Assessed Value at Yr. of Sale	Price/Assessed Value Without Easement	Sale Date	1st Floor Area (sf)	2nd Floor Area (sf)	Finished Bsmnt. Area (sf)	Unfinish ed Bsmnt. Area (sf)	Garage Area (sf)	Year Built	Total Finished Area (sf)	Lot Area (sf)
A	No	1804	McClellan St., S	\$236,000	\$179	\$236,000	1.00	9/8/03	750	570	0	750		1909	1,320	3,840
B	No	1809	Lander St., S	\$355,000	\$213	\$303,000	1.17	6/3/03	900	770	0	900		1914	1,670	4,800
C	No	2515	19th Ave S	\$322,000	\$273	\$241,000	1.34	6/25/04	840	340	0	840	210	1931	1,180	3,680
D	No	2719	19th Ave S	\$437,000	\$265	\$338,000	1.29	2/27/04	880	770	0	400		1909	1,650	3,840
E	No	2715	19th Ave S	\$298,000	\$200	\$309,000	0.96	2/24/04	940	550	0	940		1909	1,490	3,840
F	No	2713	20th Ave S	\$286,000	\$249	\$220,000	1.30	10/15/04	750	0	400	350		1910	1,150	3,840
G	No	2717	21st Ave S	\$320,000	\$256	\$220,000	1.45	11/29/04	1,250	0	0	0		1952	1,250	4,800
H	No	2506	18th Ave S	\$259,950	\$241	\$205,000	1.27	7/30/04	1,080	0	0	360		1943	1,080	4,000
I	No	1911	Bayview St., S	\$249,000	\$239	\$172,000	1.45	11/21/03	1,040	0	0	440		1902	1,040	4,000
J	No	2615	21st Ave S	\$238,500	\$236	\$201,000	1.19	7/29/03	1,010	0	0	1,010	300	1941	1,010	4,000
K	No	1711	BayView St., S	\$249,950	\$278	\$197,000	1.27	8/27/04	900	0	0	360		1913	900	2,600
L	No	2529	22nd Ave S	\$313,500	\$169	\$275,000	1.14	1/10/05	1,160	0	700	460	280	1956	1,860	5,600
M	No	2720	21st Ave S	\$249,950	\$158	\$268,000	0.93	3/26/04	790	0	790	0		1913	1,380	2,730
35	No	1931	S. Bayview St.	\$310,000	\$341	\$225,000	1.38	5/2/05	910	0	0	370	0	1928	910	4,000
40A	No	2710	18th Ave S	\$435,000	\$177	\$267,000	1.63	5/3/05	1,070	990	400	670	0	1914	2,460	4,160
23	No	2717	18th Ave S	\$308,050	\$280	\$250,000	1.23	5/20/05	1,100	0	0	880	220	1925	1,100	6,144
20A	No	1711	S. Wayne St.	\$215,000	\$262	\$220,000	0.98	6/17/05	820	0	0	460	180	1908	820	4,000
19	No	2517	18th Ave S	\$327,500	\$271	\$235,000	1.39	7/28/05	640	570	0	580	170	1913	1,210	2,600
50	No	2603	20th Ave S	\$309,000	\$262	\$207,000	1.49	10/21/05	740	0	440	300	0	1919	1,180	3,700
68	No	2316	S. Lander St.	\$355,000	\$303	\$247,000	1.44	11/1/05	1,170	0	0	620	0	1908	1,170	6,000
22	No	1710	S. McClellan St.	\$423,500	\$255	\$253,000	1.67	12/12/05	1,260	0	400	620	240	1926	1,660	4,664
64	No	2116	S. McClellan St.	\$239,950	\$375	\$182,000	1.32	3/30/06	640	0	0	0	0	1946	640	6,000
33	No	1911	S. Bayview St.	\$331,400	\$257	\$262,000	1.26	4/19/06	1,040	0	250	190	0	1902	1,290	4,000
20	No	1711	S. Wayne St.	\$250,000	\$305	\$232,000	1.08	6/13/06	820	0	0	460	180	1908	820	4,000
18	No	2509	18th Ave S	\$336,000	\$267	\$287,000	1.17	6/15/06	900	360	0	700	200	1924	1,260	4,000
66	No	2800	22nd Ave. S	\$385,000	\$162	\$313,000	1.23	6/15/06	1,270	0	1,110	0	160	1952	2,380	4,000
57	No	2601	22nd Ave. S	\$300,000	\$149	\$303,000	0.99	7/25/06	1,010	1,010	0	0	560	1950	2,020	4,000
65	No	2701	23rd Ave. S	\$349,500	\$336	\$221,000	1.58	8/28/06	1,040	0	0	0	0	1963	1,040	4,000
62	No	2712	21st Ave. S	\$339,950	\$337	\$247,000	1.38	9/7/06	1,010	0	0	860	0	1913	1,010	4,000
59	No	2717	21st Ave. S	\$412,000	\$330	\$255,000	1.62	9/14/06	1,250	0	0	0	0	1952	1,250	4,800
70	No	2800	23rd Ave. S	\$280,000	\$174	\$237,000	1.18	10/17/06	1,010	0	600	210	200	1956	1,610	4,000
28	No	2515	19th Ave. S	\$463,500	\$256	\$284,000	1.63	10/27/06	840	340	630	0	210	1931	1,810	3,680
16	No	2508	17th Ave. S	\$420,000	\$231	\$291,000	1.44	2/9/07	1,050	0	770	60	220	1957	1,820	6,732
53	No	2508	20th Ave S	\$309,000	\$303	\$264,000	1.17	3/20/07	770	0	250	340	180	1955	1,020	4,000
40	No	2710	18th Ave S	\$320,000	\$211	\$299,000	1.74	6/11/07	1,070	990	400	670	0	1914	2,460	4,160
81	No	2716	20th Ave S	\$305,000	\$218	\$287,000	1.06	9/28/07	1,400	0	0	0	250	1912	1,400	5,760
Avg. of 36 Sales Without Tunnel Easmt				\$326,089	\$237	\$251,472	1.30	8/9/05	976	202	198	411	145	1927	1,376	4,278

Houses With Tunnel Easements																
Sale ID	Tunnel Easement?	Address	Street	Sale Price With Easement	Sale Price/sf With Easement	Assessed Value at Yr. of Sale	Price/Assessed Value With Easement	Sale Date	1st Floor Area (sf)	2nd Floor Area (sf)	Finished Bsmnt. Area (sf)	Unfinish ed Bsmnt. Area (sf)	Garage Area (sf)	Year Built	Total Finished Area (sf)	Lot Area (sf)
BHT-126	Yes	2706	17th Ave. S	\$275,000	\$309	\$217,000	1.27	5/14/04	890	0	0	890	200	1910	890	3,360
BHT-131	Yes	2606	18th Ave. S	\$315,000	\$173	\$264,000	1.19	3/8/04	1,220	0	600	620		1933	1,820	4,000
BHT-132	Yes	2610	18th Ave. S	\$322,000	\$195	\$200,000	1.61	12/11/03	990	0	660	200	200	1928	1,650	4,000
BHT-134	Yes	2605	19th Ave. S	\$302,000	\$190	\$236,000	1.28	5/19/04	1,260	330	0	0		1907	1,590	4,600
BHT-139	Yes	2612	19th Ave. S	\$210,000	\$216	\$200,000	1.05	1/9/03	970	0	0	970		1926	970	3,200
BHT-139A	Yes	2612	19th Ave. S	\$299,950	\$309	\$200,000	1.50	10/15/03	970	0	0	970		1926	970	3,200
BHT-155	Yes	1936	Lander St., S	\$232,500	\$183	\$199,000	1.17	5/19/03	850	420	0	850		1915	1,270	4,000
BHT-167	Yes	2702	21st Ave. S	\$385,000	\$229	\$272,000	1.42	9/24/03	1,200	480	0	1,200	200	1939	1,680	4,000
BHT-133	Yes	2618	18th Ave. S	\$312,000	\$190	\$270,000	1.16	6/21/05	830	810	0	400	0	1921	1,640	4,000
BHT-156	Yes	2607	20th Ave. S	\$312,600	\$351	\$221,000	1.41	8/5/05	890	0	0	740	0	1919	890	3,700
BHT-180	Yes	2717	Harris Pl. S	\$281,000	\$190	\$246,000	1.14	9/2/05	880	0	600	80	200	1958	1,480	4,800
BHT-134	Yes	2605	19th Ave. S	\$395,000	\$248	\$259,000	1.53	1/24/07	1,260	330	0	0	0	1907	1,590	4,600
BHT-158	Yes	1946	S. Lander St.	\$433,000	\$209	\$321,000	1.35	3/5/07	1,040	740	290	0	450	1994	2,070	3,100
BHT-183	Yes	2802	Harris Pl. S	\$375,000	\$205	\$283,000	1.33	5/15/07	1,230	0	600	630	0	1955	1,830	5,500
BHT-132	Yes	2610	18th Ave. S	\$425,000	\$258	\$340,000	1.25	9/18/07	990	0	660	0	200	1928	1,650	4,000
BHT-14	Yes	1918	S. Lander St.	\$260,000	\$361	\$202,000	1.29	9/25/07	720	0	0	0	0	1943	720	4,000
BHT-12	Yes	1709	S. Lander St.	\$445,000	\$484	\$298,000	1.49	12/12/07	920	0	0	920	0	1925	920	5,896
Avg. of 17 Sales With Tunnel Easements				\$328,238	\$236	\$248,706	1.32	6/10/05	1,006	183	201	498	121	1933	1,390	4,115

McKee analyzed the above sales individually and collectively for various indications and characteristics but found little, if any, noticeable change in the value or marketability of properties with tunnel easements versus without tunnel easements. The average price of sales encumbered by a tunnel easement (17) is \$328,238 or \$236/SF and the average price of sales without a tunnel easement (36) is \$326,089 or \$237/SF.

McKee further interviewed agents that were involved in transactions encumbered by the Beacon Hill tunnel easement and found that there was little change in value and the tracts retained their marketability despite being encumbered.

The Appraisal of Underground Easements

By: Max J. Derbes, Jr., SR/WA

This article discusses near-surface, deep underground and semi-deep underground uses of easements as well as the valuation of the various easements. On Page 18, the portion regarding semi-deep underground uses, the article states that a contractor was commissioned to do a national impact study on various semi-deep underground uses.

Research began in Washington D.C. and Atlanta where subways had recently been constructed. "Every appraiser in every appraisal of deep, underground subway takings concluded that there was no diminution in the market value of the property". In this instance, a nominal value was paid for the easement.

Research then went to San Antonio to determine the impact of a project that diverted water from the river which traversed the downtown area. The U.S. Army Corp of Engineers acquired large tunnels that were located under downtown buildings. Appraisals were obtained and "All the appraisers indicated that there would be no diminution to the market value of the properties as a result of the construction or existence of these deep channels." In this instance, a nominal value was paid for the easement.

Additionally, "Other underground utility mains were studied, specifically, high voltage transmission lines and gas pipelines, in addition to lands near a nuclear plant. All of the empirical evidence studied showed no impact."

More Semi-deep Easements: An Appraisal Case Study**By: Richard C. Floyd, SR/WA**

This article further expands on the Derbes article on the previous page. In this article Floyd researches a subterranean easement project ("Rubidoux Project") that was being acquired for waste water transmission purposes. This project is located in Rubidoux, which is a suburb of Riverside, California. These easements would be located at varying depths, being 20 – 120 feet and would include no surface entry or surface use rights.

During research to determine the fair market value of the easements to be acquired, Floyd discovered that there was an existing subsurface easement for the purposes of a water transmission tunnel under several residential properties proximate to the Rubidoux Project. Floyd contacted the owner of the easement who indicated that there was no evidence of structural, operational or physical problems with the aqueduct. Floyd then analyzed marketing time, sales price and utility to determine if there was a diminution in value to the remainder property. It was found that there was no evidence of longer marketing time nor did the utility of the remainder property diminish. In regards to sales price, it is concluded that "no conclusion could be drawn to indicate that any difference exists in the market prices to be paid for the remainder parcels to be located directly over the proposed underground easements and pipeline from the market prices that will be paid for those comparable adjacent properties not located directly over the proposed easement and pipeline."

It was concluded that there is no diminution in value to the remainder properties as a result of the acquisition and use of the Rubidoux Project. "In the case of the subject easements, it was concluded that the only "just and equitable" measure of the amount of just compensation appropriate for each of the easements to be acquired was "a reasonable sum (of money) that was commensurate with the imposition on the time and energy of each owner to discuss and administer the details of the proposed easement conveyance." In the case of the subject easements to be acquired, that sum was concluded to be a nominal sum and was the same amount for the easement sought from each larger parcel."

The Impact of Deep Tunnels on Property Value – A Study of the Lake City Tunnel, Seattle, Washington By: McKee Appraisal, Inc.

The study of the Lake City Tunnel located in Seattle, Washington was performed to determine whether or not a deep tunnel, that is not apparent from the surface, lowers property values. Within this study, the tunnel varies in depth between 50 and 300 feet, with an average of 200 feet. The initial study was prepared in 2004 and included 497 comparable transactions that occurred between 1983 and 2004. Of these 497 transactions, 126 were encumbered with deep tunnel easements, while the remaining 371 were not. McKee's findings are located in the chart located below:

Appraisal Study - Lake City Tunnel Potential Impact of Deep Sewer Easements Comparison of House Sales in Seattle
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Description: Probability testing of whether the presence of a deep sewer easement under a house property in Seattle has an effect on the value of the property
Method: t-test (Student's t-test), based on analysis of 497 sales between 3/9/1983 - 7/26/2004
Samples: Comparing sales of house properties with deep sewer easements underneath the property, versus sales of properties on the same block without deep sewer easements.
Variables: 3 variables are tested: The ratio of sale price to assessed value, the sale price per square foot of finished living area, and the sale price.
1-tailed test: Null Hypothesis: A house with a deep sewer easement does not have a lower sale price than a house without.
Alternative Hypothesis: A house with a deep sewer easement has a lower sale price than a house without.
2-tailed test: Null Hypothesis: The presence of a deep sewer easement does not impact the sale price of a house
Alternative Hypothesis: The presence of a deep sewer easement impacts the sale price of a house

Year of Sale	<u>No. of Sales</u>		<u>Sale Price/Assessed Value</u>				<u>Sale Price/sf</u>				<u>Mean Sale Price</u>			
	Houses Without Easmts.	Houses With Easmts.	Houses Without Easmts.	Houses With Easmts.	Probability Value - 1-tailed test	Probability Value - 2-tailed test	Houses Without Easmts.	Houses With Easmts.	Probability Value - 1-tailed test	Probability Value - 2-tailed test	Houses Without Easmts.	Houses With Easmts.	Probability Value - 1-tailed test	Probability Value - 2-tailed test
2003-2004	55	9	1.19	1.21	0.64	0.71	\$253.54	\$241.59	0.19	0.39	\$375,089	\$359,272	0.23	0.46
2001-2002	49	21	1.22	1.23	0.58	0.84	\$210.45	\$211.57	0.53	0.93	\$322,658	\$358,186	0.91	0.18
1999-2000	48	17	1.44	1.54	0.88	0.25	\$185.03	\$209.83	0.97	0.07	\$315,028	\$319,072	0.57	0.87
1997-1998	31	19	1.42	1.41	0.43	0.86	\$151.36	\$149.42	0.43	0.86	\$238,401	\$235,737	0.44	0.89
1995-1996	49	14	1.24	1.31	0.88	0.24	\$114.71	\$119.27	0.73	0.54	\$192,370	\$196,846	0.66	0.69
1993-1994	33	12	1.18	1.13	0.20	0.40	\$120.44	\$112.50	0.21	0.42	\$181,895	\$171,042	0.22	0.44
1991-1992	32	9	1.14	1.18	0.75	0.50	\$109.51	\$127.28	0.94	0.11	\$168,975	\$159,883	0.21	0.42
1989-1990	25	9	1.73	2.00	0.97	0.06	\$90.53	\$129.38	1.00	0.01	\$149,828	\$178,556	0.88	0.24
1987-1988	22	6	1.30	1.37	0.83	0.33	\$61.60	\$67.47	0.77	0.46	\$105,698	\$111,908	0.68	0.64
1985-1986	19	5	1.27	1.21	0.32	0.63	\$68.07	\$56.01	0.10	0.19	\$88,380	\$93,300	0.67	0.66
1983-1984	8	5	1.11	1.24	0.86	0.28	\$54.49	\$47.72	0.20	0.40	\$82,875	\$98,700	0.79	0.42
1983-2004	371	126	1.29	1.35	0.98	0.05	\$151.69	\$152.99	0.57	0.85	\$237,739	\$239,241	0.55	0.90
2000-2004	126	37	1.23	1.28	0.88	0.24	\$221.69	\$218.20	0.36	0.71	\$342,264	\$349,604	0.66	0.67

Conclusions: The Null Hypotheses are not rejected.

Interpretation: There is insufficient evidence to support the hypothesis that the presence of a deep easement has an effect on the sale price of a house property.

Discussion: The tests examine a variety of different populations, including total sample and sub-samples that are based on ranges of dates of sale. The rationale is that sale prices have changed significantly over time, so sub-sampling allows examination of results where the sale date variable becomes less significant. The results are consistent across the various sub-samples, and are particularly powerful for the more relevant 1-tailed test, and for the most significant variable of the ratio of sale price to assessed value (note: the assessment process is largely based on multiple regression analysis including transform of relevant variables, and the presence of a deep sewer easement is not a variable. Because of the assessment process of analyzing historical sales to derive future values, without time trending, the assessed value tends to be lower than market value in a rising market). The potential rejection of null hypotheses occurs rarely in the 2-tailed test, and only because houses with deep sewer easements appear more valuable than those without, an illogical premise.

The chart above indicates that there is no correlation between the existence of an easement and sales price. In the two year analysis above, there are 12 years where the houses encumbered by an easement sold for a higher per square foot value and 10 years indicating a lower per square foot value.

The Lake City Tunnel was constructed between 1964 and 1967. In the chart below, there is a sample of sales (1962-1972) that occurred just before, during and after construction of the tunnel. The second sample (1983-2007) set occurs approximately 15 years after completion of the tunnel.

Year of Sale	<i>No. of Sales</i>		<i>Sale Price/Assessed Value</i>					<i>Sale Price/sf</i>					<i>Mean Sale Price</i>				
	Houses Without Easmts.	Houses With Easmts.	Houses Without Easmts.	Houses With Easmts.	Diff.	p-value 1-tailed test	p-value 2-tailed test	Houses Without Easmts.	Houses With Easmts.	Diff.	p-value 1-tailed test	p-value 2-tailed test	Houses Without Easmts.	Houses With Easmts.	Diff.	p-value 1-tailed test	p-value 2-tailed test
1983-2007	416	139	1.29	1.35	5%	0.96	0.07	\$169.24	\$169.36	0%	0.51	0.99	\$269,244	\$259,203	-4%	0.22	0.44
1962-1972	265	87	6.61	6.30	-5%	0.10	0.21	\$11.86	\$11.83	0%	0.47	0.94	\$17,682	\$18,420	4%	0.78	0.44

McKee states “The mean difference in the samples is close to 0% for the houses with easements compared with houses without easements for the 2 samples and 3 different parameters sampled. The difference is not statistically significant”.

Summary of Literature

The articles above express an opinion that there is limited, if any, affect on surface values when a land area is encumbered with a deep subsurface easement. As it is atypical for deep subsurface areas to be used in the majority of construction, etc., the potential that the infrastructure placed in the deep subsurface would hinder development of the surface site under normal circumstances is unlikely. The literature summarizing the existing studies indicates that surface users would not be impacted by the deep subsurface easement and therefore, sales of properties with these types of easements would command the same measure of market value as those without. The authors of these studies opine that properties with and without deep subsurface easements, or those immediately before and immediately after the imposition of a deep subsurface easement, have effectively the same market value. It is clear that a deep subsurface easement is a property right that runs with the land. As such, it could be argued that any imposition on the “bundle of rights” associated with ownership of land represents some diminished value, regardless of how small. Depending on the approach to valuation, this diminished value could be as low as immeasurable, some nominal value to reflect recognition of the imposition or an amount considered appropriate to cover transaction costs, etc. Under any valuation scenario, the first step in the analysis is to determine the base valuation for the land area under study inclusive of all rights. The following sections of the report would typically deal with determining the base valuation of typical land holdings within the study areas and would consider surface and subsurface rights. After determining the base valuation of the land, it is appropriate to consider the discount to fee value to reflect the limited rights acquired for deep subsurface easement. The tunnel system utilizes land area below the subsurface that does not have a strong market demand for other users. In that regard, the fee owner of the surface area is not deprived their use of the land because the tunnel system only has surface rights at the station sites. As such, the land area encumbered with the tunnel system (excepting out the station sites) does not hinder the use of the surface area and therefore, has limited impact on value, if any.

Easement Analysis

In most appraisal or consulting assignments, the question being asked is “what is the market value of the property?”. As stated previously, **Market Value** is defined by the Financial Institutions Reform, Recovery and Enforcement Act of 1989 as being:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

As can be seen above, inherent in the definition of market value are factors such as a “competitive and open market”, “both parties are well informed or well advised” and “reasonable time is allowed for exposure in the open market”. Because deep subsurface tunnels for a new mode of transportation represents a developing technology, it is difficult to assume a competitive market, well informed participants and exposure to the market for a property use in its infancy. However, market value does provide a solid basis for the land valuation as unaffected which lends itself to appropriate discounting for the easement rights acquired. Because these potential transactions are still somewhat novel in the marketplace, sales prices diverging from market value could occur based upon the mechanisms used for purchase.

Private Entity Acquiring in an Open Market

A private entity seeking to acquire deep subsurface easements will be required to pay a market rate that is dependent upon a “meeting of the minds” between seller and buyer. The difficulty with private entity acquisition of significant linear projects is the danger of “non-sellers” or “hold out sellers”. Non-sellers are those individuals that refuse to grant easements at any price as a matter of choice. As a private entity rarely has the power of eminent domain, non-sellers can force significant reroutes of linear projects or block them all together depending upon their location in the corridor. Hold out sellers represent those individuals who wait out a project until there are a limited number of purchases required. Once a route is materially complete, hold out sellers understand that a private entity must pay whatever necessary in order to

complete the “links in the chain”. The lack of a private entity’s ability to use the power of eminent domain to force acquisition at market value is a significant detriment to private entity purchase. Without the power of eminent domain, budgeting for acquisition is almost impossible and there is no guarantee the entirety of any specific route could be assembled.

Public/Private Partnership

Public/Private Partnerships are often used in infrastructure projects to speed development and construction. Private sector groups have proven to be more agile in engineering, developing and building major infrastructure projects than many public or governmental entities. Often times, these design build projects are based upon a type of joint venture or “tolling agreement”. In many cases, a private entity will design and build the infrastructure and will get a return of and on their investment through tolls placed upon users of the infrastructure. This type of approach to infrastructure development is often preferred as it benefits from the speed of private entity entrepreneurship and most often has the eminent domain enforcement of public/governmental bodies. In most public/private partnerships, the land can be acquired at market value through the public side of the joint venture.

It could be argued that the current tunnel system only serves the LVCVA purposes and the entire system is akin to the Las Vegas Monorail. It is our understanding the Las Vegas Monorail company was granted 501C4 status as it was considered a “social welfare organization”. The 501C4 status is typically granted to those organizations that serve a public purpose. The transportation of individuals throughout Las Vegas could be seen as a benefit to the city, county and community in line with criteria necessary for tax-exempt status.

Governmental Entity

Governmental Entities typically have the ability to “take” or “acquire” private land for public infrastructure. The right of the government to do so is provided in the “takings clause” of the 5th amendment of the US Constitution, which reads as follows “... nor shall private property be taken for public use, without just compensation.”

When land is acquired through eminent domain by governmental entities, it is typically done so by one of two means – the Federal Rule or the State Rule. The approach is dictated by the jurisdiction in which the property is located and/or whether or not federal funds are involved in the project. According to an article written by David R. Lewis, ASA, MRICS, SR/WA, for the America Society of Appraisers, in his publication titled “Partial Acquisition Appraisals for Public Projects”:

“The Federal Rule is a strict before and after analysis which includes an analysis of damages and benefits. Consideration is given to any changes to the highest and best use and marketability in the before and after conditions. The State Rule is a form of a before and after analysis. The State Rule requires the appraiser to value the part to be taken plus any damages to the remainder property as a result of the taking and project. In addition, the appraiser must consider any benefits to the remainder. Benefits are items that enhance value such as a positive change to the

highest and best use or improved marketability. Under the State Rule benefits can only be used to deduct damages. This is a significant difference between the Federal and State Rules. Under the Federal Rule if the remainder is of greater value in the after condition as compared to the before condition, the owner is considered compensated. No money is offered. Under the State Rule the agency will pay for the part taken.”

Under the Federal Rule, the measure of just compensation is the value of the property before the acquisition of the easement and the value of the property after the acquisition of the easement. As shown in the studies previously analyzed, the difference in value of a property before the acquisition and the value of that same property after the acquisition is minimal, if any. Under the Federal Rule, it is difficult to provide a measurable amount of compensation and as such, a nominal amount is often stated. This amount can be \$100 or \$1,000, etc. to acknowledge that a portion of the rights are being acquired even though the value of the remainder property is unchanged after the imposition of the acquired easement.

Under the State Rule, the part to be acquired is valued prior to analyzing the remainder before the acquisition and the remainder after the acquisition. Again, the value of the deep subsurface rights is considered minimal based upon the lack of market demand for that portion of the property.

Property Rights Definitions

In addition to understanding what type of entity may be purchasing the deep subsurface easements, it is also important to understand the manner in which the property rights are acquired. The instruments used, and the property rights obtained can have a material impact on valuation.

The following provides insight into the property rights question as it relates to valuation of deep subsurface easements.

Ownership Concepts and Interests in Land

The ownership of land is not a singular right. In fact, ownership of land provides an owner with a variety of rights encompassing a significant number of specific benefits/responsibilities.

These various benefits of ownership are known as the “bundle of rights” or “bundle of sticks”. To best illustrate the bundle of rights, imagine a group of sticks. Each one of these sticks represents a right inherent in the ownership of property. When a property owner has all of these rights (total number of sticks), they have complete ownership interest in the property, which is known as the fee simple estate.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.¹

These bundle of rights or bundle of sticks represent a variety of rights including, but not limited to:

- The right to occupy the land;
- The right to sell the land;
- The right to lease the land to others;
- The right to subdivide or partition the land;
- The right to grant easements on or through the land;
- The right to bequeath or gift the land;
- The right to develop the land; and
- The right to let the land lay fallow.

The total number of sticks (rights) represents fee simple ownership. A lease, license, easement, deed restriction or life estate takes one of the sticks away from the bundle of rights, leaving the property with an encumbrance and can result in a partial interest in the property. We are focusing on the distinction between fee, an easement, lease, and license.

Easement

The right to use another's land for a stated purpose.²

Lease

A contract in which the rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.³

License

1. For real property, a personal, unassignable, and typically revocable privilege or permit to perform some activity on the land of another without obtaining an interest in the property. See also easement.
2. A formal agreement from a lawful source that allows a business or profession to be conducted, e.g., a franchise.
3. Government permission to conduct an activity.⁴

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

³ *ibid*

⁴ *ibid*

Partial interest

Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common, easement, or life interest. A partial interest can result in a discount to the value of a full ownership interest in property often applicable to ownership of a partial interest resulting from the diminished marketability of a less than full interest, lack of control, or both.⁵

As discussed above, ownership and/or possession of real estate and real estate related rights encompasses a wide spectrum. Obviously, fee simple estate is the most comprehensive ownership of real estate whereby the owner possesses all rights associated with the land. The fee simple estate is a real estate interest with a possessory right. Lower on the spectrum of ownership would be an easement. An easement is the right to use the lands of another whereby the easement holder maintains the “dominant estate” and the land that is burdened by the easement is known as the servient estate.

Dominant Estate

A property that is served or benefitted by an easement. The opposite of the servient estate, which granted the easement. Also known as the *dominant tenement* and the *servient tenement*, respectively.⁶

Servient Estate

A property burdened by an easement; also known as *servient tenement*. The *servient estate* is the opposite of the *dominant estate* (also known as the *dominant tenement*), which benefits from an easement.⁷

An easement is an interest in real property and reflects a possessory interest that typically runs with the land and is often perpetual. As such, the rights held by the dominant estate and those burdens on the servient estate, pass to successors and assigns in title. An entity may also obtain the right to use and occupy land through a contractual agreement known as a lease. Typically, a lease implies an exclusive possessory interest in the real property subject to the contract. Leases typically have a specified rent (payment) for a specified term. Although not exclusively, leased interests can be assigned and often survive a transfer of ownership of the fee.

A license is a non-possessory privilege or permit for conducting activity on land that does not grant a real estate interest. A license is not a perpetual right. Without express agreement, it does not run with the land and is not binding upon successors and assigns. Often, a license is a revokable permit (termination).

It is our understanding the warehouse facility located at 3395 Cambridge Street is taxed as though it is a possessory interest in real estate however the Boring Company has a license agreement with LVCVA for a reported license amount of \$1,000 per month. The nominal

⁵ *ibid*

⁶ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

⁷ *ibid*

licensing fee is an indication that LVCVA recognizes the community benefit of the structure in the operation of the tunneling enterprise. In fact, all activities conducted at 3395 Cambridge Street are in relation to the services of LVCVA.

Adjustment Factor as a Percentage of the Market Value of the Fee Simple Interest

In selecting a percentage adjustment factor, we consider our previous research and experience with utility corridors, a literature review of relevant documents including studies, legal cases, and publications.

As discussed previously, a license agreement does not represent fee simple interest and is something less than an easement or lease interest. There is a significant lack of information regarding the acquisition or purchase of license agreements as a percentage of fee value. For the purposes of this analysis, consideration is given to generally accepted valuation methodologies for easements (as that is the currently contemplated form of ownership). It should be noted that the discussion pertaining to easement valuation theory would require significant discounting to reflect the lesser rights procured if the right were acquired via a license agreement. The following article abstract is from a document published in the International Right of Way Associations' ROW magazine. The article mentions, and it should be stressed, that each easement valuation is unique and special consideration should be given to the easement rights being acquired and their potential impact on the utility and value of the underlying fee property. With that in mind, the following abstract is included for informational purposes.

"First, what is an easement? According to the Dictionary of Real Estate Appraisal, an easement is "an interest in real property that conveys use, but not ownership, of a portion of an owner's property."⁸ By definition, the ownership of real estate is endowed with a bundle of rights. The concept of bundle of rights maintains that like a bundle of sticks, real property ownership may be wholly intact (fee simple estate) or may be "unbundled" and conveyed in part to a third party.

In real property ownership, one has the inherent right to use the property, to sell it, to lease it, to enter upon it, to give it away - or to refuse to do any of these things. The creation of an easement conveys a portion of the total bundle of rights to a third party. The challenge before the appraiser is the measurement (in terms of dollars) of the market value of the rights conveyed.

With respect to time, easements may be either permanent or temporary in nature, with either specific or indefinite time frames. Please note that the rules regarding the ending of a permanent easement may vary from jurisdiction to jurisdiction and legal counsel should be consulted.

⁸ The Dictionary of Real Estate Appraisal, Third Edition, 1993, Appraisal Institute, Chicago, Ill., pg. 110

In terms of space, there are three broad classes of easements – surface, sub-surface and overhead (or aerial) easements. Some easements may involve two or even all three types of space.

The task before the appraiser is to evaluate the “rights conveyed” by the creation of the easement and to properly measure these rights. The principles and methodology applied to appraising property for partial acquisitions apply to the valuation of easements. All easement valuations are partial acquisitions under the theory that the property owner retains some residual rights within the easement area. The value of an easement is measured by what the property owner has lost from the bundle of rights NOT by what the grantee has gained.

Under the Federal Rule, the value of the easement will be based upon the difference between the value of the whole property before the taking and the value of the property after the taking with the easement in place. Under the State Rule, the appraiser will be required to estimate the value of the easement plus damages to the remainder, if any.

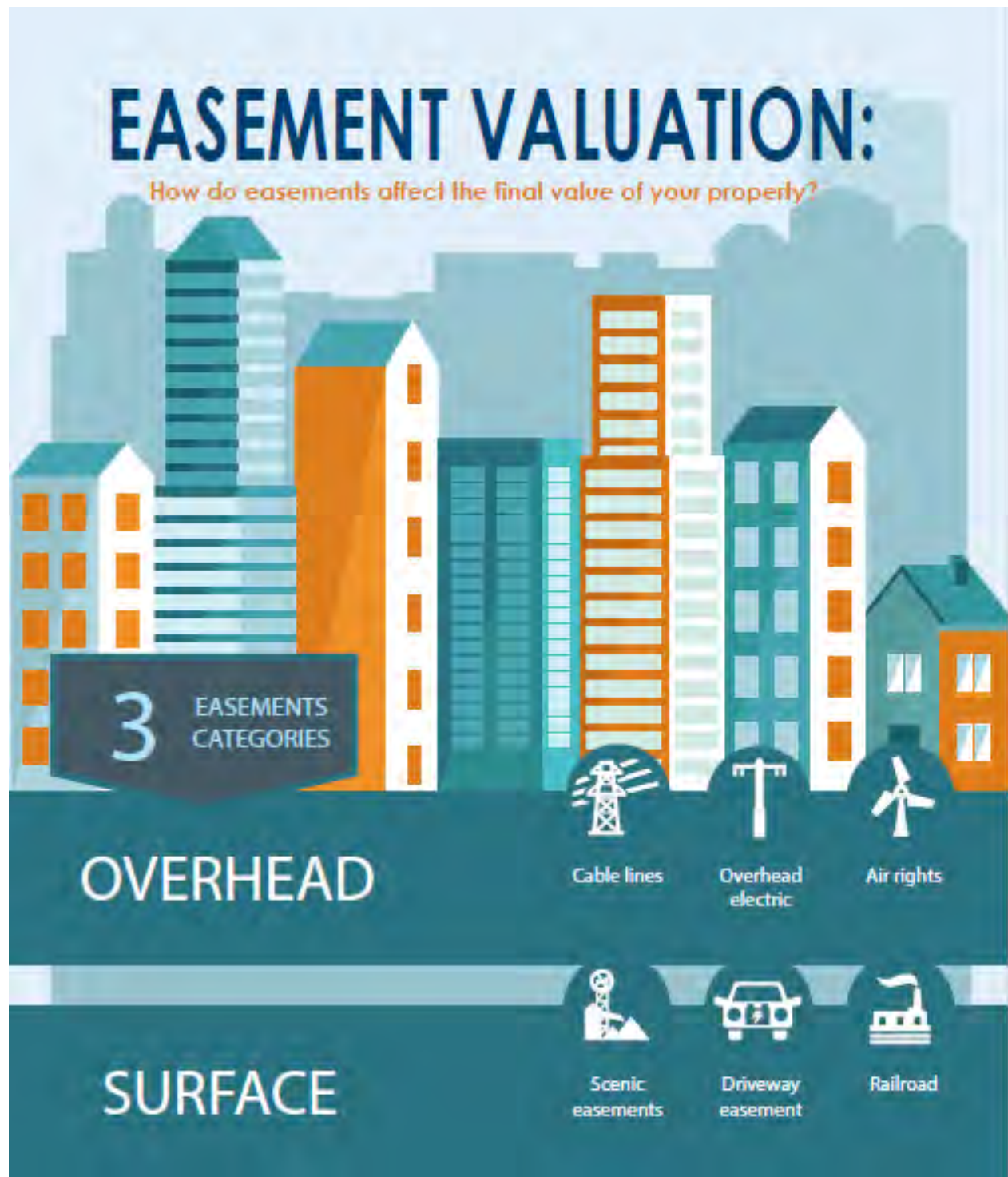
The appraiser’s task is to see what effect, if any, an easement has on the sale of property encumbered with similar easements. It is imperative that the appraiser understand the nature of both the legal and the physical rights being sought.

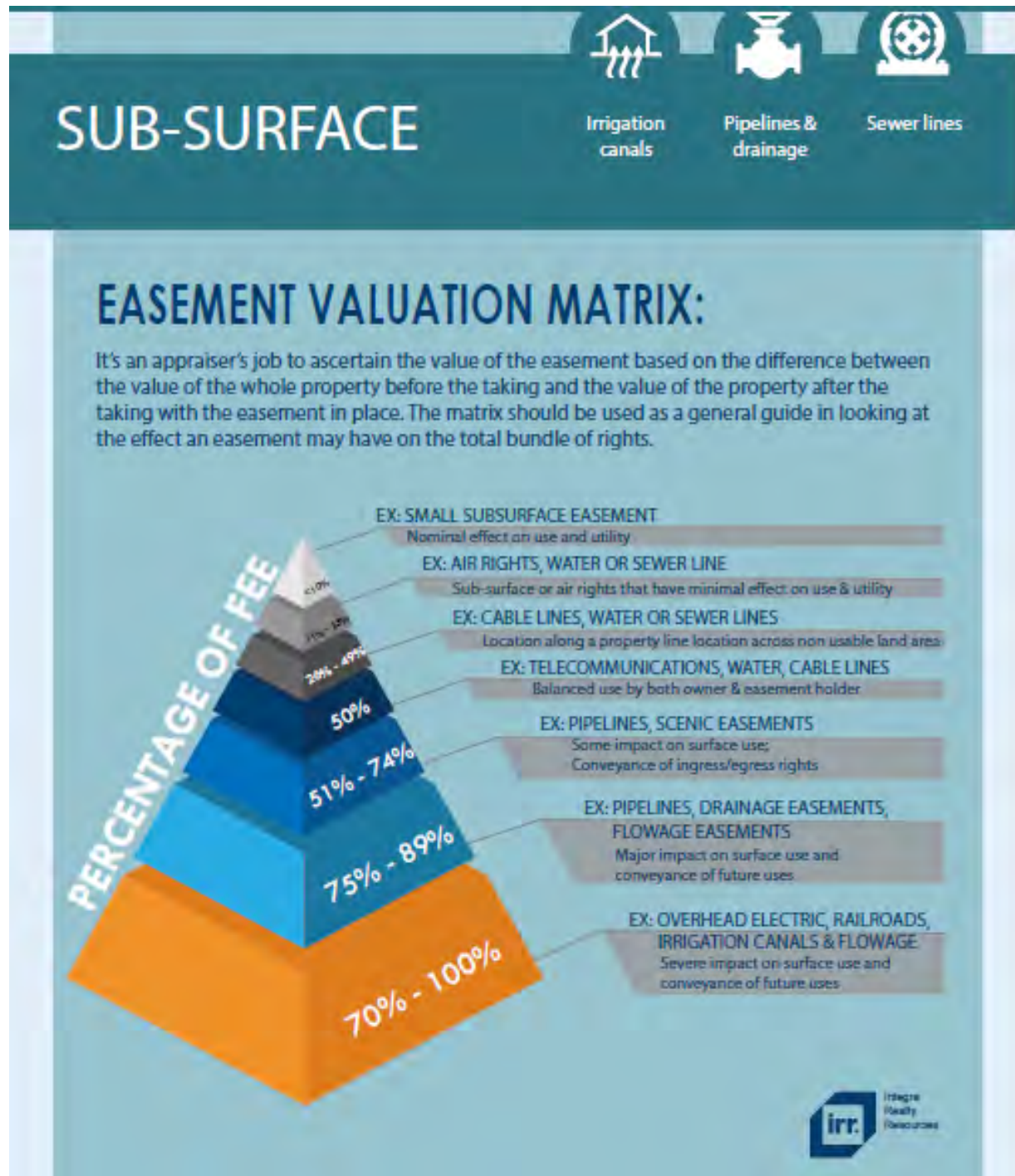
One key question is “will the easement affect the use and/or the utility of the property that results in a change in highest and best use?” Also, the easement may include accessory rights such as the ability to access the easement and the ability to expand the use within the easement (add additional pipes in the future).

One method used by appraisers includes matched pair sale analysis. In this analysis, the appraiser will attempt to find two similar sales, one encumbered with an easement and another without, and measure the impact the easement has on value. Care must be used in that one example may not be sufficient to apply to all situations. Also, by having multiple pairings, one can establish a general trend of the measured impact. In measuring the impact, it should be noted that the total difference between encumbered and unencumbered includes both the easement and its affect (damages).

A second method may be the result of interviews with buyers and sellers. This method can also be abused by inconsistent questions asked and in the selection of the sample of buyers/sellers asked. To assist appraisers and right of way professionals, the Easement Valuation Matrix presented in the appended infographic’s “pyramid” has been developed. The matrix should be used as a general guide in looking at the effect an easement may have on the total bundle of rights. This should not be considered an exclusive list as to the type of easements and their effect on the total bundle of rights but should be used only as a guide to general effects on the total fee ownership.

The rights included in an easement can vary depending on multiple considerations such as the type of structure, the location of the easement and other physical factors. Thus, this stresses the importance of good and thorough confirmation of the easement rights, verification of the location of the easement, determination of the size of the easement and having an adequate number of comparisons from which one can surmise general trends. Even with all this information, the imperfections of the real estate market must be tempered with the skill and experience of the appraiser. In every situation, the appraiser must explore the rights being acquired and allow the market to dictate the effect the easement will have on the remainder property. In most cases, the presence of an easement may be one of many deciding factors affecting value. Isolating the effect of an easement on the property requires extensive research and evaluation.”

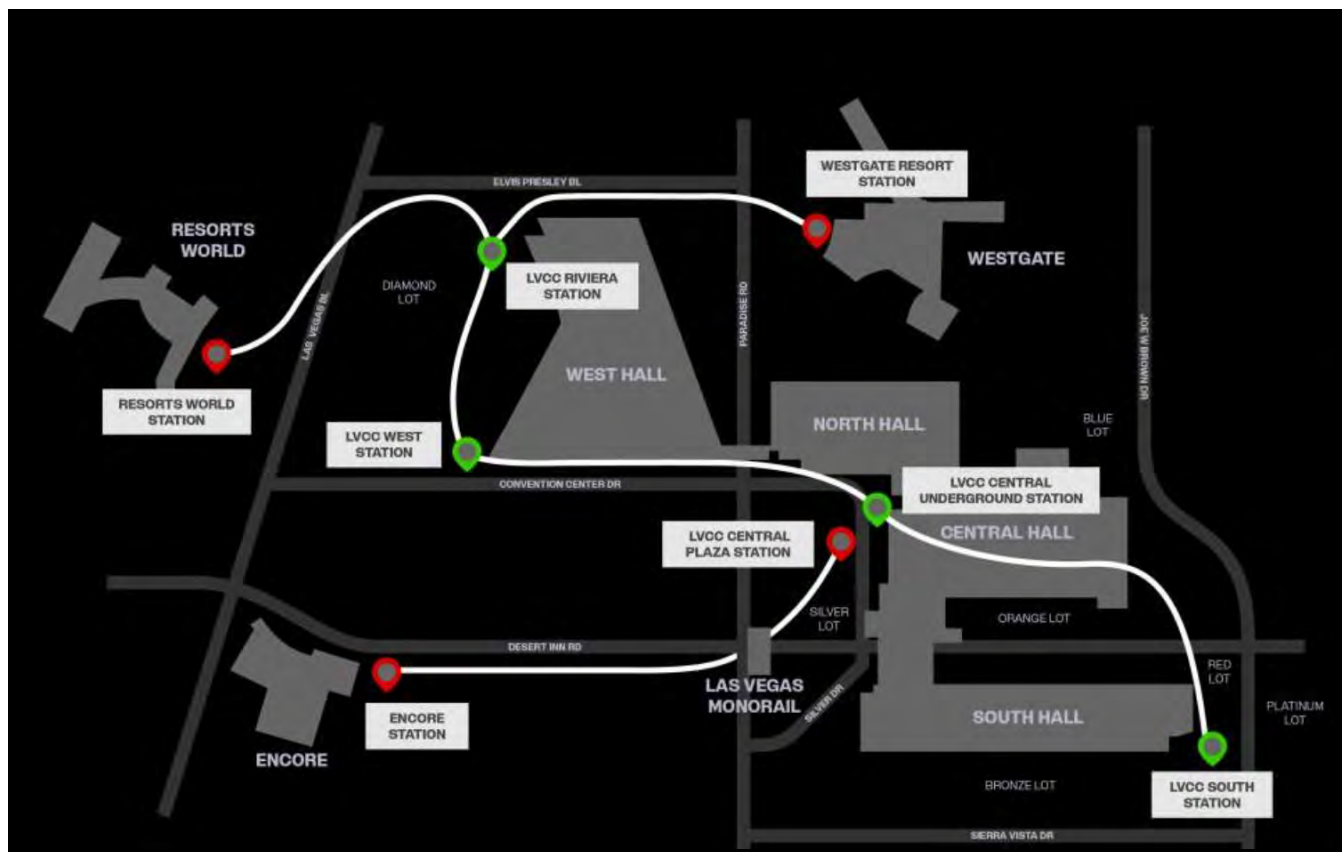




As can be seen on the previous page, the author includes a wide range of easement discounts allowing for the consideration of specific easement terms for similar types of infrastructure. The author provides an example of telecommunications, water, and cable lines where there is balanced use by both the owner and the easement holder. In this analysis, we are considering the potential impacts of a deep subsurface easement which is indicated to be significantly less than 10% of fee value and could be as low as nominal value.

Las Vegas Tunnel System

The Las Vegas Tunnel System currently serves the convention center and legs extending to Resorts World, Westgate and Encore complexes.



The current tunnel system depicted above is limited in scope and cannot serve a significant ridership due to the limited station locations. As such, the revenue generated does not justify the cost of construction. There is a concept in real estate valuation that cost does not always reflect value. This is the case when an improvement has a certain cost but the return on the investment (rent or fees charged) does not provide a return of the capital expenditure and a profit margin. When this occurs, the property suffers from external obsolescence.

External Obsolescence is defined as "A type of depreciation; a diminution in value caused by negative external influence and generally incurable on the part of the owner, landlord, or

tenant. The external influence may be either temporary or permanent. There are two forms of obsolescence: economic and locational.⁹

The obsolescence occurring on the Vegas Loop project is economic. The revenue and expense tables included in the addenda section of this report show that the current ridership and the loop's existing condition and locations do not provide sufficient income to justify the cost of the improvements. Therefore, relying on the cost of construction for tax valuation purposes significantly overstates the value of the real estate.

It is understood that the existing portion of the Vegas Loop is somewhat of a proof of concept and that the ultimate loop design will dramatically increase the opportunity to increase revenue through ridership and potentially offset the construction cost. Major transportation projects like the Vegas Loop are typically funded and constructed by governmental entities without regard to the potential return on investment. These facilities are often considered to be for the public good and therefore, the economics of the project are less relevant. These governmental entities, when completing similar projects, are typically tax-exempt and the valuation for tax purposes is unnecessary. In the case of the Vegas Loop and Clark County, a project that is primarily built for the public good is taxed because it is owned by a private entity. However, if the Las Vegas Loop is to be taxed based upon its market value, then the existing external obsolescence must be included which reflects a nominal value.

Based upon the review of existing literature and theory, it is clear that the subsurface easement and tunnel system owned by the Boring Company has nominal value. The specific income metrics associated with the existing tunnel system also indicate that the current improvements do not generate sufficient income to have a positive market value. Based upon all information available, the Las Vegas Loop as currently constructed, should be considered as having a nominal value.

Based upon revenue and expense information provided, we were able to analyze discounted cash flows that project potential income based upon future increases of ridership, expenses, etc. The discounted cash flow models, included in the addenda section of this report, indicate that each leg of the current system has a negative value. The cash flow models included project potential income streams through 2029 indicating that the current system, operating largely as a limited public transit system, will not be a profitable enterprise in the foreseeable future. The lack of a positive return on the investment is a strong indicator that the current tunnel system has nominal value.

As stated previously, the definition of Market Value is:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue

⁹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

When considering a market transaction, it is highly unlikely that an investor in real estate would purchase the tunnel system with the understanding that the income generated does not cover the cost. The income approach to value, and a primary driver of market value, is the anticipation of future income streams. As the potential income derived from the existing project is insufficient to create a positive market value, the pool of potential purchasers is significantly reduced and the likelihood of a transaction is almost non-existent. The measure of market value assumes a transaction based upon the parameters above. The absence of any real open market for the existing improvements is further support, and confirmation, of a nominal value.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

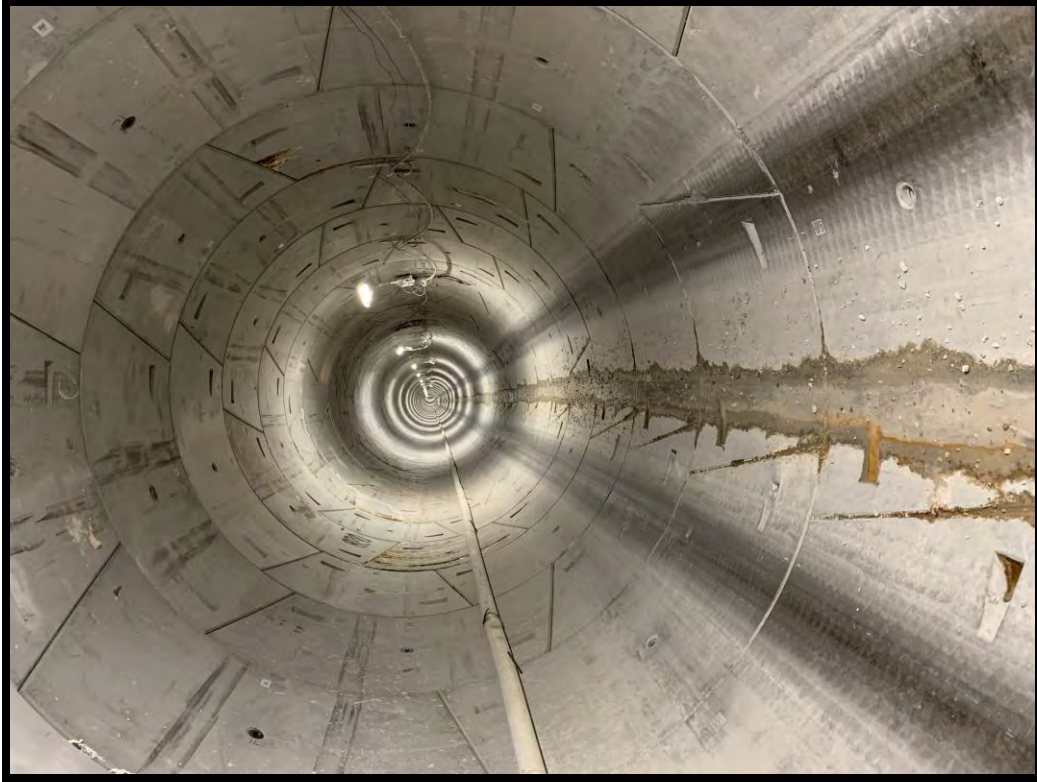
Respectfully Submitted,

INTEGRA REALTY RESOURCES - HOUSTON



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TUNNEL PHOTOGRAPHS





DISCOUNTED CASH FLOW ANALYSIS

Resorts World									
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue									
Fares	0	150,000	500,000	660,000	660,000	660,000	660,000	660,000	660,000
Management Fees	0	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Advertising	0	0	0	54,000	54,000	54,000	54,000	54,000	54,000
Total	0	180,000	530,000	744,000	744,000	744,000	744,000	744,000	744,000
Operating Expenses									
Direct personnel	0	200,000	600,000	625,000	625,000	625,000	625,000	625,000	625,000
Licenses & Permits	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Merchant Fees	0	7,500	25,000	33,000	33,000	33,000	33,000	33,000	33,000
Total Op. Expenses	15,000	222,500	640,000	673,000	673,000	673,000	673,000	673,000	673,000
Other Cash Expenses									
Vehicle financing	0	10,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Capital investment	0	1,929,454	0	0	0	0	0	0	0
Total Other Cash Expense	0	1,939,454	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Cash Flow	(15,000)	(1,981,954)	(125,000)	56,000	56,000	56,000	56,000	56,000	56,000
Discounted Cash Flow	(15,000)	(1,981,954)	(125,000)	56,000	56,000	51,852	48,011	44,455	41,162
Growth	0						Total Discounted Cash Flow		(1,824,475)
Discount rate	0						Terminal Value		823,233
Payback (yrs.)	38						Pre-Tax Enterprise Value		(1,001,241)

Westgate									
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue									
Fares	0	0	0	0	100,000	100,000	100,000	100,000	100,000
Management Fees	0	0	0	0	25,000	25,000	25,000	25,000	25,000
Advertising	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	125,000	125,000	125,000	125,000	125,000
Operating Expenses									
Direct personnel	0	0	0	0	80,000	80,000	80,000	80,000	80,000
Licenses & Permits	0	0	0	0	625	625	625	625	625
Merchant Fees	0	0	0	0	5,000	5,000	5,000	5,000	5,000
Total Op. Expenses	0	0	0	0	85,625	85,625	85,625	85,625	85,625
Other Cash Expenses									
Vehicle financing	0	0	0	0	15,000	15,000	15,000	15,000	15,000
Capital investment	0	0	1,638,136	1,693,022	600,000	0	0	0	0
Total Other Cash Expense	0	0	1,638,136	1,693,022	615,000	15,000	15,000	15,000	15,000
Cash Flow	0	0	(1,638,136)	(1,693,022)	(575,625)	24,375	24,375	24,375	24,375
Discounted Cash Flow	0	0	(1,638,136)	(1,693,022)	(575,625)	22,569	20,898	19,350	17,916
Growth	0						Total Discounted Cash Flow		(3,826,050)
Discount rate	0						Terminal Value		358,327
Payback (yrs.)	160						Pre-Tax Enterprise Value		(3,467,723)

The Boring Company

Encore									
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue									
Fares	0	0	0	0	100,000	103,000	106,090	109,273	112,551
Management Fees	0	0	0	0	90,000	120,000	120,000	120,000	120,000
Advertising	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	190,000	223,000	226,090	229,273	232,551
Operating Expenses									
Direct personnel	0	0	0	0	80,000	82,400	84,872	87,418	90,041
Licenses & Permits	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Merchant Fees	0	0	0	0	5,000	5,150	5,305	5,464	5,628
Total Op. Expenses	7,000	7,000	7,000	7,000	92,000	94,550	97,177	99,882	102,668
Other Cash Expenses									
Vehicle financing	0	0	0	0	15,000	15,000	15,000	15,000	15,000
Capital investment	0	0	0	1,959,008	260,000	0	0	0	0
Total Other Cash Expenses	0	0	0	1,959,008	275,000	15,000	15,000	15,000	15,000
Cash Flow	(7,000)	(7,000)	(7,000)	(1,966,008)	(177,000)	113,450	113,914	114,391	114,883
Discounted Cash Flow	(7,000)	(7,000)	(7,000)	(1,966,008)	(177,000)	105,046	97,662	90,807	84,442
Growth	0						Total Discounted Cash Flow		(1,786,050)
Discount rate	0						Terminal Value		1,688,843
Payback (yrs.)	19						Pre-Tax Enterprise Value		(97,207)

MANAGEMENT AGREEMENT

BETWEEN

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

and

TBC – THE BORING COMPANY, DBA VEGAS LOOP

THIS MANAGEMENT AGREEMENT (“Agreement”) is made and entered into this 1st day of February, 2021 (the “**Effective Date**”), by and between the **LAS VEGAS CONVENTION AND VISITORS AUTHORITY**, a State of Nevada local government entity (the “**Authority**”), and TBC – The Boring Company, d/b/a “Vegas Loop”, a Delaware Corporation, whose address is 1435 W. 139th Street, Gardena, CA 90249 (the “**Manager**”).

WITNESSETH:

WHEREAS, the Authority is the owner and operator of the Las Vegas Convention Center (the “**Convention Center**”), in Las Vegas, Nevada;

WHEREAS, the Authority has engaged the Manager under Design-Build Contract No. 4570 (Las Vegas Convention Center Campus Wide People Mover) to design, permit, construct, and install a Loop People Mover System underneath the Convention Center and through contiguous rights-of-way providing people movement services within the Convention Center, as more particularly described in **Exhibit A** hereto (the “**People Mover System**”);

WHEREAS, Manager is engaged in the business of providing management services, including operations and maintenance services for people mover systems of the same type and character as the People Mover System;

WHEREAS, the Authority has financed the Convention Center, including land and subsurface rights through and upon which the People Mover System will be sited, and has financed the cost of the People Mover System, with the proceeds of tax-advantaged bonds (as defined in Treas. Reg. § 1.150-1(b));

WHEREAS, the Authority desires Manager to provide management services for the Authority with respect to the People Mover System, on the terms and conditions contained herein; and

NOW THEREFORE, in consideration of the mutual covenants, terms, conditions, privileges and obligations herein set forth, and intending themselves to be legally bound hereby, the Authority and Manager mutually agree as follows:

SECTION 1

FORM OF AGREEMENT/COORDINATION

This Agreement shall consist of the terms and conditions contained in the following numbered paragraphs together with any exhibits attached or otherwise by reference made a part hereof. In the event of any conflict between or among the terms and conditions contained in such numbered paragraphs of this document and any such exhibits, which conflict cannot be resolved so as to give full effect to both or all provisions, then the provisions contained in this document shall be deemed to be controlling over the exhibits. The Chief Financial Officer of the Authority, or such person’s delegate (the “**Authority Contract Officer**”) is the official Authority representative and directs all services performed under this Agreement. Communication between the Authority and Manager shall be directed through the Authority Contract Officer, or such other Authority agency representative(s) as

the Authority Contract Officer shall designate. Manager agrees that during the Management Term it shall fully coordinate all services hereunder with the Authority Contract Officer or his or her designee.

SECTION 2

DEFINITIONS

Unless otherwise specifically indicated in this Agreement, the following words and phrases shall be defined as follows:

“Adjusted System Capacity” shall mean event-specific System Capacity requirements for Other Trade Show Events, if approved by Authority Contract Manager.

“Affiliate” shall mean: (1) persons related to Manager’s executive directors or principal officers by blood or marriage; (2) general partners, or employees, officers or directors of Manager; (3) a partnership, one or more of the general partners of which is a general partner in Manager; (4) an organization, one or more of the directors or officers of which are directors or officers of Manager; (5) organizations in which Manager has more than ten percent ownership, directly or indirectly.

“Capital Improvements” shall mean the acquisition of a capital asset, or an addition made to, or change made in, a capital asset, other than maintenance, to prolong the life of the People Mover System or to increase its efficiency or capacity with an expected useful life longer than one year and a cost of \$10,000 or more.

“Fiscal Year” shall mean the Authority’s fiscal year beginning July 1 of a given year and ending June 30 of the subsequent calendar year.

“Fixed Asset” shall mean a specific piece of real or personal property which is tangible in nature (possessing physical substance), has a unit acquisition value of \$10,000 or more, and has an expected useful life longer than one year.

“Full Facility Trade Show Event” shall mean a trade show concurrently occupying the exhibition hall west of Paradise Road and two exhibition halls east of Paradise Road.

“Gross Operating Revenues” shall mean all revenues generated from the People Mover System and collected by the Manager.

“Maintenance” shall mean operational repairs and People Mover System maintenance including, but not limited to, repairs or improvements to the People Mover System tunnel, HVAC, electrical, plumbing, janitorial, security, elevator and escalator repairs or improvements, and access areas. Maintenance shall not include repairs to the People Mover System, or other areas depicted in **Exhibit A** to this Agreement, required due to damage(s) not arising during routine operation of the People Mover System negligently or intentionally caused by Manager, or its employees, agents, contractors, invitees, or representatives.

“Management Term” shall mean that period commencing upon the Effective Date and ending on June 30, 2022.

“System Capacity” shall mean the transportation of an average of no less than 4,400 passengers per hour for thirteen hours.

“Other Trade Show Event” shall mean a trade show that utilizes fewer exhibition halls at the Las Vegas Convention Center than a Full Facility Trade Show Event.

SECTION 3

TERM

The Management Term of this Agreement shall commence on the Effective Date and end at midnight Las Vegas time on June 30, 2022 (the period between such dates being the **“Management Term”**), unless earlier terminated pursuant to the provisions of this Agreement. Upon expiration of the Management Term, such Management Term may be renewed for an additional five (5) years upon mutual agreement. The Authority represents that the Management Term does not exceed the lesser of (a) thirty (30) years and (b) eighty percent (80%) of weighted average reasonably expected economic useful life of the People Mover System and its components.

SECTION 4

SCOPE OF SERVICES

4.1 Scope of Services. Manager hereby agrees to perform and furnish such management services and systems as are needed to operate, manage, and maintain the People Mover System in a manner consistent with the operations of other similar first-class transportation systems, and in accordance with the terms and conditions of this Agreement. Manager agrees to follow the policies and guidelines of the Authority, now in existence and from time to time hereafter established by the Authority.

The Authority and the Manager acknowledge and agree that: (a) the Manager may construct another Loop system (the **“Expansion”**), including the potential Encore and Resorts World Connector projects, and connect the Expansion to the People Mover System and (b) unless expressly stated otherwise herein, the terms and provisions of this Agreement apply only to the People Mover System, and not in any way to the Expansion or any other Loop system connected to the People Mover System.

4.2 Specific Services. Without limiting the generality of the foregoing, Manager shall perform the following management services:

A. Employ, supervise and direct all employees and personnel consistent with the provisions of this Agreement.

B. Administer and negotiate easements, rights-of-way, franchises, licenses, permits, environmental and transportation permits and agreements, vendor agreements, and service contracts (including, without limitation, contracts for liability insurance, safety permitting and reviews, engineering, mechanical and structural maintenance, staffing and personnel needs (including security guards or any other security services), and any other services (collectively, **“Required Services”**) which are reasonably necessary or desirable for the operation of the People Mover System). Such licenses, agreements and contracts will be executed by Manager in its own name without prior approval of the Authority, provided that the term of such license, agreement, or contract does not exceed the remaining Management Term and provided that such agreements must be terminable in the event of termination of this Agreement. If any such license, contract or agreement is for a term which exceeds such Management Term such license, agreement or contracts may only be entered into if approved and

executed by the Authority. Manager assumes responsibility for all fines or penalties associated with the failure to obtain or perform appropriate Required Services, subject to Section 11.5 and other exceptions contained herein.

C. Maintain the People Mover System in the condition received, reasonable wear and tear excepted; provided that the Authority shall be responsible for undertaking all Capital Improvements and Fixed Asset purchases pursuant to Section 7.3.

D. Lease, or purchase or otherwise make available, all vehicles used for people movement as required in **Exhibit C** attached hereto.

E. Obtain all other equipment and maintenance supplies for the operation and maintenance of the People Mover System; provided, however, that the Authority shall be responsible for undertaking all Capital Improvements and Fixed Asset purchases pursuant to Section 7.3.

F. Provide day-to-day administrative services in support of its management activities pursuant to annual plans provided herein, including, but not limited to, the acquisition of services, equipment, supplies and facilities; internal budgeting and accounting; maintenance and property management; personnel management; record-keeping; collections and billing; and similar services. In all applicable matters, Manager shall provide the administrative services in accordance with federal, state, and local laws. Manager further assumes all responsibility for all fines or penalties associated with Manager's violations of said laws.

G. Operate and maintain the People Mover System in accordance with all the provisions of the Americans with Disabilities Act and any similar provisions of the laws of the State of Nevada, and/or Clark County, Nevada.

H. Operate and maintain the People Mover System in accordance with State of Nevada and Clark County permits and regulatory requirements.

4.3 Use of Premises. Manager shall use and occupy the space shown on **Exhibit A** attached hereto for the purpose of operating, maintaining and managing the People Mover System consistent with the terms and conditions of this Agreement, and for no other business or purpose whatsoever. It is expressly agreed that use of such space by the Manager is functionally related and subordinate to the Manager's management of the People Mover System.

The Authority shall have the right to use the facility or any part thereof, subject to availability and approval by Manager, for the benefit of the Authority for such purposes including, but not limited to, special events, meetings, hearings, seminars and training classes, without the payment of any rental or use fees by the Authority, subject to Section 4.10. Revenue from any rental of the stations in the People Mover System shall be included as Gross Operating Revenues of the People Mover System and will not affect the Manager's compensation set forth herein, except that the Authority shall compensate Manager for any additional services necessitated by such use (e.g. security, labor, etc.)

4.4 RESERVED.

4.5 People Mover System Operational Hours and Capacity. The People Mover System shall be operational at System Capacity for all Full Facility Trade Show Events from 7:00 am to 8:00 pm Pacific Time. The People Mover System shall be operational at Adjusted System Capacity for

Other Trade Shows Events from 7:00 am to 8:00 pm Pacific Time. The People Mover System shall be operational with a minimum of one driver or vehicle from 7:30 am to 5:30 pm Pacific Time for every weekday the Authority's administrative offices are open. The People Mover System may be closed for holidays, days the Authority's administrative offices are closed and there are no scheduled trade shows or conventions, or for other days without People Mover System operational need, with the approval of the Authority Contract Manager. Subject to Section 6.2, People Mover System operational hours may be increased or decreased permanently, or temporarily, at the direction of the Authority Contract Manager, with a minimum of seven days' notice to the Manager for temporary changes, and thirty (30) days' notice for permanent changes, provided that such increases or decreases are commercially reasonable.

4.6 Autonomous Operations: The Authority has procured the People Mover System, in part, because of the ability for People Mover System vehicles to operate autonomously. Manager shall endeavor to achieve autonomous operations within six months of the first date of service for a convention or trade show or as soon as possible. Manager shall achieve such autonomous operations by obtaining appropriate regulatory approvals, which may include an Amusement & Transportation Systems ("ATS") permit, to operate autonomously from the Clark County Department of Building & Fire Prevention.

Manager will develop a safety plan, which, if applicable, may include a program of self-certification for an autonomous driving program (which program may be determined by the ATS permitting process). See **Exhibit B**.

4.7 Insurance. Manager agrees to require that proper certificates and other evidence of insurance (or a self-insurance program acceptable to the Authority Contract Officer) as detailed in Section 11, will be furnished and kept in force at all times by all licensees, users, promoters, exhibitors, concessionaires, or other persons contracting with Manager for use of the People Mover System. All such policies shall name the Authority and Manager as additional insureds, and the Authority's Contract Manager shall approve of the Insurer.

4.8 Maintenance Schedule. Manager shall prepare a Maintenance schedule to be accomplished each year, such schedule to be part of Manager's Annual Plan which is more fully described in Section 10.2 below. The schedule may include information in the areas of People Mover System tunnel, environmental, HVAC, electrical, plumbing, janitorial, security, elevator, escalator, grounds maintenance, and other functions.

4.9 Advertising/Sponsorship. In general, all corporate or product advertising or sponsorship sales, including without limitation sales of naming rights, in-vehicle digital display opportunities, station billboards, signage opportunities with respect to the People Mover System (or any component thereof), and any future stations built on the Las Vegas Convention Center (LVCC or Convention Center) Campus, are the responsibility of the Authority, subject to Manager's approval (of both ad content and location), which is not to be unreasonably withheld. Manager shall retain control over its own company name and branding. The Authority Contract Officer may in his or her sole discretion, and where not in conflict with other contractual obligations of the Authority, delegate to Manager in writing specific authority with respect to a particular advertising or sponsorship opportunity. Revenue from any advertising or sponsorship sales within the People Mover System shall be included as Gross Operating Revenues of the People Mover System and will not affect the Manager's compensation set forth herein.

4.10 Right of Entry Reserved. Representatives of the Authority, designated in writing by the Authority Contract Officer, shall have the right to enter all portions of the People Mover System to inspect same, to observe the performance of Manager of its obligations under this Agreement, to install, remove, adjust, repair, replace or otherwise handle any equipment, utility lines, or other matters in, on, or about the premises, or to do any act or thing which the Authority may be obligated or have the right to do under this Agreement or otherwise. Nothing contained in this Section is intended or shall be construed to limit any other rights of the Authority under this Agreement. The Authority shall not interfere with the activities of Manager hereunder and the Authority's actions shall be conducted such that disruption of Manager's work shall be kept to a minimum.

SECTION 5

SAFETY

5.1 Manager Obligation. Manager shall be responsible for the safety and security of the passengers and the facilities, vehicles, and equipment used in the People Mover System, and for providing a safe workplace for its employees in the performance of vehicle and equipment maintenance responsibilities. Manager shall work cooperatively with the Authority, other contractors, and local, state and federal representatives in developing and implementing the safety and security procedures described in this Section. Manager shall comply with an approved Safety, Security, and Emergency Management Program (consistent with that which is set forth in **Exhibit B**), and shall adhere to all local, state and federal requirements for People Mover System safety, security, and emergency preparedness. Manager's Safety, Security, and Emergency Management Program will be complementary to the Authority's programs. Adherence to all safety and security requirements is a matter of utmost importance to the Authority.

5.2 Dedicated Staff. Manager, as part of its staffing plan, shall provide a staff person dedicated to safety, People Mover System security and emergency preparedness. This staff person shall have sufficient training and experience to assist the Authority in the coordination of emergency preparedness activities, write and amend the Manager's supplement to the Authority's security and preparedness plan, and generate required reports. The Authority shall have the right to approve the staff person proposed by Manager for this role.

5.3 RESERVED.

5.4 Attendance at Meetings. Manager shall require its staff person dedicated to People Mover System security and emergency preparedness to attend, on behalf of the Manager, monthly security committee meetings and special meetings with the Authority at the request of the Authority's Contract Manager.

5.5 Training. Manager shall ensure that training of all managers, supervisors and front line employees follows federal, local, and state recommendations, and that such training includes: (a) training in emergency management, incident response, counter-terrorism, Improvised Explosive Devices and Weapons of Mass Destruction; and (b) safety/OSHA related training (e.g., first aid, personal protective equipment, etc.).

Manager shall conduct refresher and/or re-training on an annual basis. Manager shall maintain documentation of training (e.g., sign in sheets, certificates, signed acknowledgements of training), and

shall maintain such documentation in a separate training file and provide it to the Authority upon request.

5.6 Reporting. Manager shall be responsible for regular reporting of information to the Authority Contract Manager relating to People Mover System safety and security. The following is a reference list of required reports and the timing of the report. The content of all reports shall be mutually agreed upon by Owner and Manager.

- o Daily:
 - Daily safety and security incident report.
- o Monthly:
 - Safety and security incident trend report.
 - Safety meeting agendas and minutes, including corrective actions taken as a result of items identified through the Manager safety committee.
 - Vandalism/incident tracking report.
 - Training sessions completed related to People Mover System security.
- o Annually:
 - Year-end trend analysis.
- o As other reports are required by local, state or federal agencies, Manager will be required to provide those reports and information.

5.7 Correction of Deficient Safety Performance. If the Authority determines that the Manager has not properly performed the safety or security obligations of this Agreement, the Authority may provide notice to the Manager of the deficiencies identified and require the Manager to correct the deficiencies within thirty (30) calendar days. In the event that the deficiencies identified in the Authority's judgment present safety issues, the Manager shall undertake best efforts to correct the deficiencies in twenty-four (24) hours, and if such corrections are anticipated to take longer than twenty-four hours, the Manager shall inform the Authority about the efforts undertaken to correct the deficiencies and provide an expected time of completion. People Mover System operations may also be halted for safety issues when necessary, as determined by either the Authority's Contract Manager, or his designee, or Manager. If the Manager fails to fully and properly correct such identified deficiencies within the applicable period, the Authority may perform the corrective work itself, or have such corrective work performed by another contractor, and in either such event shall deduct the cost of such corrective work from amounts otherwise due to the Manager.

5.8 Workplace Safety. Manager shall provide a safe workplace and safe working environment for all staff and all operations/maintenance activities, in accordance with required federal, state, and local requirements. Manager shall exercise reasonable care in discovering and preventing violations and in correcting identified hazards.

SECTION 6

MANAGER'S COMPENSATION

6.1 Base Management Fee. As base compensation to Manager for providing the services herein specified during the Management Term, the Authority shall pay Manager a monthly base management fee (the "**Management Fee**") of \$167,000 per month. The Management Fee is payable each month, regardless of trade show activity, with Manager providing at least one operational vehicle every weekday from 7:30 AM - 5:30 PM, as described in Section 4.5 for purposes to be designated by the Authority.

The obligation to pay such Management Fee commences the later of February 1, 2021 or Manager's receipt of a temporary certificate of occupancy by Clark County regulatory authorities. The Management Fee shall be payable on a monthly basis in advance, on or before the last business day of the preceding month. Except as provided under Section 11 of this Agreement, payment by the Authority of the Management Fee shall be due for any period so long as the Manager is not in default under this Agreement.

The Authority and Manager expressly agree that the Management Fee has been negotiated at arm's-length, with neither the Authority nor the Manager under any undue duress or influence, and is reasonable for the services to be rendered pursuant to this Agreement.

6.2 Operations & Management Fee: The Authority shall give the Manager 60 days' written notice (or as otherwise mutually agreed) of days on which the Authority expects to hold trade show events. The Authority shall pay Manager \$30,000 for each day of a Full Facility Trade Show Event and \$11,500 for each day of an Other Trade Show Event. The Authority and Manager may agree to different service levels for move-in/move-out or other days upon mutual agreement for a fee of \$500 per day per vehicle in operation. These amounts (the "**O&M Fee**") shall be paid in addition to the Management Fee (in advance on a monthly basis) corresponding to the month in which the trade show event days are scheduled.

In cases where the Authority and Manager have agreed to additional service with less than 60 days' notice, the O&M Fee may not accurately reflect the service provided in a given month. In this scenario, any unpaid services will be added to the O&M Fee for the following month. (For example, if the February O&M Fee is paid on January 31, and the Authority and Manager agree on February 3 to additional service for February 15, the added fee will be included in the March O&M Fee.) Similar adjustment downward will be made if the Authority reduces service levels and provides Manager adequate notice of change.

In the event that Manager constructs and operates the Expansion, the Manager commits to its connection to the People Mover System. The Parties agree to reduce the O&M Fee in recognition of the use of People Mover System facilities, such as the Operations Control Center, in the Expansion. The annual O&M Fee for the subsequent year will be reduced by 1% for each 30,000 fare-generating rides over a threshold value of 2,000,000 fare-generating rides beginning or ending in the People Mover System, measured annually in each calendar year (Fare-generating rides are those with fares payable to Manager). For example, if there are 2,060,000 fare-generating rides in the People Mover System in 2021, the annual 2022 O&M Fee shall be reduced by 2%.

6.3 Change of Scope: If the Manager is asked to provide additional services and/or the Authority imposes additional restrictions that create additional operational and/or financial burdens on the Manager, the Management Fee and O&M Fee shall increase accordingly, subject to mutual agreement.

This fee structure will be renegotiated prior to December 31, 2021, and will incorporate the post-pandemic operational schedule and the expected transition to autonomous vehicle operations. During periods of funded driver operations, the O&M Fee in Section 6.2 may be adjusted if Manager fails to provide high-capacity operation, as described in Manager's February 19, 2019 response to Authority RFP 19-4570. Such adjustment will be subject to negotiation between the Authority and Manager.

6.4 No Deferral of Management Fee. It is expressly agreed and understood that no portion of the Management Fee may be deferred to subsequent periods at and after such time as the obligation to pay such Management Fee arises under the terms of this Agreement.

SECTION 7

FUNDING; BANK ACCOUNTS

7.1 Non-Funding. The Authority shall have no obligation to pay the Manager for a Fiscal Year occurring during the Management Term unless and until the Authority shall have made an appropriation to fund the operation of the People Mover System for such Fiscal Year. Any failure by the Authority to make an appropriation with respect to any Fiscal Year occurring during the Management Term hereof shall not be construed as a breach of or default under this Agreement by the Authority and shall be without penalty, additional payments, or other charges to the Authority of any kind whatsoever and no right of action for damages or other relief shall accrue to the benefit of Manager, its subcontractors, successors or assigns, in respect thereof. Manager's inability to perform services hereunder or discharge any of its responsibilities hereunder due to such non-funding shall not be considered a breach of, or default under this Agreement by Manager and shall be without penalty, additional payments or other charges to Manager of any kind whatsoever.

In the event the Authority does not fund the operations of the People Mover System as described in this Section 7.1, Manager may terminate this Agreement pursuant to Section 9.4.

7.2 Receipts and Disbursements. Manager shall establish and maintain one or more operating, payroll and other bank accounts for the operation of the People Mover System, with signature authority given to such employees of Manager as Manager shall determine. Gross Operating Revenues collected from the operation of the People Mover System shall be deposited into such accounts. All Gross Operating Revenues collected from the People Mover System, including revenues from fares, facility or equipment rentals, utility rental agreements, food and beverage concessions, or any other source, are the sole property of the Authority, held in trust by Manager for the Authority for application as provided herein. Any amounts remaining in such accounts upon termination for any reason shall be paid to the Authority. Should any of such receipts be lost, stolen or otherwise unlawfully removed from the custody and control of Manager, Manager shall continue to be responsible therefor and Manager shall indemnify the Authority against any such loss by making payment to the Authority within forty-eight (48) hours of discovery of such loss, theft or unlawful removal. Funds held in accounts authorized by this Agreement may be invested in the same manner as would be authorized by the Authority's Investment Policy for Authority funds.

7.3 Capital Improvements; Fixed Assets. The obligation to pay for, and authority to perform, direct and supervise Capital Improvements and Fixed Asset purchases, shall remain with the Authority and will not be considered part of the Management Fee or O&M Fee. All Capital Improvements or Fixed Asset expenditures of less than \$10,000.00 shall be included in Manager's Annual Plan and be acquired and installed by Manager. The Annual Plan submitted pursuant to Section 10.2 shall include Manager's recommendation for Capital Improvements and Fixed Asset purchases to be accomplished during the year and shall be accompanied by an estimate of the cost of all such items and projects and a request that the Authority budget funds therefor. The Authority shall retain the discretion to determine whether and to what level to fund Capital Improvements and Fixed Asset purchases to the People Mover System. All Capital Improvement and Fixed Asset purchases shall be made directly by the Authority.

7.4 No Obligation of Manager to Fund. Manager shall have no obligation to fund any cost, expense or liability with respect to the operation of the People Mover System other than as expressly set forth in this Agreement.

SECTION 8

PERSONNEL

8.1 Personnel. On-premise management and service personnel are required for an efficient and smooth operation of the People Mover System. Manager shall select, employ, train, furnish and deploy in the optimum number (to match work requirements), in each work classification, employees who are proficient, productive, and courteous to patrons; and shall discipline, and if necessary, discharge any and all personnel working at the People Mover System who do not meet these standards. Manager will provide adequately trained "acting" personnel in the event of absences.

Supervisory personnel shall be on duty during shows and events to insure an adequate, pleasant and efficient operation.

Personnel supplied by Manager, other than subcontractors, shall be deemed to be employees of Manager and neither subcontractors nor Manager's employees shall, for any purpose, be considered to be employees of the Authority. Manager assumes full responsibility for the actions of such personnel, while performing services pursuant to this Agreement to the extent Manager is legally responsible therefor, and shall be solely responsible for their supervision, daily direction and control, and remuneration, taxes, withholding, insurance and Social Security. Manager agrees to manage its personnel in accordance with all applicable local, state, and federal laws and regulations.

8.2 Key Personnel: Manager shall furnish all necessary qualified supervision for the performance of management, maintenance, operation, safety, and security of the People Mover System and agrees to assign to this operation a highly competent, full time resident manager who shall have no other duties than the direction of this operation. Manager shall secure the approval of the Authority Contract Officer in advance as to the qualifications of the resident manager for this assignment.

If at any time the Authority Contract Officer finds that the resident manager is unsatisfactory, and such causes and reasons are reasonable, and are duly reported in writing by the Authority Contract Officer to Manager, then Manager shall, within a commercially reasonable time period, replace that person with one who is satisfactory of the Authority Contract Officer, whose consent is not to be unreasonably withheld.

8.3 Quality of Management Operations. All management and administrative services provided by Manager pursuant to this Agreement shall be of the high quality and of a nature to provide the best service possible in making available the People Mover System premises and activities to patrons and exhibitors. Management Services shall comport with the Annual Plan regarding management operations which shall be provided in accordance with the provisions of Section 7 and Section 10.2 of this Agreement. The Authority reserves the right to review the actual management and administrative operations in the People Mover System to ensure they are in keeping with the provisions of this Agreement and with Manager's annual plan.

8.4 Background Checks, Hiring Standards and Alcohol and Drug Testing. Manager shall, prior to hiring, conduct employee candidate background check of all positions, including criminal background checks for all jurisdictions in which the applicant has resided in the previous ten (10) years. Any decision regarding whether or not to hire an individual on the basis of a prior felony or misdemeanor conviction record shall be made by the Manager on a case-by-case basis, taking into account the nature and gravity of the criminal offense committed by such individual, the relationship of such offense to the nature and requirements of the job involved, considerations of business necessity, the time elapsed since the commission of the offense and/or the completion of the sentence, and other relevant considerations set forth in applicable Equal Employment Opportunity Commission guidance.

Manager shall ensure that drivers, or employees otherwise involved in the operations of the People Mover System, are tested in manner consistent with the Alcohol and Drug Testing Procedures as set forth in **Exhibit D**, including: pre-employment, reasonable suspicion, reasonable cause, random testing and return to service.

Manager shall maintain all records relating to background checks and drug testing conducted on all employees working in the People Mover System or otherwise providing services under this Agreement.

8.5 Training. Manager shall require that all employees complete initial and recurring training programs in all aspects of the operation and maintenance of services under this Agreement. At a minimum, these programs shall include:

- Emergency response training for all employees
- Vehicles accidents, disabled vehicle system removal, system interruptions, and emergency passenger evacuation
- Terrorism training; recognition, reaction and awareness training; improvised explosive devices & weapons of mass destruction training; and counter-terrorism training, for all employees.
- OSHA required training (i.e., Occupational Safety and Health Training, PPE, Drug-Free Workplace, Lock Out Tag Out, Confined Spaces, Hazardous Communications, etc.).
- Drug and alcohol training in accordance with **Exhibit D**.

8.6 Uniforms. Manager shall cause all customer-visible People Mover System employees to be attired in such uniforms or clothing as specified by the Manager and approved by the Authority.

8.7 RESERVED.

8.8 Monthly Reporting. In addition to the reporting requirements outlined in Section 5 of this Agreement, Manager shall provide a monthly People Mover System report to the Authority Contract Manager which shall include a written update of all current employees, by number and job title, working under this Agreement.

8.9 No Solicitation, Employment by Authority. During the period commencing on the Effective Date and ending one year after the expiration or termination of this Agreement, except with Manager's prior written consent, the Authority will not, for any reason, solicit for employment or encourage any other person or entity to solicit for employment, any of the senior management personnel employed by Manager at the People Mover System. In addition to any other remedies which Manager may have, specific performance in the form of injunctive relief shall be available for the enforcement of this provision.

SECTION 9

TERMINATION

9.1 Termination Upon Default. Either party may terminate this Agreement upon a default by the other party hereunder. A party shall be in default hereunder if (i) such party fails to pay any sum payable herein within sixty (60) business days after same is due and payable; or (ii) such party fails to perform or comply with any of the other terms, covenants, agreements or conditions hereof, including People Mover System safety requirements as described in Section 5 and **Exhibit B** attached hereto, and People Mover System capacity requirements as described in Section 4.5, and such failure continues for more than sixty (60) days after written notice thereof from the other party or a lesser period of time if such failure could reasonably have been cured sooner. In the event that a default (other than a default in the payment of money) is not reasonably susceptible to being cured within the sixty (60) day period, the defaulting party shall not be considered in default if it shall within such sixty (60) day period have commenced with due diligence and dispatch to cure such default and thereafter complete with dispatch and due diligence the curing of such default (even if such cure occurs after such sixty (60) day period).

9.2 Other Termination. The Authority may terminate this Agreement if Manager or any of its officers or employees are convicted, plead *nolo contendere*, enter into a formal agreement in which they admit guilt, enter a plea of guilty or otherwise admit culpability to criminal offenses of bribery, kickbacks, collusive bidding, bid-rigging, antitrust, fraud, undue influence, theft, racketeering, extortion or any offense of a similar nature in connection with Manager's business. Termination for the reasons stated in this subparagraph is effective upon receipt of notice.

9.3 Termination for Convenience by Authority. The Authority shall have the right to terminate this Agreement without cause upon one hundred twenty (120) days' written notice to Manager, provided such Termination occurs at least two years into the Management Term.

9.4 Termination by Manager. Manager shall have the right to terminate this Agreement upon ninety (90) days' written notice to the Authority: (i) under the circumstances described in Section 7.1 hereof; or (ii) if the Authority fails to fund Capital Improvements or Fixed Asset purchases to the extent that such action or omission interferes, impedes or impairs the ability of Manager to manage the People Mover System effectively or safely, in the Manager's sole discretion.

9.5 Effect of Termination. In the event termination is effected pursuant to Section 9.1, 9.2, 9.3 or 9.4: (i) the Authority will promptly pay Manager for any fees earned to date of termination (the Management Fee being subject to proration), less the cost to the Authority of making good any deficiencies and correcting all work improperly performed, exclusive of fees to firm(s) hired to replace Manager, (ii) the Authority may, in its discretion, assume the work theretofore performed by Manager and see that the same is completed by agreement with another party, and (iii) notwithstanding the foregoing, if Manager has complied with its obligations under this Agreement regarding contracting with third parties (including without limitation Section 4.2B hereof), then the Authority shall, or shall cause another management company retained by the Authority to, perform Manager's obligations under such contracts after the date of expiration or termination of this Agreement.

9.6 Non-Exclusive Remedies. The exercise by the Authority or Manager of remedies and rights provided herein shall in no way affect any other right or remedy available to the Authority or Manager except that no form of double recovery shall be allowed.

9.7 Surrender of People Mover System. Upon the expiration of this Agreement or in the event of a termination, Manager shall surrender and vacate the People Mover System upon the effective date of such expiration or termination. The People Mover System and all equipment and furnishings (not including vehicles) shall be returned to the Authority in good repair, reasonable wear and tear excepted, to the extent funds were made available therefor by the Authority. All reports, records, including financial records, and documents required to be maintained under this Agreement and related to this Agreement (excepting confidential or proprietary documents) shall be immediately surrendered to the Authority by Manager upon termination or expiration. Upon expiration or termination of this Agreement, Manager agrees to provide the Authority with a then current inventory of People Mover System equipment and furnishings. Manager shall provide instruction for Authority to operate People Mover System after surrender of the People Mover System by Manager, but this shall not involve the transfer of intellectual property.

SECTION 10

RECORDS, AUDITS AND REPORTS

10.1 Records and Audits. Manager shall keep full and accurate accounting records relating to its activities at the People Mover System, in accordance with generally accepted accounting principles. Manager shall maintain a system of bookkeeping adequate for its operations hereunder which has been approved by the Authority. Any changes to such system shall be subject to the approval of the Authority Contract Officer. Manager shall give the Authority's authorized representatives access to such books and records in Manager's offices during reasonable business hours and upon reasonable advance notice. Manager shall keep and preserve for at least three (3) years following each Fiscal Year all sales slips, rental agreements, purchase order, sales books, credit card invoices, bank books or duplicate deposit slips, and other evidence of Gross Operating Revenues for such period.

10.2 Annual Plan. Manager agrees to provide to the Authority for its review, revision and approval, on or before March 15th of each year, a management plan ("**Annual Plan**") that shall include information regarding Manager's anticipated operations for such upcoming Fiscal Year, including planned maintenance activities by Manager, requested Capital Improvements and Fixed Asset purchases and an anticipated budget therefor, anticipated events of the People Mover System, and anticipated advertising and promotional activities.

The Annual Plan shall be subject to review, revision and approval by the Authority Contract Officer. Following the Authority Contract Officer's review and revision, Manager shall incorporate the Authority Contract Officer's revisions into its plan. Upon approval by the Authority Contract Officer, it shall constitute the operating program for Manager for the following Fiscal Year.

10.3 Monthly Reports. By the twenty-first day of each month Manager shall provide to the Authority a written monthly report in a form approved by the Authority setting out the People Mover System's anticipated activities and financial condition for the remaining months in the current Fiscal Year and reporting on the prior month's performance and variance from the Annual Plan.

10.4 Annual Management Report. By September 30th of each year, Manager shall provide to the Authority a written report in a form approved by the Authority Contract Officer that discusses all material variances from the prior year's Annual Plan in sufficient detail to explain such variances.

SECTION 11

INDEMNIFICATION AND INSURANCE; FORCE MAJEURE

11.1 Indemnification by Manager. As further consideration hereunder, Manager hereby releases and agrees to indemnify, defend, and save harmless the Authority, its officers, agents and employees from and against any and all loss of, or damage to, property, or injuries to, or death of, any person or persons, including without limitation, property and officers, employees and agents of the Authority, and shall defend, indemnify and save harmless the Authority, its officers, agents and employees from any and all claims, damages, suits, casts, expense, liability, actions or proceedings of any kind or nature whatsoever, including Workmen's Compensation claims, of or by anyone whosoever, resulting from, or arising out of directly or indirectly, any negligent act or omission or willful misconduct of Manager or its officers, employees, servants, or contractors, invitees, guests, patrons, customers, suppliers and agents; provided, however, Manager shall not release, indemnify and save harmless the Authority, its officers, agents and employees from damage to or loss of property, or injury to or death of persons, caused by the negligence, willful misconduct or fraud of the Authority, its officers, employees or agents. The minimum insurance requirements prescribed herein shall not be deemed to limit or define the obligations of Manager hereunder.

11.2 Liability Insurance. If required by applicable law, Manager shall secure and deliver to the Authority Contract Officer prior to the commencement of this Agreement, and keep in force at all times during the Management Term, a commercial general liability insurance policy, written on an occurrence basis, including public liability and property damage, in such form and from such company as is acceptable to and approved by said Authority Contract Officer, covering the premises and operations hereunder, and all services provided for herein, in the amount of One Million Dollars (\$1,000,000) for bodily injury and Fifty Thousand Dollars (\$50,000) for property damage, or in a combined single limit of One Million Dollars (\$1,000,000), for each occurrence and in aggregate.

If applicable, Manager shall also maintain business auto insurance covering all applicable vehicles operated by Manager officers, agents and employees in connection with the People Mover System, whether owned by Manager, the Authority, or otherwise, in such form and from such company as is acceptable to and approved by the Authority Contract Officer. If Manager self-insures, Manager shall demonstrate to the Authority Manager's compliance with the applicable Nevada Department of Motor Vehicles requirements.

Manager shall be an insured under all such policies. The Authority shall be an additional insured in any insurance policy required hereunder and said policies shall contain a provision covering Manager's contractual liability to the Authority. For all coverages, the Authority and Manager mutually agree to waive the right of subrogation by their insurance carriers and Manager agrees that it shall require of each subcontractor, of all levels, a similar waiver of right to subrogation under their insurance policies. The certificates of the above policy, or policies, in such form as the Authority Contract Officer may reasonably require, shall be delivered to the Authority Contract Officer within five (5) business days of the Effective Date. If available, each such policy or certificate shall contain a valid provision or endorsement with the following statement (or a substantially similar statement): "This policy will not be canceled or materially changed or altered without first giving thirty (30) days' written notice thereof to the Authority's Chief Financial Officer, 3150 Paradise Road, Las Vegas, NV 89109, sent by certified mail, return receipt requested or by overnight courier service."

A renewal policy shall be delivered to the Authority Contract Officer at least fifteen (15) days prior to a policy's expiration date except for any policy expiring on the expiration date of this Agreement or thereafter.

All insurance maintained by Manager shall be primary over any insurance carried by the Authority and not require contribution by the Authority.

11.3 Worker's Compensation Insurance. Manager shall at all times maintain adequate Worker's Compensation Insurance (including occupational disease hazards) with an authorized insurance company (or with the Manager, if permitted to self-insure in Nevada) insuring the payment of compensation to all its employees. Manager agrees to provide the Authority Contract Officer certificates in number as required satisfactorily evidencing the existence of said Worker's Compensation Insurance coverage.

11.4 Patent, Trademark and Copyright Indemnification. The parties agree to secure and maintain, or to require users to secure and maintain, licenses for the use of musical works, videos, and other matters protected by intellectual property rights which are used during the operation of the People Mover System and the Manager agrees to assign to the Authority any such licenses which it secures or maintains at the termination or expiration of this Agreement. The parties agree to protect, defend, indemnify and hold harmless the other party, its officers and employees against any and all claims or lawsuits based on the violation of any intellectual property right which arises out of People Mover System activities within such party's control, including but not limited to violations of intellectual property rights by tenants and other users of the People Mover System during the Management Term. Notwithstanding the licenses for musical works and similar matters referenced above in this Section 11.4, upon the termination of this Agreement, all People Mover System intellectual property shall be retained by the Manager, and no transfer of such intellectual property to Authority shall occur.

11.5 Force Majeure.

A. Subject to subparagraph D of this Section, neither party hereto shall be liable to the other for any failure, delay, or interruption in performing its obligations hereunder due to causes or conditions beyond its control. However, such causes or conditions shall not include strikes, boycotts, picketing, slowdowns, work stoppages or labor disputes of any other type affecting Manager's staff and personnel which arise from or which are the direct result of Manager's management, operation, promotion and maintenance of the People Mover System or any other Manager managed facility or activity and are caused by or arise out of a collective bargaining

agreement to which Manager is a signatory party and which do not arise from and are not a result of a policy or guideline of the Authority. Nothing in this Section is intended or shall be construed to abate, postpone, or in any respect diminish Manager's obligations to make any payments due to the Authority pursuant to this Agreement.

B. Neither party hereto shall be under any obligation to supply any service or services if and to the extent and during any period that the supplying of any such service or services or the provision of any component necessary therefor shall be prohibited or rationed by any federal, state, Authority or municipal law, rules, regulation, order or directive.

C. Except as otherwise expressly provided in this Agreement, no abatement, diminution or reduction of the payments payable to Manager shall be claimed by or allowed to Manager, nor shall Manager be entitled to additional payments beyond those provided for in this Agreement for any inconvenience, interruption, cessation, or loss of business or other loss caused, directly or indirectly, by any present or future laws, rules, requirements, orders, directives, ordinances or regulations of the United States of America, or of the State of Nevada, or the Authority or of any other lawful authority whosoever, or by priorities, rationing, or curtailment of labor or materials, or by war or any matter or thing.

D. Neither party hereto shall be under any obligation to supply any service or services in the event of the damage to or destruction of the People Mover System by reason of casualty or occurrence of any event of nature or in the event of any regulatory action or requirements, so as to render the People Mover System wholly unusable.

E. Manager or Authority may suspend performance under this Agreement, without any further liability to the other party, in the event of any act of God or other occurrence, including epidemics or pandemics, which act or occurrence is of such effect and duration as to effectively curtail the use of the People Mover System so as to effect a substantial reduction in the need for the services provided by Manager for a period in excess of ninety (90) days; provided, however, that for the purposes of this subsection, Manager shall have the right to suspend performance retroactively effective as of the date of the use of the People Mover System was effectively curtailed. "Substantial reduction in the need for the services provided by Manager" shall mean such a reduction, as approved by the Authority Contract Officer in writing, as shall make the provision of any services by Manager economically impractical. No payments of the Management Fee shall be made by the Authority during the period of suspension. In lieu thereof, the Authority Contract Officer and Manager may agree to a reduced Management Fee payment for the period of reduction in services required.

SECTION 12

OWNERSHIP OF ASSETS; TAX AGREEMENTS

12.1 Authority Ownership. The ownership of real property and real estate, technical and office equipment and facilities, furniture, displays, fixtures, and similar property located at the People Mover System (and including, without limitation, the People Mover System, but excluding vehicles) shall remain with the Authority. Ownership of and title to all intellectual property rights of whatsoever value, held in the Authority's name, shall remain in the name of the Authority. The ownership of consumable assets such as office supplies and cleaning materials provided by the Authority shall remain with the Authority, but such assets may be utilized and consumed by Manager exclusively in the performance of services under this Agreement. The purchase of consumable assets shall be made

by Manager pursuant to this Agreement and such items shall become the property of the Authority but may be used and consumed by Manager. The ownership of data processing programs and software owned by the Authority at the commencement of this Agreement shall remain with the Authority, and the ownership of data processing programs and software owned by Manager at the commencement of this Agreement shall remain with Manager. Manager agrees not to take or use, for its own purposes, customer or exhibitor lists or similar materials developed by the Authority for the use of the Convention Center or the People Mover System, unless written consent is granted by the Authority Contract Officer. Ownership of equipment, furnishings, materials, or fixtures not considered to be real property and other personal property purchased by Manager for use at and for the People Mover System shall vest in the Authority automatically and immediately upon purchase or acquisition. Manager agrees that it may use portions of the People Mover System property and assets of the Authority solely and exclusively for the performance of services under this Agreement and not for any other purpose of Manager or any third party. Manager agrees that the assets of the Authority as described herein shall not be pledged, lien, encumbered or otherwise alienated or assigned for any purpose without the approval of the Authority.

12.2 Agreement Regarding Federal Tax Treatment. The Manager agrees that it is not entitled to and will not take any tax position that is inconsistent with being a service provider to the Authority with respect to the People Mover System. In furtherance of this agreement, the Manager agrees that it will not take any deduction for amortization or depreciation with respect to the People Mover System (or any separate component thereof, exclusive of the vehicles), investment tax credit, or deduction for any payment as rent with respect to the People Mover System.

12.3 Authority Obligations. Except as herein otherwise set forth, throughout the Management Term, the Authority will maintain full beneficial use and ownership of the People Mover System and will pay, keep, observe and perform all payments, terms, covenants, conditions and obligations under any bonds, debentures or other security agreements or contracts to which the Authority may be bound.

SECTION 13

ASSIGNMENT; AFFILIATES

13.1 Future Contracts. Manager may enter into such future contracts and subcontracts regarding People Mover System operations as Manager deems necessary or appropriate. All future subcontracts relating solely to the People Mover System operations (but not the Expansion) shall be subject to and consistent with the terms of this Agreement. Any and all revenues derived from such subcontracts shall be included in the Gross Operating Revenues for the People Mover System.

13.2 Assignment. This Agreement, and each of the rights, duties and obligations hereunder, including the right to receive the management fees and collect rents and other payments, shall not be assigned, pledged, transferred, sublet or otherwise disposed of, in whole or in part, by Manager without the express written approval of the Authority Contract Officer and consent by the Board of Directors of the Authority. Such approval and consent may not be unreasonably withheld, as long as the assignee can operate the People Mover System. The foregoing notwithstanding, Manager may assign this Agreement to (1) its affiliate or (2) a non-profit upon notifying the Authority, whose approval for such assignment is not required.

13.3 Affiliated Organizations.

A. Affiliated Organizations. Manager shall inform the Authority not less than thirty (30) days in advance if any of its Affiliates will receive payments from Manager as subcontractors or otherwise for goods, services, facilities, professional fees, leases, licenses or similar payments other than salaries for employees at the People Mover System. Any contract entered into between Manager and an Affiliate of Manager shall be on terms and for prices not more than those customarily charged in the industry for comparable goods and services.

B. Conflicts of Interest. No employee of the Authority shall have any personal or beneficial interest in the services or property described in this Agreement; and Manager shall not hire, or contract for services with, any employee or officer of the Authority that would be in violation of the Authority's Business Ethics Policy or the Nevada Code of Ethical Standards. Manager shall not engage in any transaction, activity or conduct that would result in a conflict of interest under this Agreement. Manager represents that it has disclosed any and all current or potential conflicts of interest. A conflict of interest shall include transactions, activities or conduct that would affect the judgment, actions or work of Manager by placing Manager's own interests, or the interests of any party with whom Manager has a contractual arrangement, in conflict with those of the Authority. The Authority, in its sole discretion, will determine the existence of a conflict of interest and may terminate this Agreement in the event it determines a conflict exists, after it has given Manager written notice describing the conflict.

SECTION 14

LAWS AND PERMITS

14.1 Permits, Licenses, Taxes and Liens. Manager shall procure any permits and licenses required and pay all charges and fees, necessary for the business to be conducted by it hereunder. The Authority agrees to cooperate with Manager in applying for such permits and licenses. Manager shall deliver copies of all such permits or licenses to the Authority Contract Officer. Manager agrees to pay promptly all taxes, excises, license fees and permit fees of whatever nature applicable to its operations at the People Mover System, and to take out and keep current all licenses, municipal, state or federal, required for the conduct of its business hereunder and further agrees not to permit any of said taxes, excise or license fees to become delinquent. Manager also covenants and agrees not to permit any mechanic's or materialman's or any other lien to become attached or be foreclosed upon the premises or improvements thereto or thereon, or any part or parcel thereof, by reason of any work or labor performed or materials furnished by any mechanic or materialman, so long as the work, labor or material was provided at Manager's direction. Manager agrees to furnish the Authority Contract Officer upon request, duplicate receipts or other satisfactory evidence showing the prompt payment by it of all taxes arising out of its use of the premises. Manager covenants and agrees, subject to the availability of funds from receipts and from Authority appropriations, to pay promptly when due all bills, debts and obligations incurred by it in connection with its operation of said business on or in the premises, and not to permit the same to become delinquent and to suffer no lien, mortgage judgment or execution to be filed against said premises or improvements thereon which will in any way impair the rights of the Authority.

14.2 Governmental Compliance.

A. Manager, its officers, agents, servants, employees, and any other persons over which Manager has control or right of control shall comply with all present and future laws, charter provisions, ordinances, executive orders, directives, rules and regulations of the United States of America, State of Nevada, the Authority, and Clark County, Nevada applicable to or affecting directly or indirectly Manager or its operations and activities on or in connection with the premises of the People Mover System. Manager shall take all reasonable and appropriate measures to enforce such laws against its invitees and licensees at the People Mover System. The foregoing compliance activities shall include without limitation Title III of the Americans with Disabilities Act (“**ADA**”) and the provision of such auxiliary aids or alternate services as may be required by the ADA. Absent compliance activities required for design, construction, or maintenance matters in existence prior to the Effective Date, nothing in this Section or elsewhere in this Agreement shall, however, require Manager to undertake any of the foregoing compliance activity, nor shall Manager have any liability under this Agreement therefor, if such activity requires any Capital Improvements or Fixed Asset, unless the Authority provides funds for such Capital Improvements or Fixed Asset pursuant to Section 7.3 hereof. Furthermore, Manager shall have the right to require any licensee, lessee, tenant, promoter or user of any portion of the People Mover System to comply, and to be financially responsible for compliance, with Title III of the ADA in connection with any activities of such licensee, lessee, tenant, promoter or user at the People Mover System.

B. Manager further agrees to protect, defend, indemnify and hold harmless the Authority, its officers, agents, and employees, from and against any all claims, damages, liability, suits, liens, and judgments, of whatever nature, including claims for contribution or indemnification, caused by or arising out of any violation of any of the aforementioned laws, ordinances, orders, directives, rules and regulations by Manager, its agents, servants, employees, or any other persons over which Manager has control or the right of control unless caused by the negligence, willful misconduct or fraud of the Authority, its officers, employees or agents. Without limiting the generality of any other provision hereof, Manager’s obligation to protect, defend, indemnify, and hold harmless, as set forth in this Section, shall include any and all attorneys’ fees and investigation expenses incurred by the Authority in the defense and handling of said suits, claims, judgments, and the like.

C. The Authority shall not be liable to Manager for any violation, or non-observance of, or non-compliance with, any of the aforementioned laws, ordinances, orders, directives, rules or regulations by any tenant, concessionaire, or other person at the People Mover System during the Management Term except to the extent that any such violation was expressly permitted or condoned by the Authority.

D. The Authority hereby represents to the best of its knowledge that as of the Effective Date, (i) the operation of the Convention Center has been conducted, and the premises of the Convention Center are, in compliance with, all present laws, charter provisions, ordinances, orders, directives, rules and regulations of the United States of America, State of Nevada, the Authority, and Clark County, Nevada, applicable to the Convention Center; and (ii) there are no conditions on, above, beneath or arising from the premises occupied by the Convention Center which might, under any law, give rise to liability or which would or may require any “response,” “removal” or “remedial action” (as such terms are defined under the federal Comprehensive Environmental Response, Compensation and Liability Act as amended by the Superfund Amendments and Reauthorization Act).

14.3 No Discrimination in Employment. In connection with the performance of work under this Agreement, Manager agrees not to refuse to hire, discharge, promote or demote, or to discriminate in matters of compensation against any person otherwise qualified, solely because of race, color, religion, gender, gender identification, age, national origin, military status, sexual orientation, marital status, pregnancy, parental status, or physical or mental disability; and Manager further agrees to insert the foregoing provision in all subcontracts hereunder.

SECTION 15

MISCELLANEOUS

15.1 Authority Purchases. The Authority may purchase services and supplies from Manager, subject to Manager's ability to supply such services and supplies.

15.2 No Partnership; Joint Venture. It is understood and agreed that nothing herein contained is intended or shall be construed to in any way create or establish the relationship of partners or a joint venture between the Authority and Manager. None of the officers, agents or employees of Manager shall be or be deemed to be employees of the Authority for any purpose whatsoever, including, without limitation, any federal income tax purposes.

15.3 Entire Agreement. This Agreement, together with the Exhibits hereto, contains the entire agreement between the parties and no statements, promises or inducements made by either party or agents for either party not contained in this Agreement shall be binding or valid.

15.4 Written Amendments. This Agreement shall not be altered, modified or amended in whole or in part, except upon agreement of all parties and in writing executed by the parties hereto. Written additions, deletions, or changes in the provisions of this Agreement which do not comply with this requirement shall not be binding on either party. No oral modifications, additions, deletions or changes to this Agreement shall have any validity whatsoever.

15.5 Approval by Authority Board. This Agreement, and each and every of its provisions and terms, are expressly subject to, and shall not be or become effective or binding on the Authority or Manager until approved by the Board of Directors of the Authority or the Board's approved delegate.

15.6 Interpretation.

A. In General. It is the intention of the parties hereto that the language hereof and all parts of this Agreement shall be in all cases construed simply according to their fair meaning and not strictly for or against either the Authority or Manager; it is agreed and understood that the Exhibits referred to herein and attached hereto and the rights and obligations contained therein are hereby incorporated into and shall be a part of this Agreement as if contained in the main body of this Agreement.

B. Disputes; Law Governing Interpretation. Manager and the Authority agree that all disputes and controversies arising out of this Agreement that are unable to be resolved through negotiation shall be settled by arbitration in accordance with the Comprehensive Arbitration Rules and Procedures of JAMS Mediation, Arbitration and ADR Services ("**JAMS**") in Clark County, Nevada. The dispute shall be heard and determined by one impartial arbitrator. The parties shall engage in discussions and attempt to select a mutually agreeable arbitrator. If the parties are unable to agree on

an arbitrator, the JAMS Arbitrator Selection process will determine the arbitrator. The federal rules of civil procedure shall apply, to include depositions, with respect to the arbitration. The findings of the arbitrators shall be final and binding. Any award of arbitration may include attorneys' fees and costs, including but not limited to expert witness fees, payable to the prevailing party in the arbitration, as determined by the arbitrators. The interpretation of this Agreement shall be in all respects governed by the laws of the State of Nevada and the charter and ordinances of the Authority.

C. Section and Paragraph Headings. The Section and/or paragraph headings herein and through this Agreement are for the convenience of the Authority and Manager in reference only, and are not intended nor shall they be used to construe the intent of this Agreement or any part thereof, or to modify, amplify, or aid in the interpretation or construction of the provisions thereof.

D. Gender and Number. The use of any gender herein shall include any or all genders, and use of any number shall be construed as the singular and/or the plural, all as the context may require.

E. Time. Time is of the essence hereof, and every term, covenant and condition shall be deemed to be the essence hereof, and any breach by the Authority or Manager shall be deemed to be of the very substance of this Agreement.

F. Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the Authority, and to such successors and assigns of Manager as are approved by the Authority to succeed Manager's rights upon and subject to the terms hereof.

G. Consent or Approval. Whenever under this Agreement "reasonableness" is the standard for the granting or denial of the consent or approval of either party hereto, such party shall be entitled to consider public and governmental policy, moral and ethical standards as well as business and economic considerations. In every case wherein consent or approval is required, such comment or approval shall be obtained prior to taking the action at issue.

H. No Third-Party Beneficiary. This Agreement is solely for the benefit of the parties hereto and no third party shall be entitled to claim or enforce any rights hereunder.

I. Severability. The Authority and Manager agree that if any Section or provision of this Agreement, or any portion of any Section or provision, shall for any reason be held to be void, illegal or otherwise enforceable, all other portions of this Agreement shall nevertheless remain in full force and effect.

15.7 Notices.

A. All notices required to be given by Manager to the Authority pursuant to this Agreement shall be in writing and sent by registered or certified mail or by overnight courier service, or via e-mail to:

Chief Financial Officer
Las Vegas Convention and Visitors Authority.
3150 Paradise Road
Las Vegas, NV 89109

efinger@lvcva.com

with a copy to:

Purchasing Department
Las Vegas Convention and Visitors Authority.
3150 Paradise Road
Las Vegas, NV 89109

purchasing@lvcva.com

or to such other place(s) as the Authority may from time to time designate in writing.

B. All notices required to be given by the Authority to Manager pursuant to this Agreement shall be directed in writing and sent (1) via-email and (2) by registered or certified mail or by overnight courier service to:

President
The Boring Company
3395 Cambridge Street
Las Vegas, NV 89169

steve@boringcompany.com

with a copy to:

Ashley Steinberg
The Boring Company
3395 Cambridge Street
Las Vegas, NV 89169

ashley@boringcompany.com

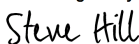
or to such other places as Manager may from time to time designate in writing to the Authority Contract Officer.

15.8 Non-Waiver. A failure by either party to take any action with respect to any default or violation by the other of any of the terms, covenants, or conditions of this Agreement shall not in any respect limit, prejudice, diminish, or constitute a waiver of any rights of such party to act with respect to any prior, contemporaneous, or subsequent violation or default or with respect to any continuation or repetition of the original violation or default.

...

15.9 No Personal Liability. No elected official, director, officer, agent or employee of the Authority nor any director, officer or employee of Manager, shall be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or because of any breach thereof or because of its or their execution, approval or attempted execution of this Agreement.

Approved:

DocuSigned by:


Steve Hill, CEO, LVCVA

2/11/2021

Date

DocuSigned by:


Steve Davis, President, TBC – The Boring Company, DBA Vegas Loop

2/9/2021

Date

Approved as to form:

DocuSigned by:


Caroline Bateman, General Counsel, LVCVA

2/10/2021

Date

EXHIBIT A - PEOPLE MOVER SYSTEM

People Mover System (“Loop”) Project Description

Alignment

The Loop system is 0.83-mile, twin tunnel transportation system located at the existing LVCC, connecting the east side of the LVCC South Hall to the LVCC West Hall. The Loop alignment contains the following three stations:

- Station 1: South Hall Station (Surface; 8 Parking Stalls)
- Station 2: Central Hall Station (Subsurface; 10 Parking Stalls)
- Station 3: West Hall Station (Surface; 9 Parking Stalls)

From Station 1, the Loop travels northwest beneath Desert Inn Road towards the LVCC Central Hall and Silver Drive to Station 2, then continues west across Paradise Road under Convention Center Drive, terminating at Station 3.

Figure 1 – Loop Alignment and Stations 1, 2, and 3



Figure 2 – Station 1 Rendering and Layout



Figure 3 – Station 2 Rendering and Layout



Figure 4 – Station 3 Rendering and Layout

Tunnels

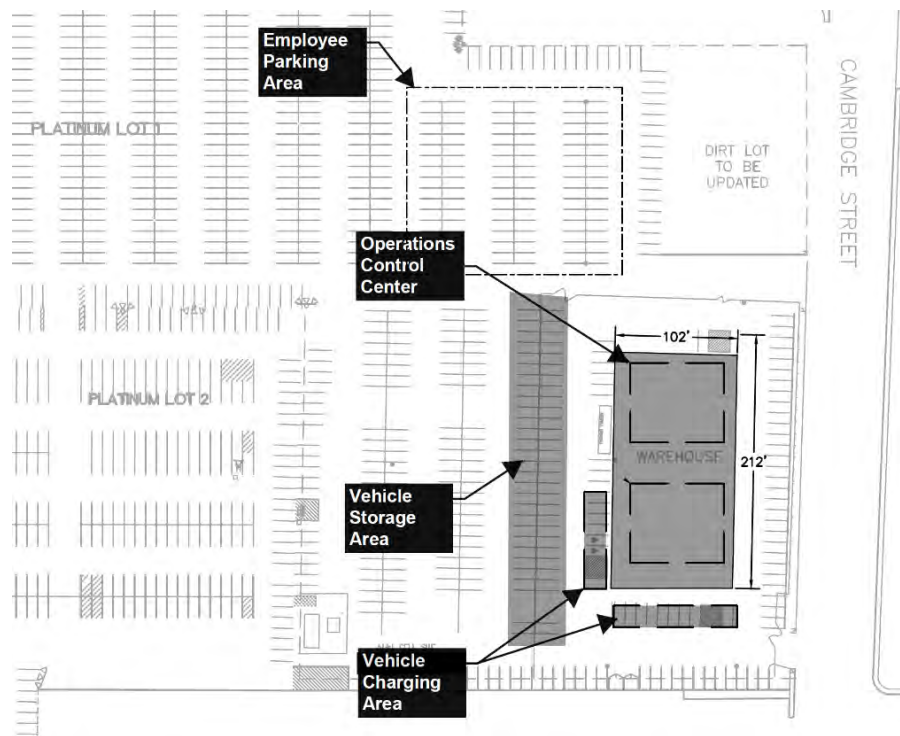
The two tunnels are the pathways for passenger travel within Loop vehicles. Each tunnel has an inner diameter of 12 feet and is comprised of precast segments. The segments are primarily composed of concrete that contains evenly distributed steel fibers and other additives, including monofilament polypropylene fibers for structural support, fire resistance, and concrete longevity. Each tunnel also contains lighting, video, communications, ventilation, drainage, fire safety, and other life safety systems.

Figure 5 – Tunnel

Operations Control Center Facility

The primary location for system management, safety and security monitoring, and emergency identification and notification is the OCC, located adjacent to a Convention Center parking lot. The OCC is staffed by trained TBC personnel. Communication lines run in both directions, such that the OCC communicates directly with the Loop vehicles, and the Loop vehicles can reach the OCC.

Figure 6 – Map of OCC



The OCC is linked to the tunnel network via fiber connections to facilitate communications, management, and monitoring. Additionally, the tunnel network is connected continuously to the OCC via redundant dedicated fiber strands.

The OCC contains the safety equipment including:

- Workstations for monitoring all tunnel/station cameras and vehicles, and interacting with traffic control/lights/systems
- Fire / life safety panels
 - Wall screens displaying Tunnel and station camera feeds
 - System health monitoring screen
- Landline telephones for calls to/from Emergency Call Boxes, drivers, and external agencies
- First Aid kit

The OCC also houses the maintenance facility for the CWPM.

Vehicles

Loop vehicles carry passengers between stations within the Loop system. Loop vehicles are production Tesla Model X, and Model 3 vehicles modified for Loop operations. Figure 6 provides representative images of the vehicles be used in the Loop.

Figure 7 – Tesla Model X (top) and Model 3 (bottom)



EXHIBIT B - SAFETY, SECURITY AND EMERGENCY PROGRAM OVERVIEW

(Note: this Exhibit is a representative sample of the safety and security procedures to be implemented by Manager. Manager shall comply with the below or with comparable standards.)

1.0 Purpose

This exhibit provides a summary of TBC – The Boring Company, d/b/a Vegas Loop (“**Manager**”)’s procedures regarding the safety and security of its employees, passengers, and systems for the Las Vegas Convention and Visitors Authority (“**Authority**”) Las Vegas Convention Center (“**Convention Center**”) Campus-Wide People Mover (“**People Mover System**”). The content provided is an overview of the plans and procedures MANAGER implements to provide safety and security during operations. In addition, the emergency preparedness protocols are summarized to further highlight the actions that TBC has taken to ensure the safety and security of its employees, passengers, and systems. Manager is dedicated to the safety and security of all aspects of its operations.

2.0 Safety

2.1 Written Workplace Safety Plan

Manager has established a Written Workplace Safety Plan, which complies with the State of Nevada and federal Occupational Safety and Health Administration (“**OSHA**”) laws, in order to provide information and guidance for the establishment and maintenance of an accident and illness-free work environment. The Plan outlines proper safety protocols and emergency response procedures, and will be distributed to all Manager employees, subcontractors, and relevant emergency response personnel, such as Clark County Fire Department and Las Vegas Metropolitan Police Department. Manager’s management will be responsible for the distribution of this Safety Plan, and a member of Manager’s management will be designated as the on-site liaison between Manager and emergency response agency leadership.

This program details how Manager intends to implement occupational safety and health programs required under Title 29 of the Code of Federal Regulations (“**CFR**”), OSHA standards (part 1910), and Construction (part 1926). This program also complies with specific fire and electrical safe practices and provisions established by the National Fire Protection Association (“**NFPA**”) including NFPA 70 (National Electrical Code) and NFPA 101 (Life Safety Code). Compliance will be evaluated and documented during all formal safety inspections and surveys.

2.1.1 Content

The Written Workplace Safety Program incorporates plans and procedures based on requirements from OSHA, NFPA, American National Standards Institute (“**ANSI**”), and any other required federal, state, and local regulatory agencies (“**Authorities**”). Included in the Written Workplace Safety Program are processes for:

- Accident/Incident Investigations
 - Accident investigation is an integral part of the total occupational safety and health program. It is especially important to 1) determine root causes 2) document facts, 3) provide information on costs, and 4) promote safety.
 - Manager has implemented through the Written Workplace Safety program a uniform method to investigate all accidents, or incidents, at Manager facilities. This method will allow review by Manager and any other investigating authorities to determine the facts and root cause of such occurrences.
- Hazard Communication Program
 - The purpose of the written Hazard Communication Program, as intended by OSHA Standard 29 CFR 1910.1200, is to specify how the standard will be met and listing hazardous chemicals present in the workplace. It is also intended to educate employees about the potential chemical hazards they may face on the job.
 - This program aims to ensure that information necessary for the safe use, handling and storage of hazardous chemicals is provided and made available to employees and includes guidelines on identification of chemical hazards and the preparation and proper use of container labels, placards, and other types of warning devices.
- Fire Safety
 - This Fire Safety Program and Fire Prevention Plan have been developed in accordance with OSHA Fire Safety Standards and NFPA life safety codes. This is further discussed in Section 2.2.
- Safety Committee
 - Manager Safety Committee's main purpose is to aid and advise both management and employees on matters of safety and health. The Committee perform essential monitoring, educational, or investigative and evaluative tasks, as determined by the Safety Manager.
- Safety Inspections
 - The formal safety inspection program has been developed to promote safe and healthful working business practices and conditions. The goal is to preserve human and property resources by enforcement of the programs set forth in the Written Workplace Safety Program, compliance with all federal and state occupational safety and health standards, and by identifying and correcting any unsafe conditions, equipment, procedures or acts at Manager.
- Specific Safety Programs for Manager Operations as Required by Authorities
 - OSHA's 29 CFR 1910 and 29 CFR 1926 regulations required the establishment of specific safety programs. In accordance with these regulations, NFPA and ANSI guidelines, Manager has established numerous specific safety programs to ensure safety and compliance of all applicable regulatory bodies.
- Training
 - An effective accident prevention and occupational safety and hazard control program is based on competent job performance. Training covers all aspects of operations in order to teach employees how to identify, control and correct workplace hazards, and handle emergencies.

2.2 Fire Prevention Plan

Property damage, injuries, and death are serious risks associated with structure fires. The goal of the fire prevention plan is to educate Manager employees on precautions to take to prevent fires. By establishing this fire prevention program, employees can avoid injuries to themselves, other employees, and passengers, as well as avoid costly damage and potential fines to the company.

Manager has identified major workplace fire hazards and potential ignition sources, proper handling storage and control procedures, and provided fire protection equipment or systems for prevention, extinguishment, and control of fires. In addition to extensive workplace fire prevention training, every workplace fire safety checklist includes regular inspection and maintenance of several critical fire safety components to help prevent fires and also reduce the impact of fires. The plan is OSHA- and NFPA- compliant, including reference standards NFPA 10 and NFPA 101.

3.0 Security

3.1 Systems Security Plan

Manager is committed to the protection of its passengers and personnel. The Systems Security Plan offers state-of-the-art security features at every stage of a passenger's journey as well as when the system is dormant. Manager views security as a critical driver of system design and operation, and to that end, has included various security situations in the Hazard Analysis as well. These documents have been approved by the Clark County Amusement and Transportation Systems authorities.

3.1.1 Roles and Responsibilities

- Manager
 - Manager is responsible for security in the People Mover System, meaning that tunnels, stations, maintenance facilities, command centers, and all property related to the system is under Manager's purview. Manager will enlist security personnel to provide a security presence in the system. Security protocols for dealing with vandalism, theft, lost objects, graffiti, and other discrete events will be set forth in the Operations Manual.
- Authority
 - Authority is responsible for security for areas not associated specifically with the People Mover System but will work closely with Manager in emergency events to secure the People Mover System.
- Drivers
 - Vehicle drivers, as the most passenger-facing personnel in the system, are responsible in the first instance for managing security situations such as unruly passengers or other in-vehicle activity. They are also responsible for identifying unauthorized persons or foreign objects in the tunnels during their routes. While driving, they monitor passengers in the tunnels and can identify if any unauthorized individuals are within the tunnels. The Operations Manual details procedures in connection with unruly passengers, service disruptions, communications with the OCC and external parties.

- Operators
 - Operators serve as dispatchers in the OCC. Operators monitor alarmed security gates and observe video feeds. Operators respond to calls from vehicles and/or Blue Light Stations and alert first responders and/or law enforcement in emergency situations. The Operations Manual details procedures for engaging with first responders and law enforcement during and after security events.
- Security Personnel
 - Security personnel will patrol the stations, and there will be personnel posted permanently at station boarding areas as well as other personnel who randomly rove the entire facility ensuring all areas are inspected but to prevent a predictable security posture. Uniformed and plainclothes personnel will comprise such patrols. The number of security officers on duty at any time may be increased during highly attended conventions, late Friday and Saturday nights, and other times depending on risk. Security personnel may be accompanied by dogs for bomb detection purposes. Security measures may be randomly increased or altered in order to provide a less predictable security presence. These personnel will monitor and be trained to diffuse hazards describe in the Hazard Analysis, such as criminal activity, vandalism, unauthorized entry by vehicle, person, or object, and other hazards.

3.1.2 Security Design

The system design is comprised of many components which contribute to the overall safety and secureness of the operation. Design highlights include:

- Access Control
 - Access to the People Mover System is control through multiple factors. The primary means of access control is an electronic entry management system that secures all non-passenger areas from entry other than by authorized Manager personnel. Additional access to the People Mover System is via station design which limits the number of entry points. Physical barriers guard against entry of accidental, rogue, or otherwise unauthorized vehicles into the tunnels. Security gates will be secured when the People Mover System is not in operations to prevent unauthorized entrants.
- CCTV Systems
 - Stations and tunnels will be monitored by cameras that feed directly to Manager personnel who will be reviewing the footage in real-time. Cameras have been placed to minimize any “blind-spots” throughout the People Mover System. Video feeds will be made available for the Las Vegas Metropolitan Police Department, and archived such that they are available to other law enforcement agencies and the Authority.
- Blue Light Stations
 - Numerous Blue Light Stations (“**BLSs**”) are located throughout the stations and tunnel system. BLSs are available as an emergency phone and direct all calls to Manager personnel. Locations of BLSs are at the portal of each tunnel section, on the station platforms, in the emergency staircase, at the midpoint of each tunnel segment and throughout the mezzanine level of Station 2 at various equipment rooms. Calls placed from a BLS will be recorded using an inline device. Communications will be stored

consistent with NFPA requirements, and will be accessible by personnel determined to require such access by Human Resources and the Security Manager.

- Operations Control Center
 - The primary location for system management, safety and security monitoring, and emergency identification and notification is the OCC. The OCC will be staffed by trained Manager personnel and alarm status will be sent to a third-party central monitoring station.
- Fire Suppression and Monitoring System
 - Fire suppression systems are monitored by a certified third-party contractor and by Manager personnel. All activated alarms will be investigated by Manager personnel, and emergency response agencies will be contacted if necessary. A certified third-party contractor will maintain and inspect all fire suppression and monitoring systems are required by Authorities.

3.1.3 Other Security Measures

Manager has taken other means to provide further security for the People Mover System and facilities. These include considerations for:

- Critical Infrastructure
 - To reduce the impact of acts of vandalism or sabotage, all critical infrastructure will be physically protected from passenger interference and access.
- Cybersecurity
 - Manager will maintain an industry-standard cybersecurity program consistent with the principles set forth in the U.S. Department of Commerce's National Institute for Standards and Technology voluntary framework to protect its systems from external interference.
- Personnel
 - All personnel charged with any security function will participate in mandatory and regular trainings related to fire safety, violence, explosives and hazardous materials, active shooters, robbery, sexual harassment, homelessness, gangs, and other security scenarios. With respect to life safety, the trainings will cover emergency evacuation scenarios for fire, flood, unauthorized persons or objects in the system, and other topics. Manager hiring criteria will be based on clean background checks, prior work experience, and other factors to ensure that individuals offered employment are qualified for security work. Moreover, all Manager personnel will be subject to the Manager Drug- and Alcohol-Free Workplace Policy.
 - The Director of Security will be responsible for making all strategic, urgent, and high-level decisions during both routine operations (from a preventive perspective) as well as during emergency situations or security incidents. The Director of Security will be close contact with the Authority's security apparatus and local authorities, as well as with internal Manager operations personnel.
- Working with Law Enforcement
 - Manager will maintain strong relationships with local, state, and federal law enforcement authorities, including the Las Vegas Metropolitan Police Department, the

Las Vegas Convention Center Customer Safety Department, the Clark County Fire Department, the Clark County Department of Building & Fire Prevention, emergency management offices, and the U.S. Department of Homeland Security. Manager will be a partner in keeping transit safe and secure.

- Incident Reporting
 - Multiple means of incident reporting have been established including considerations for reporting incidents in real-time or post-incident.

4.0 Emergency Preparedness

4.1 Emergency Preparedness Plan

The Emergency Preparedness Plan is intended to set forth Manager's approach to preparing for and responding to emergencies, and to detail the basic steps and planning documents Manager will prepare for emergencies at the Convention Center campus and other associated facilities and sites. The document describes how the system, system employees, and other supporting agencies will respond to an emergency. Manager will ensure that emergency plans are developed that address emergencies such as fires, explosions, personal injury, bomb threats, accidental releases of toxic gases, chemical spill, or other hazards. The Emergency Preparedness Plan is intended to serve as a guideline for planning for emergencies, to establish the required planning documents needed for emergency preparedness, and to assist company employees in updating and revising existing written programs.

For the purposes of the Emergency Preparedness Plan, an emergency is defined as any condition that could or has resulted in serious personnel injury or death, poses an environmental or health threat to the general public, or could cause substantial damage to Manager operations or the Authority's infrastructure or operations. Emergency conditions can result from natural disasters, human error, equipment and structural failures, chemical releases, fire or explosion, terrorism, and/or sabotage. The document highlights Manager's planned action to provide a timely and effective response to an emergency condition, and covers unscheduled cessations and required incident reporting to Clark County Department of Building & Fire Prevention. In addition to the emergency situations described in the Emergency Preparedness Plan, the Hazard Analysis contains additional analysis of potential emergency situations, such as vehicle failure, single point failures, and lighting failure. The goal is to protect the lives and health of the personnel at the Convention Center, Authority facilities, and the general public. Moreover, Manager is committed to protecting the environment, maintaining the operation of services, and ensuring timely notifications of appropriate internal and external officials.

4.1.1 Roles and Responsibilities

- On-scene Commander
 - The On-Scene Commander is Manager's management official for conducting the operational response to the emergency event and ensuring appropriate communications have been established with the Authority and emergency response agencies.

- Incident Commander
 - The Incident Commander is Manager's senior management official for managing the strategic response to an emergency event and ensuring appropriate communications have been established with the Authority, and Manager external notifications.
- Manager Safety Representatives
 - Manager's onsite Safety Representative's role is to develop and recommend measures for ensuring personnel safety and to assess and/or anticipate additional hazardous and unsafe situations.
- Manager Site Security
 - Manager's Management will determine if additional onsite security is needed to preserve the incident area. Manager's Management will assign a manager or higher-level supervisor to maintain the site security.

4.2. Tunnel Egress Plan and Safety, Evacuation and Rescue Plan

The Tunnel Egress Plan establishes the evacuation means, methods, and time for egress from the tunnels of the People Mover System. The Safety, Evacuation and Rescue Plan describes the safety features of the People Mover System infrastructure as well as timelines and methodology for evacuation and rescue from the system.

5.0 Summary

Manager has thoroughly considered the safety and security of all aspects of its operations. The preceding information is intended to be an overview of the safety and security elements Manager has established to ensure the well-being of Manager employees, passengers, and facilities. Detailed plans have been implemented internally at Manager, and have been or will be shared with regulating authorities as required by federal, state, and local regulations and laws.

EXHIBIT C - VEHICLES

Vehicles shall only be used by the Manager for the operation of the People Mover System, and shall not be used by the Authority. Manager shall optimize the combination of vehicles in use to best meet ridership requirements.

Manager shall be responsible for providing and maintaining (a) an adequate inventory of spare parts to assure proper maintenance and operation of vehicles, taking into account the lead time required for part delivery; and (b) tires in sufficient quantity for the vehicles.

EXHIBIT D - ALCOHOL AND DRUG TESTING POLICY AND PROCEDURES

(Note: this Exhibit is a representative sample of the drug and alcohol policy and procedures to be implemented by Manager. Manager shall comply with the below or with comparable standards.)

I. Policy Statement.

The Manager recognizes the risk of substance abuse as an employer who seeks to promote the safety in a people-mover system. The Manager has a concern for the safety, health and well-being of its employees, as well as this obligation to safety.

Programs have been established by the Manager which require employees to demonstrate their safety posture through complying with:

1. Urine screens to detect the presence of marijuana, cocaine, opioids, phencyclidine and amphetamines (See 49 CFR § 40.85 and 49 CFR § 40.87).
2. Breath alcohol or blood tests to detect the unauthorized use of alcohol; and
3. Breath, urine, and blood testing after qualifying post-accident events.

The Manager prohibits all persons from being under the influence and/or possession of illegal substances and/or under the influence of alcohol while on duty, or within four hours of reporting for regulated service. Additionally, illegal substance use is prohibited on or off duty, except as allowed in 49 CFR § 219.103.

II. Identifying Information.

Dedicated Employee Representative - Manager shall have a Designated Employer Representative (“**DER**”), who shall be authorized by the Manager to take immediate action(s) to remove employees from safety-sensitive duties, or cause employees to be removed from these covered duties, and to make required decisions in the testing and evaluation processes. The DER also receives test results and other communications for the employer.

Designated Employer Representative:

Name: _____

Address: _____

Phone: _____

E-Mail: _____

Assistant Designated Employer Representative:

Name: _____

Address: (If different from above)

Phone: _____

E-Mail: _____

Medical Review Officer (“MRO”):

Name: _____

Address: _____

Phone: _____

Testing Laboratory (must be on HHS list of certified labs):

Name: _____

Address: _____

Phone: _____

Substance Abuse Professional (“SAP”):

Name: _____

Address: _____

Phone: _____

III. Scope.

This policy applies to all of the Manager’s personnel, contractors and volunteers.

IV. Testing Programs.

1) Pre-Employment Drug Testing

Applicants will be informed that all individuals the Manager will use for regulated service must be drug-free. Passing a pre-employment drug test is a condition prior to performing work duties. If an applicant refuses to submit to the drug test, or tests positive on the drug test, the applicant will not be considered qualified and will not be offered a position with the Manager.

2) Reasonable Suspicion Testing

All of the Manager’s personnel will be required to submit to a drug and/or alcohol test whenever a properly trained supervisory employee of the Manager has reasonable suspicion that an employee is currently under the influence of or impaired by a controlled substance or alcohol. Reasonable suspicion must be based on specific, contemporaneous personal observations the supervisor can articulate concerning the employee’s appearance, behavior, speech, body odor, chronic effects or withdrawal effects.

Supervisory employees will receive training on alcohol misuse and controlled substance use. The training will cover the physical, behavioral, speech and performance indicators of probable alcohol misuse and use of controlled substances. It will also prepare the supervisors to make the decisions necessary in reasonable suspicion and post-accident situations (i.e., what is a qualifying event and who is to be tested).

The observation for alcohol must be made by at least one qualified supervisory employee who has received proper training in the signs and symptoms of alcohol use.

The observation for drugs must be made by at least two qualified supervisory employees, one of which has received proper training in the signs and symptoms of drug use. One qualified supervisor must be on-site, but the supervisor trained, although preferred, does not have to be the supervisor on-site. Documentation of this decision must be maintained.

In all reasonable suspicion cases, the supervisor will ensure that the suspected employee is transported immediately to a collection site for a timely collection of a urine and/or breath specimen. If the suspected employee is deemed not fit to return to work, the supervisor will arrange transportation for the person.

Supervisors must document their observations that led them to decide there was a “reasonable suspicion” to have the suspected employee subjected to drug and/or alcohol testing.

3) Reasonable Cause Testing

A reasonable cause drug and/or alcohol test may be required (Manager’s decision) when an employee:

a. Was involved in a vehicle accident/incident and a supervisor has a reasonable belief based on specific and articulable facts that the employee’s acts or omissions contributed to the occurrence or severity of the accident/incident; or

b. Committed a rule violation that created a material safety risk.

In all reasonable cause cases, the supervisor will ensure that the suspected employee is transported immediately to a collection site for a timely collection of a urine and/or breath specimen. If the suspected employee is deemed not fit to return to work, the supervisor will arrange transportation for the person.

Supervisors must document their observations that led them to decide there was a “reasonable cause” to have the suspected employee subjected to drug and/or alcohol testing.

4) Post-Accident Drug/Alcohol Testing

Breath, blood and urine specimens are required from all employees when they are directly involved in a qualifying accident or incident. Events requiring post-accident testing:

1. Accident involving any property, vehicles or equipment with estimated damages in excess of \$500.
2. Accident involving an employee injury requiring medical attention.

3. Accident with any reportable injury to any customer.
4. Any incident deemed to be a material safety violation where an employee or customer was put at risk of an injury.

For any accident or incident, any employees that had a possible role in the cause or severity of the accident will be tested. If it can be immediately determined, on the basis of specific information, that an employee had no role in the cause(s) or severity of the accident/incident (considering any such information immediately available at the time), such employee will not be tested.

No test may be required in the case of an accident/incident the cause and severity of which are wholly attributable vandalism or trespasser(s), as determined on the basis of objective and documented facts by the Manager representative responding to the scene.

The supervisor(s) on the scene will make timely determinations as to the event being a qualifying event and which employees (if any) are required to be tested according to the rule.

5. Random Drug and Alcohol Testing

The random testing selection process will ensure that each employee has an equal chance of being selected at every random selection. The random plan shall ensure that testing is accomplished at the beginning and at the end of the duty period for alcohol. The minimum annual random percentage of alcohol testing at either end of the duty period is 10 percent over the course of the year.

Manager will test at a minimum of 50 percent annual rate for drugs and 25 percent annual rate for alcohol for employees who drive vehicles and at a 20 percent annual rate for drugs and 10 percent annual rate for alcohol for all other employees.

Random Selection and Testing Procedures:

1. Random selection will be made daily for beginning or end of duty period alcohol testing, and monthly for other drug and alcohol testing, via a random number computer program utilizing employee names, with separate pools for vehicle drivers and all other employees.
2. Manager will safeguard these selection records to ensure that information concerning collection dates and selections are not disclosed until necessary to arrange for collection or provide notifications.
3. These random testing records are required to be maintained for 2 years. This includes an electronic or hard copy "snapshot" of the random testing pool each time selections are made, a copy of the list of selected employees, a copy of the drug chain of custody form and/or alcohol testing form, and the reason for not testing any of the selected employees.
4. Only a substantiated medical emergency involving the selected person or an emergency involving an immediate family member (e.g., birth, death, or a medical emergency) provides the basis for excusing an employee from being tested once notified. A medical emergency is defined as an acute medical condition requiring immediate emergency care. An employee excluded under these criteria must provide substantiation from a credible outside professional (e.g., doctor, hospital, law enforcement officer, school authority, court official) which can be furnished prior to this release or

within a reasonable period of time after the emergency has been resolved. Such excluded (excused) employees will not be tested based on this selection.

5. Once the employee selection is made, the DER will arrange notification. No prior notification will be given. A selected employee will only be tested during his/her tour of duty, extended only long enough to complete testing. The person, once notified, must proceed to the selected testing facility immediately.

6. The collection date and time during the selection period (testing window) will be varied by the DER to ensure that it cannot be anticipated.

Drug Testing Procedures

a. A laboratory certified by the Department of Health and Human Services/ Substance Abuse and Mental Health Service Administration, under the Mandatory Guidelines for Federal Workplace Drug Testing Programs, will perform all drug testing.

b. Test results will be reported from the laboratory only to the MRO for review and action.

c. The name of the individual providing the specimen will remain confidential and will not be provided to the laboratory performing the test. The testing laboratory is only able to identify the specimen by the specimen ID number printed on the chain-of-custody form. The laboratory will only use a urine custody and control form consistent with the requirements of 49 CFR Part 40.

d. The designated laboratory will only test for the drugs listed in 49 CFR 40.85.

e. The MRO will verify the results and report (using procedures in 49 CFR Part 40) to the DER whether the test was positive or negative and the drugs for which there was a positive result.

Alcohol Testing Procedures

Breath alcohol testing will be performed by an employee who is a trained and certified Breath Alcohol Technician (BAT) using the National Highway Traffic Safety Administration- approved testing devices. The results will be documented on an approved Federal Breath Alcohol Testing Form and will be signed by the employee and the BAT. At the time of the alcohol test, the employee will receive a copy of the test result, with an identical copy being sent to the DER.

a. Negative results. The DER will be mailed a copy of the negative test results.

b. Positive results. A positive result on a screening test of a person's breath must be confirmed by a second screening test. The second screening test must be conducted immediately after receipt of the positive result of the first screening test. The BAT will immediately and directly notify the DER if the test results are confirmed positive (0.02 percent or higher), and the DER will take appropriate action to remove or restrict the employee from service. An employee must not have a concentration of alcohol in his or her blood or breath greater than .02 gram by weight of alcohol per 100 milliliters of his or her blood or per 210 liters of his or her breath while on duty.

Drug Test Results

A tested employee will be notified in writing of test results.

Positive or Otherwise Non-Negative Results. If the laboratory reports the drug test result as POSITIVE or otherwise non-negative, the following procedures will be followed:

a. The MRO will immediately inform the regulated service person of the result and offer the person the opportunity for an interview to discuss the test result.

b. The MRO will complete and document the review, determining if the external chain of custody was intact, if the person has a legitimate medical explanation for the presence of any controlled substance, and whether there is any basis to question the scientific sufficiency of the test results. In the case of an opiate positive, the MRO will also make the special determinations required by the regulation.

c. If the MRO verifies the test result as positive, the MRO will report the result to the DER. The MRO will report the verified test result confidentially to the DER. The MRO will not provide the DER with the quantitative test results unless the employee disputes the test.

Negative results. If the MRO has determined that the drug test is NEGATIVE, the MRO will accomplish the required administrative review and report the negative results to the DER.

Negative-dilute results. The MRO shall direct the DER to conduct a recollection under direct observation for a result with creatinine from 2 to 5 mg/dL. A negative-dilute is considered a negative test, and the employee will be required to immediately take another test.

Confidentiality

a. Medical information an employee provides to the MRO during the verification process is treated as confidential by the MRO and is not communicated to the DER.

b. Confidentiality of drug or alcohol testing results will be maintained. For example:

1. The laboratory observes confidentiality requirements as provided by law. Manager does not advise the laboratory of the identity of persons submitting specimens.

2. All test results will remain exclusively in the secure files of the MRO. The MRO will observe strict confidentiality in accordance with this policy. The MRO will retain the reports of individual test results for two years.

3. The DER will maintain all test results reported by the MRO, both positive and negative, in secure storage. The results will be retained for two years. Other personnel will be informed of individual test results only in the case of positive tests and authorized only on a need-to-know basis.

Employee Training Program

Each employee will receive a copy of this policy. In addition, each employee will be given information concerning the problems caused by alcohol or controlled substances and available methods of intervening when an alcohol or controlled substance problem is suspected, including confrontation, referral to an employee assistance program and/or referral to management. Employees will be provided training at hire, and at necessary intervals, based on their responsibilities under this program.

Prescription Drugs

The use of controlled substances (on Schedules II through V of the DEA controlled substance list) is not prohibited as long as they are prescribed or authorized by a medical practitioner and used at the dosage prescribed or authorized. The treating medical professional must determine that use of the prescription(s) at the prescribed or authorized dosage is consistent with the safe performance of the employee's duties. Employees should also seek the advice of a medical professional whenever they are taking any over-the-counter drug that may adversely affect the safe performance of duties.

Compliance with Testing Procedures

a. All employees/applicants requested to undergo a drug and/or alcohol test are required to promptly comply with this request. All prospective and current employees are required to exercise good faith and cooperation in complying with any procedures required under this policy. Refusal to submit to a drug or alcohol test required under this policy, engaging in any conduct which jeopardizes the integrity of the specimen or the reliability of the test result, or any other violations of this policy could subject the person to disciplinary action (up to and including termination), independent and regardless of any test result. This includes failure to show up on time for a drug/alcohol test, failing to remain at the testing site until the testing process is complete, etc.

b. All return-to-duty and follow-up urine specimens must be collected under direct observation.

c. Direct Observation Urine Collection Procedures: The collector (or observer) must be the same gender as the employee's identified gender. If the collector is not the observer, the collector must instruct the observer about the procedures for checking the employee for prosthetic or other devices designed to carry "clean" urine and urine substitutes AND for watching the employee urinate into the collection container. The observer will request the employee to raise his or her shirt, blouse or dress/skirt, as appropriate, above the waist, just above the navel; and lower clothing and underpants to mid-thigh and show the observer, by turning around, that the employee does not have such a device.

1) If the employee has a device, the observer immediately notifies the collector; the collector stops the collection; and the collector thoroughly documents the circumstances surrounding the event in the remarks section of the testing form. The collector notifies the DER. This is a refusal to test.

2) If the employee does not have a device, the employee is permitted to return his/her clothing to its proper position for the observed collection. The observer must watch the urine go from the employee's body into the collection container. The observer must be able to view/watch as the employee takes the specimen to the collector. The collector then completes the collection process.

3) Failure of the employee to permit any part of the direct observation procedure is a refusal to test.

d. Employees will generally be terminated at this point. As a minimum, an employee will be removed from service for a minimum of nine months if there is a finding of "refusal to test."

Positive Test Results

a. An employee with an MRO verified positive drug test or a breath alcohol test result of 0.02 percent or greater (or a refusal) has violated this policy and will be immediately removed from

service. Prior to or upon withdrawing the employee from service, the DER will provide notice to the employee of the reason for this action. If the employee denies that the test result is valid evidence of alcohol or drug use prohibited by this policy, the employee may demand and must be provided an opportunity for a prompt post-suspension hearing.

Employees, whether terminated or retained, will be provided with a list of qualified SAPs. Prior to returning to service, an employee will be required to undergo an evaluation by a qualified SAP that is Manager approved, to determine the need for treatment and/or education. The employee will be required to participate and comply with the SAP-recommended treatment and any after-care or follow-up treatment that may be recommended or required.

After successful treatment for a positive drug test (or alcohol test result of 0.04 percent or greater), the person must provide a return-to-duty urine specimen and/or breath specimen for testing (which is negative) prior to being allowed to return to service. In addition, the person will be subject to additional unannounced follow-up testing, as determined by the DER, for a maximum period of 60 months, with a minimum of six tests being performed in the first twelve months. Failure to comply with these provisions and remain alcohol and/or drug-free will result in subsequent removal from service and could result in disciplinary action, up to and including termination.

Self-referral, Co-worker referral, and Non-peer referral

Employment Relationship. An employee who enters and follows the tenets of this program as discussed below, will maintain his or her position upon successful completion of an education, counseling, and treatment program as specified by a Drug and Alcohol Counselor (“**DAC**”). Before the employee is charged with conduct sufficient to warrant dismissal, the employee must seek assistance through DER for his or her alcohol or drug use problem or be referred for such assistance by another employee.

Imminent Detection. An employee may not use the referral program for the purpose of avoiding the imminent and probable detection of a rule violation by a supervising employee. No employee may take advantage of self-referral after being notified of a testing event or while in imminent risk of being detected for possession of alcohol or controlled substances.

Reasonable Suspicion. In the case of a Co-worker referral, if the employee accepts the referral, there is no need to perform a reasonable suspicion test. If the reasonable suspicion test occurs, the referral takes precedence.

In the case of a Co-worker referral, when the employee does not accept the referral, the employee must be properly observed for signs and symptoms of alcohol and/or drug use/misuse. If signs and symptoms are observed, the employee must undergo reasonable suspicion testing

If the employee accepts the referral they must contact the DAC within 3 calendar days. The employee must cooperate with the DAC in the recommended course of counseling or treatment. Once an employee has contacted the DAC, the DAC’s evaluation shall be completed within 10 working days. If more than one evaluation is required, the evaluations must be completed within 20 working days.

Confidentiality. The referral and subsequent handling, including counseling and treatment, will be treated as confidential.

Leave of Absence. The Manager will grant the minimum leave of absence, without pay, that the DAC recommends for completing a primary education, counseling, or treatment program and to establish control over the employee's drug or alcohol abuse problem. An employee with an active substance abuse disorder may not perform work duties until the DAC reports that safety is no longer affected.

Return to Service. The employee may be returned to service on the recommendation of the DAC. The employee's return to work may be conditioned on a return-to-duty medical evaluation.

Compensation. Employees, at the Manager's discretion, may not be compensated for any period that the regulated employee is restricted from performing service under the referral program.

Section IV. **Records**

Manager shall ensure all employees are provided a copy of these alcohol and drug testing procedures and shall keep copies of all signed employee acknowledgements. All records which support the alcohol and drug program shall be kept for a minimum of two years.

- VEGAS
LOOP



CLARK COUNTY FRANCHISE AGREEMENT

GRANTED TO

TBC -- THE BORING COMPANY

THIS MONORAIL FRANCHISE (hereinafter “Franchise Agreement”) is granted this 20th day of October, 2021, by Clark County, Nevada, a political subdivision of the State of Nevada, acting by and through its Board of County Commissioners which is its governing body (hereafter called “COUNTY”), to TBC -- The Boring Company, a Delaware Corporation (hereafter called “FRANCHISEE”).

WITNESSETH:

WHEREAS, the FRANCHISEE, a corporation organized and existing under and by virtue of the laws of the State of Delaware, and duly qualified to transact business within the State of Nevada, is engaged in the business of designing, constructing, financing, maintaining and operating a Monorail (system for public transportation in Clark County); and

WHEREAS, the COUNTY is authorized, pursuant to Chapter 705 of the Nevada Revised Statute (NRS), to grant a franchise to install and operate a Monorail on COUNTY Rights-of-Way; and

WHEREAS, Chapter 5.04 of the Clark County Code provides for the issuance of Monorail franchises, and establishes the terms and conditions of Monorail franchise agreements; and

WHEREAS, after a public hearing on October 20, 2021, the Board of County Commissioners of the County of Clark, State of Nevada, approved this Franchise to be awarded subject to the terms and conditions hereinafter set forth; and

WHEREAS, the FRANCHISEE’s Application to the COUNTY to obtain this Monorail Franchise is attached hereto as Exhibit A and is made a part hereof, and all statements, representations, warranties and promises made therein by the FRANCHISEE have been relied upon by the COUNTY in its consideration of this grant, and shall be binding upon the FRANCHISEE.

NOW, THEREFORE, in consideration of the premises and of the performance by FRANCHISEE of the requirements hereinafter set forth, and subject to the following terms and conditions, the COUNTY hereby grants to the FRANCHISEE this Monorail Franchise.

SECTION 1. DEFINITIONS

Capitalized terms in this Franchise Agreement not otherwise defined herein shall be the same as those definitions listed in Clark County Code Chapter 5.04. When not inconsistent with the text, words used in the present tense include future tense, words used in the singular number include the plural number and vice versa, and the masculine gender includes the feminine gender. The words “shall” and “will” are mandatory, and “may” is permissive. In addition, the following definitions shall apply:

- 1.1 “Clark County Code” or “Code” means the official code of all ordinances of a general and permanent character of the County of Clark, State of Nevada, as may be adopted and amended by the County Commission.
- 1.2 “Effective Date” means the date on which the County Commission granted this Franchise.
- 1.3 “Force Majeure” means acts of God, acts of another franchise, epidemics, pandemics, quarantine restrictions, freight embargoes, explosions, strikes, sabotage, riots or civil disturbances, acts of public enemies, unusually severe weather and natural disasters such as floods, earthquakes, landslides, and fires.
- 1.4 “Lender” means (i) purchasers of debt obligations issued to finance or refinance the Monorail; (ii) any bank, trust company, corporation or other institution lending money to the FRANCHISEE to finance or refinance the Monorail, and (iii) any municipal bond insurer, issuer of a letter of credit, surety or other security instrument supporting such debt obligation. Lender’s rights under this Agreement may only be exercised through the Lender’s Agent.
- 1.5 “Lender’s Agent” means the trustee for the debt obligations issued to finance or refinance the Monorail, together with any successors or assigns thereof, and representative of the Lenders, who provides notice of their status as the same to the COUNTY; at any given time there may be only one Lender’s Agent to exercise the rights of the Lender.
- 1.6 “Monorail” means the same as Section 5.04.010(o) of the Clark County Code and specifically consists of an all-electric underground transportation system installed, operated and maintained on a fixed guideway, including emergency egress and associated appurtenances.

- 1.7 “Rights-of-Way” means the same as Section 5.04.010(bb) of the Clark County Code, excluding any property owned, operated, maintained and/or administered by the Department of Aviation.
- 1.8 “Substituted Entity” means any person or entity selected by the Lender’s Agent and approved by the County Commission in accordance with this Franchise Agreement to perform the obligations and succeed to the rights hereunder of FRANCHISEE, after any Lender has acquired the FRANCHISEE’s rights hereunder.
- 1.9 “Vegas Loop” refers to the transportation system composed of the Monorail granted under this Franchise Agreement (as reflected in Exhibit B, excluding those projects active under separate entitlement), and the connected Monorail in the City of Las Vegas.

SECTION 2. MONORAIL FRANCHISE GRANTED

2.1 The FRANCHISEE is hereby granted, during the term of this Agreement, a Franchise to install and operate a Monorail that is part of the Vegas Loop in, on, along, under or over the COUNTY Rights-of-Way in a depth as shown on the COUNTY-approved plans and permits along the route attached as Exhibit B and made a part hereof, and pursuant to Chapter 5.04, Chapter 6.14 and applicable provisions of Titles 22 and 30 of the Clark County Code. Except as otherwise provided in this Franchise Agreement or applicable provisions of Titles 5, 6, 22 and 30, and subject to Subsection 2.5 below, the FRANCHISEE shall have the right:

- a. to establish and to revise from time to time the frequency of service and schedules of operation of the Monorail;
- b. to charge and collect fares from customers;
- c. to establish, modify and adjust from time to time the fares to be charged;
- d. to establish promotional and fare programs and to enter into arrangements with hotel and resort owners for discounted and/or free use of the Monorail by patrons;
- e. to display advertising and to establish concessions in connection with the Monorail, provided any such advertising or signs are installed pursuant to applicable provisions of Clark County Code Chapter 30.72 and are not located or visible in tunnels within the Rights-of-Way; and

- f. to lease space on the Monorail to vendors, merchants, advertisers, public utilities or cable companies pursuant to this Franchise Agreement.

2.2 The FRANCHISEE, at its sole cost and expense, shall obtain all other property rights, permissions and privileges necessary to own, operate and maintain the Monorail. **The Franchise by this Agreement is a privilege and will not impart to the FRANCHISEE any right in any COUNTY Rights-of-Way,** or right to obstruct or interfere with the flow of vehicular or pedestrian traffic in any COUNTY Rights-of-Way with the exception of temporary road closures or other similar temporary and discrete incidents, if necessary, during construction, as approved by the COUNTY and subject to the FRANCHISEE obtaining all necessary permits from the COUNTY. In addition, the FRANCHISEE shall, at its sole cost and expense, obtain all other necessary permits and approvals as required by state, federal and local law.

2.3 Further, the FRANCHISEE's performance and exercise of its rights and obligations under this Agreement shall not interfere with the ability of the COUNTY or any other public body governed by the Board of County Commissioners which has rights to the COUNTY's Rights-of-Way, to install, maintain or use the existing or future improvements, including, but not limited to, street lighting systems, traffic control systems, sidewalks, water supply and distribution systems, sanitary sewer collection systems, and drainage and storm water collection and transmission systems. Assuming there is no other commercially reasonable solution as determined by the Director of the Department of Public Works, the FRANCHISEE will be responsible for the cost to adjust or modify any vertical elements of the Monorail in the public rights-of-way, such as ventilation shafts and egress stairways, located at the surface of the public street necessitated by a public project. Such obligation does not apply to vertical elements constructed outside the public right-of-way, nor to horizontal elements, such as tunnels and adits.

FRANCHISEE will coordinate with the COUNTY on the design of the tunnel's vertical profile prior to commencing each phase of construction in order to minimize the probability of potential conflicts with future improvements.

2.4 The FRANCHISEE shall notify the utilities, licensees and franchisees who have rights in any COUNTY Rights-of-Way or property of Monorail installation, operation and maintenance activities that may affect the rights of said utilities, licensees and franchisees. The FRANCHISEE shall cooperate with said utilities, licensees and franchisees. The installation, operation and maintenance of the Monorail shall not interfere with public or private improvements in the COUNTY Rights-of-Way, including, but not limited to, utilities, licensees and franchisees.

2.5 The FRANCHISEE shall have the right, privilege and authority to make any and all improvements, upgrades and capacity enhancements to the Monorail consistent with the terms of this Franchise Agreement and subject to the additional approvals required by the COUNTY and the Clark County Code as amended from time to time.

2.6 There is hereby specifically excluded from the right, privilege, permission, and authority hereby given, the right, privilege, permission, and authority to, in any way, engage in activities other than those reasonably necessary to install, maintain, and operate a Monorail and those described in paragraph 2.1 above. No right, privilege, permission, or authority is granted by, or to be inferred from, this Franchise Agreement, except those specifically described herein.

2.7 The FRANCHISEE may not expand the Franchise to install, maintain and operate its facilities in the COUNTY Rights-of-Way beyond the original geographic route shown in Exhibit B of this Agreement without first obtaining approval of an amended Franchise Agreement from the County Commission.

2.8 Changes, additions and amendments to this Franchise Agreement shall be in accordance with Clark County Code Section 5.04.120. In the event that an amendment of this Franchise Agreement is approved by the County Commission, such amendment shall be subject to all the terms and conditions of applicable provisions of Titles 5, 6, 22 and 30 of the Clark County Code, as amended from time to time.

2.9 The FRANCHISEE agrees to provide to the Clark County Department of Comprehensive Planning a plan for construction to be approved by the Director of the Department of Comprehensive Planning. The plan shall show each phase of construction along with the timeline for construction, completion, and start of operation of each phase. Each phase shall demonstrate the ability to operate independently or separately from the remaining phases.

2.10 In the event that the FRANCHISEE fails, for reasons other than Force Majeure or any other reason permitted by this Franchise Agreement or applicable provisions of Clark County Code Titles 5, 6, 22 and 30, to Commence Construction of the Monorail within three (3) years after the Effective Date of this Franchise Agreement, or to operate one or more phases of the Monorail in COUNTY Rights-of-Way within three (3) years following Commencement of Construction, upon forty-five (45) days' written notice specifying such failure and after giving the FRANCHISEE and/or Lender's Agent an opportunity to be heard, the County Commission may terminate the Franchise. The County Commission may reinstate the Franchise at its sole discretion upon such terms as it deems appropriate.

2.11 The FRANCHISEE's Monorail is not compatible with and cannot feasibly be connected to any other existing system of transportation operated on a public fixed guideway in Clark County. If another private entity desires to connect to the FRANCHISEE's system, the FRANCHISEE must comply with NRS 705.700.

2.12 The COUNTY and the FRANCHISEE conclude and agree that no provision of this Agreement is in conflict with the intent or the language of NRS Sections 705.610 through 705.700. The FRANCHISEE hereby waives any current or future claim to the contrary, and agrees that neither it nor any affiliate will raise any claim or defense to the contrary, in any forum.

SECTION 3. FRANCHISE AGREEMENT DURATION, CONDITIONS

3.1 This Franchise Agreement shall be non-exclusive (except to the extent provided in Section 7 below) and shall be in force and effect from the Effective Date for a fifty (50) year period, until October 20, 2071.

3.2 All applicable provisions of the Clark County Code, applicable National Fire Protection Association (NFPA) fire and life safety standards as determined by the Clark County Fire Department and the Clark County Department of Building, and all provisions of this Franchise Agreement shall be binding upon the FRANCHISEE, its successors, or assignees. In the event of any conflict between any applicable provisions of the Clark County Code and any provisions of this Franchise Agreement, the Code provision shall control.

3.3 The FRANCHISEE acknowledges that this Franchise is for installation of facilities in COUNTY Rights-of-Way as identified in Exhibit B only, and that installation in, on, under, along or above other COUNTY property or private property may be permitted only through an agreement with the property owner or acquisition of the necessary property rights.

3.4 The FRANCHISEE shall at all times during the term of the Franchise Agreement be subject to all lawful exercise of the police power by the COUNTY, including any and all ordinances, rules or regulations which the COUNTY has adopted or may adopt, which apply to the public generally. Any conflict between the provisions of this Franchise Agreement and any other present or future lawful exercise of COUNTY police powers shall be resolved in favor of said COUNTY police powers.

3.5 The FRANCHISEE shall not permit another person to own or use public utility facilities as defined in Clark County Code Chapter 5.01, or video service facilities as defined in Clark County Code Chapter 6.135, in, on, along, under or above FRANCHISEE's authorized Monorail route located in COUNTY Rights-of-Way or within or on FRANCHISEE's Monorail unless the person so owning or using such facilities has obtained all necessary business licenses, franchises, permits or Rights-of-Way licenses from the COUNTY.

3.6 The FRANCHISEE shall not conduct business activities which require background investigation for licensure or which require licensing, franchising or permitting under Chapters 5.01, 6.13 or 6.135 of the Clark County Code without first obtaining such licensing, franchising or permitting, including but not limited to liquor sales, gaming, room rental, public utility services and video services.

3.7 If the COUNTY, pursuant to the causes and/or rights set forth in this Franchise Agreement requests the FRANCHISEE to decommission any or all portions of the Monorail then

the FRANCHISEE shall comply with the Decommissioning Plan, attached hereto as Exhibit C, and the Franchise for that portion(s) of the Monorail is thereby terminated. If it is determined by the Director of the Clark County Department of Public Works that the Monorail interferes with an existing or future public improvement, then within thirty (30) days of receipt of written notice from the Department of Public Works, the FRANCHISEE agrees to resolve the conflict pursuant to the Decommissioning Plan, at no cost or expense to the COUNTY, and in accordance with all applicable laws, regulations, standards and specifications, whether federal, state or local. If the FRANCHISEE does not perform this work within thirty (30) days, the COUNTY, or its contractor, may do so at the FRANCHISEE's expense and the FRANCHISEE agrees to pay the COUNTY the cost of the work within thirty (30) days of receipt of invoice from the COUNTY.

3.8 Based on its review of the financial consultant's report specified in Subsection 5.04.070(b) of the Clark County Code, the County Commission may impose additional terms and conditions upon this Franchise, which must be fully satisfied by the FRANCHISEE prior to encroachment in any COUNTY Rights-of-Way. Such additional terms and conditions shall be specified as Exhibit D hereto and made a part hereof.

SECTION 4. PERMITS, LICENSES AND APPROVALS

4.1 The COUNTY, with the grant of this Franchise, will consider a special use permit subject to the conditions imposed by the County Commission in accordance with Title 30 of the Clark County Code. The FRANCHISEE may request, at the discretion of the Chair of the Board of County Commissioners, that the approval of this Franchise Agreement be continued by the Board of County Commissioners until the Zoning Commission meeting that will consider the special use permit and be heard at the same time.

4.2 The COUNTY hereby grants, contemporaneously with the grant of this Franchise, a Monorail Master Business License in accordance with Chapter 6.14 of the Clark County Code.

4.3 Pursuant to NRS 705.700 (1) and (2), and except as provided in Sections 4.1 and 4.2 above, this Franchise places restrictions on the issuance of those permits, licenses and approvals required for the construction and operation of the Monorail by requiring that any such permits, approvals, licenses, conformity requirements or permissions required from the COUNTY shall require approval pursuant to applicable provisions of the Clark County Code.

SECTION 5. INSTALLATION REQUIREMENTS

5.1 Installation of the Monorail shall utilize substantially the same or better technology as shown in the FRANCHISEE's Application dated October 20, 2021 and attached as Exhibit A, as determined by the FRANCHISEE in its sole discretion.

5.2 Installation of the Monorail shall be in accordance with the provisions of Clark County Code Section 5.04.100.

SECTION 6. OPERATING REQUIREMENTS

6.1 The FRANCHISEE shall cause the Monorail to be operated and maintained in accordance with applicable provisions of Titles 5, 6, 22, and 30 of the Clark County Code, and with the plans of operation submitted in its application.

6.2 The FRANCHISEE may contract with another person to act as the Operator of the Monorail. The FRANCHISEE will ultimately be responsible for compliance with all requirements in this Franchise Agreement and the Clark County Code.

6.3 The FRANCHISEE shall at all times during the term of the Franchise Agreement provide the necessary personnel, equipment, maintenance, and/or services to assure the safety and security of the public and employees within the system.

6.4 The FRANCHISEE shall conduct Critical Infrastructure Vulnerability Assessments of the Monorail in accordance with the National Infrastructure Protection Plan issued by the Cybersecurity & Infrastructure Security Agency of the U.S. Department of Homeland Security. The FRANCHISEE shall coordinate with Clark County Fire Department, Clark County Department of Building and Fire Prevention and the Department of Homeland Security on a regular basis, including discussions pertaining to the results of the initial and future Critical Vulnerability Assessments. No Building Department permits shall be issued until the Clark County Fire Department and the Clark County Department of Building and Fire Prevention have approved in writing that it is satisfied with the FRANCHISEE's public safety and security plans.

SECTION 7. COMPETING TRANSPORTATION FACILITIES

7.1 This is a non-exclusive agreement. The COUNTY may grant as many Monorail franchises, as defined in Chapter 5.04 of the Clark County Code, as it desires to any person(s) it desires, as long as any future Monorail franchises do not physically or operationally conflict with this Franchise Agreement, as solely determined by the County Commission. However, no facilities of the Monorail shall be used for other Monorail franchises or other transportation systems. The FRANCHISEE acknowledges and agrees that the COUNTY may grant additional franchises that

may operate within the COUNTY Rights-of-Way, including, but not limited to, those that may be located and operated in the area adjacent to and/or above or over the Monorail and/or above or over the surface of the COUNTY road.

SECTION 8. FRANCHISE PAYMENTS AND FEES

8.1 Gross Revenue, as defined in Section 6.14.020 of the Clark County Code, includes all revenue received by FRANCHISEE related to Vegas Loop Monorail service (such as fares, advertising, and concessions), minus federal, state and local taxes collected by FRANCHISEE, and refunds. Revenue received from interest/investment earnings or from third parties to reimburse or offset costs incurred by FRANCHISEE for design, engineering or construction work, Vegas Loop operations and maintenance work or comparable non-service-related fees shall not count towards Gross Revenue.

8.2 The franchise fee shall become payable on the day of the first paid fare. The franchise fee shall be calculated on a quarterly basis as follows:

- Quarterly Gross Revenue less than or equal to a threshold of \$17,500,000: 0.5% of quarterly Gross Revenue to COUNTY
- Quarterly Gross Revenue more than a threshold of \$17,500,000: 0.5% of the first \$17,500,000 of quarterly Gross Revenue and 5.0% of all quarterly Gross Revenue in excess of \$17,500,000 to COUNTY

Quarterly Gross Revenue is the total Gross Revenue earned in a quarter for the Vegas Loop multiplied by the number of passenger rides originating in the COUNTY divided by the number of passenger rides in Vegas Loop in such quarter. For example, if Gross Revenue for Vegas Loop in a quarter was \$1000.00, and 75 rides originated in the COUNTY and 25 rides originated in the City of Las Vegas, \$750.00 would be the quarterly Gross Revenue attributable to the COUNTY.

8.3 The threshold for Quarterly Gross Revenue shall be adjusted annually on July 1 of each year by the percentage, rounded to the nearest hundredth of a percent, of increase in the annual average of the Consumer Price Index – All Urban Consumers (U.S. City Average, All Items, Base Period: 1982-84=100, Not Seasonally Adjusted, Series ID: CUUR0000SA0, as published by the U.S. Department of Labor, Bureau of Labor Statistics) between the most recent twelve-month period ending on December 31 as compare to the prior twelve-month period ending on December 31.

8.4 Payments and fees in this Section are due on the fifteenth (15th) day of each calendar quarter thereafter. Payments and fees are subject to the provisions of Section 6.14.070 of the Clark County Code regarding the delinquency in fee payments.

SECTION 9. PUBLIC SAFETY PAYMENTS AND FEES

9.1 The Clark County Fire Department and FRANCHISEE shall develop a list of equipment that FRANCHISEE will purchase to cover the Clark County Fire Department's public safety costs in connection to the Monorail. Prior to the issuance of the first construction permit the FRANCHISEE shall pay the COUNTY an amount to be determined by the parties, and shall make subsequent payments thereafter as agreed upon by the parties, which may include both equipment costs and operating costs, as determined by the parties. No permits shall be issued until the Clark County Fire Department is satisfied, in its reasonable discretion, with the equipment list, associated operating costs and payment phasing.

SECTION 10. FRANCHISE REPORTING

10.1 Each year during the term of the Franchise Agreement, the FRANCHISEE shall submit a written report to the COUNTY Manager and Director of Business License as required by Clark County Code Section 5.04.150(b).

10.2 In lieu of the detailed financial report required in Section 5.04.150(a) of the County Code, FRANCHISEE may submit Gross Revenue information by type of revenue, such as fares (whether paid by the passenger or a resort or a convention organizer as part of a promotion), advertising, etc., and attested to by an independent Certified Public Accountant. This report shall consist of only the data required to calculate Gross Revenue: total number of rides in Vegas Loop, in COUNTY, and in City; total advertising, concession and other revenue for Vegas Loop; total quarterly Gross Revenue apportioned to COUNTY; and the franchise fee amount.

10.3 The FRANCHISEE shall submit with its annual report required in paragraph 10.1 a list of any and all persons using the FRANCHISEE's facilities, pursuant to Section 3.5 of this Agreement, during the prior year.

10.4 The FRANCHISEE shall retain all Project records and reports and shall allow for audits of Gross Revenue, at the COUNTY's expense (except for travel expenses to be paid by the FRANCHISEE if the records are not within the boundary of Clark County), of its records in accordance with applicable provisions of Clark County Code Titles 5 and 6.

SECTION 11. REVOCATION AND PENALTIES

11.1 In the event that the FRANCHISEE has failed to comply with the applicable provisions of the Clark County Code, this Franchise Agreement, or the applicable laws or

regulations of the State of Nevada or of the United States, the FRANCHISEE and Lender's Agent shall be given sixty (60) days from receipt of written notification of same from the COUNTY to remedy such failure; provided that, if the FRANCHISEE or Lender's Agent submits a written request to the COUNTY within such sixty (60) days, the request shall be placed before the County Commission and the FRANCHISEE and/or Lender's Agent shall be given an opportunity to be heard. Such sixty (60)-day period may be extended by the County Commission if it determines that the cause of such failure may be corrected but cannot reasonably be corrected within sixty (60) days. In the event that the failure has not been remedied within the sixty (60)-day period or other amount of time authorized by the County Commission, the County Commission may, in its sole discretion, choose to:

- a. impose monetary fines and other penalties upon the FRANCHISEE and/or Operator, including but not limited to: (A) assessment of penalties upon the FRANCHISEE in an amount deemed appropriate by the County Commission, but not exceeding the amount of the security deposit established in the applicable paragraphs of Section 17 of this Franchise Agreement; (B) suspension of construction or operation of the Monorail; or (C) restriction of business activities of the Monorail Franchise and Monorail Master Business License; or
- b. revoke or suspend the Monorail Franchise or Monorail Master Business License and impose terms for reinstatement or continuance of either; or
- c. make or cause to be made appropriate claims under any completion or performance security provided pursuant to the applicable paragraphs of Section 17 of this Franchise Agreement.

Notwithstanding paragraph (b) above, unless the FRANCHISEE has abandoned the Monorail as described in Section 12 hereof, the COUNTY shall not revoke or suspend the Monorail Franchise or Monorail Master Business License unless the COUNTY has obtained a final judgment from a court of competent jurisdiction that the FRANCHISEE has defaulted on its obligations under applicable provisions of the Clark County Code, this Franchise Agreement, or the applicable laws or regulations of the State of Nevada or of the United States, provided: (A) the judgment is not appealable; or (B) the losing party has failed to file an appeal in the time permitted under applicable law.

11.2 Any such monetary fines or penalties shall be due within thirty (30) days of written notification by the COUNTY, made payable to the County Treasurer, and delivered to the County's Director of Business License at the COUNTY's address indicated in Section 22 of this Franchise Agreement. A late charge of five percent (5%) of the fine or penalty imposed shall be assessed if the fine or penalty is not paid within thirty (30) days of the written notification.

11.3 If a fine or penalty which has been imposed by the County Commission is not paid within thirty (30) days from the date of written notification from the COUNTY to the FRANCHISEE and/or Lender's Agent, the FRANCHISEE or Lender's Agent hereby grant the COUNTY authorization to deduct the amount of the fine or penalty plus late charges, if any, from the security deposit provided for such purposes, pursuant to the applicable paragraphs of Section 17 of this Agreement and the applicable sections of Clark County Code Titles 5 and 6. If at any time the COUNTY has drawn upon such security deposit, the FRANCHISEE shall within thirty (30) days of deficiency of funds replenish such security to the original minimum amount established in the applicable paragraph of Section 17 of this Franchise Agreement.

SECTION 12. ABANDONMENT OF MONORAIL

12.1 In the event that:

- (i) the FRANCHISEE does not successfully complete the construction of the Monorail, has stopped construction of the Monorail or all or a material portion of the Monorail, including the portion located in the COUNTY Rights-of-Way for a period in excess of one hundred eighty (180) days, or has not been in continuous operation (as scheduled) transporting passengers for a period in excess of one hundred eighty (180) days, and has made no effort to cure the above circumstances, unless such failure to operate is permitted by Chapter 5.04 of the Clark County Code, including without limitation Section 5.04.270 thereof (Force Majeure), or the terms of this Franchise Agreement; and
- (ii) such failure to operate has not been remedied within sixty (60) days after receipt by the FRANCHISEE and/or Lender's Agent of written notice from the COUNTY specifying the same, provided that if the FRANCHISEE or Lender's Agent submits a written request to the COUNTY within sixty (60) days, the request shall be placed before the County Commission and such sixty (60)-day period may be extended by the County Commission if it reasonably determines that the cause of such failure may be corrected but cannot reasonably be corrected within sixty (60) days; and
- (iii) the FRANCHISEE and/or Lender's Agent are given an opportunity to be heard;

then the County Commission may declare all or such portion of the Monorail to be abandoned and may terminate this Franchise Agreement and the Monorail Master Business License with respect to all of the Monorail or such portion of the Monorail so determined to be abandoned. Upon

abandonment, the FRANCHISEE shall comply with the terms of the Decommissioning Plan, attached hereto as Exhibit C and by this reference incorporated herein.

SECTION 13. TRANSFERS AND ASSIGNMENTS

13.1 The Franchise shall be a privilege that is in the public trust and personal to the FRANCHISEE. The FRANCHISEE's obligations under its Franchise involve personal services whose performance involves personal credit, trust, and confidence in the FRANCHISEE. No Transfer or Assignment of this Franchise shall occur except as provided in Chapter 5.04 of the Clark County Code. However, the Agreement may be transferred or assigned to an affiliate or nonprofit related to the FRANCHISEE that is qualified to perform under this Franchise Agreement. Request for Transfer and Assignment of this Franchise pursuant to this Section 13 shall not be unreasonably withheld or delayed by the County Commission.

SECTION 14. LENDER'S RIGHTS

14.1 At any time, and from time to time during the term of this Franchise Agreement, the FRANCHISEE shall have the right, at its sole cost and expense, to grant a security interest in, mortgage, pledge, hypothecate, grant a deed in trust or otherwise encumber, or assign revenues, issues and profits of the Monorail or collaterally assign, pursuant to Chapter 5.04 of the Clark County Code, an interest in the Franchise and to assign or pledge the same as security for any loans or other debt obligations. All dues, fees and payments payable to the COUNTY under this Franchise Agreement and required by the Clark County Code take priority over all other debt obligations of the FRANCHISEE.

14.2 The Lender's Agent shall register with the COUNTY its name and address in writing. The COUNTY shall provide the Lender's Agent with all notices sent to the FRANCHISEE.

14.3 In the event the COUNTY issues a notice under Section 11 or 12 hereof, the Lender's Agent may, within the cure period specified in such notice, remedy the failure of the FRANCHISEE, and the COUNTY shall accept such performance by the Lender's Agent as if the same had been done by the FRANCHISEE.

14.4 The Lender's Agent may propose a Substituted Entity to act in place of the FRANCHISEE. The COUNTY shall have no obligation to approve such Substituted Entity unless that entity demonstrates to the COUNTY's satisfaction that it has the financial resources and experience to timely perform the obligations of the FRANCHISEE under this Franchise Agreement. A Substituted Entity may not act in place of the FRANCHISEE for more than one

year from the date approved by the COUNTY. The FRANCHISEE and/or Lender's Agent may apply for Transfer and Assignment of the Franchise to the Substituted entity, which may be approved by the County Commission in its sole discretion.

14.5 In the event the COUNTY determines to terminate this Franchise Agreement, the Lender's Agent, if applicable, shall thereupon have the option to have all rights, obligations and duties of the FRANCHISEE under this Franchise Agreement Transferred and Assigned by the COUNTY, pursuant to the requirements of Section 13 of this Franchise Agreement, to the Lender's Agent or to a Substituted Entity approved by the COUNTY effective upon the Lender's Agent or Substituted Entity: (i) executing an agreement, acceptable to the COUNTY, by which such Lender's Agent or Substituted Entity assumes all rights, obligations and duties of the FRANCHISEE under this Franchise Agreement, (ii) paying any and all sums which would, at the time of such assumption, be due under this Franchise but for such assumption, and (iii) fully remedying any existing deficiencies under this Franchise Agreement and Clark County Code.

14.6 The FRANCHISEE shall ensure that Lender, Lender's Agent, or any other creditor of the FRANCHISEE, does not place a lien on COUNTY Rights-of-Way. If liens are placed on COUNTY Rights-of-Way the FRANCHISEE shall take immediate action to remove the lien.

SECTION 15. INDEMNIFICATION AND LIABILITY

15.1 The FRANCHISEE shall indemnify, hold harmless, and defend the COUNTY, its officers and employees, individually and collectively, from all damages, fines, liens, suits, claims, demands, actions, costs of investigation and litigation, attorneys' fees and expenses, consultants' fees and expenses, and expert witnesses' fees and expenses, judgments or liability of any kind arising out of or in any way connected with (1) the design, installation, construction, operations, maintenance, or condition of the Monorail; (2) the remediation, decommissioning or abandonment of the Monorail, including obligations under the Decommissioning Plan; (3) any action or inaction, including intentional, reckless or willful misconduct, by the FRANCHISEE, its officers, employees, and agents, including those represented as contractor or sub-contractor, in connection with the Monorail, the COUNTY Rights-of-Way, and this Franchise Agreement; and (4) the FRANCHISEE's obligations set forth in this Franchise Agreement. The amounts and types of required insurance coverage set forth in the Franchise Agreement and Chapter 5.04 of the Clark County Code shall in no way be construed as limiting the scope of indemnity set forth in this Section.

The FRANCHISEE agrees, within thirty (30) calendar days of receipt of invoice from the COUNTY to pay all reasonable attorney's fees and such other costs and/or expenses as required by the COUNTY in handling of and/or for the defense of such claims and any other legal actions in addition to those items mentioned above.

The FRANCHISEE agrees to repair and/or restore, to the satisfaction of the COUNTY, any damage sustained to public property, including, but not limited to, COUNTY Rights-of-Way and any improvements thereto, caused by the FRANCHISEE and/or the Monorail. The FRANCHISEE shall provide such repair and/or restoration immediately after damage is incurred. The COUNTY does not warrant the condition of the COUNTY Rights-of-Way for the Monorail. The FRANCHISEE accepts use of the COUNTY Rights-of-Way in its “AS-IS” condition.

The FRANCHISEE agrees and acknowledges that the use of the COUNTY Rights-of-Way, by the COUNTY or other authorized users, as set forth herein, may disturb the Monorail and the COUNTY shall not be responsible for damage or disturbance to the Monorail resulting from the use of the COUNTY Rights-of-Way. The foregoing notwithstanding, the FRANCHISEE agrees that the COUNTY will not be liable or responsible for any damage or injury to the Monorail unless such damage or injury results from direct physical contact with the Monorail and is directly and solely caused by the active negligence or intentional actions of the COUNTY, its officers or employees.

This Section survives termination of this Franchise Agreement and applies to the Monorail in a decommissioned or abandoned status.

15.2 The following procedures shall apply to all claims for indemnification under this Section 15.

- a. If the COUNTY receives notice of or otherwise has actual knowledge of a claim which it believes is within the scope of indemnification owed to it under this Section 15 by the FRANCHISEE, it shall by writing as soon as practicable:
 1. inform the FRANCHISEE of such claim;
 2. send to the FRANCHISEE a copy of all written materials the COUNTY has received asserting such claims; and
 3. notify the FRANCHISEE that either: (A) the defense of such claims is being tendered to the FRANCHISEE, or (B) the COUNTY has elected to conduct its own defense for a reason set forth in Subsection 15.2(e) below.
- b. If the insurer under any applicable insurance policy accepts tender of defense, the FRANCHISEE and the COUNTY shall cooperate in the defense as required by the insurance policy. If no defense is provided by

insurers under potentially applicable insurance policies, then Subsections 15.2 (c), (d), (e) and (f) below shall apply.

- c. If the defense is tendered to the FRANCHISEE, it shall within forty-five (45) days of said tender deliver to the COUNTY a written notice stating that the FRANCHISEE:
 - 1. accepts the tender of defense and confirms that the claims are subject to full indemnification hereunder without any “reservation of rights” to deny or disclaim full indemnification thereafter,
 - 2. accepts the tender of defense but with a “reservation of rights” in whole or in part, or
 - 3. rejects the tender of defense if it reasonably determines it is not required to indemnify against the claims under this Section 15.

If such notice is not delivered within such forty-five (45) days, the tender of defense shall be deemed rejected.

- d. If the COUNTY gives notice under Subsection 15.2 (a)(3)(A) above, the FRANCHISEE shall have the right to select legal counsel for the COUNTY, and the FRANCHISEE shall otherwise control the defense of such claims, including settlement, and bear the fees and costs of defending and settling such claims. During such defense:
 - 1. the FRANCHISEE shall at the FRANCHISEE’s expense, fully and regularly inform the COUNTY of the progress of the defense and of any settlement discussions; and
 - 2. the COUNTY shall, at the FRANCHISEE’s expense: (A) fully cooperate in said defense, (B) provide to the FRANCHISEE all materials and access to personnel it requests as necessary for defense, preparation and trial and which or who are under the control of or reasonably available to the COUNTY, and (C) maintain the confidentiality of all communications between it and the FRANCHISEE concerning such defense.
- e. At its option, the COUNTY may elect to hire an attorney and/or attorneys to defend the COUNTY, its officers, employees, agents, directors or county commissioners for any of the items set forth above, including, but not limited to, claims, causes of actions, suits, judgments, negotiations, settlements and arbitrations. If the COUNTY exercises this option, the

FRANCHISEE agrees that the FRANCHISEE remains subject to all indemnification obligations as set forth in this Section, including, but not limited to, paying all costs, reasonable documented attorney's fees, costs of suit, costs of appeal, and expert witness fees. The COUNTY may assume its own defense pursuant to this Subsection 15.2(e) by delivering to the FRANCHISEE written notice of such election.

- f. If the COUNTY elects to conduct its own defense pursuant hereto, all reasonable and documented third-party costs and expenses it incurs in investigating and defending claims for which it is entitled to indemnification hereunder shall be reimbursed by the FRANCHISEE on a current basis. In the event the COUNTY is entitled to and elects to conduct its own defense, then it shall have the right to settle or compromise the claims with the FRANCHISEE's prior written consent, which shall not be unreasonably withheld or delayed, or with approval of the court, and with the full benefit of the FRANCHISEE's indemnity.

SECTION 16. INSURANCE

16.1 The FRANCHISEE shall at its own cost and expense, obtain and maintain commercial general liability insurance naming the COUNTY, its officers, employees, volunteers, and agents as additional insureds for the duration of this Franchise Agreement. Commercial general liability insurance coverage must be provided either on a commercial general liability form or a broad form comprehensive general liability form. The FRANCHISEE shall maintain at all times limits of no less than \$1 million combined single limit per occurrence for bodily injury (including death), personal injury, and property damage. Policies must contain a primary and non-contributory clause and must contain a waiver of subrogation endorsement. The insurance coverage supplied by the FRANCHISEE must provide for a 30-day calendar notice to the COUNTY before implementation of a proposal to suspend, void, cancel or reduce in coverage, or in limits, the required insurance coverage. The FRANCHISEE shall at all times maintain workers' compensation insurance in compliance with NRS Chapters 616 and 617.

SECTION 17. SECURITY FOR PERFORMANCE

17.1 At least thirty (30) days prior to Commencement of Construction (as defined in Clark County Code 5.04.010), the FRANCHISEE shall provide the Director of Business License security in a bond or an irrevocable Letter of Credit, or cash (at the FRANCHISEE's discretion)

for one million, three hundred and fifty thousand dollars (\$1,350,000) which must approved by the Director, that guarantees the safe securing of the Monorail within Rights-of-Way in accordance with Section 5.04.240 of the Clark County Code and in accordance with the terms of the Decommissioning Plan. Such security may be provided by an affiliate, related party, or owner of FRANCHISEE that is acceptable to the COUNTY.

SECTION 18. RIGHTS RESERVED TO COUNTY

18.1 The COUNTY does hereby expressly reserve its rights, powers, and authorities pursuant to Section 5.04.270 of the Clark County Code and the NRS.

SECTION 19. COUNTY INSPECTIONS

19.1 The Director of the Department of Building and Fire Prevention, or its designee, shall inspect all work performed by the FRANCHISEE relating to the maintenance facilities, passenger stations and associated structures of the Monorail. The Director of Public Works, or its designee, shall inspect all work performed by the FRANCHISEE relating to facilities placed in COUNTY Rights-of-Way that will be owned and maintained by the COUNTY and any restoration of Rights-of-Way. The FRANCHISEE shall notify the respective Director when facilities and/or Rights-of-Way restoration are ready for inspection. Any inspection and subsequent approvals undertaken by the COUNTY pursuant to this Franchise Agreement are undertaken solely to ensure compliance with this Franchise Agreement and are not undertaken for the safety or the benefit of any individual or group of individuals as members of the public. Provisions in this Franchise Agreement dealing with inspection or approval by the COUNTY do not extend the COUNTY's general law duties. The costs of special inspections shall be paid by the FRANCHISEE pursuant to Sections 13.04 and 22.02 of the Clark County Code.

SECTION 20. SEVERABILITY

20.1 If any provision, section, subsection, paragraph, sentence, clause, phrase, or other portion of this Franchise Agreement is for any reason held to be invalid or unconstitutional, in whole or in part, by any court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity of the remaining portions hereof, which other portions shall continue in full force and effect. In the event of a subsequent change in applicable law so that the provision which

had been held invalid is no longer invalid, said provision shall thereupon return to full force and effect without further action by the COUNTY and shall thereafter be binding on the FRANCHISEE and COUNTY. If the terms of this Franchise Agreement are materially altered due to changes in or rulings regarding governing law, then the parties agree to amend this Franchise Agreement so as to restore the original intent of the FRANCHISEE and the COUNTY and preserve the benefits bargained for by each party.

SECTION 21. GIFTS

21.1 No officer or employee of FRANCHISEE shall offer to any officer or employee of the COUNTY, either directly or indirectly, any rebate, contribution, gift, money, service without charge, or other thing of value whatsoever, except where given for the use and benefit of the COUNTY or political campaign contributions that comply with applicable federal, state and local laws.

SECTION 22. NOTICE

22.1 All notices shall be sent to the COUNTY or FRANCHISEE at the addresses indicated below, with email being preferred. The FRANCHISEE shall notify the COUNTY's Director of Business License of any change of address within ten (10) working days of such occurrence. Failure to provide notification, and any resulting delay in receipt of notice, shall not excuse the FRANCHISEE from any obligation imposed by this Franchise Agreement, nor shall it serve as cause for reduction or removal of any restriction, fine or penalty imposed by the COUNTY.

COUNTY:

Director of Business License -
Clark County Manager's Office
500 S. Grand Central Pkwy.
P.O. Box 551810
Las Vegas, NV 89155-1810
Email: CHAP@ClarkCountyNV.gov

FRANCHISEE:

TBC -- The Boring Company dba Vegas Loop

3395 Cambridge Street

Las Vegas, NV 89169
Email: ashley@boringcompany.com

22.2 Notices shall be sent to the approved Lender's Agent at the address provided in writing to the COUNTY. The Lender's Agent shall notify the COUNTY's Director of Business License of any change in its status as Lender's Agent or in its address within ten (10) working days of such occurrence. Failure to provide notification, and any resulting delay in receipt of notice, shall not serve as cause for reduction or removal of any restriction, fine or penalty imposed by the COUNTY.

IN WITNESS WHEREOF the parties hereto have set their hands the day and year first written above.

CLARK COUNTY BOARD OF COMMISSIONERS

By Marilyn K. Kirkpatrick
MARILYN KIRKPATRICK, Chairman

ATTEST:

Lynn Marie Goya
LYNN MARIE GOYA, Clerk

APPROVED AS TO FORM
DISTRICT ATTORNEY

Sherry Ly
SHERRY LY
Deputy District Attorney

TBC -- THE BORING COMPANY

By Steve Davis
NAME: Steve Davis
TITLE: President

EXHIBIT A

TBC – THE BORING COMPANY

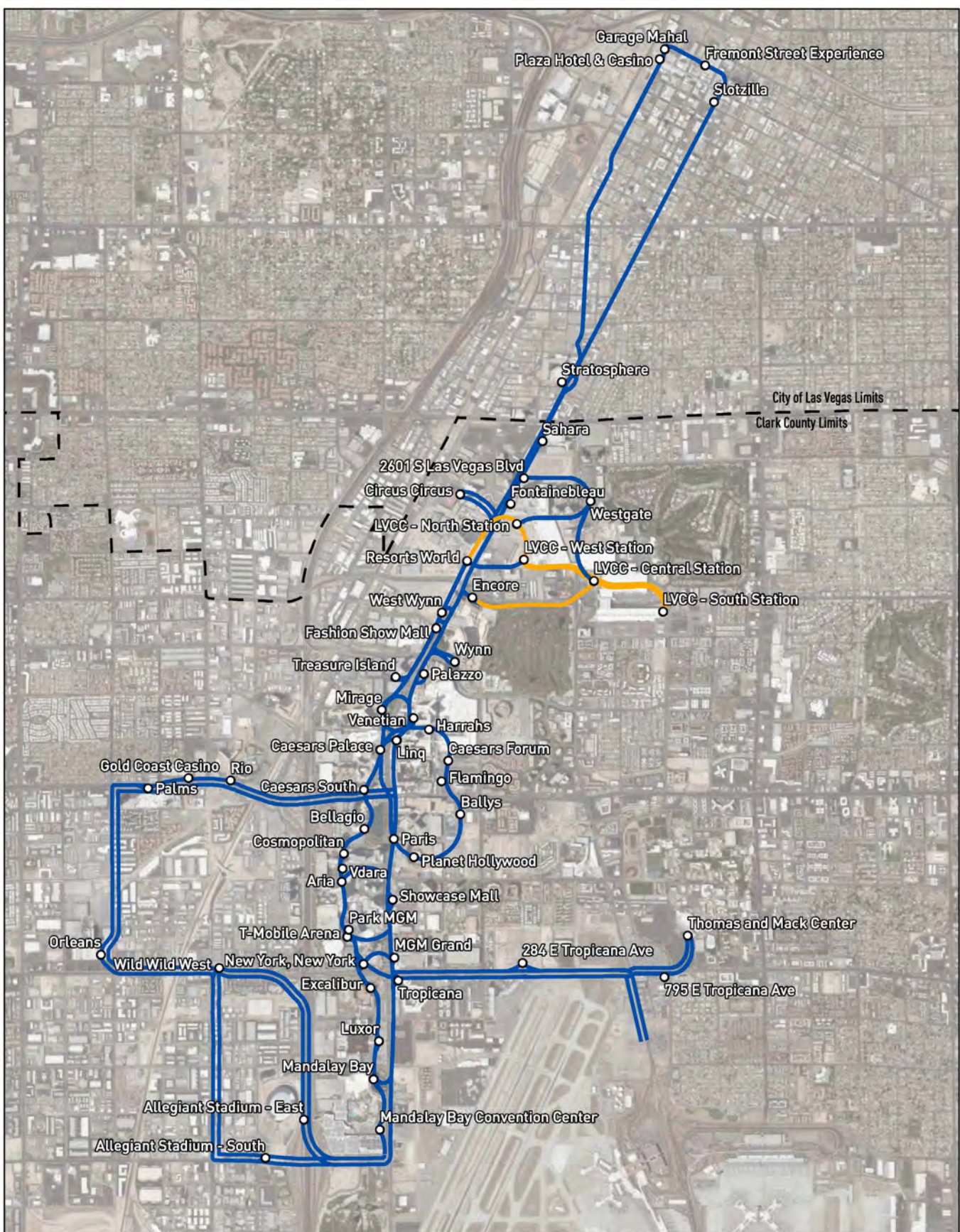
APPLICATION FOR A
MONORAIL FRANCHISE



October 20, 2021

TBC – The Boring Company (“TBC”) wishes to apply for a monorail franchise in Clark County. Pursuant to Section 5.04.070(a) of the Clark County Code, *Application for a monorail franchise*, TBC hereby submits the following information:

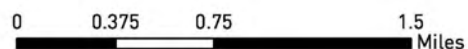
- (1) The Franchise Agreement to be executed by TBC and Clark County encompasses all understandings and agreements between the parties with respect to the application for a monorail franchise agreement.
- (2) Ownership of the applicant, TBC, a privately held Delaware corporation licensed to conduct business in the State of Nevada:
 - Officers: Steve Davis (President) and Jared Birchall (Secretary)
 - Stockholders holding more than ten percent of outstanding stock: Elon Musk
- (3) Not applicable.
- (4) Map of the proposed location of the monorail:



- Proposed Loop Station
- Proposed Main Artery Tunnel
- Active Projects Under Separate Entitlement

VEGAS LOOP

PROPOSED ALIGNMENT
AND STATIONS

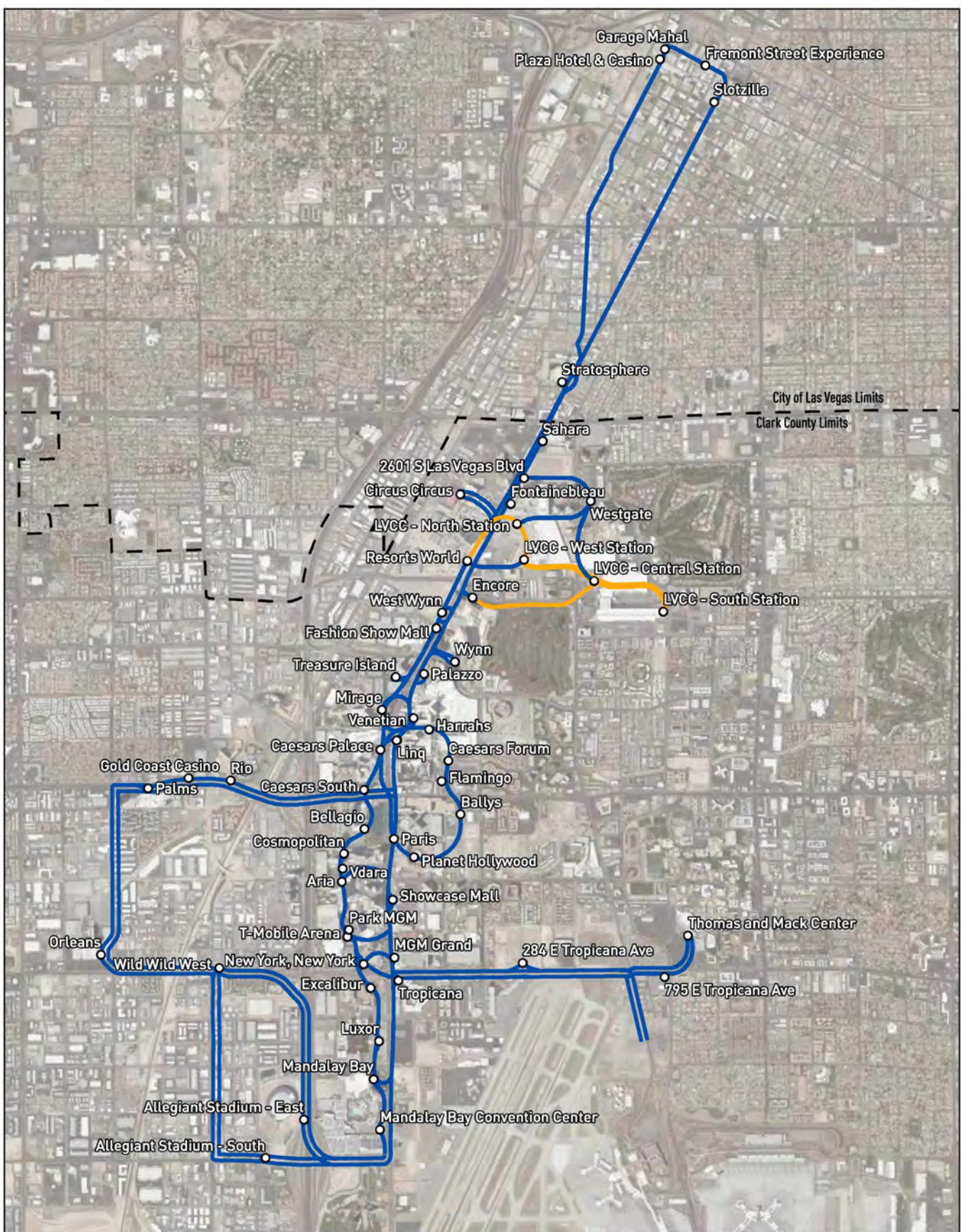


REVISED: 10/11/2021 SBE 26-116 Pg 206



EXHIBIT B

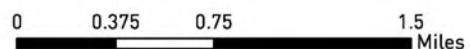
MAP & IMPROVEMENTS



- Proposed Loop Station
- Proposed Main Artery Tunnel
- Active Projects Under Separate Entitlement

VEGAS LOOP

PROPOSED ALIGNMENT
AND STATIONS



REVISED: 10/11/2021 SBE 26-116 Pg 208

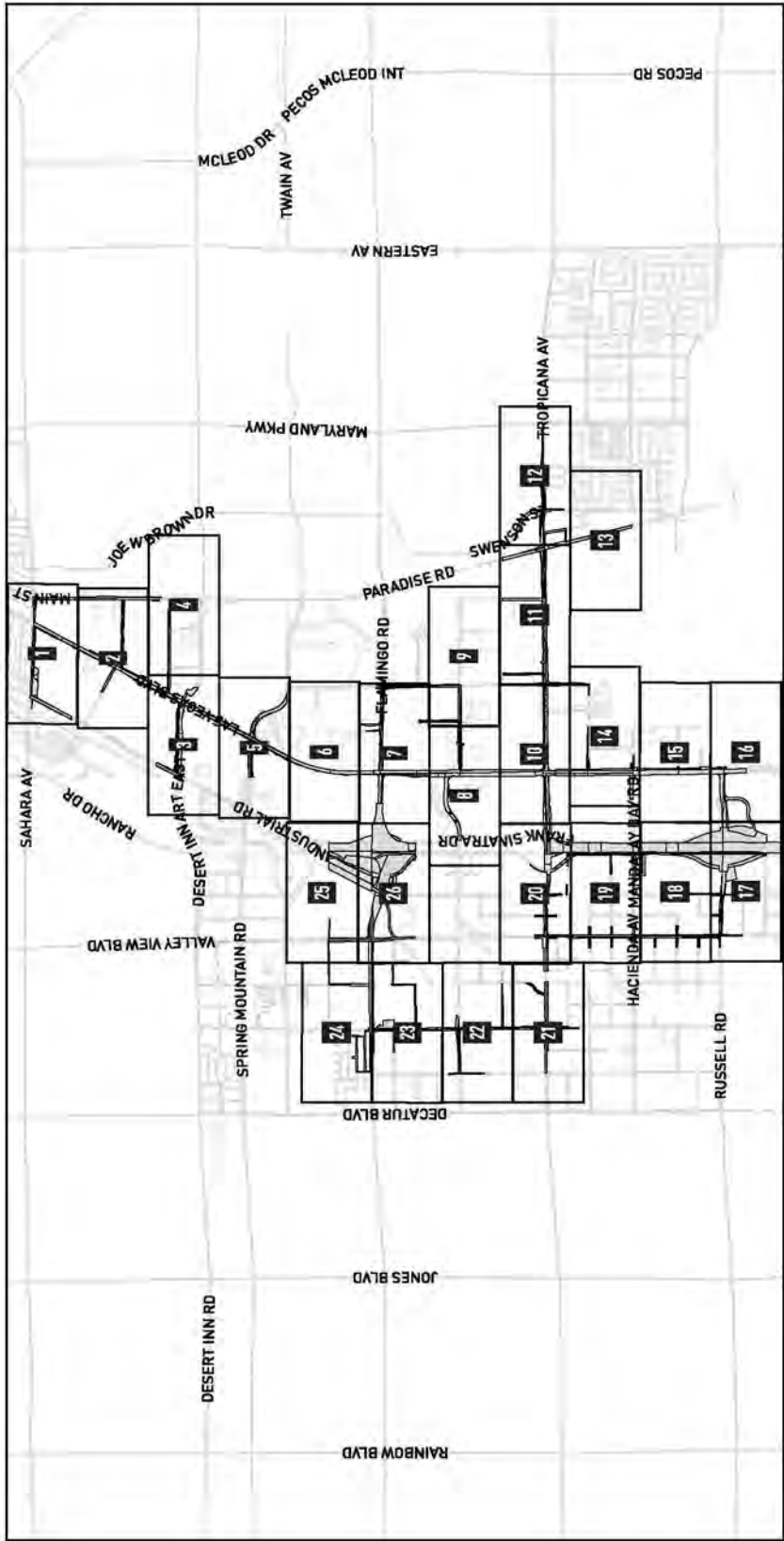


VEGAS LOOP
PROJECT LOCATION EXHIBIT

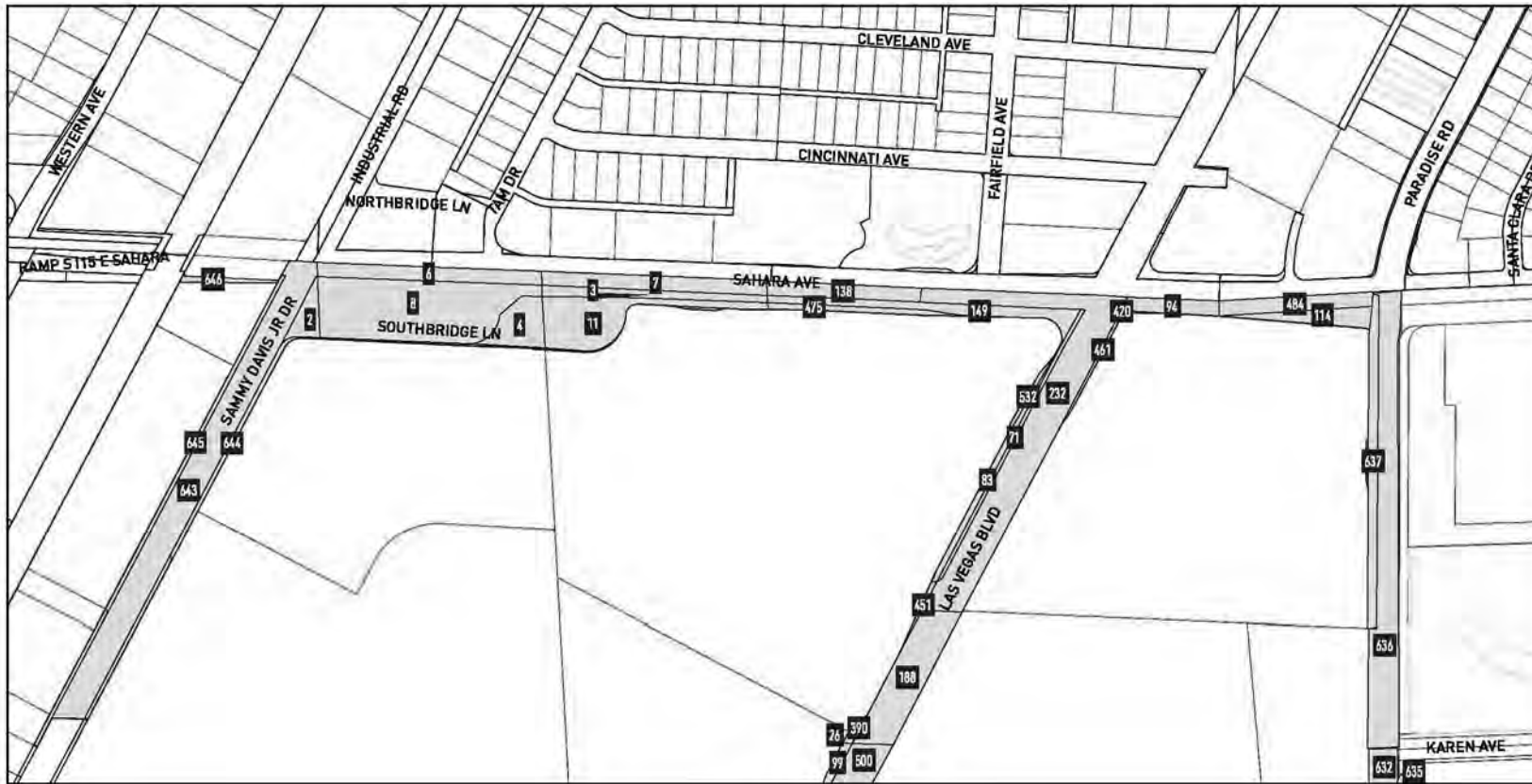
LEGEND
Right-of-Way

VEGAS
LOOP
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

COVER SHEET
REVISED: 10/7/2021



OVERVIEW MAP
1 inch = 5,500 feet
0 2,750 5,500 Feet



PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

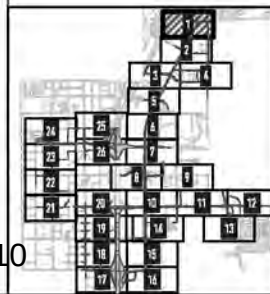
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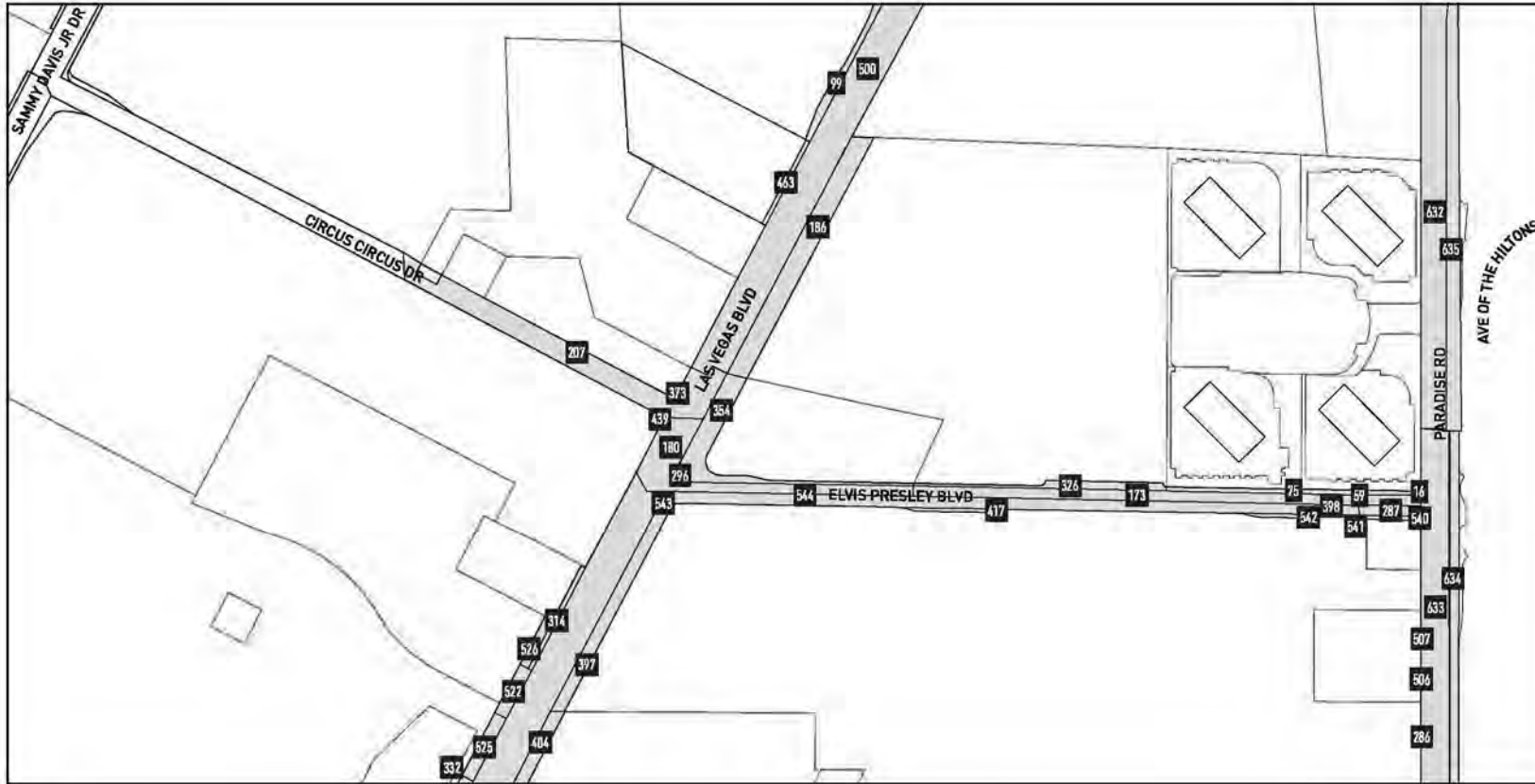
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

**VEGAS
LOOP**
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 1 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

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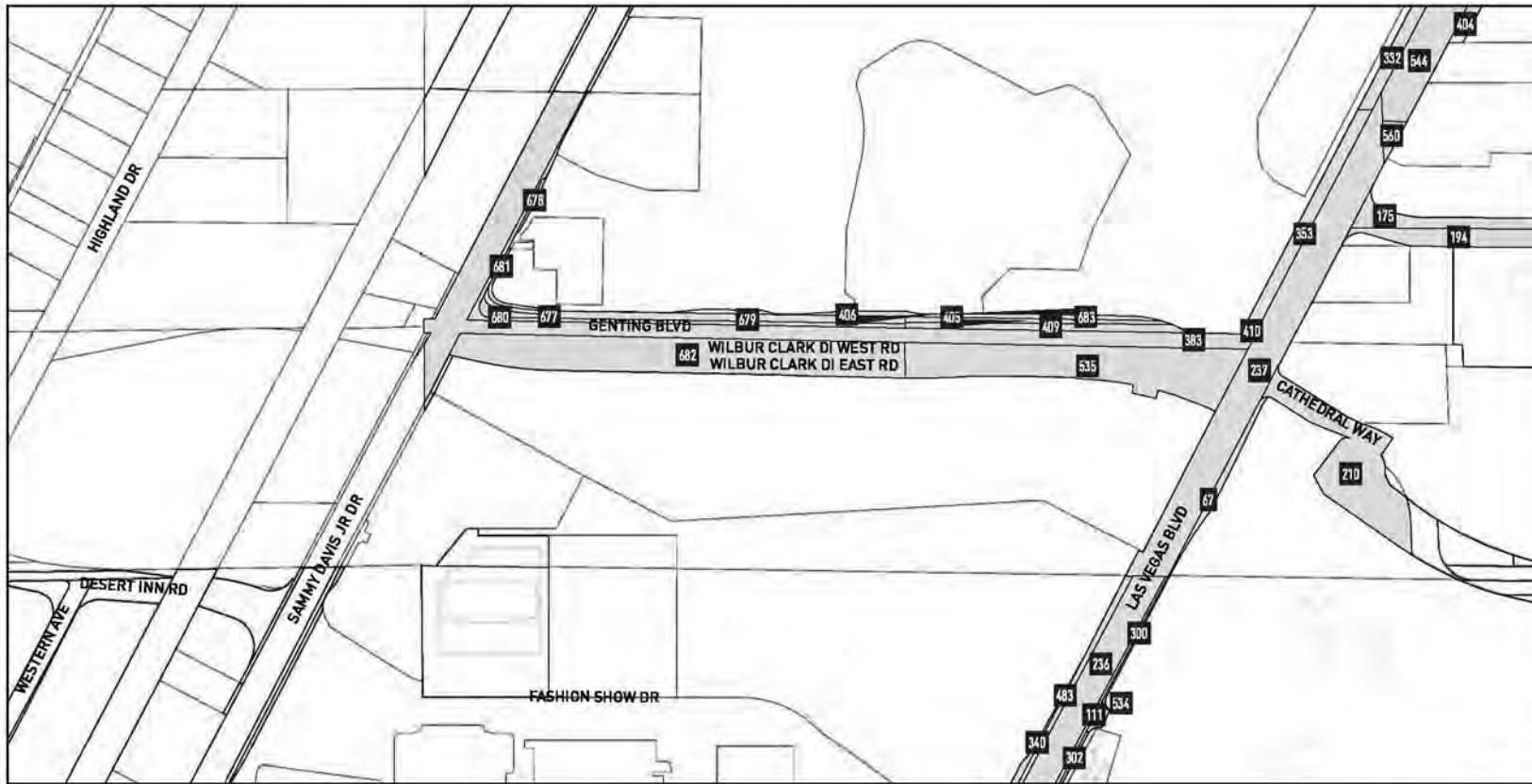
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

**VEGAS
LOOP**
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 2 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

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VEGAS LOOP
PROJECT LOCATION EXHIBIT

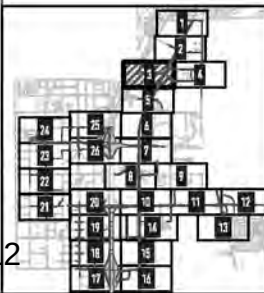
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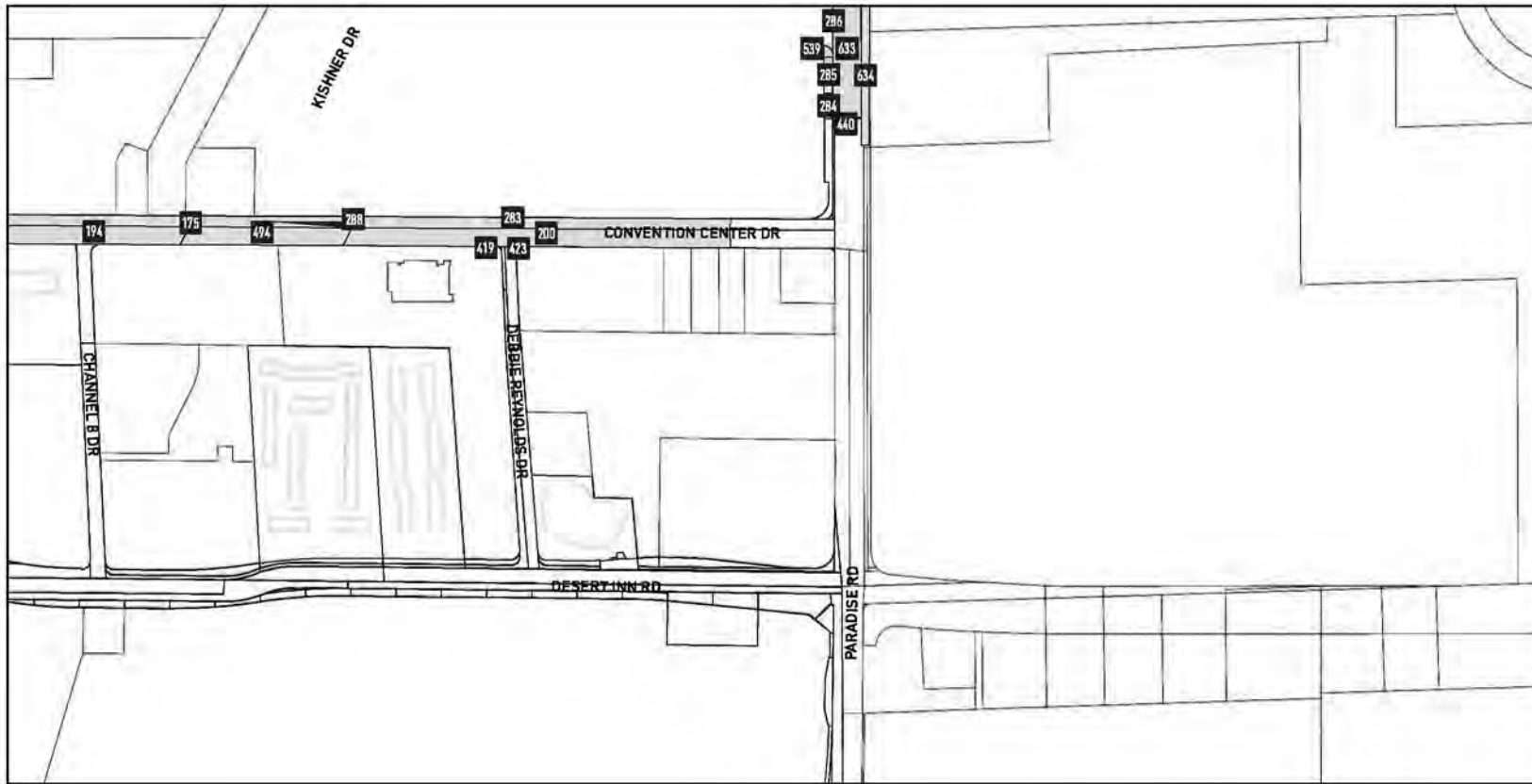
Right-of-Way

VEGAS
LOOP

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 3 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

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LEGEND

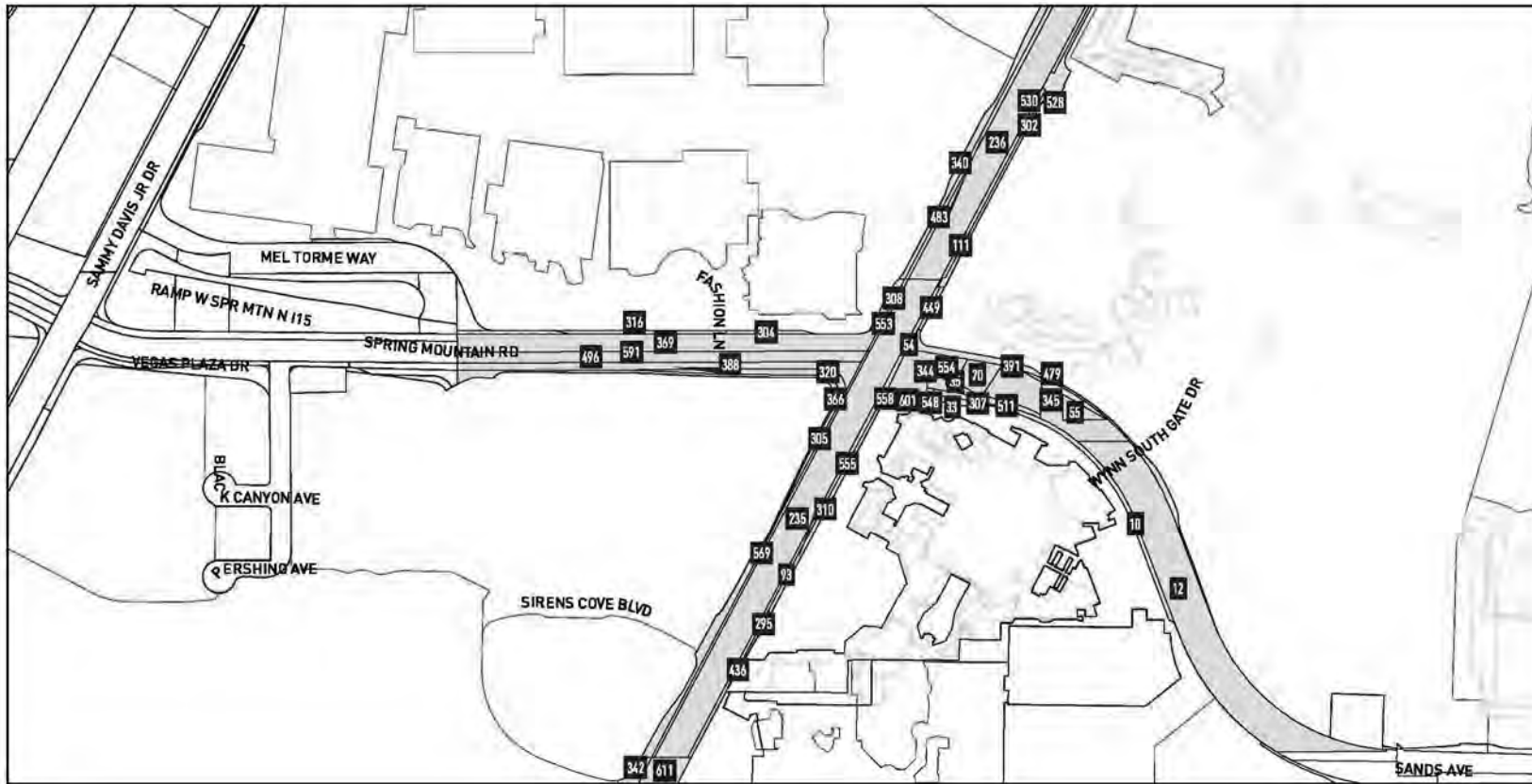
Right-of-Way

**VEGAS
LOOP**

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 4 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

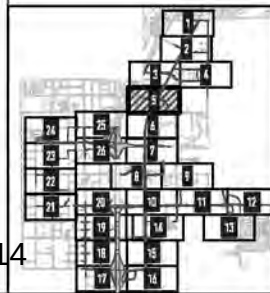
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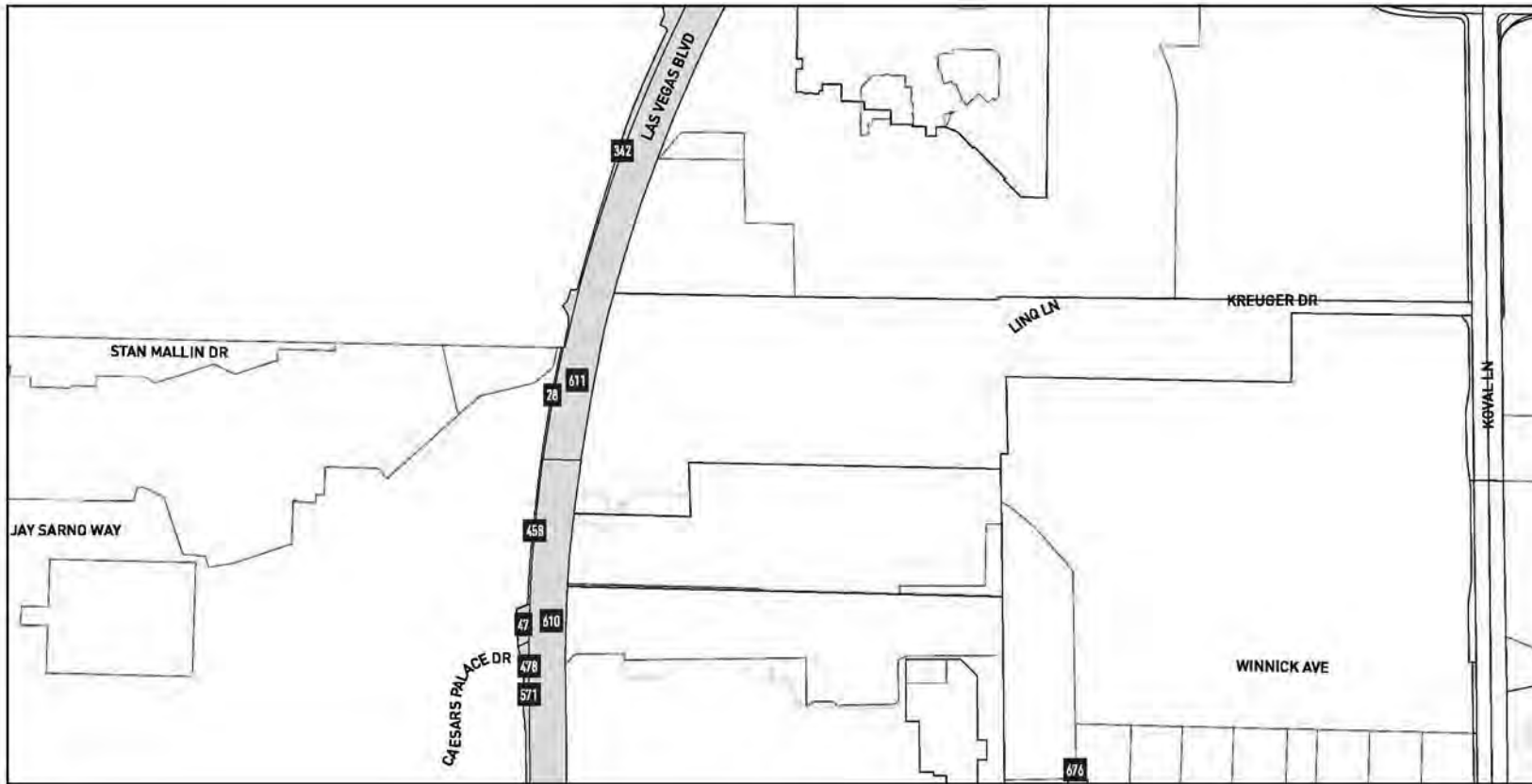
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

VEGAS
LOOP
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 5 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

- | | | | | |
|-----------------|------------------|------------------|------------------|------------------|
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VEGAS LOOP
PROJECT LOCATION EXHIBIT

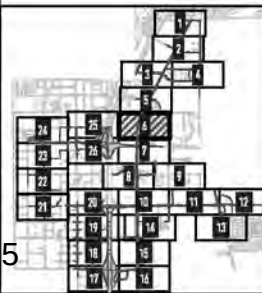
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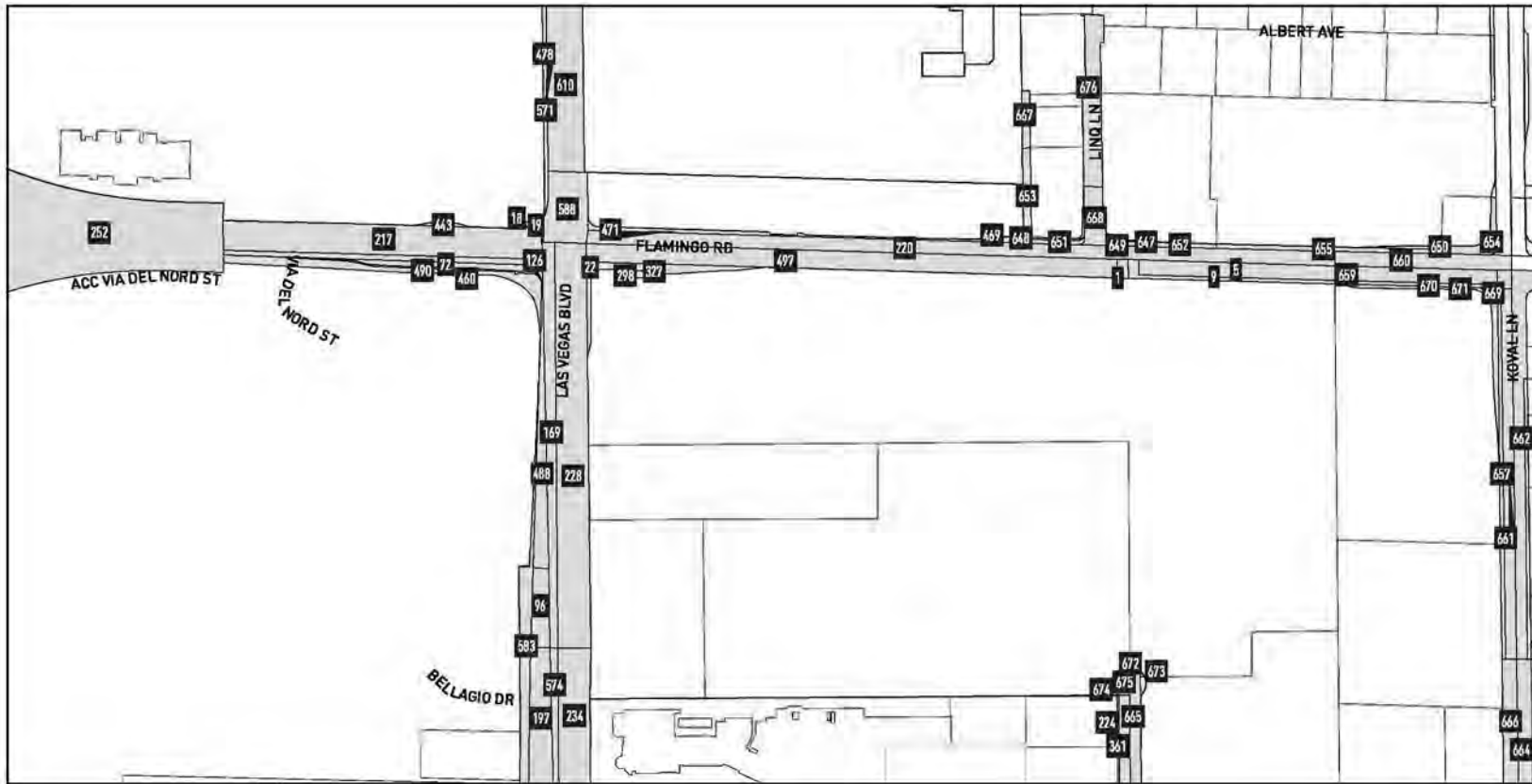
Right-of-Way

**VEGAS
LOOP**

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 6 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

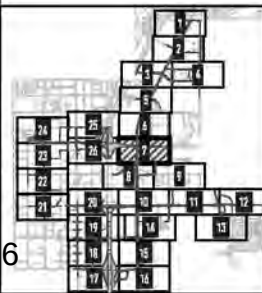
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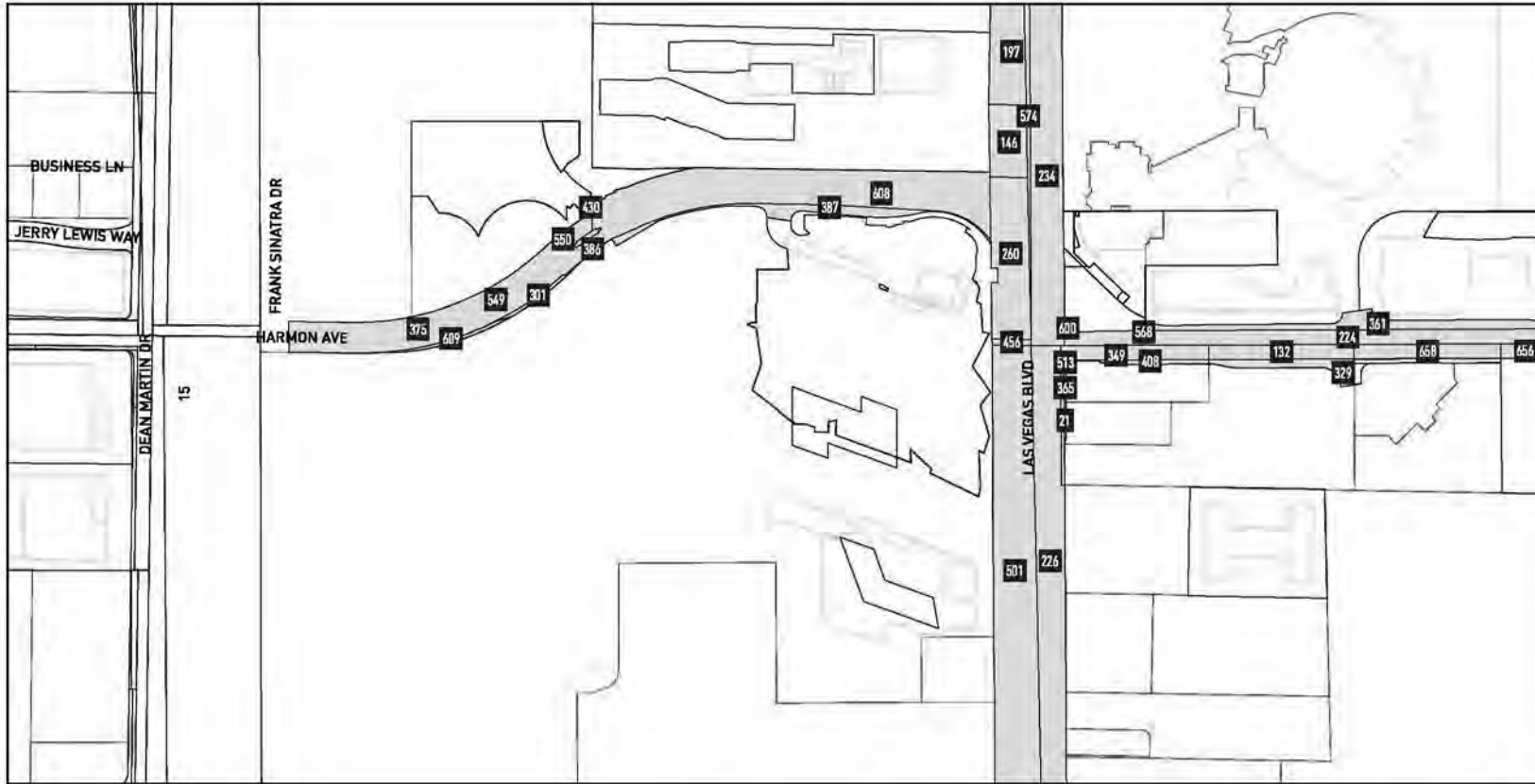
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

VEGAS
LOOP
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 7 OF 26
REVISED: 10/7/2021



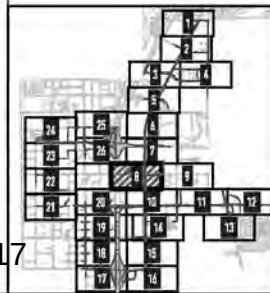


VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

**VEGAS
LOOP**
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 8 OF 26
REVISED: 10/7/2021



PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

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PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

■ 224, 16221299008 ■ 361, 16221299014 ■ 656, 16221399005 ■ 663, 16221399006 ■ 664, 16221699001 ■ 665, 16221299004 ■ 666, 16221299005



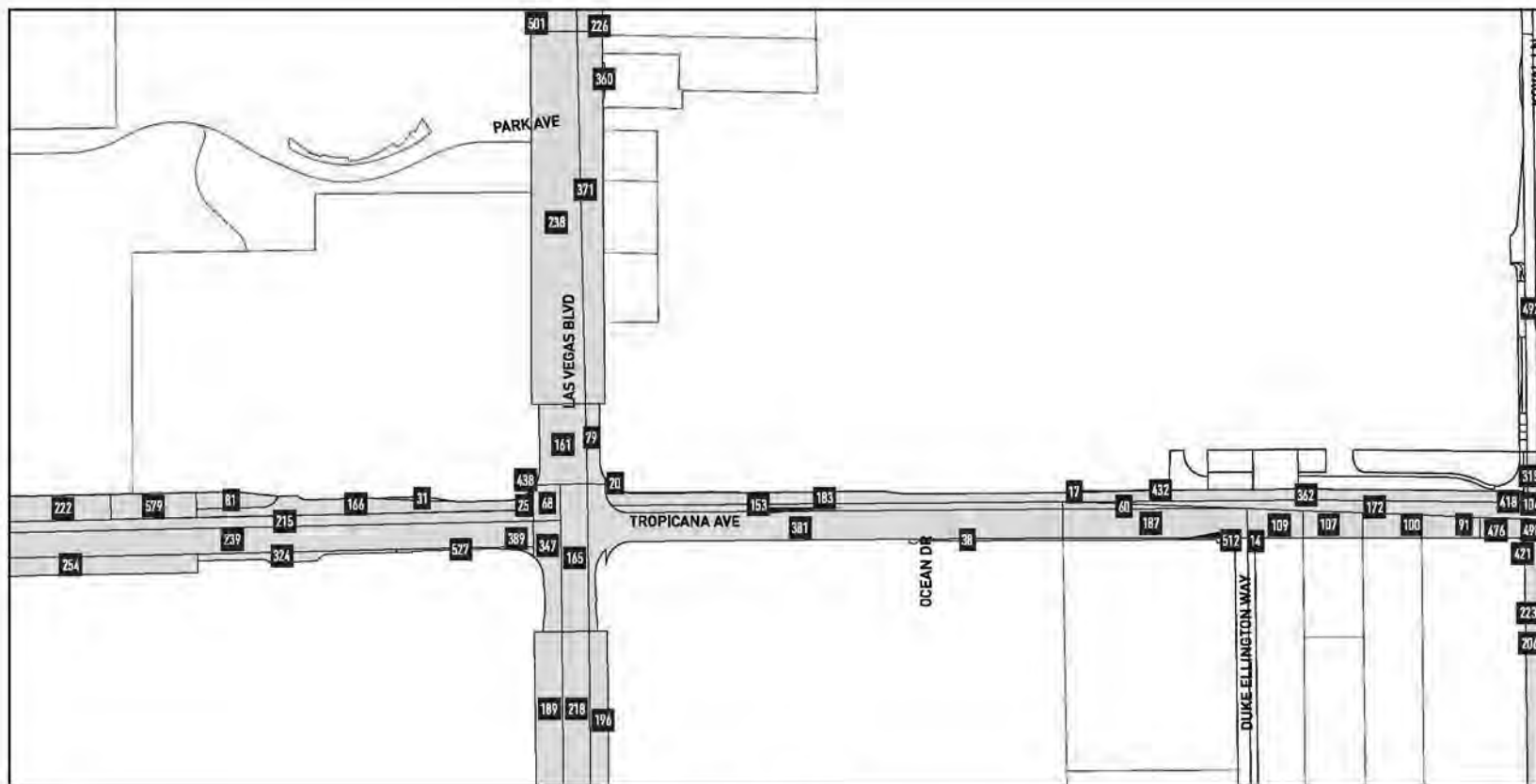
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
■ Right-of-Way

**VEGAS
LOOP**
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 9 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

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20, 16221499027	91, 16228199009	166, 16229599004	218, 16229599025	324, 16229599012	421, 16228199011	527, 16229599013
25, 16229599005	100, 16228199008	172, 16221499006	222, 16229599002	347, 16229599015	432, 16221499007	579, 16229599003
31, 16229599021	104, 16221899015	183, 16221499008	223, 16228599002	360, 16221499033	438, 16229599023	
38, 16228199031	107, 16228199007	187, 16228199004	226, 16221399001	362, 16221499012	476, 16228199010	
60, 16228199003	109, 16228199006	189, 16229599024	238, 16220899009	371, 16221499028	492, 16221899014	
68, 16229599006	153, 16228199001	196, 16228199033	239, 16229599008	381, 16228199002	498, 16228599001	

VEGAS LOOP PROJECT LOCATION EXHIBIT

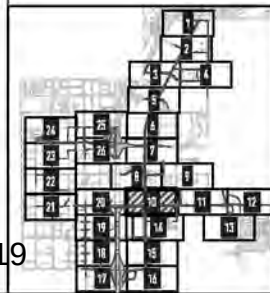
LEGEND

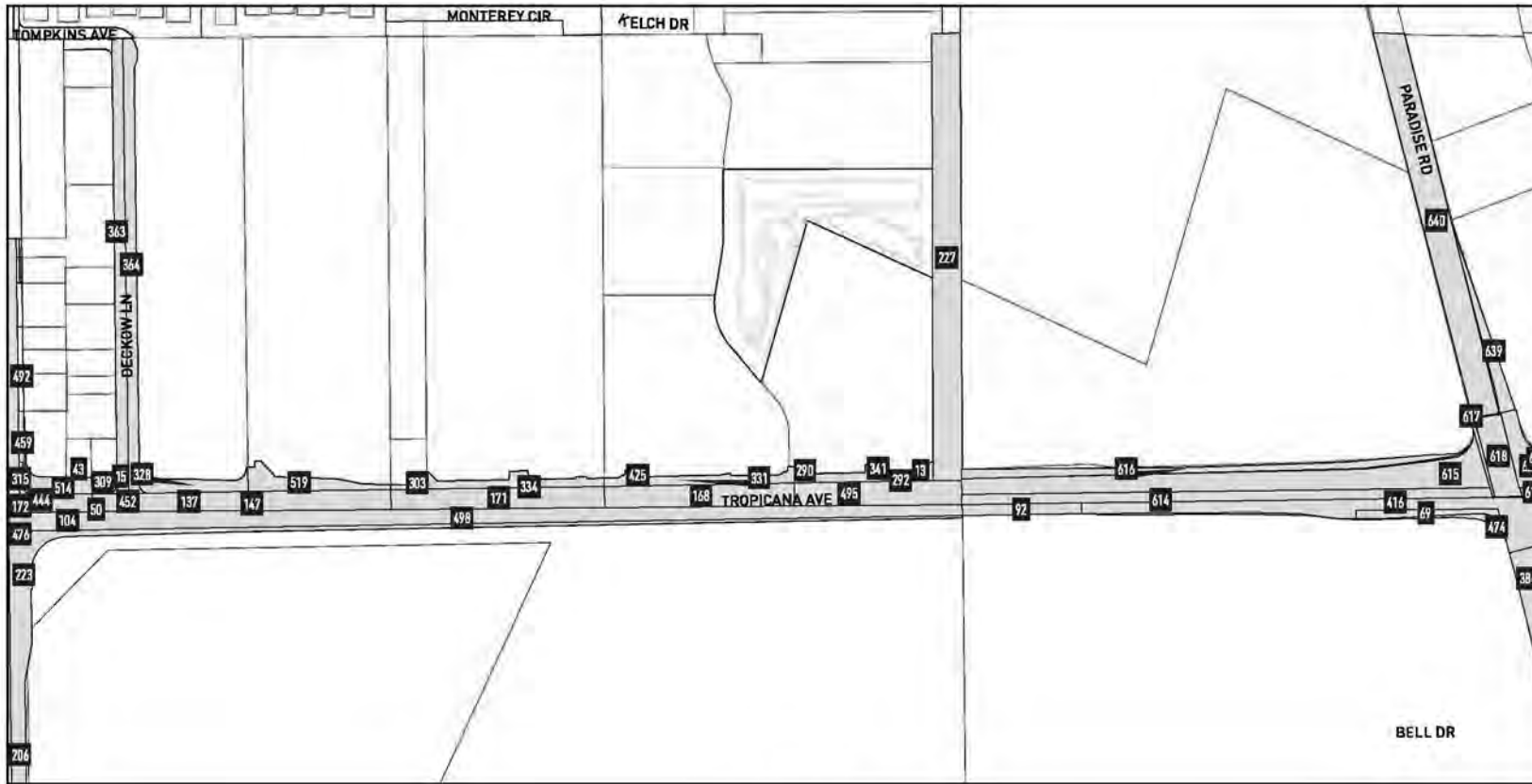
Right-of-Way

VEGAS LOOP

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 10 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

13, 16221899034	137, 16221899019	227, 16221899004	331, 16221899031	425, 16221899035	495, 16221899023	617, 16222499006
15, 16221899017	147, 16221899020	290, 16221899036	334, 16221899030	444, 16221899013	498, 16228599001	618, 16222499022
43, 16221899024	168, 16221899022	292, 16221899033	341, 16221899032	452, 16221899018	514, 16221899026	619, 16222499012
50, 16221899016	171, 16221899021	303, 16221899029	363, 16221899002	459, 16221899012	519, 16221899028	620, 16222499023
69, 16227199003	172, 16221499006	309, 16221899025	364, 16221899003	474, 16227199017	614, 16222499010	621, 16222499017
92, 16227199001	206, 16228199017	315, 16221499005	384, 16227199002	476, 16228199010	615, 16222499009	639, 16222499011
104, 16221899015	223, 16228599002	328, 16221899027	416, 16227199020	492, 16221899014	616, 16222499016	640, 16222499002

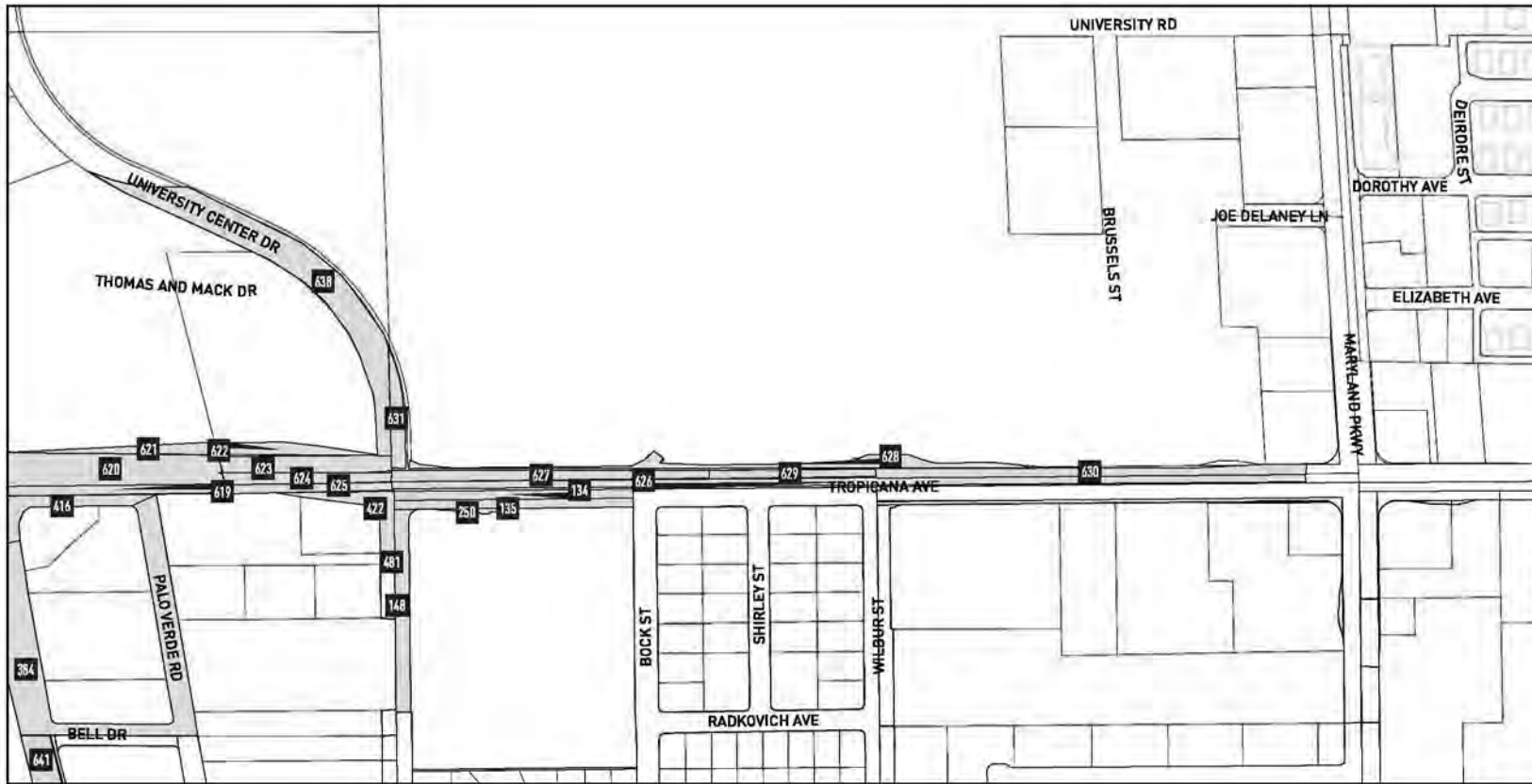
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

**VEGAS
LOOP**
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 11 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

134, 16227599001	384, 16227199002	619, 16222499012	623, 16222499013	627, 16222899011	631, 16222899001
135, 16227599014	416, 16227199020	620, 16222499023	624, 16222499014	628, 16222899016	638, 16222499007
148, 16227599004	422, 16227199005	621, 16222499017	625, 16222499015	629, 16222899012	641, 16227199007
250, 16227599015	481, 16227199004	622, 16222499018	626, 16222899013	630, 16222899009	

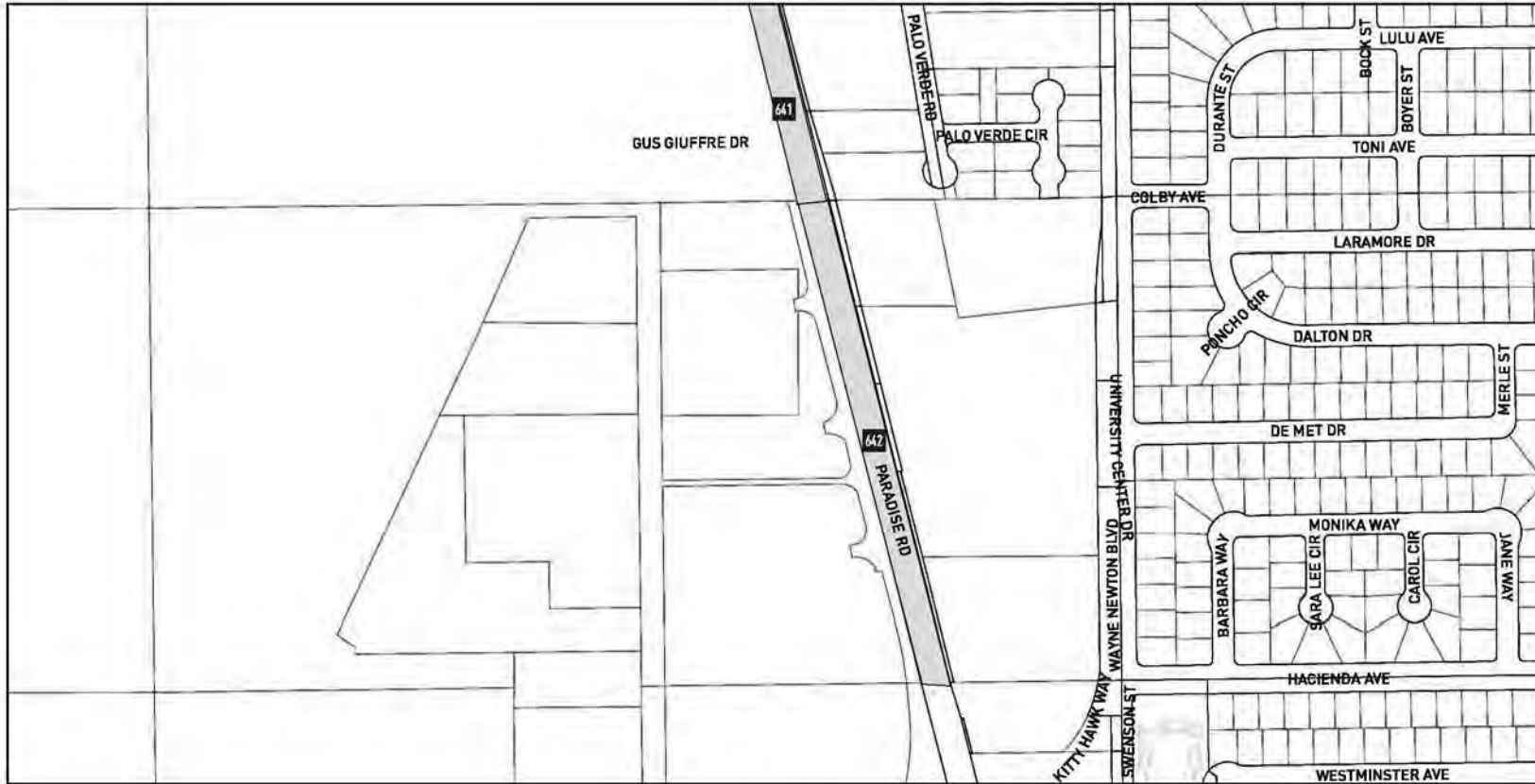
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

**VEGAS
LOOP**
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 12 OF 26
REVISED: 10/7/2021





PARCEL NOTES

- 641, 16227199007
- 642, 16227299001

PLAN VIEW
1 inch = 500 feet

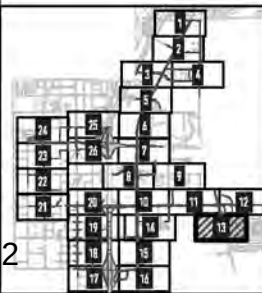
0 125 250 500 Feet

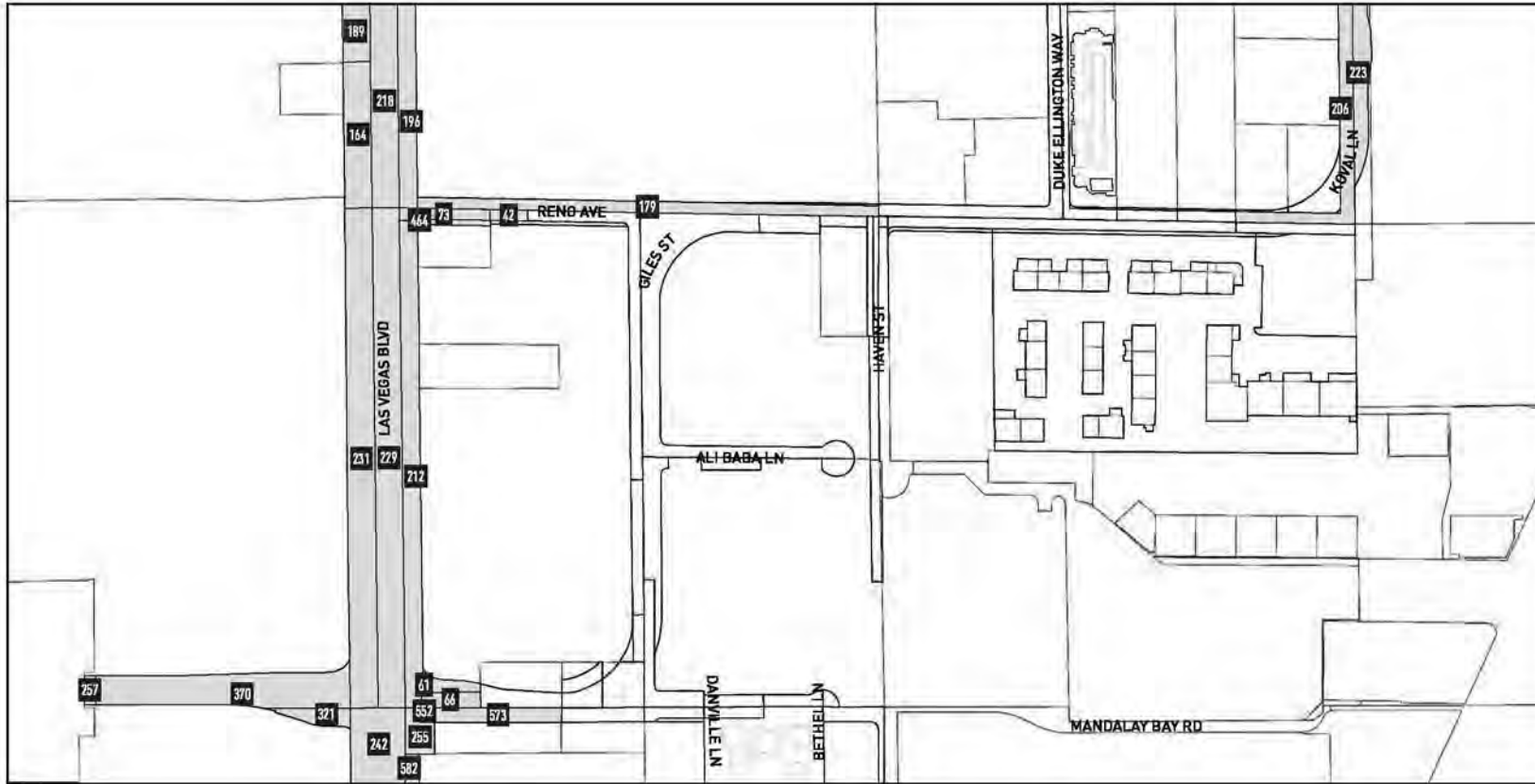
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

**VEGAS
LOOP**
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 13 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

42, 16228299002	164, 16229599019	206, 16228199017	229, 16229699004	257, 16229699009	552, 16228399008
61, 16228299031	179, 16228199012	212, 16228299010	231, 16229699003	321, 16229799007	573, 16228399002
66, 16228299016	189, 16229599024	218, 16229599025	242, 16229799003	370, 16229699008	582, 16228399001
73, 16228299001	196, 16228199033	223, 16228599002	255, 16228399035	464, 16228299033	

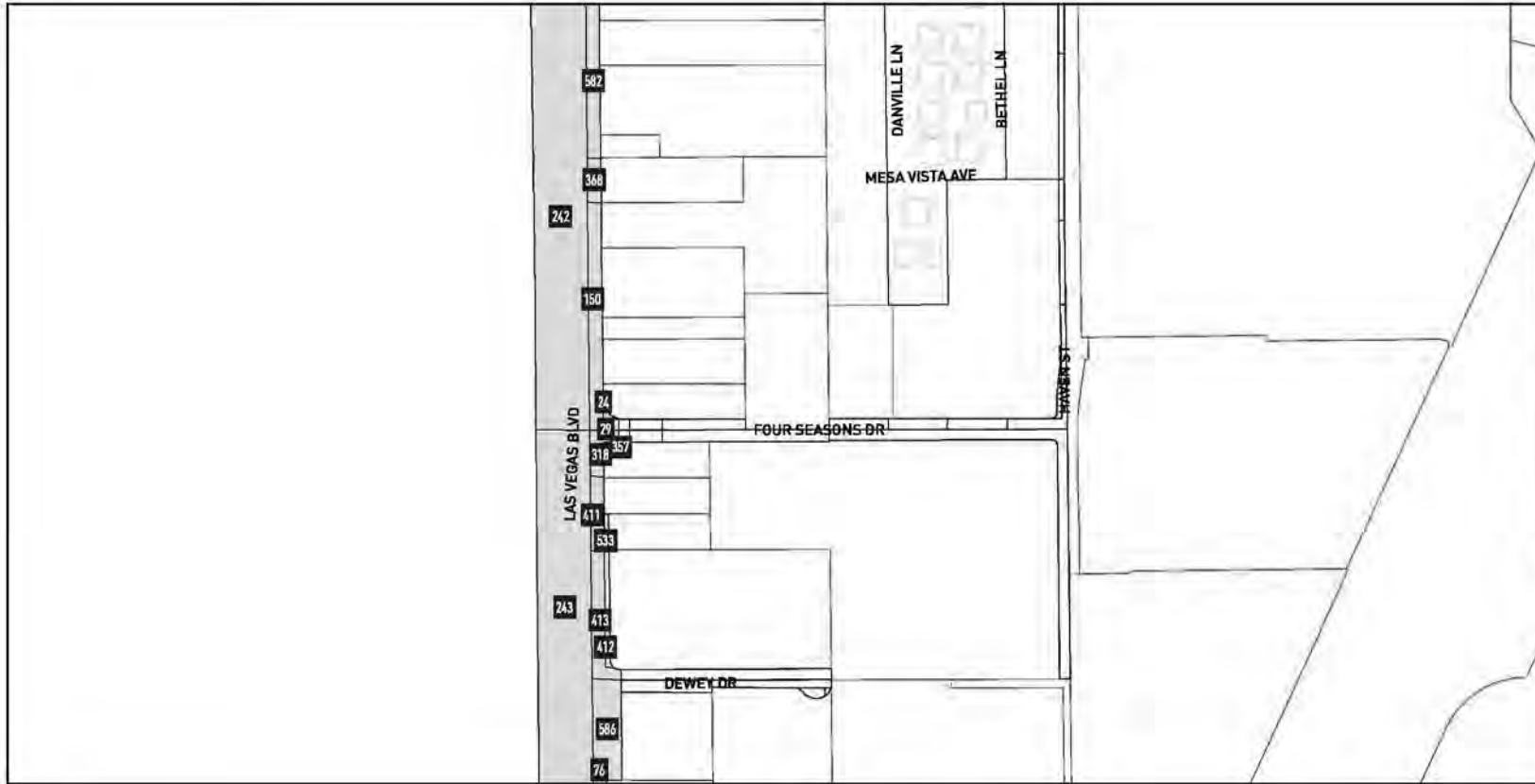
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

**VEGAS
LOOP**
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 14 OF 26
REVISED: 10/7/2021





VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND

Right-of-Way

**VEGAS
LOOP**

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 15 OF 26
REVISED: 10/7/2021

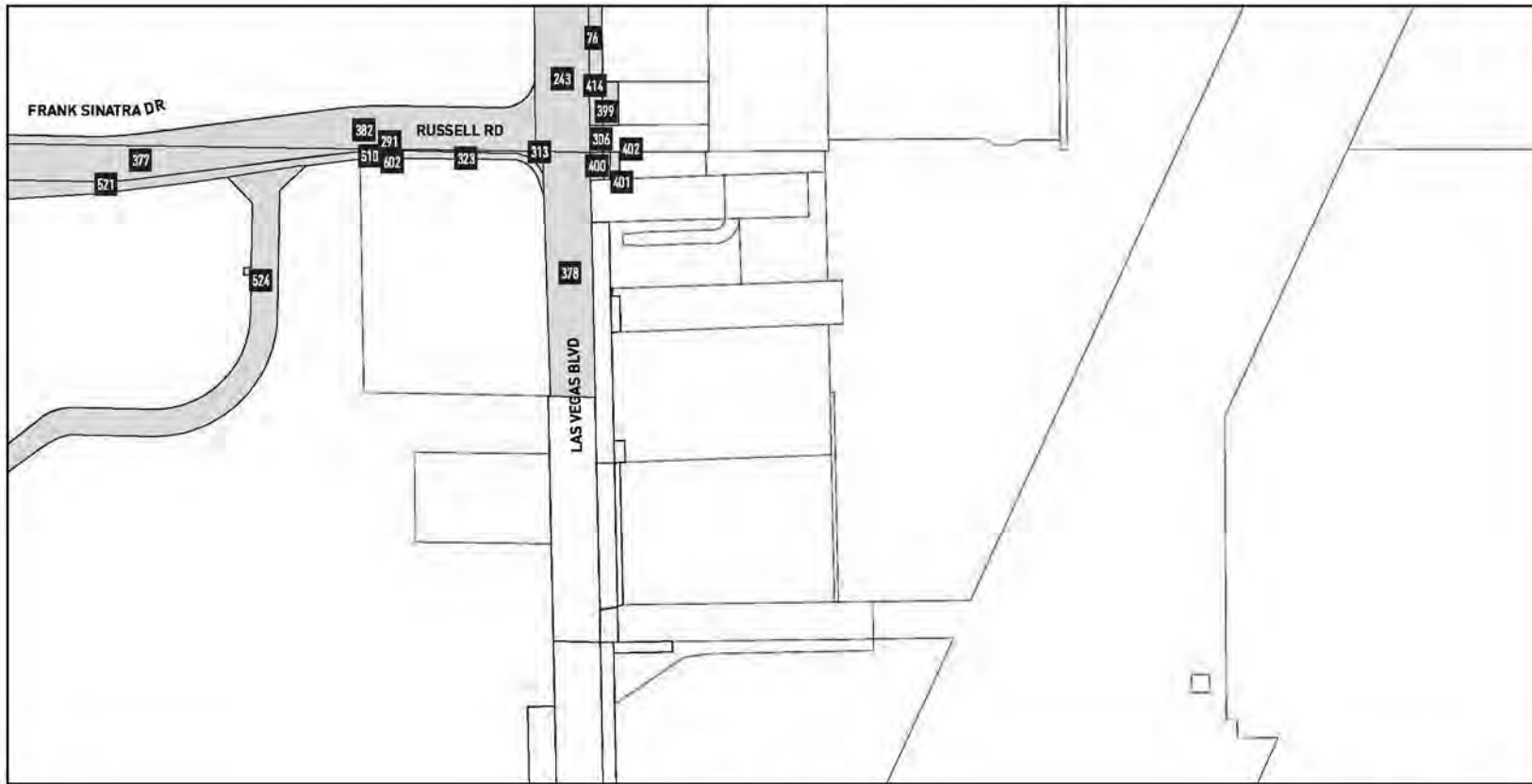


PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

- | | | | | | | |
|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 24, 16228399034 | 76, 16228499014 | 242, 16229799003 | 318, 16228499001 | 368, 16228399036 | 412, 16228499022 | 533, 16228499021 |
| 29, 16228399026 | 150, 16228399014 | 243, 16229899005 | 357, 16228499018 | 411, 16228499006 | 413, 16228499007 | 582, 16228399001 |
| | | | | | | 586, 16228499009 |



PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

76, 16228499014	306, 16228499017	377, 16232599003	399, 16228499023	402, 16233199003	521, 16232599007
243, 16229899005	313, 16232599005	378, 16232599011	400, 16233199001	414, 16228499016	524, 16232599002
291, 16232599004	323, 16232599009	382, 16229899004	401, 16233199002	510, 16232599008	602, 16232599008

VEGAS LOOP
PROJECT LOCATION EXHIBIT

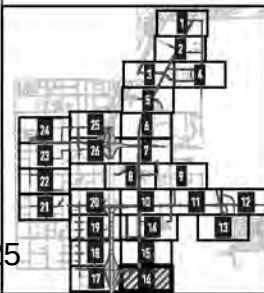
LEGEND

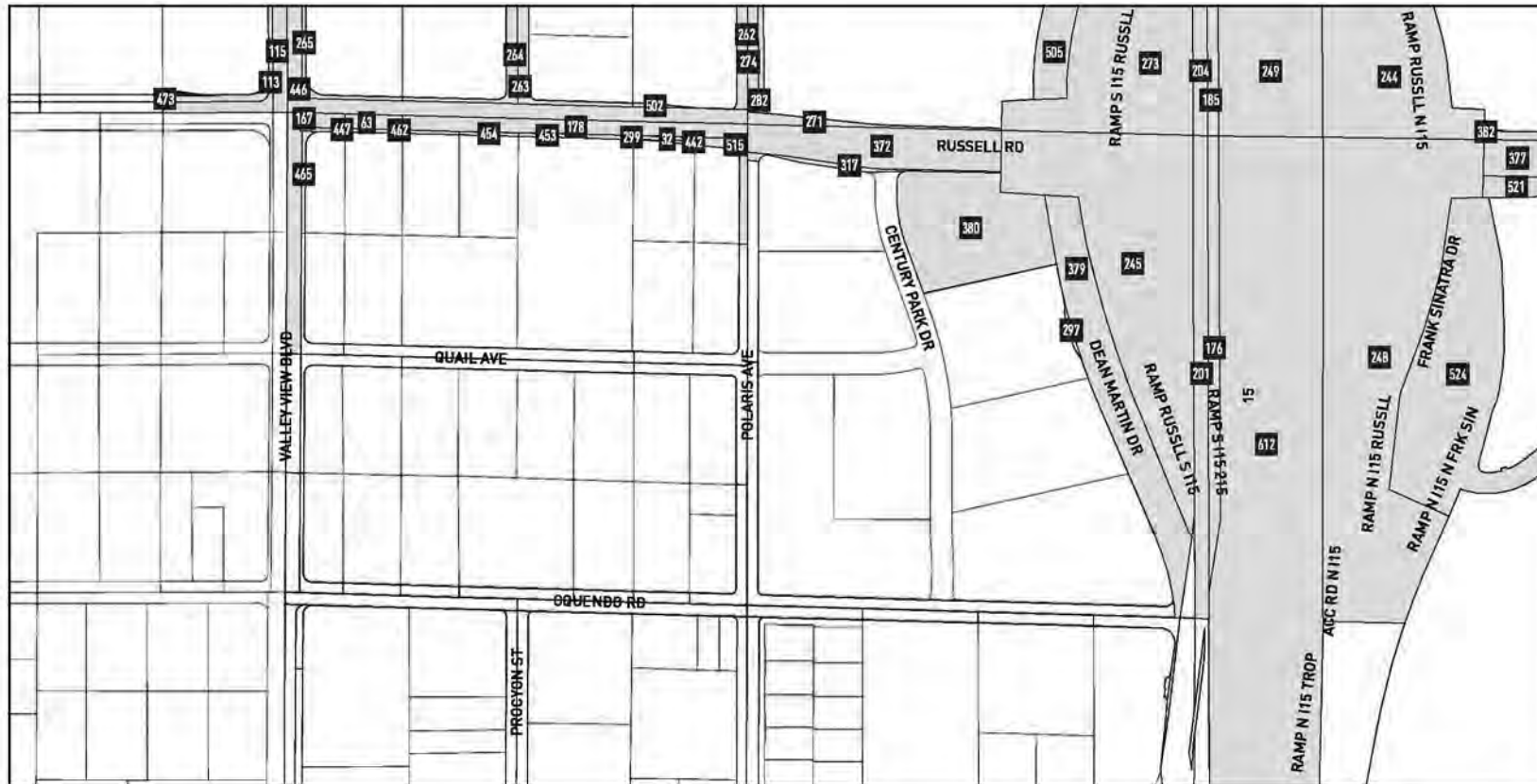
Right-of-Way

VEGAS
LOOP

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 16 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

32, 16232199010	185, 16229899001	262, 16229499022	282, 16229499030	380, 16232112000	462, 16232199009	524, 16232599002
63, 16232199002	201, 16232199006	263, 16229499017	297, 16232199036	382, 16229899004	465, 16232199007	612, 16232701007
113, 16230899021	204, 16229499009	264, 16229499016	299, 16232199026	442, 16232199033	473, 16230899030	
115, 16230899016	244, 16229899003	265, 16229499015	317, 16232199034	446, 16229499001	502, 16229499021	
167, 16232199001	245, 16232199005	271, 16229499018	372, 16232199004	447, 16232199008	505, 16229499008	
176, 16232599001	248, 16232599006	273, 16229499014	377, 16232599003	453, 16232199028	515, 16232199027	
178, 16232199003	249, 16229899002	274, 16229499027	379, 16232199011	454, 16232199025	521, 16232599007	

VEGAS LOOP PROJECT LOCATION EXHIBIT

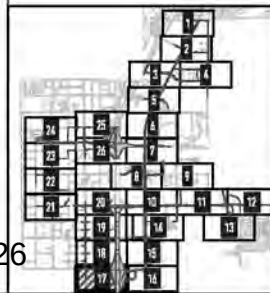
LEGEND

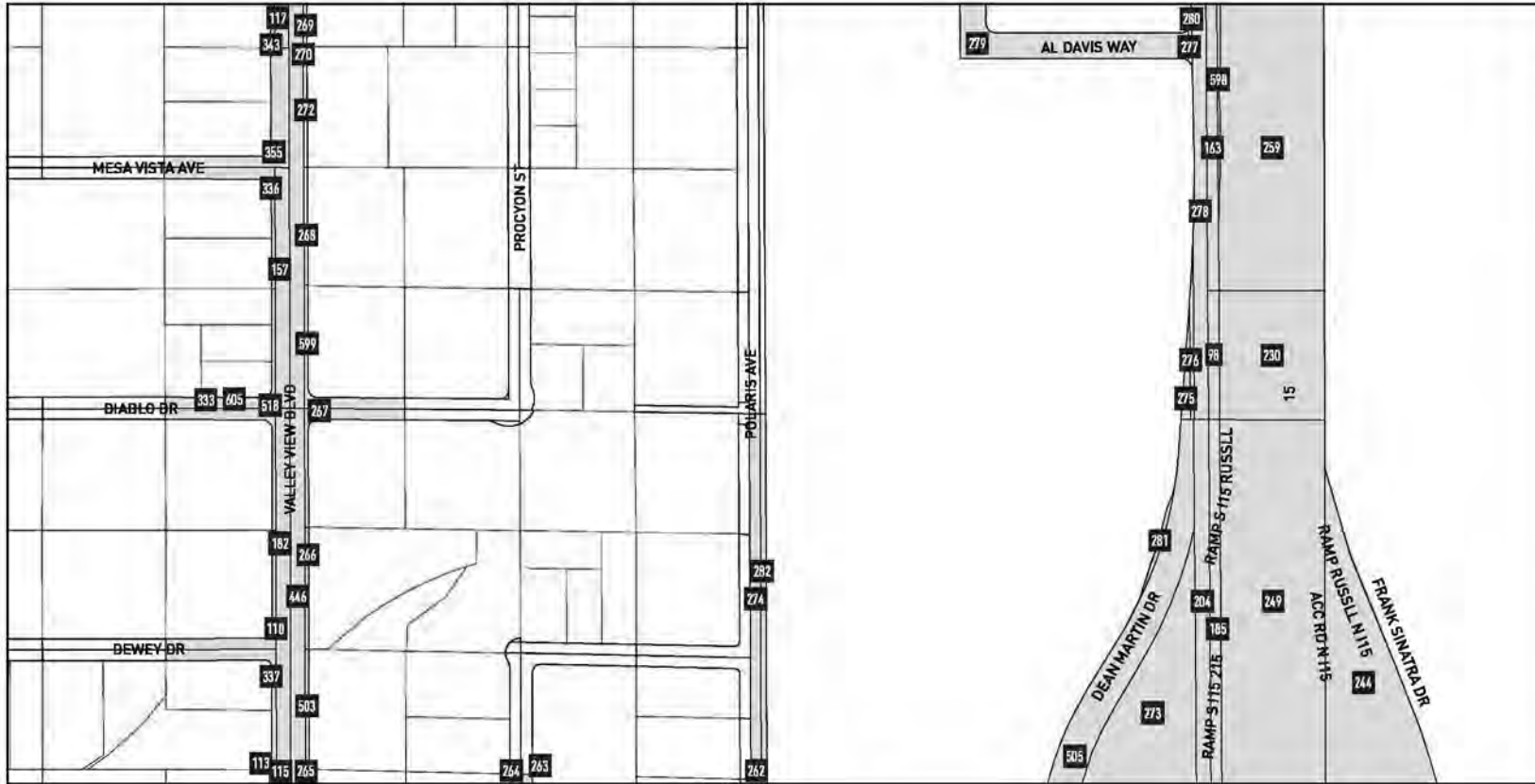
Right-of-Way

VEGAS LOOP

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 17 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

98, 16229799004	182, 16230899003	262, 16229499022	269, 16229399018	277, 16229399030	336, 16230799018	518, 16230799023
110, 16230899023	185, 16229899001	263, 16229499017	270, 16229399001	278, 16229399010	337, 16230899014	598, 16229701004
113, 16230899021	204, 16229499009	264, 16229499016	272, 16229399004	279, 16229399026	343, 16230799006	599, 16229399019
115, 16230899016	230, 16229799005	265, 16229499015	273, 16229499014	280, 16229399033	355, 16230799012	605, 16230799023
117, 16230799009	244, 16229899003	266, 16229499019	274, 16229499027	281, 16229499031	446, 16229499001	
157, 16230799027	249, 16229899002	267, 16229499002	275, 16229399017	282, 16229499030	503, 16229499012	
163, 16229799001	259, 16229799002	268, 16229399008	276, 16229399031	333, 16230899002	505, 16229499008	

VEGAS LOOP
PROJECT LOCATION EXHIBIT

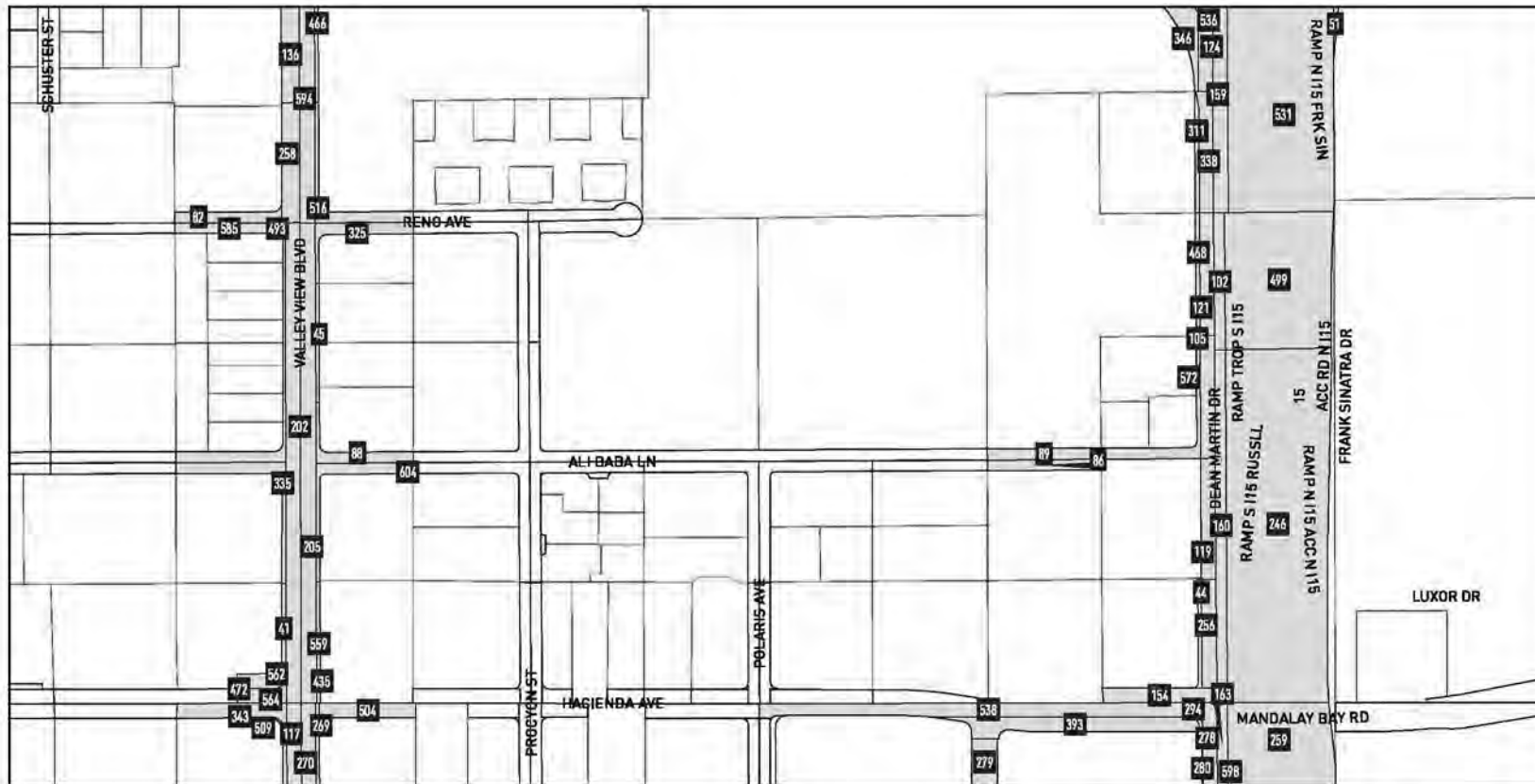
LEGEND
Right-of-Way

VEGAS
LOOP

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 18 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

41, 16230699016	105, 16229299013	163, 16229799001	278, 16229399010	346, 16229199051	509, 16230799024	585, 16230699019
44, 16229299030	117, 16230799009	202, 16230699017	279, 16229399026	393, 16229399027	516, 16229199050	594, 16229199016
45, 16229299008	119, 16229299024	205, 16229299007	280, 16229399033	435, 16229299032	531, 16229599018	598, 16229701004
51, 16229599022	121, 16229299006	246, 16229699002	294, 16229399009	466, 16229199025	536, 16229199052	604, 16229299014
82, 16230599029	124, 16229199029	256, 16229299039	311, 16229199030	468, 16229299005	538, 16229399002	
86, 16229299020	136, 16230599022	258, 16230599026	325, 16229299001	472, 16230699022	559, 16229299025	
88, 16229299010	154, 16229299031	259, 16229799002	335, 16230699010	493, 16230699019	562, 16230601042	
89, 16229299012	159, 16229599017	269, 16229399018	338, 16229199031	499, 16229699001	564, 16230699022	
102, 16229699005	160, 16229699006	270, 16229399001	343, 16230799006	504, 16229399025	572, 16229299009	

VEGAS LOOP PROJECT LOCATION EXHIBIT

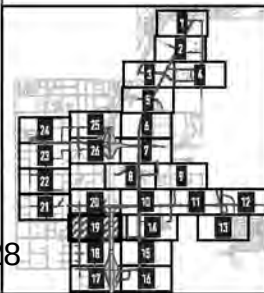
LEGEND

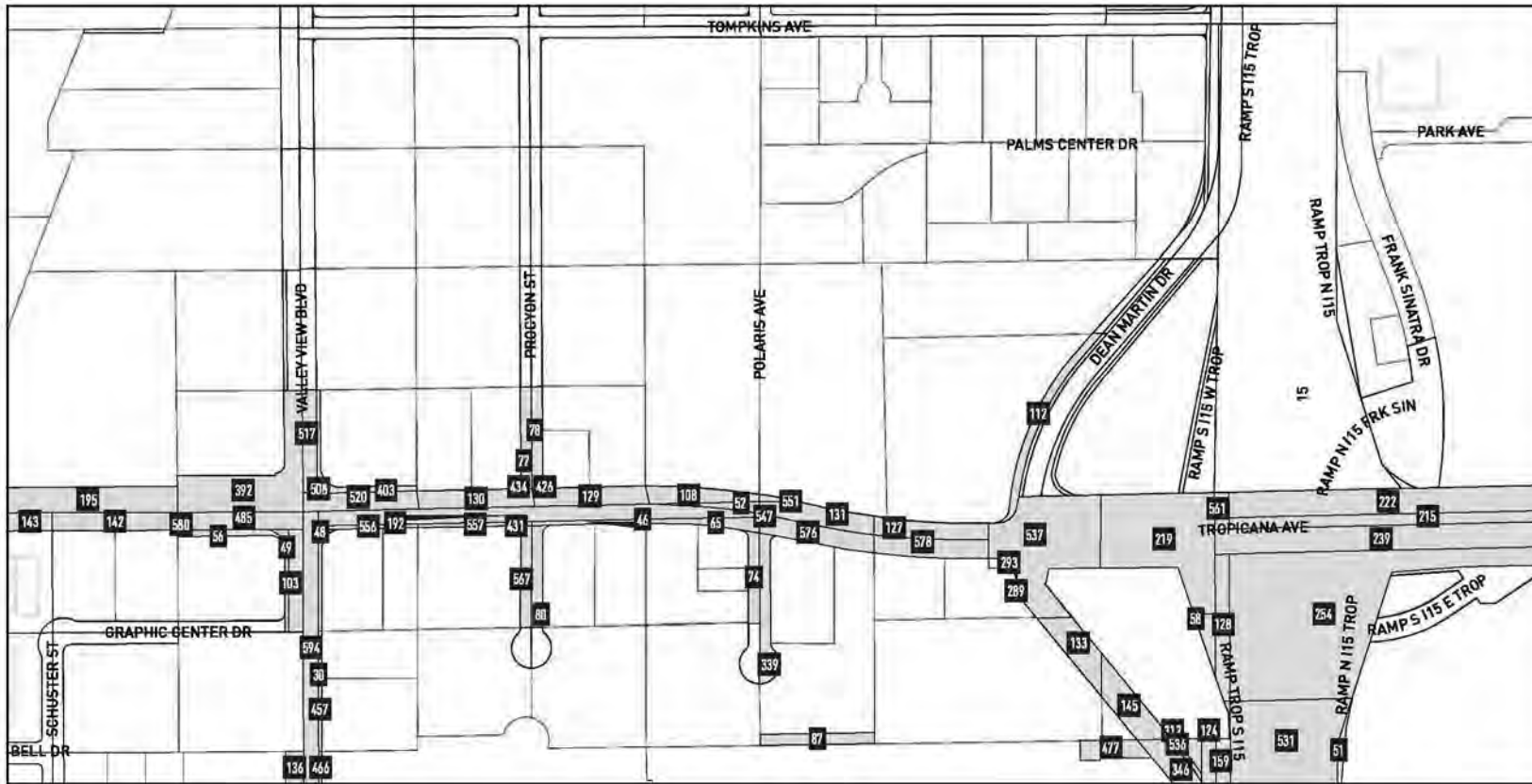
Right-of-Way

VEGAS LOOP

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 19 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

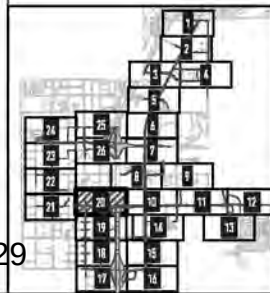
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46, 16229199010	78, 16220499028	130, 16220499034	215, 16229599007	392, 16219899025	517, 16220499024	567, 16229199019
48, 16229199017	80, 16229199020	131, 16229199006	219, 16229199037	403, 16220499047	520, 16220499033	576, 16229199012
49, 16230599011	87, 16229199024	133, 16229199038	222, 16229599002	426, 16220499029	531, 16229599018	578, 16229199013
51, 16229599022	103, 16230599018	136, 16230599022	239, 16229599008	431, 16229199018	536, 16229199052	580, 16230599009
52, 16229199002	108, 16220499036	142, 16230599008	254, 16229599011	434, 16220499026	537, 16229199036	594, 16229199016
56, 16230599025	112, 16220499041	143, 16230599007	289, 16229199048	457, 16229199046	547, 16229199005	
58, 16229199040	124, 16229199029	145, 16229199039	293, 16229199047	466, 16229199025	551, 16220499020	
65, 16229199011	127, 16229199007	159, 16229599017	312, 16229196002	477, 16229196001	556, 16229199008	
74, 16229199021	128, 16229599009	192, 16229199001	339, 16229199022	485, 16230599009	557, 16229199009	

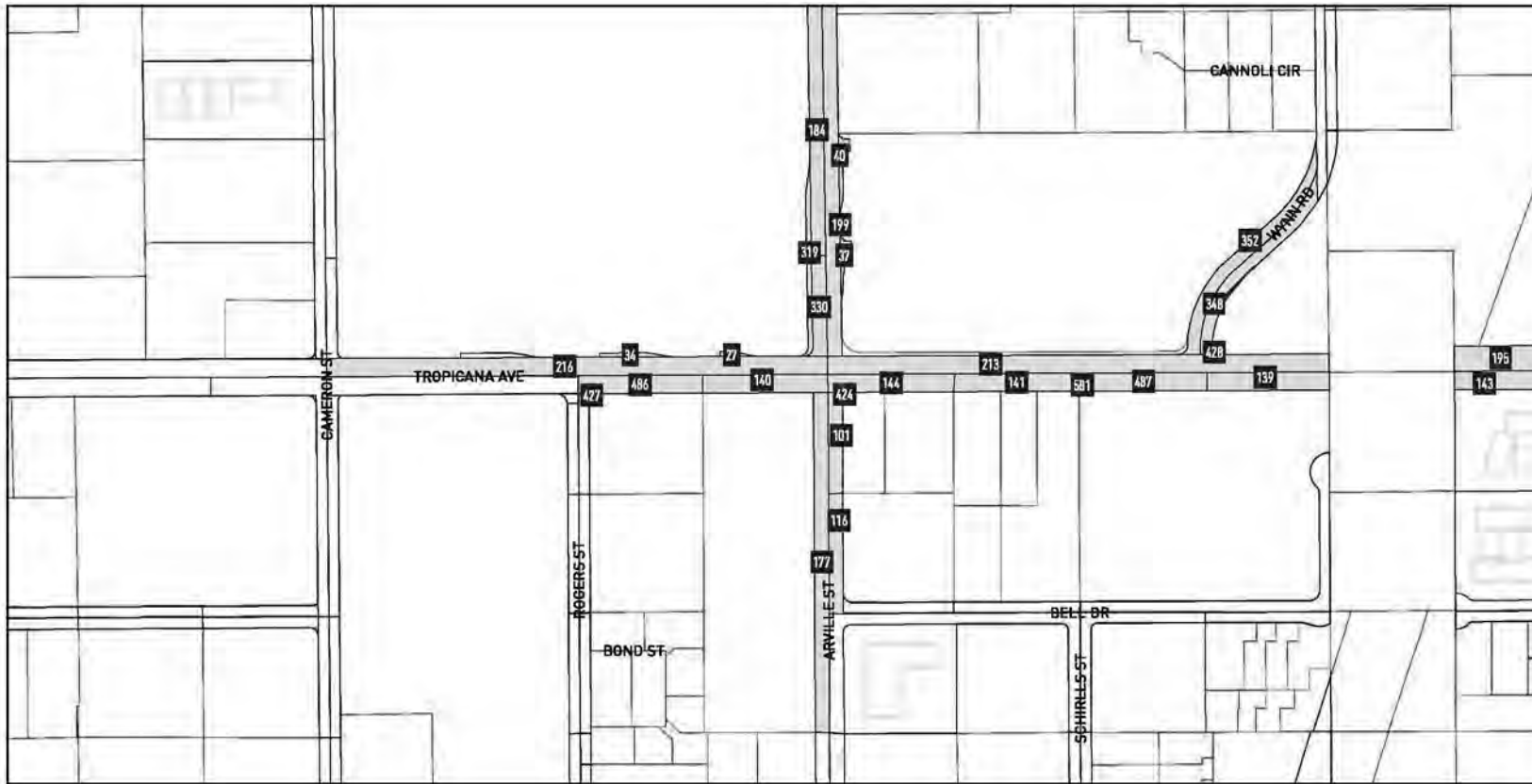
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

VEGAS
LOOP
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 20 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

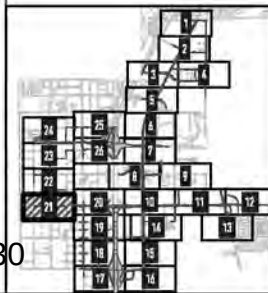
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34, 16219499014	116, 16230599014	143, 16230599007	195, 16219899016	319, 16219499016	424, 16230599001	487, 16230599028
37, 16219899023	139, 16230599004	144, 16230599002	199, 16219899001	330, 16219499008	427, 16230199008	581, 16230599028
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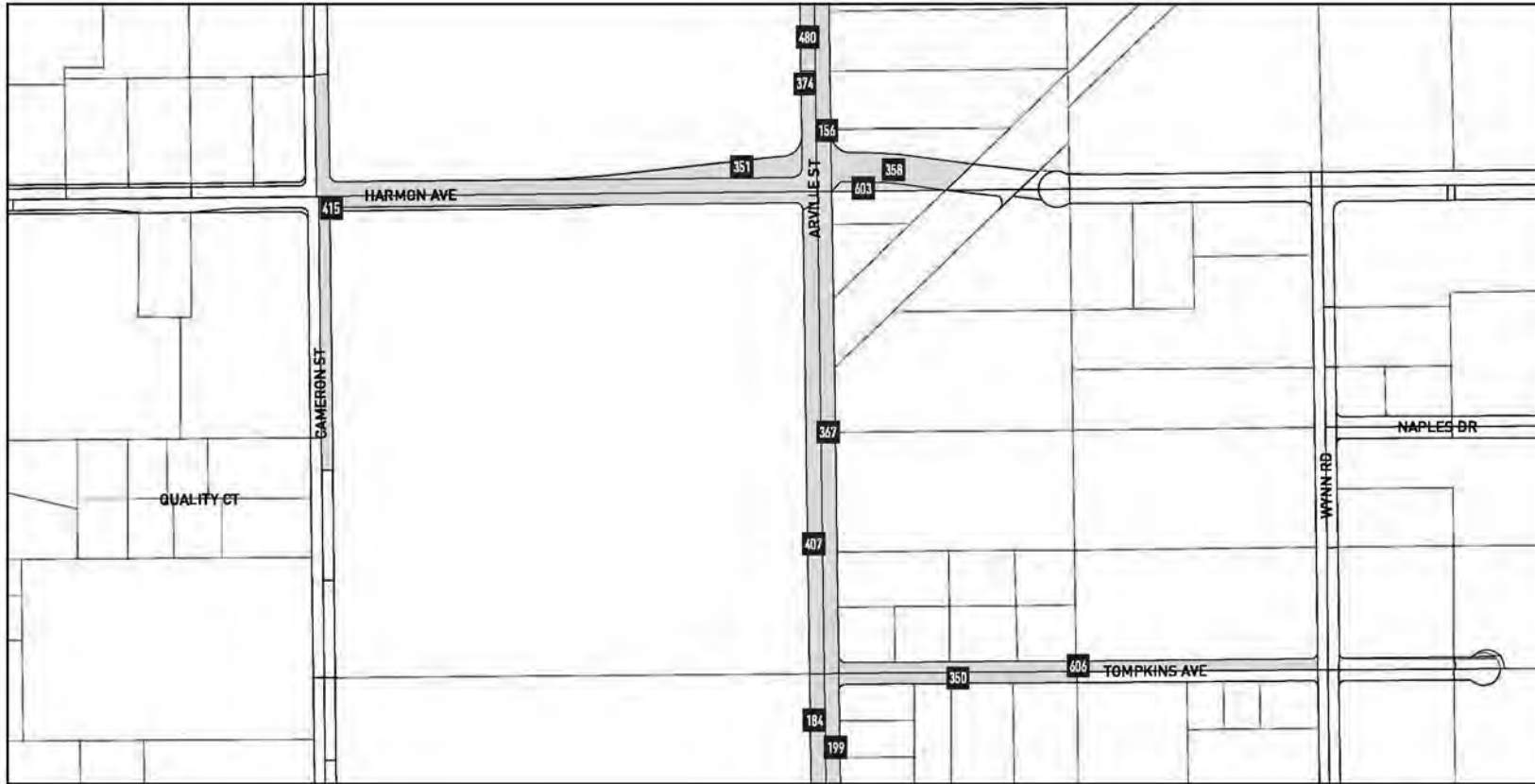
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

**VEGAS
LOOP**
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 21 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

- | | | | | | | |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 156, 16219699008 | 199, 16219899001 | 351, 16219299022 | 367, 16219799001 | 407, 16219399003 | 480, 16219299014 | 606, 16219799019 |
| 184, 16219499006 | 350, 16219899002 | 358, 16219699015 | 374, 16219299018 | 415, 16219399014 | 603, 16219601026 | |

VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND

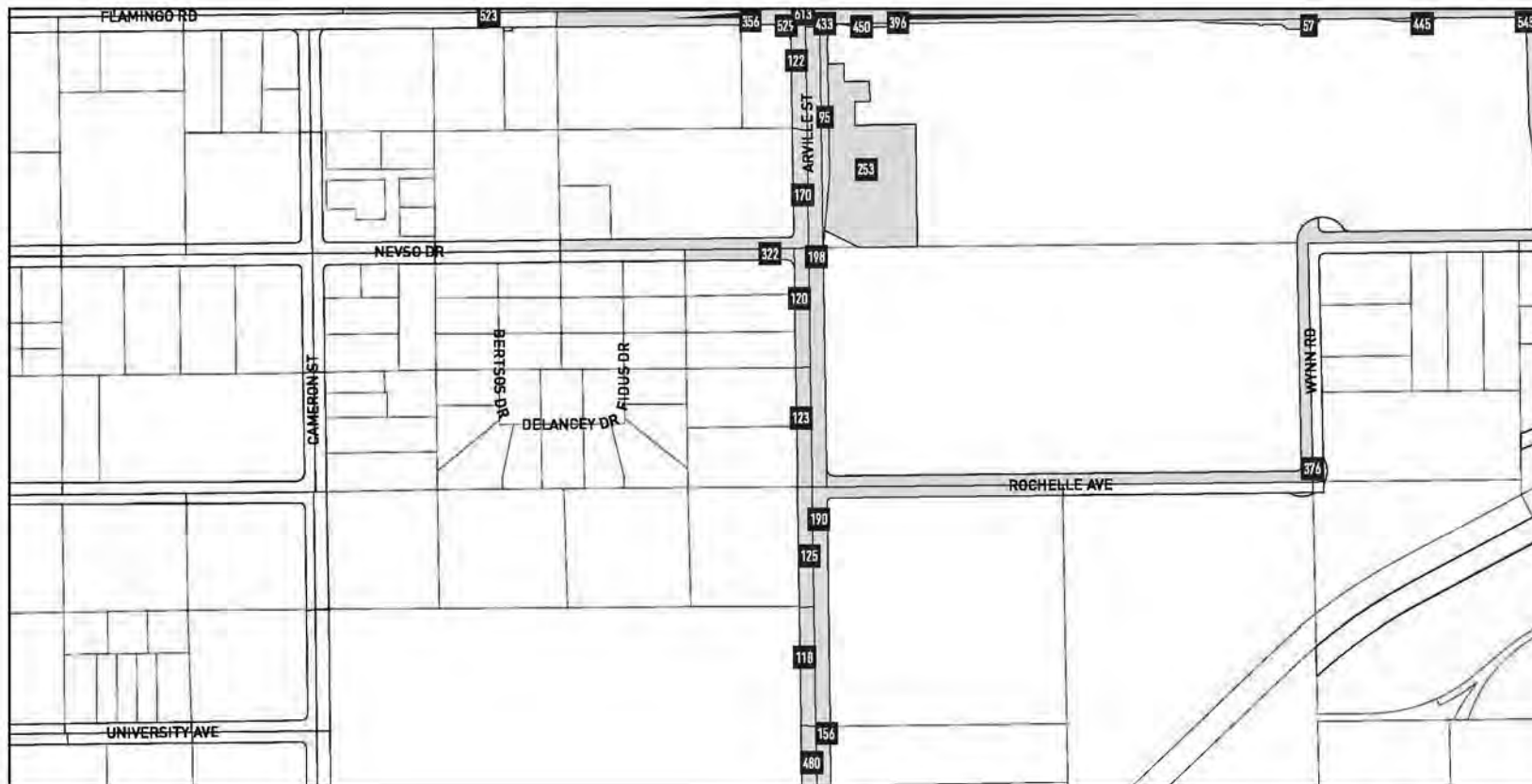
Right-of-Way

**VEGAS
LOOP**

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 22 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

57, 16219599016	122, 16219199007	170, 16219199011	322, 16219199017	433, 16219599001	523, 16218499008
95, 16219599009	123, 16219199024	190, 16219699001	356, 16219199006	445, 16219599011	529, 16219199029
118, 16219299009	125, 16219299004	198, 16219599003	376, 16219599004	450, 16219599010	545, 16219599013
120, 16219199018	156, 16219699008	253, 16219511000	396, 16219599002	480, 16219299014	613, 16218899005

VEGAS LOOP PROJECT LOCATION EXHIBIT

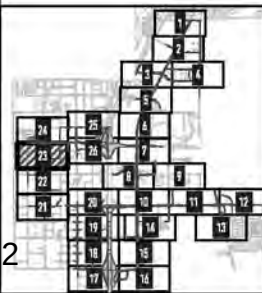
LEGEND

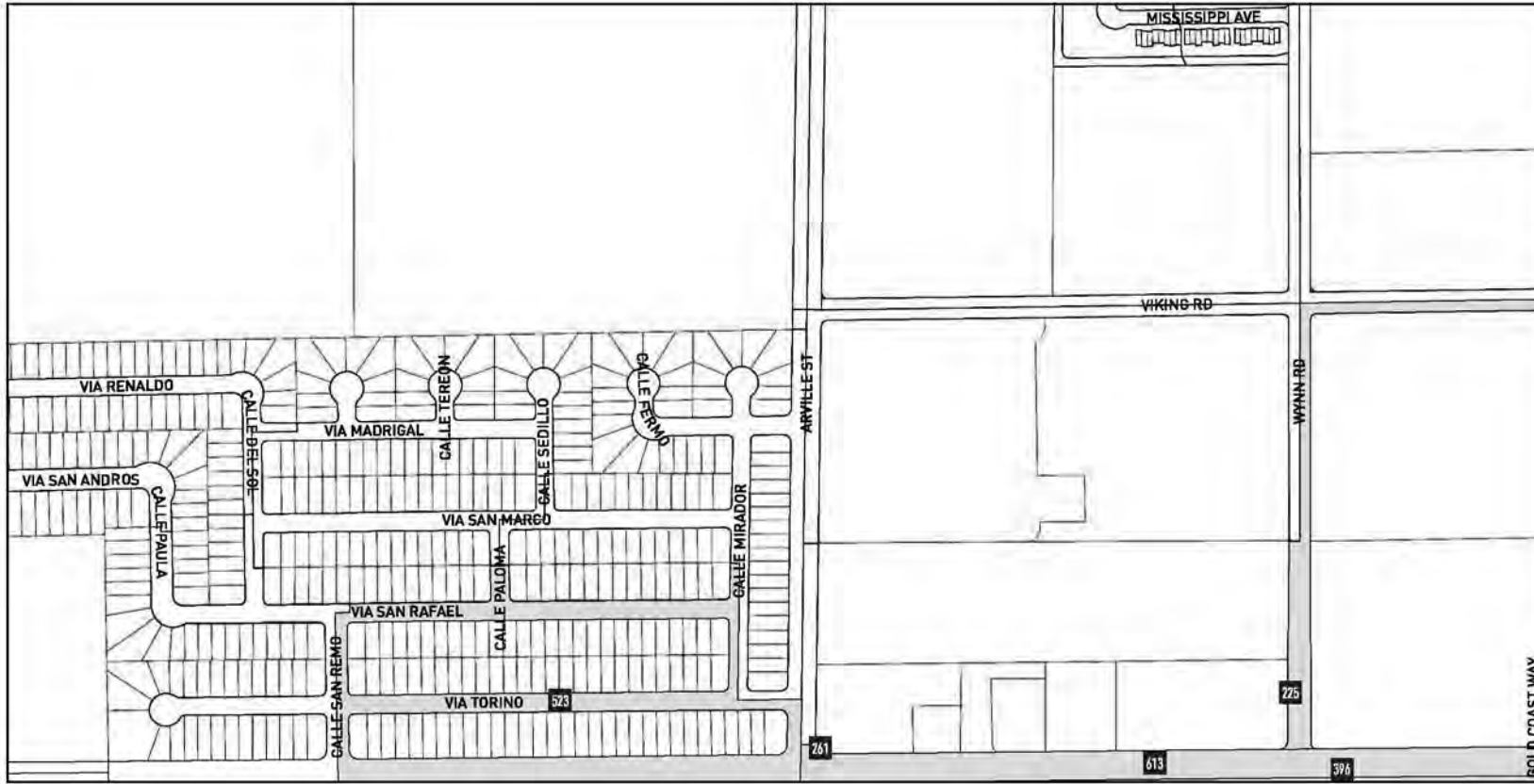
Right-of-Way

VEGAS LOOP

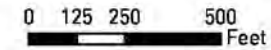
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 23 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet



PARCEL NOTES

- 225, 16218899002 261, 16218899007 396, 16219599002 523, 16218499008 613, 16218899005

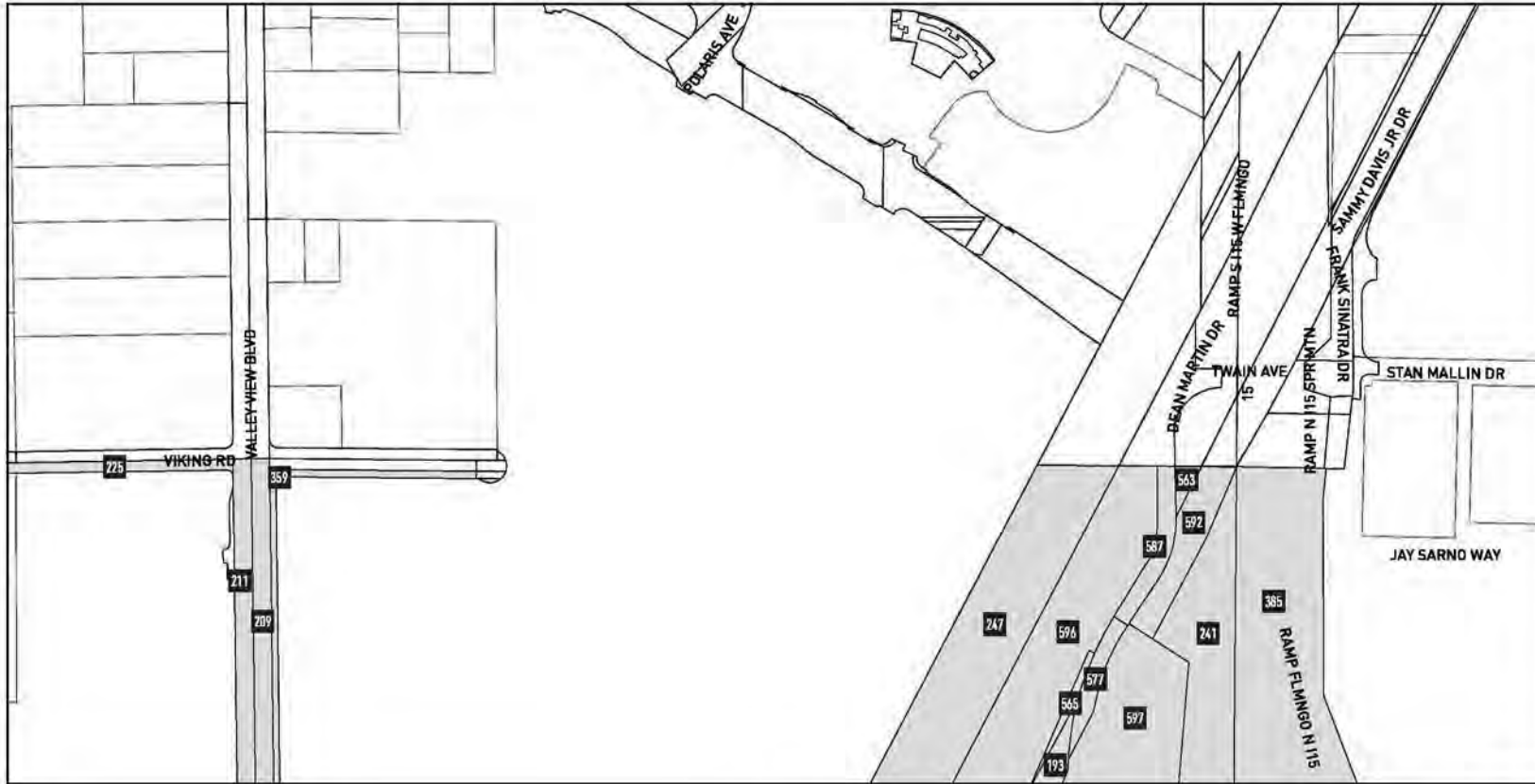
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

**VEGAS
LOOP**
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 24 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

- | | | | | | | |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 193, 16217499025 | 211, 16218899003 | 241, 16217499020 | 359, 16217499014 | 563, 16217499012 | 577, 16217499018 | 592, 16217499013 |
| 209, 16217499001 | 225, 16218899002 | 247, 16217498001 | 385, 16217899001 | 565, 16217499017 | 587, 16217499011 | 596, 16217402001 |
| | | | | | | 597, 16217403001 |

VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND

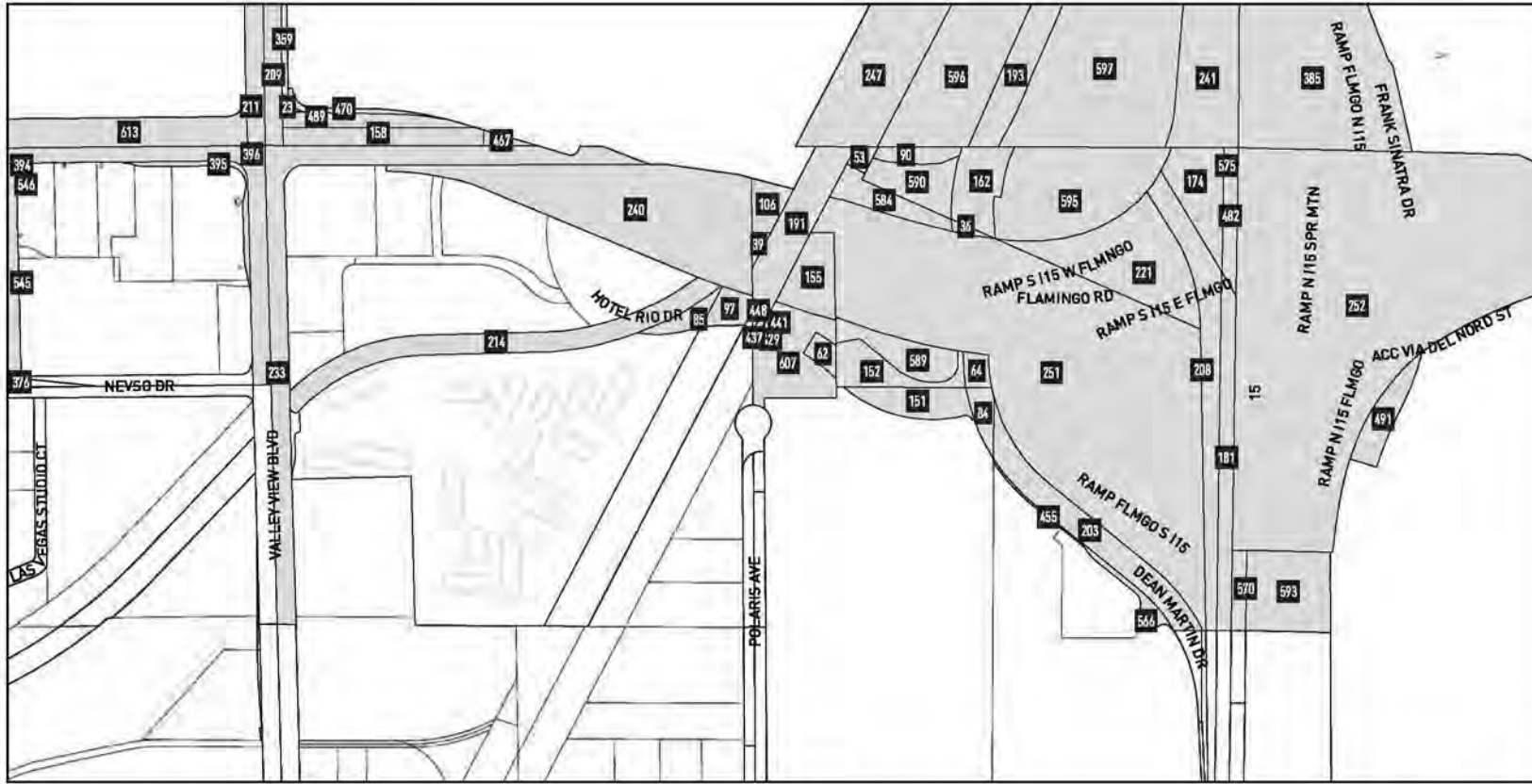
Right-of-Way

VEGAS
LOOP

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 25 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

23, 16217499021	97, 16220199029	191, 16220198001	240, 16220199003	395, 16219599018	482, 16220199007	589, 16220103009
36, 16220199035	106, 16220199022	193, 16217499025	241, 16217499020	396, 16219599002	489, 16217499022	590, 16220103003
39, 16220199004	151, 16220199036	203, 16220199033	247, 16217498001	429, 16220199038	491, 16220599012	593, 16220599007
53, 16220199020	152, 16220199032	208, 16220199009	251, 16220199017	437, 16220198002	545, 16219599013	595, 16220103005
62, 16220199037	155, 16220199008	209, 16217499001	252, 16220599002	441, 16220199039	546, 16219599015	596, 16217402001
64, 16220199034	158, 16217499023	211, 16218899003	359, 16217499014	448, 16220199040	566, 16220199016	597, 16217403001
84, 16220199012	162, 16220199019	214, 16220196001	376, 16219599004	455, 16220199028	570, 16220599006	607, 16220112001
85, 16220199031	174, 16220199002	221, 16220199018	385, 16217899001	467, 16217499029	575, 16220199007	613, 16218899005
90, 16220199021	181, 16220199013	233, 16220199001	394, 16219599017	470, 16217499030	584, 16220103006	

VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

**VEGAS
LOOP**
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 26 OF 26
REVISED: 10/7/2021

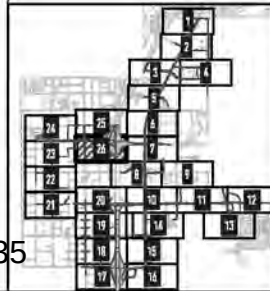


EXHIBIT C

DECOMMISSIONING PLAN

MAP & DRAWINGS

EXHIBIT C

DECOMMISSIONING PLAN

1.0 Decommissioning - Abandonment of Project

In the event that the FRANCHISEE does not successfully complete the construction of the Monorail, has stopped construction of the Monorail, or all or a material portion of the Monorail, including the portion located in the COUNTY Rights-of-Way, has not been in continuous operation transporting passengers for a period of time as set forth in the Franchise Agreement, and the FRANCHISEE has not cured per the Franchise Agreement, all work or remaining work necessary to make the site safe must be completed including filling in all excavations and completing any in-grade foundations with reinforcing steel in place. The term "Abandoned" or "Abandonment", in addition to Clark County Code 5.04.010(a) means construction or use of the Monorail has stopped, as solely determined by the COUNTY, for a period of one hundred eighty (180) day period or longer or decommissioning is required pursuant to the Franchise Agreement.

Situations where construction or use will be considered stopped, as solely determined by the COUNTY, include any one hundred eighty (180) day period where construction or use is not diligently pursued, but is restarted briefly for the apparent purpose of avoiding expiration of the one hundred eighty (180) day period. The existence of an active building permit has no bearing on determining whether the project has been Abandoned for the purposes of this Decommissioning Plan.

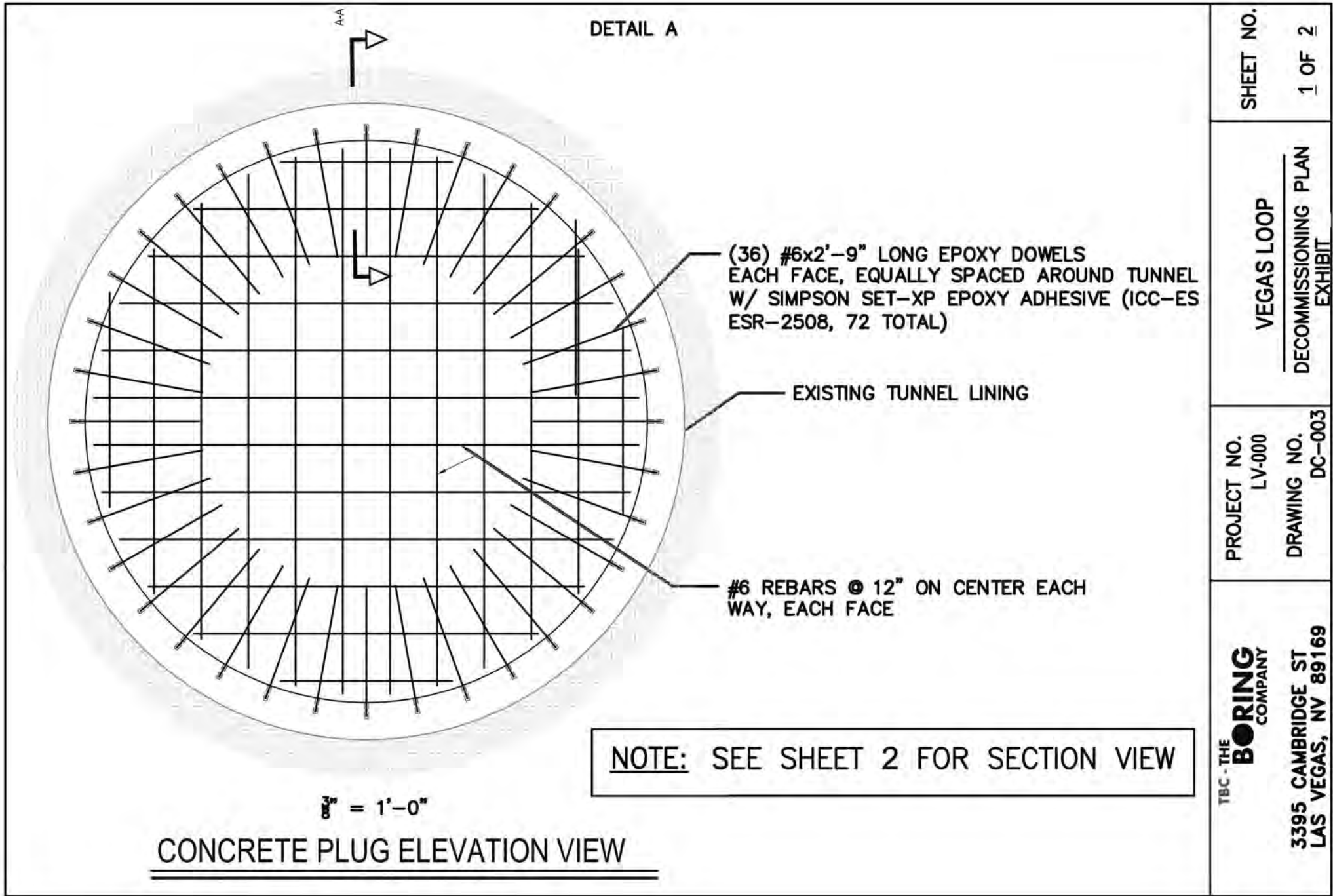
At the sole discretion of Clark County Department of Public Works, to prevent future access underneath Clark County right-of-way, 12-inch concrete plugs shall be installed inside of the tunnels at Clark County right-of-way boundaries. The locations and structural detail of the concrete plugs are shown in the attached Decommissioning Plan Exhibit and the work including the installation of the plugs shall be completed within one hundred eighty (180) days after notification by the COUNTY.

2.0 Monitoring

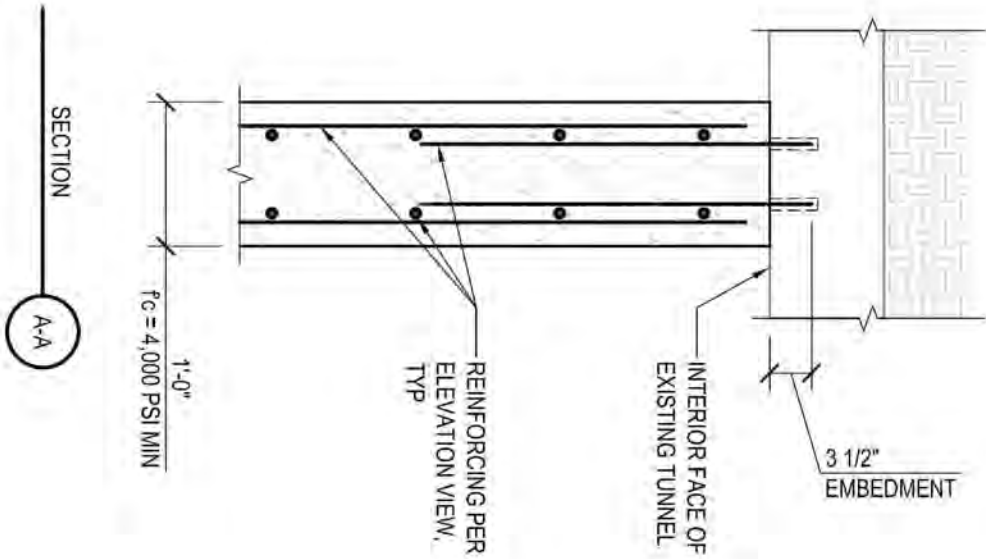
If at its sole discretion, COUNTY determines access to the abandoned tunnels shall be maintained and not plugged as described in the previous article or COUNTY agrees to a formal request from the FRANCHISEE to maintain access and use of the tunnels for purposes other than their intended use as described in this Franchise Agreement, annual monitoring will be conducted to ensure the condition of the tunnels are in good order, satisfactory to the COUNTY. Monitoring should include, but not be limited to, settlement, collapsing, water intrusion, detection of harmful gasses, and other safety concerns and additional monitoring activities may also be conducted, depending upon the site conditions at the time of decommissioning. Monitoring inspections shall be performed at regular intervals and meet or exceed Federal Highway Administration: Tunnel Operations, Maintenance, Inspection and Evaluation Manual. A report of the monitoring activities shall be provided to the Director of Public Works on an annual basis showing the results. If structural

deficiencies or other hazardous conditions are noted during monitoring activities, then the FRANCHISEE shall immediately notify COUNTY. The FRANCHISEE shall perform all measures to ensure the integrity and safety of the tunnel to the satisfaction of the COUNTY.

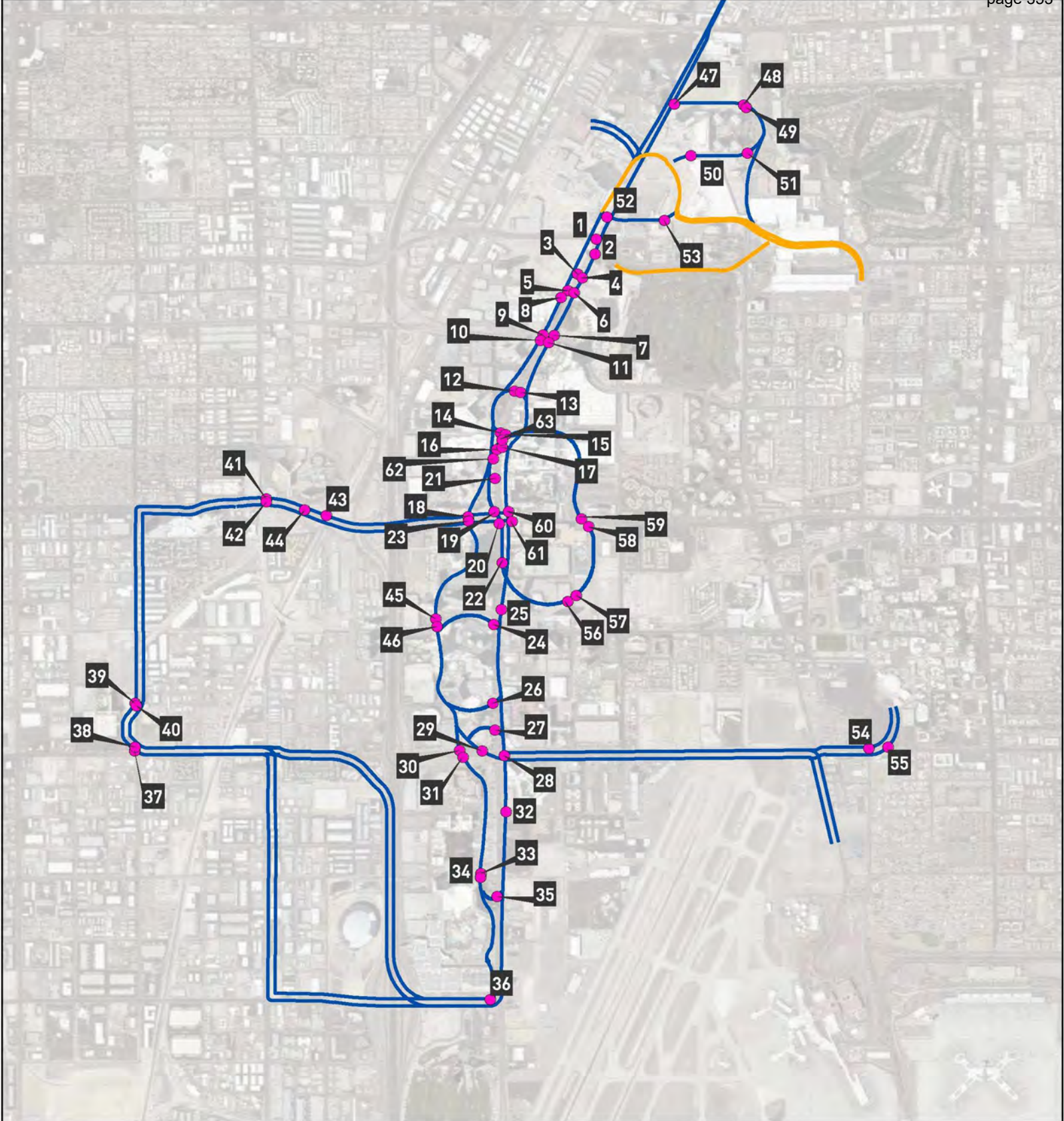
Any de-watering systems shall be maintained in an operational condition. The principal design professional shall evaluate the structure for both architectural and structural integrity. Area safety and security of the structure shall be maintained. The tunnel shall be secure from unauthorized access twenty-four (24) hours a day.



SECTION VIEW OF DETAIL A



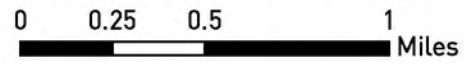
TBC - THE BORING COMPANY 3395 CAMBRIDGE ST LAS VEGAS, NV 89169	PROJECT NO. LV-000 DRAWING NO. DC-004	VEGAS LOOP DECOMMISSIONING PLAN EXHIBIT 26-116 Pg 240	SHEET NO. 2 OF 2
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- Proposed Right-of-Way Crossing
- Proposed Main Artery Tunnel
- Active Projects Under Separate Entitlement

VEGAS LOOP

DECOMMISSIONING EXHIBIT



REVISED: 10/11/2021
SBE 26-116 Pg 241



EXHIBIT D

ADDITIONAL TERMS & CONDITIONS

EXHIBIT D
 ADDITIONAL TERMS & CONDITIONS
 IMPOSED BY THE COUNTY COMMISSION

The term "fully satisfied" as that term is used in Section 3. 8 of this Franchise Agreement means the COUNTY's acceptance of the FRANCHISEE's compliance with the terms and conditions of this Exhibit D. The FRANCHISEE shall neither secure financing nor encroach in any public Rights-of-Way until the COUNTY, in its sole discretion, has rendered a finding that the FRANCHISEE is in compliance with these terms and conditions and that the information itself, and the manner and timing in which that information is provided, is acceptable to the COUNTY.

The parties agree to the additional terms and conditions stated herein.

1. The FRANCHISEE shall provide to the COUNTY legal documents confirming its legal status and ownership.
2. The FRANCHISEE shall provide to the COUNTY a written report detailing its compliance with all requirements presented in Clark County Code, NRS 705, and this Franchise Agreement. Any conflicts between the Clark County Code, NRS 705, and this Franchise Agreement and their requirements must be demonstrated to have been resolved in writing.

With regard to Items 1) through 2) above, it shall be the responsibility of the FRANCHISEE to submit periodic drafts as may be required by the COUNTY, and pre-executed final documentation. The FRANCHISEE shall also be responsible for providing to the COUNTY and the COUNTY's consultants an adequate minimum period to review, analyze, and consult on any relevant documents and the FRANCHISEE's progress related to this list of additional terms and conditions, prior to review and acceptance by the County Commission.

In the event the COUNTY obtains a dedicated protection program for this project separate and above from what may be provided through the FRANCHISEE, so as to provide additional assurances for mitigating financial risk, the FRANCHISEE shall cooperate with the COUNTY and provide all relevant information the COUNTY reasonably determines necessary to fulfill such a program.

The COUNTY may retain independent project management oversight advisory services, to monitor, review, and advise the COUNTY as to the progress of the development of the Monorail, and to provide the COUNTY with independent advisory services during the course of construction.

The project management oversight advisory services shall also address the FRANCHISEE's compliance with applicable requirements by other public entities. The FRANCHISEE shall cooperate with the person or persons retained by the COUNTY for such services, and shall provide all information reasonably deemed necessary by the COUNTY for these services to be performed to the COUNTY'S satisfaction. The FRANCHISEE shall bear no cost associated with the COUNTY's retention of such services.



WACC Calculation

The WACC formula for a 100% equity-financed company is: $WACC = R_e$ Where $R_e = R_f + \beta \times ERP$ (using CAPM).

Component	Value	Explanation	Value	Explanation
Risk-free Rate	4.00%	Current 10-year US Treasury yield, stable amid recent Fed rate cuts	4.00%	Same
Beta Multiplier	2.00	Market risk for this project, similar to companies with heavy capex and future payback from mass market (e.g., Carnival ^{2, 4A})	0.60	Reduced risk implied by a WACC of 8%, similar to steady, established companies such as utilities (e.g., SoCal Edison 0.83, Xcel 0.48)
Equity Risk Premium	5.00%	Normalized forward-looking premium over R_f , based on historical and current market estimates, e.g., Damodaran's implied ERP	5.00%	Same
Cost of Equity (R_e)	14.00%	CAPM reflects market risk for equity investors.	7.00%	Same
WACC	14.00%	WACC = R_e , as the entire capital structure is equity.	7.00%	Same

Vegas Loop Combined Discounted Cash Flow									
Conservative									
Revenue and Direct Growth									
Line Item	FY 2023 Actual	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	
Indirect Growth									
Management Revenue	4,430,248	4,579,316	4,920,317	4,920,317	4,920,317	4,920,317	4,920,317	4,920,317	0%
Management Revenue	158,533	152,670	63,120	63,120	63,120	63,120	63,120	63,120	0%
Management Revenue	-	-	65,810	65,810	65,810	65,810	65,810	65,810	0%
Management Revenue	-	-	138,857	138,857	138,857	138,857	138,857	138,857	0%
Fares	492,276	683,160	1,310,778	1,310,778	1,310,778	1,310,778	1,310,778	1,310,778	0%
Advertising	23,475	36,802	65,993	65,993	65,993	65,993	65,993	65,993	0%
DAS Revenue Share	41,125	37,253	38,487	38,487	38,487	38,487	38,487	38,487	0%
	5,145,657	5,469,400	6,623,362	6,623,362	6,623,362	6,623,362	6,623,362	6,623,362	0%
Direct Personnel	2,012,124	2,477,866	3,294,340	3,294,340	3,294,340	3,294,340	3,294,340	3,294,340	0%
Merchant Fees	24,393	36,074	63,367	63,367	63,367	63,367	63,367	63,367	0%
Permits, Bonds, Licenses	28,751	21,221	42,955	42,955	42,955	42,955	42,955	42,955	0%
Vehicle Registration	8,655	79,486	94,274	94,274	94,274	94,274	94,274	94,274	0%
Equipment Purchase, Repair, Rental	149,203	181,844	304,042	304,042	304,042	304,042	304,042	304,042	0%
Indirect Personnel	2,248,671	2,581,860	3,339,125	3,339,125	3,339,125	3,339,125	3,339,125	3,339,125	0%
Professional Fees	9,686	8,349	4,720	4,720	4,720	4,720	4,720	4,720	0%
Travel	833	9,866	26,519	26,519	26,519	26,519	26,519	26,519	0%
Employee Expenses	66,127	82,734	34,102	34,102	34,102	34,102	34,102	34,102	0%
Misc. Operating Expenses	226,411	701,794	542,317	542,317	542,317	542,317	542,317	542,317	0%
Shared Services - Insurance, HR, Accounting	1,464,000	1,464,000	1,464,000	1,464,000	1,464,000	1,464,000	1,464,000	1,464,000	0%
Financing - Vehicles	1,168,816	1,207,654	1,025,525	1,025,525	1,025,525	1,025,525	1,025,525	1,025,525	0%
	7,398,780	8,653,747	10,235,288	10,235,288	10,235,288	10,235,288	10,235,288	10,235,288	0%
Revenue - not including LVCVA	715,408	890,084	1,703,045	1,703,045	1,703,045	1,703,045	1,703,045	1,703,045	0%
Expenses - not including LVCVA	2,968,532	4,274,431	5,314,971	5,314,971	5,314,971	5,314,971	5,314,971	5,314,971	0%
Cash Flow (not including construction)	(3,422,040)	(4,592,000)	(4,637,450)	(4,637,450)	(4,637,450)	(4,637,450)	(4,637,450)	(4,637,450)	0%
Capex - Tunnel Construction (not including LVCVA)	(3,567,590)	(3,652,030)	(10,288,237)	(10,288,237)	(10,288,237)	(10,288,237)	(10,288,237)	(10,288,237)	0%
Assume X year financing of constructions costs									
2023	(118,920)	(118,920)	(118,920)	(118,920)	(118,920)	(118,920)	(118,920)	(118,920)	
2024	-	(121,734)	(121,734)	(121,734)	(121,734)	(121,734)	(121,734)	(121,734)	
2025	-	-	(342,941)	(342,941)	(342,941)	(342,941)	(342,941)	(342,941)	
2026	-	-	-	(342,941)	(342,941)	(342,941)	(342,941)	(342,941)	
2027	-	-	-	-	(342,941)	(342,941)	(342,941)	(342,941)	
2028	-	-	-	-	-	(342,941)	(342,941)	(342,941)	
2029	-	-	-	-	-	-	(342,941)	(342,941)	
2030	-	-	-	-	-	-	-	(342,941)	
	(118,920)	(240,654)	(583,595)	(928,536)	(1,268,478)	(1,612,419)	(1,955,360)	(2,288,301)	
Cash Flow (including construction)	(3,540,959)	(4,832,654)	(5,221,045)	(5,563,987)	(5,908,928)	(6,249,869)	(6,592,810)	(6,935,752)	
WACC				1.00	0.93	0.87	0.82	0.76	
Discount Factor									
Terminal Value (assume flat after 2030)									
NPV of Cash Flows									
Not Including construction									
Terminal Value (assume flat after 2030)									
NPV of Cash Flows									

Vegas Loop Combined Discounted Cash Flow									
Aggressive									
Revenue and Direct Growth									
Indirect Growth									
Line Item	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Forecast	50% -10%	FY 2027 Forecast	50% 0%	FY 2028 Forecast	50% 0%
Management Revenue	4,430,248	4,579,316	4,920,317	4,428,285	3,985,457	3,985,457	3,985,457	3,985,457	3,985,457
Management Revenue	158,533	152,870	83,120	74,808	67,327	67,327	67,327	67,327	67,327
Management Revenue	-	-	65,810	59,229	53,306	53,306	53,306	53,306	53,306
Management Revenue	-	-	138,867	124,971	112,474	112,474	112,474	112,474	112,474
Fares	492,276	683,160	1,310,778	1,986,189	2,949,253	4,423,880	6,635,819	9,853,729	9,853,729
Advertising	23,475	36,802	65,993	88,980	148,485	222,727	334,091	501,137	501,137
DAS Revenue Share	41,125	37,253	38,487	57,730	86,595	128,892	194,838	292,257	292,257
	5,145,857	5,463,400	6,823,382	6,810,181	7,402,886	8,985,063	11,383,312	14,965,687	14,965,687
Direct Personnel	2,012,124	2,477,886	3,284,340	3,387,260	3,682,066	4,473,980	5,681,852	7,443,660	7,443,660
Merchant Fees	24,393	36,074	63,387	95,051	142,577	213,865	320,797	481,196	481,196
Permits, Bonds, Licenses	28,751	21,221	42,955	38,660	34,794	34,794	34,794	34,794	34,794
Vehicle Registration	8,655	79,466	94,274	84,847	76,362	76,362	76,362	76,362	76,362
Equipment Purchase, Repair, Rental	149,203	181,844	304,042	273,638	248,274	248,274	248,274	248,274	248,274
Indirect Personnel	2,449,871	2,581,880	3,339,125	3,005,212	2,704,691	2,704,691	2,704,691	2,704,691	2,704,691
Professional Fees	9,885	9,348	4,720	4,248	3,823	3,823	3,823	3,823	3,823
Travel	833	9,856	26,519	23,867	21,461	21,461	21,461	21,461	21,461
Employee Expenses	56,127	82,734	34,102	30,692	27,623	27,623	27,623	27,623	27,623
Misc. Operating Expenses	228,411	701,784	542,317	488,086	439,277	439,277	439,277	439,277	439,277
Shared Services - Insurance, HR, Accounting	1,464,000	1,464,000	1,464,000	1,317,600	1,185,840	1,185,840	1,185,840	1,185,840	1,185,840
Franchising - Vehicles	1,168,916	1,207,654	1,025,525	922,972	830,675	830,675	830,675	830,675	830,675
	7,398,780	8,653,747	10,235,268	9,672,134	9,385,483	10,258,686	11,553,480	13,486,696	13,486,696
Revenue - not including LVCVA	715,409	890,084	1,703,045	2,381,896	3,417,440	5,009,806	7,397,856	10,980,230	10,980,230
Expenses - not including LVCVA	2,968,632	4,274,431	5,314,971	5,243,849	5,410,026	6,273,229	7,568,033	9,510,240	9,510,240
Cash Flow (not including construction)	(3,422,040)	(4,682,000)	(4,637,450)	(3,764,925)	(2,823,261)	(2,094,288)	(1,000,853)	639,315	639,315
Capex - Tunnel Construction (not including LVCVA)	(3,567,590)	(3,552,030)	(10,288,237)	(15,432,356)	(23,148,533)	(34,722,800)	(52,084,200)	(78,126,300)	(78,126,300)
Assume X year financing of constructions costs	2023	(118,920)	(118,920)	(118,920)	(118,920)	(118,920)	(118,920)	(118,920)	(118,920)
2024	-	(121,734)	(121,734)	(121,734)	(121,734)	(121,734)	(121,734)	(121,734)	(121,734)
2025	-	-	(342,941)	(342,941)	(342,941)	(342,941)	(342,941)	(342,941)	(342,941)
2026	-	-	-	(514,412)	(514,412)	(514,412)	(514,412)	(514,412)	(514,412)
2027	-	-	-	-	(771,618)	(771,618)	(771,618)	(771,618)	(771,618)
2028	-	-	-	-	-	(1,157,427)	(1,157,427)	(1,157,427)	(1,157,427)
2029	-	-	-	-	-	-	(1,736,140)	(1,736,140)	(1,736,140)
2030	-	-	-	-	-	-	-	(2,604,210)	(2,604,210)
	(118,920)	(240,654)	(583,595)	(1,098,007)	(1,869,625)	(3,027,052)	(4,783,192)	(7,367,402)	(7,367,402)
Cash Flow (including construction)	(3,540,959)	(4,832,654)	(5,221,045)	(4,862,932)	(4,892,886)	(5,121,348)	(5,764,044)	(6,728,086)	(6,728,086)
WACC	7%								
Discount Factor	0.87								
Terminal Value (assume flat after 2030)	0.78								
NPV of Cash Flows	(23,579,993)								
Not Including construction	(23,579,993)								
Terminal Value (assume flat after 2030)	9,133,077								
NPV of Cash Flows	551,087								

Vegas Loop Combined Discounted Cash Flow									
Very Aggressive									
Revenue and Direct Growth									
Indirect Growth									
Line Item	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Forecast	FY 2027 Forecast	FY 2028 Forecast	FY 2029 Forecast	FY 2030 Forecast	
Customer									
LVCVA	4,430,248	4,579,316	4,920,317	6,160,386	7,687,985	9,609,994	12,012,492	15,015,615	75%
RW	156,533	152,870	83,120	103,900	129,875	162,343	202,929	253,662	25%
Westgate	-	-	65,810	82,262	102,828	126,535	160,668	200,635	
Enclave	-	-	139,857	173,571	216,964	271,205	339,006	423,798	
Fees	492,276	663,160	1,310,778	2,621,658	5,243,117	10,486,233	20,972,467	36,701,816	
Advertising	23,475	36,802	65,993	131,987	263,973	527,946	1,055,893	1,847,813	
DAS Revenue Share	41,125	37,253	38,487	76,973	153,946	307,892	615,785	1,077,624	
	5,145,857	5,469,400	6,823,362	9,340,647	13,786,697	21,484,149	35,359,240	55,521,122	
Direct Personnel	2,012,124	2,477,896	3,294,340	4,645,868	6,863,221	10,690,788	17,587,042	27,615,195	
Permit Fees	24,393	36,074	63,367	126,735	253,470	506,939	1,013,878	1,774,287	
Permits, Bonds, Licenses	28,751	21,221	42,955	53,694	67,118	83,897	104,871	131,089	
Vehicle Registration	8,655	79,466	94,274	117,842	147,303	184,129	230,161	287,701	
Equipment Purchase, Repair, Rental	149,203	181,844	304,042	380,053	475,066	593,833	742,261	927,884	
Indirect Personnel	2,249,671	2,581,660	3,339,125	4,173,906	5,217,382	6,521,728	8,152,160	10,190,200	
Professional Fees	9,695	9,349	4,720	5,900	7,375	9,219	11,524	14,405	
Travel	833	9,656	26,519	33,149	41,437	51,786	64,745	80,931	
Employee Expenses	56,127	62,734	34,102	42,628	53,285	66,606	83,257	104,072	
Misc. Operating Expenses	226,411	701,794	542,317	677,697	847,371	1,059,213	1,324,017	1,655,021	
Shared Services - Insurance, HR, Accounting	1,464,000	1,464,000	1,464,000	1,630,000	2,287,500	2,859,375	3,574,219	4,467,773	
Financing - Vehicles	1,168,916	1,207,654	1,025,525	1,281,906	1,602,363	2,002,978	2,503,723	3,128,653	
	7,386,780	8,653,747	10,235,288	13,369,578	17,862,910	24,630,512	35,381,888	50,376,192	
Revenue - not including LVCVA	715,408	890,064	1,703,045	3,190,251	6,110,702	11,884,155	23,346,748	40,505,507	
Expenses - not including LVCVA	2,968,532	4,274,431	5,314,971	7,219,182	10,174,915	15,020,518	23,378,396	35,382,576	
Cash Flow (not including construction)	(3,422,040)	(4,592,000)	(4,637,460)	(5,310,837)	(5,666,595)	(5,139,341)	(2,536,371)	2,013,277	
Capex - Tunnel Construction (not including LVCVA)	(3,567,590)	(3,652,030)	(10,288,237)	(20,576,474)	(41,152,948)	(82,305,896)	(164,611,792)	-	
Assume X year financing of constructions costs									
30									
2023	(118,920)	(118,920)	(118,920)	(118,920)	(118,920)	(118,920)	(118,920)	(118,920)	
2024	-	(121,734)	(121,734)	(121,734)	(121,734)	(121,734)	(121,734)	(121,734)	
2025	-	-	(342,941)	(342,941)	(342,941)	(342,941)	(342,941)	(342,941)	
2026	-	-	-	(685,882)	(685,882)	(685,882)	(685,882)	(685,882)	
2027	-	-	-	-	(1,371,765)	(1,371,765)	(1,371,765)	(1,371,765)	
2028	-	-	-	-	-	(2,743,530)	(2,743,530)	(2,743,530)	
2029	-	-	-	-	-	-	(5,487,060)	(5,487,060)	
2030	-	-	-	-	-	-	-	-	
Cash Flow (including construction)	(118,920)	(240,654)	(583,595)	(1,269,478)	(2,641,243)	(5,384,773)	(10,871,832)	(10,871,832)	
(3,540,959)	(4,832,654)	(5,221,045)	(6,580,315)	(10,524,113)	(13,408,203)	(16,858,555)			
WACC									
Discount Factor				1.00	0.88	0.77	0.67	0.59	
Terminal Value (assume flat after 2030)									
NPV of Cash Flows									
Not Including construction									
Terminal Value (assume flat after 2030)									
NPV of Cash Flows									



CLARK COUNTY BOARD OF EQUALIZATION

Case # 21

Assessor Information

Case Summary
00021

Owner: THE BORING COMPANY Parcel Number: 230177
Mailing Address: 130 WALKER WATSON RD Appeal #: 00021
Fiscal Year #: 2025-2026 Unsecured
BASTROP TX 78602-3170 BOE Date #: 02/25/2026 08:00 am Commission Chambers
Appraiser: Jeff Bonesteel
Land Use Code: 0
Neighborhood Code: 0
Situation: 0 PARADISE RD LAS VEGAS Total Acres: 0.0000



Totals for all Parcels						
	2024-2025		2025-2026		2026-2027	
	Assessed	Taxable	Assessed	Taxable	Assessed	Taxable
Land Value	0	0	0	0	0	0
Improvement Value	0	0	0	0	0	0
Supplemental Value	0	0	0	0	0	0
Total	0	0	0	0	0	0

CLARK COUNTY BOARD OF EQUALIZATION

ASSESSOR RECOMMENDS HOLDING
CURRENT TAXABLE VALUE
PENDING ANALYSIS TO FOLLOW



ADDENDUM TO FOLLOW

TAXABLE VALUE/FULL CASH VALUE - GOVERNING LAW

NRS 361.227 Determination of taxable value.

1. Any person determining the taxable value of real property shall appraise:
 - (a) The full cash value of:
 - (1) Vacant land by considering the uses to which it may lawfully be put, any legal or physical restrictions upon those uses, the character of the terrain, and the uses of other land in the vicinity.
 - (2) Improved land consistently with the use to which the improvements are being put.
 - (b) Any improvements made on the land by subtracting from the cost of replacement of the improvements all applicable depreciation and obsolescence. Depreciation of an improvement made on real property must be calculated at 1.5 percent of the cost of replacement for each year of adjusted actual age of the improvement, up to a maximum of 50 years.
2. The unit of appraisal must be a single parcel unless:
 - (a) The location of the improvements causes two or more parcels to function as a single parcel;
 - (b) The parcel is one of a group of contiguous parcels which qualifies for valuation as a subdivision pursuant to the regulations of the Nevada Tax Commission; or
 - (c) In the professional judgment of the person determining the taxable value, the parcel is one of a group of parcels which should be valued as a collective unit.
3. ...
4. ...
5. The computed taxable value of any property must not exceed its full cash value. Each person determining the taxable value of property shall reduce it if necessary to comply with this requirement. A person determining whether taxable value exceeds that full cash value or whether obsolescence is a factor in valuation may consider:
 - (a) Comparative sales, based on prices actually paid in market transactions.
 - (b) A summation of the estimated full cash value of the land and contributory value of the improvements.
 - (c) Capitalization of the fair economic income expectancy or fair economic rent, or an analysis of the discounted cash flow.

NAC 361.1177 (c) adopts by reference *Property Appraisal and Assessment Administration* as published by the International Association of Assessing Officers (IAAO).

Definition of Economic Rent from the *Glossary for Property Appraisal and Assessment* by IAAO:

Rent, Economic – (1) In appraisal, the annual rent that is justified for the property on the basis of a careful study of comparable properties in the area; market rent.

NRS 361.345 Power of county board of equalization to change valuation of property; review of changes in valuation and estimation of certain property by county assessor; notice of addition to assessed valuation.

1. Except as otherwise provided in subsection 2, the county board of equalization may:
 - (a) Determine the valuation of any real or personal property placed on:
 - (1) The secured tax roll which was assessed by the county assessor; or
 - (2) The unsecured tax roll which was assessed by the county assessor on or after May 1 and on or before December 15; and
 - (b) Change and correct any valuation found to be incorrect either by adding thereto or by deducting therefrom such sum as is necessary to make it conform to the taxable value of the property assessed, whether that valuation was fixed by the owner or the county assessor. The county board of equalization may not reduce the assessment of the county assessor unless it is established by a preponderance of the evidence that the valuation established by the county assessor exceeds the full cash value of the property or is inequitable. A change so made is effective only for the fiscal year for which the assessment was made. The county assessor shall each year review all such changes made for the previous fiscal year and maintain or remove each change as circumstances warrant.



CLARK COUNTY BOARD OF EQUALIZATION

Case # 21

Miscellaneous Information



togetherforbetter

OFFICE OF THE
COUNTY ASSESSOR

BRIANA JOHNSON

Clark County Assessor

(702) 455-3882 • Fax: (702) 455-0018

www.clarkcountynv.gov/assessor

Melissa Martinet, Deputy Director of Assessment Services

Mary Ann Weidner, Deputy Director of Assessment Services

01/07/2026

Case Number:

21

Parcel/PPID Number:

230177

THE BORING COMPANY
130 WALKER WATSON RD
BASTROP TX 78602-3170

Dear Sir or Madam:

We have received your **Petition for Review to the Clark County Board of Equalization**. If you have additional information relevant to your case that you would like to submit for review, please provide it to our office as soon as possible. In order for your information to be included in the printed copy of your case, **it must be submitted at least seven days prior to your scheduled hearing date**. If you have to present **additional** information on the day of your hearing, **you must provide ten copies to the board**.

You will be notified of your hearing date by email.

1) **Email**. All correspondence will be sent to the email provided on the appeal form unless otherwise specified. To change your noticing email:

- Email your request to boe@ClarkCountyNV.gov
- Enter your Case # first and then "BOE Hearing Notification" in the subject line.
- In the body of the email, provide your case number, address, phone number and parcel number.

2) **Certified letter**. If no email is provided, you will receive notification by certified letter.

Your hearing will be scheduled between now and the end of February. You should attend the hearing and be prepared to discuss the taxable value of your property before the Board. For additional information regarding the appeal process and electronic hearing notification, please refer to the appeal instructions provided with your appeal form.

Our appraisal staff will prepare and submit to the Board a case with information which describes our position regarding your property valuation. This case information will be provided to you at the hearing, or you may contact our office to check availability prior to the hearing. Please contact our office if you have any questions in this regard.





togetherforbetter

OFFICE OF THE
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Melissa Martinet, Deputy Director of Assessment Services
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01/07/2026

Case Number: 21
Parcel/PPID Number: 230177

THE BORING COMPANY
130 WALKER WATSON RD
BASTROP TX 78602-3170

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CLARK COUNTY BOARD OF EQUALIZATION

Case # 21

Addendum

Case Summary

00021

Owner: THE BORING COMPANY Parcel Number: 230177
 Mailing Address: 130 WALKER WATSON RD Appeal #: 00021
 Fiscal Year #: 2025-2026 Unsecured



BASTROP TX 78602-3170 BOE Date #: 02/25/2026 08:00 am Commission Chambers
 Appraiser: Jeff Bonesteel
 Land Use Code: 0
 Neighborhood Code: 0

Situs: 0 PARADISE RD LAS VEGAS Total Acres: 0.0000

Legal Description:

Totals for all Parcels						
	2024-2025		2025-2026		2026-2027	
	Assessed	Taxable	Assessed	Taxable	Assessed	Taxable
Land Value	0	0	0	0	0	0
Improvement Value	0	0	0	0	0	0
Supplemental Value	0	0	0	0	0	0
Total	0	0	0	0	0	0

APPEAL FORM # 21



Clark County Board of Equalization

PETITION FOR REVIEW OF TAXABLE VALUATION

Submit this Petition Form no later than 5 p.m. of the date due. Most types of appeals must be filed no later than January 15th. If the appeal involves valuation of property escaping taxation, or a determination that agricultural property has been converted to a higher use, a different due date may apply.

Please Print or Type:

Part A. PROPERTY OWNER/PETITIONER INFORMATION (Agents Information to be completed in Part H)

NAME OF PROPERTY OWNER AS IT APPEARS ON THE TAX ROLL THE BORING COMPANY					
NAME OF PETITIONER (IF DIFFERENT FROM PROPERTY OWNER)				TITLE	
MAILING ADDRESS OF PETITIONER (STREET ADDRESS OR P.O. BOX)				EMAIL ADDRESS	
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER

Part B. PROPERTY OWNER ENTITY DESCRIPTION

Check organization type which best describes the Property Owner if an entity and not a natural person. Natural persons may skip Part B.

- ☐ Sole Proprietorship
 ☐ Trust
 ☒ Corporation
☐ Limited Liability Company (LLC)
 ☐ General or Limited Partnership
 ☐ Government or Governmental Agency
☐ Other, please describe: _____

☒ The organization described above was formed under the laws of the State of TX _____

The organization described above is a non-profit organization ☐ Yes ☒ No

Part C. RELATIONSHIP OF PETITIONER IN PART C TO PROPERTY OWNER IN PART A

Check box which best describes the relationship of Petitioner to Property Owner: ☐ Additional information may be necessary. Please see Instructions.

- ☐ Self
 ☐ Trustee of Trust
 ☐ Employee of Property Owner
☐ Co-owner, Partner, Management Member
 ☒ Officer of Company
☐ Employee or Officer of Management Company
☐ Employee, Officer, or Owner of Lessee of leasehold, possessory interest, or beneficial interest in real property.
☐ Other, please describe: _____

Part D. PROPERTY IDENTIFICATION INFORMATION

1. Enter Physical Address of Property:

ADDRESS 0	STREET/ROAD Paradise Road	CITY (IF APPLICABLE) Las Vegas	COUNTY
PURCHASE PRICE: 0		PURCHASE DATE: 7-01-2025	

2. Enter Applicable Assessor Parcel Number or Personal Property Account Number from assessment notice or tax bill:

ASSESSOR'S PARCEL NUMBER (APN)	ACCOUNT NUMBER 230177
--------------------------------	--------------------------

3. Does this appeal involve multiple parcels? No ☐ List multiple parcels on a separate, letter-sized sheet.

If yes, enter number of parcels: 0 Multiple parcel list is attached. No

Appeals must be single parcels unless multiple contiguous parcels act as a single unit.

4. Check Property Type:

☐ Vacant Land	☐ Mobile Home (Not on foundation)	☐ Mining Property
☐ Residential Property	☐ Commercial Property	☐ Industrial Property
☐ Multi-Family Residential Property	☐ Agricultural Property	☐ Personal Property
☒ Possessory Interest in Real or Personal property		☐ Exemption

5. Check Year and Roll Type of Assessment being appealed:

☒ 25-26 Unsecured Roll

Part E. VALUE OF PROPERTY

Property Owner: What is the value you seek? Write N/A on each line for values which are not being appealed. See NRS 361.025 for the definition of Full Cash Value.

Property Type	Assessor's Taxable Value	Owner's Opinion of Value
Land		0
Buildings		0
Personal Property		0
Possessory interest in real property		1
Exempt Value		0
Total		1

APPEAL FORM # 21

Part F. TYPE OF APPEAL

Check box which best describes the authority of the County Board to take jurisdiction to hear the appeal.

- ☒ NRS 361.357: The full cash value of my property is less than the computed taxable value of the property.
- ☐ NRS 361.356: My property is assessed at a higher value than another property that has an identical use and a comparable location to my property.
- ☐ NRS 361.355: My property is overvalued because other property within the county is undervalued or not assessed; and have attached the proof showing the owner, the location, the description and the taxable value of the undervalued property.
- ☐ NRS 361.155: I request a review of the Assessor's decision to deny my claim for exemption from property taxes.
- ☐ NRS 361A.280: The Assessor has determined my agricultural property has been converted to a higher use and that deferred taxes are now due.
- ☐ NRS 361.769: My property has been assessed as property escaping taxation for this year and/or prior years.

Part G. WRITE A STATEMENT DESCRIBING THE FACTS AND/OR REASONS FOR YOUR APPEAL, REQUEST FOR REVIEW OR COMPLAINT. (ATTACH A SEPARATE PAGE IF MORE ROOM IS NEEDED)

Value summary: Materials in tunnels: \$6,298,572 (Tax District 410) \$12,235,060 (Tax District 470) Assessed at 35% of value: \$2,204,500 (410) \$4,282,271 (470) Tax due (2.9328%): \$64,654 (410) \$125,591 (470) Basis for Protest: The assessment is protested for the following reasons: As with the land located at 3395 Cambridge St., the use of these tunnels is to support an exempt entity, the Las Vegas Convention and Visitors Authority ("LVCVA"). The tunnels have negative value factoring in economic obsolescence using comparable analysis and discounted cash flows (see attachment with DCF models). Further, for the prior taxable year, notice of value was received late and were not able to be appealed by May 15th, 2025. We wish to appeal the prior taxable year in a similar manner.

CERTIFICATION

I certify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief; and that I am either (1) the person who owns or controls taxable property, or possesses in its entirety taxable property, or the lessee or user of a leasehold interest, possessory interest, beneficial interest or beneficial use, pursuant to NRS 361.334; or (2) I am a person employed by the Property Owner or an affiliate of the Property Owner and I am acting within the scope of my employment. If Part H below is completed, I further certify I have authorized the agent named therein to represent the Property Owner as stated and I have the authority to appoint the authorized agent named in Part H.

AP

Mr

Owner/Petitioner Signature

Title

Arun Prakash - Chief Financial Officer

1/7/2026 12:22:51 PM

Print Name of Owner/Petitioner

Date

Part H. AUTHORIZATION OF AGENT

Complete this section only if an agent, including an attorney, has been appointed to represent the Property Owner/Petitioner in proceedings before the County Board. Read instructions for further information.

I hereby authorize the agent whose name and contact information appears below to file a petition to the Clark County Board of Equalization and to contest the value and/or exemption established for the properties named in Part D(2) of this Petition.

I further authorize the agent listed below to receive all notices and decision letters related thereto; and represent the Petitioner in all related hearings and matters including stipulations and withdrawals before the Clark County Board of Equalization. This authorization is limited to the appeal of property valuation for the tax roll and fiscal year named in Part D(5) of this Petition.

Authorized Agent Contact Information:

NAME OF AUTHORIZED AGENT:				TITLE:	
AUTHORIZED AGENT COMPANY, IF APPLICABLE:				EMAIL ADDRESS:	
MAILING ADDRESS OF AUTHORIZED AGENT (STREET ADDRESS OR P.O. BOX)					
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER

I hereby accept appointment as the authorized agent of the Property Owner in proceedings before the County Board.

CERTIFICATION

Agent Signature required only if Petitioner did not sign certification and a separate Agent Authorization will be submitted.

I certify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief; and I am the authorized agent with authority to petition the Clark County Board subject to the requirements of NRS 361.362 and NAC 361.TBD (7012) and the limitations contained in the Agent Authorization Form to be separately submitted

Authorized Agent Signature	Mr
	Title
Print Name of Signatory	Date

☐ I hereby withdraw appeal to the Board of Equalization	
Signature of Owner or Authorized Agent/Attorney	Date

Clark County Board of Equalization

Agent Authorization Form

If you have questions about this form or the appeal process, please call: 702-455-3891.

Please Print or Type:

Part A. PROPERTY OWNER AND CONTACT INFORMATION OF PERSON GRANTING AUTHORITY TO AGENT

NAME OF PROPERTY OWNER AS IT APPEARS ON THE TAX ROLL:					
THE BORING COMPANY					
NAME OF PERSON GRANTING AUTHORITY TO AGENT (IF DIFFERENT THAN PROPERTY OWNER):				TITLE	
ARUN PRAKASH				CFO	
MAILING ADDRESS OF PETITIONER (STREET ADDRESS OR P.O. BOX)				EMAIL ADDRESS:	
130 WALKER WATSON RD				ARUN@BORINGCOMPANY.COM	
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER
BASTROP	TX	78602	310-663-3253		

Part B. PROPERTY OWNER INFORMATION

Check organization type which best describes the Property Owner if not a natural person: ☒ Natural persons may skip Part B.

- ☐ Sole Proprietorship ☐ Trust ☒ Corporation
☐ Limited Liability Company (LLC) ☐ General or Limited Partnership ☐ Government or Governmental Agency
☐ Other, please describe: _____

The organization described above was formed under the laws of the State of _____

The organization described above is a non-profit organization. ☐ Yes ☐ No

Part C. RELATIONSHIP OF PERSON GRANTING AUTHORITY TO AGENT TO PROPERTY OWNER

Check box which best describes the relationship of Petitioner to Property Owner: ☒

Additional Information may be necessary. Please see instructions.

- ☐ Self ☐ Trustee of Trust ☐ Employee of Property Owner
☐ Co-owner, partner, managing member ☒ Officer of Company
☐ Employee or Officer of Management Company
☐ Employee, Officer, or Owner of Lessee of leasehold, possessory interest, or beneficial interest in real property
☐ Other, please describe: _____

Part D. PROPERTY SUBJECT TO THIS AGENT AUTHORIZATION:

Enter APN or Account Number from assessment notice or tax bill:

ASSESSOR'S PARCEL NUMBER (APN)	ACCOUNT NUMBER
	230491, 230177, 230178

☐ Multiple parcel list attached. (Use letter-size paper)

Part E. YEAR AND ROLL TYPE OF ASSESSMENT BEING APPEALED: ☒

☒ 2026-2027 Secured Roll	☒ 2025-2026 Unsecured Roll	☐ 2025-2026 Supplemental Roll
Other years being appealed:		2024-25
Be prepared to cite the legal authority, if any, that permits the County Board to consider appeals of taxable value from prior years.		

Part F. AUTHORIZATION OF AGENT

I hereby authorize the agent whose name and contact information appears below to file a petition to the Clark County Board of Equalization and to contest the value and/or exemption established for the properties named in Part D of this Agent Authorization.

I further authorize the agent listed below to receive all notices and decision letters related thereto; and represent the Petitioner in all related hearings and matters including stipulations and withdrawals before the Clark County Board of Equalization. This authorization is limited to the appeal of property valuation for the tax roll and fiscal year named in Part E of the Petition for appeal.

List additional authorized agents on a separate sheet as needed, including printed name, contact information, signature, title and date.

Authorized Agent Contact Information:

NAME OF AUTHORIZED AGENT: STEPHANIE GRONAUER		TITLE: PARTNER			
AUTHORIZED AGENT COMPANY, IF APPLICABLE: KAEMPFER CROWELL		EMAIL ADDRESS: sgronauer@kcnvlaw.com			
MAILING ADDRESS OF AUTHORIZED AGENT (STREET ADDRESS OR P.O. BOX) 1980 FESTIVAL PLAZA DR STE 650					
CITY LAS VEGAS	STATE NV	ZIP CODE 89135	DAYTIME PHONE 702-792-7046	ALTERNATE PHONE	FAX NUMBER

I hereby accept appointment as the authorized agent of the Property Owner in proceedings before the County Board of Equalization.


Authorized Agent Signature Title **PARTNER** Date **02/20/2026**

Authorized Agent Contact Information:

NAME OF AUTHORIZED AGENT: MICHAEL WELCH		TITLE: EXECUTIVE DIRECTOR			
AUTHORIZED AGENT COMPANY, IF APPLICABLE: INTEGRA REALTY RESOURCES		EMAIL ADDRESS: michael.welch@irr.com			
MAILING ADDRESS OF AUTHORIZED AGENT (STREET ADDRESS OR P.O. BOX) 9225 KATY FREEWAY STE 206					
CITY HOUSTON	STATE TX	ZIP CODE 77024	DAYTIME PHONE 713-973-0212	ALTERNATE PHONE	FAX NUMBER

I hereby accept appointment as the authorized agent of the Property Owner in proceedings before the County Board of Equalization.


Authorized Agent Signature Title **EXECUTIVE DIRECTOR** Date **02/20/2026**

CERTIFICATION

I certify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief; and that I am either (1) the person who owns or controls taxable property, or possesses in its entirety taxable property, or the lessee or user of a leasehold interest, possessory interest, beneficial interest or beneficial use, pursuant to NRS 361.334; or (2) I am a person employed by the Property Owner or an affiliate of the Property Owner and I am acting within the scope of my employment. I further certify I have authorized the agent named herein to represent the Property Owner as stated and I have the authority to appoint the authorized agent named herein.


Property Owner / Petitioner Signature Title **CFO** Date **02/20/2026**
ARUN PRAKASH
Print Name of Owner/Petitioner



OFFICE OF THE COUNTY ASSESSOR

BRIANA JOHNSON
Clark County Assessor
(702) 455-4997 • Fax: (702) 455-0191
www.clarkcountynv.gov/assessor

Melissa Martinet, Deputy Director of Assessment Services
Mary Ann Weidner, Deputy Director of Assessment Services

Withdrawal of Appeal from the Board of Equalization

02/23/2026
BORING COMPANY THE
130 WALKER WATSON RD
BASTROP, TX 78602-3170

RE: Appeal No. 21
Account` No(s). 230177

Dear Taxpayer:

The Appraisal Division of the Clark County Assessor's Office has completed the review of the taxable value of the above property under appeal. After careful consideration of the facts involved, our conclusion is that the current assessment does not exceed full cash value and is fair and equitable. For these reasons, it is our opinion that no changes are justifiable at this time. Therefore, the taxable value will remain as follows:

Fiscal Year:	2025-2026
Total Taxable Value	\$12,235,061

By signing below, Petitioner agrees to the above determination. Please return this letter to our office before your scheduled hearing. You may mail to the address below, email to jbon@clarkcountynv.gov or FAX to 702-380-9545.

Sincerely,

Jeff Bonesteel

Appraisal Division

I HEREBY WITHDRAW MY APPEAL TO THE BOARD OF EQUALIZATION:

X _____
Signature of owner or authorized agent

DATE _____





CLARK COUNTY BOARD OF EQUALIZATION

Case # 21

Assessor Information

The Boring Co Appeal Summary

Boring Analysis Per Tunnel	
Tunnel	Pre-Tax Enterprise Value
Resorts World	-\$1,001,241
Westgate	-\$3,467,723
Encore	-\$97,207
Total	-\$4,566,171

Clark County Analysis Per Tunnel Per DCF	
Tunnel	Pre-Tax Enterprise Value
Resorts World	\$6,254,690
Westgate	\$2,613,259
Encore	\$3,445,076
Total	\$12,313,025

Clark County RCNLD Possessory Interest Cost Values	
PP Account # 230177 Tunnels in tax Dist 470	\$10,451,878
PP Account # 230178 Tunnels in tax Dist 410	\$6,115,141
PP Account # 230491 Control Center Industrial Building w/1.662 acres of land	\$2,578,943
Total	\$19,145,962
Recommendation No Change	

Clark County Analysis As System - Operational (DCF Value) & In Progress (Cost Value) Tunnels	
Tunnel	Pre-Tax Enterprise Value
Control Center Industrial Building	Required for operation of tunnels \$0 added
Operational Tunnels	\$12,313,025
Wynn West Drilling in Progress - 50% as of 7-1-25	\$2,273,450
Silver Lot DIP - 50% as 7-1-25	\$407,950
Paradise West 50% DIP	\$2,947,900
Paradise East 50% DIP	\$3,901,150
Total	\$21,843,475

Resorts World, Westgate, Encore

Annual Fare Revenue		Total Rooms at Resorts World, Westgate, Encore: 11,212			
Fare Price Round-trip		Resorts World, Westgate, Encore Occupancy: 80%			
Est. Trips	228,157	Per Month	Per Day	Est. Capture	
Discount Rate	8.5%	19,013	634	7.07%	
Terminal Cap Rate	7.0%				

Year	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36
Revenue											
Fare Revenue Growth Rate		56%	17%	2%	2%	2%	2%	2%	2%	2%	2%
Fares	\$860,000	\$1,339,200	\$1,565,784	\$1,597,100	\$1,629,042	\$1,661,623	\$1,694,855	\$1,728,752	\$1,763,327	\$1,798,594	\$1,834,566
Management Fee Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Management Fees	\$145,000	\$147,900	\$150,858	\$153,875	\$156,953	\$160,092	\$163,294	\$166,559	\$169,891	\$173,288	\$176,754
Advertising Revenue Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Advertising	\$54,000	\$55,080	\$56,182	\$57,305	\$58,451	\$59,620	\$60,813	\$62,029	\$63,270	\$64,535	\$65,826
Sub-total	\$1,059,000	\$1,542,180	\$1,772,824	\$1,808,280	\$1,844,446	\$1,881,335	\$1,918,961	\$1,957,341	\$1,996,487	\$2,036,417	\$2,077,145
Operating Expenses											
Direct Personnel Expense Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Direct Personnel Expense Reduction Multiplier		100.0%	100.0%	100.0%	100.0%	100.0%	97.0%	97.0%	97.0%	97.0%	97.0%
Direct Personnel	\$422,000	\$747,000	\$772,000	\$787,000	\$803,000	\$819,000	\$810,000	\$801,000	\$792,000	\$783,000	\$790,000
Licenses & Permits Expense Growth		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Licenses & Permits	\$22,625	\$23,078	\$23,539	\$24,010	\$24,490	\$24,980	\$25,479	\$25,989	\$26,509	\$27,039	\$27,580
Merchant Fees Expense Growth		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Merchant Fees	\$43,000	\$43,860	\$44,737	\$45,632	\$46,545	\$47,475	\$48,425	\$49,393	\$50,381	\$51,389	\$52,417
Sub-total	\$487,625	\$813,938	\$840,276	\$856,642	\$874,035	\$891,455	\$883,904	\$876,383	\$868,890	\$861,428	\$869,997
Other Cash Expenses											
Vehicle Expense Growth		7%	6%	5%	5%	4%	2%	2%	2%	2%	2%
Vehicle Financing	\$45,000	\$48,300	\$51,246	\$54,053	\$56,659	\$59,005	\$60,185	\$61,389	\$62,617	\$63,869	\$65,147
Sub-total	\$45,000	\$48,300	\$51,246	\$54,053	\$56,659	\$59,005	\$60,185	\$61,389	\$62,617	\$63,869	\$65,147
NOI	\$526,375	\$679,943	\$881,301	\$897,585	\$913,752	\$930,874	\$974,872	\$1,019,569	\$1,064,980	\$1,111,120	\$1,142,002
Present Value Factor (PVF)	0.92166	0.84946	0.78291	0.72157	0.66505	0.61295	0.56493	0.52067	0.47988	0.44229	
Discounted Cash Flow	\$485,138	\$577,581	\$689,978	\$647,675	\$607,686	\$570,575	\$550,731	\$530,858	\$511,062	\$491,432	
										Terminal Value at 7%	\$16,314,319
										PVF	0.40764
										Discounted Terminal Value	\$6,650,309
PV of Discounted Cash Flow	\$5,662,716										
Terminal Value	\$6,650,309										
Pre-Tax Enterprise Value	\$12,313,025										

Encore

Total Rooms supported by Encore/Wynn: 4,748 (which includes the rooms at Wynn)

Annual Fare Revenue

Encore/Wynn Occupancy: 85%

Fare Price Round-trip	\$7.00	\$448,350	Per Month	Per Day	Est. Capture
Est. Trips	64,050		5,338	178	4.41%
Discount Rate	8.5%				
Terminal Cap Rate	7.0%				

Year	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36
Revenue											
Fare Revenue Growth Rate		233%	32%	2%	2%	2%	2%	2%	2%	2%	2%
Fares	\$100,000	\$333,000	\$439,560	\$448,351	\$457,318	\$466,465	\$475,794	\$485,310	\$495,016	\$504,916	\$515,015
Management Fee Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Management Fees	\$90,000	\$91,800	\$93,636	\$95,509	\$97,419	\$99,367	\$101,355	\$103,382	\$105,449	\$107,558	\$109,709
Advertising Revenue Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Advertising	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sub-total	\$190,000	\$424,800	\$533,196	\$543,860	\$554,737	\$565,832	\$577,149	\$588,692	\$600,465	\$612,475	\$624,724

Operating Expenses

Direct Personnel Expense Growth Rate		200%	4%	2%	2%	2%	2%	2%	2%	2%	2%
Direct Personnel Expense Reduction Multiplier		100.0%	100.0%	100.0%	100.0%	100.0%	97.0%	97.0%	97.0%	97.0%	100.0%
Direct Personnel	\$80,000	\$240,000	\$250,000	\$255,000	\$260,000	\$265,000	\$262,000	\$259,000	\$256,000	\$253,000	\$258,000
Licenses & Permits Expense Growth		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Licenses & Permits	\$7,000	\$7,140	\$7,283	\$7,428	\$7,577	\$7,729	\$7,883	\$8,041	\$8,202	\$8,366	\$8,533
Merchant Fees Expense Growth		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Merchant Fees	\$5,000	\$5,100	\$5,202	\$5,306	\$5,412	\$5,520	\$5,631	\$5,743	\$5,858	\$5,975	\$6,095
Sub-total	\$92,000	\$252,240	\$262,485	\$267,735	\$272,989	\$278,249	\$275,514	\$272,784	\$270,060	\$267,341	\$272,628

Other Cash Expenses

Vehicle Expense Growth		10%	8%	7%	6%	5%	2%	2%	2%	2%	2%
Vehicle Financing	\$15,000	\$16,500	\$17,820	\$19,067	\$20,211	\$21,222	\$21,646	\$22,079	\$22,521	\$22,971	\$23,431
Sub-total	\$15,000	\$16,500	\$17,820	\$19,067	\$20,211	\$21,222	\$21,646	\$22,079	\$22,521	\$22,971	\$23,431

NOI	\$83,000	\$156,060	\$252,891	\$257,058	\$261,536	\$266,361	\$279,988	\$293,828	\$307,884	\$322,162	\$328,665
Present Value Factor (PVF)	0.92166	0.84946	0.78291	0.72157	0.66505	0.61295	0.56493	0.52067	0.47988	0.44229	
Discounted Cash Flow	\$76,498	\$132,566	\$197,991	\$185,486	\$173,934	\$163,265	\$158,173	\$152,987	\$147,747	\$142,488	
									Terminal Value at 7%		\$4,695,219
									PVF		0.40764
									Discounted Terminal Value		\$1,913,942

PV of Discounted Cash Flow	\$1,531,134
Terminal Value	\$1,913,942
Pre-Tax Enterprise Value	\$3,445,076

Resorts World

Annual Fare Revenue

Fare Price Round-trip

Est. Trips

Discount Rate

Terminal Cap Rate

\$7.00

94,286

8.5%

7.0%

\$660,002

Total Rooms at Resorts World: 3,506

Resorts World Occupancy: 85%

Per Month Per Day Est. Capture

7,857

262

8.79%

Year	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36
Revenue											
Fare Revenue Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Fares	\$660,000	\$673,200	\$686,664	\$700,397	\$714,405	\$728,693	\$743,267	\$758,133	\$773,295	\$788,761	\$804,536
Management Fee Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Management Fees	\$30,000	\$30,600	\$31,212	\$31,836	\$32,473	\$33,122	\$33,785	\$34,461	\$35,150	\$35,853	\$36,570
Advertising Revenue Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Advertising	\$54,000	\$55,080	\$56,182	\$57,305	\$58,451	\$59,620	\$60,813	\$62,029	\$63,270	\$64,535	\$65,826
Sub-total	\$744,000	\$758,880	\$774,058	\$789,539	\$805,330	\$821,436	\$837,865	\$854,622	\$871,715	\$889,149	\$906,932
Operating Expenses											
Direct Personnel Expense Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Direct Personnel Expense Reduction Multiplier		100.0%	100.0%	100.0%	100.0%	100.0%	97.0%	97.0%	97.0%	97.0%	97.0%
Direct Personnel	\$262,000	\$267,000	\$272,000	\$277,000	\$283,000	\$289,000	\$286,000	\$283,000	\$280,000	\$277,000	\$274,000
Licenses & Permits Expense Growth		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Licenses & Permits	\$15,000	\$15,300	\$15,606	\$15,918	\$16,236	\$16,561	\$16,892	\$17,230	\$17,575	\$17,926	\$18,285
Merchant Fees Expense Growth		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Merchant Fees	\$33,000	\$33,660	\$34,333	\$35,020	\$35,720	\$36,435	\$37,163	\$37,907	\$38,665	\$39,438	\$40,227
Sub-total	\$310,000	\$315,960	\$321,939	\$327,938	\$334,957	\$341,996	\$340,056	\$338,137	\$336,240	\$334,364	\$332,512
Other Cash Expenses											
Vehicle Expense Growth		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Vehicle Financing	\$15,000	\$15,300	\$15,606	\$15,918	\$16,236	\$16,561	\$16,892	\$17,230	\$17,575	\$17,926	\$18,285
Sub-total	\$15,000	\$15,300	\$15,606	\$15,918	\$16,236	\$16,561	\$16,892	\$17,230	\$17,575	\$17,926	\$18,285
NOI	\$419,000	\$427,620	\$436,512	\$445,683	\$454,136	\$462,879	\$480,917	\$499,255	\$517,900	\$536,858	\$556,135
Present Value Factor (PVF)	0.92166	0.84946	0.78291	0.72157	0.66505	0.61295	0.56493	0.52067	0.47988	0.44229	
Discounted Cash Flow	\$386,175	\$363,244	\$341,749	\$321,593	\$302,021	\$283,719	\$271,682	\$259,947	\$248,530	\$237,444	
									Terminal Value at 7%		\$7,944,789
									PVF		0.40764
									Discounted Terminal Value		\$3,238,584
PV of Discounted Cash Flow	\$3,016,106										
Terminal Value	\$3,238,584										
Pre-Tax Enterprise Value	\$6,254,690										

Westgate

Annual Fare Revenue

Fare Price Round-trip

Est. Trips

Discount Rate

Terminal Cap Rate

\$7.00 \$448,350

64,050

8.5%

7.0%

Total Rooms at Westgate: 2,958

Westgate Occupancy: 70%

Per Month Per Day Est. Capture

5,338

178

8.59%

Year	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36
Revenue											
Fare Revenue Growth Rate		233%	32%	2%	2%	2%	2%	2%	2%	2%	2%
Fares	\$100,000	\$333,000	\$439,560	\$448,351	\$457,318	\$466,465	\$475,794	\$485,310	\$495,016	\$504,916	\$515,015
Management Fee Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Management Fees	\$25,000	\$25,500	\$26,010	\$26,530	\$27,061	\$27,602	\$28,154	\$28,717	\$29,291	\$29,877	\$30,475
Advertising Revenue Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Advertising	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sub-total	\$125,000	\$358,500	\$465,570	\$474,881	\$484,379	\$494,067	\$503,948	\$514,027	\$524,307	\$534,794	\$545,489
Operating Expenses											
Direct Personnel Expense Growth Rate		200%	4%	2%	2%	2%	2%	2%	2%	2%	2%
Direct Personnel Expense Reduction Multiplier		100.0%	100.0%	100.0%	100.0%	100.0%	97.0%	97.0%	97.0%	97.0%	100.0%
Direct Personnel	\$80,000	\$240,000	\$250,000	\$255,000	\$260,000	\$265,000	\$262,000	\$259,000	\$256,000	\$253,000	\$258,000
Licenses & Permits Expense Growth		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Licenses & Permits	\$625	\$638	\$650	\$663	\$677	\$690	\$704	\$718	\$732	\$747	\$762
Merchant Fees Expense Growth		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Merchant Fees	\$5,000	\$5,100	\$5,202	\$5,306	\$5,412	\$5,520	\$5,631	\$5,743	\$5,858	\$5,975	\$6,095
Sub-total	\$85,625	\$245,738	\$255,852	\$260,969	\$266,089	\$271,210	\$268,335	\$265,461	\$262,591	\$259,722	\$264,857
Other Cash Expenses											
Vehicle Expense Growth		10%	8%	7%	6%	5%	2%	2%	2%	2%	2%
Vehicle Financing	\$15,000	\$16,500	\$17,820	\$19,067	\$20,211	\$21,222	\$21,646	\$22,079	\$22,521	\$22,971	\$23,431
Sub-total	\$15,000	\$16,500	\$17,820	\$19,067	\$20,211	\$21,222	\$21,646	\$22,079	\$22,521	\$22,971	\$23,431
NOI	\$24,375	\$96,263	\$191,898	\$194,845	\$198,079	\$201,634	\$213,967	\$226,486	\$239,196	\$252,100	\$257,202
Present Value Factor (PVF)	0.92166	0.84946	0.78291	0.72157	0.66505	0.61295	0.56493	0.52067	0.47988	0.44229	
Discounted Cash Flow	\$22,465	\$81,771	\$150,238	\$140,595	\$131,731	\$123,591	\$120,875	\$117,924	\$114,785	\$111,500	
									Terminal Value at 7%		\$3,674,311
									PVF		0.40764
									Discounted Terminal Value		\$1,497,783
PV of Discounted Cash Flow	\$1,115,477										
Terminal Value	\$1,497,783										
Pre-Tax Enterprise Value	\$2,613,259										

CAPITALIZATION
Commercial-Industrial
BOE Analysis



Owner: County Of Clark(Lv Conv Auth)

Situs: 3395 Cambridge St

Neighborhood: 1414.48

Appraiser: Jeffrey Bonesteel

Primary Parcel: 162-15-501-030

Number of Parcels: 1

Fiscal Year: 2026-2027

Appeal Number: 23

BOE Date: 2/25/2026

Assessment Information (Taxable Value):

Fiscal Year:	2024-2025	2025-2026	2026-2027	Recommended:
Land:	\$0	\$796,364	\$796,364	\$796,364
Improvements:	\$0	\$1,861,938	\$1,782,579	\$1,782,579
Supplemental:	\$0	\$0	\$0	\$0
Total:	\$0	\$2,658,302	\$2,578,943	\$2,578,943

Salient Facts

Site Acreage: 20.39

Gross Square Feet: 19,992

Year Built: 2004

Property Description:

This appeal is a possessory interest 19,992 square foot industrial building with 1.662 acres of land being used as The Boring Companies Control Center for its Loop Tunnel operations. The building is also used as a repair and parts storage facility. The building is owned by Clark County Convention Authority with full control and access given to The Boring Company to run Loop operations from approx. 2021 to current based on aerial photos. 24-25 was the first year the building was placed on the personal property rolls for possessory interest purposes. The building is located near the corner of Desert Inn and Maryland Pkwy.

Description	Net Rentable Area / GLA	Monthly Rent Per SF	Annual PGI
Industrial - NNN	19,992	\$1.00	\$239,904
			\$0
			\$0
			\$0
			\$0
			\$0
			\$0
			\$0
			\$0
Totals:	19,992	\$1.00	\$239,904
	Override PGI:	\$0.00	

Income Analysis

Potential Gross Income

\$239,904

Vacancy/Rent Loss

10.0%

\$23,990

Other Income

\$ or %

\$0

Effective Gross Income

\$215,914

Expenses

%10.0

\$ per NRA/GLA\$1.08

\$21,591

Net Operating Income(NOI)

\$194,322

Capitalization Rate:

6.50%

Indicated Value By Income Method

\$2,989,573

Less FF&E Estimate

0

Override FF&E

\$0

Total Real Property Value

\$2,989,573

Indicated Value Per SF:

\$149.54

Imputed Value Per SF:

\$129.00

Imputed Cap Rate:

7.53%

Override Values

Land

Imp

Supp

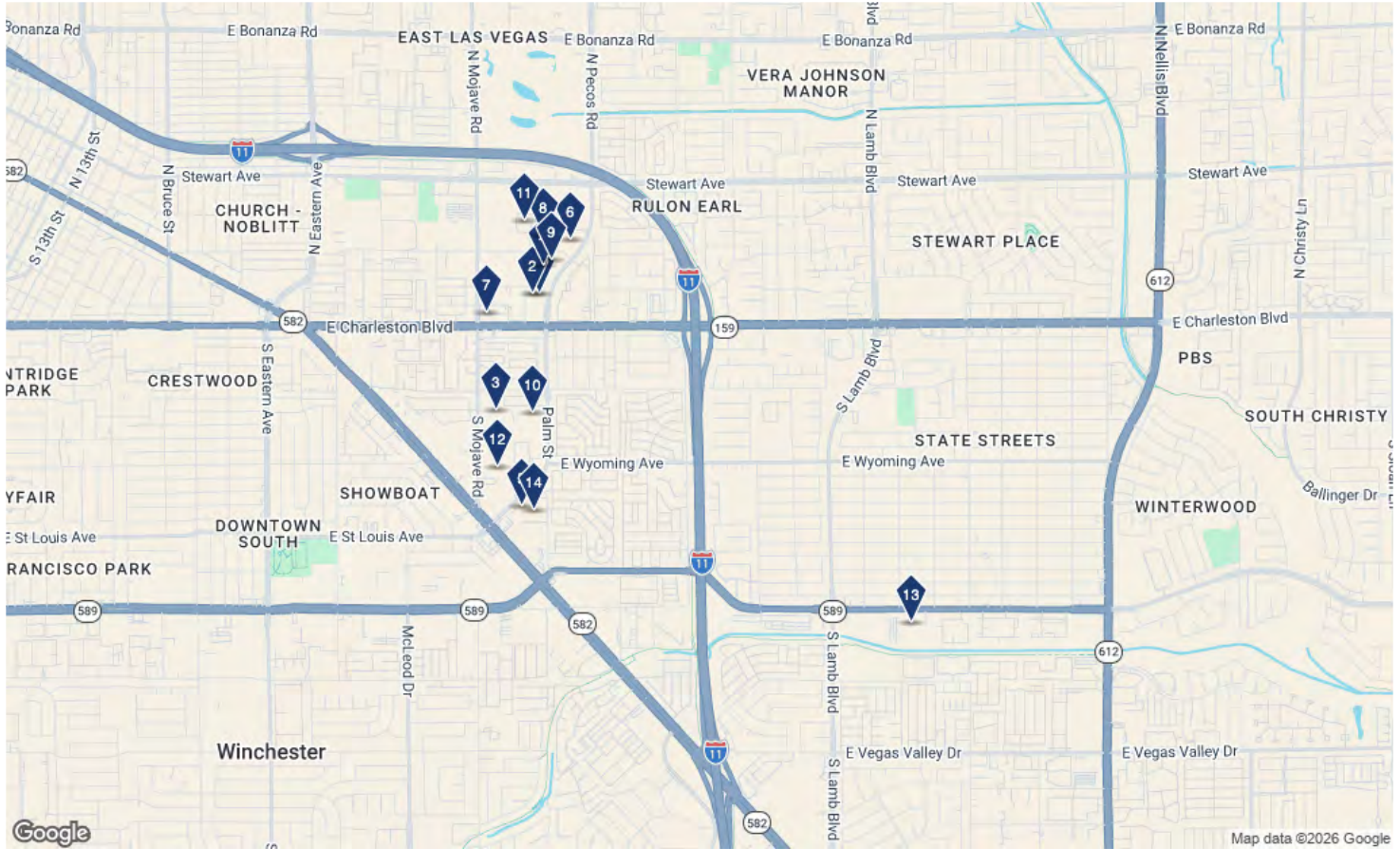
Comments:

Current market conditions were used to test the taxable value against the market. Executed leases averaging \$1.00 per square foot NNN and market vacancies and expenses of 10% and a cap rate of 6.5% was used, all numbers were derived from market data over the past year. Market reports from Cushman & Wakefield and CBRE Cap Rate Survey were used as well as actual excuted leases, asking leases and sales analytics from CoStar in the subject's submarket. The Boring Company is currently paying a below market rent to the LVCC. Based on market data the Assessor recommends no change in value.

This capitalization summary is to determine if the Assessor's Taxable Value exceeds market Value, not as an estimate to assess the property initially. Therefore, property taxes are appropriately dealt with as an expense, not an addition to the capitalization rate.



Property Map & List Report



Property Summary Statistics

Property Attributes	Low	Average	Median	High
Building SF	5,935 SF	28,551 SF	23,967 SF	87,979 SF
Year Built	1961	1985	1990	1998
Available SF	905 SF	11,360 SF	5,199 SF	35,125 SF
Asking Rent Per SF/MO	\$0.85	\$1.15	\$1.13	\$1.50
Availability %	2.1%	39.8%	35.0%	100%
Vacancy %	0.0%	41.2%	35.0%	100%
Asking Price Per SF	\$234.73	\$322.12	\$445.92	\$657.12
Cap Rate	-	-	-	-
Star Rating	★ ★ ☆ ☆ ☆ 2	★ ★ ☆ ☆ ☆ 2.6	★ ★ ★ ☆ ☆ 3	★ ★ ★ ☆ ☆ 3

Property List

Property Name/ Address	Type	Built/ Renovated	Size (% Leased)	SF Available	Asking Rent	Asking Price (Cap Rate)
1 21 N Pecos Rd Las Vegas, Nevada 89101	Light Distribution ★ ★ ★ ☆ ☆	1996	14,501 SF (88.5%)	1,668	\$0.85 SF/Month/NNN	Not For Sale



Property List (Continued)

	Property Name/ Address	Type	Built/ Renovated	Size (% Leased)	SF Available	Asking Rent	Asking Price (Cap Rate)
2	3251-3261 Builders Ave Las Vegas, Nevada 89101	Warehouse ★★★★☆	1996	25,183 SF (100%)	24,000	\$0.95 SF/Month/NNN	Not For Sale
3	Bldg-A 1624 S Mojave Rd Las Vegas, Nevada 89104	Warehouse ★★★★☆	1965/2006	87,979 SF (70.7%)	25,768	Withheld	Not For Sale
4	61 N Pecos Rd Las Vegas, Nevada 89101	Light Distribution ★★★★☆	1989	7,570 SF (72.8%)	2,061	\$1.00 SF/Month/NNN	Not For Sale
5	3250 Palm Pky Las Vegas, Nevada 89104	Warehouse ★★★★☆	1976	22,750 SF	22,750	\$1.10 SF/Month/NNN	\$5,340,000
6	101 N Pecos Rd Las Vegas, Nevada 89101	Light Manufactur- ing ★★★★☆	1992	10,282 SF (100%)	2,234	\$1.10 SF/Month/NNN	Not For Sale
7	3100 E Charleston Blvd Las Vegas, Nevada 89104	Light Distribution ★★★★☆	1998	37,578 SF (95.5%)	1,680	\$1.15 SF/Month/NNN	Not For Sale
8	3300 Sunrise Ave Las Vegas, Nevada 89101	Light Manufactur- ing ★★★★☆	1992	11,666 SF (71.8%)	1,647 - 3,294	\$1.10 - 1.15 SF/Month/NNN	Not For Sale
9	71 N Pecos Rd Las Vegas, Nevada 89101	Light Distribution ★★★★☆	1989	27,377 SF (89.4%)	1,339 - 4,462	\$1.15 SF/Month/NNN	Not For Sale
10	Bldg-B 1601 Palm St Las Vegas, Nevada 89104	Warehouse ★★★★☆	1968/2006	54,923 SF (100%)	13,862	\$1.20 SF/Month/NNN	Not For Sale
11	3201 Technology Ct Las Vegas, Nevada 89101	Warehouse ★★★★☆	1996	35,125 SF	35,125	Withheld	Not For Sale
12	1800 S Mojave Rd Las Vegas, Nevada 89104	Truck Terminal ★★★★☆	1961	5,935 SF	5,935	Withheld	\$3,900,000
13	East Sahara Commerce C... 4425 E Sahara Ave Las Vegas, Nevada 89104	Warehouse ★★★★☆	1991	43,541 SF (97.9%)	905	\$1.35 SF/Month/NNN	Not For Sale
14	3274 Palm Pky Las Vegas, Nevada 89104	Warehouse ★★★★☆	1983	15,304 SF (0.0%)	5,100 - 15,300	\$1.40 - 1.50 SF/Month/MG	Not For Sale



Sale Comps Analytics

CAP RATE	SALE PRICE/SF	AVERAGE SALE PRICE	SALES VOLUME	SALE VS ASKING PRICE	SOLD SF	MONTHS TO SALE
6.6%	\$242	\$2.7M	\$24.1M	-23.2%	99.4K	6.6

Key Metrics

	Count	Low	Average	Median	High
Price	9	\$715,000	\$2,677,574	\$2,400,000	\$7,328,170
Building SF	9	4,800	11,045	8,364	33,142
Price Per SF	9	\$132	\$242	\$221	\$760
Cap Rate	2	6.0%	6.6%	6.6%	7.2%

	Count	Low	Average	Median	High
Days on Market	3	62	200	152	388
Sale to Asking Price	3	-50.0%	-23.2%	-9.8%	0%
% Leased at Sale	8	0%	88.9%	100.0%	100.0%
Land Acres	9	0.1	0.7	0.7	1.3

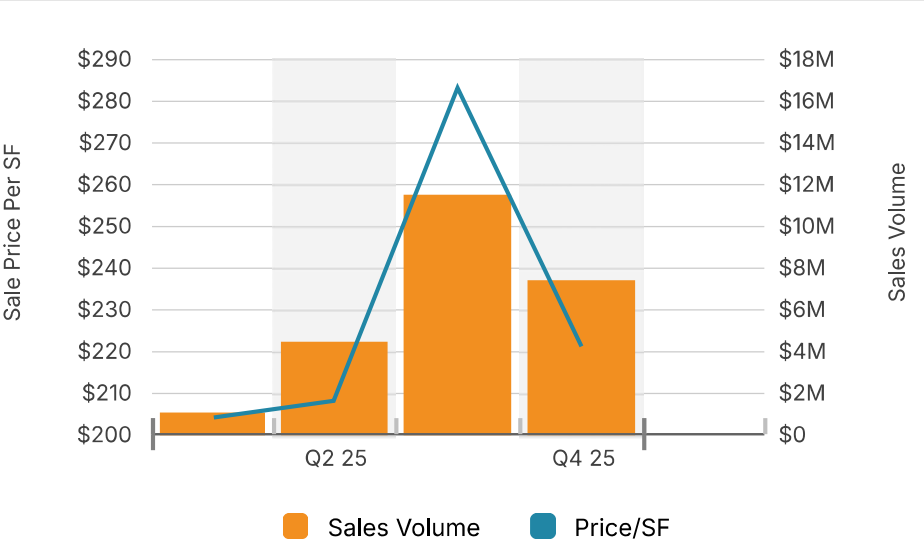
Sale Comps Analytics

Key Performance Indicators

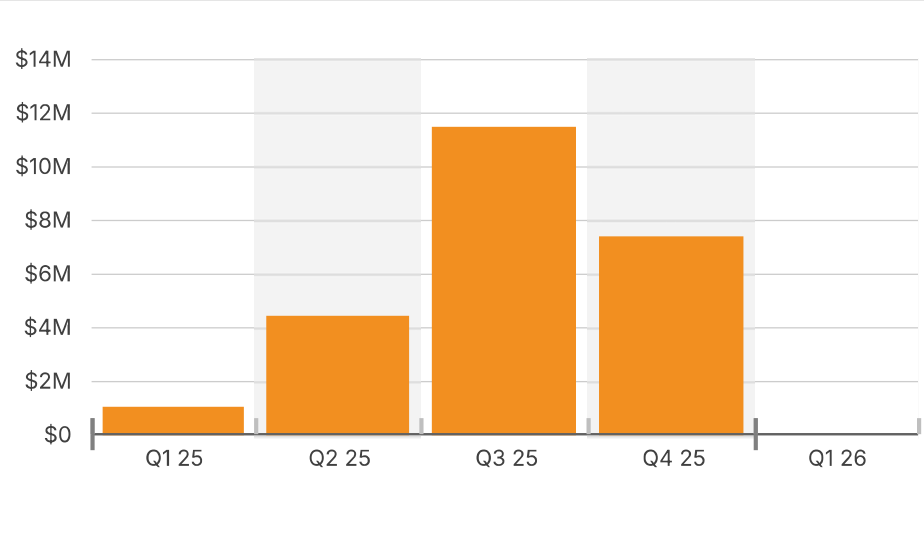


Sale Comps Analytics

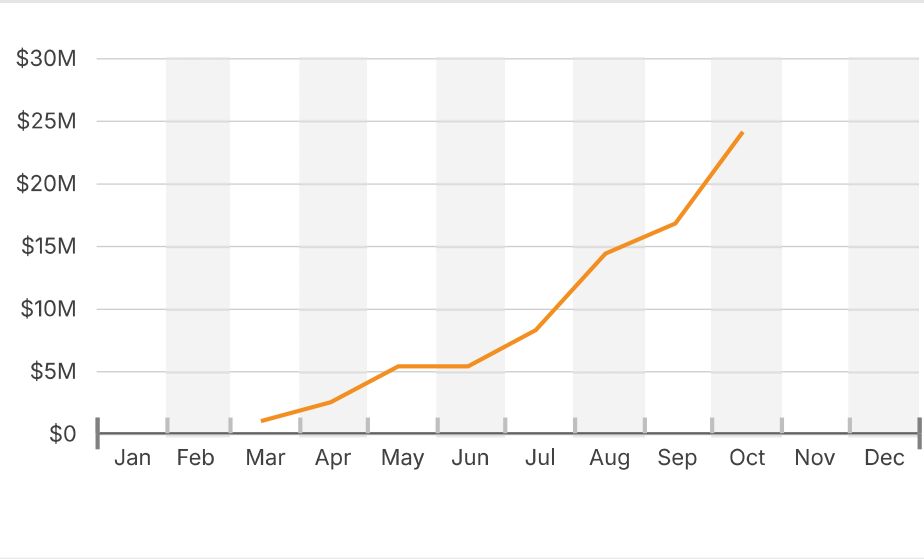
Sales Volume & Sale Price Per SF



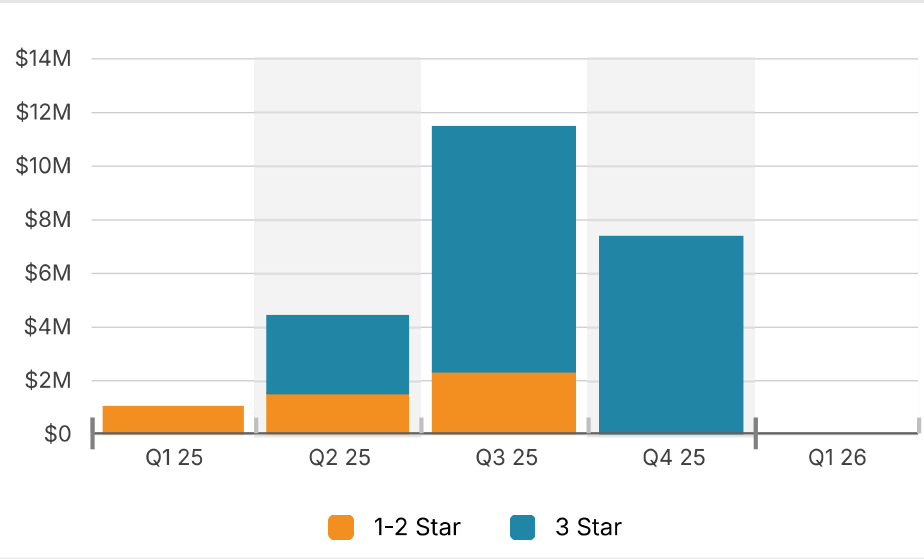
Sales Volume



Cumulative Sales Volume By Year

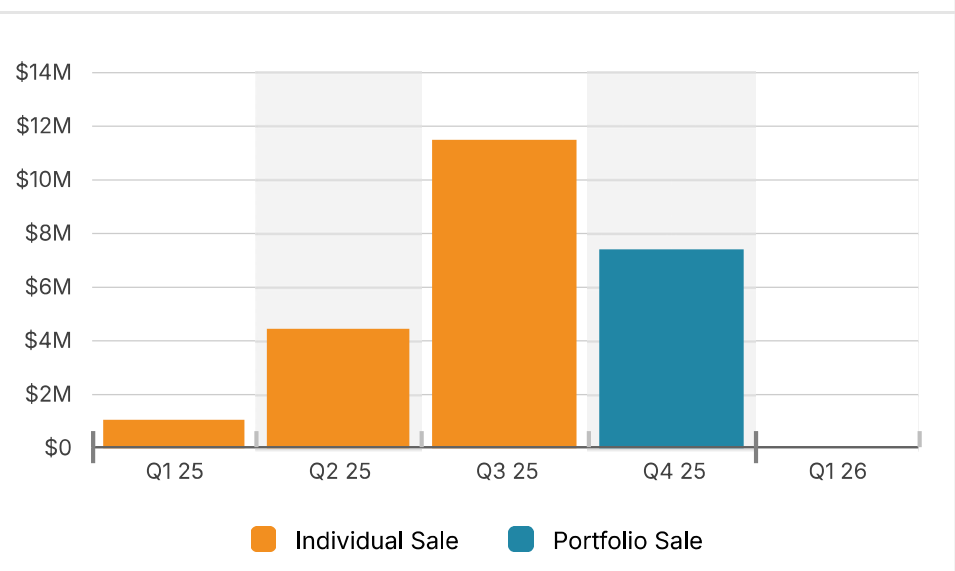


Sales Volume By Star Rating

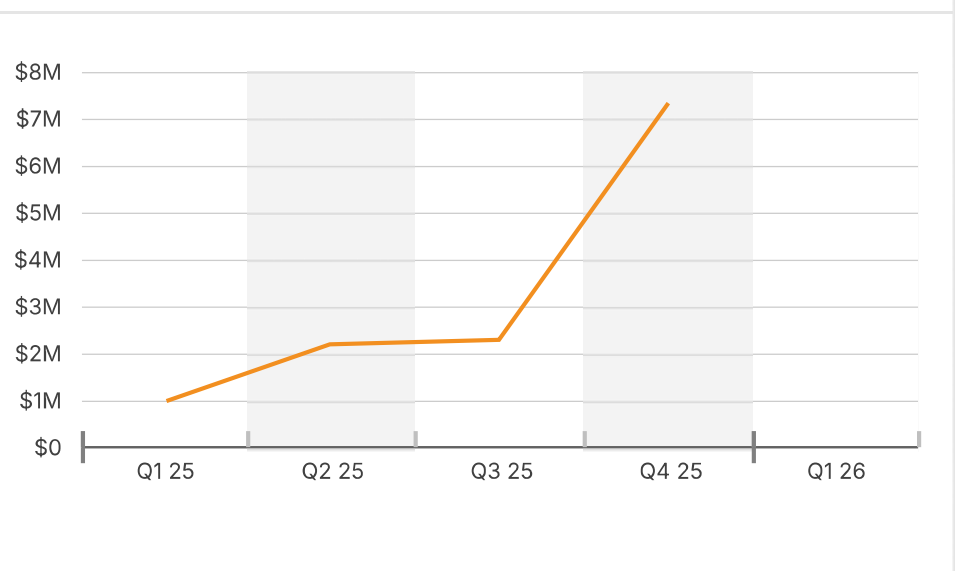


Sale Comps Analytics

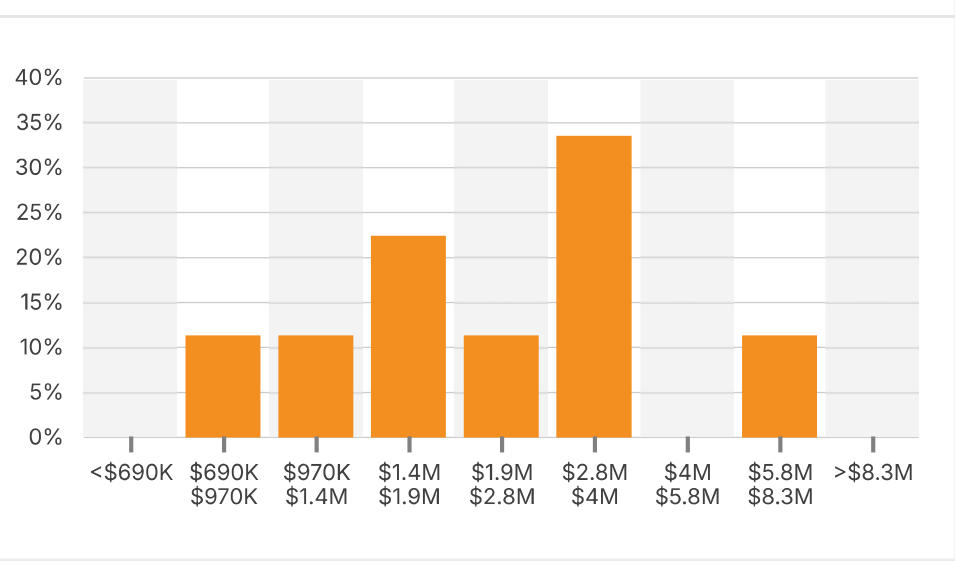
Sales Volume By Transaction Type



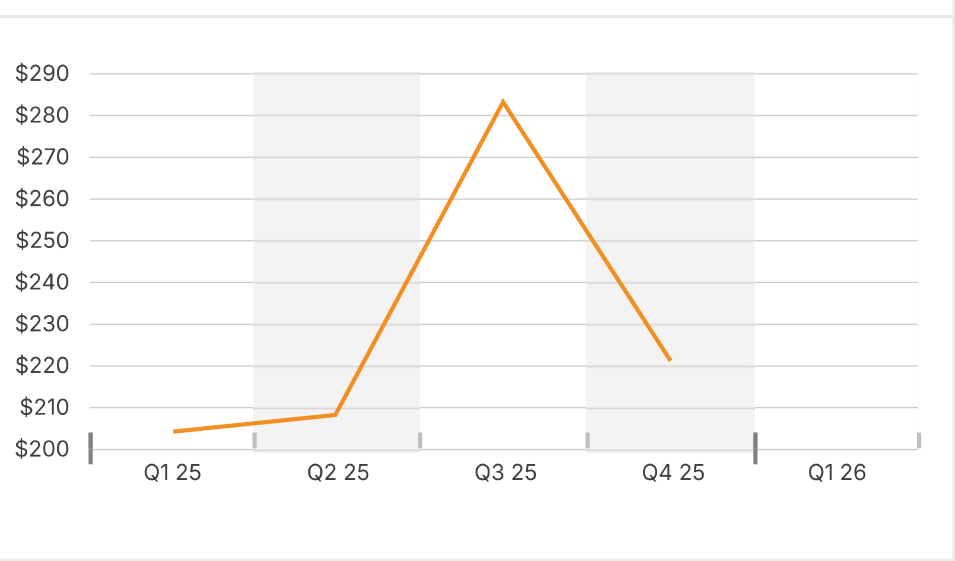
Sale Price



Sale Price Distribution

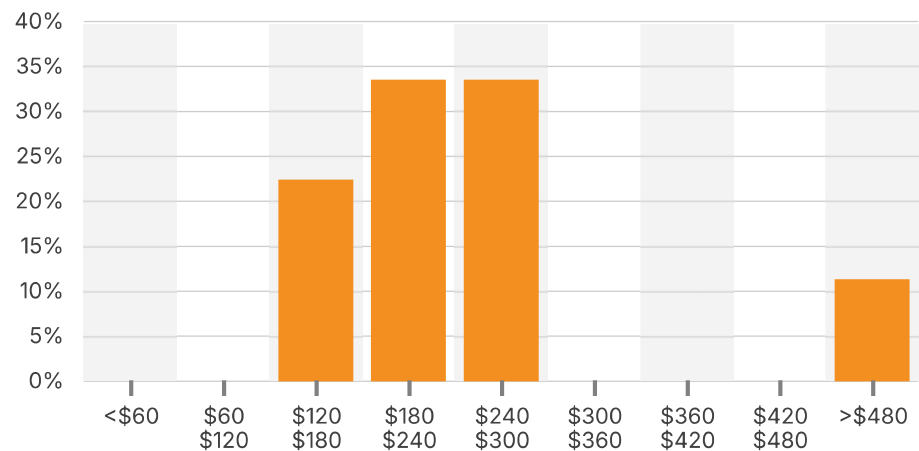


Sale Price Per SF

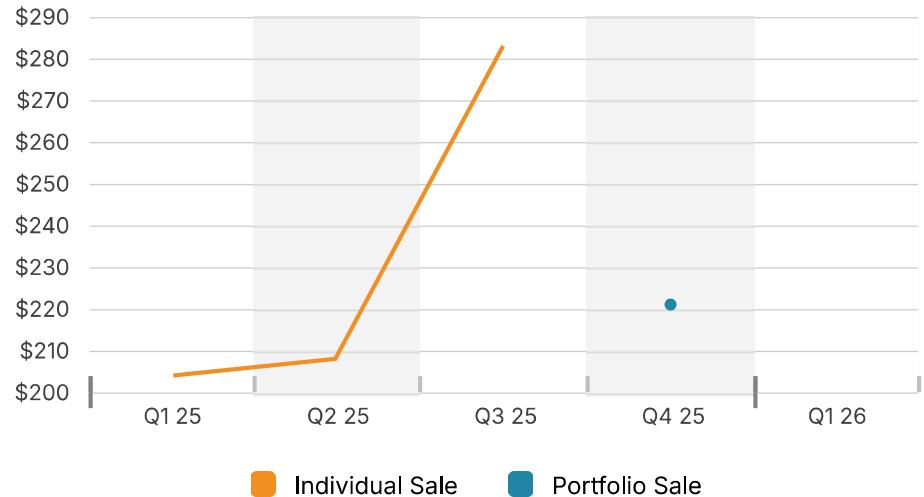


Sale Comps Analytics

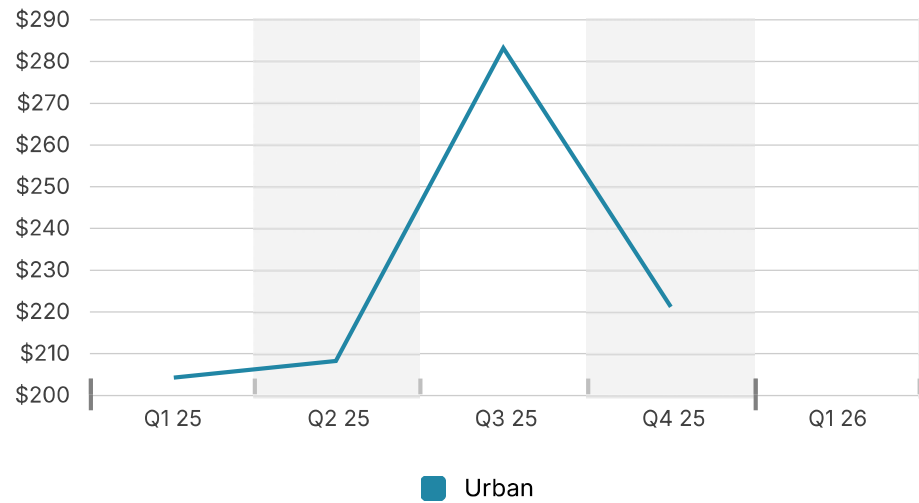
Sale Price Per SF Distribution



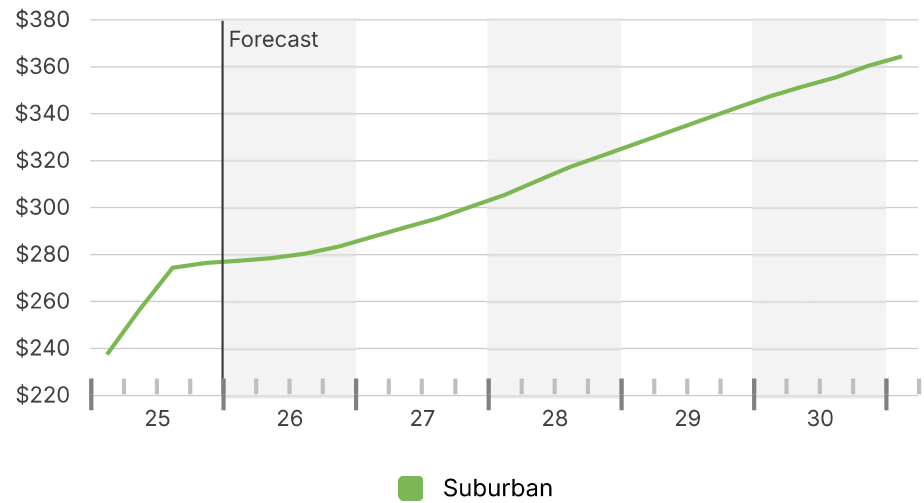
Sale Price Per SF By Transaction Type



Sale Price Per SF By Location Type

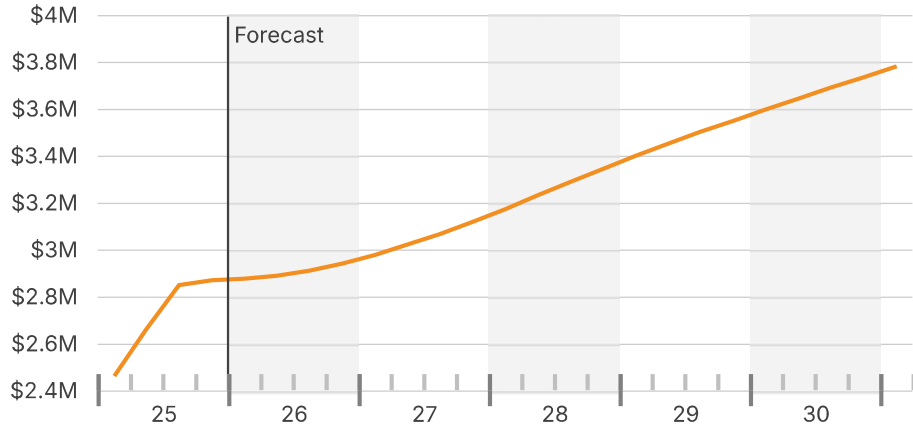


Market Sale Price Per SF By Location Type

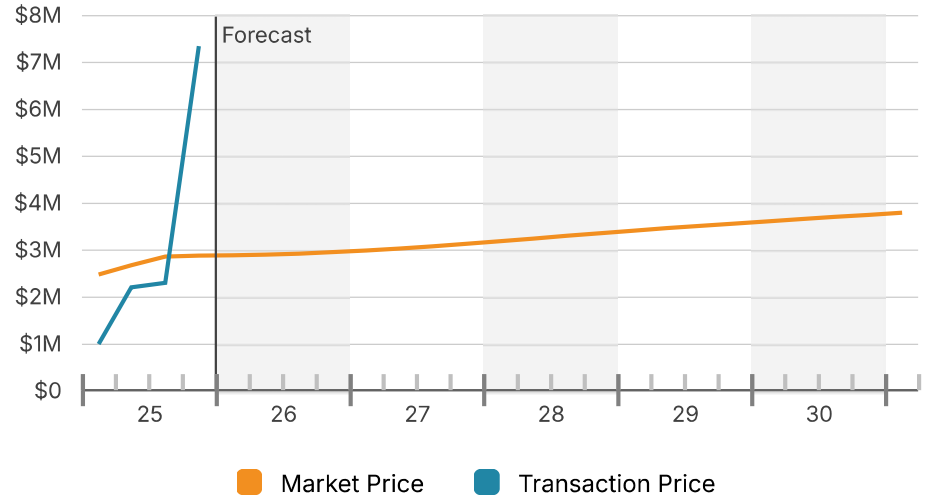


Sale Comps Analytics

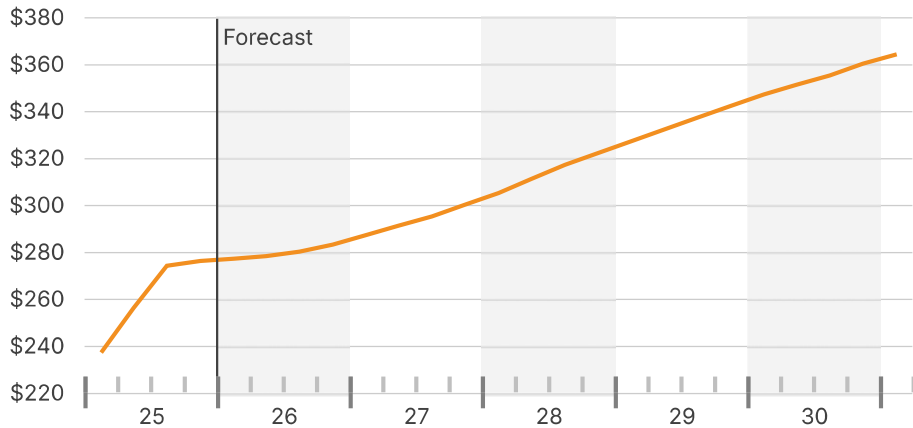
Market Price



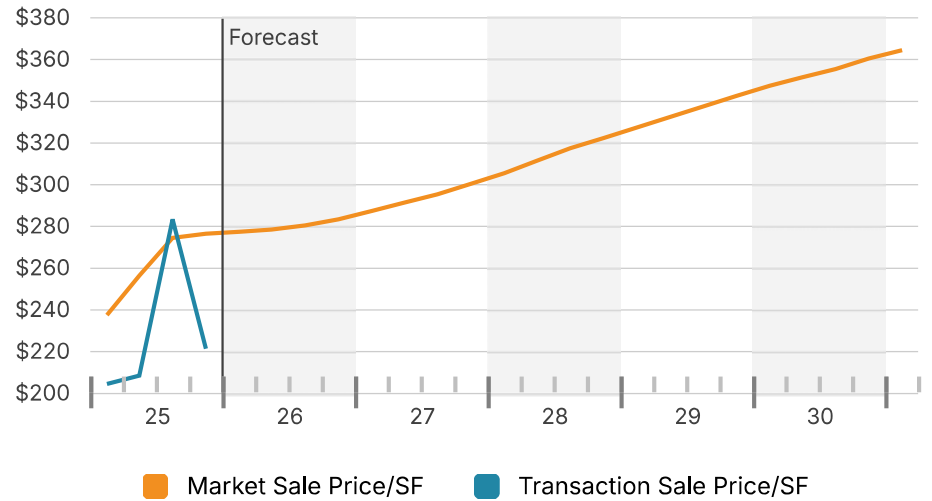
Market Price & Transaction Price



Market Sale Price Per SF

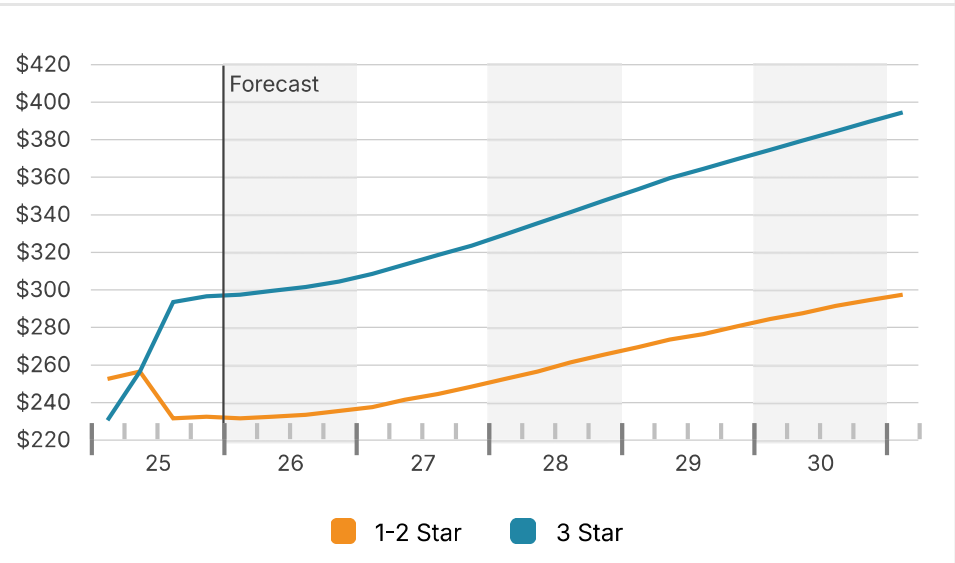


Market Sale Price & Transaction Sale Price Per SF

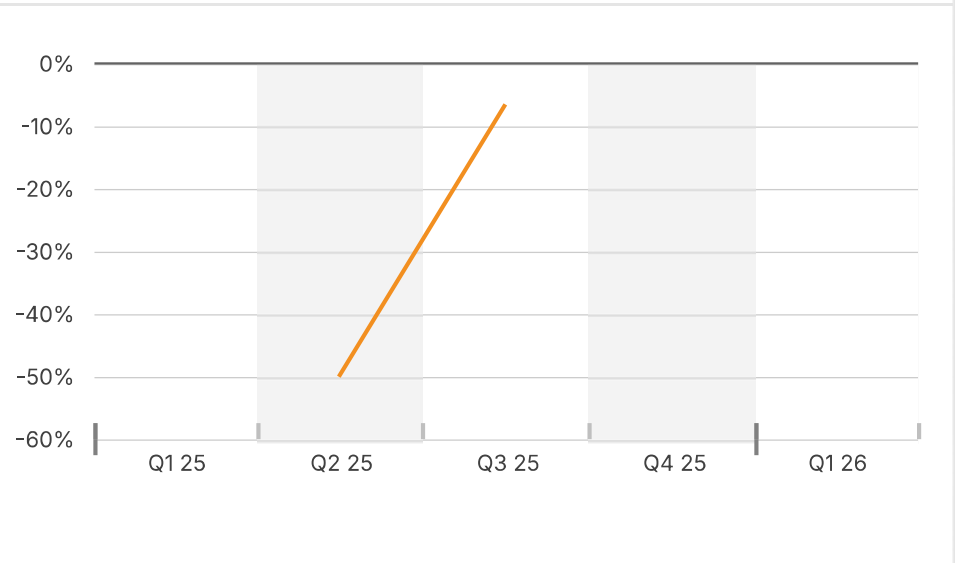


Sale Comps Analytics

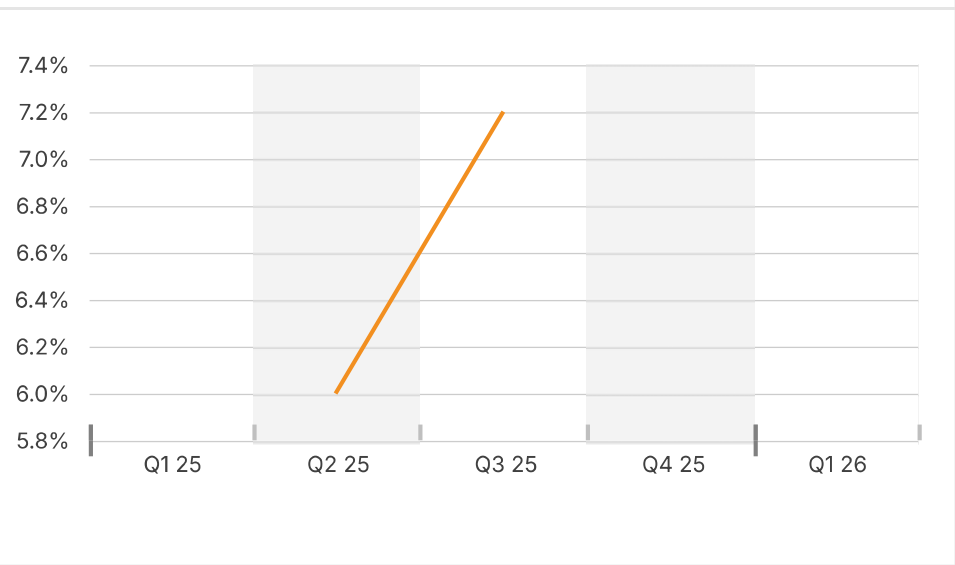
Market Sale Price Per SF By Star Rating



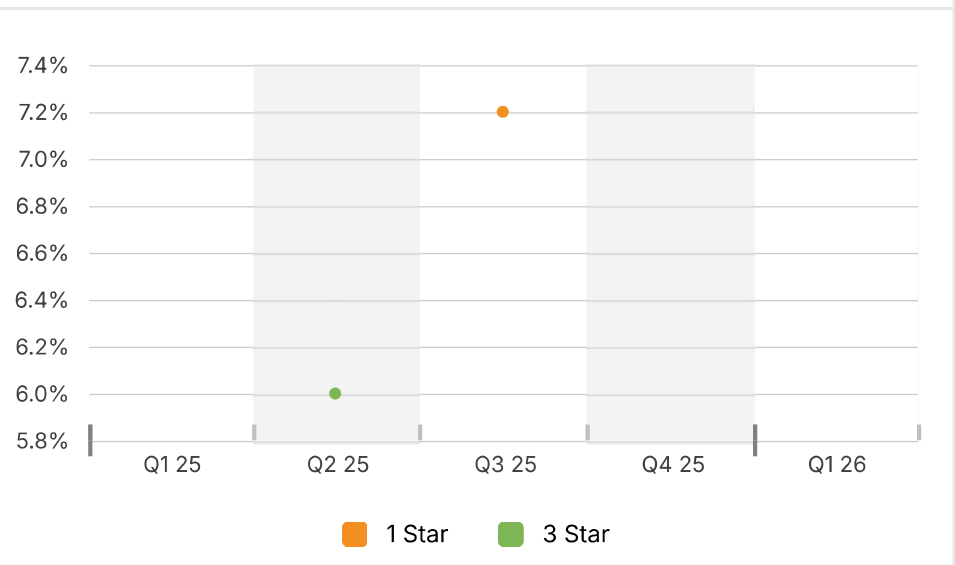
Sale To Asking Price Differential



Cap Rate

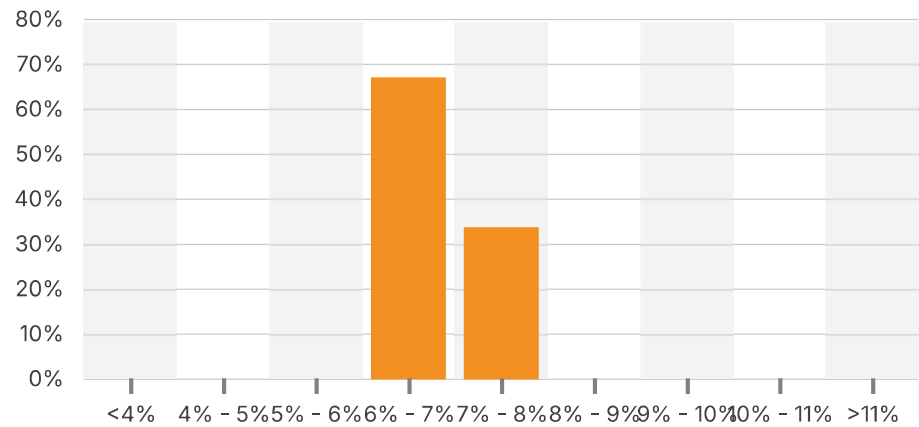


Cap Rate By Star Rating

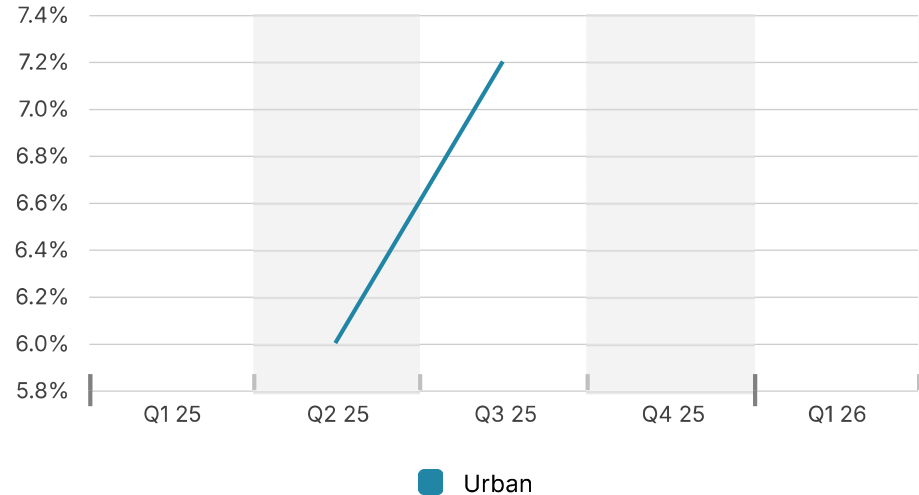


Sale Comps Analytics

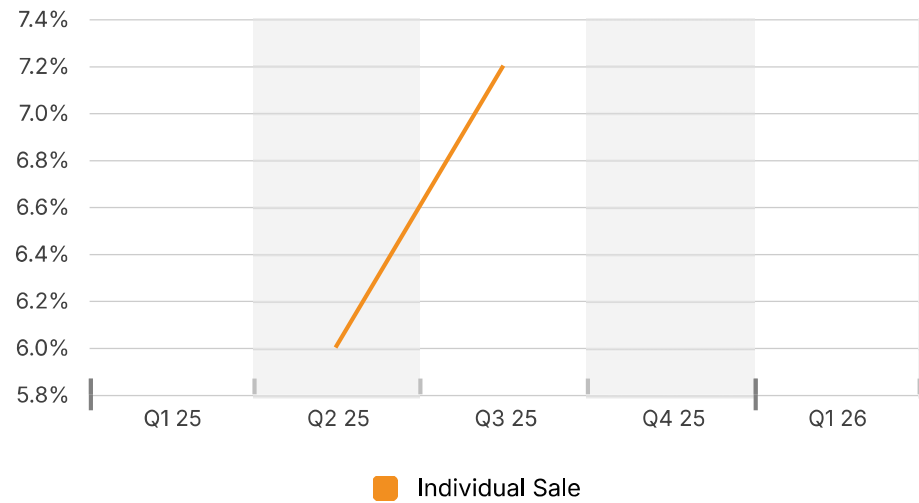
Cap Rate Distribution



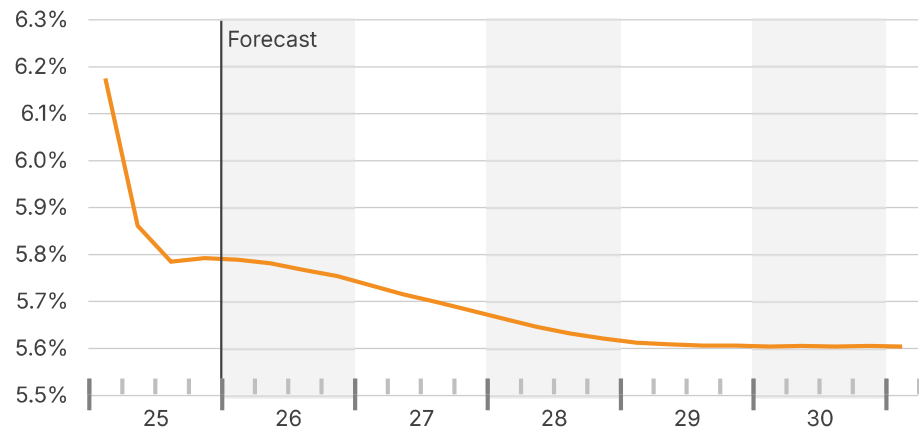
Cap Rate By Location Type



Cap Rate By Transaction Type

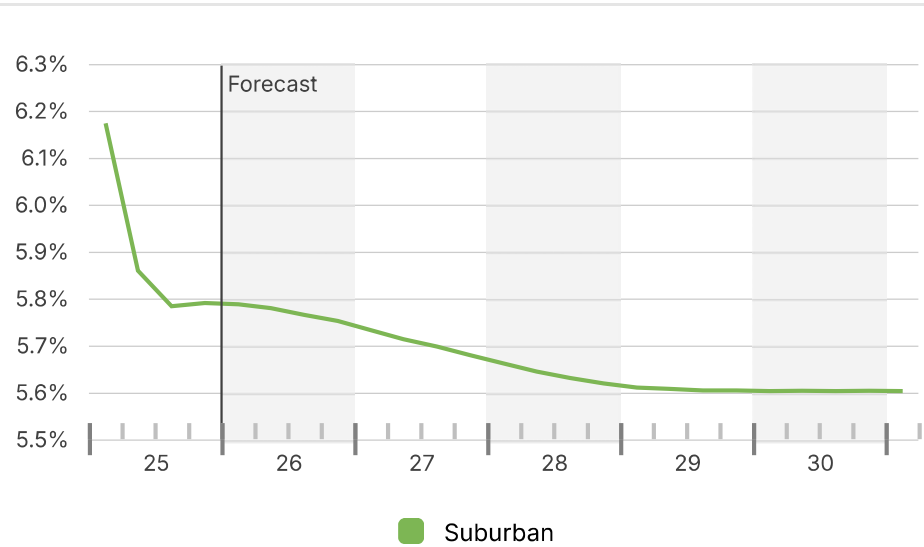


Market Cap Rate

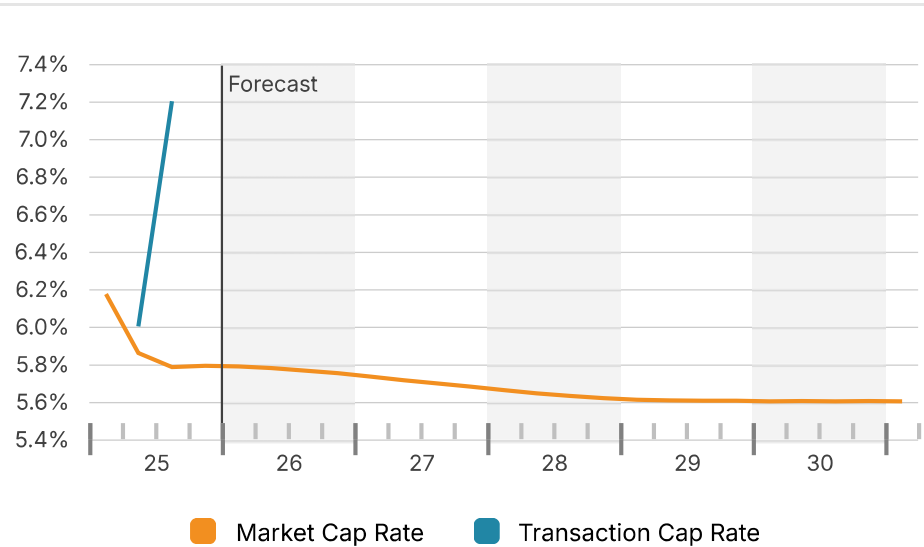


Sale Comps Analytics

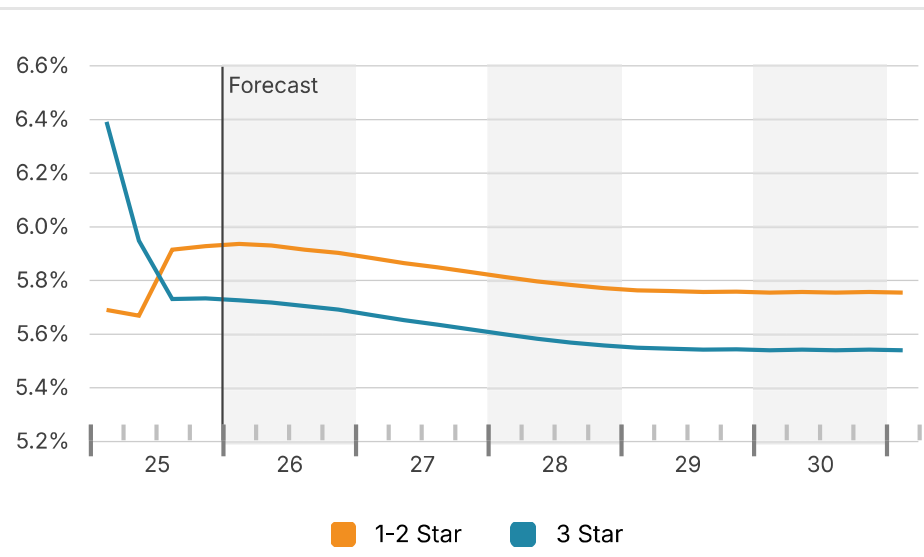
Market Cap Rate By Location Type



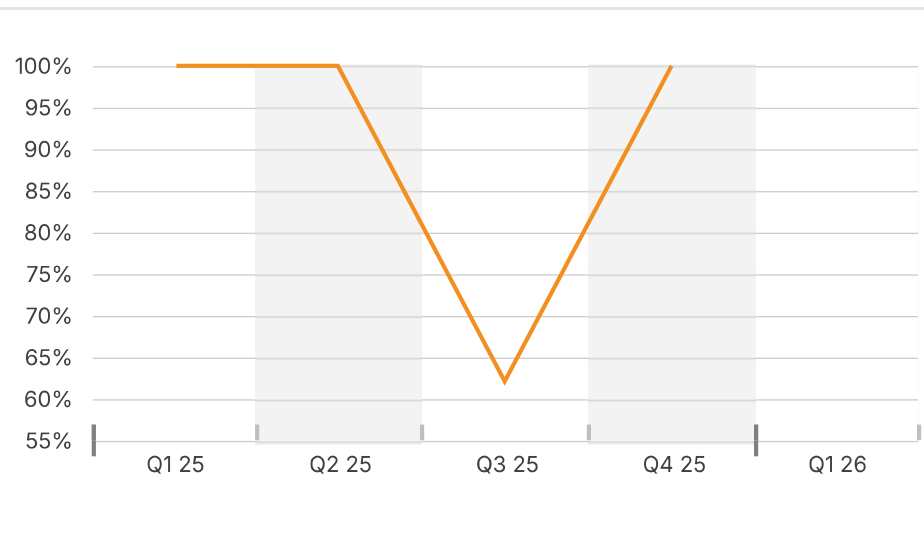
Market Cap Rate & Transaction Cap Rate



Market Cap Rate By Star Rating

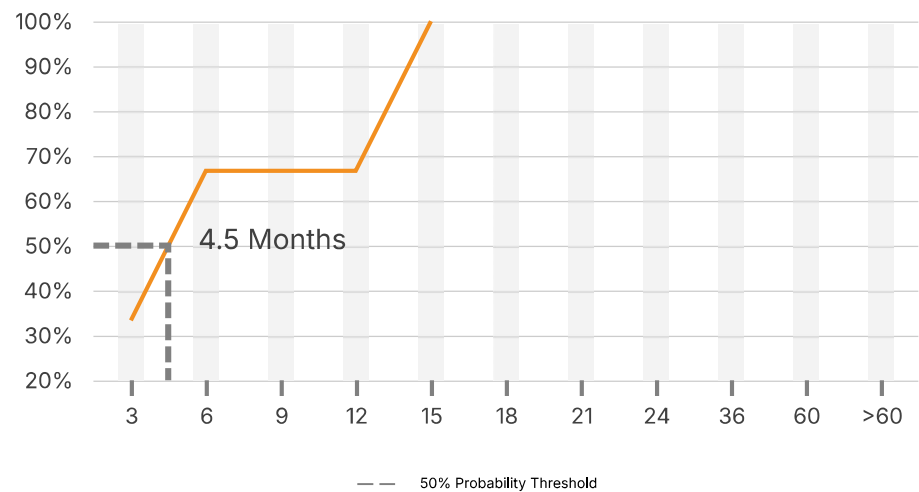


Occupancy At Sale

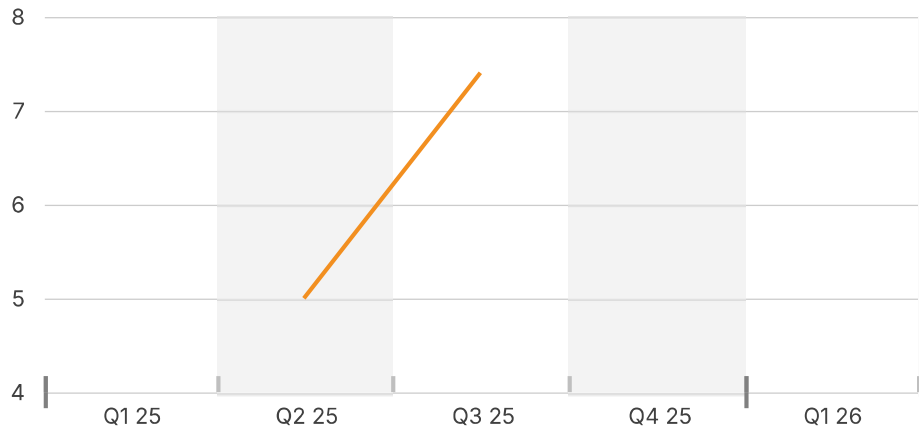


Sale Comps Analytics

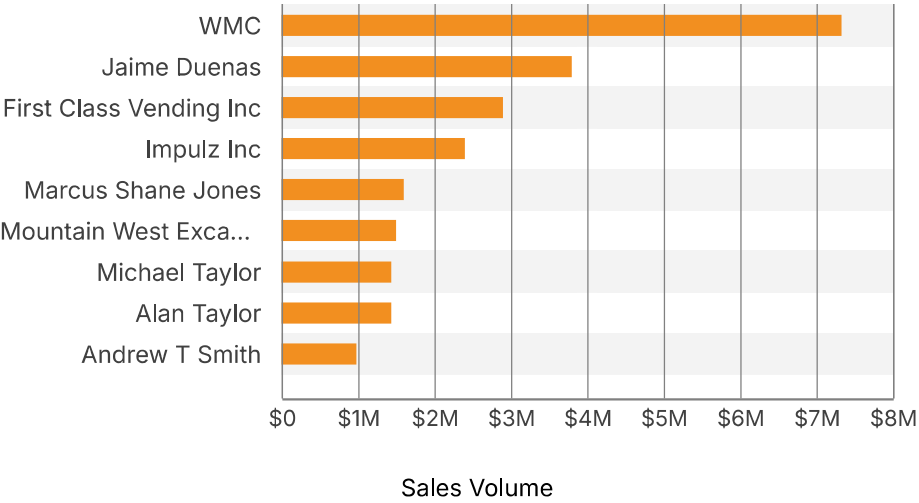
Probability Of Selling In Months



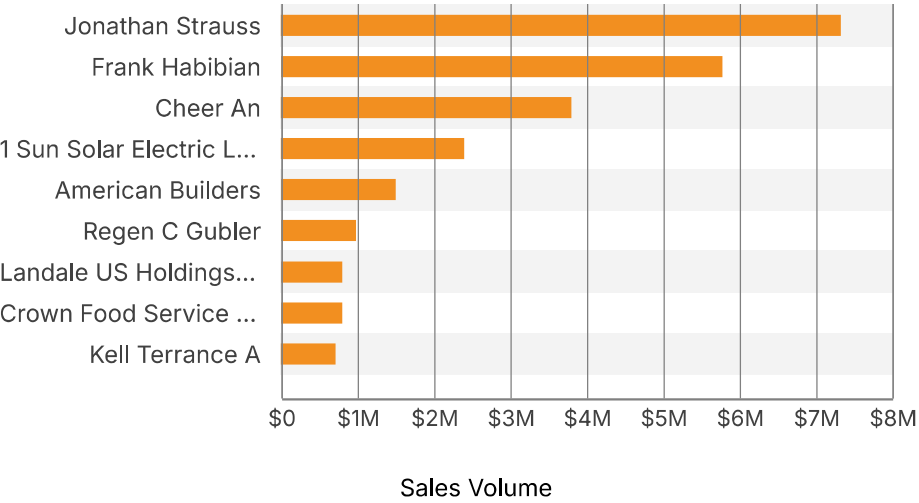
Months To Sale



Top Buyers

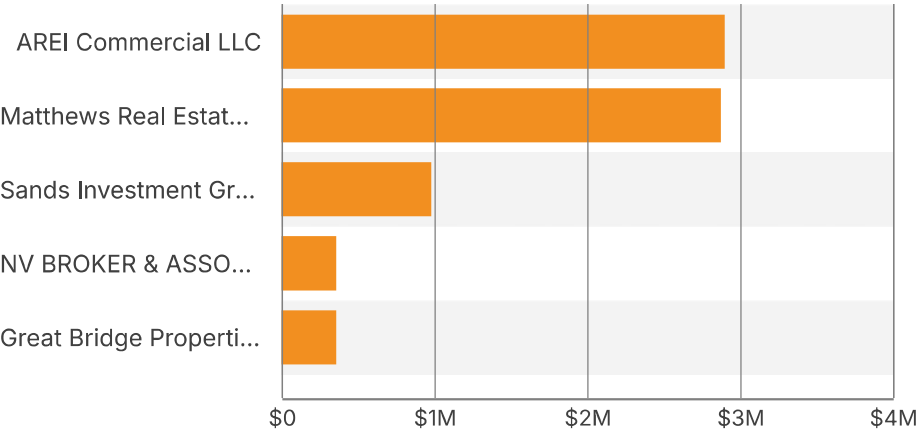


Top Sellers



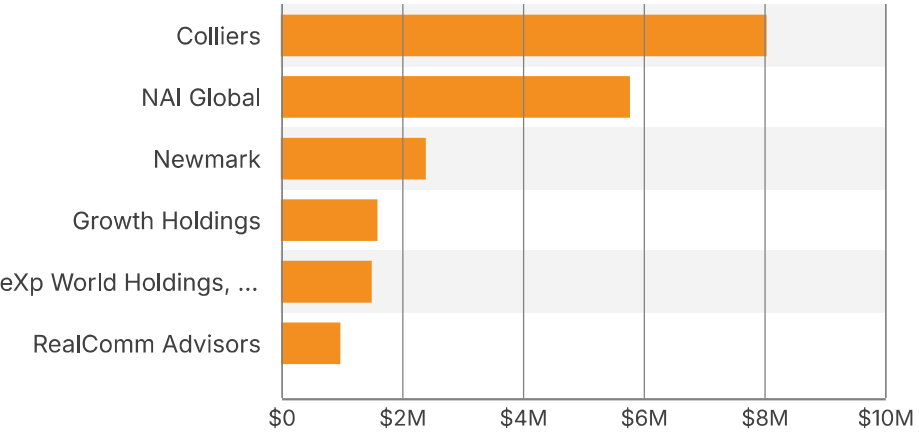
Sale Comps Analytics

Top Buyer Brokers



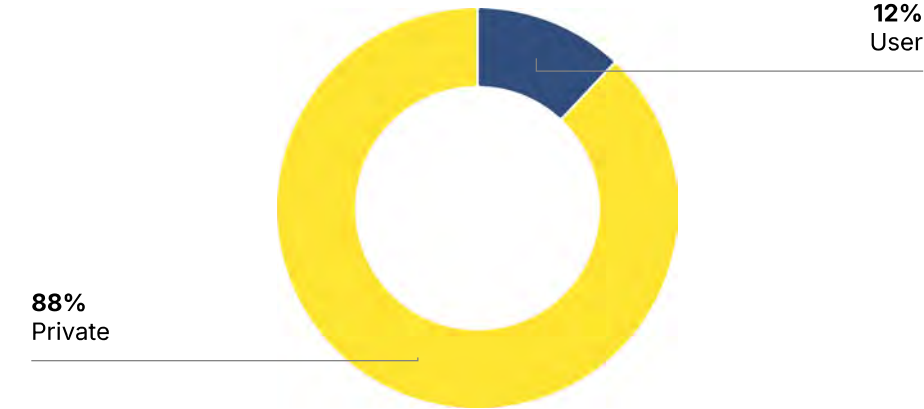
Sales Volume - Headquarters Location

Top Seller Brokers



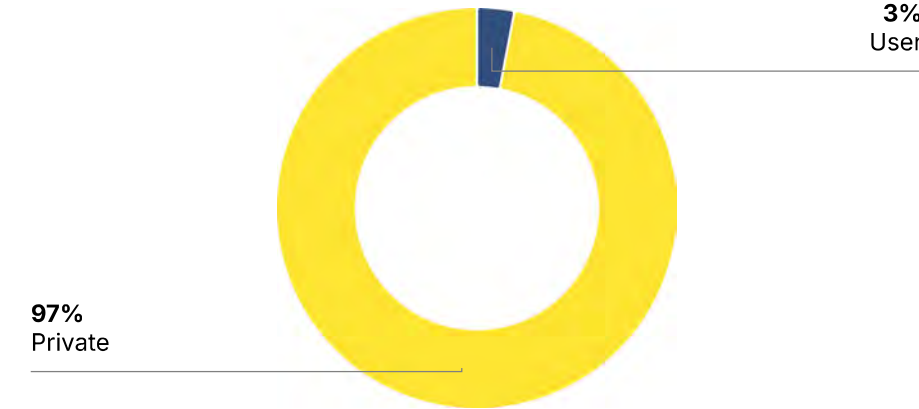
Sales Volume - Headquarters Location

Sales By Buyer Type



Sales Volume Percent

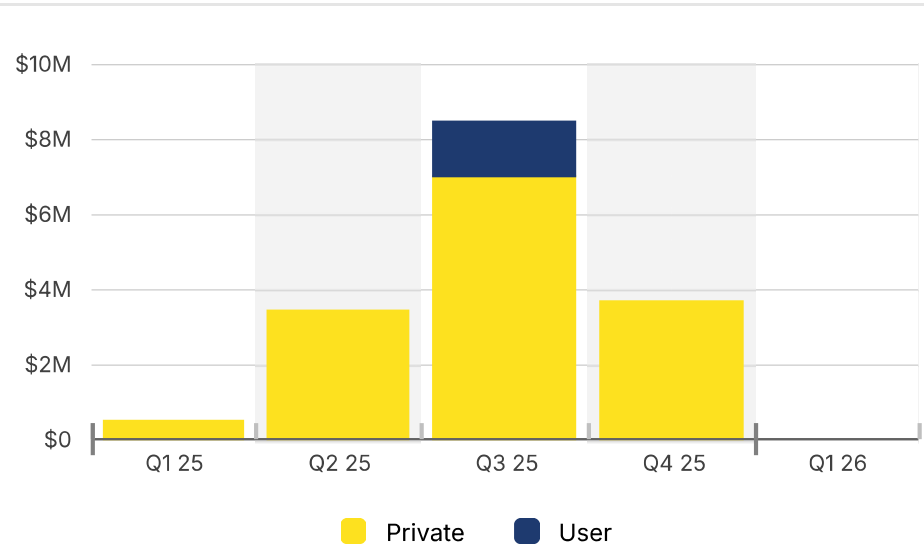
Sales By Seller Type



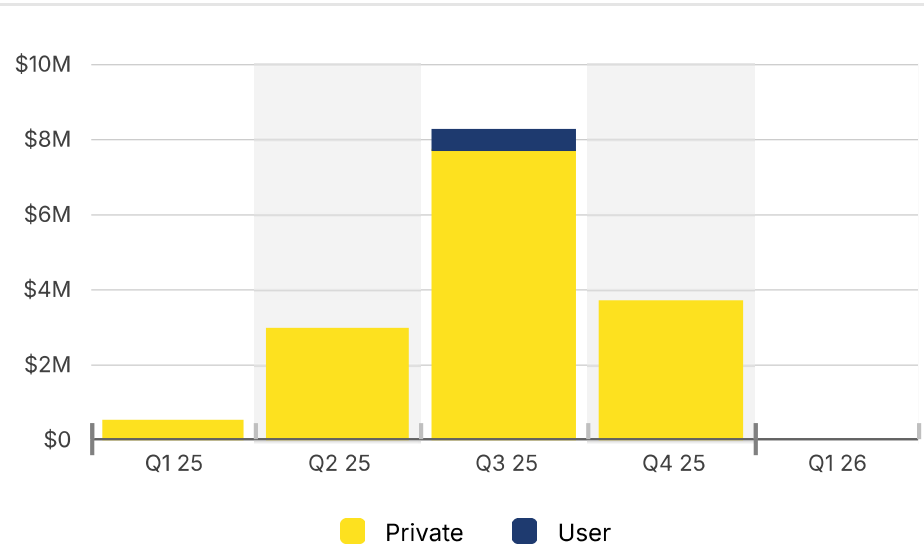
Sales Volume Percent

Sale Comps Analytics

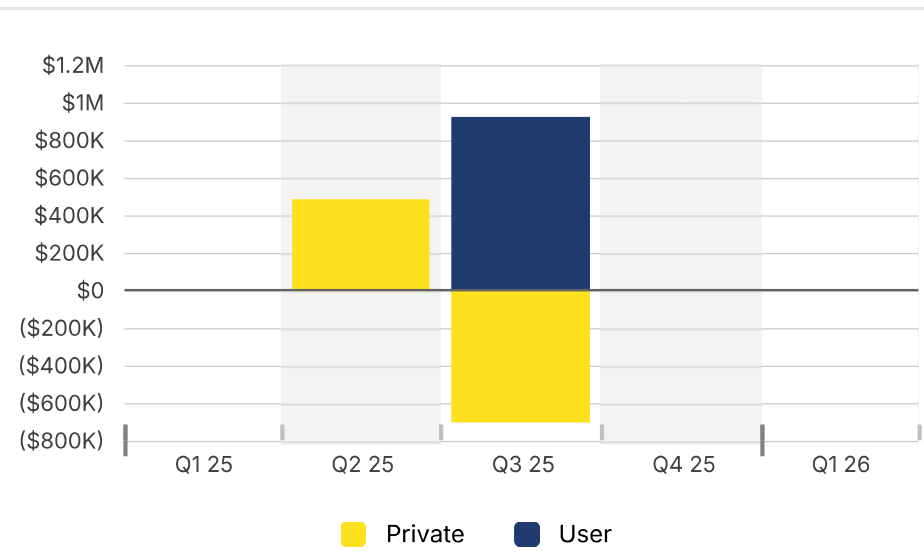
Sales Volume By Buyer Type



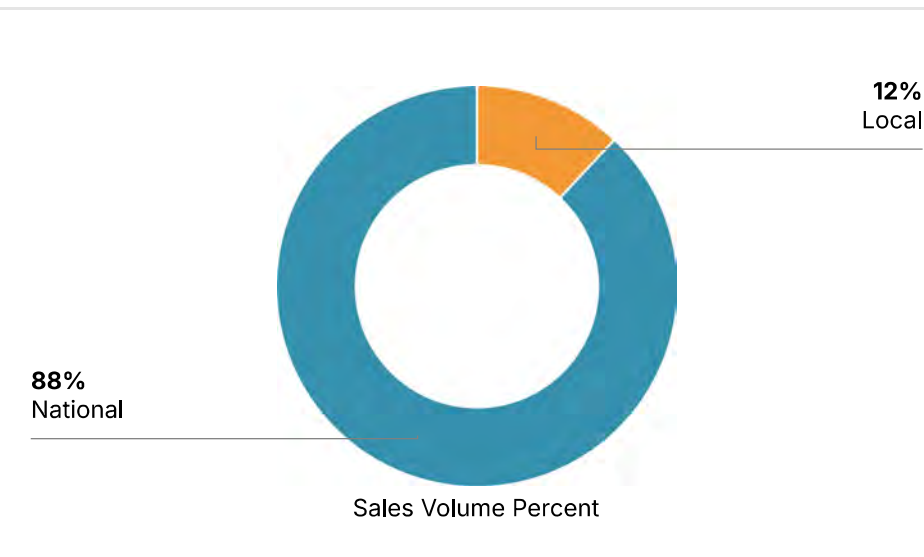
Sales Volume By Seller Type



Net Buying & Selling By Owner Type

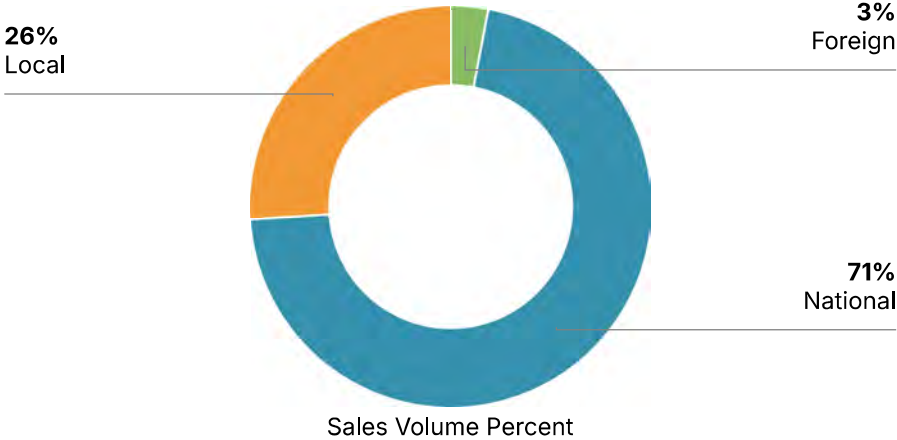


Sales Volume By Buyer Origin

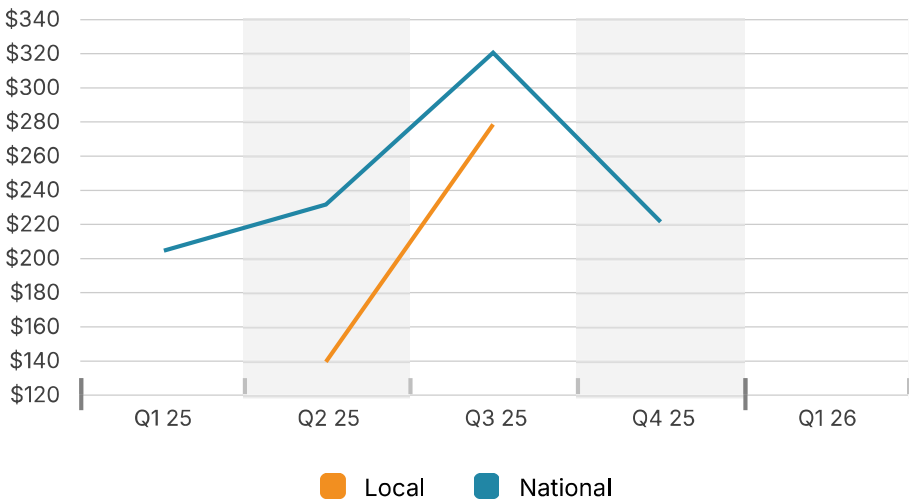


Sale Comps Analytics

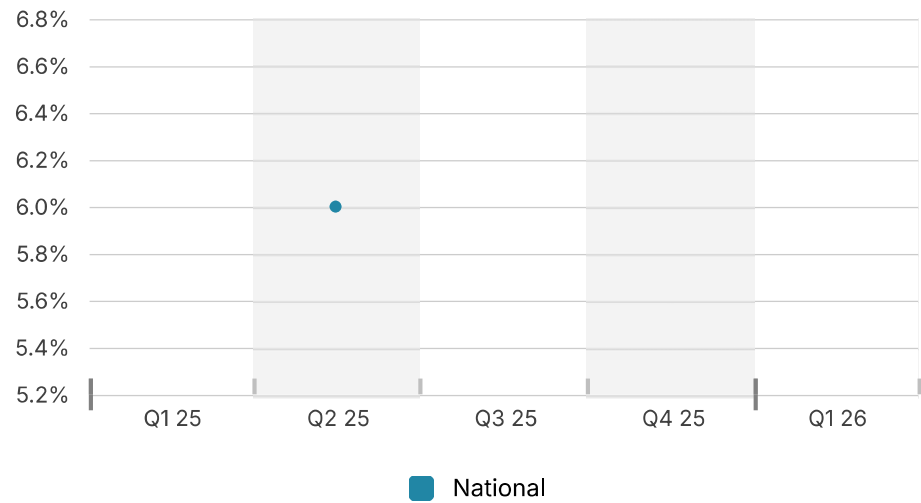
Sales Volume By Seller Origin



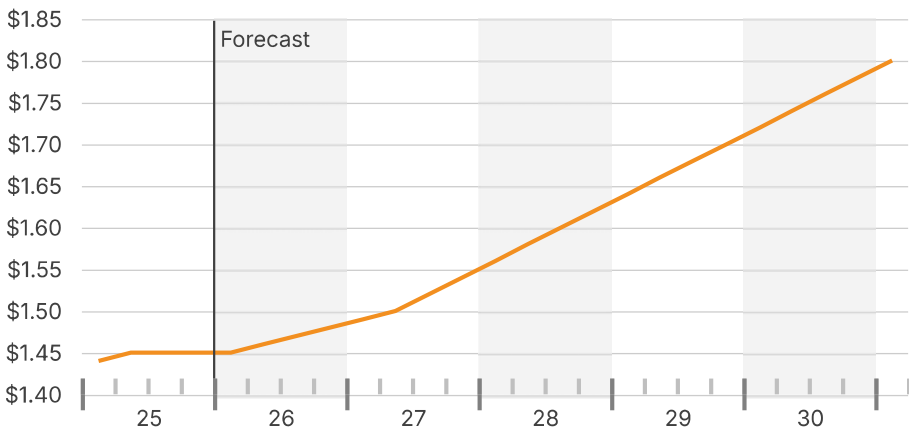
Average Price Per SF By Buyer Origin



Average Cap Rate By Buyer Origin

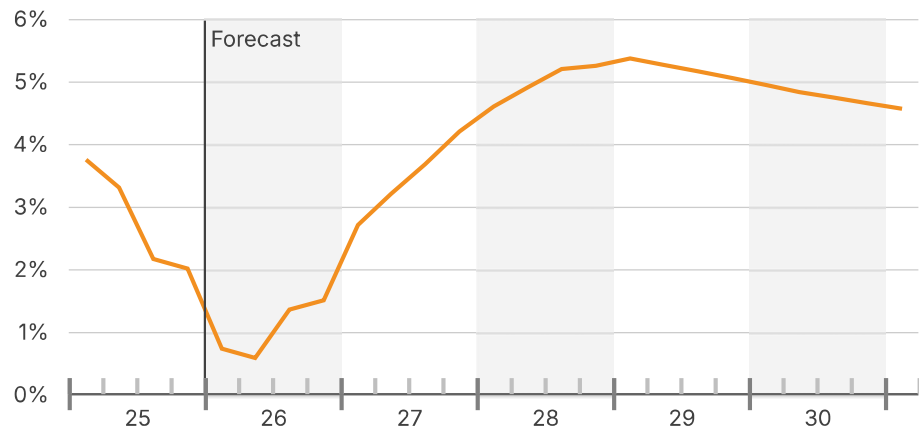


Market Asking Rent Per SF

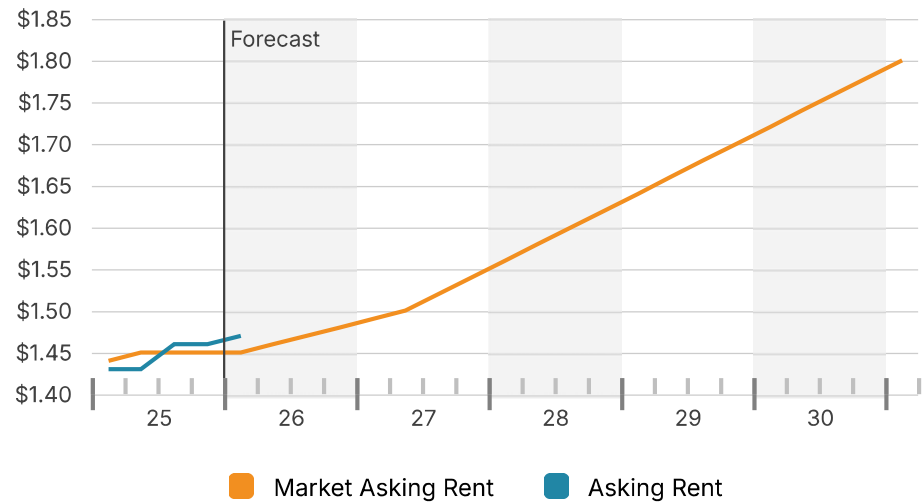


Sale Comps Analytics

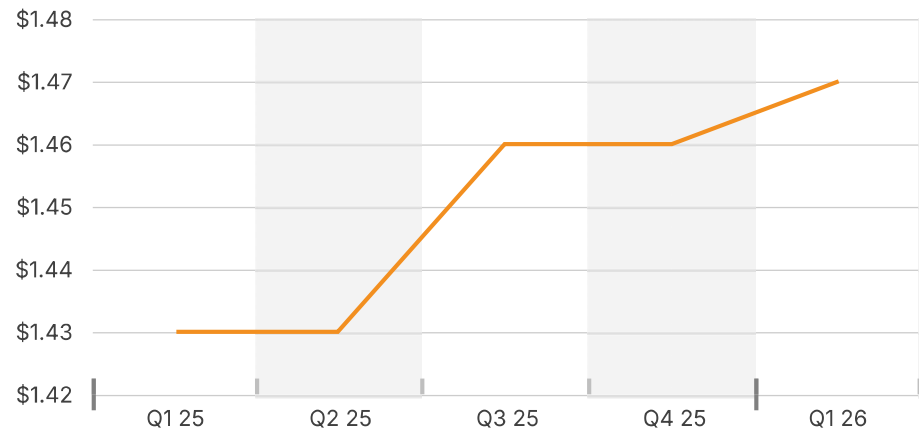
Market Asking Rent Growth (YOY)



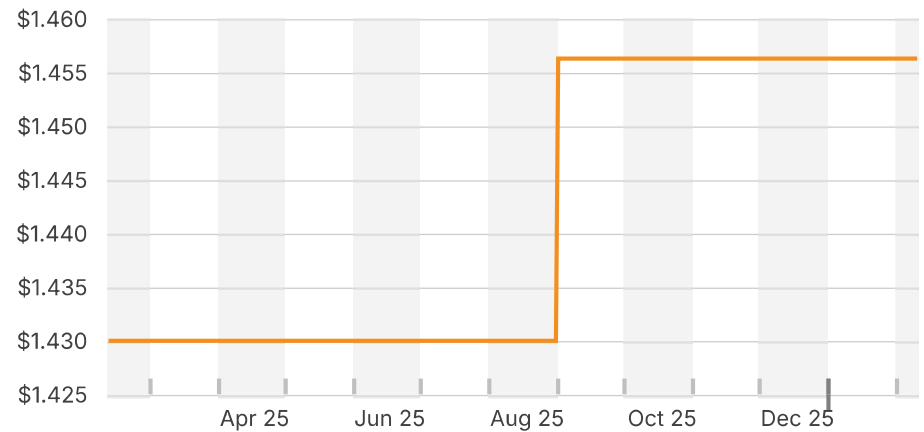
Market Asking Rent & Asking Rent Per SF



Asking Rent Per SF

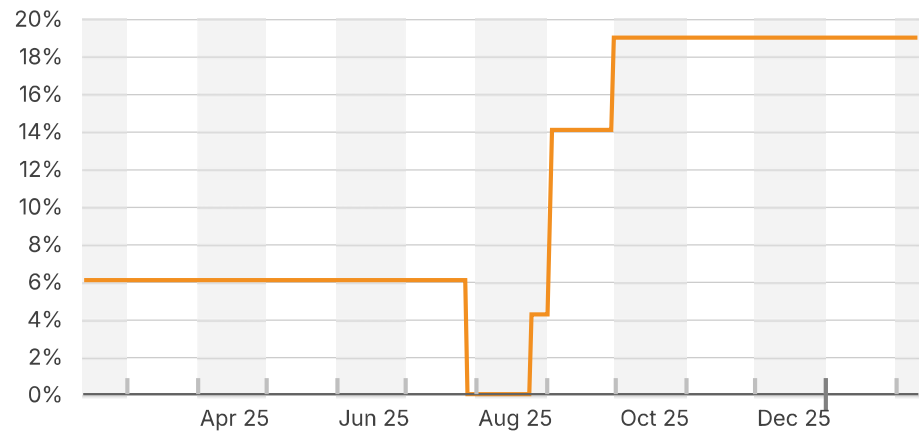


Daily Asking Rent Per SF

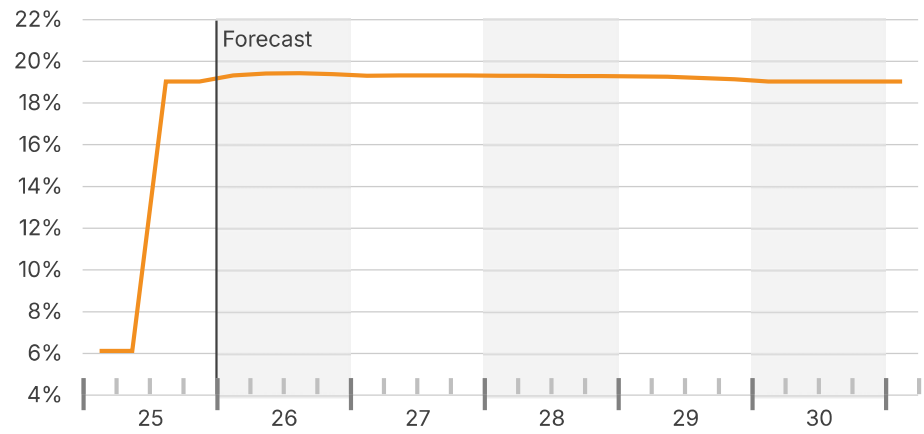


Sale Comps Analytics

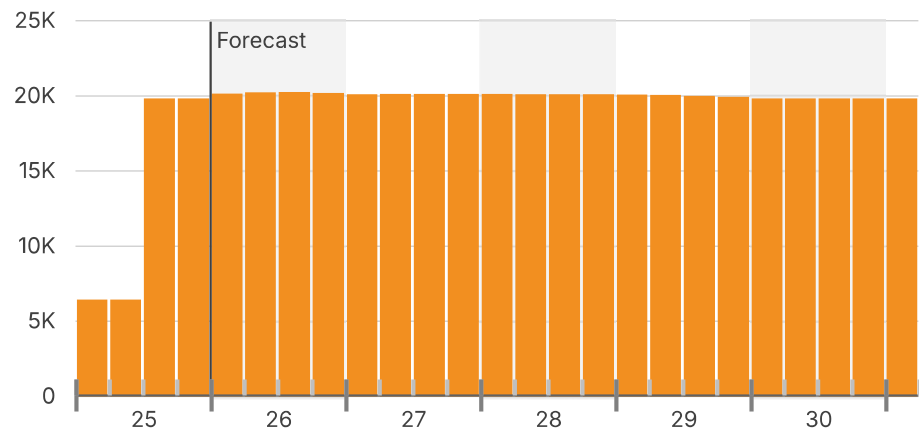
Daily Vacancy Rate



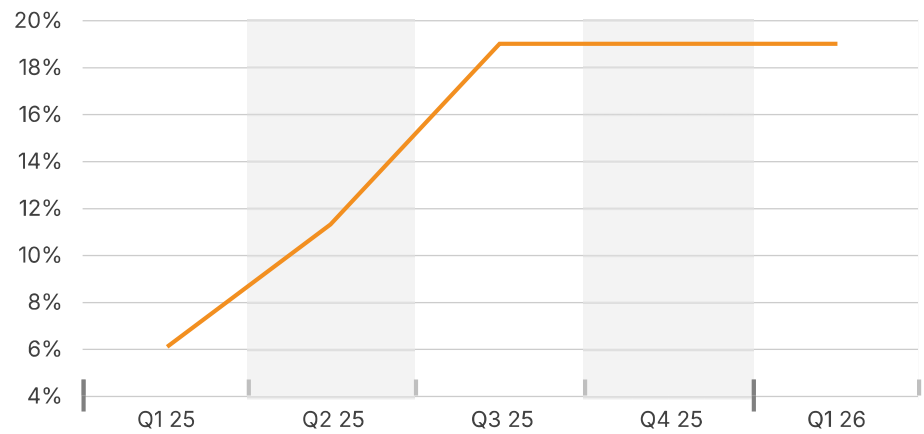
Vacancy Rate



Vacant SF

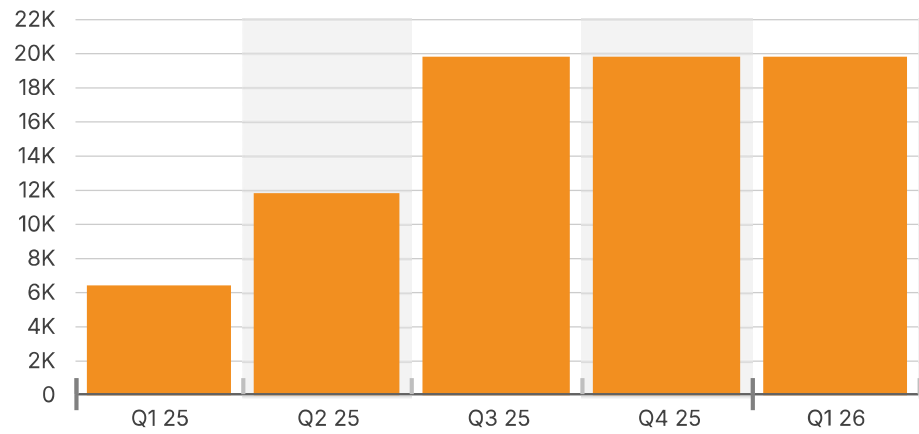


Availability Rate

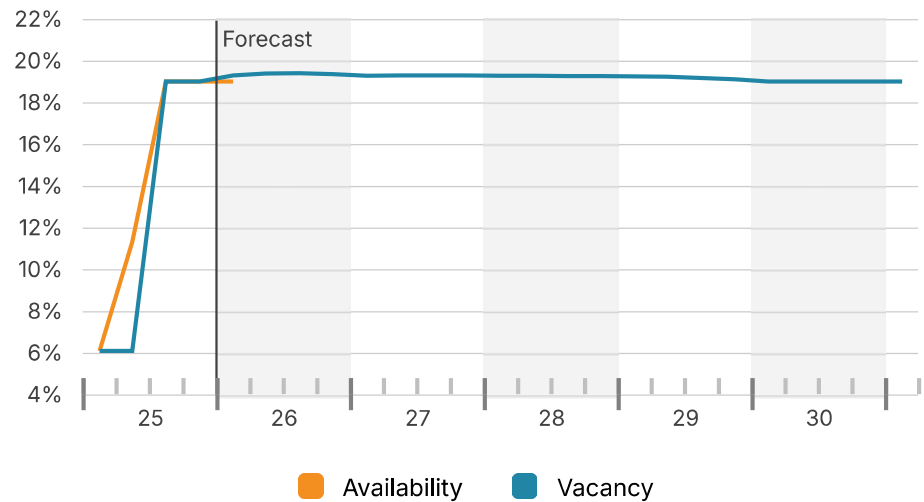


Sale Comps Analytics

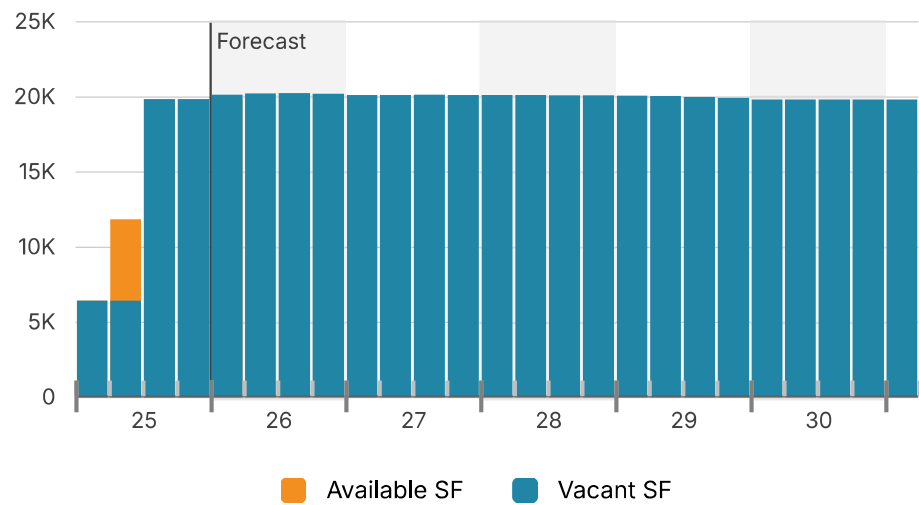
Available SF



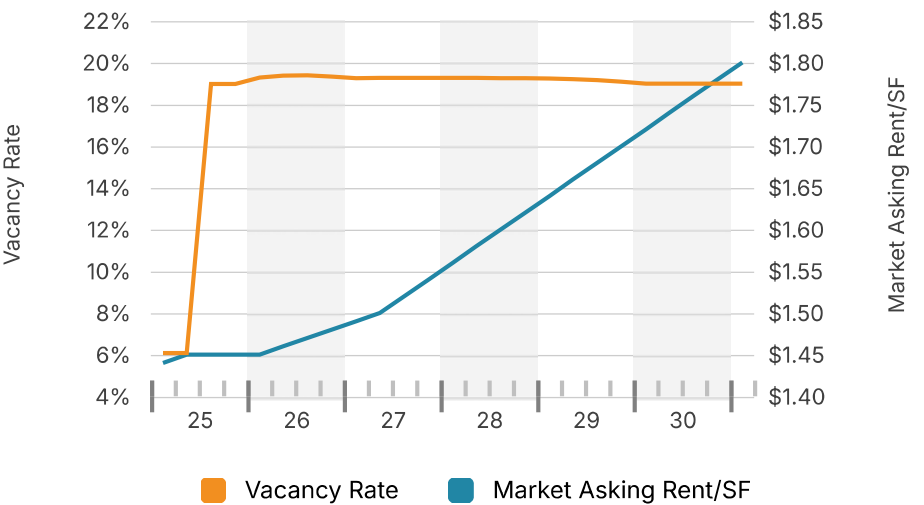
Availability & Vacancy Rate



Available & Vacant SF



Vacancy & Market Asking Rent Per SF



Report Criteria

10 Records / 10 Properties

Property Type: Industrial +1

Submarket: Central East Las Vegas - Las Vegas (USA) +1

Sale Date: After 2/10/25

Include: Public Record Comps

Sale Status: Sold +1

Search On and Return Portfolio Sales as Individual Properties: Yes

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL DIRECT NNN *ASKING RATE	OVERALL NNN *ASKING RATE
Airport	14,365,736	787,059	5.5%	59,626	47,102	761,303	0	73,446	\$1.30	\$1.28
Apex	6,316,171	2,594,405	41.1%	1,209,814	1,209,814	1,209,814	794,749	922,569	N/A	N/A
Central	8,003,144	333,083	4.2%	-43,207	-49,697	150,249	0	0	\$1.20	\$1.20
East Henderson	19,093,650	2,050,848	10.7%	129,638	148,164	567,305	440,350	882,452	\$1.06	\$1.06
West Henderson	7,967,881	1,665,271	20.9%	-74,476	-40,669	12,128	2,480,406	506,500	\$1.01	\$1.01
North Las Vegas	74,798,662	9,120,917	12.2%	965,689	2,548,585	5,023,375	356,200	2,606,924	\$0.98	\$0.95
Northwest	838,112	47,617	5.7%	-12,999	-23,855	46,412	0	0	\$1.36	\$1.36
Southwest	46,449,580	3,432,428	7.4%	-236,804	444,378	2,572,882	600,071	1,702,697	\$1.34	\$1.33
LAS VEGAS TOTALS	177,832,936	20,031,628	11.3%	1,997,281	4,283,822	10,343,468	4,671,776	6,694,588	\$1.10	\$1.09
FLEX	17,485,708	865,017	4.9%	13,695	-7,947	962,962	462,762	157,109	\$1.33	\$1.34
MFG	11,818,125	501,261	4.2%	-45,675	-154,978	244,546	2,370,906	0	\$1.18	\$1.18
W/D	148,529,103	18,665,350	12.6%	2,029,261	4,446,747	9,135,960	1,838,108	6,537,479	\$1.07	\$1.05
LAS VEGAS TOTALS	177,832,936	20,031,628	11.3%	1,997,281	4,283,822	10,343,468	4,671,776	6,694,588	\$1.10	\$1.09

*Rental rates reflect weighted net asking \$psf/month

FLEX= High Technology/Office Services MFG= Manufacturing W/D= Warehouse/Distribution

KEY LEASE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
8450-8850 Logistics Drive	Apex	Confidential	1,209,814	Direct
5005 East North Belt Road	North Las Vegas	Confidential	336,000	Direct
6250 East Washburn Avenue	North Las Vegas	Daimler Truck North America	309,159	Direct
5070 El Campo Grande Avenue	North Las Vegas	Archway	212,225	Direct
2500 West Carey Avenue	North Las Vegas	Chadwell Supply Nevada	102,960	Direct

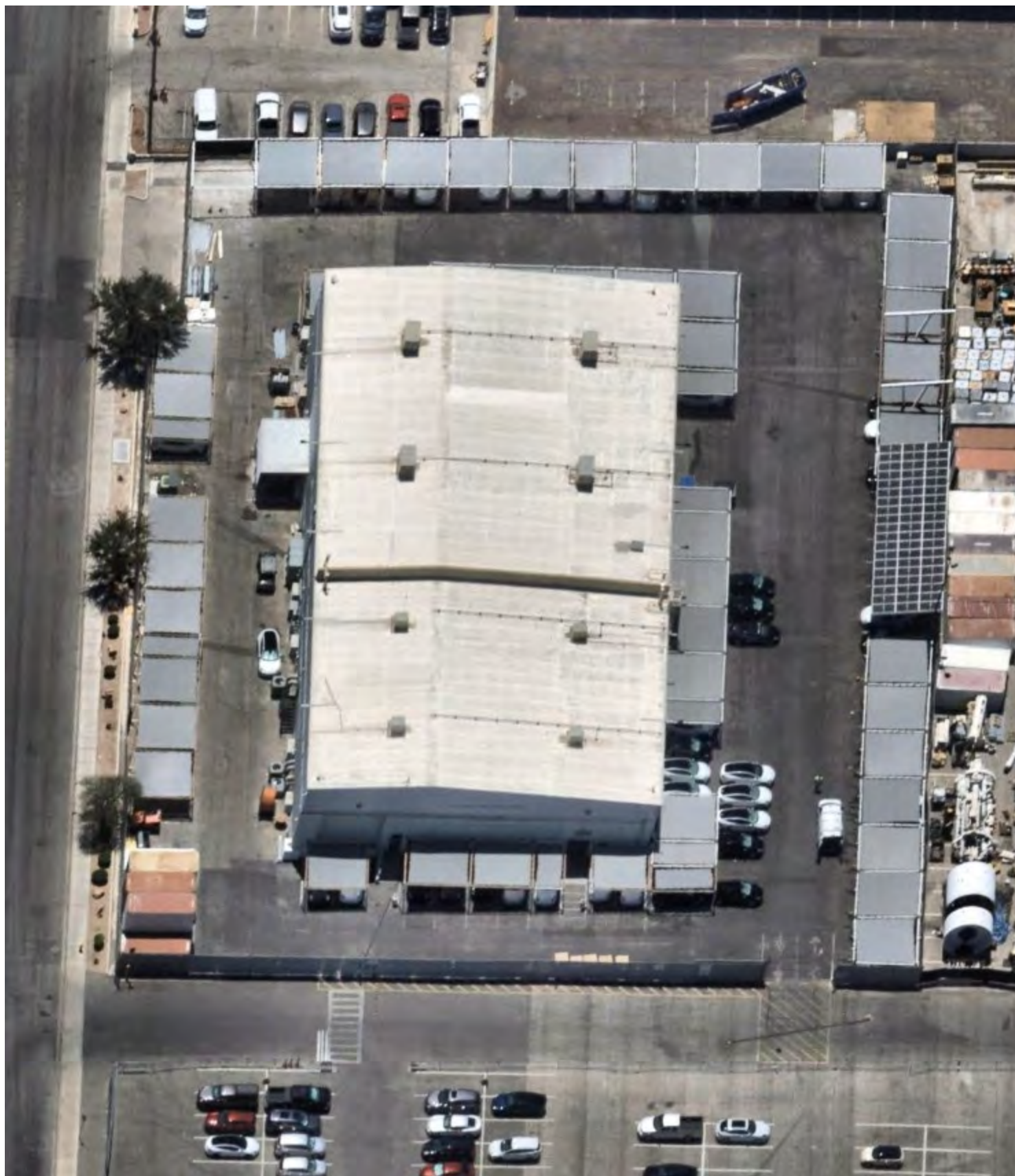
KEY SALE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
8650 Logistics Drive	Apex	VanTrust Real Estate / Saddle Creek Logistics	583,320	\$96.8M / \$166
4335 Arcata Way	North Las Vegas	Bixby Land Company / AT Industrial	219,068	\$21.1M / \$97
3921 East Cheyenne Avenue	North Las Vegas	CapRock Partners / EastGroup Properties	101,332	\$21M / \$207
7760 West Teco Avenue	Southwest	Bentar Teco LLC / Timberlawn Associates	43,330	\$11.8M / \$271
6885 West Gary Avenue Building 4	Southwest	Penwood Real Estate Investment Management / KDS Rainbow, LLC	36,493	\$10.7M / \$293

KEY CONSTRUCTION COMPLETIONS Q4 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Speedway North Distribution Center Building 2	North Las Vegas	Master Brands	669,975	Prologis
Southern Gateway At I-15 Buildings A-C	West Henderson	N/A	420,000	OMP





As of July 1 2025

			RW Ph 1	WG 1	WG 2	Enc 1	Para E	Para W	Silver	Wynn West	Total Rings
Expense ID	Budget Parent	Cost Per Ring (\$)	457	388	401	464	1903	1438	199	1109	6,359
Tunnel	Precast Segments	1,664	802,949	681,716	704,557	815,248	3,166,592	2,392,832	331,136	1,845,376	10,740,406
Tunnel	Grout	356	162,692	138,128	142,756	165,184	677,468	511,928	70,844	394,804	2,263,804
Buildout	Interior Buildout	666	304,362	258,408	267,066	309,024	n/a	n/a	n/a	n/a	1,138,860
Buildout	Aesthetics	331	151,267	128,428	132,731	153,584	n/a	n/a	n/a	n/a	566,010
Buildout	Precast Road Panels	245	121,105	102,820	106,265	113,680	n/a	n/a	n/a	n/a	443,870
Buildout	Fire Safety Systems	226	103,282	87,688	90,626	104,864	n/a	n/a	n/a	n/a	386,460
Buildout	Ventilation	161	73,577	62,468	64,561	74,704	n/a	n/a	n/a	n/a	275,310
Labor	Precast	193	88,201	74,884	77,393	89,552	314,811	237,886	32,920	183,460	1,099,107
Labor	Tunnel / Buildout	214	97,798	83,032	85,814	99,296	n/a	n/a	n/a	n/a	365,940
Other	Inspections & Permitting	53	24,221	20,564	21,253	24,592	n/a	n/a	n/a	n/a	90,630
		4,109	1,929,454	1,638,136	1,693,022	1,949,728	4,158,871	3,142,646	434,900	2,423,640	17,370,397
Age			1	1	1	1	0	0	0	0	
Depreciation			(28,942)	(24,572)	(25,395)	(29,246)	0	0	0	0	(108,155)
			11%	9%	10%	11%	24%	18%	3%	14%	100%

As of July 1 2024

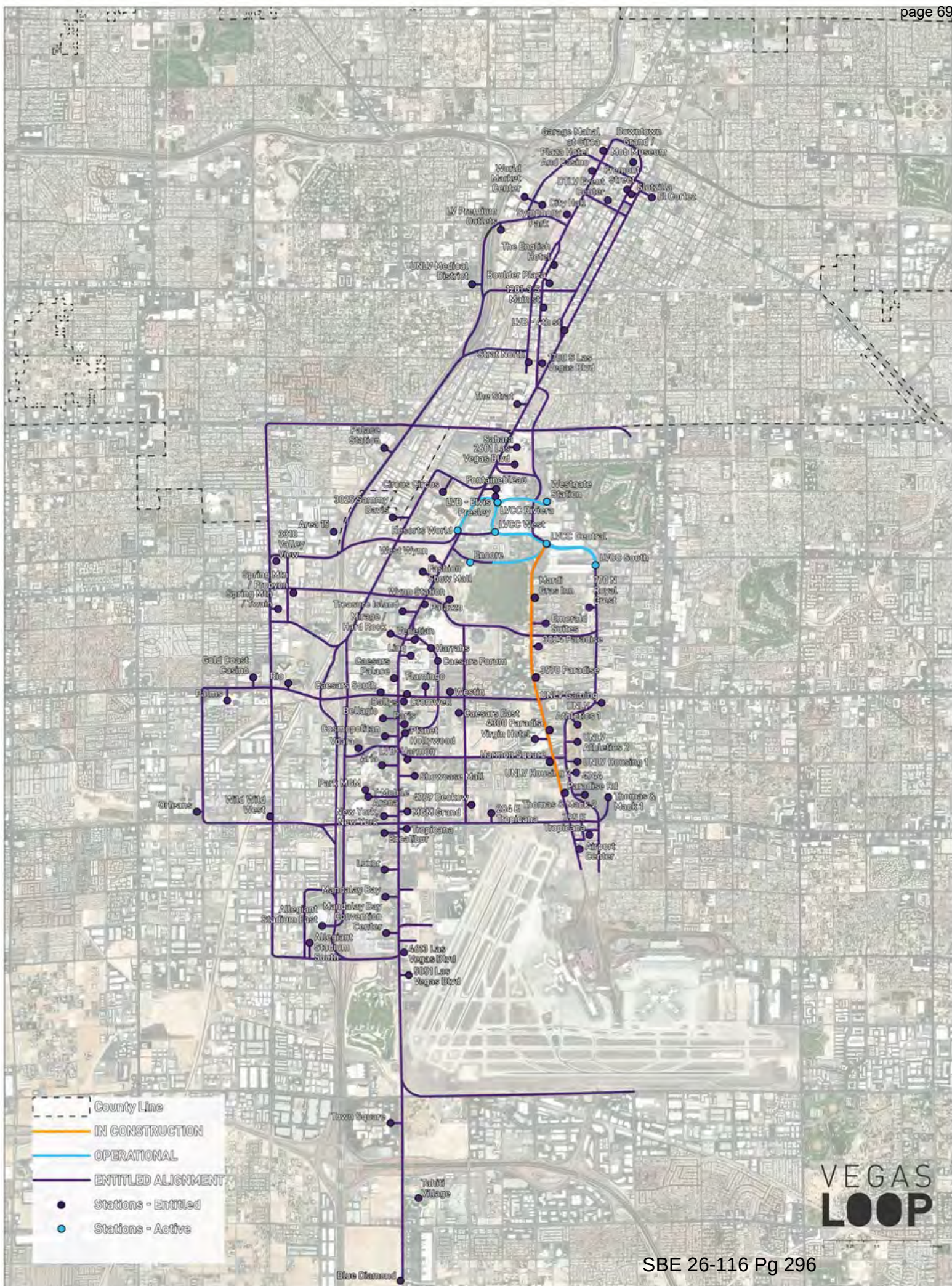
Expense ID	Budget Parent	Cost Per Ring (\$)	RW Ph 1	WG 1	WG 2	Enc 1	Total Rings
			457	388	401	464	1,710
Tunnel	Precast Segments	1,757	802,949	681,716	704,557	815,248	3,004,470
Tunnel	Grout	356	162,692	138,128	142,756	165,184	608,760
Buildout	Interior Buildout	666	304,362	258,408	267,066	n/a	829,836
Buildout	Aesthetics	331	151,267	128,428	132,731	n/a	412,426
Buildout	Precast Road Panels	265	121,105	102,820	106,265	n/a	330,190
Buildout	Fire Safety Systems	226	103,282	87,688	90,626	n/a	281,596
Buildout	Ventilation	161	73,577	62,468	64,561	n/a	200,606
Labor	Precast	193	88,201	74,884	77,393	76,759	317,237
Labor	Tunnel / Buildout	214	97,798	83,032	85,814	n/a	266,644
Other	Inspections & Permitting	53	24,221	20,564	21,253	n/a	66,038
		4,222	1,929,454	1,638,136	1,693,022	1,057,191	6,317,803
Age			0	0	0	0	
Depreciation			0	0	0	0	0
			31%	26%	27%	17%	100%

CONFIDENTIAL

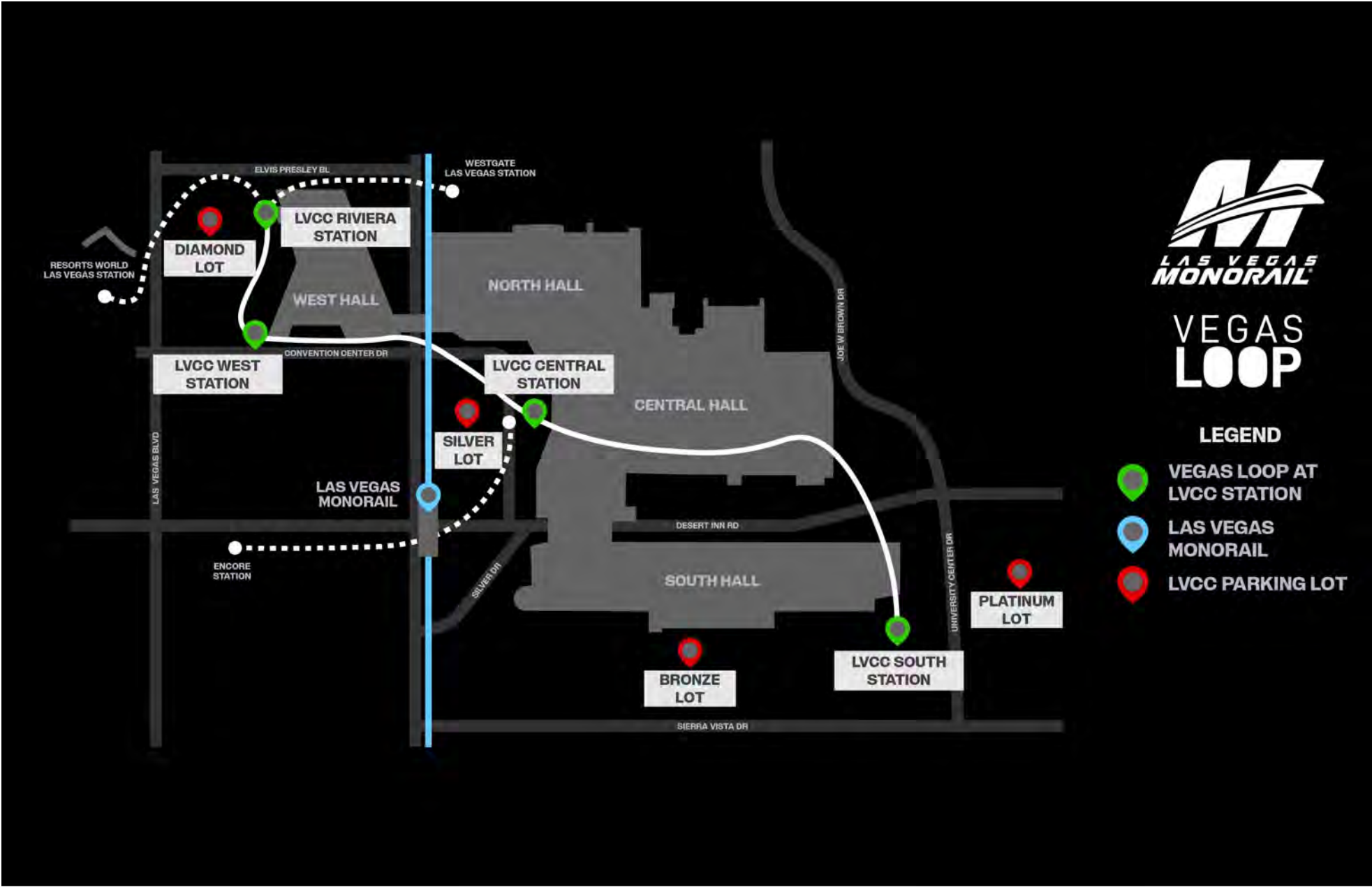
As of July 1
2024

Expense ID	Budget Parent	Cost Per Ring (\$)	RW Ph 1	WG 1	WG 2	Enc 1	ROW Rings
			126	300	300	51	777
Tunnel	Precast Segments	1,757	221,382	527,100	527,100	89,607	1,365,189
Tunnel	Grout	356	44,856	106,800	106,800	18,156	276,612
Buildout	Interior Buildout	666	83,916	199,800	199,800	n/a	483,516
Buildout	Aesthetics	331	41,706	99,300	99,300	n/a	240,306
Buildout	Precast Road Panels	265	33,390	79,500	79,500	n/a	192,390
Buildout	Fire Safety Systems	226	28,476	67,800	67,800	n/a	164,076
Buildout	Ventilation	161	20,286	48,300	48,300	n/a	116,886
		3,762	474,012	1,128,600	1,128,600	107,763	2,838,975
	Age		2	1	1	1	
	Depreciation		(14,220)	(16,929)	(16,929)	(1,616)	(49,695)

RW Ph 1 = Resorts World Phase 1
WG 1 = Westgate Tunnel 1
WG 2 = Westgate Tunnel 2
Enc 1 = Encore Tunnel 1
ROW Rings = public Right of Way rings







LAS VEGAS CONVENTION CENTER (LVCC) LOOP

The original LVCC Loop — a 3-station transportation system consisting of 1.7 miles of tunnel — was built in approximately 1 year. The system cost approximately \$47 million (firm-fixed price). Tunneling occurred during conventions with over 100,000 attendees and posed zero disruptions or road closures.

LVCC Loop connects the LVCC West Hall with the existing campus (North/Central/South Halls), and reduces a 45-minute cross-campus walk to approximately 2 minutes.

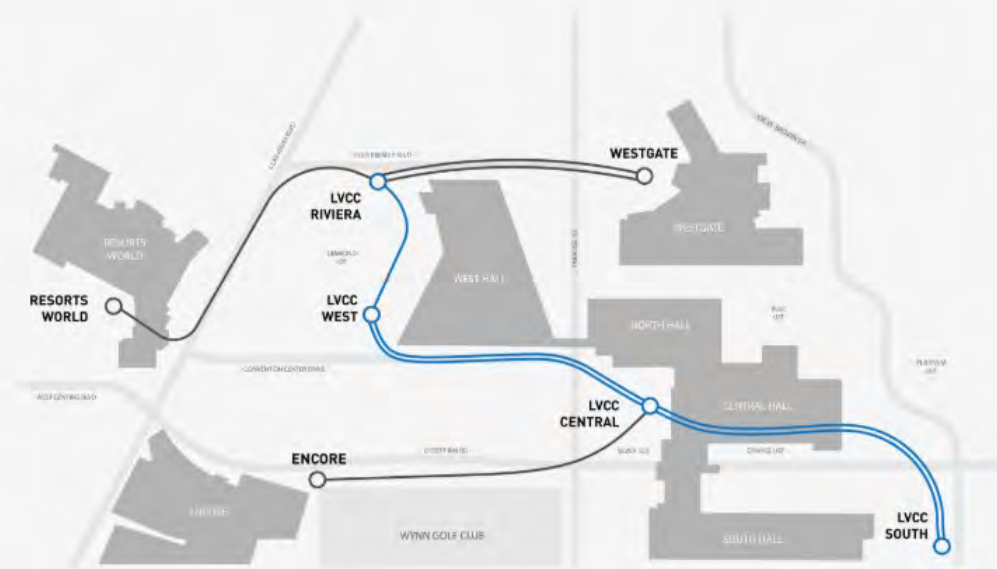
LVCC Loop opened in April 2021 for the Mecum Motorcycle Auction and has operated at all subsequent conventions. It has demonstrated peak capacity of over 4,500 passengers per hour, and over 32,000 passengers per day.

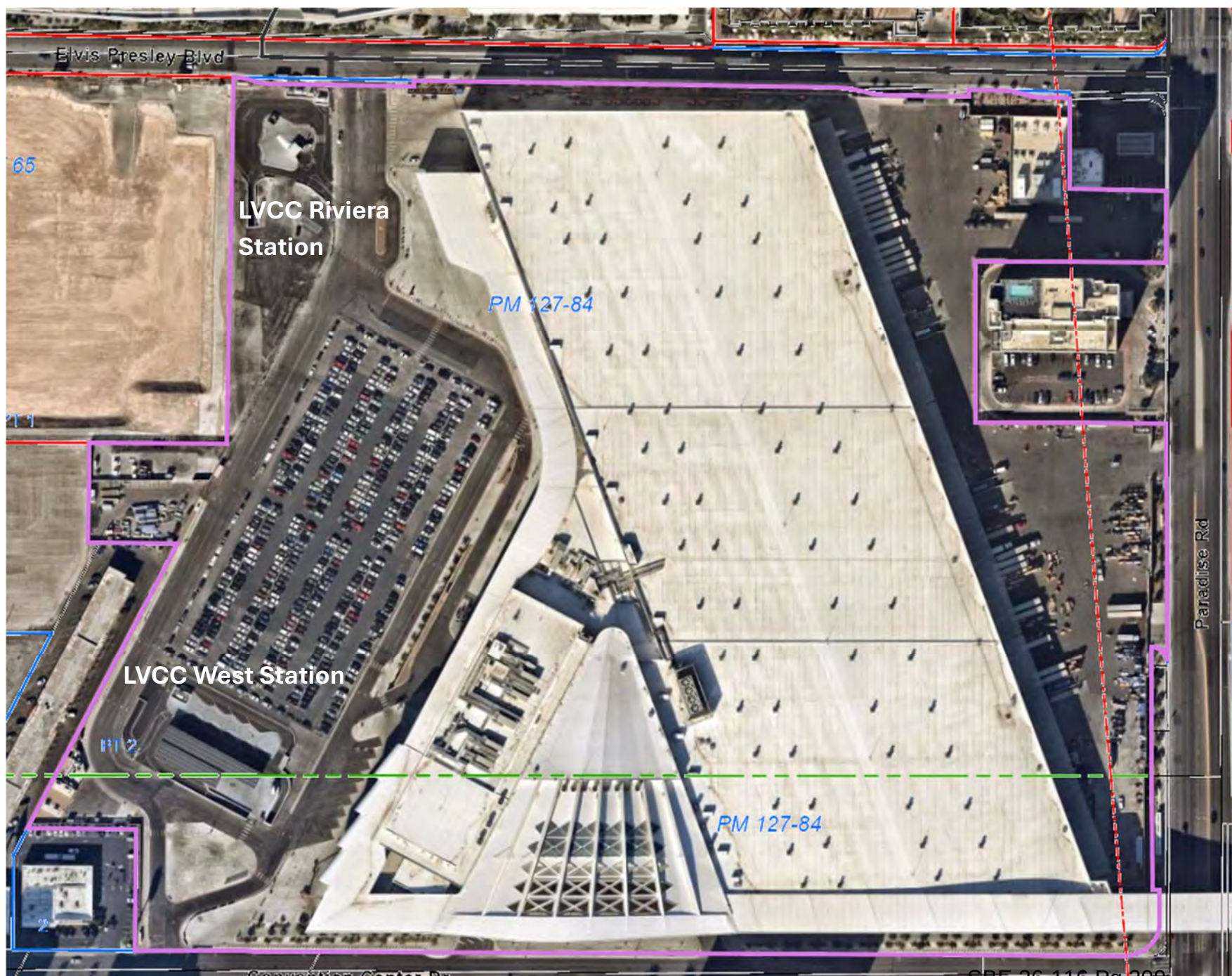
In 2024, LVCC Loop was then expanded to 2.1 miles and 5 stations, adding LVCC Riviera Station and LVCC Central Plaza Station.

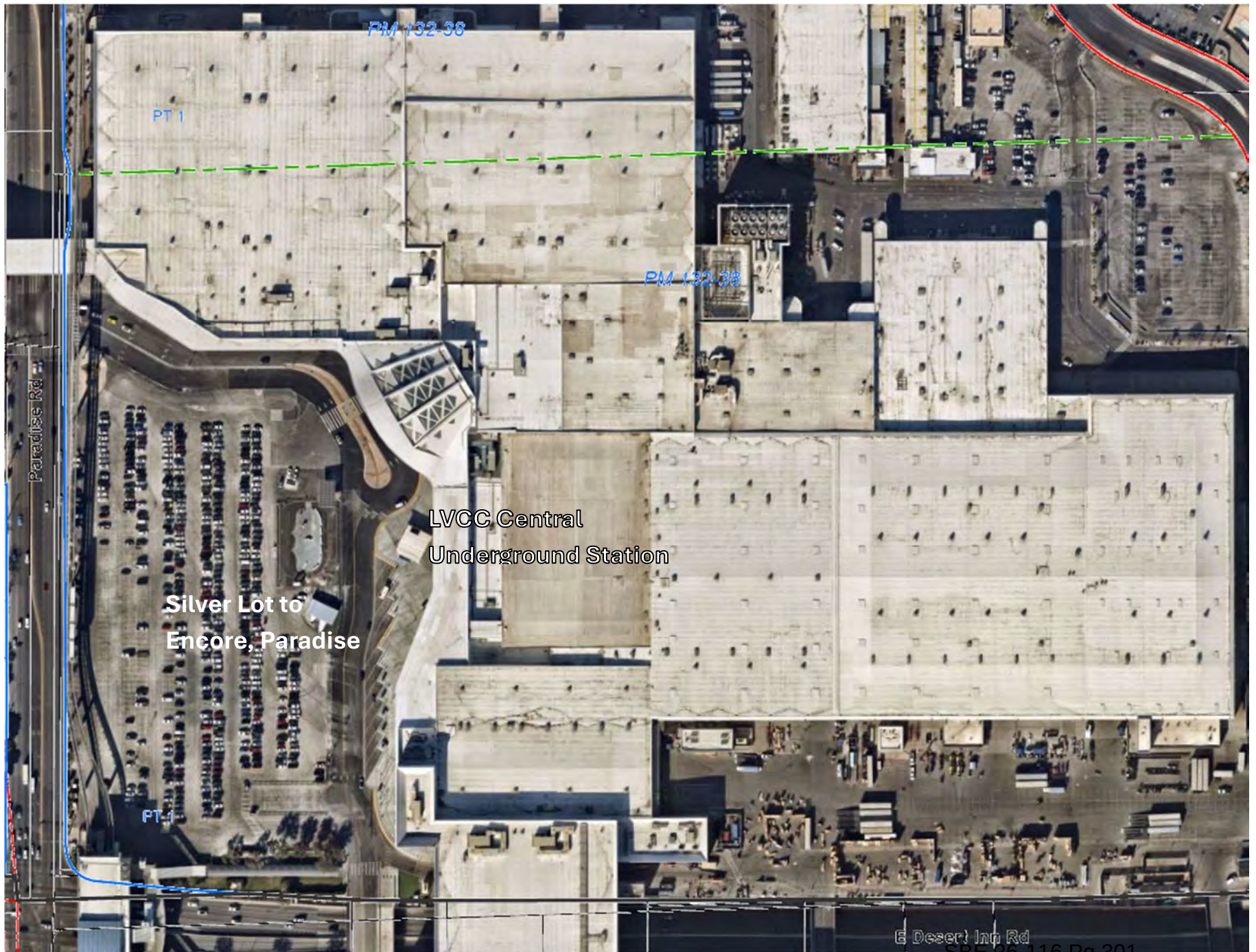
Location: Las Vegas, NV

Status: Complete and Operational

[RIDE THE LOOP](#)







Paradise Rd

PM 132-38

PT 1

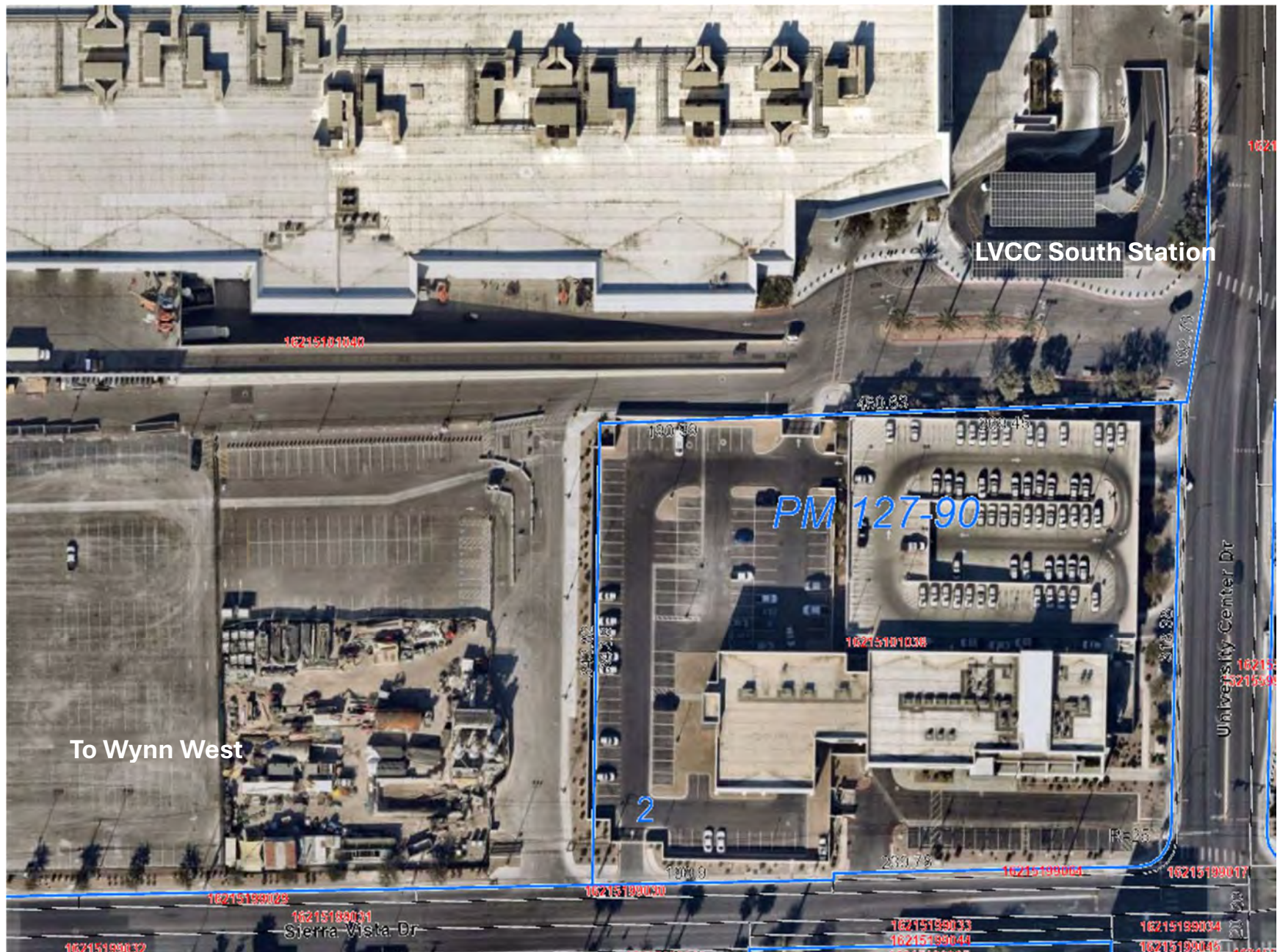
PM 132-38

LVCC Central
Underground Station

Silver Lot to
Encore, Paradise

PT 1

E Desert Inn Rd



Account #	230491	Prior Acct #		Site Addr.	3395 CAMBRIDGE ST 0 LAS VEGAS			W/A	Certified Value		
130 WALKER WATSON RD BASTROP, TX 78602-3170								Exemptions			
				Valuation Method	CAMA						
Phone #				Parcel #	162-15-501-030	Return	Do Not Mail Declaration			Orig Reported Cost	\$2,578,943
Group				Tax Dist.	470	Mailed	12/30/1899			Taxable Value	\$2,578,943
NAICS	Highway, Street, and Bridge Construction			Acct. Type	Possessory Interest	Received				Assessed Value	\$902,630
										Exempt Value	\$0
	Asset ID	Description			Yr Acquired	Original Cost	Code	Taxable Value	Adj %	Override Value	
1	2-1	LOOP CONTROL CENTER			2024	\$1,782,579	IMPS	\$1,782,579	0%		
2	Land	LAND IN USE/VALUE FROM RDE			2024	\$796,364	LAND	\$796,364	0%		
Page Totals						\$2,578,943	\$2,578,943		\$0		
Clark Totals						\$2,578,943	\$2,578,943		\$0		
Appraised On		10/20/2025	By		Bonesteel, Jeffrey	Reviewed On		10/20/2025	By		System
						Page 1			Printed On		02/23/2026

Account #	230177	Prior Acct #		Site Addr.	0 PARADISE RD 0 LAS VEGAS			W/A	Corrected Certified Value	
130 WALKER WATSON RD BASTROP, TX 78602-3170								Exemptions		
				Valuation Method	Correction					
Phone #				Parcel #	162-15-101-P01	Return	Do Not Mail Declaration		Orig Reported Cost	\$0
Group				Tax Dist.	470	Mailed	12/30/1899		Taxable Value	\$10,451,878
NAICS	Highway, Street, and Bridge Construction			Acct. Type	Possessory Interest	Received			Assessed Value	\$3,658,157
									Exempt Value	\$0
	Asset ID	Description			Yr Acquired	Original Cost	Code	Taxable Value	Adj %	Override Value
1	101	Enc1 Loop Tunnel in Tax Dis 470 o% to 50%			2024	\$720,528	IMPS	\$720,528	0%	
2	102	Enc1 Loop Tunnel in Tax Dist 470 50% to 100%			2025	\$717,500	IMPS	\$717,500	0%	
3	103	Wynn West Enc2 Loop Tunnel all in TD470 @50%			2025	\$2,273,450	IMPS	\$2,273,450	0%	
4	201	Desert Inn to Silver Lot Loop Tunnel @50%			2025	\$174,250	IMPS	\$174,250	0%	
5	202	Paradise Westside of street Loop Tunnel @50%			2025	\$2,665,000	IMPS	\$2,665,000	0%	
6	203	Paradise Eastside of street Loop Tunnel @50%			2025	\$3,901,150	IMPS	\$3,901,150	0%	
Page Totals						\$10,451,878	\$10,451,878		\$0	
Clark Totals						\$10,451,878	\$10,451,878		\$0	
Appraised On 10/09/2025		By Bonesteel, Jeffrey		Reviewed On 10/09/2025		By System		Page 1		Printed On 02/23/2026

Account #	230178	Prior Acct #		Site Addr.	0 PARADISE RD 0 LAS VEGAS			W/A	Corrected Certified Value		
130 WALKER WATSON RD BASTROP, TX 78602-3170								Exemptions			
				Valuation Method	Correction						
Phone #				Parcel #	162-10-302-P01		Return	Do Not Mail Declaration		Orig Reported Cost	\$0
Group				Tax Dist.	410		Mailed	12/30/1899		Taxable Value	\$6,115,141
NAICS	Highway, Street, and Bridge Construction			Acct. Type	Possessory Interest		Received			Assessed Value	\$2,140,299
										Exempt Value	\$0
	Asset ID	Description	Yr Acquired	Original Cost	Code	Taxable Value	Adj %	Override Value			
1	101	Resorts World Phase 1 Loop Tunnel	2024	\$1,881,606	IMPS	\$1,881,606	0%				
2	201	Westgate Loop Tunnel 1	2024	\$1,597,512	IMPS	\$1,597,512	0%				
3	301	Encore Loop Tunnel LVCC to Tax Dis 470	2024	\$234,686	IMPS	\$234,686	0%				
4	202	Westgate Loop Tunnel 2	2024	\$1,651,037	IMPS	\$1,651,037	0%				
5	302	Encore Loop Tunnel LVCC to Tax Dist 470	2025	\$233,700	IMPS	\$233,700	0%				
6	401	Paradise West to Tax Dist 470	2025	\$282,900	IMPS	\$282,900	0%				
7	402	Paradise East Silver Lot to Tax Dist 470	2025	\$233,700	IMPS	\$233,700	0%				
Page Totals				\$6,115,141		\$6,115,141		\$0			
Clark Totals				\$6,115,141		\$6,115,141		\$0			
Appraised On	10/09/2025	By	Bonesteel, Jeffrey	Reviewed On	10/09/2025	By	System	Page	1	Printed On	02/23/2026

Search Analytics

INVENTORY SF

400K +0%

Prior Period 400K

UNDER CONSTRUCTION SF

0 -

Prior Period 0

12 MO NET ABSORPTION SF

(155K) -2,515.8%

Prior Period (5.9K)

VACANCY RATE

41.2% +38.8%

Prior Period 2.4%

MARKET ASKING RENT/SF

\$1.10 +2.2%

Prior Period \$1.08

MARKET SALE PRICE/SF

\$209 +3.9%

Prior Period \$201

MARKET CAP RATE

6.2% +0%

Prior Period 6.2%

Key Metrics

Availability

Vacant SF	165K ↑
Sublet SF	0 ↓
Availability Rate	39.8% ↑
Available SF Total	159K ↑
Available Asking Rent/SF	\$1.15 ↓
Occupancy Rate	58.8% ↓
Percent Leased Rate	58.8% ↓

Inventory

Existing Buildings	14 ↓
Under Construction Avg SF	-
12 Mo Demolished SF	0 ↓
12 Mo Occupancy % at Delivery	-
12 Mo Construction Starts SF	0 ↓
12 Mo Delivered SF	0 ↓
12 Mo Avg Delivered SF	-

Sales Past Year

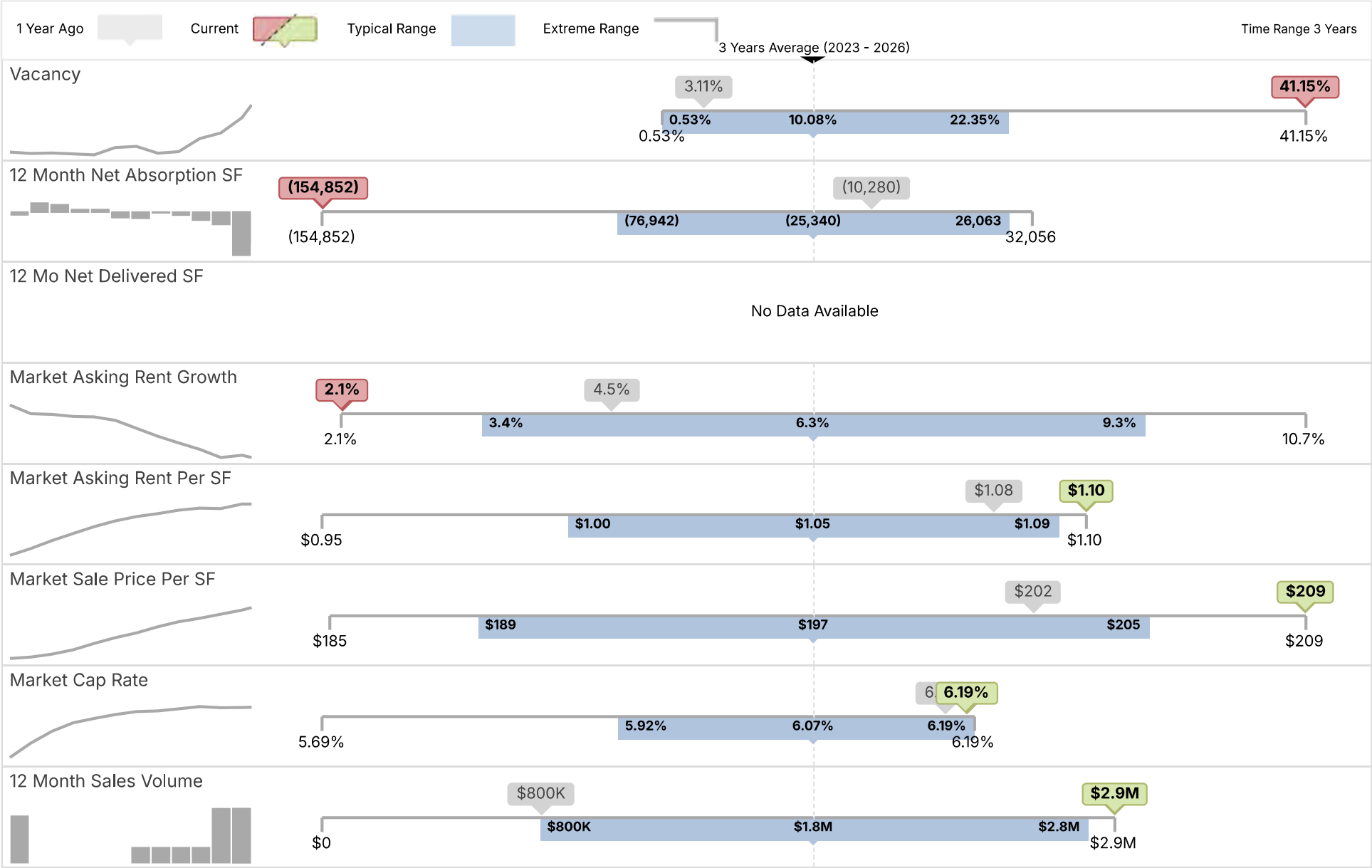
Asking Price Per SF	\$210 ↑
Sale to Asking Price Differential	-9.8% ↑
Sales Volume	\$2.9M ↑
Transactions	1 ↓
Months to Sale	2.0 ↓
For Sale Listings	2
Total For Sale SF	28.7K

Demand

12 Mo Net Absorp % of Inventory	-38.7% ↓
12 Mo Leased SF	56.4K ↑
Months on Market	6.0 ↑
Months to Lease	7.4
Months Vacant	9.9
24 Mo Lease Renewal Rate	24.0%
Population Growth 5 Yrs	7.0%

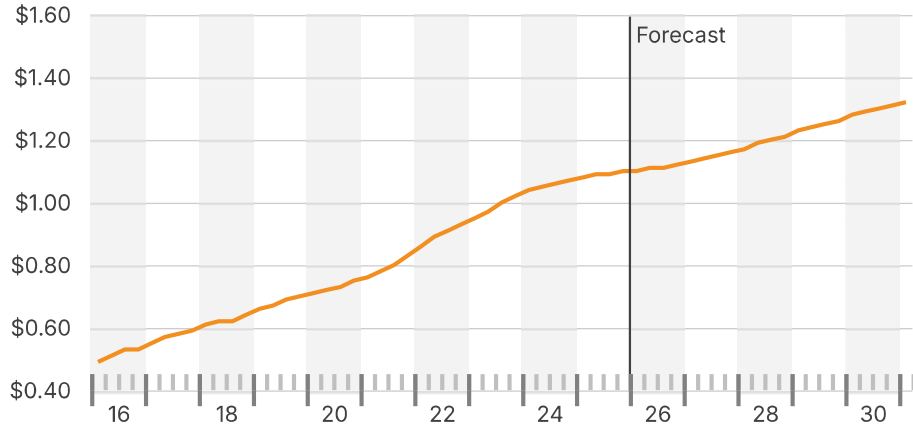
Search Analytics

Key Performance Indicators

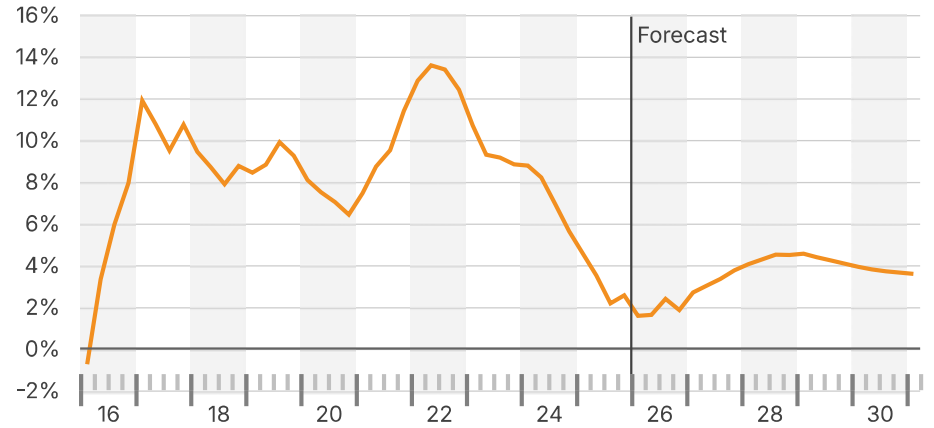


Search Analytics

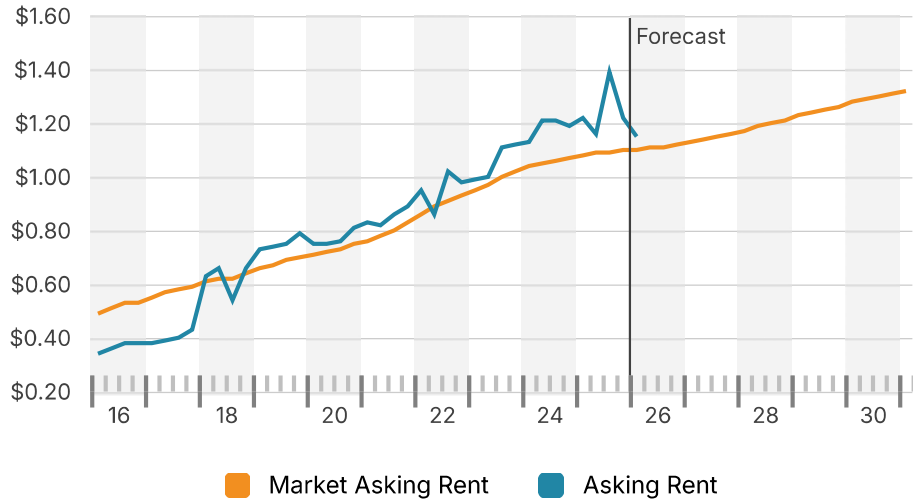
Market Asking Rent Per SF



Market Asking Rent Growth (YOY)



Market Asking Rent & Asking Rent Per SF

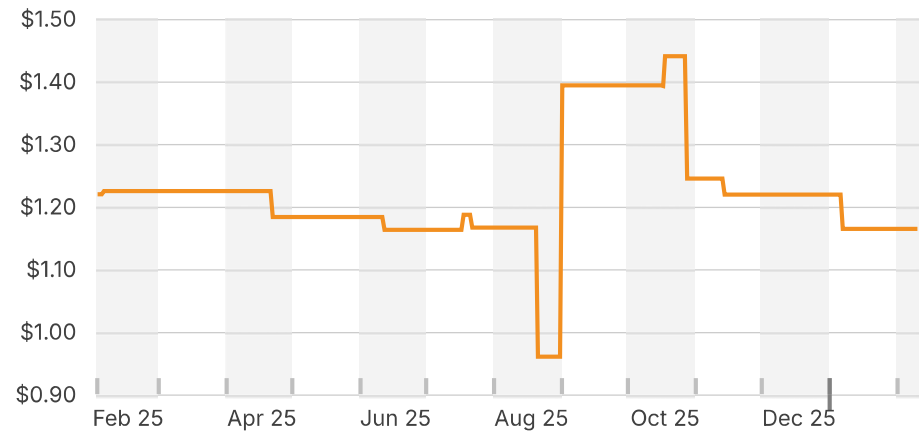


Asking Rent Per SF



Search Analytics

Daily Asking Rent Per SF



Direct & Sublet Rent Per SF



Direct Rent Per SF



Sublet Rent Per SF

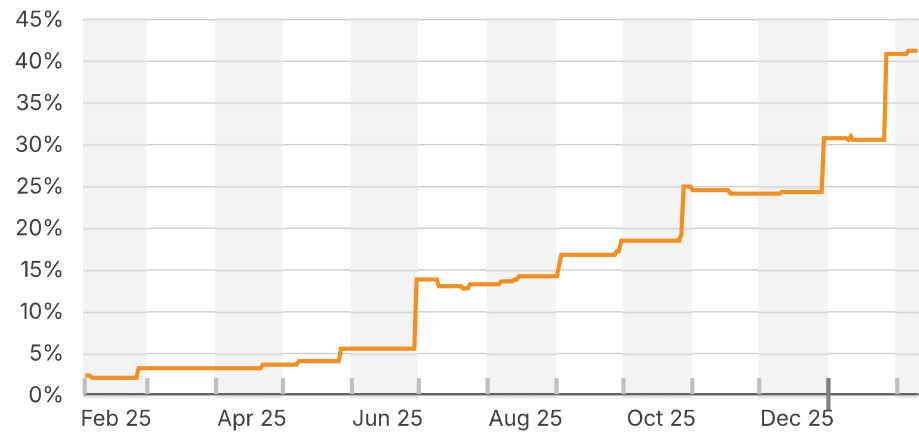
No Data Available



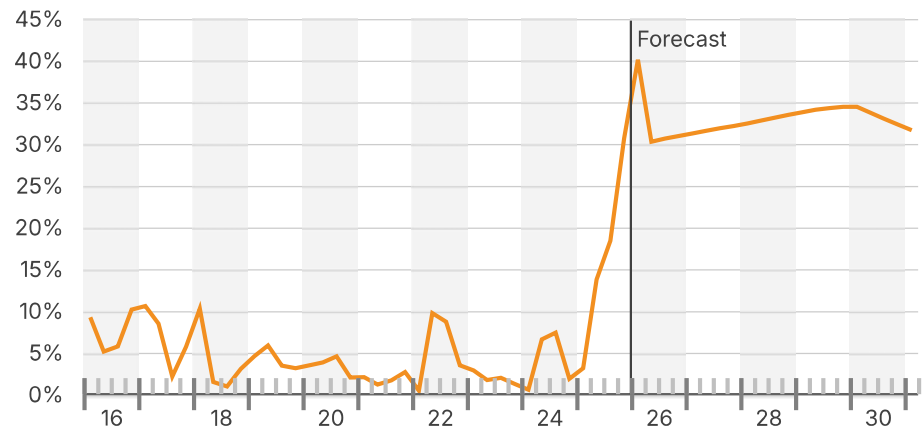
No data available for the past 10 years

Search Analytics

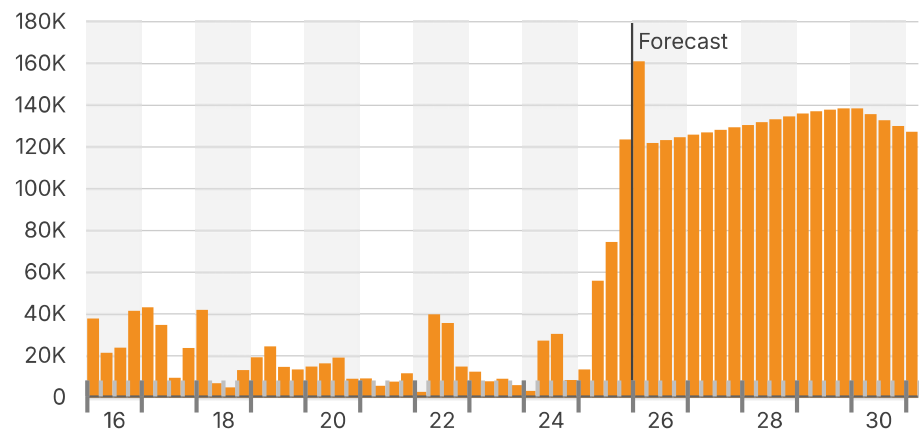
Daily Vacancy Rate



Vacancy Rate



Vacant SF

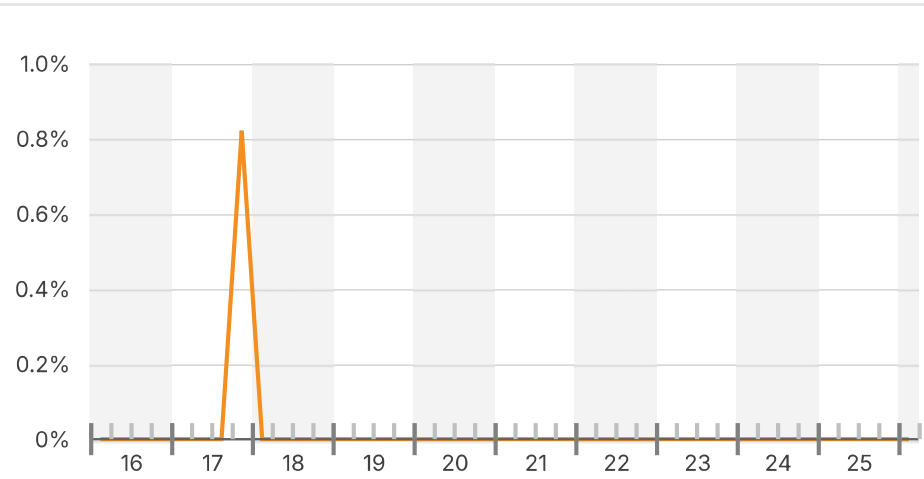


Occupancy Rate

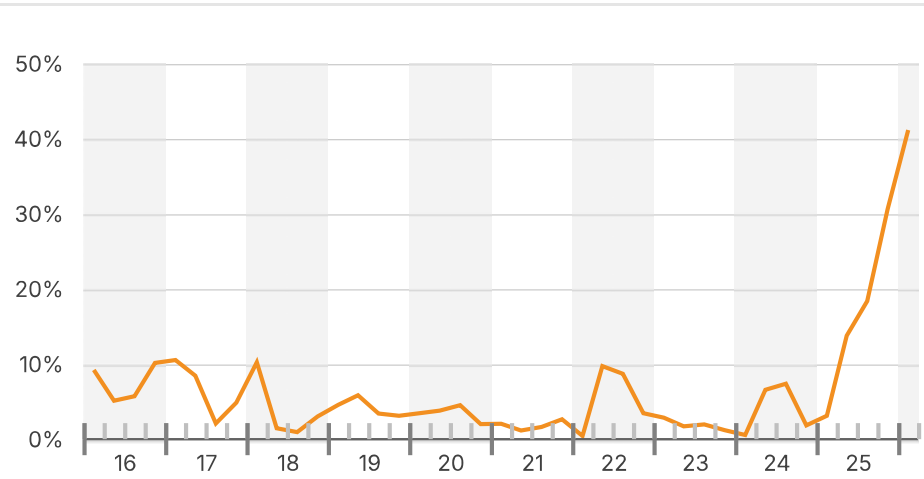


Search Analytics

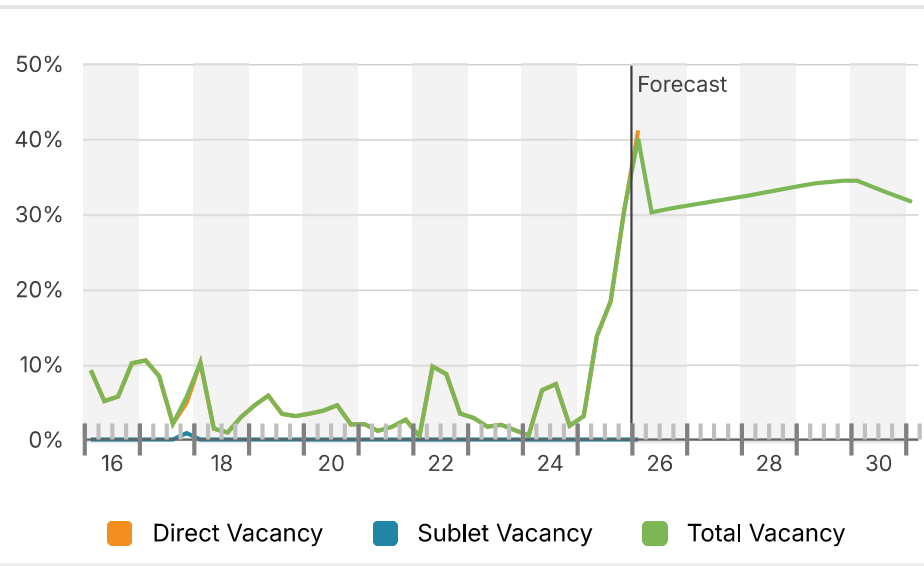
Sublet Vacancy Rate



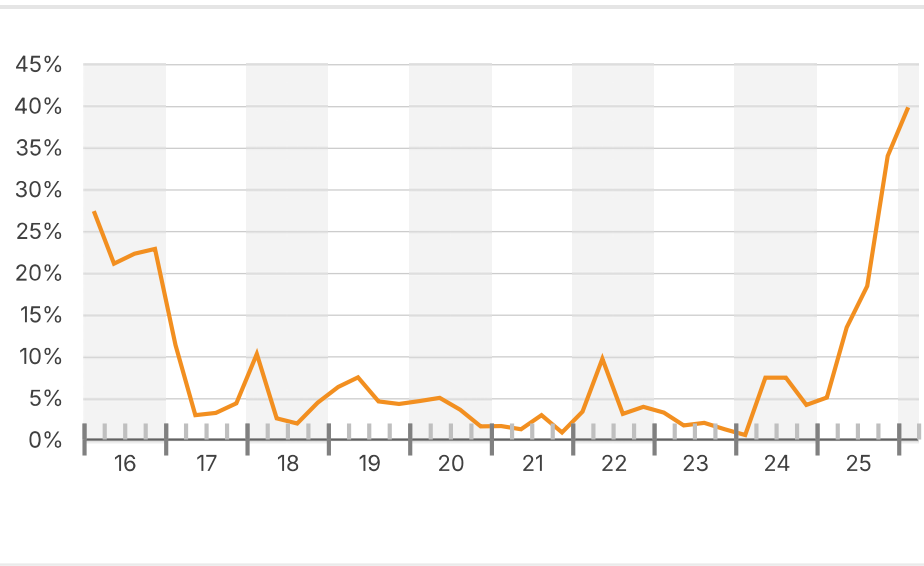
Direct Vacancy Rate



Direct, Sublet & Total Vacancy Rate

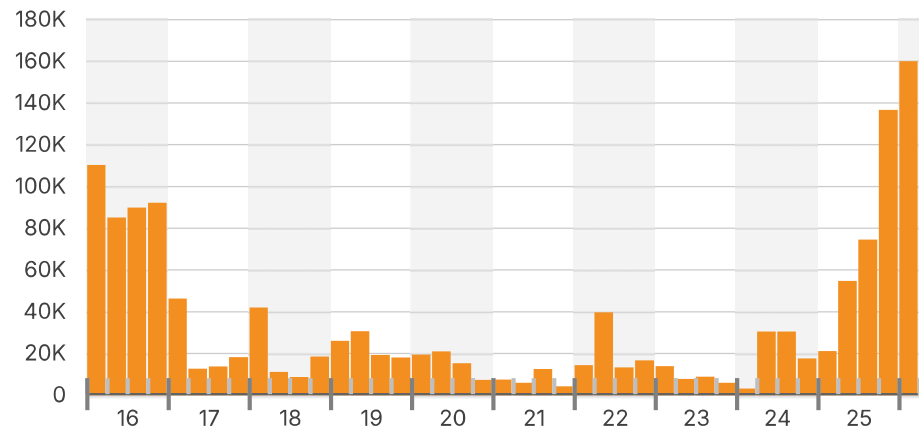


Availability Rate

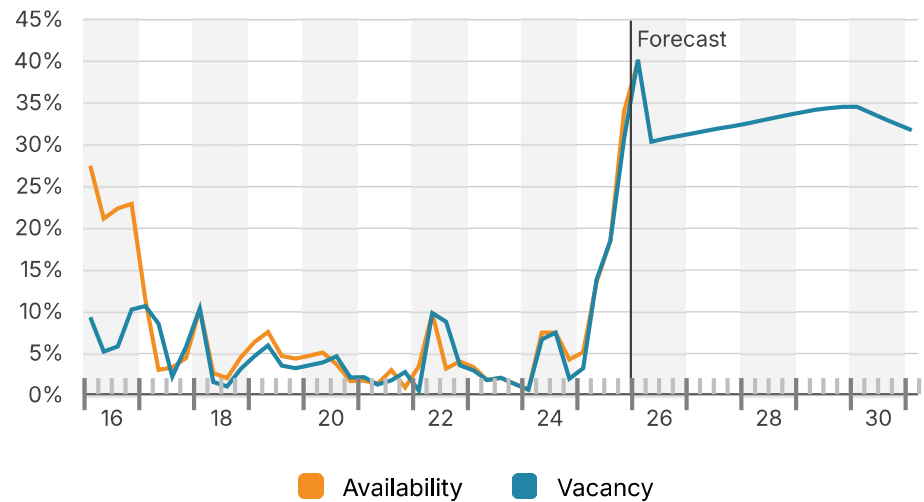


Search Analytics

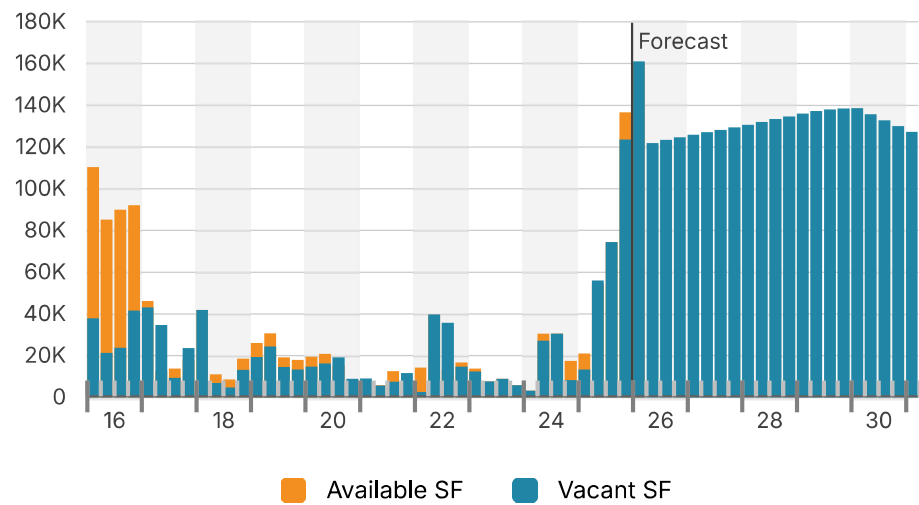
Available SF



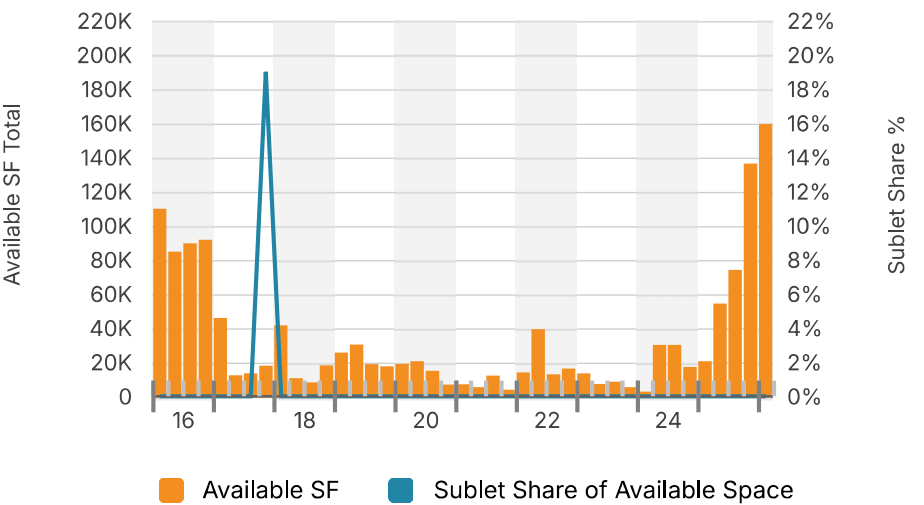
Availability & Vacancy Rate



Available & Vacant SF



Available SF Total & Sublet Share %



Search Analytics

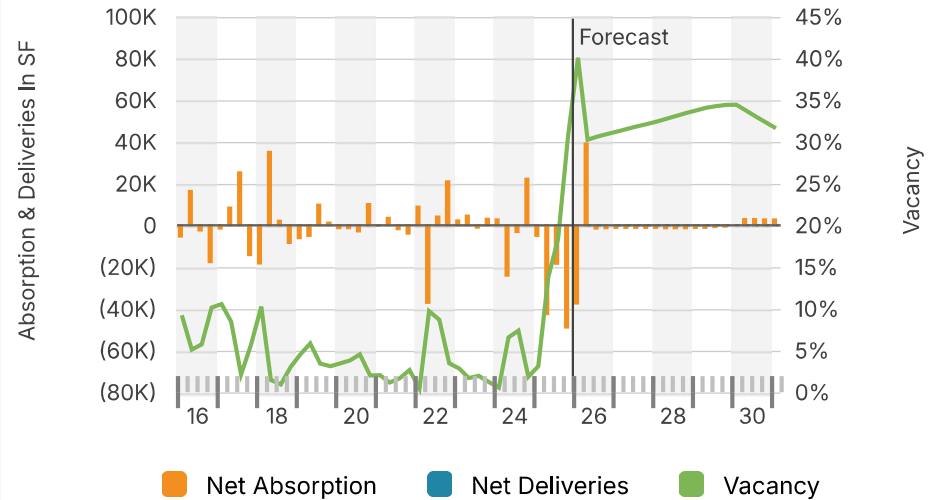
Occupancy At Delivery

No Data Available

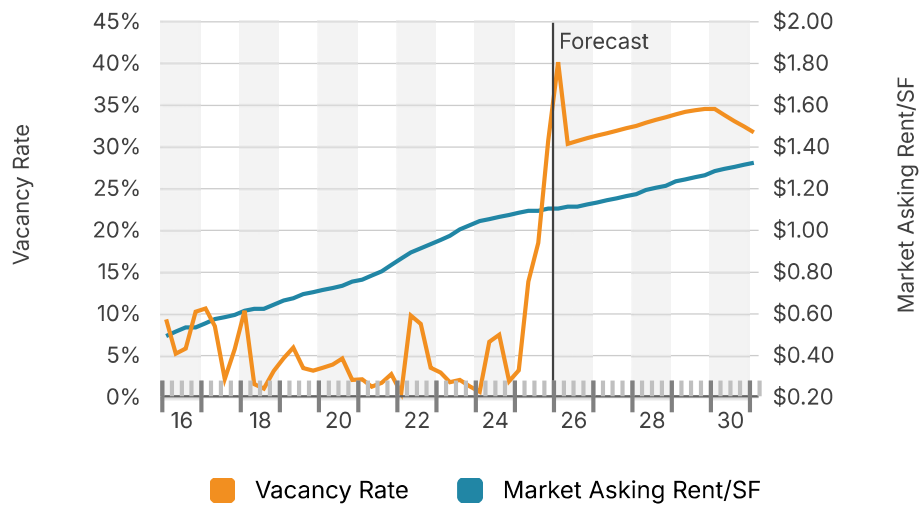


No data available for the past 10 years

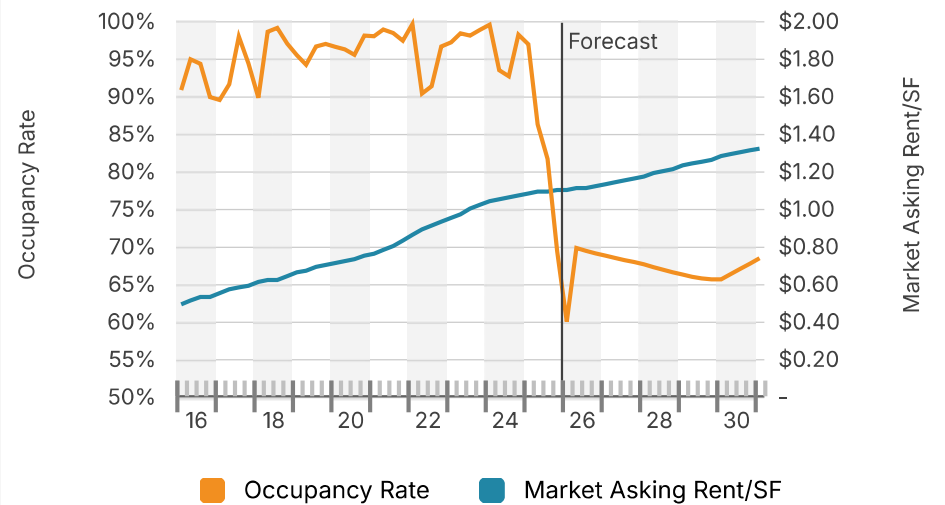
Net Absorption, Net Deliveries & Vacancy



Vacancy & Market Asking Rent Per SF

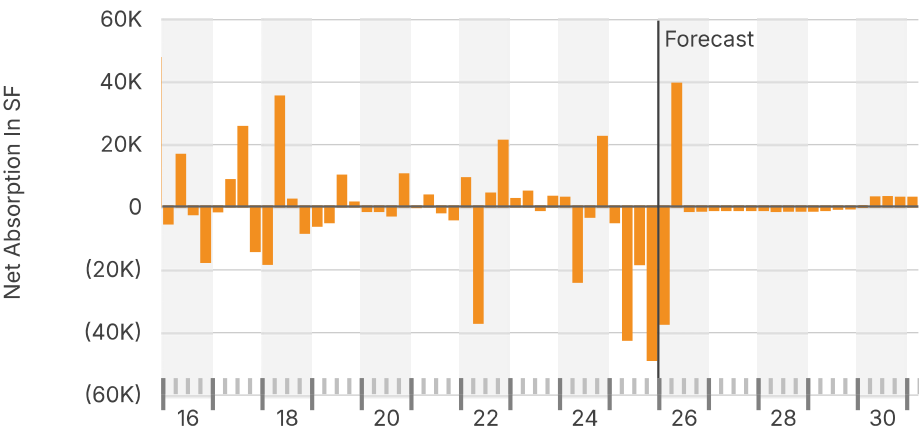


Occupancy & Market Asking Rent Per SF

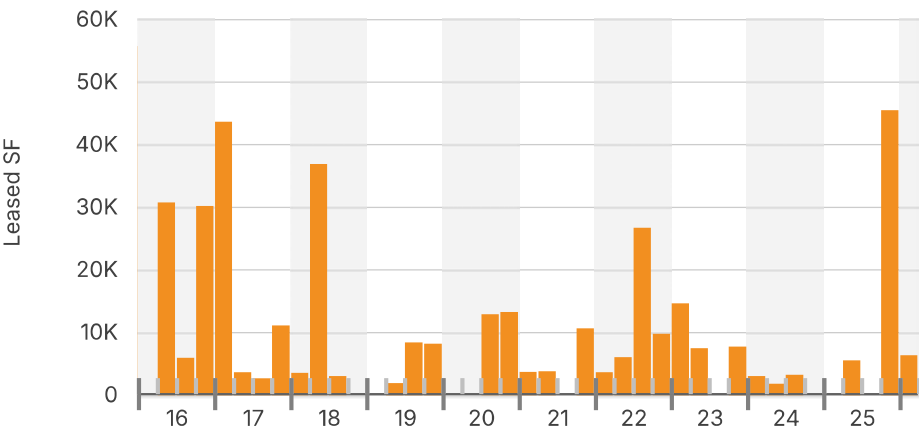


Search Analytics

Net Absorption



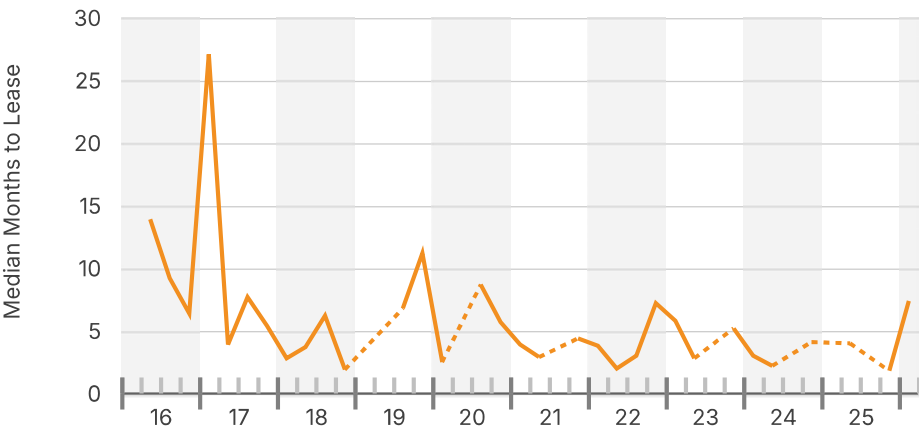
Leasing Activity



Months On Market

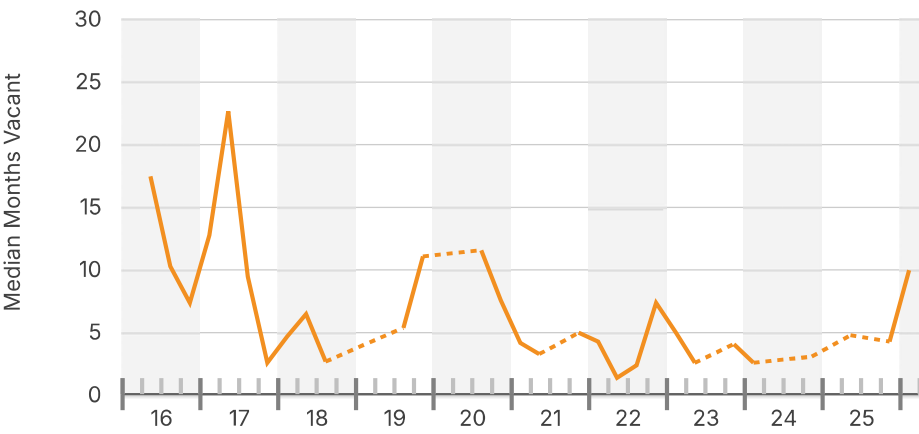


Months To Lease

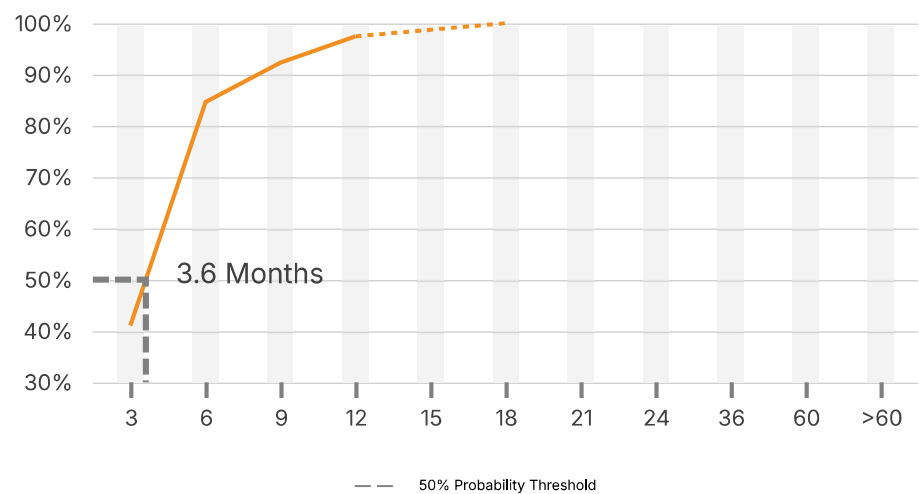


Search Analytics

Months Vacant



Probability Of Leasing In Months



Construction Starts

No Data Available



No data available for the past 10 years

Under Construction

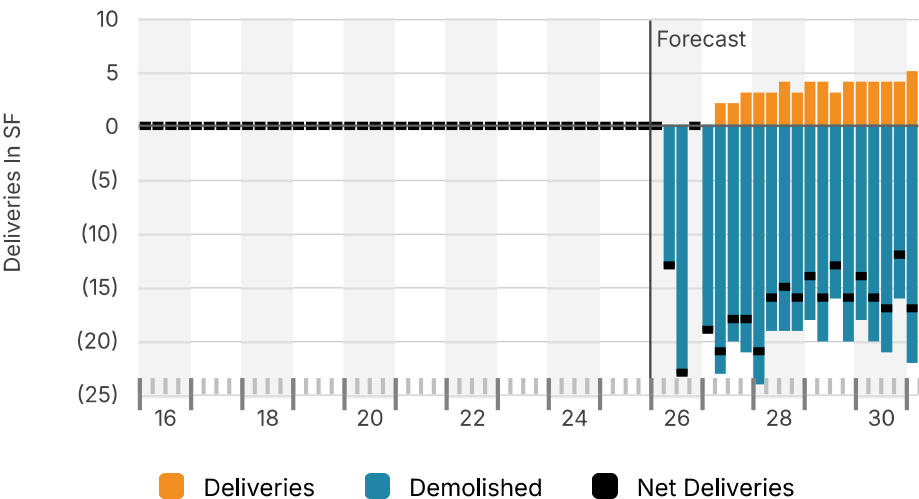
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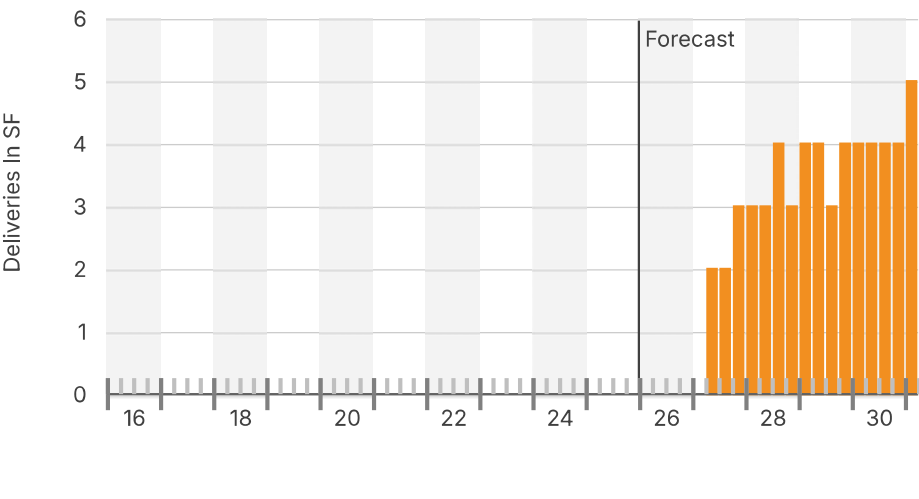
No data available for the past 10 years

Search Analytics

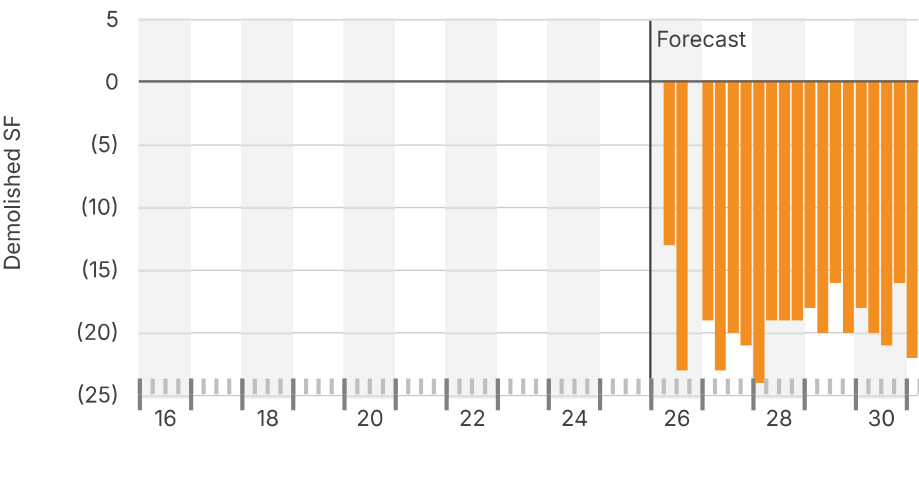
Deliveries & Demolitions



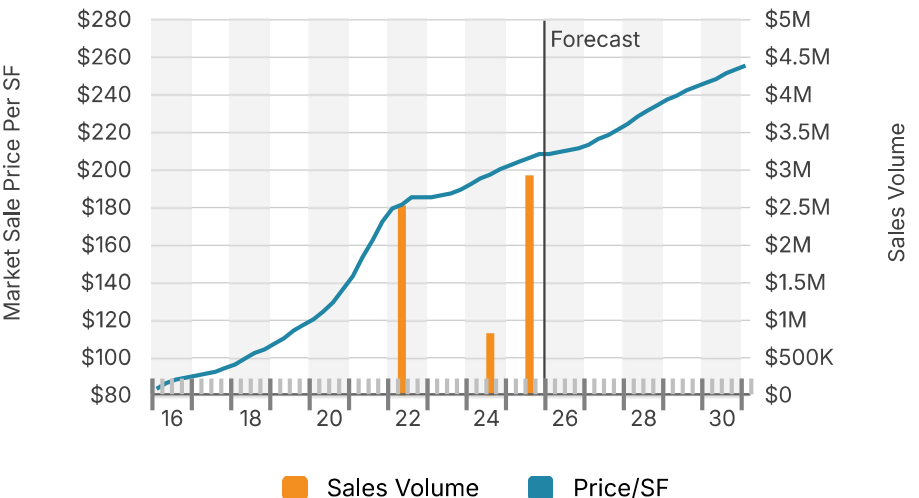
Deliveries



Demolitions

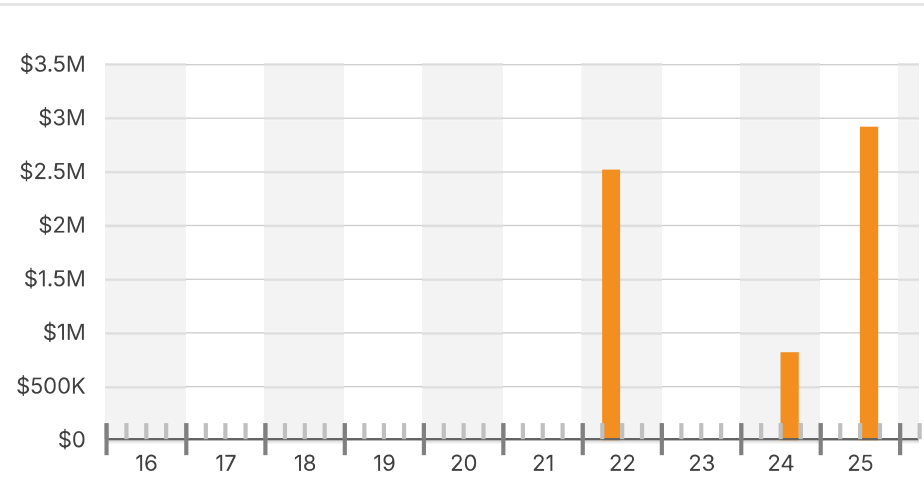


Sales Volume & Market Sale Price Per SF

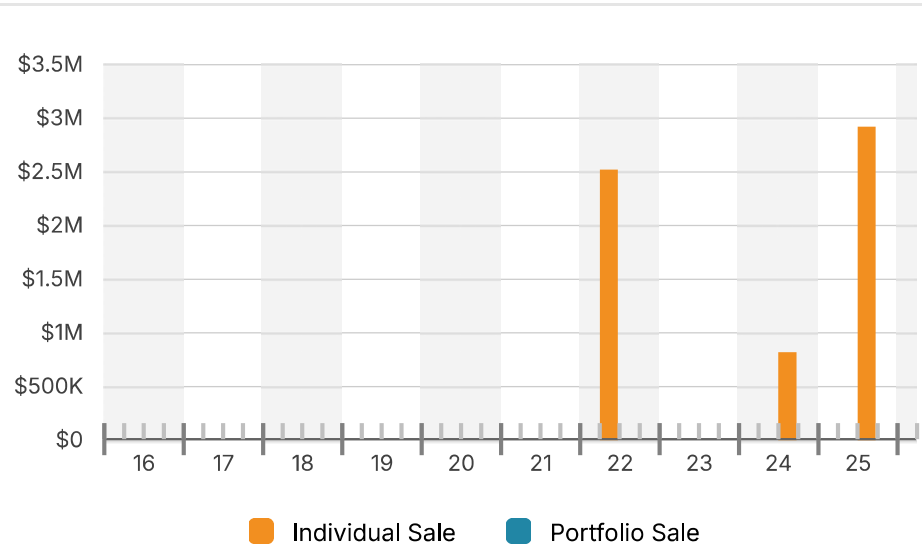


Search Analytics

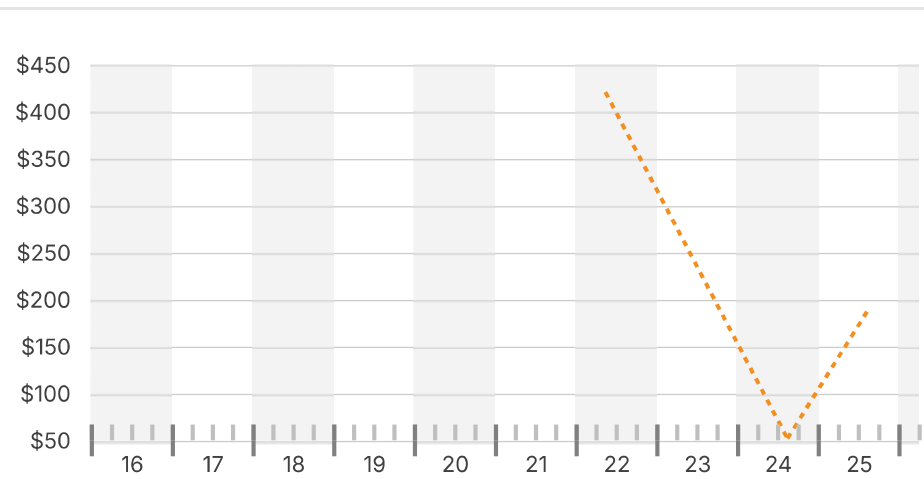
Sales Volume



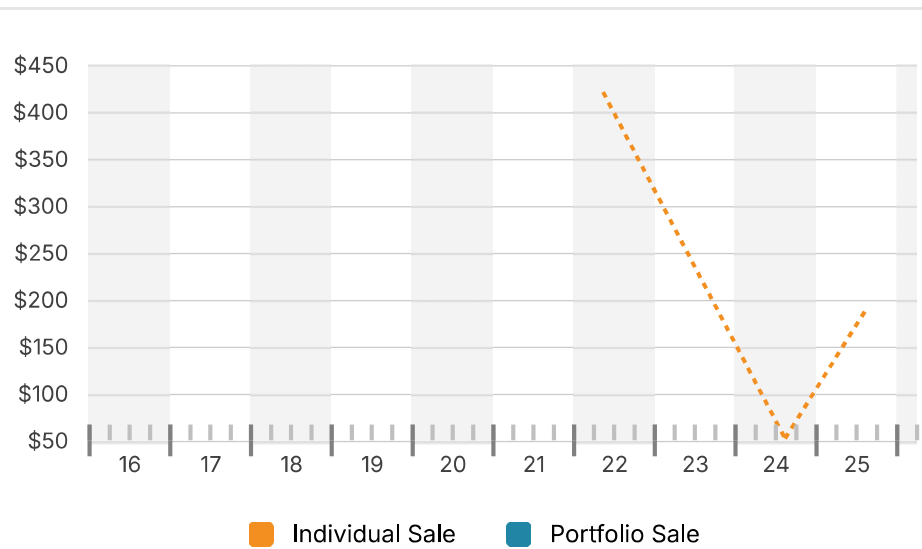
Sales Volume By Transaction Type



Sale Price Per SF

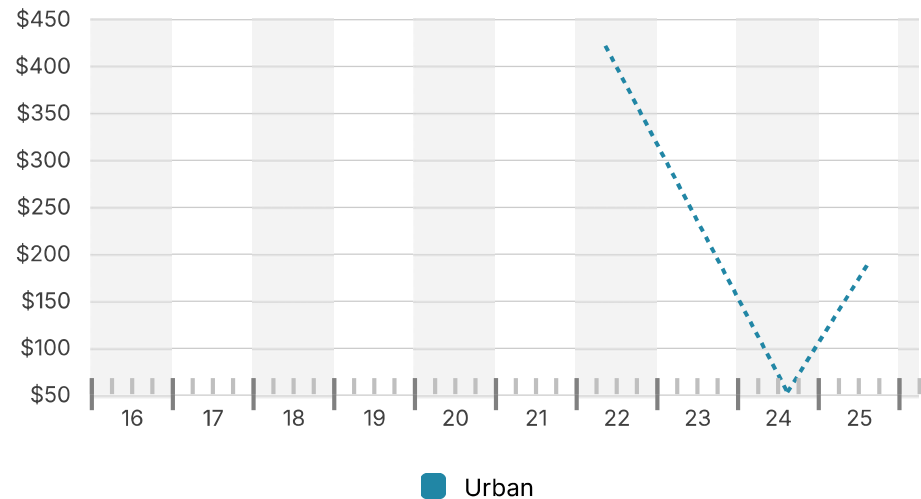


Sale Price Per SF By Transaction Type



Search Analytics

Sale Price Per SF By Location Type



Cap Rate

No Data Available



No data available for the past 10 years

Cap Rate By Transaction Type

No Data Available



No data available for the past 10 years

Cap Rate By Location Type

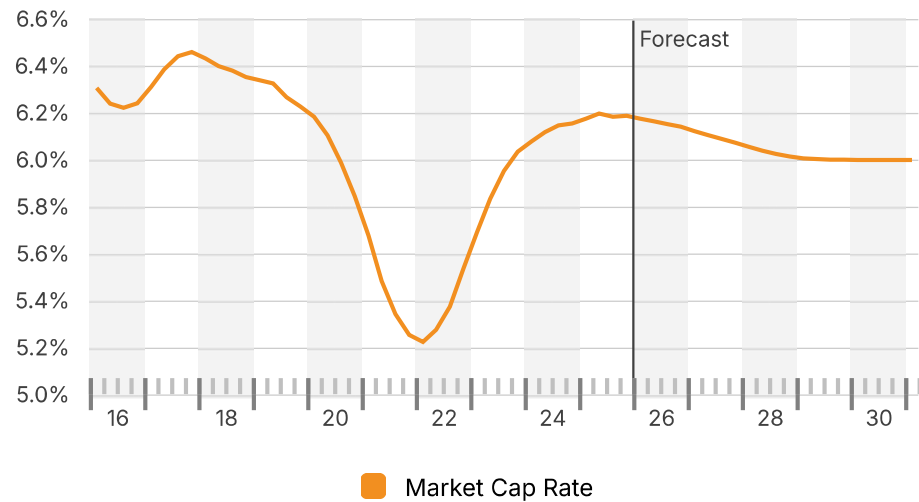
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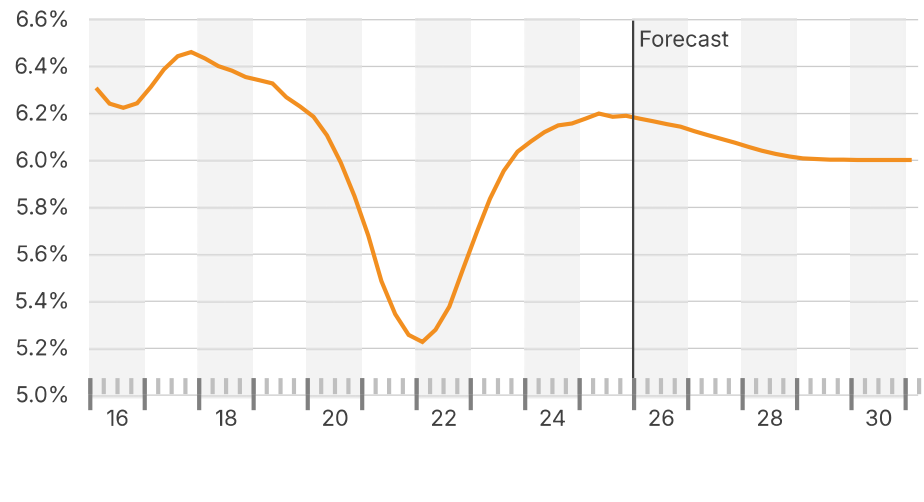
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Search Analytics

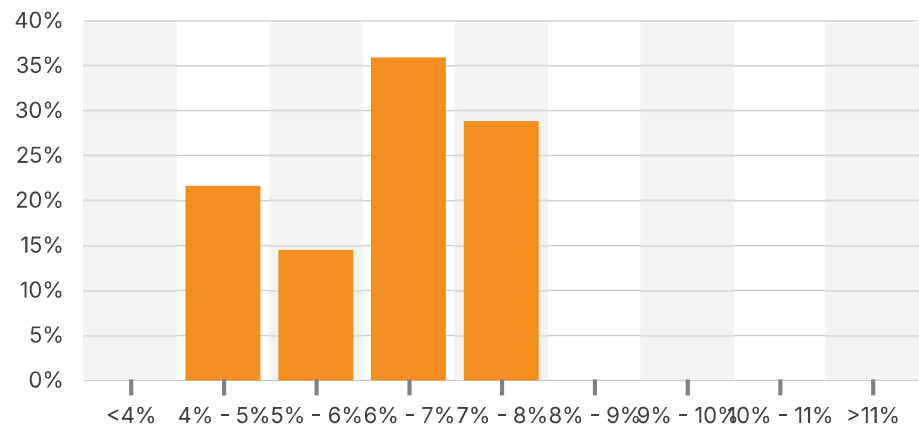
Market Cap Rate & Transaction Cap Rate



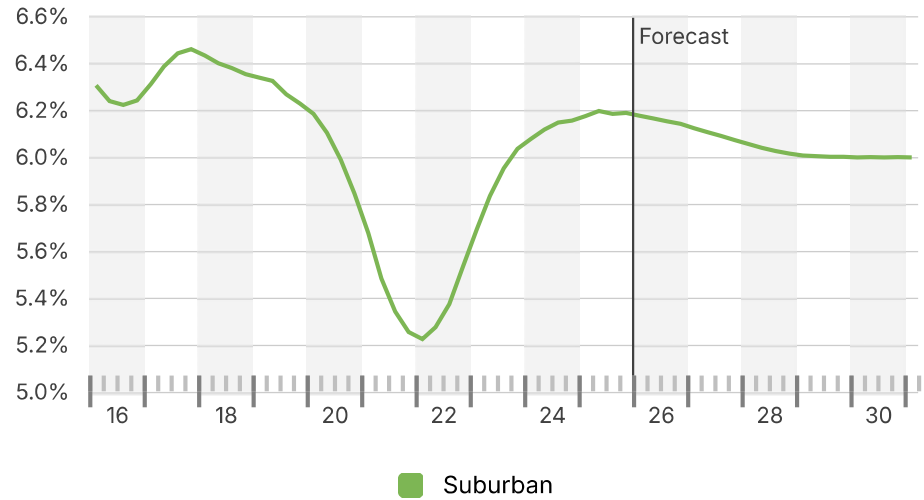
Market Cap Rate



Market Cap Rate Distribution

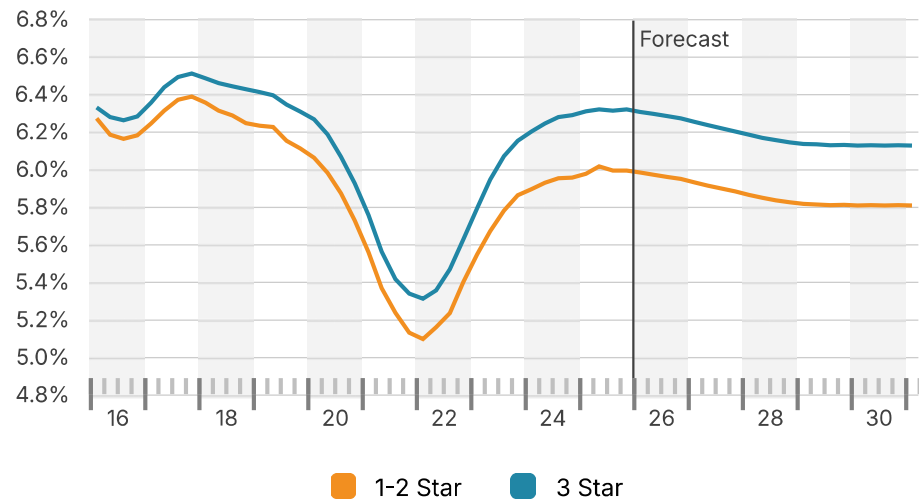


Market Cap Rate By Location Type

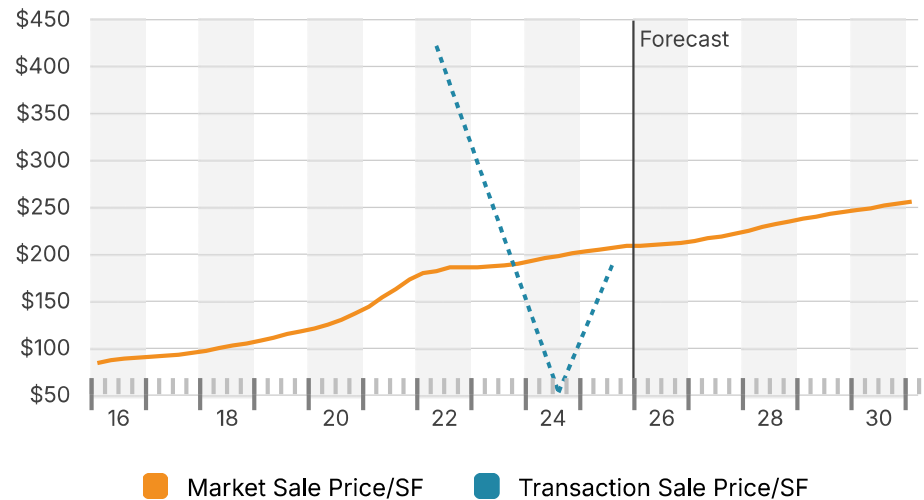


Search Analytics

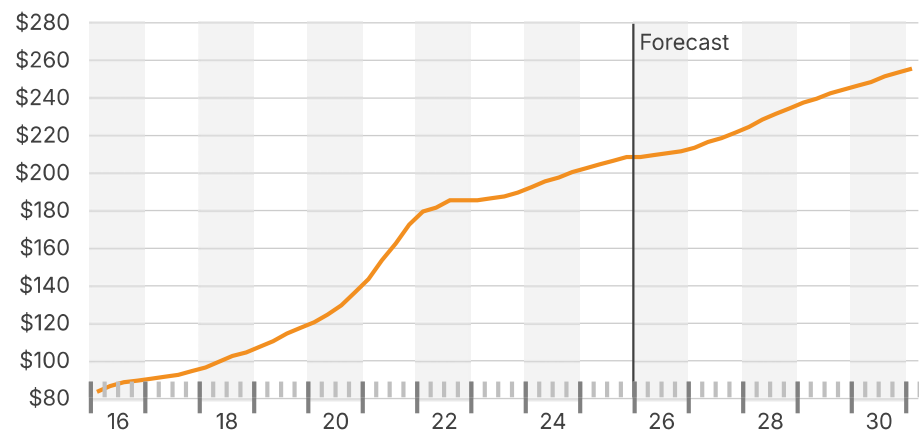
Market Cap Rate By Star Rating



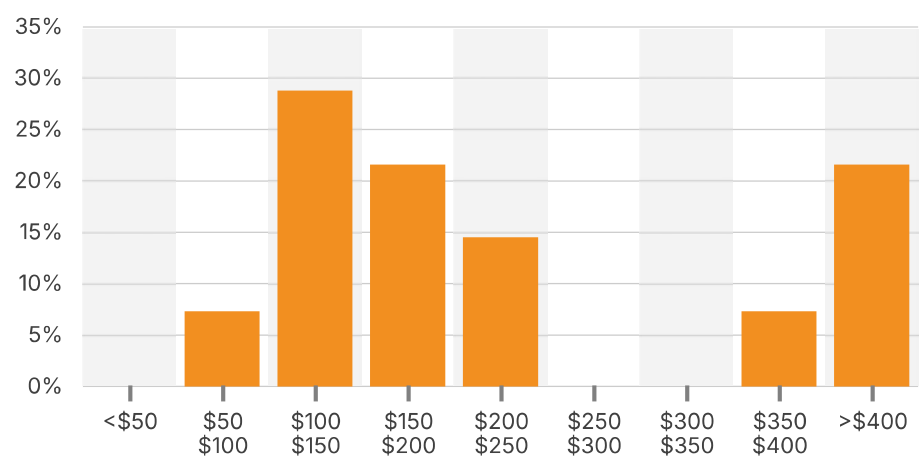
Market Sale Price & Transaction Sale Price Per SF



Market Sale Price Per SF

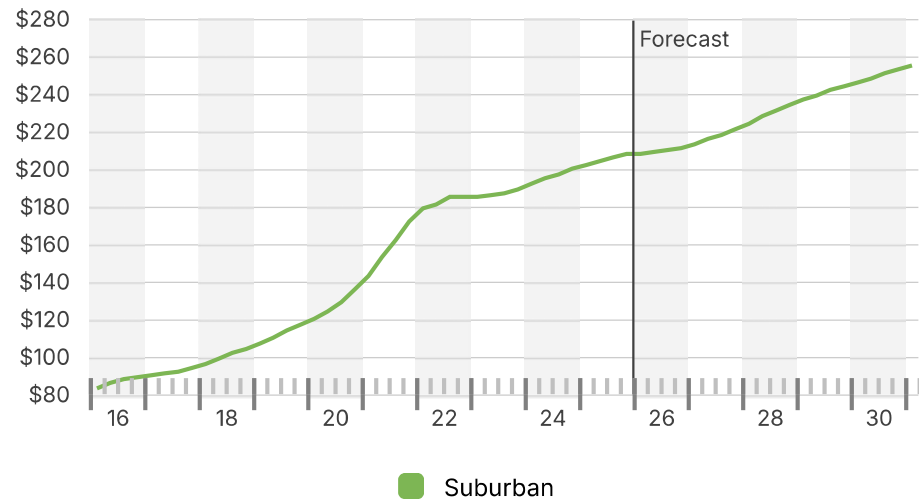


Market Sale Price Per SF Distribution

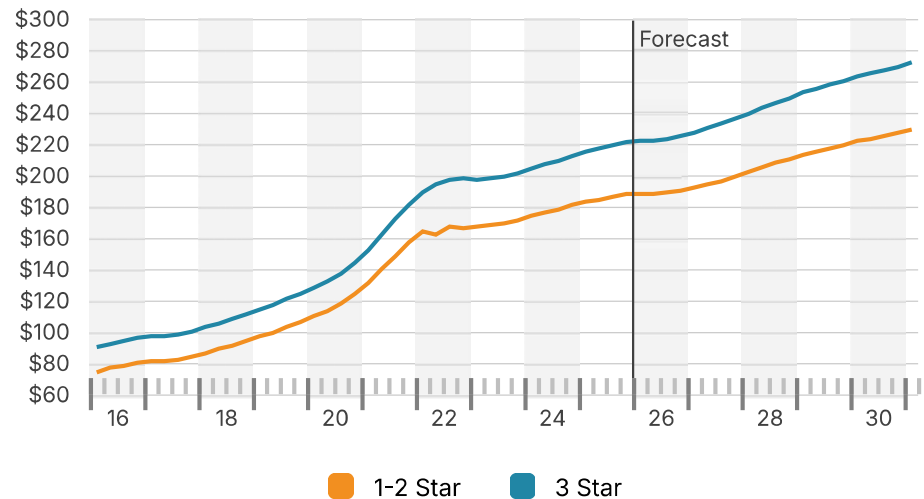


Search Analytics

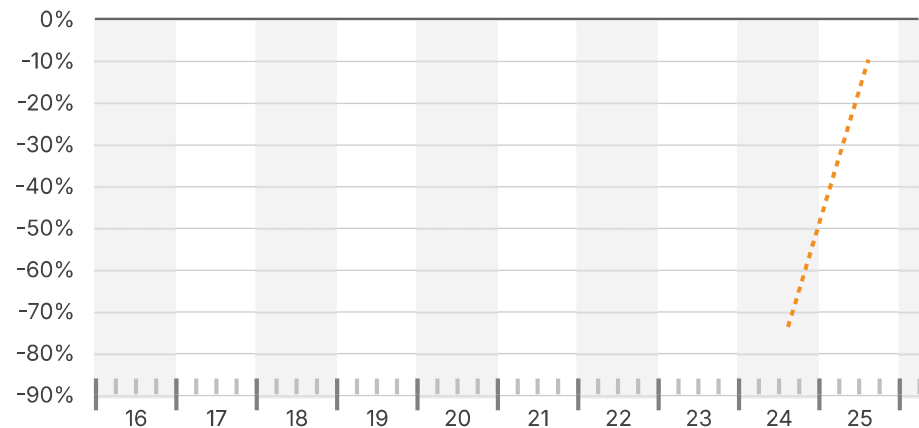
Market Sale Price Per SF By Location Type



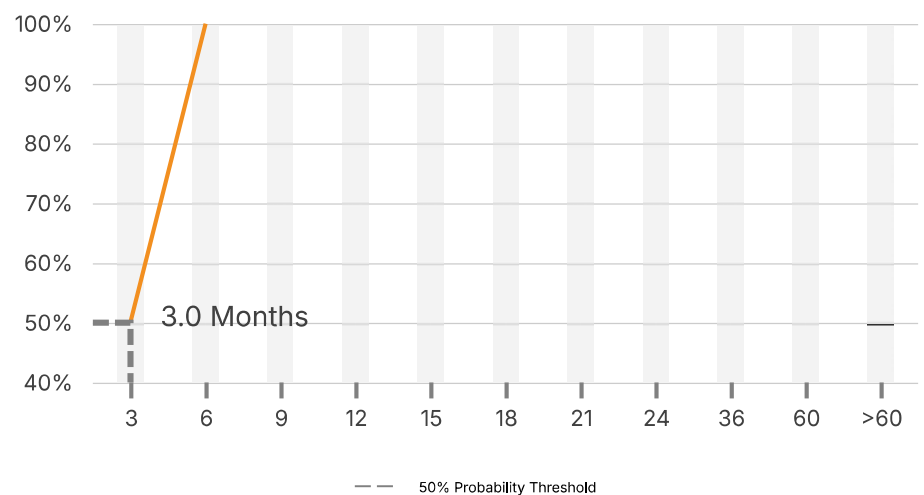
Market Sale Price Per SF By Star Rating



Sale To Asking Price Differential

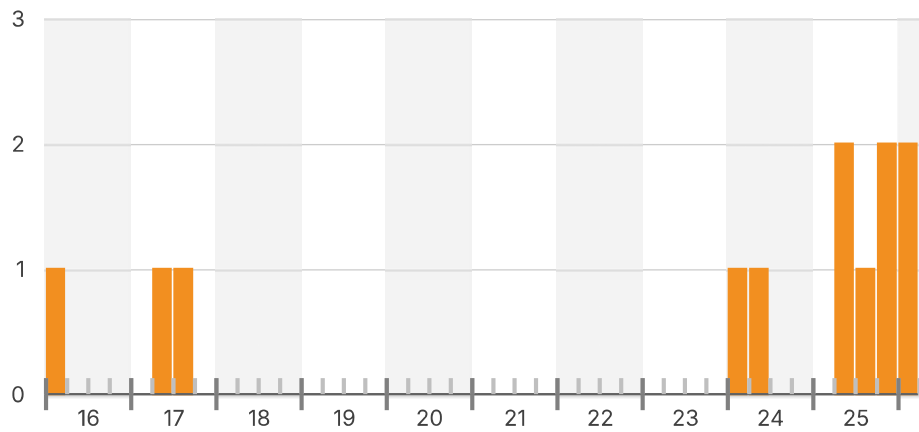


Probability Of Selling In Months

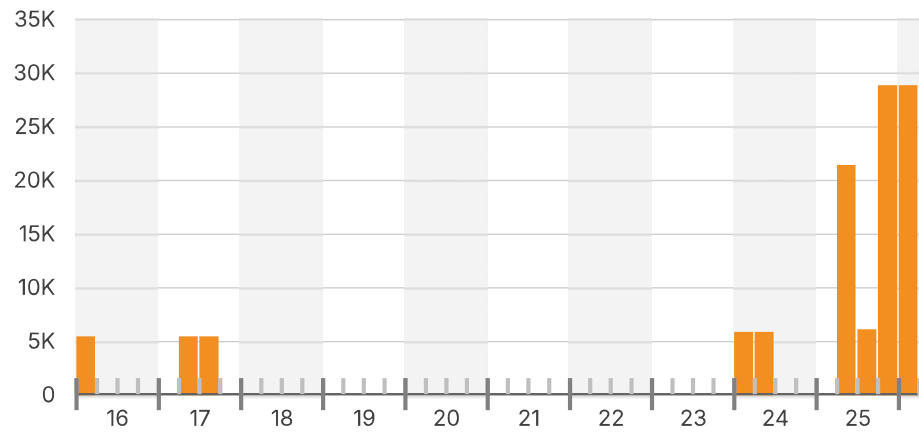


Search Analytics

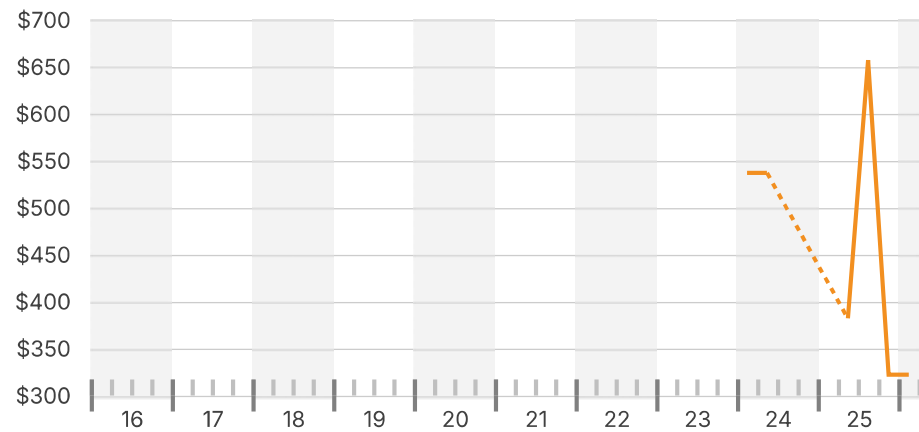
For Sale Total Listings



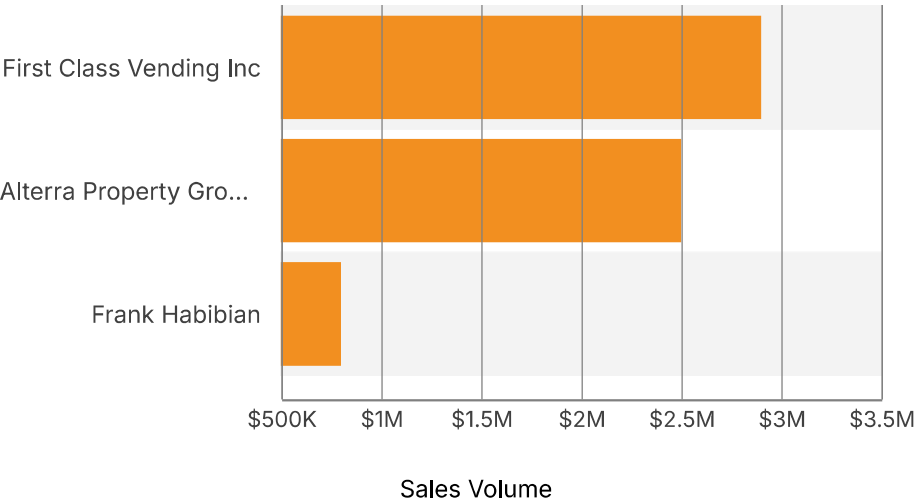
For Sale Total SF



For Sale Asking Price Per SF

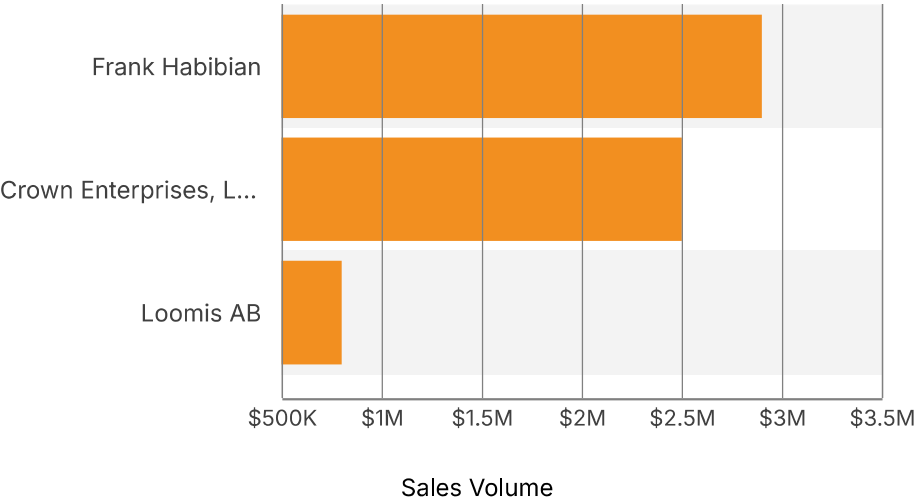


Top Buyers

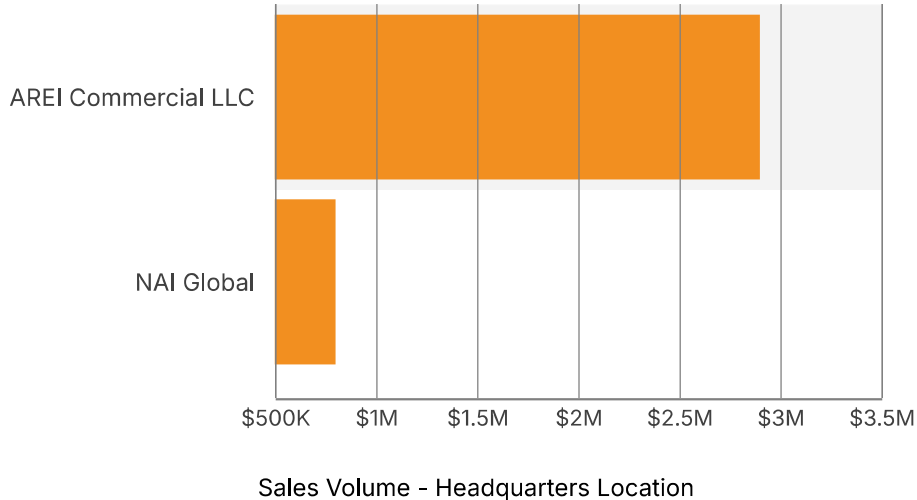


Search Analytics

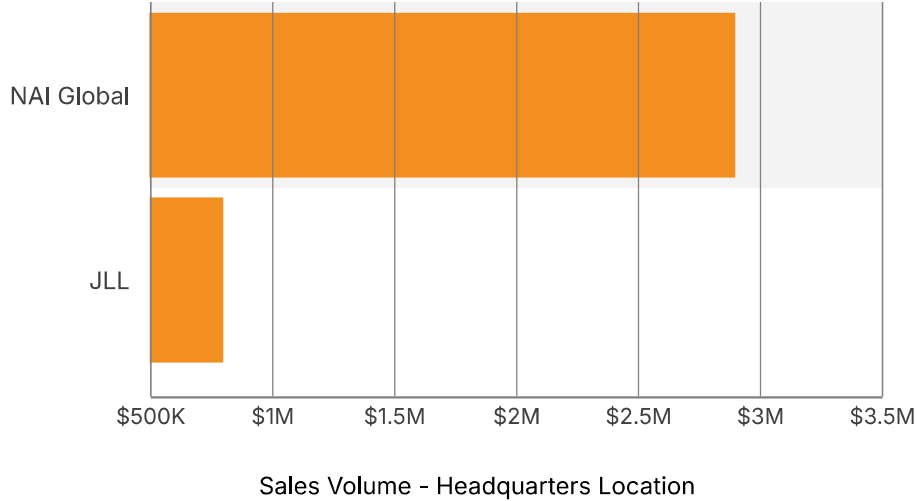
Top Sellers



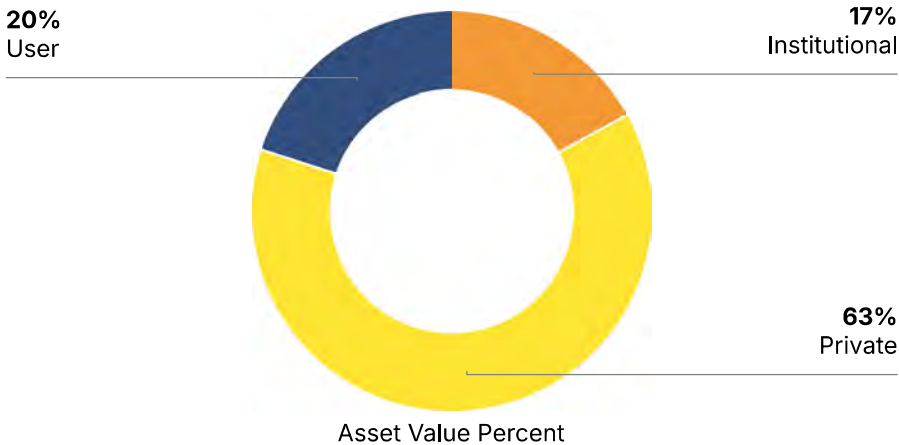
Top Buyer Brokers



Top Seller Brokers

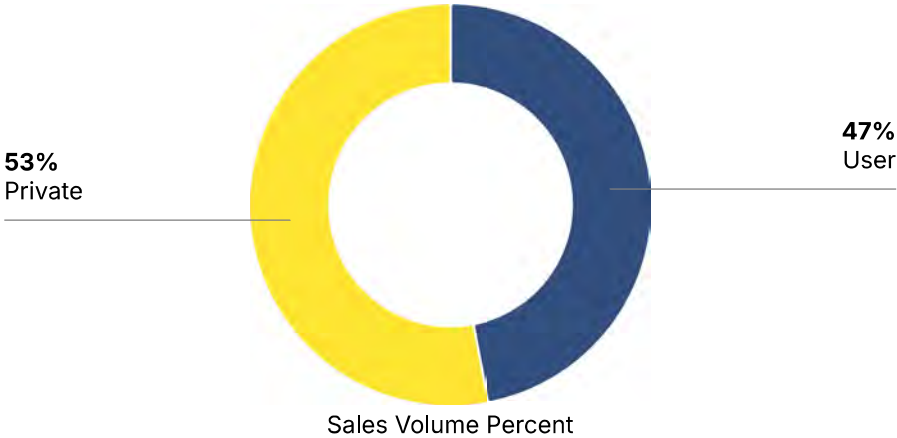


Asset Value By Owner Type

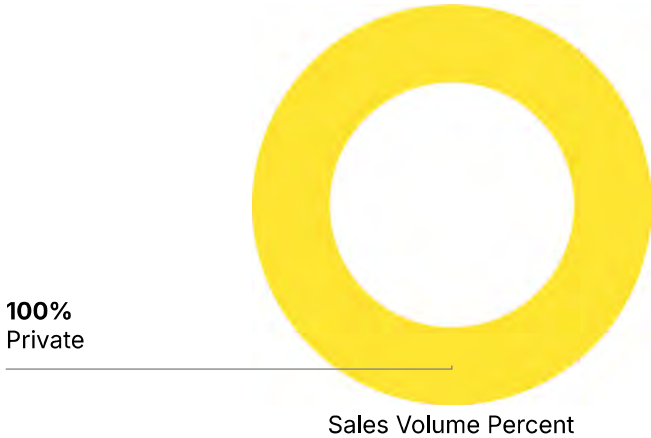


Search Analytics

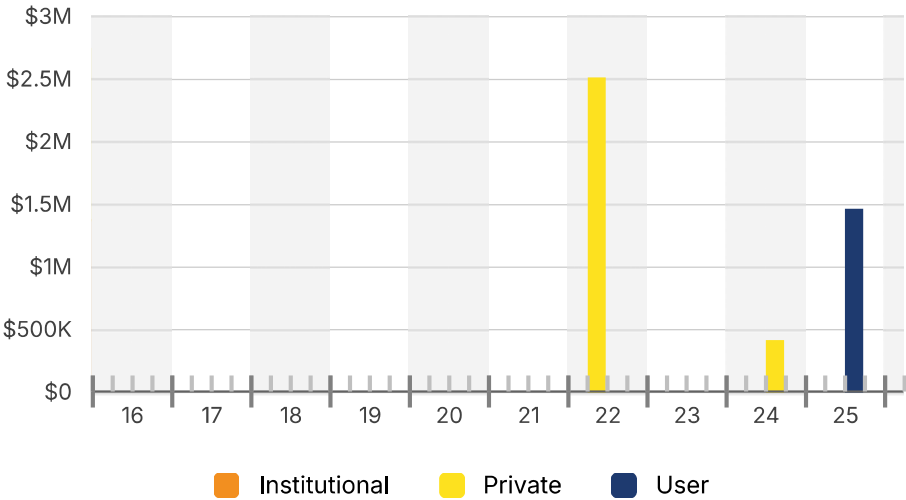
Sales By Buyer Type



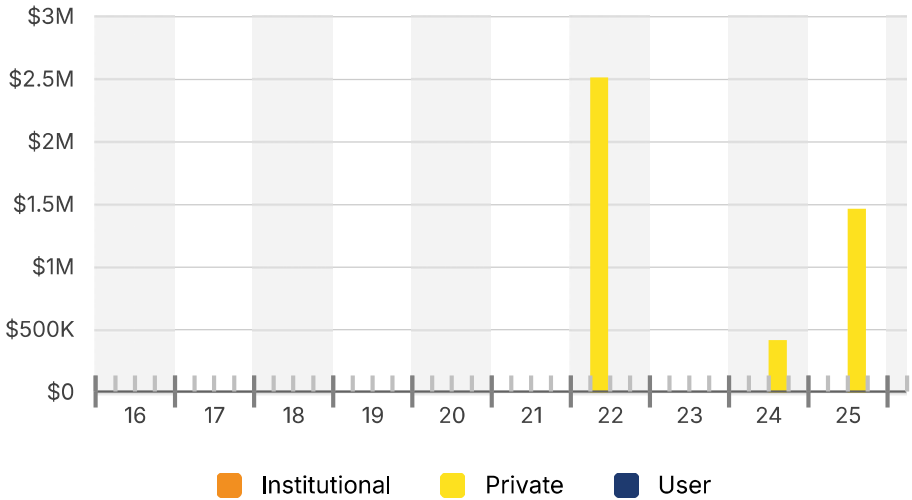
Sales By Seller Type



Sales Volume By Buyer Type

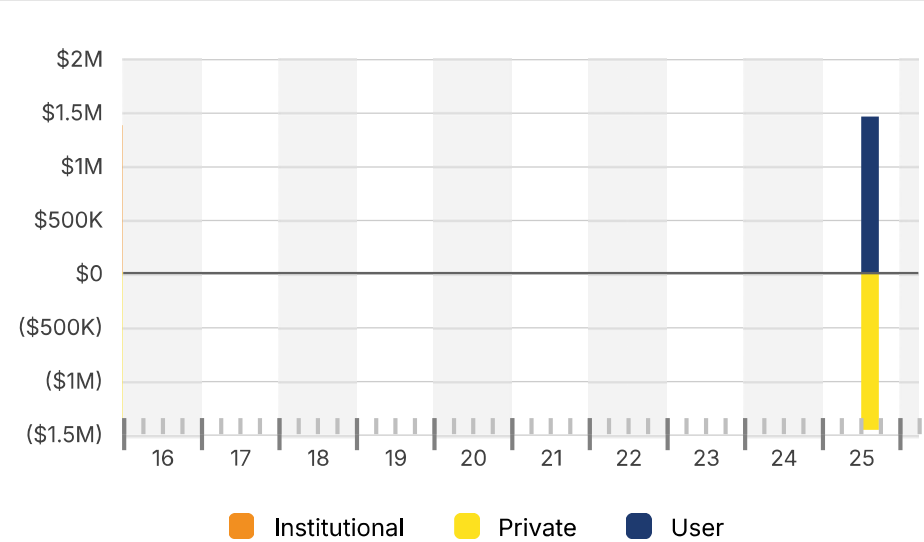


Sales Volume By Seller Type



Search Analytics

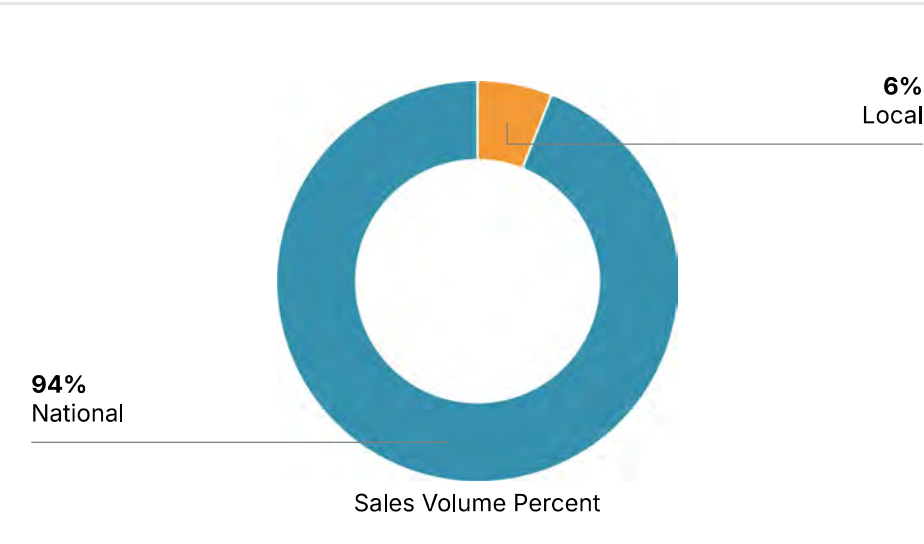
Net Buying & Selling By Owner Type



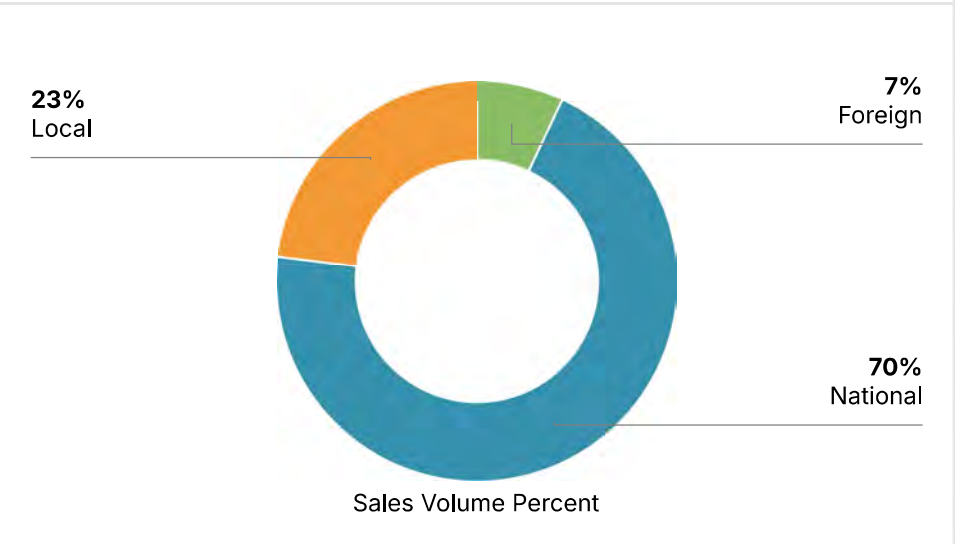
Asset Value By Owner Origin



Sales Volume By Buyer Origin

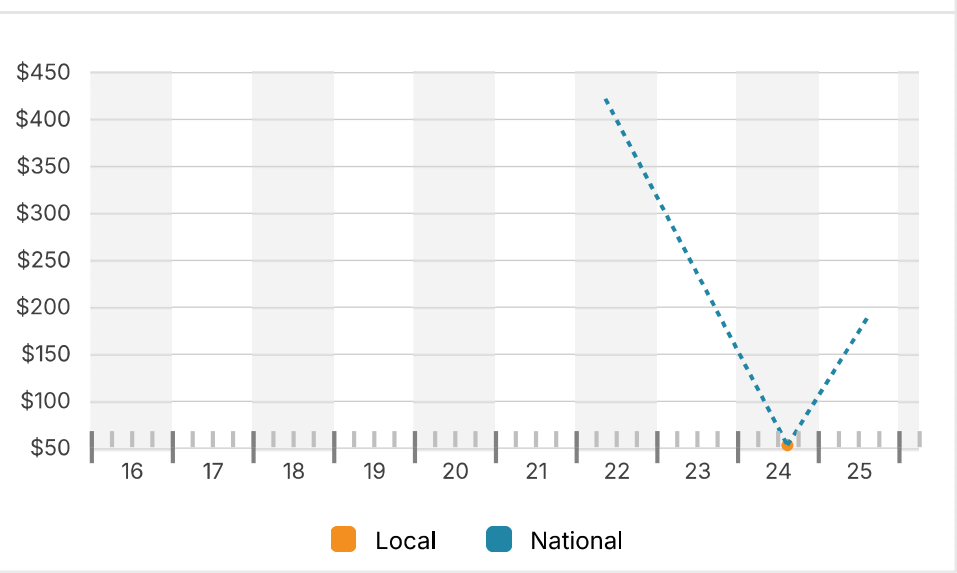


Sales Volume By Seller Origin



Search Analytics

Average Price Per SF By Buyer Origin



Average Cap Rate By Buyer Origin

No Data Available

No data available for the past 10 years

Report Criteria

14 Properties / 17 Spaces

Listing Type: For Lease

Submarket: Central East Las Vegas - Las Vegas +1

Lease Type: Assignment +2

Space Use: Industrial

MANAGEMENT AGREEMENT

BETWEEN

LAS VEGAS CONVENTION AND VISITORS AUTHORITY

and

TBC – THE BORING COMPANY, DBA VEGAS LOOP

THIS MANAGEMENT AGREEMENT (“Agreement”) is made and entered into this 1st day of February, 2021 (the “**Effective Date**”), by and between the **LAS VEGAS CONVENTION AND VISITORS AUTHORITY**, a State of Nevada local government entity (the “**Authority**”), and TBC – The Boring Company, d/b/a “Vegas Loop”, a Delaware Corporation, whose address is 1435 W. 139th Street, Gardena, CA 90249 (the “**Manager**”).

WITNESSETH:

WHEREAS, the Authority is the owner and operator of the Las Vegas Convention Center (the “**Convention Center**”), in Las Vegas, Nevada;

WHEREAS, the Authority has engaged the Manager under Design-Build Contract No. 4570 (Las Vegas Convention Center Campus Wide People Mover) to design, permit, construct, and install a Loop People Mover System underneath the Convention Center and through contiguous rights-of-way providing people movement services within the Convention Center, as more particularly described in **Exhibit A** hereto (the “**People Mover System**”);

WHEREAS, Manager is engaged in the business of providing management services, including operations and maintenance services for people mover systems of the same type and character as the People Mover System;

WHEREAS, the Authority has financed the Convention Center, including land and subsurface rights through and upon which the People Mover System will be sited, and has financed the cost of the People Mover System, with the proceeds of tax-advantaged bonds (as defined in Treas. Reg. § 1.150-1(b));

WHEREAS, the Authority desires Manager to provide management services for the Authority with respect to the People Mover System, on the terms and conditions contained herein; and

NOW THEREFORE, in consideration of the mutual covenants, terms, conditions, privileges and obligations herein set forth, and intending themselves to be legally bound hereby, the Authority and Manager mutually agree as follows:

SECTION 1

FORM OF AGREEMENT/COORDINATION

This Agreement shall consist of the terms and conditions contained in the following numbered paragraphs together with any exhibits attached or otherwise by reference made a part hereof. In the event of any conflict between or among the terms and conditions contained in such numbered paragraphs of this document and any such exhibits, which conflict cannot be resolved so as to give full effect to both or all provisions, then the provisions contained in this document shall be deemed to be controlling over the exhibits. The Chief Financial Officer of the Authority, or such person’s delegate (the “**Authority Contract Officer**”) is the official Authority representative and directs all services performed under this Agreement. Communication between the Authority and Manager shall be directed through the Authority Contract Officer, or such other Authority agency representative(s) as

the Authority Contract Officer shall designate. Manager agrees that during the Management Term it shall fully coordinate all services hereunder with the Authority Contract Officer or his or her designee.

SECTION 2

DEFINITIONS

Unless otherwise specifically indicated in this Agreement, the following words and phrases shall be defined as follows:

“Adjusted System Capacity” shall mean event-specific System Capacity requirements for Other Trade Show Events, if approved by Authority Contract Manager.

“Affiliate” shall mean: (1) persons related to Manager’s executive directors or principal officers by blood or marriage; (2) general partners, or employees, officers or directors of Manager; (3) a partnership, one or more of the general partners of which is a general partner in Manager; (4) an organization, one or more of the directors or officers of which are directors or officers of Manager; (5) organizations in which Manager has more than ten percent ownership, directly or indirectly.

“Capital Improvements” shall mean the acquisition of a capital asset, or an addition made to, or change made in, a capital asset, other than maintenance, to prolong the life of the People Mover System or to increase its efficiency or capacity with an expected useful life longer than one year and a cost of \$10,000 or more.

“Fiscal Year” shall mean the Authority’s fiscal year beginning July 1 of a given year and ending June 30 of the subsequent calendar year.

“Fixed Asset” shall mean a specific piece of real or personal property which is tangible in nature (possessing physical substance), has a unit acquisition value of \$10,000 or more, and has an expected useful life longer than one year.

“Full Facility Trade Show Event” shall mean a trade show concurrently occupying the exhibition hall west of Paradise Road and two exhibition halls east of Paradise Road.

“Gross Operating Revenues” shall mean all revenues generated from the People Mover System and collected by the Manager.

“Maintenance” shall mean operational repairs and People Mover System maintenance including, but not limited to, repairs or improvements to the People Mover System tunnel, HVAC, electrical, plumbing, janitorial, security, elevator and escalator repairs or improvements, and access areas. Maintenance shall not include repairs to the People Mover System, or other areas depicted in **Exhibit A** to this Agreement, required due to damage(s) not arising during routine operation of the People Mover System negligently or intentionally caused by Manager, or its employees, agents, contractors, invitees, or representatives.

“Management Term” shall mean that period commencing upon the Effective Date and ending on June 30, 2022.

“System Capacity” shall mean the transportation of an average of no less than 4,400 passengers per hour for thirteen hours.

“Other Trade Show Event” shall mean a trade show that utilizes fewer exhibition halls at the Las Vegas Convention Center than a Full Facility Trade Show Event.

SECTION 3

TERM

The Management Term of this Agreement shall commence on the Effective Date and end at midnight Las Vegas time on June 30, 2022 (the period between such dates being the **“Management Term”**), unless earlier terminated pursuant to the provisions of this Agreement. Upon expiration of the Management Term, such Management Term may be renewed for an additional five (5) years upon mutual agreement. The Authority represents that the Management Term does not exceed the lesser of (a) thirty (30) years and (b) eighty percent (80%) of weighted average reasonably expected economic useful life of the People Mover System and its components.

SECTION 4

SCOPE OF SERVICES

4.1 Scope of Services. Manager hereby agrees to perform and furnish such management services and systems as are needed to operate, manage, and maintain the People Mover System in a manner consistent with the operations of other similar first-class transportation systems, and in accordance with the terms and conditions of this Agreement. Manager agrees to follow the policies and guidelines of the Authority, now in existence and from time to time hereafter established by the Authority.

The Authority and the Manager acknowledge and agree that: (a) the Manager may construct another Loop system (the **“Expansion”**), including the potential Encore and Resorts World Connector projects, and connect the Expansion to the People Mover System and (b) unless expressly stated otherwise herein, the terms and provisions of this Agreement apply only to the People Mover System, and not in any way to the Expansion or any other Loop system connected to the People Mover System.

4.2 Specific Services. Without limiting the generality of the foregoing, Manager shall perform the following management services:

A. Employ, supervise and direct all employees and personnel consistent with the provisions of this Agreement.

B. Administer and negotiate easements, rights-of-way, franchises, licenses, permits, environmental and transportation permits and agreements, vendor agreements, and service contracts (including, without limitation, contracts for liability insurance, safety permitting and reviews, engineering, mechanical and structural maintenance, staffing and personnel needs (including security guards or any other security services), and any other services (collectively, **“Required Services”**) which are reasonably necessary or desirable for the operation of the People Mover System). Such licenses, agreements and contracts will be executed by Manager in its own name without prior approval of the Authority, provided that the term of such license, agreement, or contract does not exceed the remaining Management Term and provided that such agreements must be terminable in the event of termination of this Agreement. If any such license, contract or agreement is for a term which exceeds such Management Term such license, agreement or contracts may only be entered into if approved and

executed by the Authority. Manager assumes responsibility for all fines or penalties associated with the failure to obtain or perform appropriate Required Services, subject to Section 11.5 and other exceptions contained herein.

C. Maintain the People Mover System in the condition received, reasonable wear and tear excepted; provided that the Authority shall be responsible for undertaking all Capital Improvements and Fixed Asset purchases pursuant to Section 7.3.

D. Lease, or purchase or otherwise make available, all vehicles used for people movement as required in **Exhibit C** attached hereto.

E. Obtain all other equipment and maintenance supplies for the operation and maintenance of the People Mover System; provided, however, that the Authority shall be responsible for undertaking all Capital Improvements and Fixed Asset purchases pursuant to Section 7.3.

F. Provide day-to-day administrative services in support of its management activities pursuant to annual plans provided herein, including, but not limited to, the acquisition of services, equipment, supplies and facilities; internal budgeting and accounting; maintenance and property management; personnel management; record-keeping; collections and billing; and similar services. In all applicable matters, Manager shall provide the administrative services in accordance with federal, state, and local laws. Manager further assumes all responsibility for all fines or penalties associated with Manager's violations of said laws.

G. Operate and maintain the People Mover System in accordance with all the provisions of the Americans with Disabilities Act and any similar provisions of the laws of the State of Nevada, and/or Clark County, Nevada.

H. Operate and maintain the People Mover System in accordance with State of Nevada and Clark County permits and regulatory requirements.

4.3 Use of Premises. Manager shall use and occupy the space shown on **Exhibit A** attached hereto for the purpose of operating, maintaining and managing the People Mover System consistent with the terms and conditions of this Agreement, and for no other business or purpose whatsoever. It is expressly agreed that use of such space by the Manager is functionally related and subordinate to the Manager's management of the People Mover System.

The Authority shall have the right to use the facility or any part thereof, subject to availability and approval by Manager, for the benefit of the Authority for such purposes including, but not limited to, special events, meetings, hearings, seminars and training classes, without the payment of any rental or use fees by the Authority, subject to Section 4.10. Revenue from any rental of the stations in the People Mover System shall be included as Gross Operating Revenues of the People Mover System and will not affect the Manager's compensation set forth herein, except that the Authority shall compensate Manager for any additional services necessitated by such use (e.g. security, labor, etc.)

4.4 RESERVED.

4.5 People Mover System Operational Hours and Capacity. The People Mover System shall be operational at System Capacity for all Full Facility Trade Show Events from 7:00 am to 8:00 pm Pacific Time. The People Mover System shall be operational at Adjusted System Capacity for

Other Trade Shows Events from 7:00 am to 8:00 pm Pacific Time. The People Mover System shall be operational with a minimum of one driver or vehicle from 7:30 am to 5:30 pm Pacific Time for every weekday the Authority's administrative offices are open. The People Mover System may be closed for holidays, days the Authority's administrative offices are closed and there are no scheduled trade shows or conventions, or for other days without People Mover System operational need, with the approval of the Authority Contract Manager. Subject to Section 6.2, People Mover System operational hours may be increased or decreased permanently, or temporarily, at the direction of the Authority Contract Manager, with a minimum of seven days' notice to the Manager for temporary changes, and thirty (30) days' notice for permanent changes, provided that such increases or decreases are commercially reasonable.

4.6 Autonomous Operations: The Authority has procured the People Mover System, in part, because of the ability for People Mover System vehicles to operate autonomously. Manager shall endeavor to achieve autonomous operations within six months of the first date of service for a convention or trade show or as soon as possible. Manager shall achieve such autonomous operations by obtaining appropriate regulatory approvals, which may include an Amusement & Transportation Systems ("ATS") permit, to operate autonomously from the Clark County Department of Building & Fire Prevention.

Manager will develop a safety plan, which, if applicable, may include a program of self-certification for an autonomous driving program (which program may be determined by the ATS permitting process). See **Exhibit B**.

4.7 Insurance. Manager agrees to require that proper certificates and other evidence of insurance (or a self-insurance program acceptable to the Authority Contract Officer) as detailed in Section 11, will be furnished and kept in force at all times by all licensees, users, promoters, exhibitors, concessionaires, or other persons contracting with Manager for use of the People Mover System. All such policies shall name the Authority and Manager as additional insureds, and the Authority's Contract Manager shall approve of the Insurer.

4.8 Maintenance Schedule. Manager shall prepare a Maintenance schedule to be accomplished each year, such schedule to be part of Manager's Annual Plan which is more fully described in Section 10.2 below. The schedule may include information in the areas of People Mover System tunnel, environmental, HVAC, electrical, plumbing, janitorial, security, elevator, escalator, grounds maintenance, and other functions.

4.9 Advertising/Sponsorship. In general, all corporate or product advertising or sponsorship sales, including without limitation sales of naming rights, in-vehicle digital display opportunities, station billboards, signage opportunities with respect to the People Mover System (or any component thereof), and any future stations built on the Las Vegas Convention Center (LVCC or Convention Center) Campus, are the responsibility of the Authority, subject to Manager's approval (of both ad content and location), which is not to be unreasonably withheld. Manager shall retain control over its own company name and branding. The Authority Contract Officer may in his or her sole discretion, and where not in conflict with other contractual obligations of the Authority, delegate to Manager in writing specific authority with respect to a particular advertising or sponsorship opportunity. Revenue from any advertising or sponsorship sales within the People Mover System shall be included as Gross Operating Revenues of the People Mover System and will not affect the Manager's compensation set forth herein.

4.10 Right of Entry Reserved. Representatives of the Authority, designated in writing by the Authority Contract Officer, shall have the right to enter all portions of the People Mover System to inspect same, to observe the performance of Manager of its obligations under this Agreement, to install, remove, adjust, repair, replace or otherwise handle any equipment, utility lines, or other matters in, on, or about the premises, or to do any act or thing which the Authority may be obligated or have the right to do under this Agreement or otherwise. Nothing contained in this Section is intended or shall be construed to limit any other rights of the Authority under this Agreement. The Authority shall not interfere with the activities of Manager hereunder and the Authority's actions shall be conducted such that disruption of Manager's work shall be kept to a minimum.

SECTION 5

SAFETY

5.1 Manager Obligation. Manager shall be responsible for the safety and security of the passengers and the facilities, vehicles, and equipment used in the People Mover System, and for providing a safe workplace for its employees in the performance of vehicle and equipment maintenance responsibilities. Manager shall work cooperatively with the Authority, other contractors, and local, state and federal representatives in developing and implementing the safety and security procedures described in this Section. Manager shall comply with an approved Safety, Security, and Emergency Management Program (consistent with that which is set forth in **Exhibit B**), and shall adhere to all local, state and federal requirements for People Mover System safety, security, and emergency preparedness. Manager's Safety, Security, and Emergency Management Program will be complementary to the Authority's programs. Adherence to all safety and security requirements is a matter of utmost importance to the Authority.

5.2 Dedicated Staff. Manager, as part of its staffing plan, shall provide a staff person dedicated to safety, People Mover System security and emergency preparedness. This staff person shall have sufficient training and experience to assist the Authority in the coordination of emergency preparedness activities, write and amend the Manager's supplement to the Authority's security and preparedness plan, and generate required reports. The Authority shall have the right to approve the staff person proposed by Manager for this role.

5.3 RESERVED.

5.4 Attendance at Meetings. Manager shall require its staff person dedicated to People Mover System security and emergency preparedness to attend, on behalf of the Manager, monthly security committee meetings and special meetings with the Authority at the request of the Authority's Contract Manager.

5.5 Training. Manager shall ensure that training of all managers, supervisors and front line employees follows federal, local, and state recommendations, and that such training includes: (a) training in emergency management, incident response, counter-terrorism, Improvised Explosive Devices and Weapons of Mass Destruction; and (b) safety/OSHA related training (e.g., first aid, personal protective equipment, etc.).

Manager shall conduct refresher and/or re-training on an annual basis. Manager shall maintain documentation of training (e.g., sign in sheets, certificates, signed acknowledgements of training), and

shall maintain such documentation in a separate training file and provide it to the Authority upon request.

5.6 Reporting. Manager shall be responsible for regular reporting of information to the Authority Contract Manager relating to People Mover System safety and security. The following is a reference list of required reports and the timing of the report. The content of all reports shall be mutually agreed upon by Owner and Manager.

- o Daily:
 - Daily safety and security incident report.
- o Monthly:
 - Safety and security incident trend report.
 - Safety meeting agendas and minutes, including corrective actions taken as a result of items identified through the Manager safety committee.
 - Vandalism/incident tracking report.
 - Training sessions completed related to People Mover System security.
- o Annually:
 - Year-end trend analysis.
- o As other reports are required by local, state or federal agencies, Manager will be required to provide those reports and information.

5.7 Correction of Deficient Safety Performance. If the Authority determines that the Manager has not properly performed the safety or security obligations of this Agreement, the Authority may provide notice to the Manager of the deficiencies identified and require the Manager to correct the deficiencies within thirty (30) calendar days. In the event that the deficiencies identified in the Authority's judgment present safety issues, the Manager shall undertake best efforts to correct the deficiencies in twenty-four (24) hours, and if such corrections are anticipated to take longer than twenty-four hours, the Manager shall inform the Authority about the efforts undertaken to correct the deficiencies and provide an expected time of completion. People Mover System operations may also be halted for safety issues when necessary, as determined by either the Authority's Contract Manager, or his designee, or Manager. If the Manager fails to fully and properly correct such identified deficiencies within the applicable period, the Authority may perform the corrective work itself, or have such corrective work performed by another contractor, and in either such event shall deduct the cost of such corrective work from amounts otherwise due to the Manager.

5.8 Workplace Safety. Manager shall provide a safe workplace and safe working environment for all staff and all operations/maintenance activities, in accordance with required federal, state, and local requirements. Manager shall exercise reasonable care in discovering and preventing violations and in correcting identified hazards.

SECTION 6

MANAGER'S COMPENSATION

6.1 Base Management Fee. As base compensation to Manager for providing the services herein specified during the Management Term, the Authority shall pay Manager a monthly base management fee (the "**Management Fee**") of \$167,000 per month. The Management Fee is payable each month, regardless of trade show activity, with Manager providing at least one operational vehicle every weekday from 7:30 AM - 5:30 PM, as described in Section 4.5 for purposes to be designated by the Authority.

The obligation to pay such Management Fee commences the later of February 1, 2021 or Manager's receipt of a temporary certificate of occupancy by Clark County regulatory authorities. The Management Fee shall be payable on a monthly basis in advance, on or before the last business day of the preceding month. Except as provided under Section 11 of this Agreement, payment by the Authority of the Management Fee shall be due for any period so long as the Manager is not in default under this Agreement.

The Authority and Manager expressly agree that the Management Fee has been negotiated at arm's-length, with neither the Authority nor the Manager under any undue duress or influence, and is reasonable for the services to be rendered pursuant to this Agreement.

6.2 Operations & Management Fee: The Authority shall give the Manager 60 days' written notice (or as otherwise mutually agreed) of days on which the Authority expects to hold trade show events. The Authority shall pay Manager \$30,000 for each day of a Full Facility Trade Show Event and \$11,500 for each day of an Other Trade Show Event. The Authority and Manager may agree to different service levels for move-in/move-out or other days upon mutual agreement for a fee of \$500 per day per vehicle in operation. These amounts (the "**O&M Fee**") shall be paid in addition to the Management Fee (in advance on a monthly basis) corresponding to the month in which the trade show event days are scheduled.

In cases where the Authority and Manager have agreed to additional service with less than 60 days' notice, the O&M Fee may not accurately reflect the service provided in a given month. In this scenario, any unpaid services will be added to the O&M Fee for the following month. (For example, if the February O&M Fee is paid on January 31, and the Authority and Manager agree on February 3 to additional service for February 15, the added fee will be included in the March O&M Fee.) Similar adjustment downward will be made if the Authority reduces service levels and provides Manager adequate notice of change.

In the event that Manager constructs and operates the Expansion, the Manager commits to its connection to the People Mover System. The Parties agree to reduce the O&M Fee in recognition of the use of People Mover System facilities, such as the Operations Control Center, in the Expansion. The annual O&M Fee for the subsequent year will be reduced by 1% for each 30,000 fare-generating rides over a threshold value of 2,000,000 fare-generating rides beginning or ending in the People Mover System, measured annually in each calendar year (Fare-generating rides are those with fares payable to Manager). For example, if there are 2,060,000 fare-generating rides in the People Mover System in 2021, the annual 2022 O&M Fee shall be reduced by 2%.

6.3 Change of Scope: If the Manager is asked to provide additional services and/or the Authority imposes additional restrictions that create additional operational and/or financial burdens on the Manager, the Management Fee and O&M Fee shall increase accordingly, subject to mutual agreement.

This fee structure will be renegotiated prior to December 31, 2021, and will incorporate the post-pandemic operational schedule and the expected transition to autonomous vehicle operations. During periods of funded driver operations, the O&M Fee in Section 6.2 may be adjusted if Manager fails to provide high-capacity operation, as described in Manager's February 19, 2019 response to Authority RFP 19-4570. Such adjustment will be subject to negotiation between the Authority and Manager.

6.4 No Deferral of Management Fee. It is expressly agreed and understood that no portion of the Management Fee may be deferred to subsequent periods at and after such time as the obligation to pay such Management Fee arises under the terms of this Agreement.

SECTION 7

FUNDING; BANK ACCOUNTS

7.1 Non-Funding. The Authority shall have no obligation to pay the Manager for a Fiscal Year occurring during the Management Term unless and until the Authority shall have made an appropriation to fund the operation of the People Mover System for such Fiscal Year. Any failure by the Authority to make an appropriation with respect to any Fiscal Year occurring during the Management Term hereof shall not be construed as a breach of or default under this Agreement by the Authority and shall be without penalty, additional payments, or other charges to the Authority of any kind whatsoever and no right of action for damages or other relief shall accrue to the benefit of Manager, its subcontractors, successors or assigns, in respect thereof. Manager's inability to perform services hereunder or discharge any of its responsibilities hereunder due to such non-funding shall not be considered a breach of, or default under this Agreement by Manager and shall be without penalty, additional payments or other charges to Manager of any kind whatsoever.

In the event the Authority does not fund the operations of the People Mover System as described in this Section 7.1, Manager may terminate this Agreement pursuant to Section 9.4.

7.2 Receipts and Disbursements. Manager shall establish and maintain one or more operating, payroll and other bank accounts for the operation of the People Mover System, with signature authority given to such employees of Manager as Manager shall determine. Gross Operating Revenues collected from the operation of the People Mover System shall be deposited into such accounts. All Gross Operating Revenues collected from the People Mover System, including revenues from fares, facility or equipment rentals, utility rental agreements, food and beverage concessions, or any other source, are the sole property of the Authority, held in trust by Manager for the Authority for application as provided herein. Any amounts remaining in such accounts upon termination for any reason shall be paid to the Authority. Should any of such receipts be lost, stolen or otherwise unlawfully removed from the custody and control of Manager, Manager shall continue to be responsible therefor and Manager shall indemnify the Authority against any such loss by making payment to the Authority within forty-eight (48) hours of discovery of such loss, theft or unlawful removal. Funds held in accounts authorized by this Agreement may be invested in the same manner as would be authorized by the Authority's Investment Policy for Authority funds.

7.3 Capital Improvements; Fixed Assets. The obligation to pay for, and authority to perform, direct and supervise Capital Improvements and Fixed Asset purchases, shall remain with the Authority and will not be considered part of the Management Fee or O&M Fee. All Capital Improvements or Fixed Asset expenditures of less than \$10,000.00 shall be included in Manager's Annual Plan and be acquired and installed by Manager. The Annual Plan submitted pursuant to Section 10.2 shall include Manager's recommendation for Capital Improvements and Fixed Asset purchases to be accomplished during the year and shall be accompanied by an estimate of the cost of all such items and projects and a request that the Authority budget funds therefor. The Authority shall retain the discretion to determine whether and to what level to fund Capital Improvements and Fixed Asset purchases to the People Mover System. All Capital Improvement and Fixed Asset purchases shall be made directly by the Authority.

7.4 No Obligation of Manager to Fund. Manager shall have no obligation to fund any cost, expense or liability with respect to the operation of the People Mover System other than as expressly set forth in this Agreement.

SECTION 8

PERSONNEL

8.1 Personnel. On-premise management and service personnel are required for an efficient and smooth operation of the People Mover System. Manager shall select, employ, train, furnish and deploy in the optimum number (to match work requirements), in each work classification, employees who are proficient, productive, and courteous to patrons; and shall discipline, and if necessary, discharge any and all personnel working at the People Mover System who do not meet these standards. Manager will provide adequately trained "acting" personnel in the event of absences.

Supervisory personnel shall be on duty during shows and events to insure an adequate, pleasant and efficient operation.

Personnel supplied by Manager, other than subcontractors, shall be deemed to be employees of Manager and neither subcontractors nor Manager's employees shall, for any purpose, be considered to be employees of the Authority. Manager assumes full responsibility for the actions of such personnel, while performing services pursuant to this Agreement to the extent Manager is legally responsible therefor, and shall be solely responsible for their supervision, daily direction and control, and remuneration, taxes, withholding, insurance and Social Security. Manager agrees to manage its personnel in accordance with all applicable local, state, and federal laws and regulations.

8.2 Key Personnel: Manager shall furnish all necessary qualified supervision for the performance of management, maintenance, operation, safety, and security of the People Mover System and agrees to assign to this operation a highly competent, full time resident manager who shall have no other duties than the direction of this operation. Manager shall secure the approval of the Authority Contract Officer in advance as to the qualifications of the resident manager for this assignment.

If at any time the Authority Contract Officer finds that the resident manager is unsatisfactory, and such causes and reasons are reasonable, and are duly reported in writing by the Authority Contract Officer to Manager, then Manager shall, within a commercially reasonable time period, replace that person with one who is satisfactory of the Authority Contract Officer, whose consent is not to be unreasonably withheld.

8.3 Quality of Management Operations. All management and administrative services provided by Manager pursuant to this Agreement shall be of the high quality and of a nature to provide the best service possible in making available the People Mover System premises and activities to patrons and exhibitors. Management Services shall comport with the Annual Plan regarding management operations which shall be provided in accordance with the provisions of Section 7 and Section 10.2 of this Agreement. The Authority reserves the right to review the actual management and administrative operations in the People Mover System to ensure they are in keeping with the provisions of this Agreement and with Manager's annual plan.

8.4 Background Checks, Hiring Standards and Alcohol and Drug Testing. Manager shall, prior to hiring, conduct employee candidate background check of all positions, including criminal background checks for all jurisdictions in which the applicant has resided in the previous ten (10) years. Any decision regarding whether or not to hire an individual on the basis of a prior felony or misdemeanor conviction record shall be made by the Manager on a case-by-case basis, taking into account the nature and gravity of the criminal offense committed by such individual, the relationship of such offense to the nature and requirements of the job involved, considerations of business necessity, the time elapsed since the commission of the offense and/or the completion of the sentence, and other relevant considerations set forth in applicable Equal Employment Opportunity Commission guidance.

Manager shall ensure that drivers, or employees otherwise involved in the operations of the People Mover System, are tested in manner consistent with the Alcohol and Drug Testing Procedures as set forth in **Exhibit D**, including: pre-employment, reasonable suspicion, reasonable cause, random testing and return to service.

Manager shall maintain all records relating to background checks and drug testing conducted on all employees working in the People Mover System or otherwise providing services under this Agreement.

8.5 Training. Manager shall require that all employees complete initial and recurring training programs in all aspects of the operation and maintenance of services under this Agreement. At a minimum, these programs shall include:

- Emergency response training for all employees
- Vehicles accidents, disabled vehicle system removal, system interruptions, and emergency passenger evacuation
- Terrorism training; recognition, reaction and awareness training; improvised explosive devices & weapons of mass destruction training; and counter-terrorism training, for all employees.
- OSHA required training (i.e., Occupational Safety and Health Training, PPE, Drug-Free Workplace, Lock Out Tag Out, Confined Spaces, Hazardous Communications, etc.).
- Drug and alcohol training in accordance with **Exhibit D**.

8.6 Uniforms. Manager shall cause all customer-visible People Mover System employees to be attired in such uniforms or clothing as specified by the Manager and approved by the Authority.

8.7 RESERVED.

8.8 Monthly Reporting. In addition to the reporting requirements outlined in Section 5 of this Agreement, Manager shall provide a monthly People Mover System report to the Authority Contract Manager which shall include a written update of all current employees, by number and job title, working under this Agreement.

8.9 No Solicitation, Employment by Authority. During the period commencing on the Effective Date and ending one year after the expiration or termination of this Agreement, except with Manager's prior written consent, the Authority will not, for any reason, solicit for employment or encourage any other person or entity to solicit for employment, any of the senior management personnel employed by Manager at the People Mover System. In addition to any other remedies which Manager may have, specific performance in the form of injunctive relief shall be available for the enforcement of this provision.

SECTION 9

TERMINATION

9.1 Termination Upon Default. Either party may terminate this Agreement upon a default by the other party hereunder. A party shall be in default hereunder if (i) such party fails to pay any sum payable herein within sixty (60) business days after same is due and payable; or (ii) such party fails to perform or comply with any of the other terms, covenants, agreements or conditions hereof, including People Mover System safety requirements as described in Section 5 and **Exhibit B** attached hereto, and People Mover System capacity requirements as described in Section 4.5, and such failure continues for more than sixty (60) days after written notice thereof from the other party or a lesser period of time if such failure could reasonably have been cured sooner. In the event that a default (other than a default in the payment of money) is not reasonably susceptible to being cured within the sixty (60) day period, the defaulting party shall not be considered in default if it shall within such sixty (60) day period have commenced with due diligence and dispatch to cure such default and thereafter complete with dispatch and due diligence the curing of such default (even if such cure occurs after such sixty (60) day period).

9.2 Other Termination. The Authority may terminate this Agreement if Manager or any of its officers or employees are convicted, plead *nolo contendere*, enter into a formal agreement in which they admit guilt, enter a plea of guilty or otherwise admit culpability to criminal offenses of bribery, kickbacks, collusive bidding, bid-rigging, antitrust, fraud, undue influence, theft, racketeering, extortion or any offense of a similar nature in connection with Manager's business. Termination for the reasons stated in this subparagraph is effective upon receipt of notice.

9.3 Termination for Convenience by Authority. The Authority shall have the right to terminate this Agreement without cause upon one hundred twenty (120) days' written notice to Manager, provided such Termination occurs at least two years into the Management Term.

9.4 Termination by Manager. Manager shall have the right to terminate this Agreement upon ninety (90) days' written notice to the Authority: (i) under the circumstances described in Section 7.1 hereof; or (ii) if the Authority fails to fund Capital Improvements or Fixed Asset purchases to the extent that such action or omission interferes, impedes or impairs the ability of Manager to manage the People Mover System effectively or safely, in the Manager's sole discretion.

9.5 Effect of Termination. In the event termination is effected pursuant to Section 9.1, 9.2, 9.3 or 9.4: (i) the Authority will promptly pay Manager for any fees earned to date of termination (the Management Fee being subject to proration), less the cost to the Authority of making good any deficiencies and correcting all work improperly performed, exclusive of fees to firm(s) hired to replace Manager, (ii) the Authority may, in its discretion, assume the work theretofore performed by Manager and see that the same is completed by agreement with another party, and (iii) notwithstanding the foregoing, if Manager has complied with its obligations under this Agreement regarding contracting with third parties (including without limitation Section 4.2B hereof), then the Authority shall, or shall cause another management company retained by the Authority to, perform Manager's obligations under such contracts after the date of expiration or termination of this Agreement.

9.6 Non-Exclusive Remedies. The exercise by the Authority or Manager of remedies and rights provided herein shall in no way affect any other right or remedy available to the Authority or Manager except that no form of double recovery shall be allowed.

9.7 Surrender of People Mover System. Upon the expiration of this Agreement or in the event of a termination, Manager shall surrender and vacate the People Mover System upon the effective date of such expiration or termination. The People Mover System and all equipment and furnishings (not including vehicles) shall be returned to the Authority in good repair, reasonable wear and tear excepted, to the extent funds were made available therefor by the Authority. All reports, records, including financial records, and documents required to be maintained under this Agreement and related to this Agreement (excepting confidential or proprietary documents) shall be immediately surrendered to the Authority by Manager upon termination or expiration. Upon expiration or termination of this Agreement, Manager agrees to provide the Authority with a then current inventory of People Mover System equipment and furnishings. Manager shall provide instruction for Authority to operate People Mover System after surrender of the People Mover System by Manager, but this shall not involve the transfer of intellectual property.

SECTION 10

RECORDS, AUDITS AND REPORTS

10.1 Records and Audits. Manager shall keep full and accurate accounting records relating to its activities at the People Mover System, in accordance with generally accepted accounting principles. Manager shall maintain a system of bookkeeping adequate for its operations hereunder which has been approved by the Authority. Any changes to such system shall be subject to the approval of the Authority Contract Officer. Manager shall give the Authority's authorized representatives access to such books and records in Manager's offices during reasonable business hours and upon reasonable advance notice. Manager shall keep and preserve for at least three (3) years following each Fiscal Year all sales slips, rental agreements, purchase order, sales books, credit card invoices, bank books or duplicate deposit slips, and other evidence of Gross Operating Revenues for such period.

10.2 Annual Plan. Manager agrees to provide to the Authority for its review, revision and approval, on or before March 15th of each year, a management plan ("**Annual Plan**") that shall include information regarding Manager's anticipated operations for such upcoming Fiscal Year, including planned maintenance activities by Manager, requested Capital Improvements and Fixed Asset purchases and an anticipated budget therefor, anticipated events of the People Mover System, and anticipated advertising and promotional activities.

The Annual Plan shall be subject to review, revision and approval by the Authority Contract Officer. Following the Authority Contract Officer's review and revision, Manager shall incorporate the Authority Contract Officer's revisions into its plan. Upon approval by the Authority Contract Officer, it shall constitute the operating program for Manager for the following Fiscal Year.

10.3 Monthly Reports. By the twenty-first day of each month Manager shall provide to the Authority a written monthly report in a form approved by the Authority setting out the People Mover System's anticipated activities and financial condition for the remaining months in the current Fiscal Year and reporting on the prior month's performance and variance from the Annual Plan.

10.4 Annual Management Report. By September 30th of each year, Manager shall provide to the Authority a written report in a form approved by the Authority Contract Officer that discusses all material variances from the prior year's Annual Plan in sufficient detail to explain such variances.

SECTION 11

INDEMNIFICATION AND INSURANCE; FORCE MAJEURE

11.1 Indemnification by Manager. As further consideration hereunder, Manager hereby releases and agrees to indemnify, defend, and save harmless the Authority, its officers, agents and employees from and against any and all loss of, or damage to, property, or injuries to, or death of, any person or persons, including without limitation, property and officers, employees and agents of the Authority, and shall defend, indemnify and save harmless the Authority, its officers, agents and employees from any and all claims, damages, suits, casts, expense, liability, actions or proceedings of any kind or nature whatsoever, including Workmen's Compensation claims, of or by anyone whosoever, resulting from, or arising out of directly or indirectly, any negligent act or omission or willful misconduct of Manager or its officers, employees, servants, or contractors, invitees, guests, patrons, customers, suppliers and agents; provided, however, Manager shall not release, indemnify and save harmless the Authority, its officers, agents and employees from damage to or loss of property, or injury to or death of persons, caused by the negligence, willful misconduct or fraud of the Authority, its officers, employees or agents. The minimum insurance requirements prescribed herein shall not be deemed to limit or define the obligations of Manager hereunder.

11.2 Liability Insurance. If required by applicable law, Manager shall secure and deliver to the Authority Contract Officer prior to the commencement of this Agreement, and keep in force at all times during the Management Term, a commercial general liability insurance policy, written on an occurrence basis, including public liability and property damage, in such form and from such company as is acceptable to and approved by said Authority Contract Officer, covering the premises and operations hereunder, and all services provided for herein, in the amount of One Million Dollars (\$1,000,000) for bodily injury and Fifty Thousand Dollars (\$50,000) for property damage, or in a combined single limit of One Million Dollars (\$1,000,000), for each occurrence and in aggregate.

If applicable, Manager shall also maintain business auto insurance covering all applicable vehicles operated by Manager officers, agents and employees in connection with the People Mover System, whether owned by Manager, the Authority, or otherwise, in such form and from such company as is acceptable to and approved by the Authority Contract Officer. If Manager self-insures, Manager shall demonstrate to the Authority Manager's compliance with the applicable Nevada Department of Motor Vehicles requirements.

Manager shall be an insured under all such policies. The Authority shall be an additional insured in any insurance policy required hereunder and said policies shall contain a provision covering Manager's contractual liability to the Authority. For all coverages, the Authority and Manager mutually agree to waive the right of subrogation by their insurance carriers and Manager agrees that it shall require of each subcontractor, of all levels, a similar waiver of right to subrogation under their insurance policies. The certificates of the above policy, or policies, in such form as the Authority Contract Officer may reasonably require, shall be delivered to the Authority Contract Officer within five (5) business days of the Effective Date. If available, each such policy or certificate shall contain a valid provision or endorsement with the following statement (or a substantially similar statement): "This policy will not be canceled or materially changed or altered without first giving thirty (30) days' written notice thereof to the Authority's Chief Financial Officer, 3150 Paradise Road, Las Vegas, NV 89109, sent by certified mail, return receipt requested or by overnight courier service."

A renewal policy shall be delivered to the Authority Contract Officer at least fifteen (15) days prior to a policy's expiration date except for any policy expiring on the expiration date of this Agreement or thereafter.

All insurance maintained by Manager shall be primary over any insurance carried by the Authority and not require contribution by the Authority.

11.3 Worker's Compensation Insurance. Manager shall at all times maintain adequate Worker's Compensation Insurance (including occupational disease hazards) with an authorized insurance company (or with the Manager, if permitted to self-insure in Nevada) insuring the payment of compensation to all its employees. Manager agrees to provide the Authority Contract Officer certificates in number as required satisfactorily evidencing the existence of said Worker's Compensation Insurance coverage.

11.4 Patent, Trademark and Copyright Indemnification. The parties agree to secure and maintain, or to require users to secure and maintain, licenses for the use of musical works, videos, and other matters protected by intellectual property rights which are used during the operation of the People Mover System and the Manager agrees to assign to the Authority any such licenses which it secures or maintains at the termination or expiration of this Agreement. The parties agree to protect, defend, indemnify and hold harmless the other party, its officers and employees against any and all claims or lawsuits based on the violation of any intellectual property right which arises out of People Mover System activities within such party's control, including but not limited to violations of intellectual property rights by tenants and other users of the People Mover System during the Management Term. Notwithstanding the licenses for musical works and similar matters referenced above in this Section 11.4, upon the termination of this Agreement, all People Mover System intellectual property shall be retained by the Manager, and no transfer of such intellectual property to Authority shall occur.

11.5 Force Majeure.

A. Subject to subparagraph D of this Section, neither party hereto shall be liable to the other for any failure, delay, or interruption in performing its obligations hereunder due to causes or conditions beyond its control. However, such causes or conditions shall not include strikes, boycotts, picketing, slowdowns, work stoppages or labor disputes of any other type affecting Manager's staff and personnel which arise from or which are the direct result of Manager's management, operation, promotion and maintenance of the People Mover System or any other Manager managed facility or activity and are caused by or arise out of a collective bargaining

agreement to which Manager is a signatory party and which do not arise from and are not a result of a policy or guideline of the Authority. Nothing in this Section is intended or shall be construed to abate, postpone, or in any respect diminish Manager's obligations to make any payments due to the Authority pursuant to this Agreement.

B. Neither party hereto shall be under any obligation to supply any service or services if and to the extent and during any period that the supplying of any such service or services or the provision of any component necessary therefor shall be prohibited or rationed by any federal, state, Authority or municipal law, rules, regulation, order or directive.

C. Except as otherwise expressly provided in this Agreement, no abatement, diminution or reduction of the payments payable to Manager shall be claimed by or allowed to Manager, nor shall Manager be entitled to additional payments beyond those provided for in this Agreement for any inconvenience, interruption, cessation, or loss of business or other loss caused, directly or indirectly, by any present or future laws, rules, requirements, orders, directives, ordinances or regulations of the United States of America, or of the State of Nevada, or the Authority or of any other lawful authority whosoever, or by priorities, rationing, or curtailment of labor or materials, or by war or any matter or thing.

D. Neither party hereto shall be under any obligation to supply any service or services in the event of the damage to or destruction of the People Mover System by reason of casualty or occurrence of any event of nature or in the event of any regulatory action or requirements, so as to render the People Mover System wholly unusable.

E. Manager or Authority may suspend performance under this Agreement, without any further liability to the other party, in the event of any act of God or other occurrence, including epidemics or pandemics, which act or occurrence is of such effect and duration as to effectively curtail the use of the People Mover System so as to effect a substantial reduction in the need for the services provided by Manager for a period in excess of ninety (90) days; provided, however, that for the purposes of this subsection, Manager shall have the right to suspend performance retroactively effective as of the date of the use of the People Mover System was effectively curtailed. "Substantial reduction in the need for the services provided by Manager" shall mean such a reduction, as approved by the Authority Contract Officer in writing, as shall make the provision of any services by Manager economically impractical. No payments of the Management Fee shall be made by the Authority during the period of suspension. In lieu thereof, the Authority Contract Officer and Manager may agree to a reduced Management Fee payment for the period of reduction in services required.

SECTION 12

OWNERSHIP OF ASSETS; TAX AGREEMENTS

12.1 Authority Ownership. The ownership of real property and real estate, technical and office equipment and facilities, furniture, displays, fixtures, and similar property located at the People Mover System (and including, without limitation, the People Mover System, but excluding vehicles) shall remain with the Authority. Ownership of and title to all intellectual property rights of whatsoever value, held in the Authority's name, shall remain in the name of the Authority. The ownership of consumable assets such as office supplies and cleaning materials provided by the Authority shall remain with the Authority, but such assets may be utilized and consumed by Manager exclusively in the performance of services under this Agreement. The purchase of consumable assets shall be made

by Manager pursuant to this Agreement and such items shall become the property of the Authority but may be used and consumed by Manager. The ownership of data processing programs and software owned by the Authority at the commencement of this Agreement shall remain with the Authority, and the ownership of data processing programs and software owned by Manager at the commencement of this Agreement shall remain with Manager. Manager agrees not to take or use, for its own purposes, customer or exhibitor lists or similar materials developed by the Authority for the use of the Convention Center or the People Mover System, unless written consent is granted by the Authority Contract Officer. Ownership of equipment, furnishings, materials, or fixtures not considered to be real property and other personal property purchased by Manager for use at and for the People Mover System shall vest in the Authority automatically and immediately upon purchase or acquisition. Manager agrees that it may use portions of the People Mover System property and assets of the Authority solely and exclusively for the performance of services under this Agreement and not for any other purpose of Manager or any third party. Manager agrees that the assets of the Authority as described herein shall not be pledged, liened, encumbered or otherwise alienated or assigned for any purpose without the approval of the Authority.

12.2 Agreement Regarding Federal Tax Treatment. The Manager agrees that it is not entitled to and will not take any tax position that is inconsistent with being a service provider to the Authority with respect to the People Mover System. In furtherance of this agreement, the Manager agrees that it will not take any deduction for amortization or depreciation with respect to the People Mover System (or any separate component thereof, exclusive of the vehicles), investment tax credit, or deduction for any payment as rent with respect to the People Mover System.

12.3 Authority Obligations. Except as herein otherwise set forth, throughout the Management Term, the Authority will maintain full beneficial use and ownership of the People Mover System and will pay, keep, observe and perform all payments, terms, covenants, conditions and obligations under any bonds, debentures or other security agreements or contracts to which the Authority may be bound.

SECTION 13

ASSIGNMENT; AFFILIATES

13.1 Future Contracts. Manager may enter into such future contracts and subcontracts regarding People Mover System operations as Manager deems necessary or appropriate. All future subcontracts relating solely to the People Mover System operations (but not the Expansion) shall be subject to and consistent with the terms of this Agreement. Any and all revenues derived from such subcontracts shall be included in the Gross Operating Revenues for the People Mover System.

13.2 Assignment. This Agreement, and each of the rights, duties and obligations hereunder, including the right to receive the management fees and collect rents and other payments, shall not be assigned, pledged, transferred, sublet or otherwise disposed of, in whole or in part, by Manager without the express written approval of the Authority Contract Officer and consent by the Board of Directors of the Authority. Such approval and consent may not be unreasonably withheld, as long as the assignee can operate the People Mover System. The foregoing notwithstanding, Manager may assign this Agreement to (1) its affiliate or (2) a non-profit upon notifying the Authority, whose approval for such assignment is not required.

13.3 Affiliated Organizations.

A. Affiliated Organizations. Manager shall inform the Authority not less than thirty (30) days in advance if any of its Affiliates will receive payments from Manager as subcontractors or otherwise for goods, services, facilities, professional fees, leases, licenses or similar payments other than salaries for employees at the People Mover System. Any contract entered into between Manager and an Affiliate of Manager shall be on terms and for prices not more than those customarily charged in the industry for comparable goods and services.

B. Conflicts of Interest. No employee of the Authority shall have any personal or beneficial interest in the services or property described in this Agreement; and Manager shall not hire, or contract for services with, any employee or officer of the Authority that would be in violation of the Authority's Business Ethics Policy or the Nevada Code of Ethical Standards. Manager shall not engage in any transaction, activity or conduct that would result in a conflict of interest under this Agreement. Manager represents that it has disclosed any and all current or potential conflicts of interest. A conflict of interest shall include transactions, activities or conduct that would affect the judgment, actions or work of Manager by placing Manager's own interests, or the interests of any party with whom Manager has a contractual arrangement, in conflict with those of the Authority. The Authority, in its sole discretion, will determine the existence of a conflict of interest and may terminate this Agreement in the event it determines a conflict exists, after it has given Manager written notice describing the conflict.

SECTION 14

LAWS AND PERMITS

14.1 Permits, Licenses, Taxes and Liens. Manager shall procure any permits and licenses required and pay all charges and fees, necessary for the business to be conducted by it hereunder. The Authority agrees to cooperate with Manager in applying for such permits and licenses. Manager shall deliver copies of all such permits or licenses to the Authority Contract Officer. Manager agrees to pay promptly all taxes, excises, license fees and permit fees of whatever nature applicable to its operations at the People Mover System, and to take out and keep current all licenses, municipal, state or federal, required for the conduct of its business hereunder and further agrees not to permit any of said taxes, excise or license fees to become delinquent. Manager also covenants and agrees not to permit any mechanic's or materialman's or any other lien to become attached or be foreclosed upon the premises or improvements thereto or thereon, or any part or parcel thereof, by reason of any work or labor performed or materials furnished by any mechanic or materialman, so long as the work, labor or material was provided at Manager's direction. Manager agrees to furnish the Authority Contract Officer upon request, duplicate receipts or other satisfactory evidence showing the prompt payment by it of all taxes arising out of its use of the premises. Manager covenants and agrees, subject to the availability of funds from receipts and from Authority appropriations, to pay promptly when due all bills, debts and obligations incurred by it in connection with its operation of said business on or in the premises, and not to permit the same to become delinquent and to suffer no lien, mortgage judgment or execution to be filed against said premises or improvements thereon which will in any way impair the rights of the Authority.

14.2 Governmental Compliance.

A. Manager, its officers, agents, servants, employees, and any other persons over which Manager has control or right of control shall comply with all present and future laws, charter provisions, ordinances, executive orders, directives, rules and regulations of the United States of America, State of Nevada, the Authority, and Clark County, Nevada applicable to or affecting directly or indirectly Manager or its operations and activities on or in connection with the premises of the People Mover System. Manager shall take all reasonable and appropriate measures to enforce such laws against its invitees and licensees at the People Mover System. The foregoing compliance activities shall include without limitation Title III of the Americans with Disabilities Act (“**ADA**”) and the provision of such auxiliary aids or alternate services as may be required by the ADA. Absent compliance activities required for design, construction, or maintenance matters in existence prior to the Effective Date, nothing in this Section or elsewhere in this Agreement shall, however, require Manager to undertake any of the foregoing compliance activity, nor shall Manager have any liability under this Agreement therefor, if such activity requires any Capital Improvements or Fixed Asset, unless the Authority provides funds for such Capital Improvements or Fixed Asset pursuant to Section 7.3 hereof. Furthermore, Manager shall have the right to require any licensee, lessee, tenant, promoter or user of any portion of the People Mover System to comply, and to be financially responsible for compliance, with Title III of the ADA in connection with any activities of such licensee, lessee, tenant, promoter or user at the People Mover System.

B. Manager further agrees to protect, defend, indemnify and hold harmless the Authority, its officers, agents, and employees, from and against any all claims, damages, liability, suits, liens, and judgments, of whatever nature, including claims for contribution or indemnification, caused by or arising out of any violation of any of the aforementioned laws, ordinances, orders, directives, rules and regulations by Manager, its agents, servants, employees, or any other persons over which Manager has control or the right of control unless caused by the negligence, willful misconduct or fraud of the Authority, its officers, employees or agents. Without limiting the generality of any other provision hereof, Manager’s obligation to protect, defend, indemnify, and hold harmless, as set forth in this Section, shall include any and all attorneys’ fees and investigation expenses incurred by the Authority in the defense and handling of said suits, claims, judgments, and the like.

C. The Authority shall not be liable to Manager for any violation, or non-observance of, or non-compliance with, any of the aforementioned laws, ordinances, orders, directives, rules or regulations by any tenant, concessionaire, or other person at the People Mover System during the Management Term except to the extent that any such violation was expressly permitted or condoned by the Authority.

D. The Authority hereby represents to the best of its knowledge that as of the Effective Date, (i) the operation of the Convention Center has been conducted, and the premises of the Convention Center are, in compliance with, all present laws, charter provisions, ordinances, orders, directives, rules and regulations of the United States of America, State of Nevada, the Authority, and Clark County, Nevada, applicable to the Convention Center; and (ii) there are no conditions on, above, beneath or arising from the premises occupied by the Convention Center which might, under any law, give rise to liability or which would or may require any “response,” “removal” or “remedial action” (as such terms are defined under the federal Comprehensive Environmental Response, Compensation and Liability Act as amended by the Superfund Amendments and Reauthorization Act).

14.3 No Discrimination in Employment. In connection with the performance of work under this Agreement, Manager agrees not to refuse to hire, discharge, promote or demote, or to discriminate in matters of compensation against any person otherwise qualified, solely because of race, color, religion, gender, gender identification, age, national origin, military status, sexual orientation, marital status, pregnancy, parental status, or physical or mental disability; and Manager further agrees to insert the foregoing provision in all subcontracts hereunder.

SECTION 15

MISCELLANEOUS

15.1 Authority Purchases. The Authority may purchase services and supplies from Manager, subject to Manager's ability to supply such services and supplies.

15.2 No Partnership; Joint Venture. It is understood and agreed that nothing herein contained is intended or shall be construed to in any way create or establish the relationship of partners or a joint venture between the Authority and Manager. None of the officers, agents or employees of Manager shall be or be deemed to be employees of the Authority for any purpose whatsoever, including, without limitation, any federal income tax purposes.

15.3 Entire Agreement. This Agreement, together with the Exhibits hereto, contains the entire agreement between the parties and no statements, promises or inducements made by either party or agents for either party not contained in this Agreement shall be binding or valid.

15.4 Written Amendments. This Agreement shall not be altered, modified or amended in whole or in part, except upon agreement of all parties and in writing executed by the parties hereto. Written additions, deletions, or changes in the provisions of this Agreement which do not comply with this requirement shall not be binding on either party. No oral modifications, additions, deletions or changes to this Agreement shall have any validity whatsoever.

15.5 Approval by Authority Board. This Agreement, and each and every of its provisions and terms, are expressly subject to, and shall not be or become effective or binding on the Authority or Manager until approved by the Board of Directors of the Authority or the Board's approved delegate.

15.6 Interpretation.

A. In General. It is the intention of the parties hereto that the language hereof and all parts of this Agreement shall be in all cases construed simply according to their fair meaning and not strictly for or against either the Authority or Manager; it is agreed and understood that the Exhibits referred to herein and attached hereto and the rights and obligations contained therein are hereby incorporated into and shall be a part of this Agreement as if contained in the main body of this Agreement.

B. Disputes; Law Governing Interpretation. Manager and the Authority agree that all disputes and controversies arising out of this Agreement that are unable to be resolved through negotiation shall be settled by arbitration in accordance with the Comprehensive Arbitration Rules and Procedures of JAMS Mediation, Arbitration and ADR Services ("**JAMS**") in Clark County, Nevada. The dispute shall be heard and determined by one impartial arbitrator. The parties shall engage in discussions and attempt to select a mutually agreeable arbitrator. If the parties are unable to agree on

an arbitrator, the JAMS Arbitrator Selection process will determine the arbitrator. The federal rules of civil procedure shall apply, to include depositions, with respect to the arbitration. The findings of the arbitrators shall be final and binding. Any award of arbitration may include attorneys' fees and costs, including but not limited to expert witness fees, payable to the prevailing party in the arbitration, as determined by the arbitrators. The interpretation of this Agreement shall be in all respects governed by the laws of the State of Nevada and the charter and ordinances of the Authority.

C. Section and Paragraph Headings. The Section and/or paragraph headings herein and through this Agreement are for the convenience of the Authority and Manager in reference only, and are not intended nor shall they be used to construe the intent of this Agreement or any part thereof, or to modify, amplify, or aid in the interpretation or construction of the provisions thereof.

D. Gender and Number. The use of any gender herein shall include any or all genders, and use of any number shall be construed as the singular and/or the plural, all as the context may require.

E. Time. Time is of the essence hereof, and every term, covenant and condition shall be deemed to be the essence hereof, and any breach by the Authority or Manager shall be deemed to be of the very substance of this Agreement.

F. Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the Authority, and to such successors and assigns of Manager as are approved by the Authority to succeed Manager's rights upon and subject to the terms hereof.

G. Consent or Approval. Whenever under this Agreement "reasonableness" is the standard for the granting or denial of the consent or approval of either party hereto, such party shall be entitled to consider public and governmental policy, moral and ethical standards as well as business and economic considerations. In every case wherein consent or approval is required, such comment or approval shall be obtained prior to taking the action at issue.

H. No Third-Party Beneficiary. This Agreement is solely for the benefit of the parties hereto and no third party shall be entitled to claim or enforce any rights hereunder.

I. Severability. The Authority and Manager agree that if any Section or provision of this Agreement, or any portion of any Section or provision, shall for any reason be held to be void, illegal or otherwise enforceable, all other portions of this Agreement shall nevertheless remain in full force and effect.

15.7 Notices.

A. All notices required to be given by Manager to the Authority pursuant to this Agreement shall be in writing and sent by registered or certified mail or by overnight courier service, or via e-mail to:

Chief Financial Officer
Las Vegas Convention and Visitors Authority.
3150 Paradise Road
Las Vegas, NV 89109

efinger@lvcva.com

with a copy to:

Purchasing Department
Las Vegas Convention and Visitors Authority.
3150 Paradise Road
Las Vegas, NV 89109

purchasing@lvcva.com

or to such other place(s) as the Authority may from time to time designate in writing.

B. All notices required to be given by the Authority to Manager pursuant to this Agreement shall be directed in writing and sent (1) via-email and (2) by registered or certified mail or by overnight courier service to:

President
The Boring Company
3395 Cambridge Street
Las Vegas, NV 89169

steve@boringcompany.com

with a copy to:

Ashley Steinberg
The Boring Company
3395 Cambridge Street
Las Vegas, NV 89169

ashley@boringcompany.com

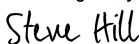
or to such other places as Manager may from time to time designate in writing to the Authority Contract Officer.

15.8 Non-Waiver. A failure by either party to take any action with respect to any default or violation by the other of any of the terms, covenants, or conditions of this Agreement shall not in any respect limit, prejudice, diminish, or constitute a waiver of any rights of such party to act with respect to any prior, contemporaneous, or subsequent violation or default or with respect to any continuation or repetition of the original violation or default.

...

15.9 No Personal Liability. No elected official, director, officer, agent or employee of the Authority nor any director, officer or employee of Manager, shall be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or because of any breach thereof or because of its or their execution, approval or attempted execution of this Agreement.

Approved:

DocuSigned by:


Steve Hill, CEO, LVCVA

2/11/2021

Date

DocuSigned by:


Steve Davis, President, TBC – The Boring Company, DBA Vegas Loop

2/9/2021

Date

Approved as to form:

DocuSigned by:


Caroline Bateman, General Counsel, LVCVA

2/10/2021

Date

EXHIBIT A - PEOPLE MOVER SYSTEM

People Mover System (“Loop”) Project Description

Alignment

The Loop system is 0.83-mile, twin tunnel transportation system located at the existing LVCC, connecting the east side of the LVCC South Hall to the LVCC West Hall. The Loop alignment contains the following three stations:

- Station 1: South Hall Station (Surface; 8 Parking Stalls)
- Station 2: Central Hall Station (Subsurface; 10 Parking Stalls)
- Station 3: West Hall Station (Surface; 9 Parking Stalls)

From Station 1, the Loop travels northwest beneath Desert Inn Road towards the LVCC Central Hall and Silver Drive to Station 2, then continues west across Paradise Road under Convention Center Drive, terminating at Station 3.

Figure 1 – Loop Alignment and Stations 1, 2, and 3



Figure 2 – Station 1 Rendering and Layout



Figure 3 – Station 2 Rendering and Layout



Figure 4 – Station 3 Rendering and Layout

Tunnels

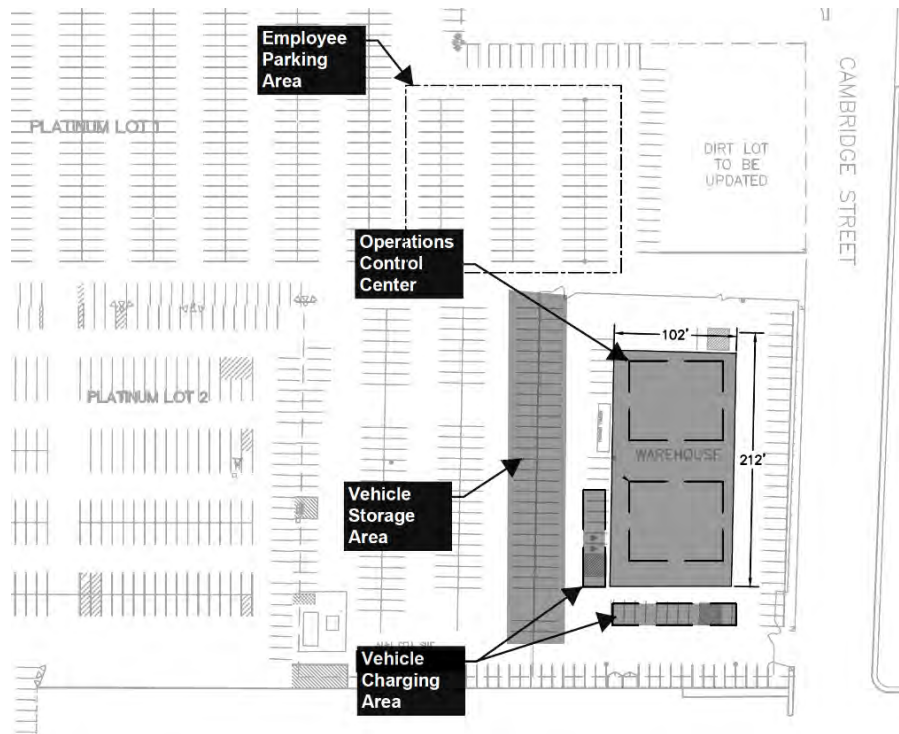
The two tunnels are the pathways for passenger travel within Loop vehicles. Each tunnel has an inner diameter of 12 feet and is comprised of precast segments. The segments are primarily composed of concrete that contains evenly distributed steel fibers and other additives, including monofilament polypropylene fibers for structural support, fire resistance, and concrete longevity. Each tunnel also contains lighting, video, communications, ventilation, drainage, fire safety, and other life safety systems.

Figure 5 – Tunnel

Operations Control Center Facility

The primary location for system management, safety and security monitoring, and emergency identification and notification is the OCC, located adjacent to a Convention Center parking lot. The OCC is staffed by trained TBC personnel. Communication lines run in both directions, such that the OCC communicates directly with the Loop vehicles, and the Loop vehicles can reach the OCC.

Figure 6 – Map of OCC



The OCC is linked to the tunnel network via fiber connections to facilitate communications, management, and monitoring. Additionally, the tunnel network is connected continuously to the OCC via redundant dedicated fiber strands.

The OCC contains the safety equipment including:

- Workstations for monitoring all tunnel/station cameras and vehicles, and interacting with traffic control/lights/systems
- Fire / life safety panels
 - Wall screens displaying Tunnel and station camera feeds
 - System health monitoring screen
- Landline telephones for calls to/from Emergency Call Boxes, drivers, and external agencies
- First Aid kit

The OCC also houses the maintenance facility for the CWPM.

Vehicles

Loop vehicles carry passengers between stations within the Loop system. Loop vehicles are production Tesla Model X, and Model 3 vehicles modified for Loop operations. Figure 6 provides representative images of the vehicles be used in the Loop.

Figure 7 – Tesla Model X (top) and Model 3 (bottom)



EXHIBIT B - SAFETY, SECURITY AND EMERGENCY PROGRAM OVERVIEW

(Note: this Exhibit is a representative sample of the safety and security procedures to be implemented by Manager. Manager shall comply with the below or with comparable standards.)

1.0 Purpose

This exhibit provides a summary of TBC – The Boring Company, d/b/a Vegas Loop (“**Manager**”)’s procedures regarding the safety and security of its employees, passengers, and systems for the Las Vegas Convention and Visitors Authority (“**Authority**”) Las Vegas Convention Center (“**Convention Center**”) Campus-Wide People Mover (“**People Mover System**”). The content provided is an overview of the plans and procedures MANAGER implements to provide safety and security during operations. In addition, the emergency preparedness protocols are summarized to further highlight the actions that TBC has taken to ensure the safety and security of its employees, passengers, and systems. Manager is dedicated to the safety and security of all aspects of its operations.

2.0 Safety

2.1 Written Workplace Safety Plan

Manager has established a Written Workplace Safety Plan, which complies with the State of Nevada and federal Occupational Safety and Health Administration (“**OSHA**”) laws, in order to provide information and guidance for the establishment and maintenance of an accident and illness-free work environment. The Plan outlines proper safety protocols and emergency response procedures, and will be distributed to all Manager employees, subcontractors, and relevant emergency response personnel, such as Clark County Fire Department and Las Vegas Metropolitan Police Department. Manager’s management will be responsible for the distribution of this Safety Plan, and a member of Manager’s management will be designated as the on-site liaison between Manager and emergency response agency leadership.

This program details how Manager intends to implement occupational safety and health programs required under Title 29 of the Code of Federal Regulations (“**CFR**”), OSHA standards (part 1910), and Construction (part 1926). This program also complies with specific fire and electrical safe practices and provisions established by the National Fire Protection Association (“**NFPA**”) including NFPA 70 (National Electrical Code) and NFPA 101 (Life Safety Code). Compliance will be evaluated and documented during all formal safety inspections and surveys.

2.1.1 Content

The Written Workplace Safety Program incorporates plans and procedures based on requirements from OSHA, NFPA, American National Standards Institute (“**ANSI**”), and any other required federal, state, and local regulatory agencies (“**Authorities**”). Included in the Written Workplace Safety Program are processes for:

- Accident/Incident Investigations
 - Accident investigation is an integral part of the total occupational safety and health program. It is especially important to 1) determine root causes 2) document facts, 3) provide information on costs, and 4) promote safety.
 - Manager has implemented through the Written Workplace Safety program a uniform method to investigate all accidents, or incidents, at Manager facilities. This method will allow review by Manager and any other investigating authorities to determine the facts and root cause of such occurrences.
- Hazard Communication Program
 - The purpose of the written Hazard Communication Program, as intended by OSHA Standard 29 CFR 1910.1200, is to specify how the standard will be met and listing hazardous chemicals present in the workplace. It is also intended to educate employees about the potential chemical hazards they may face on the job.
 - This program aims to ensure that information necessary for the safe use, handling and storage of hazardous chemicals is provided and made available to employees and includes guidelines on identification of chemical hazards and the preparation and proper use of container labels, placards, and other types of warning devices.
- Fire Safety
 - This Fire Safety Program and Fire Prevention Plan have been developed in accordance with OSHA Fire Safety Standards and NFPA life safety codes. This is further discussed in Section 2.2.
- Safety Committee
 - Manager Safety Committee's main purpose is to aid and advise both management and employees on matters of safety and health. The Committee perform essential monitoring, educational, or investigative and evaluative tasks, as determined by the Safety Manager.
- Safety Inspections
 - The formal safety inspection program has been developed to promote safe and healthful working business practices and conditions. The goal is to preserve human and property resources by enforcement of the programs set forth in the Written Workplace Safety Program, compliance with all federal and state occupational safety and health standards, and by identifying and correcting any unsafe conditions, equipment, procedures or acts at Manager.
- Specific Safety Programs for Manager Operations as Required by Authorities
 - OSHA's 29 CFR 1910 and 29 CFR 1926 regulations required the establishment of specific safety programs. In accordance with these regulations, NFPA and ANSI guidelines, Manager has established numerous specific safety programs to ensure safety and compliance of all applicable regulatory bodies.
- Training
 - An effective accident prevention and occupational safety and hazard control program is based on competent job performance. Training covers all aspects of operations in order to teach employees how to identify, control and correct workplace hazards, and handle emergencies.

2.2 Fire Prevention Plan

Property damage, injuries, and death are serious risks associated with structure fires. The goal of the fire prevention plan is to educate Manager employees on precautions to take to prevent fires. By establishing this fire prevention program, employees can avoid injuries to themselves, other employees, and passengers, as well as avoid costly damage and potential fines to the company.

Manager has identified major workplace fire hazards and potential ignition sources, proper handling storage and control procedures, and provided fire protection equipment or systems for prevention, extinguishment, and control of fires. In addition to extensive workplace fire prevention training, every workplace fire safety checklist includes regular inspection and maintenance of several critical fire safety components to help prevent fires and also reduce the impact of fires. The plan is OSHA- and NFPA- compliant, including reference standards NFPA 10 and NFPA 101.

3.0 Security

3.1 Systems Security Plan

Manager is committed to the protection of its passengers and personnel. The Systems Security Plan offers state-of-the-art security features at every stage of a passenger's journey as well as when the system is dormant. Manager views security as a critical driver of system design and operation, and to that end, has included various security situations in the Hazard Analysis as well. These documents have been approved by the Clark County Amusement and Transportation Systems authorities.

3.1.1 Roles and Responsibilities

- Manager
 - Manager is responsible for security in the People Mover System, meaning that tunnels, stations, maintenance facilities, command centers, and all property related to the system is under Manager's purview. Manager will enlist security personnel to provide a security presence in the system. Security protocols for dealing with vandalism, theft, lost objects, graffiti, and other discrete events will be set forth in the Operations Manual.
- Authority
 - Authority is responsible for security for areas not associated specifically with the People Mover System but will work closely with Manager in emergency events to secure the People Mover System.
- Drivers
 - Vehicle drivers, as the most passenger-facing personnel in the system, are responsible in the first instance for managing security situations such as unruly passengers or other in-vehicle activity. They are also responsible for identifying unauthorized persons or foreign objects in the tunnels during their routes. While driving, they monitor passengers in the tunnels and can identify if any unauthorized individuals are within the tunnels. The Operations Manual details procedures in connection with unruly passengers, service disruptions, communications with the OCC and external parties.

- Operators
 - Operators serve as dispatchers in the OCC. Operators monitor alarmed security gates and observe video feeds. Operators respond to calls from vehicles and/or Blue Light Stations and alert first responders and/or law enforcement in emergency situations. The Operations Manual details procedures for engaging with first responders and law enforcement during and after security events.
- Security Personnel
 - Security personnel will patrol the stations, and there will be personnel posted permanently at station boarding areas as well as other personnel who randomly rove the entire facility ensuring all areas are inspected but to prevent a predictable security posture. Uniformed and plainclothes personnel will comprise such patrols. The number of security officers on duty at any time may be increased during highly attended conventions, late Friday and Saturday nights, and other times depending on risk. Security personnel may be accompanied by dogs for bomb detection purposes. Security measures may be randomly increased or altered in order to provide a less predictable security presence. These personnel will monitor and be trained to diffuse hazards describe in the Hazard Analysis, such as criminal activity, vandalism, unauthorized entry by vehicle, person, or object, and other hazards.

3.1.2 Security Design

The system design is comprised of many components which contribute to the overall safety and secureness of the operation. Design highlights include:

- Access Control
 - Access to the People Mover System is control through multiple factors. The primary means of access control is an electronic entry management system that secures all non-passenger areas from entry other than by authorized Manager personnel. Additional access to the People Mover System is via station design which limits the number of entry points. Physical barriers guard against entry of accidental, rogue, or otherwise unauthorized vehicles into the tunnels. Security gates will be secured when the People Mover System is not in operations to prevent unauthorized entrants.
- CCTV Systems
 - Stations and tunnels will be monitored by cameras that feed directly to Manager personnel who will be reviewing the footage in real-time. Cameras have been placed to minimize any “blind-spots” throughout the People Mover System. Video feeds will be made available for the Las Vegas Metropolitan Police Department, and archived such that they are available to other law enforcement agencies and the Authority.
- Blue Light Stations
 - Numerous Blue Light Stations (“**BLSs**”) are located throughout the stations and tunnel system. BLSs are available as an emergency phone and direct all calls to Manager personnel. Locations of BLSs are at the portal of each tunnel section, on the station platforms, in the emergency staircase, at the midpoint of each tunnel segment and throughout the mezzanine level of Station 2 at various equipment rooms. Calls placed from a BLS will be recorded using an inline device. Communications will be stored

consistent with NFPA requirements, and will be accessible by personnel determined to require such access by Human Resources and the Security Manager.

- Operations Control Center
 - The primary location for system management, safety and security monitoring, and emergency identification and notification is the OCC. The OCC will be staffed by trained Manager personnel and alarm status will be sent to a third-party central monitoring station.
- Fire Suppression and Monitoring System
 - Fire suppression systems are monitored by a certified third-party contractor and by Manager personnel. All activated alarms will be investigated by Manager personnel, and emergency response agencies will be contacted if necessary. A certified third-party contractor will maintain and inspect all fire suppression and monitoring systems are required by Authorities.

3.1.3 Other Security Measures

Manager has taken other means to provide further security for the People Mover System and facilities. These include considerations for:

- Critical Infrastructure
 - To reduce the impact of acts of vandalism or sabotage, all critical infrastructure will be physically protected from passenger interference and access.
- Cybersecurity
 - Manager will maintain an industry-standard cybersecurity program consistent with the principles set forth in the U.S. Department of Commerce's National Institute for Standards and Technology voluntary framework to protect its systems from external interference.
- Personnel
 - All personnel charged with any security function will participate in mandatory and regular trainings related to fire safety, violence, explosives and hazardous materials, active shooters, robbery, sexual harassment, homelessness, gangs, and other security scenarios. With respect to life safety, the trainings will cover emergency evacuation scenarios for fire, flood, unauthorized persons or objects in the system, and other topics. Manager hiring criteria will be based on clean background checks, prior work experience, and other factors to ensure that individuals offered employment are qualified for security work. Moreover, all Manager personnel will be subject to the Manager Drug- and Alcohol-Free Workplace Policy.
 - The Director of Security will be responsible for making all strategic, urgent, and high-level decisions during both routine operations (from a preventive perspective) as well as during emergency situations or security incidents. The Director of Security will be close contact with the Authority's security apparatus and local authorities, as well as with internal Manager operations personnel.
- Working with Law Enforcement
 - Manager will maintain strong relationships with local, state, and federal law enforcement authorities, including the Las Vegas Metropolitan Police Department, the

Las Vegas Convention Center Customer Safety Department, the Clark County Fire Department, the Clark County Department of Building & Fire Prevention, emergency management offices, and the U.S. Department of Homeland Security. Manager will be a partner in keeping transit safe and secure.

- Incident Reporting
 - Multiple means of incident reporting have been established including considerations for reporting incidents in real-time or post-incident.

4.0 Emergency Preparedness

4.1 Emergency Preparedness Plan

The Emergency Preparedness Plan is intended to set forth Manager's approach to preparing for and responding to emergencies, and to detail the basic steps and planning documents Manager will prepare for emergencies at the Convention Center campus and other associated facilities and sites. The document describes how the system, system employees, and other supporting agencies will respond to an emergency. Manager will ensure that emergency plans are developed that address emergencies such as fires, explosions, personal injury, bomb threats, accidental releases of toxic gases, chemical spill, or other hazards. The Emergency Preparedness Plan is intended to serve as a guideline for planning for emergencies, to establish the required planning documents needed for emergency preparedness, and to assist company employees in updating and revising existing written programs.

For the purposes of the Emergency Preparedness Plan, an emergency is defined as any condition that could or has resulted in serious personnel injury or death, poses an environmental or health threat to the general public, or could cause substantial damage to Manager operations or the Authority's infrastructure or operations. Emergency conditions can result from natural disasters, human error, equipment and structural failures, chemical releases, fire or explosion, terrorism, and/or sabotage. The document highlights Manager's planned action to provide a timely and effective response to an emergency condition, and covers unscheduled cessations and required incident reporting to Clark County Department of Building & Fire Prevention. In addition to the emergency situations described in the Emergency Preparedness Plan, the Hazard Analysis contains additional analysis of potential emergency situations, such as vehicle failure, single point failures, and lighting failure. The goal is to protect the lives and health of the personnel at the Convention Center, Authority facilities, and the general public. Moreover, Manager is committed to protecting the environment, maintaining the operation of services, and ensuring timely notifications of appropriate internal and external officials.

4.1.1 Roles and Responsibilities

- On-scene Commander
 - The On-Scene Commander is Manager's management official for conducting the operational response to the emergency event and ensuring appropriate communications have been established with the Authority and emergency response agencies.

- Incident Commander
 - The Incident Commander is Manager's senior management official for managing the strategic response to an emergency event and ensuring appropriate communications have been established with the Authority, and Manager external notifications.
- Manager Safety Representatives
 - Manager's onsite Safety Representative's role is to develop and recommend measures for ensuring personnel safety and to assess and/or anticipate additional hazardous and unsafe situations.
- Manager Site Security
 - Manager's Management will determine if additional onsite security is needed to preserve the incident area. Manager's Management will assign a manager or higher-level supervisor to maintain the site security.

4.2. Tunnel Egress Plan and Safety, Evacuation and Rescue Plan

The Tunnel Egress Plan establishes the evacuation means, methods, and time for egress from the tunnels of the People Mover System. The Safety, Evacuation and Rescue Plan describes the safety features of the People Mover System infrastructure as well as timelines and methodology for evacuation and rescue from the system.

5.0 Summary

Manager has thoroughly considered the safety and security of all aspects of its operations. The preceding information is intended to be an overview of the safety and security elements Manager has established to ensure the well-being of Manager employees, passengers, and facilities. Detailed plans have been implemented internally at Manager, and have been or will be shared with regulating authorities as required by federal, state, and local regulations and laws.

EXHIBIT C - VEHICLES

Vehicles shall only be used by the Manager for the operation of the People Mover System, and shall not be used by the Authority. Manager shall optimize the combination of vehicles in use to best meet ridership requirements.

Manager shall be responsible for providing and maintaining (a) an adequate inventory of spare parts to assure proper maintenance and operation of vehicles, taking into account the lead time required for part delivery; and (b) tires in sufficient quantity for the vehicles.

EXHIBIT D - ALCOHOL AND DRUG TESTING POLICY AND PROCEDURES

(Note: this Exhibit is a representative sample of the drug and alcohol policy and procedures to be implemented by Manager. Manager shall comply with the below or with comparable standards.)

I. Policy Statement.

The Manager recognizes the risk of substance abuse as an employer who seeks to promote the safety in a people-mover system. The Manager has a concern for the safety, health and well-being of its employees, as well as this obligation to safety.

Programs have been established by the Manager which require employees to demonstrate their safety posture through complying with:

1. Urine screens to detect the presence of marijuana, cocaine, opioids, phencyclidine and amphetamines (See 49 CFR § 40.85 and 49 CFR § 40.87).
2. Breath alcohol or blood tests to detect the unauthorized use of alcohol; and
3. Breath, urine, and blood testing after qualifying post-accident events.

The Manager prohibits all persons from being under the influence and/or possession of illegal substances and/or under the influence of alcohol while on duty, or within four hours of reporting for regulated service. Additionally, illegal substance use is prohibited on or off duty, except as allowed in 49 CFR § 219.103.

II. Identifying Information.

Dedicated Employee Representative - Manager shall have a Designated Employer Representative (“**DER**”), who shall be authorized by the Manager to take immediate action(s) to remove employees from safety-sensitive duties, or cause employees to be removed from these covered duties, and to make required decisions in the testing and evaluation processes. The DER also receives test results and other communications for the employer.

Designated Employer Representative:

Name: _____

Address: _____

Phone: _____

E-Mail: _____

Assistant Designated Employer Representative:

Name: _____

Address: (If different from above)

Phone: _____

E-Mail: _____

Medical Review Officer (“MRO”):

Name: _____

Address: _____

Phone: _____

Testing Laboratory (must be on HHS list of certified labs):

Name: _____

Address: _____

Phone: _____

Substance Abuse Professional (“SAP”):

Name: _____

Address: _____

Phone: _____

III. Scope.

This policy applies to all of the Manager’s personnel, contractors and volunteers.

IV. Testing Programs.

1) Pre-Employment Drug Testing

Applicants will be informed that all individuals the Manager will use for regulated service must be drug-free. Passing a pre-employment drug test is a condition prior to performing work duties. If an applicant refuses to submit to the drug test, or tests positive on the drug test, the applicant will not be considered qualified and will not be offered a position with the Manager.

2) Reasonable Suspicion Testing

All of the Manager’s personnel will be required to submit to a drug and/or alcohol test whenever a properly trained supervisory employee of the Manager has reasonable suspicion that an employee is currently under the influence of or impaired by a controlled substance or alcohol. Reasonable suspicion must be based on specific, contemporaneous personal observations the supervisor can articulate concerning the employee’s appearance, behavior, speech, body odor, chronic effects or withdrawal effects.

Supervisory employees will receive training on alcohol misuse and controlled substance use. The training will cover the physical, behavioral, speech and performance indicators of probable alcohol misuse and use of controlled substances. It will also prepare the supervisors to make the decisions necessary in reasonable suspicion and post-accident situations (i.e., what is a qualifying event and who is to be tested).

The observation for alcohol must be made by at least one qualified supervisory employee who has received proper training in the signs and symptoms of alcohol use.

The observation for drugs must be made by at least two qualified supervisory employees, one of which has received proper training in the signs and symptoms of drug use. One qualified supervisor must be on-site, but the supervisor trained, although preferred, does not have to be the supervisor on-site. Documentation of this decision must be maintained.

In all reasonable suspicion cases, the supervisor will ensure that the suspected employee is transported immediately to a collection site for a timely collection of a urine and/or breath specimen. If the suspected employee is deemed not fit to return to work, the supervisor will arrange transportation for the person.

Supervisors must document their observations that led them to decide there was a “reasonable suspicion” to have the suspected employee subjected to drug and/or alcohol testing.

3) Reasonable Cause Testing

A reasonable cause drug and/or alcohol test may be required (Manager’s decision) when an employee:

a. Was involved in a vehicle accident/incident and a supervisor has a reasonable belief based on specific and articulable facts that the employee’s acts or omissions contributed to the occurrence or severity of the accident/incident; or

b. Committed a rule violation that created a material safety risk.

In all reasonable cause cases, the supervisor will ensure that the suspected employee is transported immediately to a collection site for a timely collection of a urine and/or breath specimen. If the suspected employee is deemed not fit to return to work, the supervisor will arrange transportation for the person.

Supervisors must document their observations that led them to decide there was a “reasonable cause” to have the suspected employee subjected to drug and/or alcohol testing.

4) Post-Accident Drug/Alcohol Testing

Breath, blood and urine specimens are required from all employees when they are directly involved in a qualifying accident or incident. Events requiring post-accident testing:

1. Accident involving any property, vehicles or equipment with estimated damages in excess of \$500.
2. Accident involving an employee injury requiring medical attention.

3. Accident with any reportable injury to any customer.
4. Any incident deemed to be a material safety violation where an employee or customer was put at risk of an injury.

For any accident or incident, any employees that had a possible role in the cause or severity of the accident will be tested. If it can be immediately determined, on the basis of specific information, that an employee had no role in the cause(s) or severity of the accident/incident (considering any such information immediately available at the time), such employee will not be tested.

No test may be required in the case of an accident/incident the cause and severity of which are wholly attributable vandalism or trespasser(s), as determined on the basis of objective and documented facts by the Manager representative responding to the scene.

The supervisor(s) on the scene will make timely determinations as to the event being a qualifying event and which employees (if any) are required to be tested according to the rule.

5. Random Drug and Alcohol Testing

The random testing selection process will ensure that each employee has an equal chance of being selected at every random selection. The random plan shall ensure that testing is accomplished at the beginning and at the end of the duty period for alcohol. The minimum annual random percentage of alcohol testing at either end of the duty period is 10 percent over the course of the year.

Manager will test at a minimum of 50 percent annual rate for drugs and 25 percent annual rate for alcohol for employees who drive vehicles and at a 20 percent annual rate for drugs and 10 percent annual rate for alcohol for all other employees.

Random Selection and Testing Procedures:

1. Random selection will be made daily for beginning or end of duty period alcohol testing, and monthly for other drug and alcohol testing, via a random number computer program utilizing employee names, with separate pools for vehicle drivers and all other employees.
2. Manager will safeguard these selection records to ensure that information concerning collection dates and selections are not disclosed until necessary to arrange for collection or provide notifications.
3. These random testing records are required to be maintained for 2 years. This includes an electronic or hard copy "snapshot" of the random testing pool each time selections are made, a copy of the list of selected employees, a copy of the drug chain of custody form and/or alcohol testing form, and the reason for not testing any of the selected employees.
4. Only a substantiated medical emergency involving the selected person or an emergency involving an immediate family member (e.g., birth, death, or a medical emergency) provides the basis for excusing an employee from being tested once notified. A medical emergency is defined as an acute medical condition requiring immediate emergency care. An employee excluded under these criteria must provide substantiation from a credible outside professional (e.g., doctor, hospital, law enforcement officer, school authority, court official) which can be furnished prior to this release or

within a reasonable period of time after the emergency has been resolved. Such excluded (excused) employees will not be tested based on this selection.

5. Once the employee selection is made, the DER will arrange notification. No prior notification will be given. A selected employee will only be tested during his/her tour of duty, extended only long enough to complete testing. The person, once notified, must proceed to the selected testing facility immediately.

6. The collection date and time during the selection period (testing window) will be varied by the DER to ensure that it cannot be anticipated.

Drug Testing Procedures

a. A laboratory certified by the Department of Health and Human Services/ Substance Abuse and Mental Health Service Administration, under the Mandatory Guidelines for Federal Workplace Drug Testing Programs, will perform all drug testing.

b. Test results will be reported from the laboratory only to the MRO for review and action.

c. The name of the individual providing the specimen will remain confidential and will not be provided to the laboratory performing the test. The testing laboratory is only able to identify the specimen by the specimen ID number printed on the chain-of-custody form. The laboratory will only use a urine custody and control form consistent with the requirements of 49 CFR Part 40.

d. The designated laboratory will only test for the drugs listed in 49 CFR 40.85.

e. The MRO will verify the results and report (using procedures in 49 CFR Part 40) to the DER whether the test was positive or negative and the drugs for which there was a positive result.

Alcohol Testing Procedures

Breath alcohol testing will be performed by an employee who is a trained and certified Breath Alcohol Technician (BAT) using the National Highway Traffic Safety Administration- approved testing devices. The results will be documented on an approved Federal Breath Alcohol Testing Form and will be signed by the employee and the BAT. At the time of the alcohol test, the employee will receive a copy of the test result, with an identical copy being sent to the DER.

a. Negative results. The DER will be mailed a copy of the negative test results.

b. Positive results. A positive result on a screening test of a person's breath must be confirmed by a second screening test. The second screening test must be conducted immediately after receipt of the positive result of the first screening test. The BAT will immediately and directly notify the DER if the test results are confirmed positive (0.02 percent or higher), and the DER will take appropriate action to remove or restrict the employee from service. An employee must not have a concentration of alcohol in his or her blood or breath greater than .02 gram by weight of alcohol per 100 milliliters of his or her blood or per 210 liters of his or her breath while on duty.

Drug Test Results

A tested employee will be notified in writing of test results.

Positive or Otherwise Non-Negative Results. If the laboratory reports the drug test result as POSITIVE or otherwise non-negative, the following procedures will be followed:

a. The MRO will immediately inform the regulated service person of the result and offer the person the opportunity for an interview to discuss the test result.

b. The MRO will complete and document the review, determining if the external chain of custody was intact, if the person has a legitimate medical explanation for the presence of any controlled substance, and whether there is any basis to question the scientific sufficiency of the test results. In the case of an opiate positive, the MRO will also make the special determinations required by the regulation.

c. If the MRO verifies the test result as positive, the MRO will report the result to the DER. The MRO will report the verified test result confidentially to the DER. The MRO will not provide the DER with the quantitative test results unless the employee disputes the test.

Negative results. If the MRO has determined that the drug test is NEGATIVE, the MRO will accomplish the required administrative review and report the negative results to the DER.

Negative-dilute results. The MRO shall direct the DER to conduct a recollection under direct observation for a result with creatinine from 2 to 5 mg/dL. A negative-dilute is considered a negative test, and the employee will be required to immediately take another test.

Confidentiality

a. Medical information an employee provides to the MRO during the verification process is treated as confidential by the MRO and is not communicated to the DER.

b. Confidentiality of drug or alcohol testing results will be maintained. For example:

1. The laboratory observes confidentiality requirements as provided by law. Manager does not advise the laboratory of the identity of persons submitting specimens.

2. All test results will remain exclusively in the secure files of the MRO. The MRO will observe strict confidentiality in accordance with this policy. The MRO will retain the reports of individual test results for two years.

3. The DER will maintain all test results reported by the MRO, both positive and negative, in secure storage. The results will be retained for two years. Other personnel will be informed of individual test results only in the case of positive tests and authorized only on a need-to-know basis.

Employee Training Program

Each employee will receive a copy of this policy. In addition, each employee will be given information concerning the problems caused by alcohol or controlled substances and available methods of intervening when an alcohol or controlled substance problem is suspected, including confrontation, referral to an employee assistance program and/or referral to management. Employees will be provided training at hire, and at necessary intervals, based on their responsibilities under this program.

Prescription Drugs

The use of controlled substances (on Schedules II through V of the DEA controlled substance list) is not prohibited as long as they are prescribed or authorized by a medical practitioner and used at the dosage prescribed or authorized. The treating medical professional must determine that use of the prescription(s) at the prescribed or authorized dosage is consistent with the safe performance of the employee's duties. Employees should also seek the advice of a medical professional whenever they are taking any over-the-counter drug that may adversely affect the safe performance of duties.

Compliance with Testing Procedures

a. All employees/applicants requested to undergo a drug and/or alcohol test are required to promptly comply with this request. All prospective and current employees are required to exercise good faith and cooperation in complying with any procedures required under this policy. Refusal to submit to a drug or alcohol test required under this policy, engaging in any conduct which jeopardizes the integrity of the specimen or the reliability of the test result, or any other violations of this policy could subject the person to disciplinary action (up to and including termination), independent and regardless of any test result. This includes failure to show up on time for a drug/alcohol test, failing to remain at the testing site until the testing process is complete, etc.

b. All return-to-duty and follow-up urine specimens must be collected under direct observation.

c. Direct Observation Urine Collection Procedures: The collector (or observer) must be the same gender as the employee's identified gender. If the collector is not the observer, the collector must instruct the observer about the procedures for checking the employee for prosthetic or other devices designed to carry "clean" urine and urine substitutes AND for watching the employee urinate into the collection container. The observer will request the employee to raise his or her shirt, blouse or dress/skirt, as appropriate, above the waist, just above the navel; and lower clothing and underpants to mid-thigh and show the observer, by turning around, that the employee does not have such a device.

1) If the employee has a device, the observer immediately notifies the collector; the collector stops the collection; and the collector thoroughly documents the circumstances surrounding the event in the remarks section of the testing form. The collector notifies the DER. This is a refusal to test.

2) If the employee does not have a device, the employee is permitted to return his/her clothing to its proper position for the observed collection. The observer must watch the urine go from the employee's body into the collection container. The observer must be able to view/watch as the employee takes the specimen to the collector. The collector then completes the collection process.

3) Failure of the employee to permit any part of the direct observation procedure is a refusal to test.

d. Employees will generally be terminated at this point. As a minimum, an employee will be removed from service for a minimum of nine months if there is a finding of "refusal to test."

Positive Test Results

a. An employee with an MRO verified positive drug test or a breath alcohol test result of 0.02 percent or greater (or a refusal) has violated this policy and will be immediately removed from

service. Prior to or upon withdrawing the employee from service, the DER will provide notice to the employee of the reason for this action. If the employee denies that the test result is valid evidence of alcohol or drug use prohibited by this policy, the employee may demand and must be provided an opportunity for a prompt post-suspension hearing.

Employees, whether terminated or retained, will be provided with a list of qualified SAPs. Prior to returning to service, an employee will be required to undergo an evaluation by a qualified SAP that is Manager approved, to determine the need for treatment and/or education. The employee will be required to participate and comply with the SAP-recommended treatment and any after-care or follow-up treatment that may be recommended or required.

After successful treatment for a positive drug test (or alcohol test result of 0.04 percent or greater), the person must provide a return-to-duty urine specimen and/or breath specimen for testing (which is negative) prior to being allowed to return to service. In addition, the person will be subject to additional unannounced follow-up testing, as determined by the DER, for a maximum period of 60 months, with a minimum of six tests being performed in the first twelve months. Failure to comply with these provisions and remain alcohol and/or drug-free will result in subsequent removal from service and could result in disciplinary action, up to and including termination.

Self-referral, Co-worker referral, and Non-peer referral

Employment Relationship. An employee who enters and follows the tenets of this program as discussed below, will maintain his or her position upon successful completion of an education, counseling, and treatment program as specified by a Drug and Alcohol Counselor (“**DAC**”). Before the employee is charged with conduct sufficient to warrant dismissal, the employee must seek assistance through DER for his or her alcohol or drug use problem or be referred for such assistance by another employee.

Imminent Detection. An employee may not use the referral program for the purpose of avoiding the imminent and probable detection of a rule violation by a supervising employee. No employee may take advantage of self-referral after being notified of a testing event or while in imminent risk of being detected for possession of alcohol or controlled substances.

Reasonable Suspicion. In the case of a Co-worker referral, if the employee accepts the referral, there is no need to perform a reasonable suspicion test. If the reasonable suspicion test occurs, the referral takes precedence.

In the case of a Co-worker referral, when the employee does not accept the referral, the employee must be properly observed for signs and symptoms of alcohol and/or drug use/misuse. If signs and symptoms are observed, the employee must undergo reasonable suspicion testing

If the employee accepts the referral they must contact the DAC within 3 calendar days. The employee must cooperate with the DAC in the recommended course of counseling or treatment. Once an employee has contacted the DAC, the DAC’s evaluation shall be completed within 10 working days. If more than one evaluation is required, the evaluations must be completed within 20 working days.

Confidentiality. The referral and subsequent handling, including counseling and treatment, will be treated as confidential.

Leave of Absence. The Manager will grant the minimum leave of absence, without pay, that the DAC recommends for completing a primary education, counseling, or treatment program and to establish control over the employee's drug or alcohol abuse problem. An employee with an active substance abuse disorder may not perform work duties until the DAC reports that safety is no longer affected.

Return to Service. The employee may be returned to service on the recommendation of the DAC. The employee's return to work may be conditioned on a return-to-duty medical evaluation.

Compensation. Employees, at the Manager's discretion, may not be compensated for any period that the regulated employee is restricted from performing service under the referral program.

Section IV. **Records**

Manager shall ensure all employees are provided a copy of these alcohol and drug testing procedures and shall keep copies of all signed employee acknowledgements. All records which support the alcohol and drug program shall be kept for a minimum of two years.

CLARK COUNTY FRANCHISE AGREEMENT

GRANTED TO

TBC -- THE BORING COMPANY

THIS MONORAIL FRANCHISE (hereinafter “Franchise Agreement”) is granted this 20th day of October, 2021, by Clark County, Nevada, a political subdivision of the State of Nevada, acting by and through its Board of County Commissioners which is its governing body (hereafter called “COUNTY”), to TBC -- The Boring Company, a Delaware Corporation (hereafter called “FRANCHISEE”).

WITNESSETH:

WHEREAS, the FRANCHISEE, a corporation organized and existing under and by virtue of the laws of the State of Delaware, and duly qualified to transact business within the State of Nevada, is engaged in the business of designing, constructing, financing, maintaining and operating a Monorail (system for public transportation in Clark County); and

WHEREAS, the COUNTY is authorized, pursuant to Chapter 705 of the Nevada Revised Statute (NRS), to grant a franchise to install and operate a Monorail on COUNTY Rights-of-Way; and

WHEREAS, Chapter 5.04 of the Clark County Code provides for the issuance of Monorail franchises, and establishes the terms and conditions of Monorail franchise agreements; and

WHEREAS, after a public hearing on October 20, 2021, the Board of County Commissioners of the County of Clark, State of Nevada, approved this Franchise to be awarded subject to the terms and conditions hereinafter set forth; and

WHEREAS, the FRANCHISEE’s Application to the COUNTY to obtain this Monorail Franchise is attached hereto as Exhibit A and is made a part hereof, and all statements, representations, warranties and promises made therein by the FRANCHISEE have been relied upon by the COUNTY in its consideration of this grant, and shall be binding upon the FRANCHISEE.

NOW, THEREFORE, in consideration of the premises and of the performance by FRANCHISEE of the requirements hereinafter set forth, and subject to the following terms and conditions, the COUNTY hereby grants to the FRANCHISEE this Monorail Franchise.

SECTION 1. DEFINITIONS

Capitalized terms in this Franchise Agreement not otherwise defined herein shall be the same as those definitions listed in Clark County Code Chapter 5.04. When not inconsistent with the text, words used in the present tense include future tense, words used in the singular number include the plural number and vice versa, and the masculine gender includes the feminine gender. The words “shall” and “will” are mandatory, and “may” is permissive. In addition, the following definitions shall apply:

- 1.1 “Clark County Code” or “Code” means the official code of all ordinances of a general and permanent character of the County of Clark, State of Nevada, as may be adopted and amended by the County Commission.
- 1.2 “Effective Date” means the date on which the County Commission granted this Franchise.
- 1.3 “Force Majeure” means acts of God, acts of another franchise, epidemics, pandemics, quarantine restrictions, freight embargoes, explosions, strikes, sabotage, riots or civil disturbances, acts of public enemies, unusually severe weather and natural disasters such as floods, earthquakes, landslides, and fires.
- 1.4 “Lender” means (i) purchasers of debt obligations issued to finance or refinance the Monorail; (ii) any bank, trust company, corporation or other institution lending money to the FRANCHISEE to finance or refinance the Monorail, and (iii) any municipal bond insurer, issuer of a letter of credit, surety or other security instrument supporting such debt obligation. Lender’s rights under this Agreement may only be exercised through the Lender’s Agent.
- 1.5 “Lender’s Agent” means the trustee for the debt obligations issued to finance or refinance the Monorail, together with any successors or assigns thereof, and representative of the Lenders, who provides notice of their status as the same to the COUNTY; at any given time there may be only one Lender’s Agent to exercise the rights of the Lender.
- 1.6 “Monorail” means the same as Section 5.04.010(o) of the Clark County Code and specifically consists of an all-electric underground transportation system installed, operated and maintained on a fixed guideway, including emergency egress and associated appurtenances.

- 1.7 “Rights-of-Way” means the same as Section 5.04.010(bb) of the Clark County Code, excluding any property owned, operated, maintained and/or administered by the Department of Aviation.
- 1.8 “Substituted Entity” means any person or entity selected by the Lender’s Agent and approved by the County Commission in accordance with this Franchise Agreement to perform the obligations and succeed to the rights hereunder of FRANCHISEE, after any Lender has acquired the FRANCHISEE’s rights hereunder.
- 1.9 “Vegas Loop” refers to the transportation system composed of the Monorail granted under this Franchise Agreement (as reflected in Exhibit B, excluding those projects active under separate entitlement), and the connected Monorail in the City of Las Vegas.

SECTION 2. MONORAIL FRANCHISE GRANTED

2.1 The FRANCHISEE is hereby granted, during the term of this Agreement, a Franchise to install and operate a Monorail that is part of the Vegas Loop in, on, along, under or over the COUNTY Rights-of-Way in a depth as shown on the COUNTY-approved plans and permits along the route attached as Exhibit B and made a part hereof, and pursuant to Chapter 5.04, Chapter 6.14 and applicable provisions of Titles 22 and 30 of the Clark County Code. Except as otherwise provided in this Franchise Agreement or applicable provisions of Titles 5, 6, 22 and 30, and subject to Subsection 2.5 below, the FRANCHISEE shall have the right:

- a. to establish and to revise from time to time the frequency of service and schedules of operation of the Monorail;
- b. to charge and collect fares from customers;
- c. to establish, modify and adjust from time to time the fares to be charged;
- d. to establish promotional and fare programs and to enter into arrangements with hotel and resort owners for discounted and/or free use of the Monorail by patrons;
- e. to display advertising and to establish concessions in connection with the Monorail, provided any such advertising or signs are installed pursuant to applicable provisions of Clark County Code Chapter 30.72 and are not located or visible in tunnels within the Rights-of-Way; and

- f. to lease space on the Monorail to vendors, merchants, advertisers, public utilities or cable companies pursuant to this Franchise Agreement.

2.2 The FRANCHISEE, at its sole cost and expense, shall obtain all other property rights, permissions and privileges necessary to own, operate and maintain the Monorail. **The Franchise by this Agreement is a privilege and will not impart to the FRANCHISEE any right in any COUNTY Rights-of-Way,** or right to obstruct or interfere with the flow of vehicular or pedestrian traffic in any COUNTY Rights-of-Way with the exception of temporary road closures or other similar temporary and discrete incidents, if necessary, during construction, as approved by the COUNTY and subject to the FRANCHISEE obtaining all necessary permits from the COUNTY. In addition, the FRANCHISEE shall, at its sole cost and expense, obtain all other necessary permits and approvals as required by state, federal and local law.

2.3 Further, the FRANCHISEE's performance and exercise of its rights and obligations under this Agreement shall not interfere with the ability of the COUNTY or any other public body governed by the Board of County Commissioners which has rights to the COUNTY's Rights-of-Way, to install, maintain or use the existing or future improvements, including, but not limited to, street lighting systems, traffic control systems, sidewalks, water supply and distribution systems, sanitary sewer collection systems, and drainage and storm water collection and transmission systems. Assuming there is no other commercially reasonable solution as determined by the Director of the Department of Public Works, the FRANCHISEE will be responsible for the cost to adjust or modify any vertical elements of the Monorail in the public rights-of-way, such as ventilation shafts and egress stairways, located at the surface of the public street necessitated by a public project. Such obligation does not apply to vertical elements constructed outside the public right-of-way, nor to horizontal elements, such as tunnels and adits.

FRANCHISEE will coordinate with the COUNTY on the design of the tunnel's vertical profile prior to commencing each phase of construction in order to minimize the probability of potential conflicts with future improvements.

2.4 The FRANCHISEE shall notify the utilities, licensees and franchisees who have rights in any COUNTY Rights-of-Way or property of Monorail installation, operation and maintenance activities that may affect the rights of said utilities, licensees and franchisees. The FRANCHISEE shall cooperate with said utilities, licensees and franchisees. The installation, operation and maintenance of the Monorail shall not interfere with public or private improvements in the COUNTY Rights-of-Way, including, but not limited to, utilities, licensees and franchisees.

2.5 The FRANCHISEE shall have the right, privilege and authority to make any and all improvements, upgrades and capacity enhancements to the Monorail consistent with the terms of this Franchise Agreement and subject to the additional approvals required by the COUNTY and the Clark County Code as amended from time to time.

2.6 There is hereby specifically excluded from the right, privilege, permission, and authority hereby given, the right, privilege, permission, and authority to, in any way, engage in activities other than those reasonably necessary to install, maintain, and operate a Monorail and those described in paragraph 2.1 above. No right, privilege, permission, or authority is granted by, or to be inferred from, this Franchise Agreement, except those specifically described herein.

2.7 The FRANCHISEE may not expand the Franchise to install, maintain and operate its facilities in the COUNTY Rights-of-Way beyond the original geographic route shown in Exhibit B of this Agreement without first obtaining approval of an amended Franchise Agreement from the County Commission.

2.8 Changes, additions and amendments to this Franchise Agreement shall be in accordance with Clark County Code Section 5.04.120. In the event that an amendment of this Franchise Agreement is approved by the County Commission, such amendment shall be subject to all the terms and conditions of applicable provisions of Titles 5, 6, 22 and 30 of the Clark County Code, as amended from time to time.

2.9 The FRANCHISEE agrees to provide to the Clark County Department of Comprehensive Planning a plan for construction to be approved by the Director of the Department of Comprehensive Planning. The plan shall show each phase of construction along with the timeline for construction, completion, and start of operation of each phase. Each phase shall demonstrate the ability to operate independently or separately from the remaining phases.

2.10 In the event that the FRANCHISEE fails, for reasons other than Force Majeure or any other reason permitted by this Franchise Agreement or applicable provisions of Clark County Code Titles 5, 6, 22 and 30, to Commence Construction of the Monorail within three (3) years after the Effective Date of this Franchise Agreement, or to operate one or more phases of the Monorail in COUNTY Rights-of-Way within three (3) years following Commencement of Construction, upon forty-five (45) days' written notice specifying such failure and after giving the FRANCHISEE and/or Lender's Agent an opportunity to be heard, the County Commission may terminate the Franchise. The County Commission may reinstate the Franchise at its sole discretion upon such terms as it deems appropriate.

2.11 The FRANCHISEE's Monorail is not compatible with and cannot feasibly be connected to any other existing system of transportation operated on a public fixed guideway in Clark County. If another private entity desires to connect to the FRANCHISEE's system, the FRANCHISEE must comply with NRS 705.700.

2.12 The COUNTY and the FRANCHISEE conclude and agree that no provision of this Agreement is in conflict with the intent or the language of NRS Sections 705.610 through 705.700. The FRANCHISEE hereby waives any current or future claim to the contrary, and agrees that neither it nor any affiliate will raise any claim or defense to the contrary, in any forum.

SECTION 3. FRANCHISE AGREEMENT DURATION, CONDITIONS

3.1 This Franchise Agreement shall be non-exclusive (except to the extent provided in Section 7 below) and shall be in force and effect from the Effective Date for a fifty (50) year period, until October 20, 2071.

3.2 All applicable provisions of the Clark County Code, applicable National Fire Protection Association (NFPA) fire and life safety standards as determined by the Clark County Fire Department and the Clark County Department of Building, and all provisions of this Franchise Agreement shall be binding upon the FRANCHISEE, its successors, or assignees. In the event of any conflict between any applicable provisions of the Clark County Code and any provisions of this Franchise Agreement, the Code provision shall control.

3.3 The FRANCHISEE acknowledges that this Franchise is for installation of facilities in COUNTY Rights-of-Way as identified in Exhibit B only, and that installation in, on, under, along or above other COUNTY property or private property may be permitted only through an agreement with the property owner or acquisition of the necessary property rights.

3.4 The FRANCHISEE shall at all times during the term of the Franchise Agreement be subject to all lawful exercise of the police power by the COUNTY, including any and all ordinances, rules or regulations which the COUNTY has adopted or may adopt, which apply to the public generally. Any conflict between the provisions of this Franchise Agreement and any other present or future lawful exercise of COUNTY police powers shall be resolved in favor of said COUNTY police powers.

3.5 The FRANCHISEE shall not permit another person to own or use public utility facilities as defined in Clark County Code Chapter 5.01, or video service facilities as defined in Clark County Code Chapter 6.135, in, on, along, under or above FRANCHISEE's authorized Monorail route located in COUNTY Rights-of-Way or within or on FRANCHISEE's Monorail unless the person so owning or using such facilities has obtained all necessary business licenses, franchises, permits or Rights-of-Way licenses from the COUNTY.

3.6 The FRANCHISEE shall not conduct business activities which require background investigation for licensure or which require licensing, franchising or permitting under Chapters 5.01, 6.13 or 6.135 of the Clark County Code without first obtaining such licensing, franchising or permitting, including but not limited to liquor sales, gaming, room rental, public utility services and video services.

3.7 If the COUNTY, pursuant to the causes and/or rights set forth in this Franchise Agreement requests the FRANCHISEE to decommission any or all portions of the Monorail then

the FRANCHISEE shall comply with the Decommissioning Plan, attached hereto as Exhibit C, and the Franchise for that portion(s) of the Monorail is thereby terminated. If it is determined by the Director of the Clark County Department of Public Works that the Monorail interferes with an existing or future public improvement, then within thirty (30) days of receipt of written notice from the Department of Public Works, the FRANCHISEE agrees to resolve the conflict pursuant to the Decommissioning Plan, at no cost or expense to the COUNTY, and in accordance with all applicable laws, regulations, standards and specifications, whether federal, state or local. If the FRANCHISEE does not perform this work within thirty (30) days, the COUNTY, or its contractor, may do so at the FRANCHISEE's expense and the FRANCHISEE agrees to pay the COUNTY the cost of the work within thirty (30) days of receipt of invoice from the COUNTY.

3.8 Based on its review of the financial consultant's report specified in Subsection 5.04.070(b) of the Clark County Code, the County Commission may impose additional terms and conditions upon this Franchise, which must be fully satisfied by the FRANCHISEE prior to encroachment in any COUNTY Rights-of-Way. Such additional terms and conditions shall be specified as Exhibit D hereto and made a part hereof.

SECTION 4. PERMITS, LICENSES AND APPROVALS

4.1 The COUNTY, with the grant of this Franchise, will consider a special use permit subject to the conditions imposed by the County Commission in accordance with Title 30 of the Clark County Code. The FRANCHISEE may request, at the discretion of the Chair of the Board of County Commissioners, that the approval of this Franchise Agreement be continued by the Board of County Commissioners until the Zoning Commission meeting that will consider the special use permit and be heard at the same time.

4.2 The COUNTY hereby grants, contemporaneously with the grant of this Franchise, a Monorail Master Business License in accordance with Chapter 6.14 of the Clark County Code.

4.3 Pursuant to NRS 705.700 (1) and (2), and except as provided in Sections 4.1 and 4.2 above, this Franchise places restrictions on the issuance of those permits, licenses and approvals required for the construction and operation of the Monorail by requiring that any such permits, approvals, licenses, conformity requirements or permissions required from the COUNTY shall require approval pursuant to applicable provisions of the Clark County Code.

SECTION 5. INSTALLATION REQUIREMENTS

5.1 Installation of the Monorail shall utilize substantially the same or better technology as shown in the FRANCHISEE's Application dated October 20, 2021 and attached as Exhibit A, as determined by the FRANCHISEE in its sole discretion.

5.2 Installation of the Monorail shall be in accordance with the provisions of Clark County Code Section 5.04.100.

SECTION 6. OPERATING REQUIREMENTS

6.1 The FRANCHISEE shall cause the Monorail to be operated and maintained in accordance with applicable provisions of Titles 5, 6, 22, and 30 of the Clark County Code, and with the plans of operation submitted in its application.

6.2 The FRANCHISEE may contract with another person to act as the Operator of the Monorail. The FRANCHISEE will ultimately be responsible for compliance with all requirements in this Franchise Agreement and the Clark County Code.

6.3 The FRANCHISEE shall at all times during the term of the Franchise Agreement provide the necessary personnel, equipment, maintenance, and/or services to assure the safety and security of the public and employees within the system.

6.4 The FRANCHISEE shall conduct Critical Infrastructure Vulnerability Assessments of the Monorail in accordance with the National Infrastructure Protection Plan issued by the Cybersecurity & Infrastructure Security Agency of the U.S. Department of Homeland Security. The FRANCHISEE shall coordinate with Clark County Fire Department, Clark County Department of Building and Fire Prevention and the Department of Homeland Security on a regular basis, including discussions pertaining to the results of the initial and future Critical Vulnerability Assessments. No Building Department permits shall be issued until the Clark County Fire Department and the Clark County Department of Building and Fire Prevention have approved in writing that it is satisfied with the FRANCHISEE's public safety and security plans.

SECTION 7. COMPETING TRANSPORTATION FACILITIES

7.1 This is a non-exclusive agreement. The COUNTY may grant as many Monorail franchises, as defined in Chapter 5.04 of the Clark County Code, as it desires to any person(s) it desires, as long as any future Monorail franchises do not physically or operationally conflict with this Franchise Agreement, as solely determined by the County Commission. However, no facilities of the Monorail shall be used for other Monorail franchises or other transportation systems. The FRANCHISEE acknowledges and agrees that the COUNTY may grant additional franchises that

may operate within the COUNTY Rights-of-Way, including, but not limited to, those that may be located and operated in the area adjacent to and/or above or over the Monorail and/or above or over the surface of the COUNTY road.

SECTION 8. FRANCHISE PAYMENTS AND FEES

8.1 Gross Revenue, as defined in Section 6.14.020 of the Clark County Code, includes all revenue received by FRANCHISEE related to Vegas Loop Monorail service (such as fares, advertising, and concessions), minus federal, state and local taxes collected by FRANCHISEE, and refunds. Revenue received from interest/investment earnings or from third parties to reimburse or offset costs incurred by FRANCHISEE for design, engineering or construction work, Vegas Loop operations and maintenance work or comparable non-service-related fees shall not count towards Gross Revenue.

8.2 The franchise fee shall become payable on the day of the first paid fare. The franchise fee shall be calculated on a quarterly basis as follows:

- Quarterly Gross Revenue less than or equal to a threshold of \$17,500,000: 0.5% of quarterly Gross Revenue to COUNTY
- Quarterly Gross Revenue more than a threshold of \$17,500,000: 0.5% of the first \$17,500,000 of quarterly Gross Revenue and 5.0% of all quarterly Gross Revenue in excess of \$17,500,000 to COUNTY

Quarterly Gross Revenue is the total Gross Revenue earned in a quarter for the Vegas Loop multiplied by the number of passenger rides originating in the COUNTY divided by the number of passenger rides in Vegas Loop in such quarter. For example, if Gross Revenue for Vegas Loop in a quarter was \$1000.00, and 75 rides originated in the COUNTY and 25 rides originated in the City of Las Vegas, \$750.00 would be the quarterly Gross Revenue attributable to the COUNTY.

8.3 The threshold for Quarterly Gross Revenue shall be adjusted annually on July 1 of each year by the percentage, rounded to the nearest hundredth of a percent, of increase in the annual average of the Consumer Price Index – All Urban Consumers (U.S. City Average, All Items, Base Period: 1982-84=100, Not Seasonally Adjusted, Series ID: CUUR0000SA0, as published by the U.S. Department of Labor, Bureau of Labor Statistics) between the most recent twelve-month period ending on December 31 as compare to the prior twelve-month period ending on December 31.

8.4 Payments and fees in this Section are due on the fifteenth (15th) day of each calendar quarter thereafter. Payments and fees are subject to the provisions of Section 6.14.070 of the Clark County Code regarding the delinquency in fee payments.

SECTION 9. PUBLIC SAFETY PAYMENTS AND FEES

9.1 The Clark County Fire Department and FRANCHISEE shall develop a list of equipment that FRANCHISEE will purchase to cover the Clark County Fire Department's public safety costs in connection to the Monorail. Prior to the issuance of the first construction permit the FRANCHISEE shall pay the COUNTY an amount to be determined by the parties, and shall make subsequent payments thereafter as agreed upon by the parties, which may include both equipment costs and operating costs, as determined by the parties. No permits shall be issued until the Clark County Fire Department is satisfied, in its reasonable discretion, with the equipment list, associated operating costs and payment phasing.

SECTION 10. FRANCHISE REPORTING

10.1 Each year during the term of the Franchise Agreement, the FRANCHISEE shall submit a written report to the COUNTY Manager and Director of Business License as required by Clark County Code Section 5.04.150(b).

10.2 In lieu of the detailed financial report required in Section 5.04.150(a) of the County Code, FRANCHISEE may submit Gross Revenue information by type of revenue, such as fares (whether paid by the passenger or a resort or a convention organizer as part of a promotion), advertising, etc., and attested to by an independent Certified Public Accountant. This report shall consist of only the data required to calculate Gross Revenue: total number of rides in Vegas Loop, in COUNTY, and in City; total advertising, concession and other revenue for Vegas Loop; total quarterly Gross Revenue apportioned to COUNTY; and the franchise fee amount.

10.3 The FRANCHISEE shall submit with its annual report required in paragraph 10.1 a list of any and all persons using the FRANCHISEE's facilities, pursuant to Section 3.5 of this Agreement, during the prior year.

10.4 The FRANCHISEE shall retain all Project records and reports and shall allow for audits of Gross Revenue, at the COUNTY's expense (except for travel expenses to be paid by the FRANCHISEE if the records are not within the boundary of Clark County), of its records in accordance with applicable provisions of Clark County Code Titles 5 and 6.

SECTION 11. REVOCATION AND PENALTIES

11.1 In the event that the FRANCHISEE has failed to comply with the applicable provisions of the Clark County Code, this Franchise Agreement, or the applicable laws or

regulations of the State of Nevada or of the United States, the FRANCHISEE and Lender's Agent shall be given sixty (60) days from receipt of written notification of same from the COUNTY to remedy such failure; provided that, if the FRANCHISEE or Lender's Agent submits a written request to the COUNTY within such sixty (60) days, the request shall be placed before the County Commission and the FRANCHISEE and/or Lender's Agent shall be given an opportunity to be heard. Such sixty (60)-day period may be extended by the County Commission if it determines that the cause of such failure may be corrected but cannot reasonably be corrected within sixty (60) days. In the event that the failure has not been remedied within the sixty (60)-day period or other amount of time authorized by the County Commission, the County Commission may, in its sole discretion, choose to:

- a. impose monetary fines and other penalties upon the FRANCHISEE and/or Operator, including but not limited to: (A) assessment of penalties upon the FRANCHISEE in an amount deemed appropriate by the County Commission, but not exceeding the amount of the security deposit established in the applicable paragraphs of Section 17 of this Franchise Agreement; (B) suspension of construction or operation of the Monorail; or (C) restriction of business activities of the Monorail Franchise and Monorail Master Business License; or
- b. revoke or suspend the Monorail Franchise or Monorail Master Business License and impose terms for reinstatement or continuance of either; or
- c. make or cause to be made appropriate claims under any completion or performance security provided pursuant to the applicable paragraphs of Section 17 of this Franchise Agreement.

Notwithstanding paragraph (b) above, unless the FRANCHISEE has abandoned the Monorail as described in Section 12 hereof, the COUNTY shall not revoke or suspend the Monorail Franchise or Monorail Master Business License unless the COUNTY has obtained a final judgment from a court of competent jurisdiction that the FRANCHISEE has defaulted on its obligations under applicable provisions of the Clark County Code, this Franchise Agreement, or the applicable laws or regulations of the State of Nevada or of the United States, provided: (A) the judgment is not appealable; or (B) the losing party has failed to file an appeal in the time permitted under applicable law.

11.2 Any such monetary fines or penalties shall be due within thirty (30) days of written notification by the COUNTY, made payable to the County Treasurer, and delivered to the County's Director of Business License at the COUNTY's address indicated in Section 22 of this Franchise Agreement. A late charge of five percent (5%) of the fine or penalty imposed shall be assessed if the fine or penalty is not paid within thirty (30) days of the written notification.

11.3 If a fine or penalty which has been imposed by the County Commission is not paid within thirty (30) days from the date of written notification from the COUNTY to the FRANCHISEE and/or Lender's Agent, the FRANCHISEE or Lender's Agent hereby grant the COUNTY authorization to deduct the amount of the fine or penalty plus late charges, if any, from the security deposit provided for such purposes, pursuant to the applicable paragraphs of Section 17 of this Agreement and the applicable sections of Clark County Code Titles 5 and 6. If at any time the COUNTY has drawn upon such security deposit, the FRANCHISEE shall within thirty (30) days of deficiency of funds replenish such security to the original minimum amount established in the applicable paragraph of Section 17 of this Franchise Agreement.

SECTION 12. ABANDONMENT OF MONORAIL

12.1 In the event that:

- (i) the FRANCHISEE does not successfully complete the construction of the Monorail, has stopped construction of the Monorail or all or a material portion of the Monorail, including the portion located in the COUNTY Rights-of-Way for a period in excess of one hundred eighty (180) days, or has not been in continuous operation (as scheduled) transporting passengers for a period in excess of one hundred eighty (180) days, and has made no effort to cure the above circumstances, unless such failure to operate is permitted by Chapter 5.04 of the Clark County Code, including without limitation Section 5.04.270 thereof (Force Majeure), or the terms of this Franchise Agreement; and
- (ii) such failure to operate has not been remedied within sixty (60) days after receipt by the FRANCHISEE and/or Lender's Agent of written notice from the COUNTY specifying the same, provided that if the FRANCHISEE or Lender's Agent submits a written request to the COUNTY within sixty (60) days, the request shall be placed before the County Commission and such sixty (60)-day period may be extended by the County Commission if it reasonably determines that the cause of such failure may be corrected but cannot reasonably be corrected within sixty (60) days; and
- (iii) the FRANCHISEE and/or Lender's Agent are given an opportunity to be heard;

then the County Commission may declare all or such portion of the Monorail to be abandoned and may terminate this Franchise Agreement and the Monorail Master Business License with respect to all of the Monorail or such portion of the Monorail so determined to be abandoned. Upon

abandonment, the FRANCHISEE shall comply with the terms of the Decommissioning Plan, attached hereto as Exhibit C and by this reference incorporated herein.

SECTION 13. TRANSFERS AND ASSIGNMENTS

13.1 The Franchise shall be a privilege that is in the public trust and personal to the FRANCHISEE. The FRANCHISEE's obligations under its Franchise involve personal services whose performance involves personal credit, trust, and confidence in the FRANCHISEE. No Transfer or Assignment of this Franchise shall occur except as provided in Chapter 5.04 of the Clark County Code. However, the Agreement may be transferred or assigned to an affiliate or nonprofit related to the FRANCHISEE that is qualified to perform under this Franchise Agreement. Request for Transfer and Assignment of this Franchise pursuant to this Section 13 shall not be unreasonably withheld or delayed by the County Commission.

SECTION 14. LENDER'S RIGHTS

14.1 At any time, and from time to time during the term of this Franchise Agreement, the FRANCHISEE shall have the right, at its sole cost and expense, to grant a security interest in, mortgage, pledge, hypothecate, grant a deed in trust or otherwise encumber, or assign revenues, issues and profits of the Monorail or collaterally assign, pursuant to Chapter 5.04 of the Clark County Code, an interest in the Franchise and to assign or pledge the same as security for any loans or other debt obligations. All dues, fees and payments payable to the COUNTY under this Franchise Agreement and required by the Clark County Code take priority over all other debt obligations of the FRANCHISEE.

14.2 The Lender's Agent shall register with the COUNTY its name and address in writing. The COUNTY shall provide the Lender's Agent with all notices sent to the FRANCHISEE.

14.3 In the event the COUNTY issues a notice under Section 11 or 12 hereof, the Lender's Agent may, within the cure period specified in such notice, remedy the failure of the FRANCHISEE, and the COUNTY shall accept such performance by the Lender's Agent as if the same had been done by the FRANCHISEE.

14.4 The Lender's Agent may propose a Substituted Entity to act in place of the FRANCHISEE. The COUNTY shall have no obligation to approve such Substituted Entity unless that entity demonstrates to the COUNTY's satisfaction that it has the financial resources and experience to timely perform the obligations of the FRANCHISEE under this Franchise Agreement. A Substituted Entity may not act in place of the FRANCHISEE for more than one

year from the date approved by the COUNTY. The FRANCHISEE and/or Lender's Agent may apply for Transfer and Assignment of the Franchise to the Substituted entity, which may be approved by the County Commission in its sole discretion.

14.5 In the event the COUNTY determines to terminate this Franchise Agreement, the Lender's Agent, if applicable, shall thereupon have the option to have all rights, obligations and duties of the FRANCHISEE under this Franchise Agreement Transferred and Assigned by the COUNTY, pursuant to the requirements of Section 13 of this Franchise Agreement, to the Lender's Agent or to a Substituted Entity approved by the COUNTY effective upon the Lender's Agent or Substituted Entity: (i) executing an agreement, acceptable to the COUNTY, by which such Lender's Agent or Substituted Entity assumes all rights, obligations and duties of the FRANCHISEE under this Franchise Agreement, (ii) paying any and all sums which would, at the time of such assumption, be due under this Franchise but for such assumption, and (iii) fully remedying any existing deficiencies under this Franchise Agreement and Clark County Code.

14.6 The FRANCHISEE shall ensure that Lender, Lender's Agent, or any other creditor of the FRANCHISEE, does not place a lien on COUNTY Rights-of-Way. If liens are placed on COUNTY Rights-of-Way the FRANCHISEE shall take immediate action to remove the lien.

SECTION 15. INDEMNIFICATION AND LIABILITY

15.1 The FRANCHISEE shall indemnify, hold harmless, and defend the COUNTY, its officers and employees, individually and collectively, from all damages, fines, liens, suits, claims, demands, actions, costs of investigation and litigation, attorneys' fees and expenses, consultants' fees and expenses, and expert witnesses' fees and expenses, judgments or liability of any kind arising out of or in any way connected with (1) the design, installation, construction, operations, maintenance, or condition of the Monorail; (2) the remediation, decommissioning or abandonment of the Monorail, including obligations under the Decommissioning Plan; (3) any action or inaction, including intentional, reckless or willful misconduct, by the FRANCHISEE, its officers, employees, and agents, including those represented as contractor or sub-contractor, in connection with the Monorail, the COUNTY Rights-of-Way, and this Franchise Agreement; and (4) the FRANCHISEE's obligations set forth in this Franchise Agreement. The amounts and types of required insurance coverage set forth in the Franchise Agreement and Chapter 5.04 of the Clark County Code shall in no way be construed as limiting the scope of indemnity set forth in this Section.

The FRANCHISEE agrees, within thirty (30) calendar days of receipt of invoice from the COUNTY to pay all reasonable attorney's fees and such other costs and/or expenses as required by the COUNTY in handling of and/or for the defense of such claims and any other legal actions in addition to those items mentioned above.

The FRANCHISEE agrees to repair and/or restore, to the satisfaction of the COUNTY, any damage sustained to public property, including, but not limited to, COUNTY Rights-of-Way and any improvements thereto, caused by the FRANCHISEE and/or the Monorail. The FRANCHISEE shall provide such repair and/or restoration immediately after damage is incurred. The COUNTY does not warrant the condition of the COUNTY Rights-of-Way for the Monorail. The FRANCHISEE accepts use of the COUNTY Rights-of-Way in its “AS-IS” condition.

The FRANCHISEE agrees and acknowledges that the use of the COUNTY Rights-of-Way, by the COUNTY or other authorized users, as set forth herein, may disturb the Monorail and the COUNTY shall not be responsible for damage or disturbance to the Monorail resulting from the use of the COUNTY Rights-of-Way. The foregoing notwithstanding, the FRANCHISEE agrees that the COUNTY will not be liable or responsible for any damage or injury to the Monorail unless such damage or injury results from direct physical contact with the Monorail and is directly and solely cause by the active negligence or intentional actions of the COUNTY, its officers or employees.

This Section survives termination of this Franchise Agreement and applies to the Monorail in a decommissioned or abandoned status.

15.2 The following procedures shall apply to all claims for indemnification under this Section 15.

- a. If the COUNTY receives notice of or otherwise has actual knowledge of a claim which it believes is within the scope of indemnification owed to it under this Section 15 by the FRANCHISEE, it shall by writing as soon as practicable:
 1. inform the FRANCHISEE of such claim;
 2. send to the FRANCHISEE a copy of all written materials the COUNTY has received asserting such claims; and
 3. notify the FRANCHISEE that either: (A) the defense of such claims is being tendered to the FRANCHISEE, or (B) the COUNTY has elected to conduct its own defense for a reason set forth in Subsection 15.2(e) below.
- b. If the insurer under any applicable insurance policy accepts tender of defense, the FRANCHISEE and the COUNTY shall cooperate in the defense as required by the insurance policy. If no defense is provided by

insurers under potentially applicable insurance policies, then Subsections 15.2 (c), (d), (e) and (f) below shall apply.

- c. If the defense is tendered to the FRANCHISEE, it shall within forty-five (45) days of said tender deliver to the COUNTY a written notice stating that the FRANCHISEE:
 - 1. accepts the tender of defense and confirms that the claims are subject to full indemnification hereunder without any “reservation of rights” to deny or disclaim full indemnification thereafter,
 - 2. accepts the tender of defense but with a “reservation of rights” in whole or in part, or
 - 3. rejects the tender of defense if it reasonably determines it is not required to indemnify against the claims under this Section 15.

If such notice is not delivered within such forty-five (45) days, the tender of defense shall be deemed rejected.

- d. If the COUNTY gives notice under Subsection 15.2 (a)(3)(A) above, the FRANCHISEE shall have the right to select legal counsel for the COUNTY, and the FRANCHISEE shall otherwise control the defense of such claims, including settlement, and bear the fees and costs of defending and settling such claims. During such defense:
 - 1. the FRANCHISEE shall at the FRANCHISEE’s expense, fully and regularly inform the COUNTY of the progress of the defense and of any settlement discussions; and
 - 2. the COUNTY shall, at the FRANCHISEE’s expense: (A) fully cooperate in said defense, (B) provide to the FRANCHISEE all materials and access to personnel it requests as necessary for defense, preparation and trial and which or who are under the control of or reasonably available to the COUNTY, and (C) maintain the confidentiality of all communications between it and the FRANCHISEE concerning such defense.
- e. At its option, the COUNTY may elect to hire an attorney and/or attorneys to defend the COUNTY, its officers, employees, agents, directors or county commissioners for any of the items set forth above, including, but not limited to, claims, causes of actions, suits, judgments, negotiations, settlements and arbitrations. If the COUNTY exercises this option, the

FRANCHISEE agrees that the FRANCHISEE remains subject to all indemnification obligations as set forth in this Section, including, but not limited to, paying all costs, reasonable documented attorney's fees, costs of suit, costs of appeal, and expert witness fees. The COUNTY may assume its own defense pursuant to this Subsection 15.2(e) by delivering to the FRANCHISEE written notice of such election.

- f. If the COUNTY elects to conduct its own defense pursuant hereto, all reasonable and documented third-party costs and expenses it incurs in investigating and defending claims for which it is entitled to indemnification hereunder shall be reimbursed by the FRANCHISEE on a current basis. In the event the COUNTY is entitled to and elects to conduct its own defense, then it shall have the right to settle or compromise the claims with the FRANCHISEE's prior written consent, which shall not be unreasonably withheld or delayed, or with approval of the court, and with the full benefit of the FRANCHISEE's indemnity.

SECTION 16. INSURANCE

16.1 The FRANCHISEE shall at its own cost and expense, obtain and maintain commercial general liability insurance naming the COUNTY, its officers, employees, volunteers, and agents as additional insureds for the duration of this Franchise Agreement. Commercial general liability insurance coverage must be provided either on a commercial general liability form or a broad form comprehensive general liability form. The FRANCHISEE shall maintain at all times limits of no less than \$1 million combined single limit per occurrence for bodily injury (including death), personal injury, and property damage. Policies must contain a primary and non-contributory clause and must contain a waiver of subrogation endorsement. The insurance coverage supplied by the FRANCHISEE must provide for a 30-day calendar notice to the COUNTY before implementation of a proposal to suspend, void, cancel or reduce in coverage, or in limits, the required insurance coverage. The FRANCHISEE shall at all times maintain workers' compensation insurance in compliance with NRS Chapters 616 and 617.

SECTION 17. SECURITY FOR PERFORMANCE

17.1 At least thirty (30) days prior to Commencement of Construction (as defined in Clark County Code 5.04.010), the FRANCHISEE shall provide the Director of Business License security in a bond or an irrevocable Letter of Credit, or cash (at the FRANCHISEE's discretion)

for one million, three hundred and fifty thousand dollars (\$1,350,000) which must approved by the Director, that guarantees the safe securing of the Monorail within Rights-of-Way in accordance with Section 5.04.240 of the Clark County Code and in accordance with the terms of the Decommissioning Plan. Such security may be provided by an affiliate, related party, or owner of FRANCHISEE that is acceptable to the COUNTY.

SECTION 18. RIGHTS RESERVED TO COUNTY

18.1 The COUNTY does hereby expressly reserve its rights, powers, and authorities pursuant to Section 5.04.270 of the Clark County Code and the NRS.

SECTION 19. COUNTY INSPECTIONS

19.1 The Director of the Department of Building and Fire Prevention, or its designee, shall inspect all work performed by the FRANCHISEE relating to the maintenance facilities, passenger stations and associated structures of the Monorail. The Director of Public Works, or its designee, shall inspect all work performed by the FRANCHISEE relating to facilities placed in COUNTY Rights-of-Way that will be owned and maintained by the COUNTY and any restoration of Rights-of-Way. The FRANCHISEE shall notify the respective Director when facilities and/or Rights-of-Way restoration are ready for inspection. Any inspection and subsequent approvals undertaken by the COUNTY pursuant to this Franchise Agreement are undertaken solely to ensure compliance with this Franchise Agreement and are not undertaken for the safety or the benefit of any individual or group of individuals as members of the public. Provisions in this Franchise Agreement dealing with inspection or approval by the COUNTY do not extend the COUNTY's general law duties. The costs of special inspections shall be paid by the FRANCHISEE pursuant to Sections 13.04 and 22.02 of the Clark County Code.

SECTION 20. SEVERABILITY

20.1 If any provision, section, subsection, paragraph, sentence, clause, phrase, or other portion of this Franchise Agreement is for any reason held to be invalid or unconstitutional, in whole or in part, by any court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity of the remaining portions hereof, which other portions shall continue in full force and effect. In the event of a subsequent change in applicable law so that the provision which

had been held invalid is no longer invalid, said provision shall thereupon return to full force and effect without further action by the COUNTY and shall thereafter be binding on the FRANCHISEE and COUNTY. If the terms of this Franchise Agreement are materially altered due to changes in or rulings regarding governing law, then the parties agree to amend this Franchise Agreement so as to restore the original intent of the FRANCHISEE and the COUNTY and preserve the benefits bargained for by each party.

SECTION 21. GIFTS

21.1 No officer or employee of FRANCHISEE shall offer to any officer or employee of the COUNTY, either directly or indirectly, any rebate, contribution, gift, money, service without charge, or other thing of value whatsoever, except where given for the use and benefit of the COUNTY or political campaign contributions that comply with applicable federal, state and local laws.

SECTION 22. NOTICE

22.1 All notices shall be sent to the COUNTY or FRANCHISEE at the addresses indicated below, with email being preferred. The FRANCHISEE shall notify the COUNTY's Director of Business License of any change of address within ten (10) working days of such occurrence. Failure to provide notification, and any resulting delay in receipt of notice, shall not excuse the FRANCHISEE from any obligation imposed by this Franchise Agreement, nor shall it serve as cause for reduction or removal of any restriction, fine or penalty imposed by the COUNTY.

COUNTY:

Director of Business License -
Clark County Manager's Office
500 S. Grand Central Pkwy.
P.O. Box 551810
Las Vegas, NV 89155-1810
Email: CHAP@ClarkCountyNV.gov

FRANCHISEE:

TBC -- The Boring Company dba Vegas Loop

3395 Cambridge Street

Las Vegas, NV 89169
Email: ashley@boringcompany.com

22.2 Notices shall be sent to the approved Lender's Agent at the address provided in writing to the COUNTY. The Lender's Agent shall notify the COUNTY's Director of Business License of any change in its status as Lender's Agent or in its address within ten (10) working days of such occurrence. Failure to provide notification, and any resulting delay in receipt of notice, shall not serve as cause for reduction or removal of any restriction, fine or penalty imposed by the COUNTY.

IN WITNESS WHEREOF the parties hereto have set their hands the day and year first written above.

CLARK COUNTY BOARD OF COMMISSIONERS

By Marilyn K. Kirkpatrick
MARILYN KIRKPATRICK, Chairman

ATTEST:

Lynn Marie Goya
LYNN MARIE GOYA, Clerk

APPROVED AS TO FORM
DISTRICT ATTORNEY

Sherry Ly
SHERRY LY
Deputy District Attorney

TBC -- THE BORING COMPANY

By Steve Davis
NAME: Steve Davis
TITLE: President

EXHIBIT A

TBC – THE BORING COMPANY

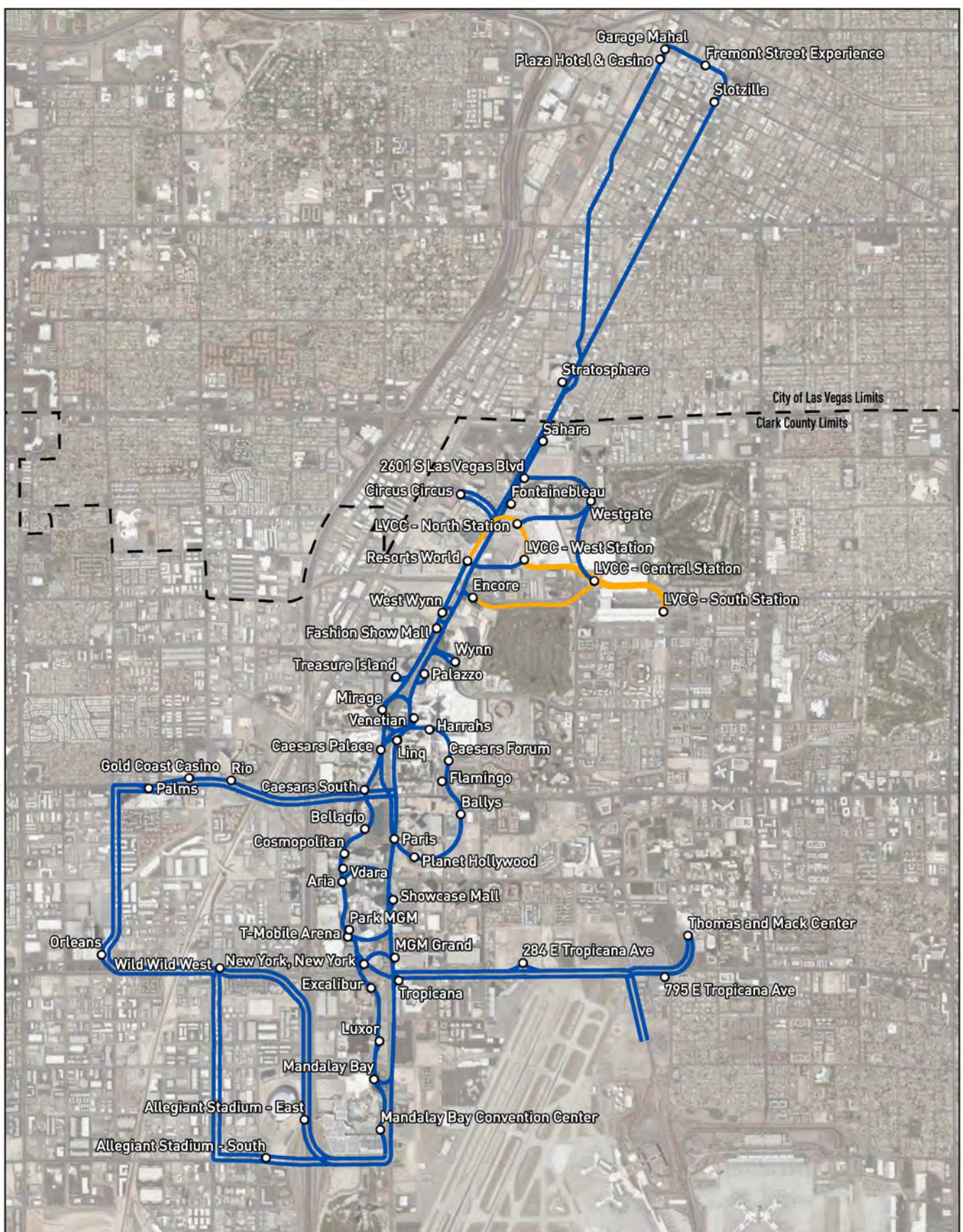
APPLICATION FOR A
MONORAIL FRANCHISE



October 20, 2021

TBC – The Boring Company (“TBC”) wishes to apply for a monorail franchise in Clark County. Pursuant to Section 5.04.070(a) of the Clark County Code, *Application for a monorail franchise*, TBC hereby submits the following information:

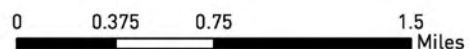
- (1) The Franchise Agreement to be executed by TBC and Clark County encompasses all understandings and agreements between the parties with respect to the application for a monorail franchise agreement.
- (2) Ownership of the applicant, TBC, a privately held Delaware corporation licensed to conduct business in the State of Nevada:
 - Officers: Steve Davis (President) and Jared Birchall (Secretary)
 - Stockholders holding more than ten percent of outstanding stock: Elon Musk
- (3) Not applicable.
- (4) Map of the proposed location of the monorail:



- Proposed Loop Station
- Proposed Main Artery Tunnel
- Active Projects Under Separate Entitlement

VEGAS LOOP

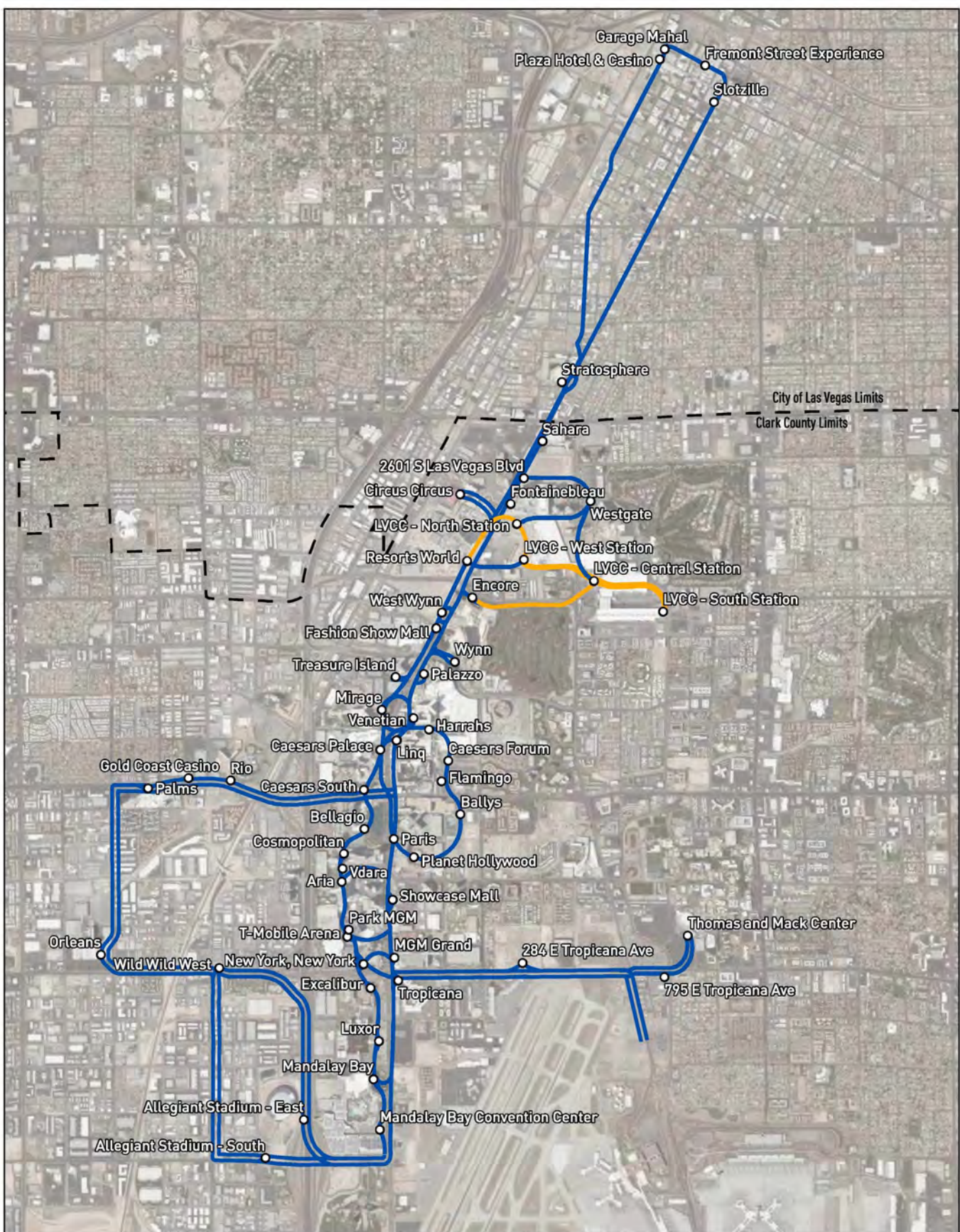
PROPOSED ALIGNMENT
AND STATIONS



REVISED: 10/11/2021 SBE 26-116 Pg 396

EXHIBIT B

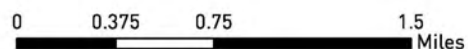
MAP & IMPROVEMENTS



- Proposed Loop Station
- Proposed Main Artery Tunnel
- Active Projects Under Separate Entitlement

VEGAS LOOP

PROPOSED ALIGNMENT
AND STATIONS



REVISED: 10/11/2021 SBE 26-116 Pg 398

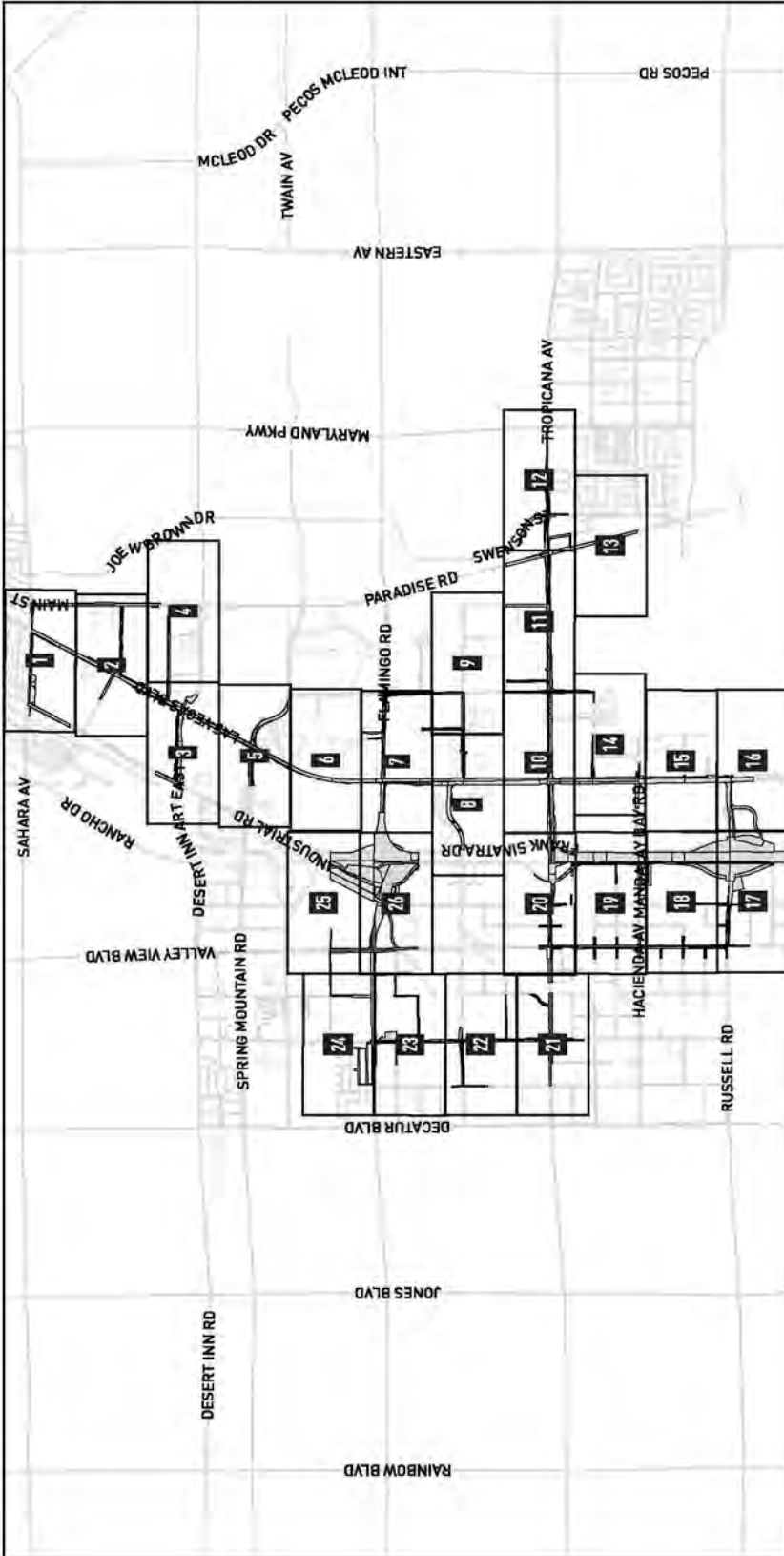


VEGAS LOOP
PROJECT LOCATION EXHIBIT

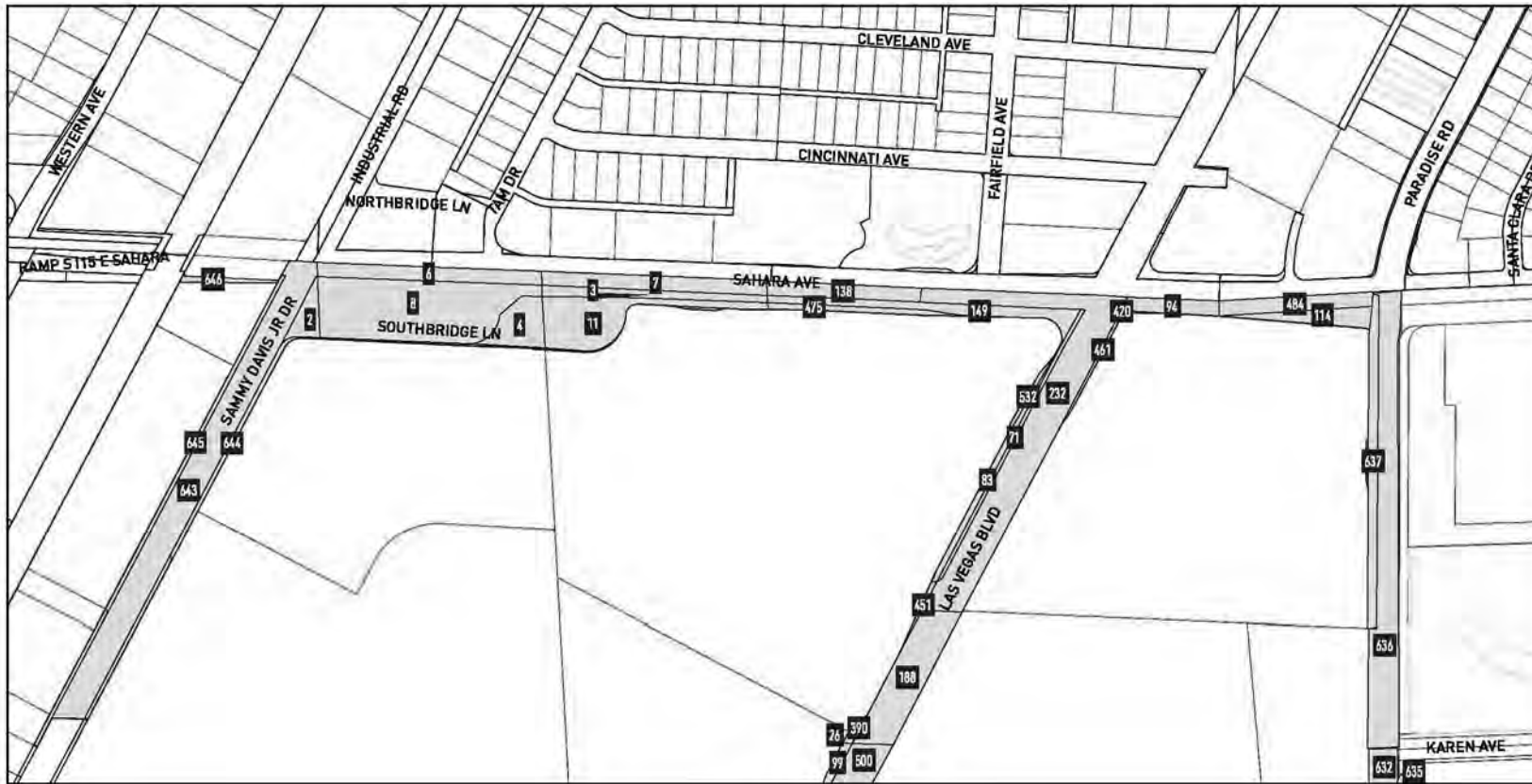
LEGEND
Right-of-Way

VEGAS
LOOP
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

COVER SHEET
REVISED: 10/7/2021



OVERVIEW MAP
1 inch = 5,500 feet
0 2,750 5,500 Feet



VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

PLAN VIEW
1 inch = 500 feet

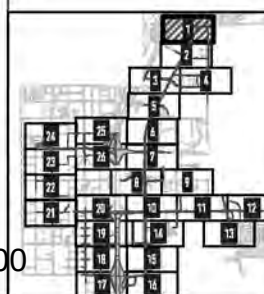
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Feet

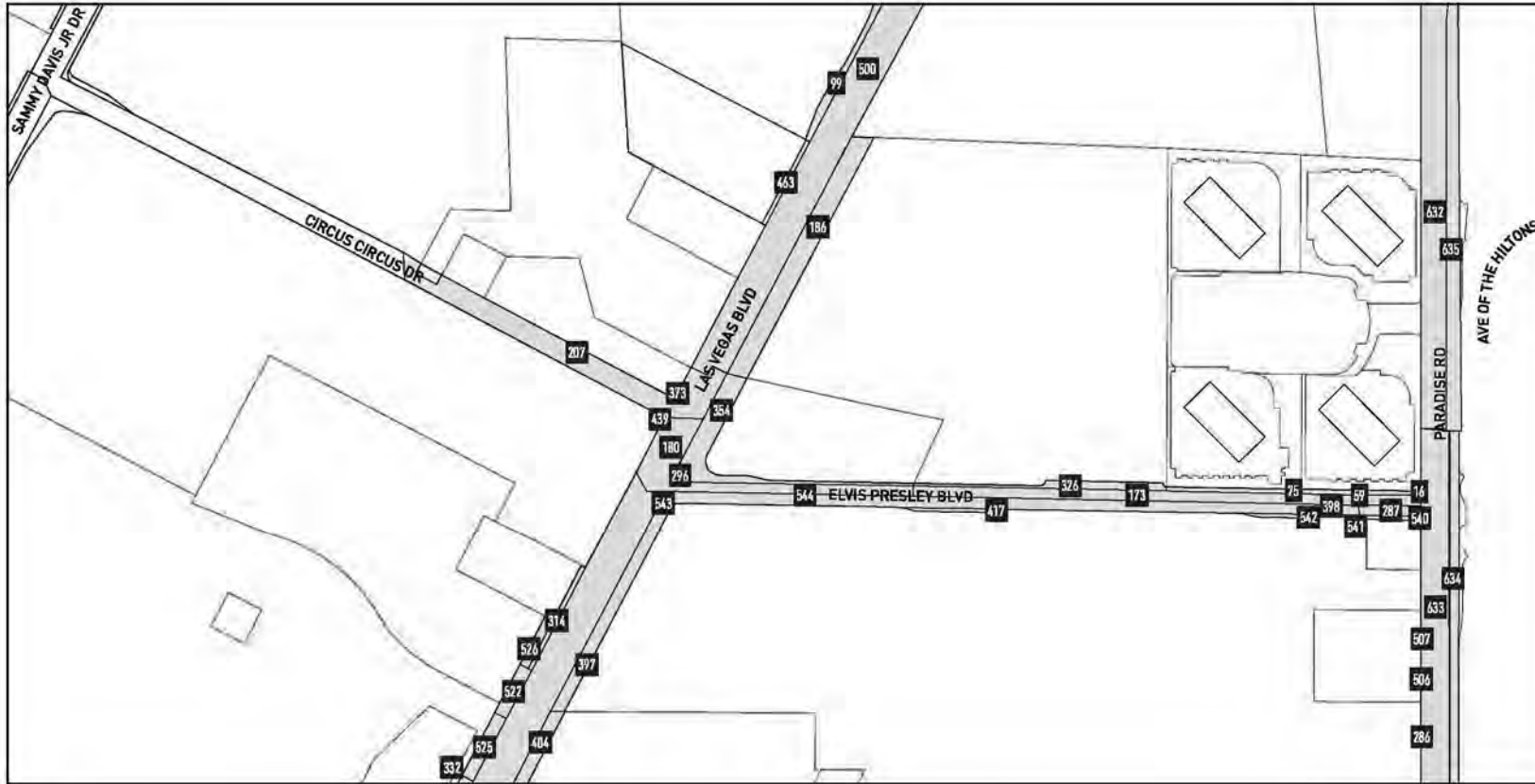
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| 3, 16209599007 | 11, 16209599014 | 99, 16209699003 | 232, 16209599004 | 475, 16209599015 | 635, 16210299002 | 645, 16209199012 |
| 4, 16209599016 | 26, 16209599021 | 114, 16209599013 | 390, 16209599025 | 484, 16209599012 | 636, 16210199010 | 646, 16209199025 |
| 6, 16209599001 | 71, 16209599010 | 138, 16209599003 | 420, 16209599009 | 500, 16209699001 | 637, 16210199018 | |
| 7, 16209599002 | 83, 16209599018 | 149, 16209599008 | 451, 16209599019 | 532, 16209599024 | 643, 16209199010 | |

**VEGAS
LOOP**
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 1 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

16, 16209799007	186, 16209699007	326, 16209699009	404, 16209799025	507, 16209799010	542, 16209799004	635, 16210299002
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99, 16209699003	287, 16209799016	373, 16209699010	463, 16209699004	526, 16209799029	632, 16210299001	
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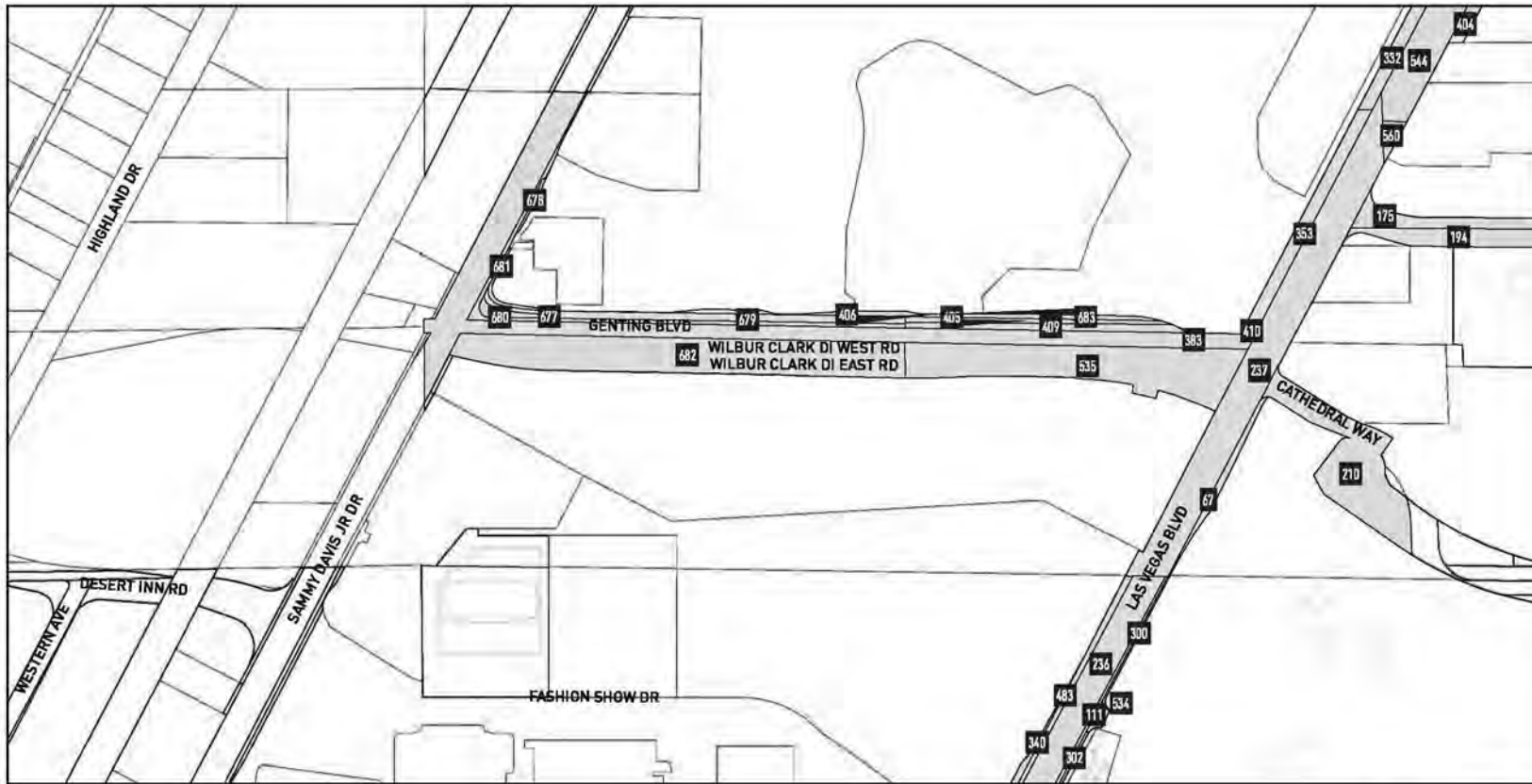
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

**VEGAS
LOOP**
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 2 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

67, 16209499018	236, 16216199002	340, 16216199001	406, 16209499019	535, 16209499010	679, 16209499017
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VEGAS LOOP
PROJECT LOCATION EXHIBIT

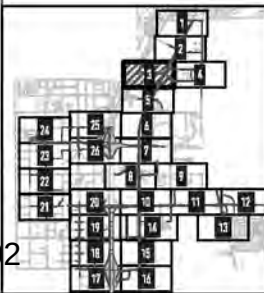
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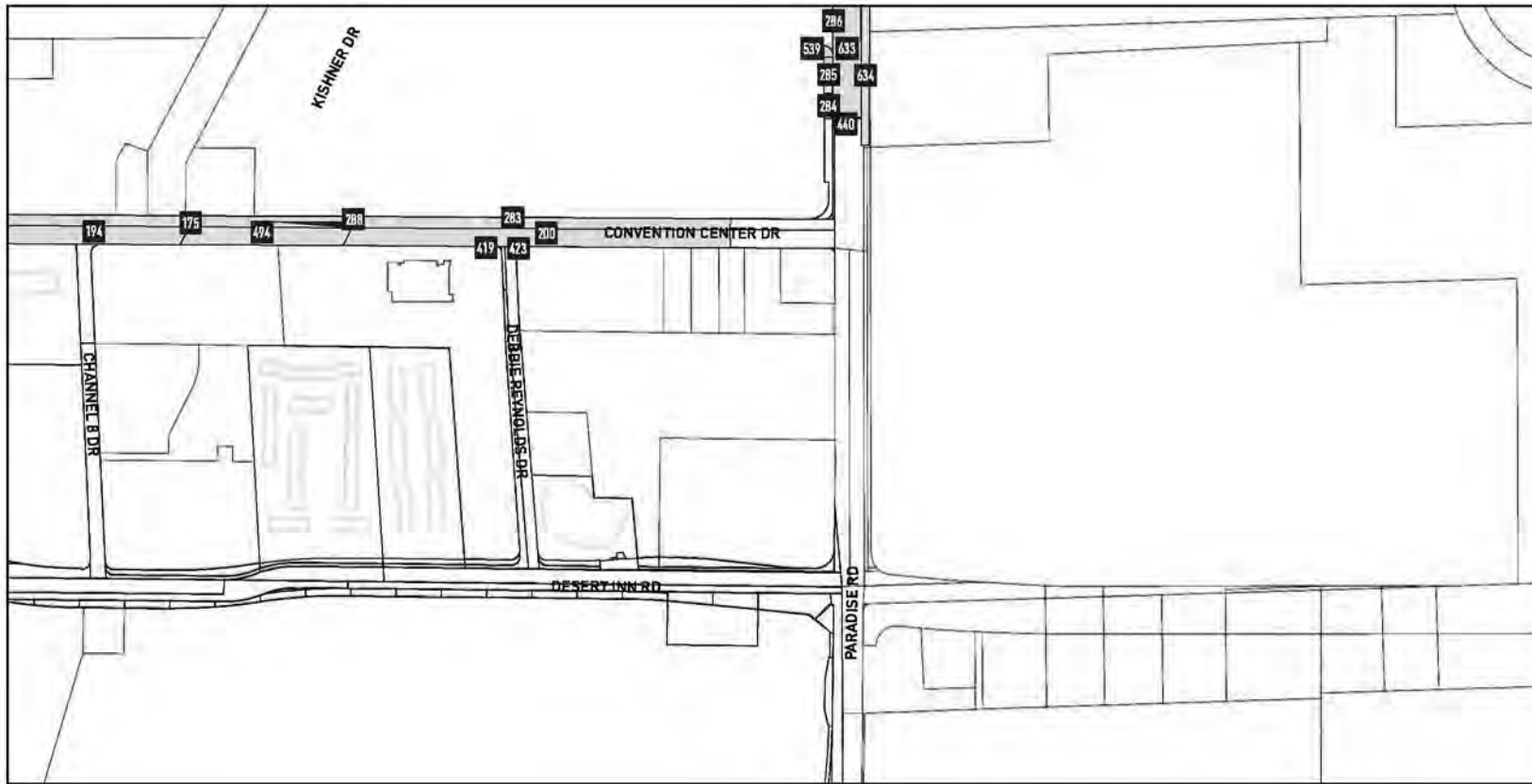
Right-of-Way

VEGAS
LOOP

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 3 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

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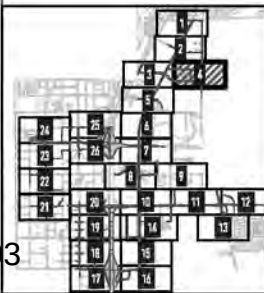
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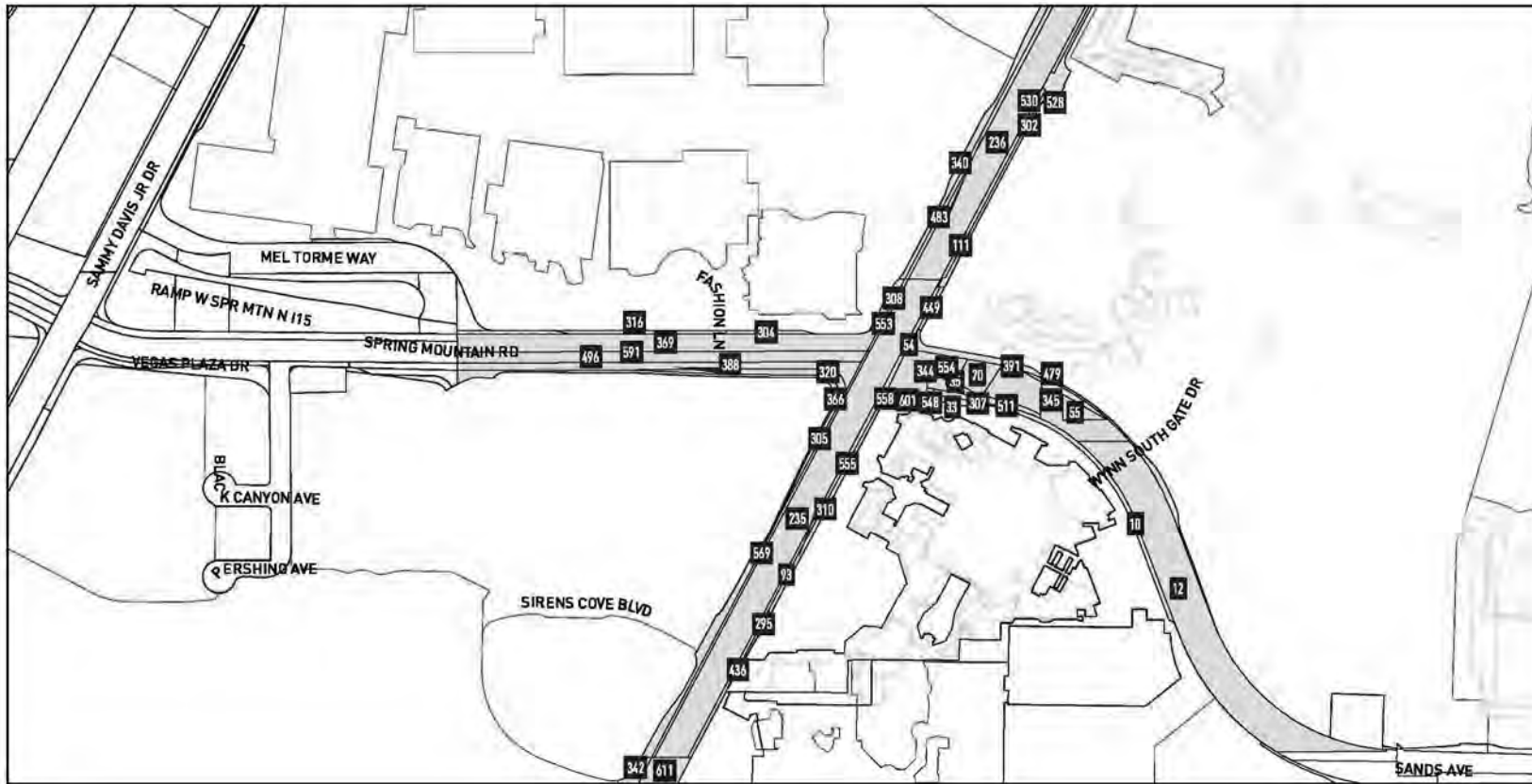
Right-of-Way

VEGAS
LOOP

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 4 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

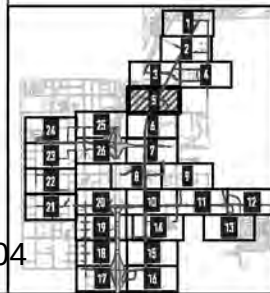
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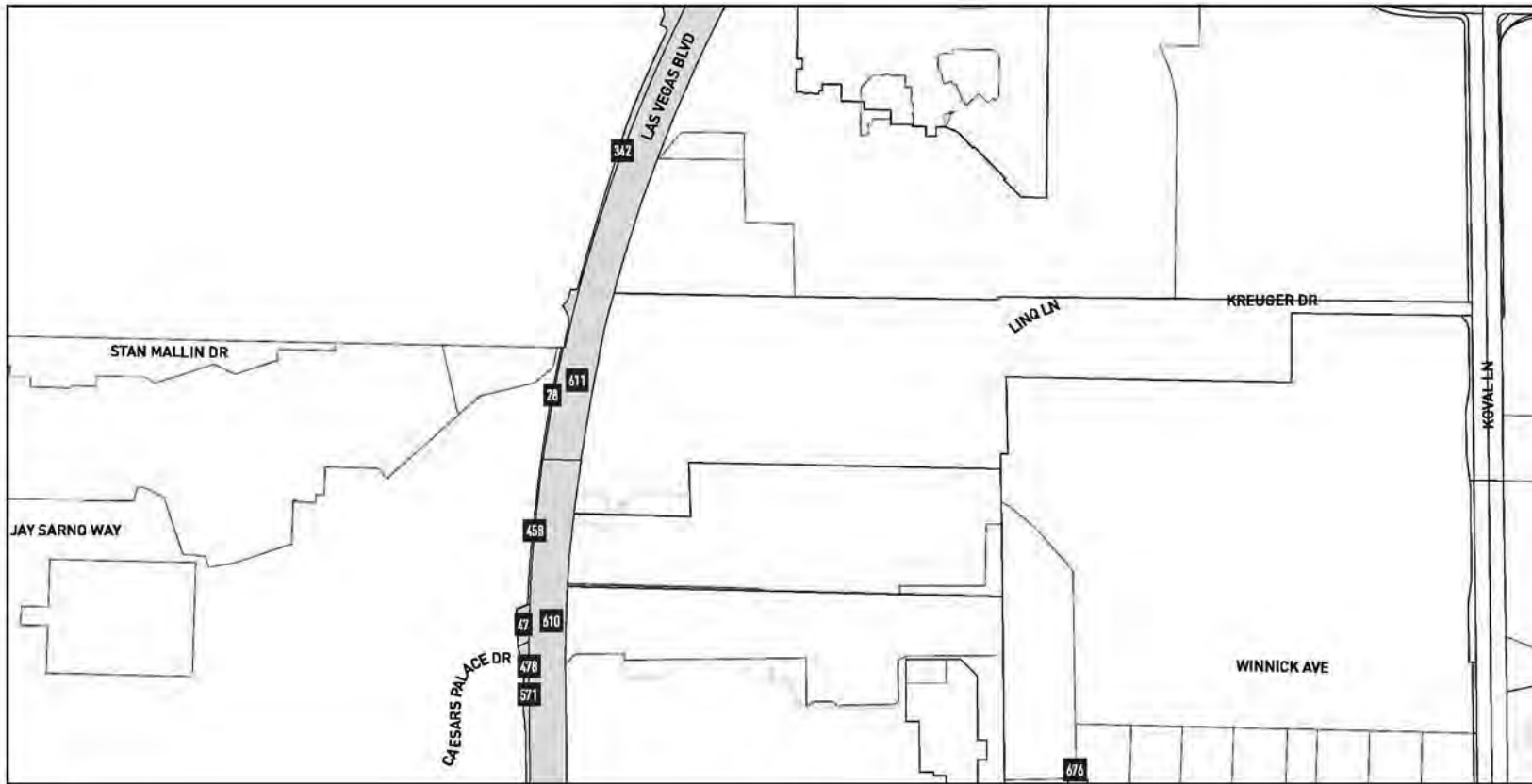
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

VEGAS
LOOP
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 5 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

- | | | | | |
|-----------------|------------------|------------------|------------------|------------------|
| 28, 16217799020 | 342, 16216399005 | 478, 16217899005 | 610, 16216499002 | 676, 16216499001 |
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VEGAS LOOP
PROJECT LOCATION EXHIBIT

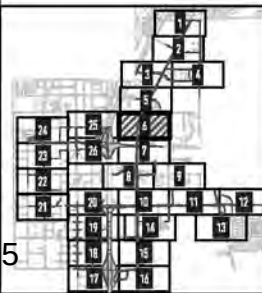
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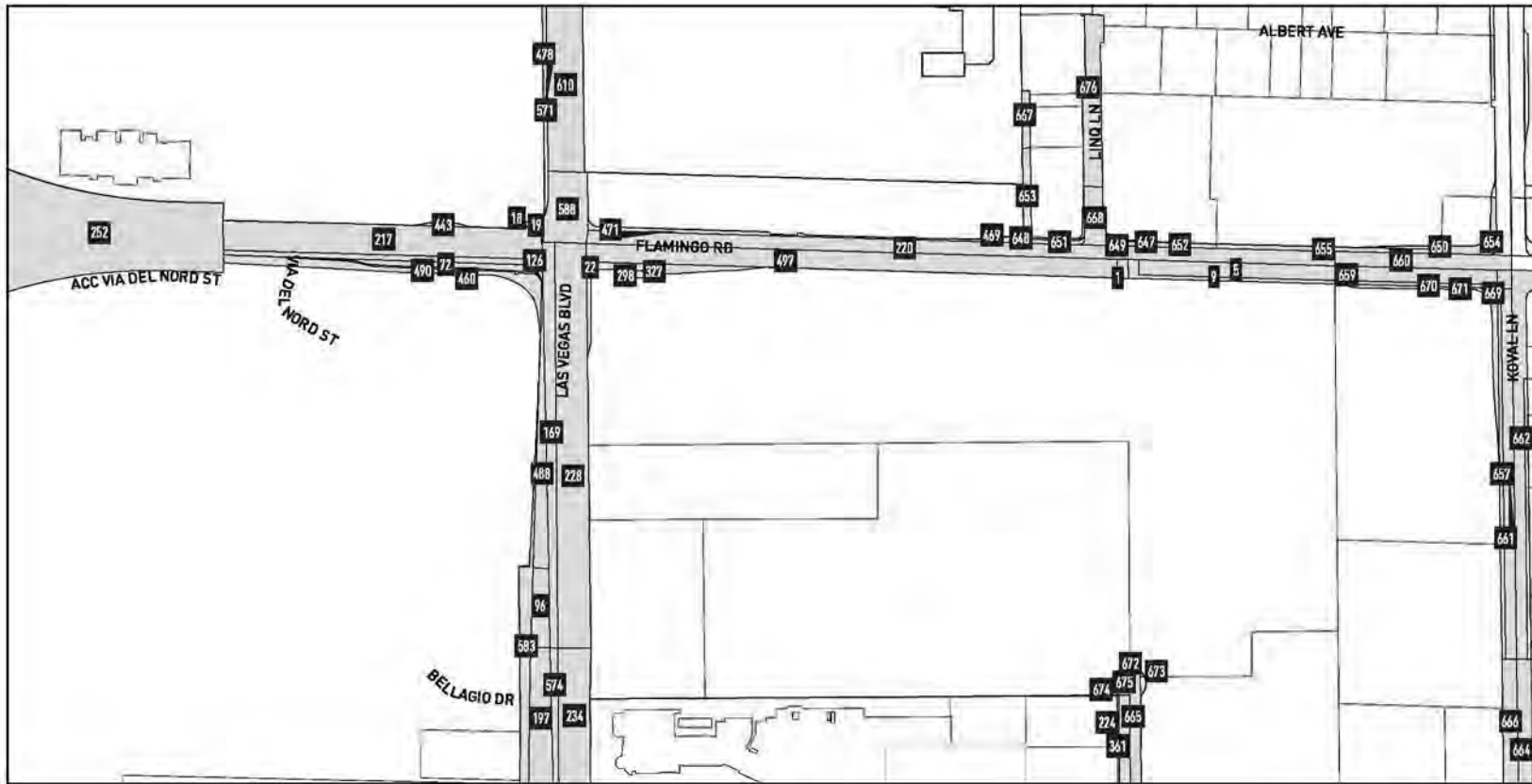
Right-of-Way

**VEGAS
LOOP**

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 6 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

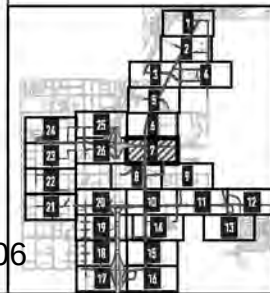
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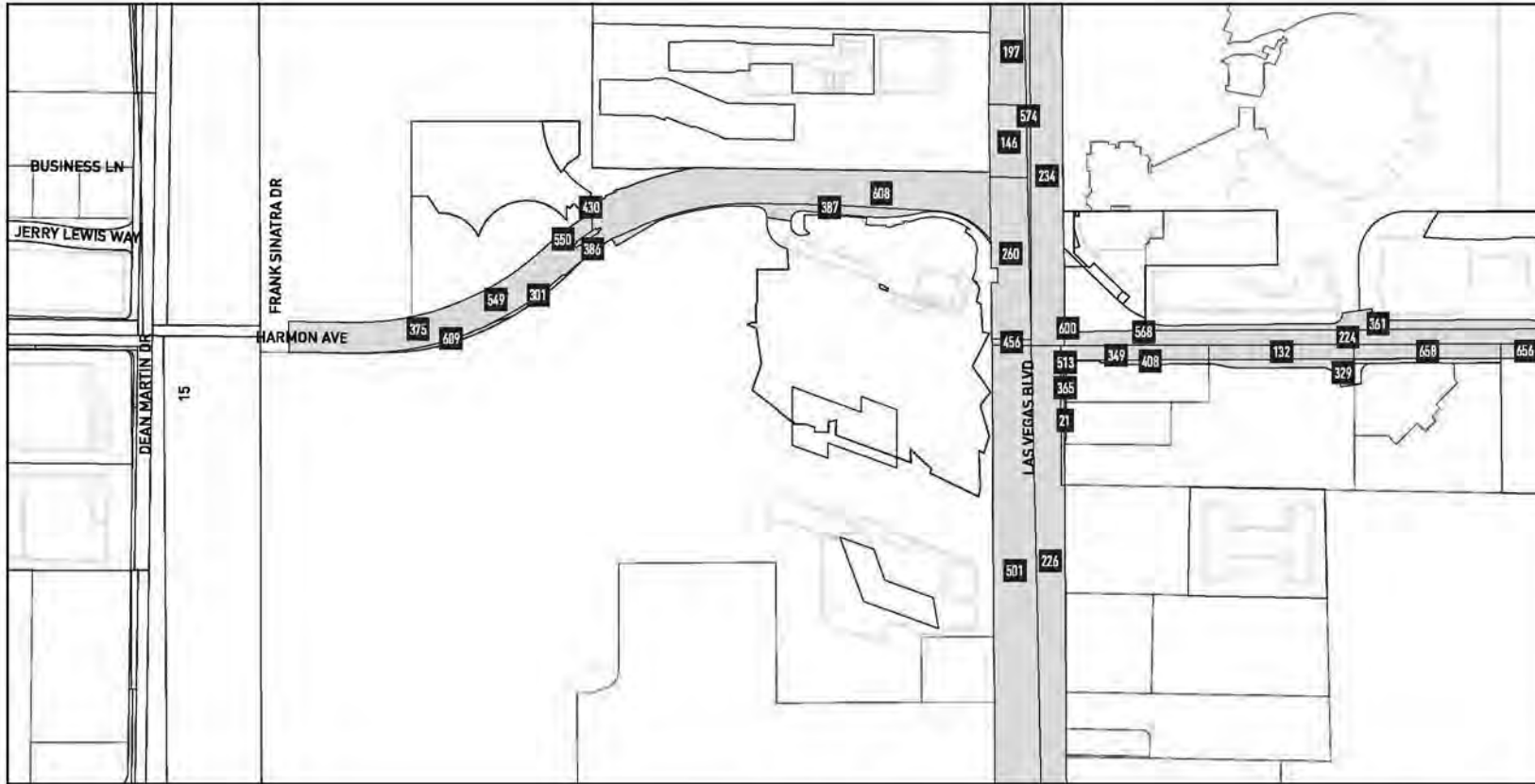
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

**VEGAS
LOOP**
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 7 OF 26
REVISED: 10/7/2021



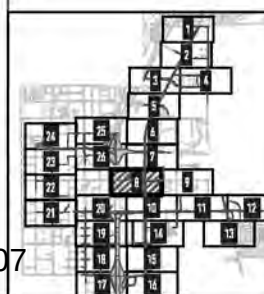


VEGAS LOOP
PROJECT LOCATION EXHIBIT

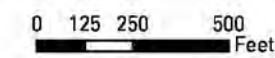
LEGEND
Right-of-Way

**VEGAS
LOOP**
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 8 OF 26
REVISED: 10/7/2021



PLAN VIEW
1 inch = 500 feet



PARCEL NOTES

21, 16221399015	226, 16221399001	349, 16221399002	387, 16220699014	513, 16221399018	600, 16221299006
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PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

■ 224, 16221299008 ■ 361, 16221299014 ■ 656, 16221399005 ■ 663, 16221399006 ■ 664, 16221699001 ■ 665, 16221299004 ■ 666, 16221299005



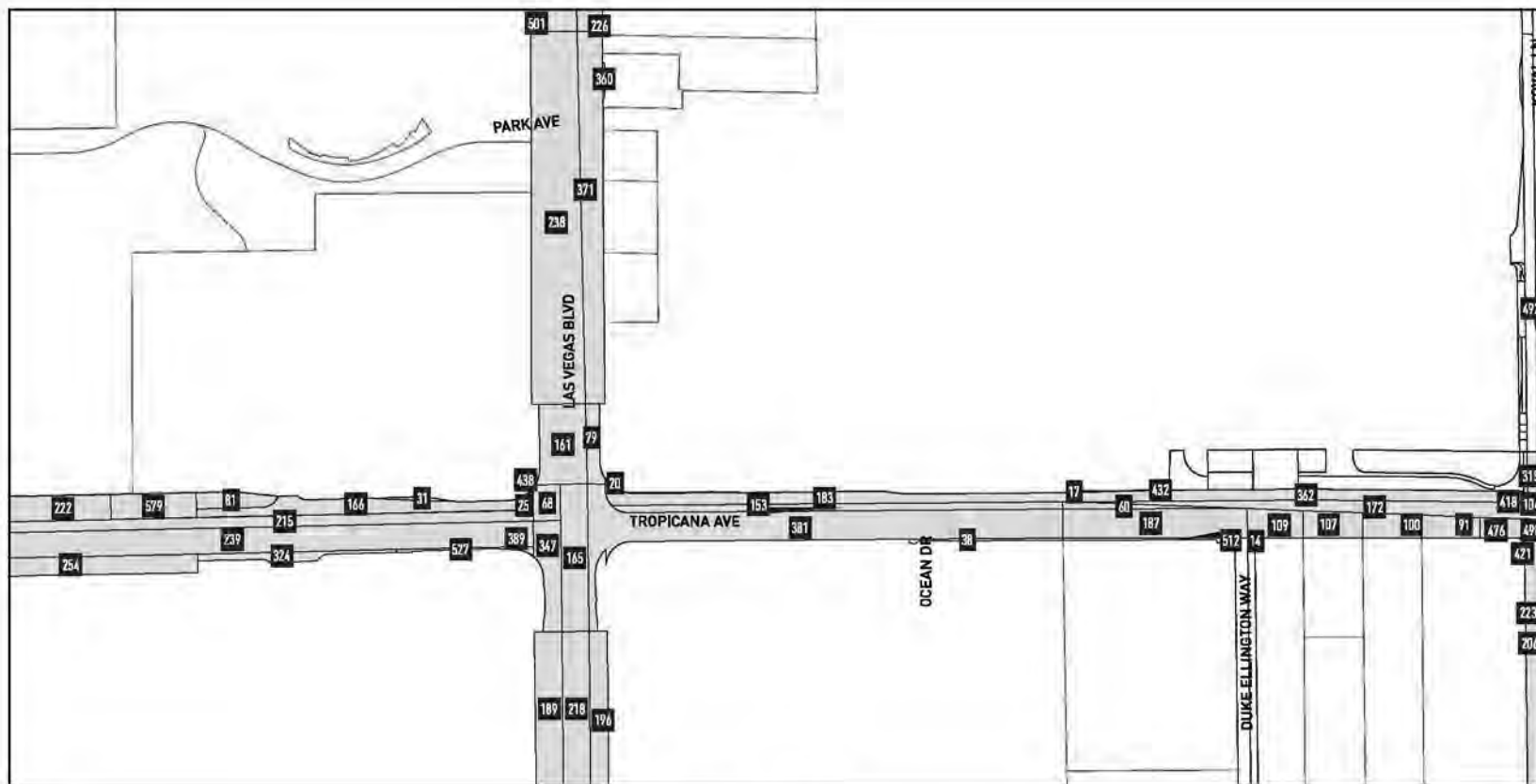
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
■ Right-of-Way

**VEGAS
LOOP**
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 9 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

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VEGAS LOOP PROJECT LOCATION EXHIBIT

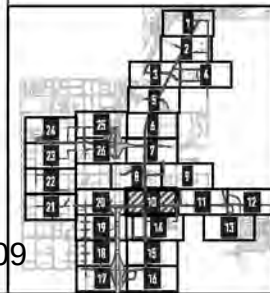
LEGEND

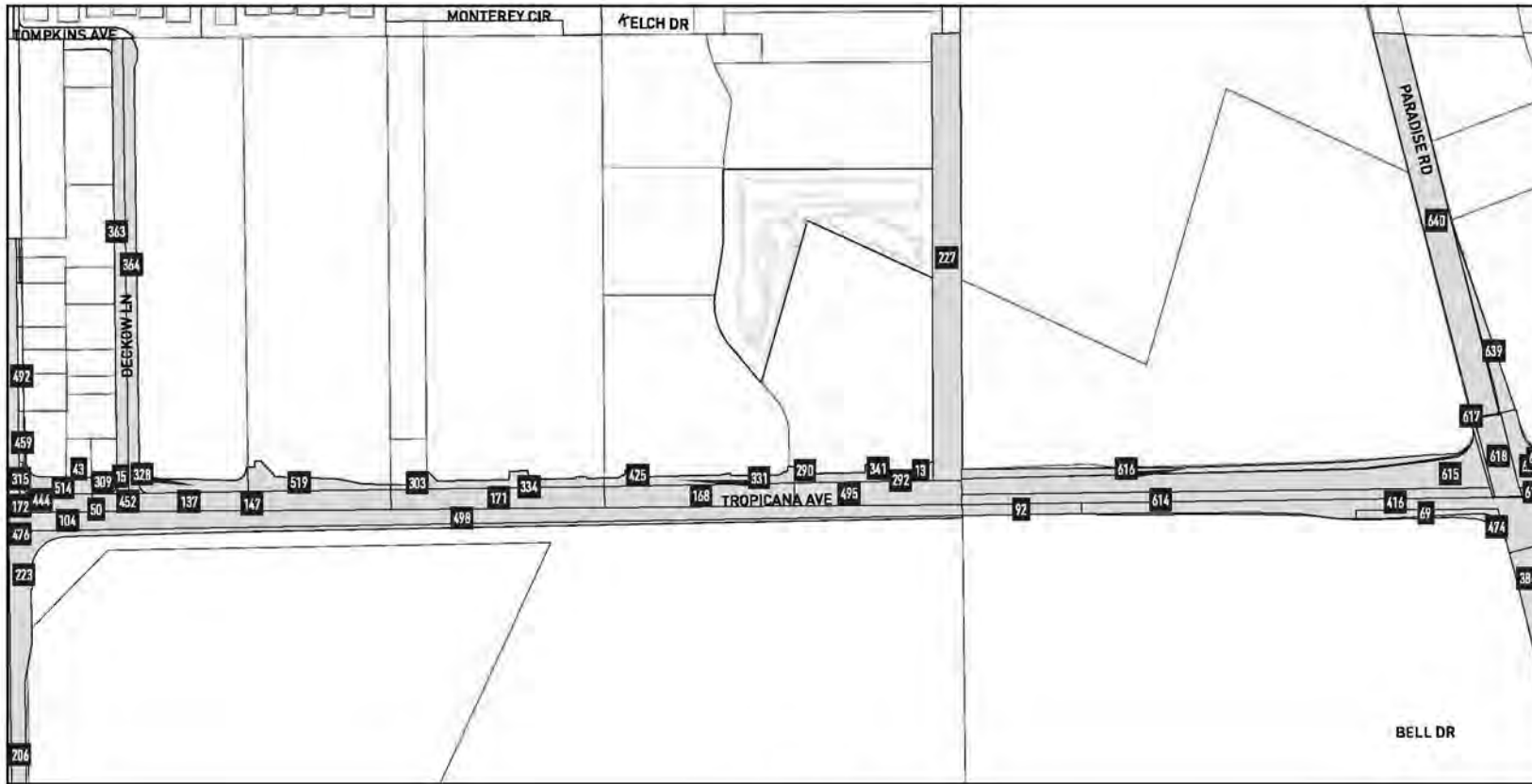
Right-of-Way

VEGAS LOOP

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 10 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

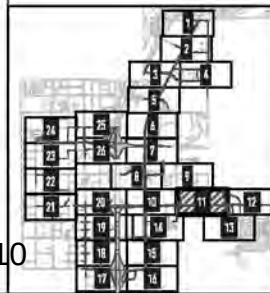
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15, 16221899017	147, 16221899020	290, 16221899036	334, 16221899030	444, 16221899013	498, 16228599001	618, 16222499022
43, 16221899024	168, 16221899022	292, 16221899033	341, 16221899032	452, 16221899018	514, 16221899026	619, 16222499012
50, 16221899016	171, 16221899021	303, 16221899029	363, 16221899002	459, 16221899012	519, 16221899028	620, 16222499023
69, 16227199003	172, 16221499006	309, 16221899025	364, 16221899003	474, 16227199017	614, 16222499010	621, 16222499017
92, 16227199001	206, 16228199017	315, 16221499005	384, 16227199002	476, 16228199010	615, 16222499009	639, 16222499011
104, 16221899015	223, 16228599002	328, 16221899027	416, 16227199020	492, 16221899014	616, 16222499016	640, 16222499002

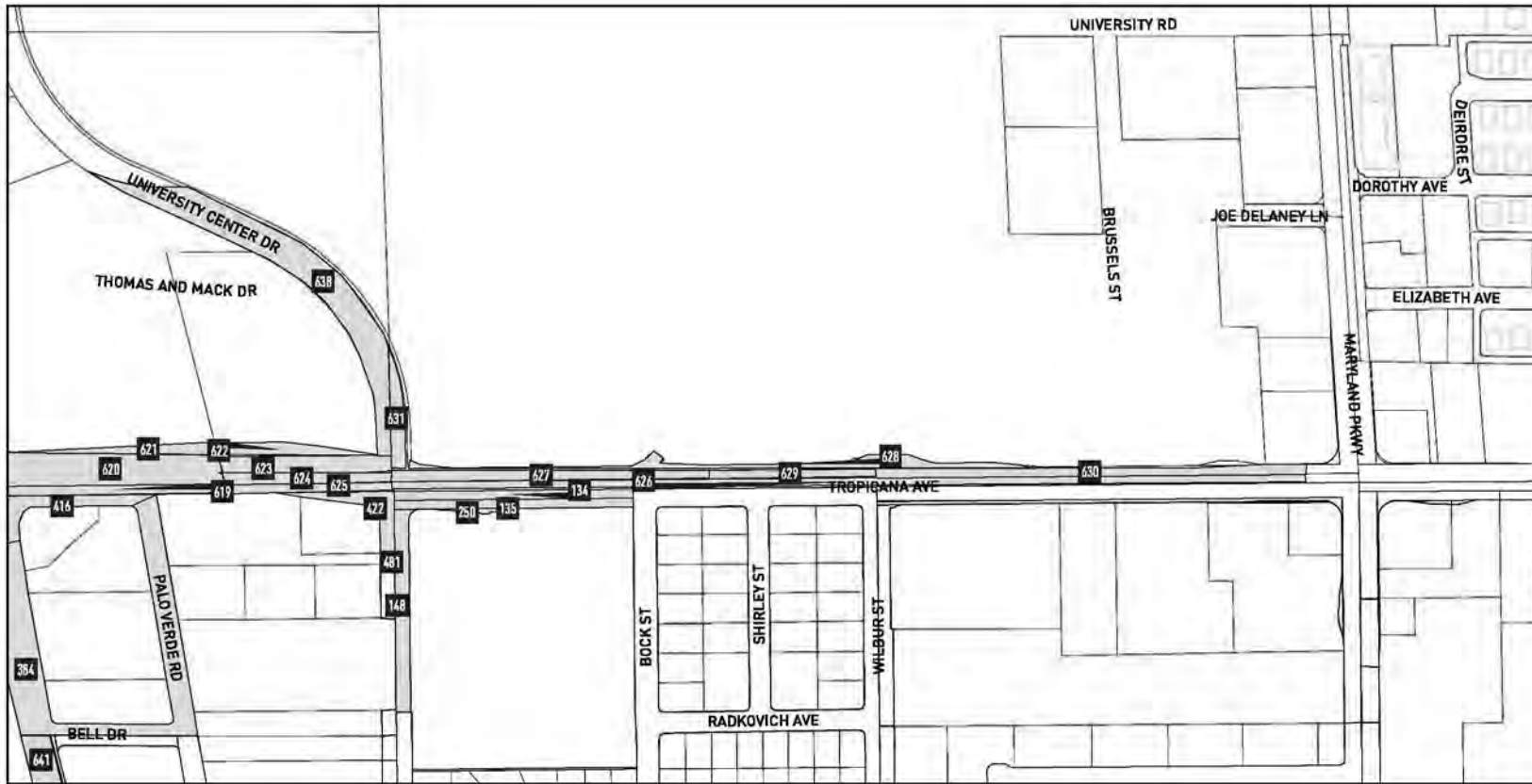
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

**VEGAS
LOOP**
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 11 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

134, 16227599001	384, 16227199002	619, 16222499012	623, 16222499013	627, 16222899011	631, 16222899001
135, 16227599014	416, 16227199020	620, 16222499023	624, 16222499014	628, 16222899016	638, 16222499007
148, 16227599004	422, 16227199005	621, 16222499017	625, 16222499015	629, 16222899012	641, 16227199007
250, 16227599015	481, 16227199004	622, 16222499018	626, 16222899013	630, 16222899009	

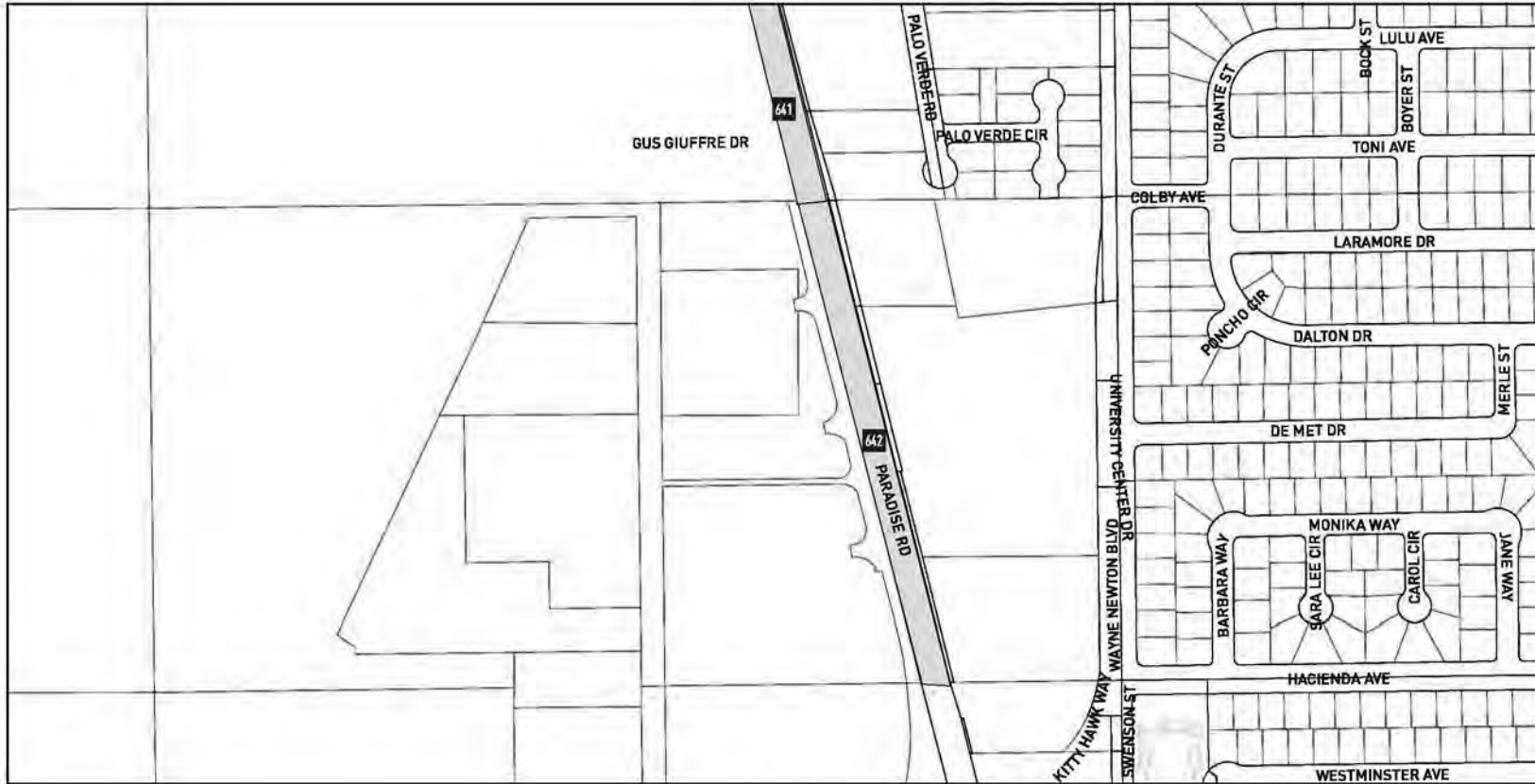
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

VEGAS
LOOP
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 12 OF 26
REVISED: 10/7/2021





PARCEL NOTES

- 641, 16227199007 642, 16227299001

PLAN VIEW
1 inch = 500 feet

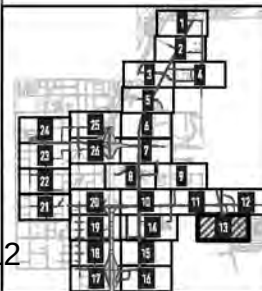
0 125 250 500
Feet

LEGEND
Right-of-Way

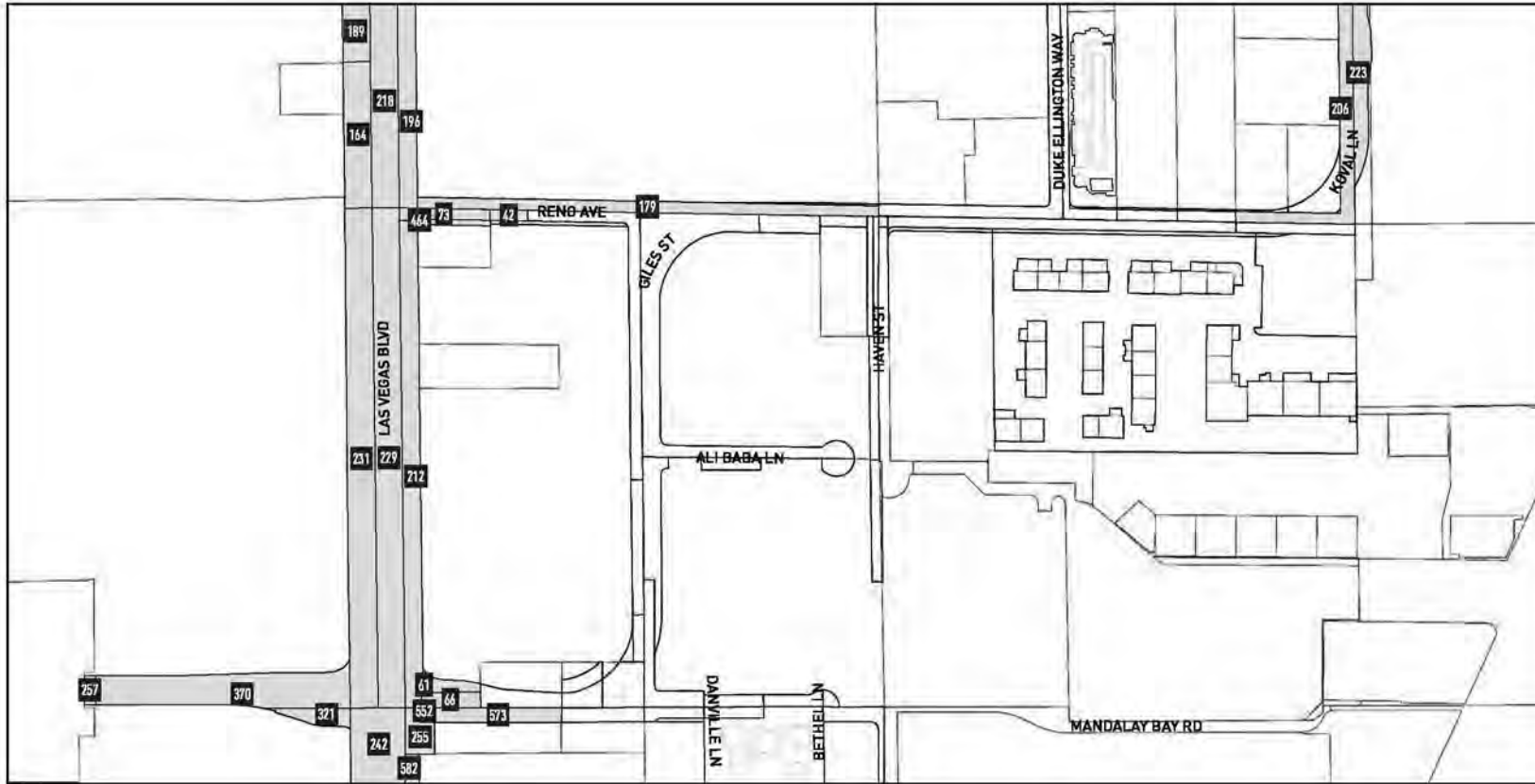
VEGAS
LOOP

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 13 OF 26
REVISED: 10/7/2021



VEGAS LOOP
PROJECT LOCATION EXHIBIT



PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

42, 16228299002	164, 16229599019	206, 16228199017	229, 16229699004	257, 16229699009	552, 16228399008
61, 16228299031	179, 16228199012	212, 16228299010	231, 16229699003	321, 16229799007	573, 16228399002
66, 16228299016	189, 16229599024	218, 16229599025	242, 16229799003	370, 16229699008	582, 16228399001
73, 16228299001	196, 16228199033	223, 16228599002	255, 16228399035	464, 16228299033	

VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND

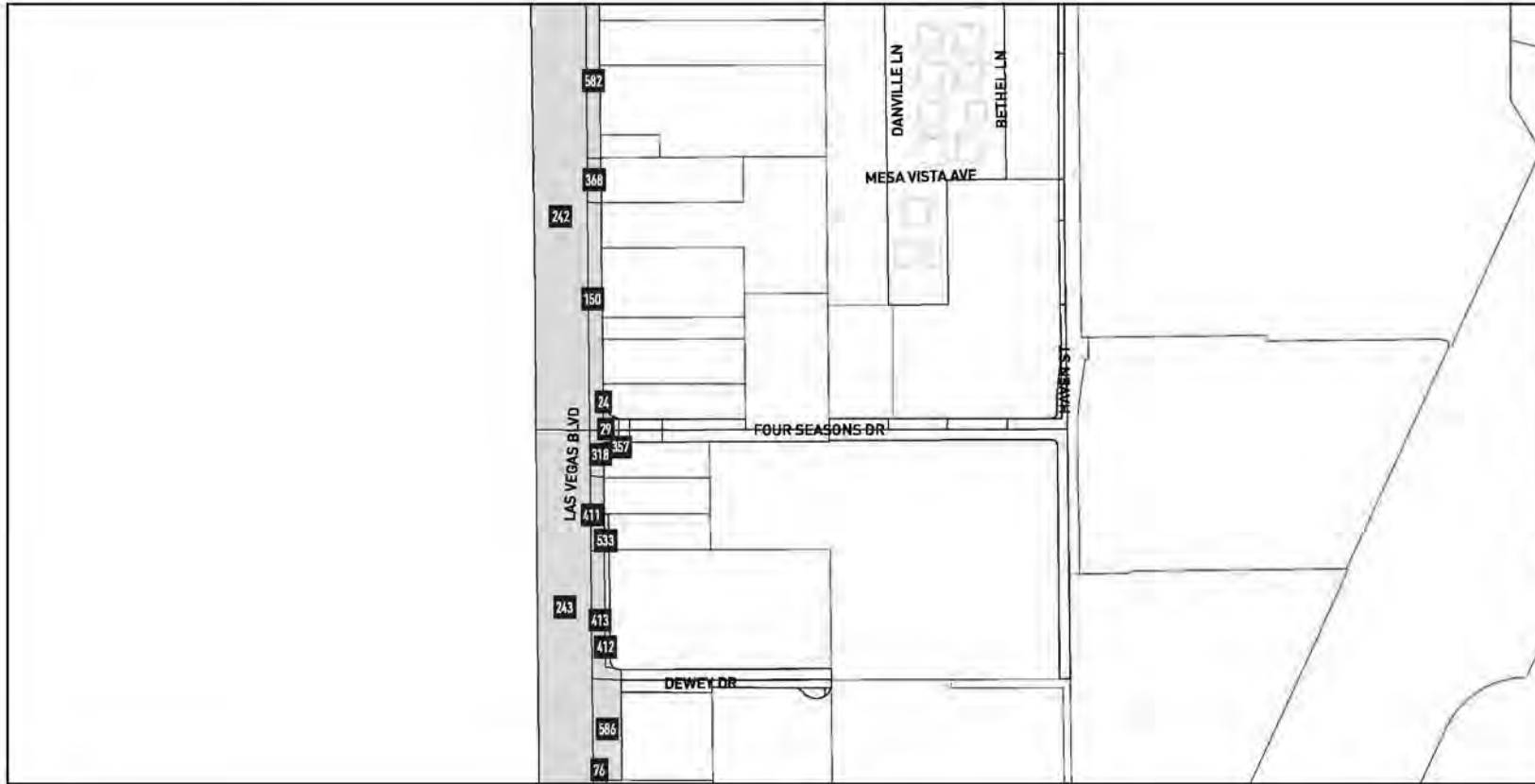
Right-of-Way

VEGAS
LOOP

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 14 OF 26
REVISED: 10/7/2021





VEGAS LOOP
PROJECT LOCATION EXHIBIT

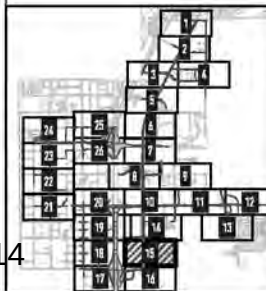
LEGEND

Right-of-Way

**VEGAS
LOOP**

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 15 OF 26
REVISED: 10/7/2021

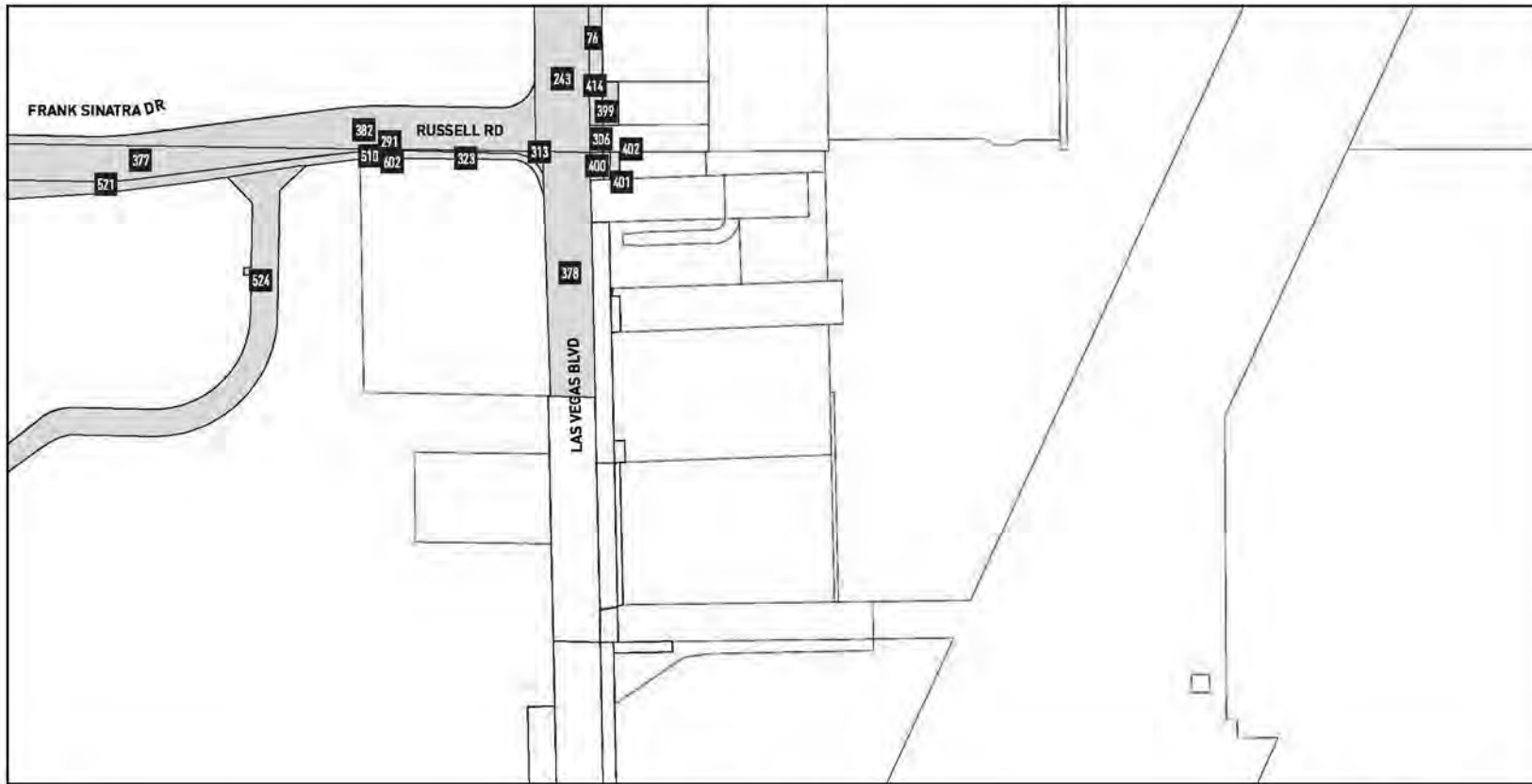


PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

- | | | | | | | |
|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 24, 16228399034 | 76, 16228499014 | 242, 16229799003 | 318, 16228499001 | 368, 16228399036 | 412, 16228499022 | 533, 16228499021 |
| 29, 16228399026 | 150, 16228399014 | 243, 16229899005 | 357, 16228499018 | 411, 16228499006 | 413, 16228499007 | 582, 16228399001 |
| | | | | | | 586, 16228499009 |



PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

76, 16228499014	306, 16228499017	377, 16232599003	399, 16228499023	402, 16233199003	521, 16232599007
243, 16229899005	313, 16232599005	378, 16232599011	400, 16233199001	414, 16228499016	524, 16232599002
291, 16232599004	323, 16232599009	382, 16229899004	401, 16233199002	510, 16232599008	602, 16232599008

VEGAS LOOP
PROJECT LOCATION EXHIBIT

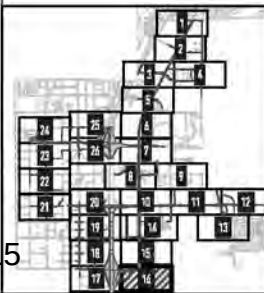
LEGEND

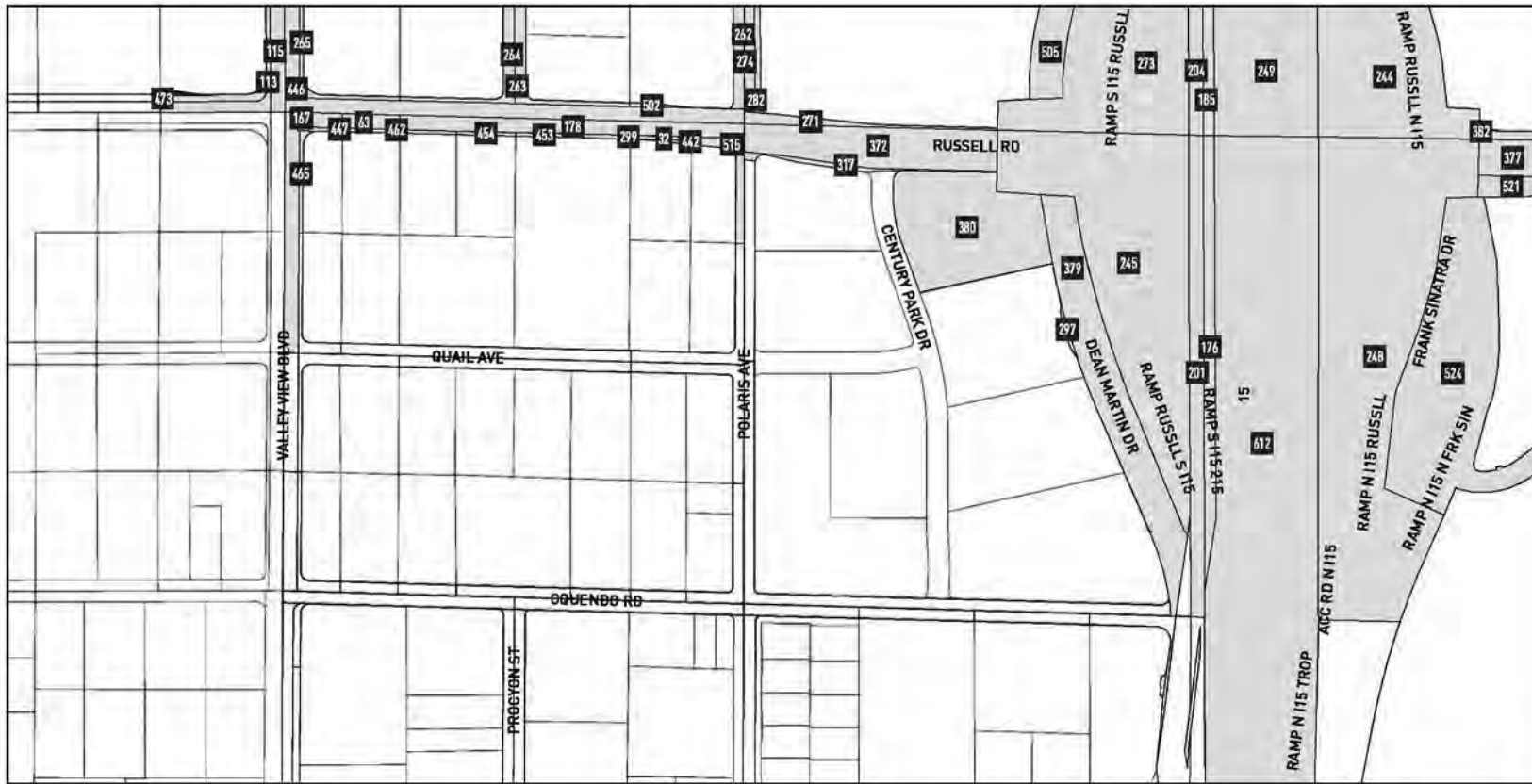
Right-of-Way

VEGAS
LOOP

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 16 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

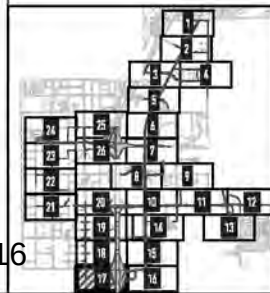
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63, 16232199002	201, 16232199006	263, 16229499017	297, 16232199036	382, 16229899004	465, 16232199007	612, 16232701007
113, 16230899021	204, 16229499009	264, 16229499016	299, 16232199026	442, 16232199033	473, 16230899030	
115, 16230899016	244, 16229899003	265, 16229499015	317, 16232199034	446, 16229499001	502, 16229499021	
167, 16232199001	245, 16232199005	271, 16229499018	372, 16232199004	447, 16232199008	505, 16229499008	
176, 16232599001	248, 16232599006	273, 16229499014	377, 16232599003	453, 16232199028	515, 16232199027	
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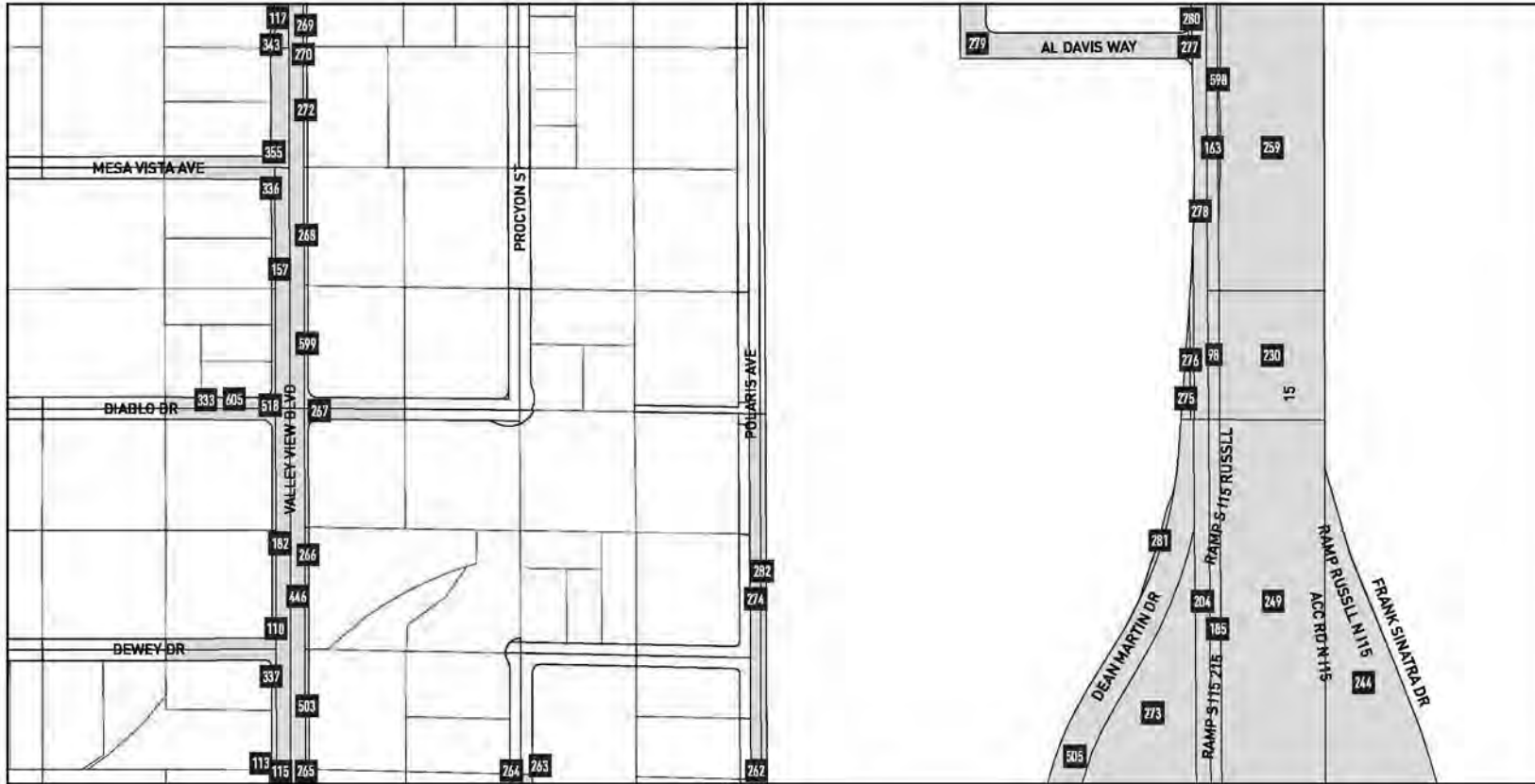
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

VEGAS
LOOP
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 17 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

98, 16229799004	182, 16230899003	262, 16229499022	269, 16229399018	277, 16229399030	336, 16230799018	518, 16230799023
110, 16230899023	185, 16229899001	263, 16229499017	270, 16229399001	278, 16229399010	337, 16230899014	598, 16229701004
113, 16230899021	204, 16229499009	264, 16229499016	272, 16229399004	279, 16229399026	343, 16230799006	599, 16229399019
115, 16230899016	230, 16229799005	265, 16229499015	273, 16229499014	280, 16229399033	355, 16230799012	605, 16230799023
117, 16230799009	244, 16229899003	266, 16229499019	274, 16229499027	281, 16229499031	446, 16229499001	
157, 16230799027	249, 16229899002	267, 16229499002	275, 16229399017	282, 16229499030	503, 16229499012	
163, 16229799001	259, 16229799002	268, 16229399008	276, 16229399031	333, 16230899002	505, 16229499008	

VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

VEGAS
LOOP
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 18 OF 26
REVISED: 10/7/2021





VEGAS LOOP
PROJECT LOCATION EXHIBIT

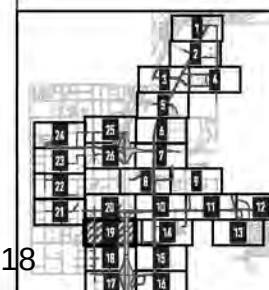
LEGEND

 Right-of-Way

VEGAS LOOP

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 19 OF 26
REVISED: 10/7/2021

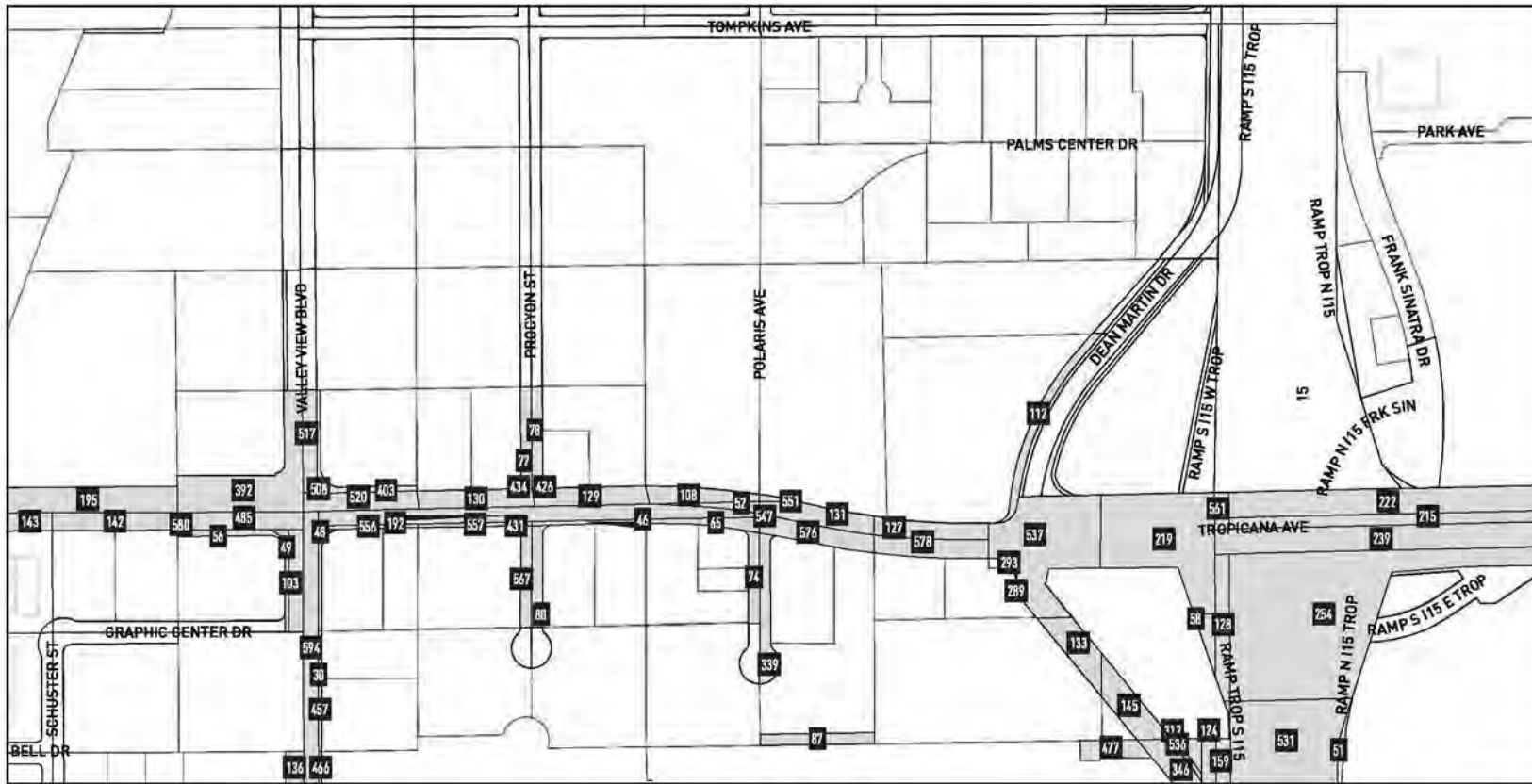


PLAN VIEW
1 inch = 500 feet

0 125 250 500 Feet

PARCEL NOTES

☐ 41, 16230699016	☐ 105, 16229299013	☐ 163, 16229799001	☐ 278, 16229399010	☐ 346, 16229199051	☐ 509, 16230799024	☐ 585, 16230699019
☐ 44, 16229299030	☐ 117, 16230799009	☐ 202, 16230699017	☐ 279, 16229399026	☐ 393, 16229399027	☐ 516, 16229199050	☐ 594, 16229199016
☐ 45, 16229299008	☐ 119, 16229299024	☐ 205, 16229299007	☐ 280, 16229399033	☐ 435, 16229299032	☐ 531, 16229599018	☐ 598, 16229701004
☐ 51, 16229599022	☐ 121, 16229299006	☐ 246, 16229699002	☐ 294, 16229399009	☐ 466, 16229199025	☐ 536, 16229199052	☐ 604, 16229299014
☐ 82, 16230599029	☐ 124, 16229199029	☐ 256, 16229299039	☐ 311, 16229199030	☐ 468, 16229299005	☐ 538, 16229399002	
☐ 86, 16229299020	☐ 136, 16230599022	☐ 258, 16230599026	☐ 325, 16229299001	☐ 472, 16230699022	☐ 559, 16229299025	
☐ 88, 16229299010	☐ 154, 16229299031	☐ 259, 16229799002	☐ 335, 16230699010	☐ 493, 16230699019	☐ 562, 16230601042	
☐ 89, 16229299012	☐ 159, 16229599017	☐ 269, 16229399018	☐ 338, 16229199031	☐ 499, 16229699001	☐ 564, 16230699022	
☐ 102, 16229699005	☐ 160, 16229699006	☐ 270, 16229399001	☐ 343, 16230799006	☐ 504, 16229399025	☐ 572, 16229299009	



PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

30, 16229199045	77, 16220499027	129, 16220499035	195, 16219899016	346, 16229199051	508, 16220499025	561, 16229599001
46, 16229199010	78, 16220499028	130, 16220499034	215, 16229599007	392, 16219899025	517, 16220499024	567, 16229199019
48, 16229199017	80, 16229199020	131, 16229199006	219, 16229199037	403, 16220499047	520, 16220499033	576, 16229199012
49, 16230599011	87, 16229199024	133, 16229199038	222, 16229599002	426, 16220499029	531, 16229599018	578, 16229199013
51, 16229599022	103, 16230599018	136, 16230599022	239, 16229599008	431, 16229199018	536, 16229199052	580, 16230599009
52, 16229199002	108, 16220499036	142, 16230599008	254, 16229599011	434, 16220499026	537, 16229199036	594, 16229199016
56, 16230599025	112, 16220499041	143, 16230599007	289, 16229199048	457, 16229199046	547, 16229199005	
58, 16229199040	124, 16229199029	145, 16229199039	293, 16229199047	466, 16229199025	551, 16220499020	
65, 16229199011	127, 16229199007	159, 16229599017	312, 16229196002	477, 16229196001	556, 16229199008	
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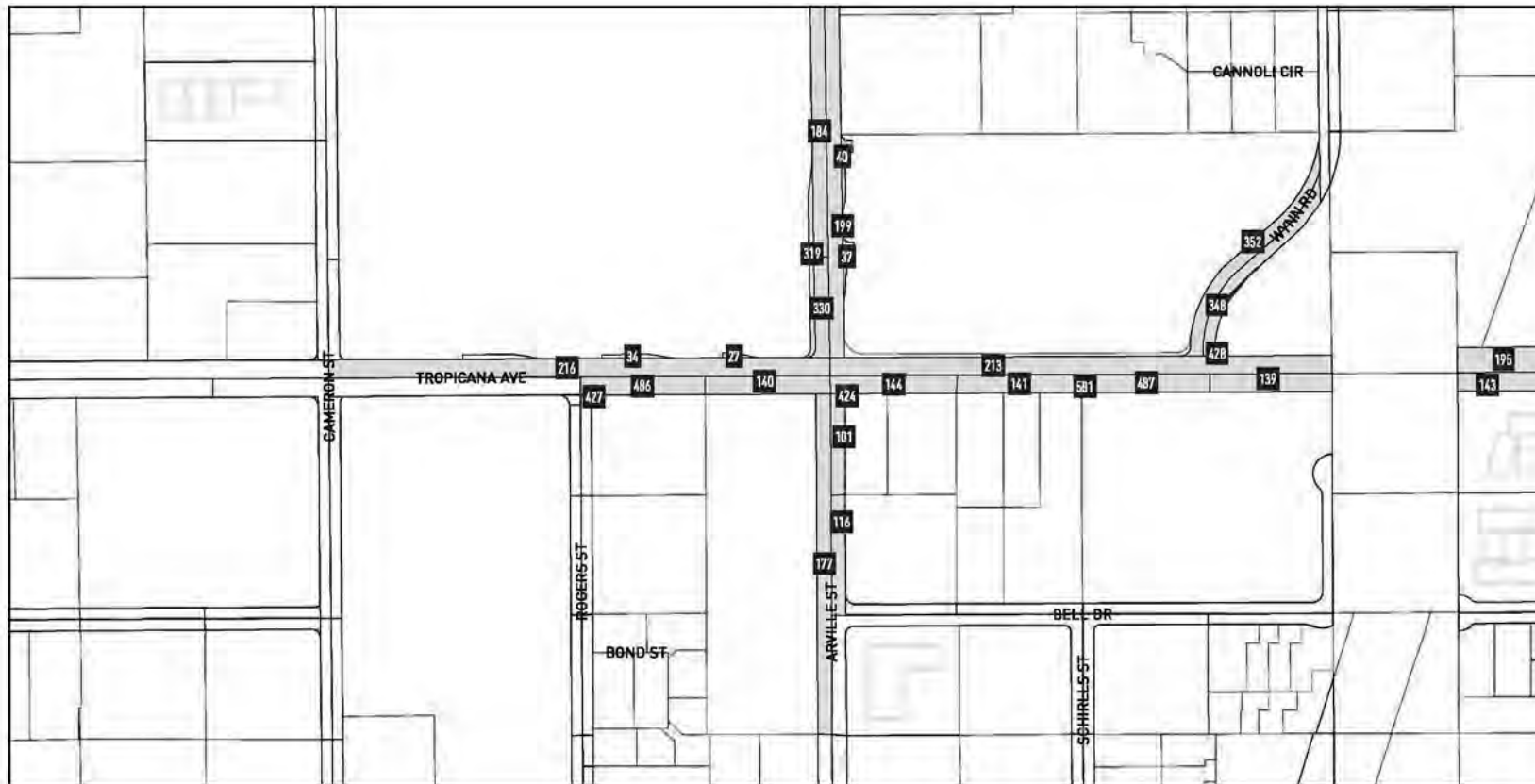
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

VEGAS
LOOP
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 20 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

27, 16219499015	101, 16230599010	141, 16230599003	184, 16219499006	216, 16219499012	352, 16219899010	486, 16230199004
34, 16219499014	116, 16230599014	143, 16230599007	195, 16219899016	319, 16219499016	424, 16230599001	487, 16230599028
37, 16219899023	139, 16230599004	144, 16230599002	199, 16219899001	330, 16219499008	427, 16230199008	581, 16230599028
40, 16219899022	140, 16230199005	177, 16230199014	213, 16219899014	348, 16219899011	428, 16219899015	

VEGAS LOOP PROJECT LOCATION EXHIBIT

LEGEND

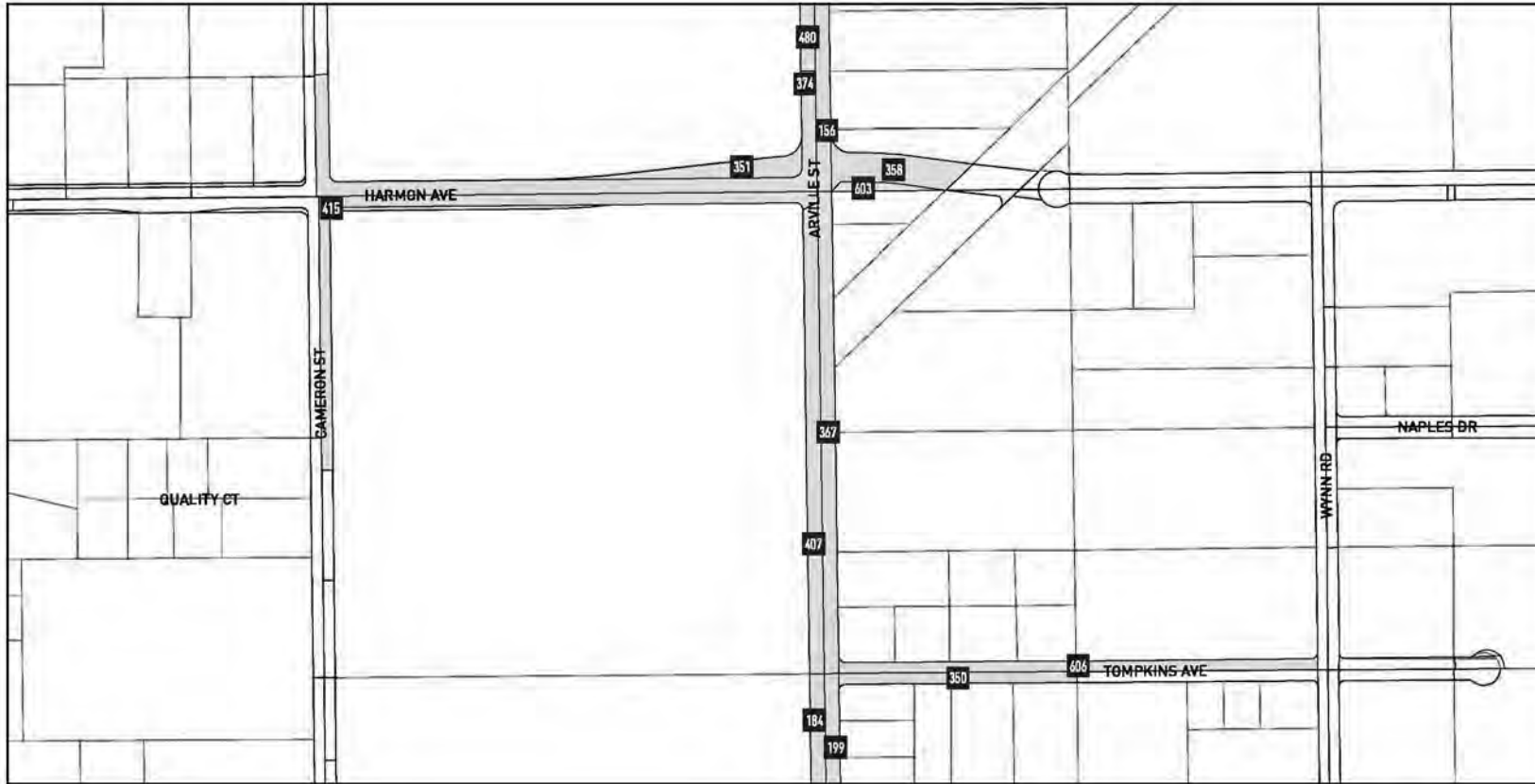
Right-of-Way

VEGAS LOOP

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 21 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

- | | | | | | | |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 156, 16219699008 | 199, 16219899001 | 351, 16219299022 | 367, 16219799001 | 407, 16219399003 | 480, 16219299014 | 606, 16219799019 |
| 184, 16219499006 | 350, 16219899002 | 358, 16219699015 | 374, 16219299018 | 415, 16219399014 | 603, 16219601026 | |

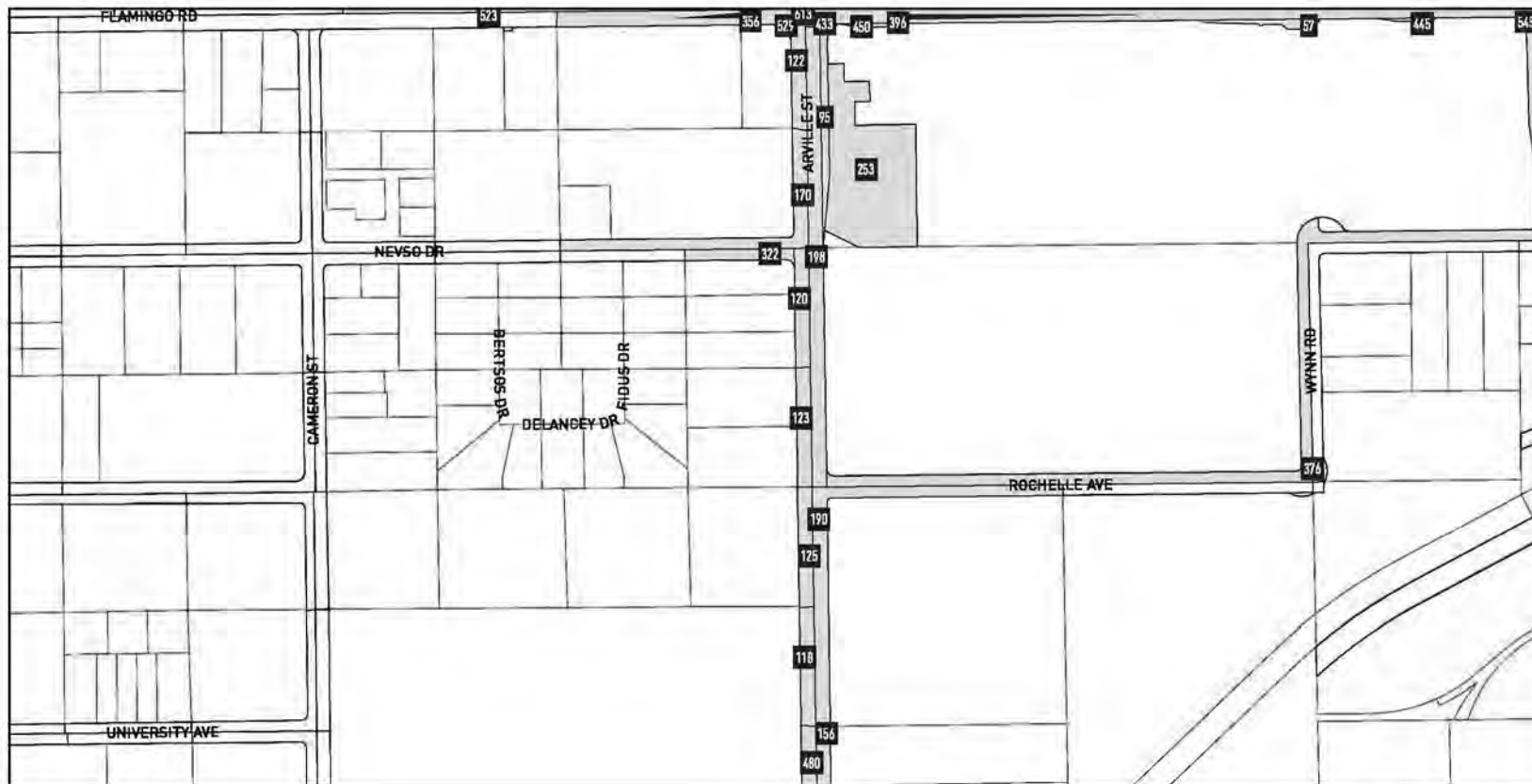
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

**VEGAS
LOOP**
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 22 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

57, 16219599016	122, 16219199007	170, 16219199011	322, 16219199017	433, 16219599001	523, 16218499008
95, 16219599009	123, 16219199024	190, 16219699001	356, 16219199006	445, 16219599011	529, 16219199029
118, 16219299009	125, 16219299004	198, 16219599003	376, 16219599004	450, 16219599010	545, 16219599013
120, 16219199018	156, 16219699008	253, 16219511000	396, 16219599002	480, 16219299014	613, 16218899005

VEGAS LOOP PROJECT LOCATION EXHIBIT

LEGEND

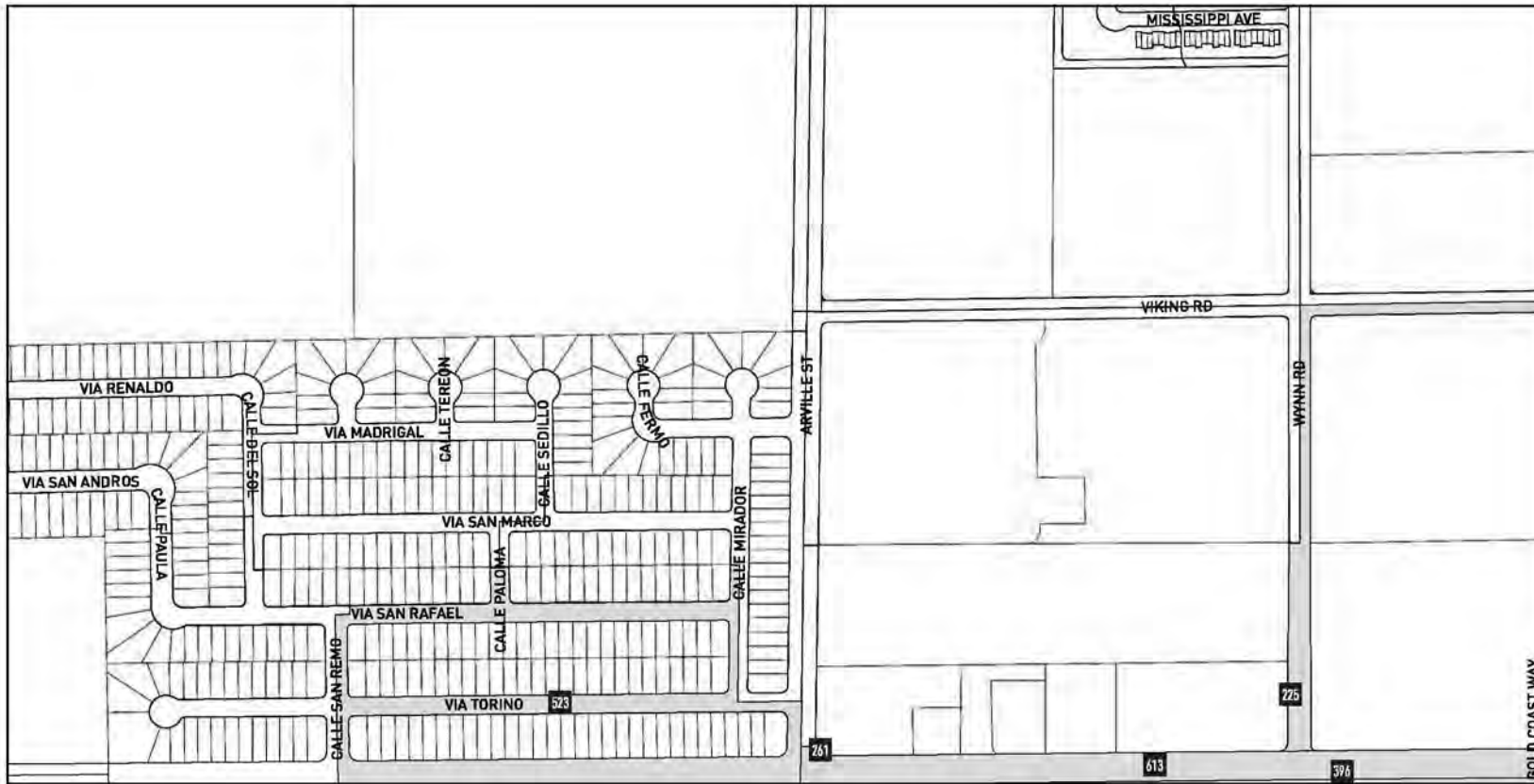
Right-of-Way

VEGAS LOOP

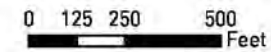
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 23 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet



PARCEL NOTES

225, 16218899002
 261, 16218899007
 396, 16219599002
 523, 16218499008
 613, 16218899005

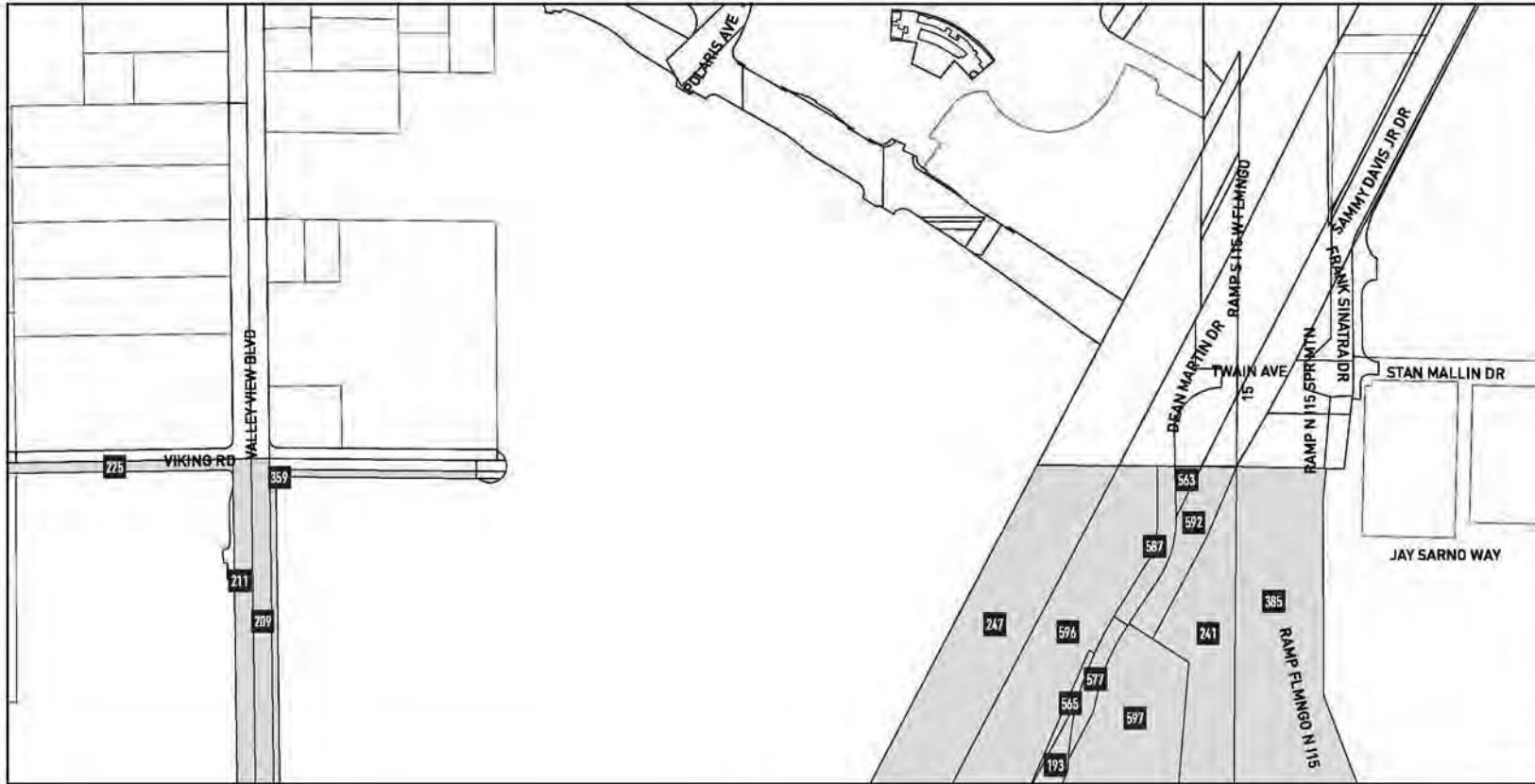
VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
 Right-of-Way

**VEGAS
LOOP**
 3395 CAMBRIDGE ST
 LAS VEGAS, NV 89169

SHEET 24 OF 26
 REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

- | | | | | | | |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| 193, 16217499025 | 211, 16218899003 | 241, 16217499020 | 359, 16217499014 | 563, 16217499012 | 577, 16217499018 | 592, 16217499013 |
| 209, 16217499001 | 225, 16218899002 | 247, 16217498001 | 385, 16217899001 | 565, 16217499017 | 587, 16217499011 | 596, 16217402001 |
| | | | | | | 597, 16217403001 |

VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND

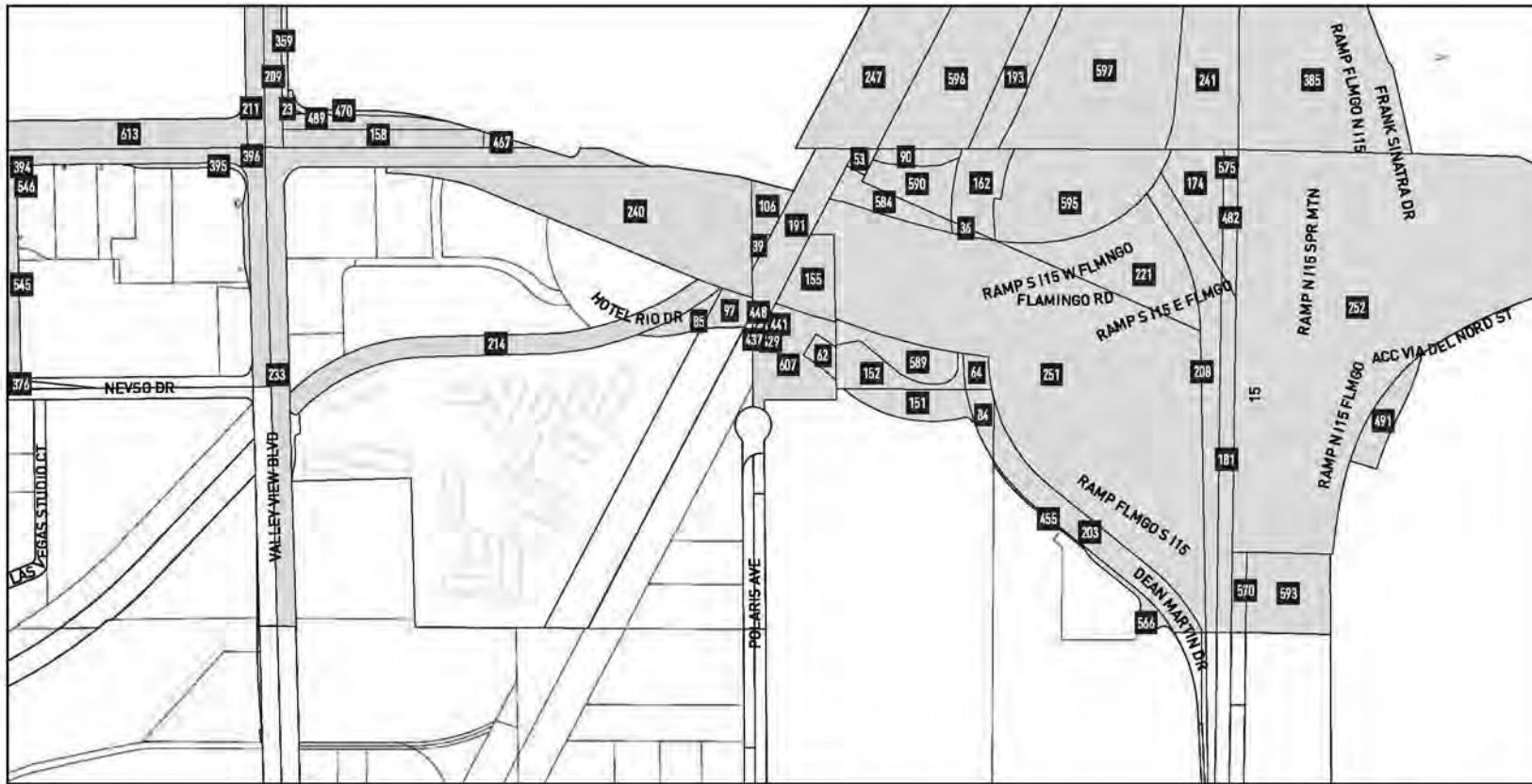
Right-of-Way

VEGAS
LOOP

3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 25 OF 26
REVISED: 10/7/2021





PLAN VIEW
1 inch = 500 feet

0 125 250 500
Feet

PARCEL NOTES

23, 16217499021	97, 16220199029	191, 16220198001	240, 16220199003	395, 16219599018	482, 16220199007	589, 16220103009
36, 16220199035	106, 16220199022	193, 16217499025	241, 16217499020	396, 16219599002	489, 16217499022	590, 16220103003
39, 16220199004	151, 16220199036	203, 16220199033	247, 16217498001	429, 16220199038	491, 16220599012	593, 16220599007
53, 16220199020	152, 16220199032	208, 16220199009	251, 16220199017	437, 16220198002	545, 16219599013	595, 16220103005
62, 16220199037	155, 16220199008	209, 16217499001	252, 16220599002	441, 16220199039	546, 16219599015	596, 16217402001
64, 16220199034	158, 16217499023	211, 16218899003	359, 16217499014	448, 16220199040	566, 16220199016	597, 16217403001
84, 16220199012	162, 16220199019	214, 16220196001	376, 16219599004	455, 16220199028	570, 16220599006	607, 16220112001
85, 16220199031	174, 16220199002	221, 16220199018	385, 16217899001	467, 16217499029	575, 16220199007	613, 16218899005
90, 16220199021	181, 16220199013	233, 16220199001	394, 16219599017	470, 16217499030	584, 16220103006	

VEGAS LOOP
PROJECT LOCATION EXHIBIT

LEGEND
Right-of-Way

**VEGAS
LOOP**
3395 CAMBRIDGE ST
LAS VEGAS, NV 89169

SHEET 26 OF 26
REVISED: 10/7/2021

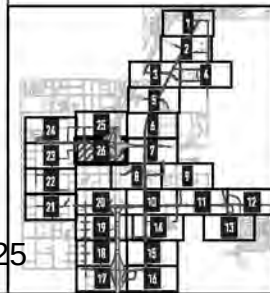


EXHIBIT C

DECOMMISSIONING PLAN

MAP & DRAWINGS

EXHIBIT C

DECOMMISSIONING PLAN

1.0 Decommissioning - Abandonment of Project

In the event that the FRANCHISEE does not successfully complete the construction of the Monorail, has stopped construction of the Monorail, or all or a material portion of the Monorail, including the portion located in the COUNTY Rights-of-Way, has not been in continuous operation transporting passengers for a period of time as set forth in the Franchise Agreement, and the FRANCHISEE has not cured per the Franchise Agreement, all work or remaining work necessary to make the site safe must be completed including filling in all excavations and completing any in-grade foundations with reinforcing steel in place. The term "Abandoned" or "Abandonment", in addition to Clark County Code 5.04.010(a) means construction or use of the Monorail has stopped, as solely determined by the COUNTY, for a period of one hundred eighty (180) day period or longer or decommissioning is required pursuant to the Franchise Agreement.

Situations where construction or use will be considered stopped, as solely determined by the COUNTY, include any one hundred eighty (180) day period where construction or use is not diligently pursued, but is restarted briefly for the apparent purpose of avoiding expiration of the one hundred eighty (180) day period. The existence of an active building permit has no bearing on determining whether the project has been Abandoned for the purposes of this Decommissioning Plan.

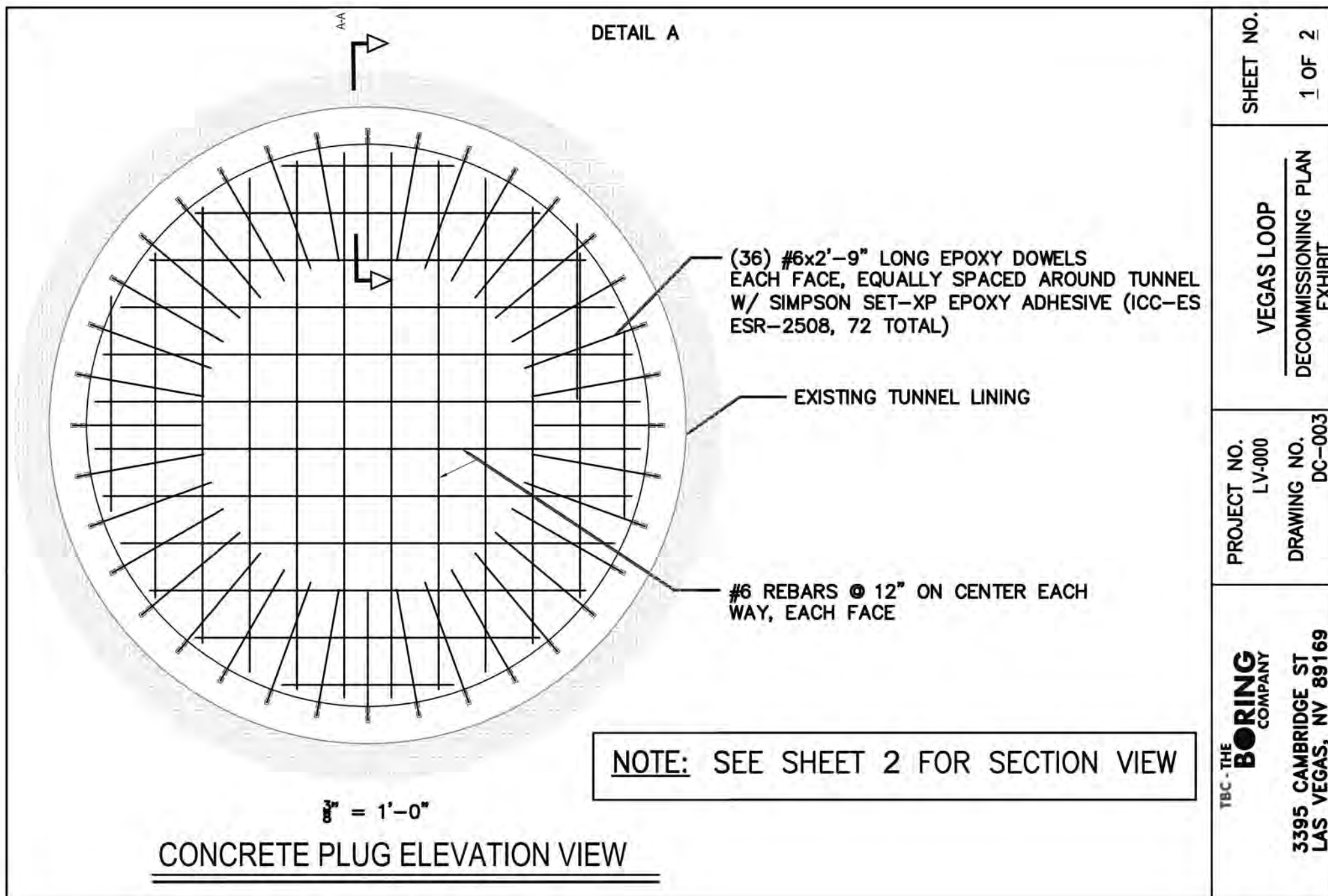
At the sole discretion of Clark County Department of Public Works, to prevent future access underneath Clark County right-of-way, 12-inch concrete plugs shall be installed inside of the tunnels at Clark County right-of-way boundaries. The locations and structural detail of the concrete plugs are shown in the attached Decommissioning Plan Exhibit and the work including the installation of the plugs shall be completed within one hundred eighty (180) days after notification by the COUNTY.

2.0 Monitoring

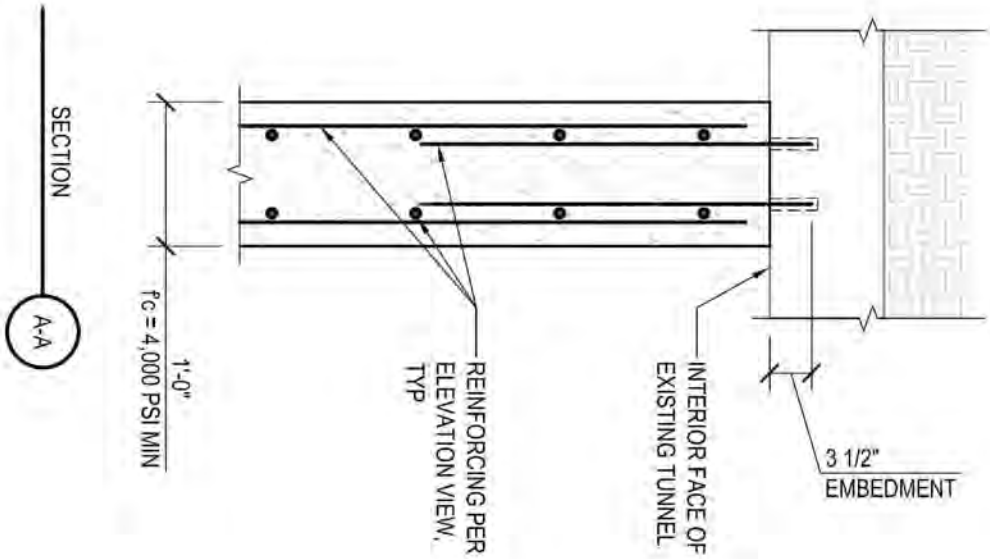
If at its sole discretion, COUNTY determines access to the abandoned tunnels shall be maintained and not plugged as described in the previous article or COUNTY agrees to a formal request from the FRANCHISEE to maintain access and use of the tunnels for purposes other than their intended use as described in this Franchise Agreement, annual monitoring will be conducted to ensure the condition of the tunnels are in good order, satisfactory to the COUNTY. Monitoring should include, but not be limited to, settlement, collapsing, water intrusion, detection of harmful gasses, and other safety concerns and additional monitoring activities may also be conducted, depending upon the site conditions at the time of decommissioning. Monitoring inspections shall be performed at regular intervals and meet or exceed Federal Highway Administration: Tunnel Operations, Maintenance, Inspection and Evaluation Manual. A report of the monitoring activities shall be provided to the Director of Public Works on an annual basis showing the results. If structural

deficiencies or other hazardous conditions are noted during monitoring activities, then the FRANCHISEE shall immediately notify COUNTY. The FRANCHISEE shall perform all measures to ensure the integrity and safety of the tunnel to the satisfaction of the COUNTY.

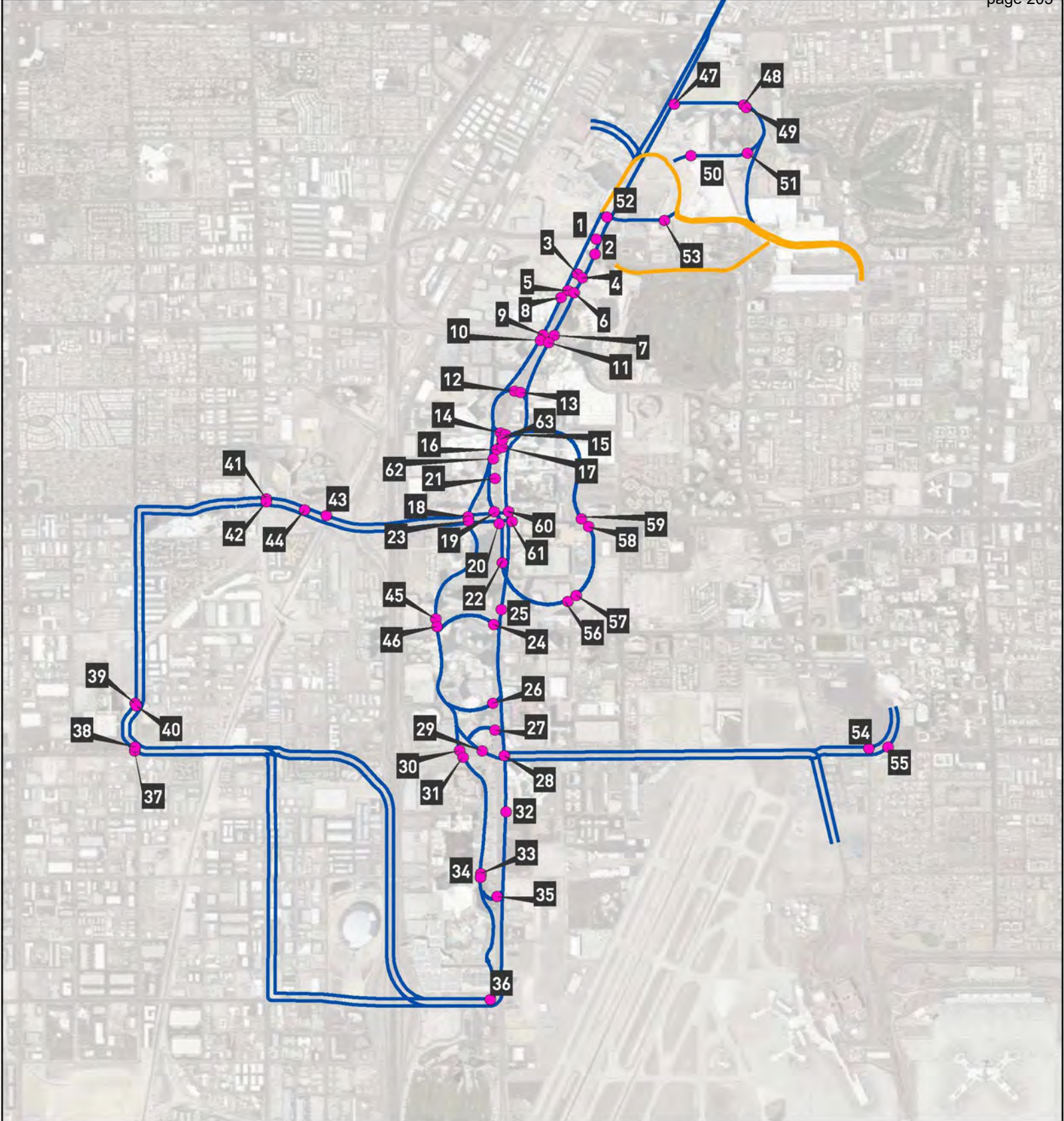
Any de-watering systems shall be maintained in an operational condition. The principal design professional shall evaluate the structure for both architectural and structural integrity. Area safety and security of the structure shall be maintained. The tunnel shall be secure from unauthorized access twenty-four (24) hours a day.



SECTION VIEW OF DETAIL A



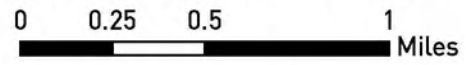
TBC - THE BORING COMPANY 3395 CAMBRIDGE ST LAS VEGAS, NV 89169	PROJECT NO. LV-000 DRAWING NO. DC-004	VEGAS LOOP DECOMMISSIONING PLAN EXHIBIT 26-116 Pg 430	SHEET NO. 2 OF 2
---	---	--	--------------------------------



- Proposed Right-of-Way Crossing
- Proposed Main Artery Tunnel
- Active Projects Under Separate Entitlement

VEGAS LOOP

DECOMMISSIONING EXHIBIT



REVISED: 10/11/2021
SBE 26-116 Pg 431



EXHIBIT D

ADDITIONAL TERMS & CONDITIONS

EXHIBIT D
 ADDITIONAL TERMS & CONDITIONS
 IMPOSED BY THE COUNTY COMMISSION

The term "fully satisfied" as that term is used in Section 3. 8 of this Franchise Agreement means the COUNTY's acceptance of the FRANCHISEE's compliance with the terms and conditions of this Exhibit D. The FRANCHISEE shall neither secure financing nor encroach in any public Rights-of-Way until the COUNTY, in its sole discretion, has rendered a finding that the FRANCHISEE is in compliance with these terms and conditions and that the information itself, and the manner and timing in which that information is provided, is acceptable to the COUNTY.

The parties agree to the additional terms and conditions stated herein.

1. The FRANCHISEE shall provide to the COUNTY legal documents confirming its legal status and ownership.
2. The FRANCHISEE shall provide to the COUNTY a written report detailing its compliance with all requirements presented in Clark County Code, NRS 705, and this Franchise Agreement. Any conflicts between the Clark County Code, NRS 705, and this Franchise Agreement and their requirements must be demonstrated to have been resolved in writing.

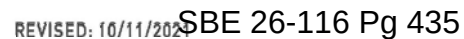
With regard to Items 1) through 2) above, it shall be the responsibility of the FRANCHISEE to submit periodic drafts as may be required by the COUNTY, and pre-executed final documentation. The FRANCHISEE shall also be responsible for providing to the COUNTY and the COUNTY's consultants an adequate minimum period to review, analyze, and consult on any relevant documents and the FRANCHISEE's progress related to this list of additional terms and conditions, prior to review and acceptance by the County Commission.

In the event the COUNTY obtains a dedicated protection program for this project separate and above from what may be provided through the FRANCHISEE, so as to provide additional assurances for mitigating financial risk, the FRANCHISEE shall cooperate with the COUNTY and provide all relevant information the COUNTY reasonably determines necessary to fulfill such a program.

The COUNTY may retain independent project management oversight advisory services, to monitor, review, and advise the COUNTY as to the progress of the development of the Monorail, and to provide the COUNTY with independent advisory services during the course of construction.

The project management oversight advisory services shall also address the FRANCHISEE's compliance with applicable requirements by other public entities. The FRANCHISEE shall cooperate with the person or persons retained by the COUNTY for such services, and shall provide all information reasonably deemed necessary by the COUNTY for these services to be performed to the COUNTY'S satisfaction. The FRANCHISEE shall bear no cost associated with the COUNTY's retention of such services.

- VEGAS
LOOP





CLARK COUNTY BOARD OF EQUALIZATION

Case # 21

Miscellaneous Information

TAXABLE VALUE/FULL CASH VALUE - GOVERNING LAW

NRS 361.227 Determination of taxable value.

1. Any person determining the taxable value of real property shall appraise:
 - (a) The full cash value of:
 - (1) Vacant land by considering the uses to which it may lawfully be put, any legal or physical restrictions upon those uses, the character of the terrain, and the uses of other land in the vicinity.
 - (2) Improved land consistently with the use to which the improvements are being put.
 - (b) Any improvements made on the land by subtracting from the cost of replacement of the improvements all applicable depreciation and obsolescence. Depreciation of an improvement made on real property must be calculated at 1.5 percent of the cost of replacement for each year of adjusted actual age of the improvement, up to a maximum of 50 years.
2. The unit of appraisal must be a single parcel unless:
 - (a) The location of the improvements causes two or more parcels to function as a single parcel;
 - (b) The parcel is one of a group of contiguous parcels which qualifies for valuation as a subdivision pursuant to the regulations of the Nevada Tax Commission; or
 - (c) In the professional judgment of the person determining the taxable value, the parcel is one of a group of parcels which should be valued as a collective unit.
3. ...
4. ...
5. The computed taxable value of any property must not exceed its full cash value. Each person determining the taxable value of property shall reduce it if necessary to comply with this requirement. A person determining whether taxable value exceeds that full cash value or whether obsolescence is a factor in valuation may consider:
 - (a) Comparative sales, based on prices actually paid in market transactions.
 - (b) A summation of the estimated full cash value of the land and contributory value of the improvements.
 - (c) Capitalization of the fair economic income expectancy or fair economic rent, or an analysis of the discounted cash flow.

NAC 361.1177 (c) adopts by reference *Property Appraisal and Assessment Administration* as published by the International Association of Assessing Officers (IAAO).

Definition of Economic Rent from the *Glossary for Property Appraisal and Assessment* by IAAO:

Rent, Economic – (1) In appraisal, the annual rent that is justified for the property on the basis of a careful study of comparable properties in the area; market rent.

NRS 361.345 Power of county board of equalization to change valuation of property; review of changes in valuation and estimation of certain property by county assessor; notice of addition to assessed valuation.

1. Except as otherwise provided in subsection 2, the county board of equalization may:
 - (a) Determine the valuation of any real or personal property placed on:
 - (1) The secured tax roll which was assessed by the county assessor; or
 - (2) The unsecured tax roll which was assessed by the county assessor on or after May 1 and on or before December 15; and
 - (b) Change and correct any valuation found to be incorrect either by adding thereto or by deducting therefrom such sum as is necessary to make it conform to the taxable value of the property assessed, whether that valuation was fixed by the owner or the county assessor. The county board of equalization may not reduce the assessment of the county assessor unless it is established by a preponderance of the evidence that the valuation established by the county assessor exceeds the full cash value of the property or is inequitable. A change so made is effective only for the fiscal year for which the assessment was made. The county assessor shall each year review all such changes made for the previous fiscal year and maintain or remove each change as circumstances warrant.



togetherforbetter

**OFFICE OF THE
COUNTY ASSESSOR**
BRIANA JOHNSON
Clark County Assessor

(702) 455-3882 • Fax: (702) 455-0018

www.clarkcountynv.gov/assessor

Melissa Martinet, Deputy Director of Assessment Services
Mary Ann Weidner, Deputy Director of Assessment Services

01/07/2026

Case Number:	21
Parcel/PPID Number:	230177

THE BORING COMPANY
130 WALKER WATSON RD
BASTROP TX 78602-3170

Dear Sir or Madam:

We have received your **Petition for Review to the Clark County Board of Equalization**. If you have additional information relevant to your case that you would like to submit for review, please provide it to our office as soon as possible. In order for your information to be included in the printed copy of your case, **it must be submitted at least seven days prior to your scheduled hearing date**. If you have to present **additional** information on the day of your hearing, **you must provide ten copies to the board**.

You will be notified of your hearing date by email.

1) **Email**. All correspondence will be sent to the email provided on the appeal form unless otherwise specified. To change your noticing email:

- Email your request to boe@ClarkCountyNV.gov
- Enter your Case # first and then "BOE Hearing Notification" in the subject line.
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2) **Certified letter**. If no email is provided, you will receive notification by certified letter.

Your hearing will be scheduled between now and the end of February. You should attend the hearing and be prepared to discuss the taxable value of your property before the Board. For additional information regarding the appeal process and electronic hearing notification, please refer to the appeal instructions provided with your appeal form.

Our appraisal staff will prepare and submit to the Board a case with information which describes our position regarding your property valuation. This case information will be provided to you at the hearing, or you may contact our office to check availability prior to the hearing. Please contact our office if you have any questions in this regard.





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01/07/2026

Case Number: 21
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CLARK COUNTY BOARD OF EQUALIZATION

Case # 22

Assessor Information

Case Summary
00022

Owner: THE BORING COMPANY Parcel Number: 230178
Mailing Address: 130 WALKER WATSON RD Appeal #: 00022
Fiscal Year #: 2025-2026 Unsecured
BASTROP TX 78602-3170 BOE Date #: 02/25/2026 08:00 am Commission Chambers
Appraiser: Jeff Bonesteel
Land Use Code: 0
Neighborhood Code: 0
Situation: 0 PARADISE RD LAS VEGAS Total Acres: 0.0000



Totals for all Parcels						
	2024-2025		2025-2026		2026-2027	
	Assessed	Taxable	Assessed	Taxable	Assessed	Taxable
Land Value	0	0	0	0	0	0
Improvement Value	0	0	0	0	0	0
Supplemental Value	0	0	0	0	0	0
Total	0	0	0	0	0	0

CLARK COUNTY BOARD OF EQUALIZATION

ASSESSOR RECOMMENDS HOLDING
CURRENT TAXABLE VALUE
PENDING ANALYSIS TO FOLLOW



ADDENDUM TO FOLLOW

TAXABLE VALUE/FULL CASH VALUE - GOVERNING LAW

NRS 361.227 Determination of taxable value.

1. Any person determining the taxable value of real property shall appraise:
 - (a) The full cash value of:
 - (1) Vacant land by considering the uses to which it may lawfully be put, any legal or physical restrictions upon those uses, the character of the terrain, and the uses of other land in the vicinity.
 - (2) Improved land consistently with the use to which the improvements are being put.
 - (b) Any improvements made on the land by subtracting from the cost of replacement of the improvements all applicable depreciation and obsolescence. Depreciation of an improvement made on real property must be calculated at 1.5 percent of the cost of replacement for each year of adjusted actual age of the improvement, up to a maximum of 50 years.
2. The unit of appraisal must be a single parcel unless:
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3. ...
4. ...
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 - (1) The secured tax roll which was assessed by the county assessor; or
 - (2) The unsecured tax roll which was assessed by the county assessor on or after May 1 and on or before December 15; and
 - (b) Change and correct any valuation found to be incorrect either by adding thereto or by deducting therefrom such sum as is necessary to make it conform to the taxable value of the property assessed, whether that valuation was fixed by the owner or the county assessor. The county board of equalization may not reduce the assessment of the county assessor unless it is established by a preponderance of the evidence that the valuation established by the county assessor exceeds the full cash value of the property or is inequitable. A change so made is effective only for the fiscal year for which the assessment was made. The county assessor shall each year review all such changes made for the previous fiscal year and maintain or remove each change as circumstances warrant.



CLARK COUNTY BOARD OF EQUALIZATION

Case # 22

Miscellaneous Information



**OFFICE OF THE
COUNTY ASSESSOR**

BRIANA JOHNSON

Clark County Assessor

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www.clarkcountynv.gov/assessor

Melissa Martinet, Deputy Director of Assessment Services
Mary Ann Weidner, Deputy Director of Assessment Services

01/07/2026

Case Number: 22
Parcel/PPID Number: 230178

THE BORING COMPANY
130 WALKER WATSON RD
BASTROP TX 78602-3170

Dear Sir or Madam:

We have received your **Petition for Review to the Clark County Board of Equalization**. If you have additional information relevant to your case that you would like to submit for review, please provide it to our office as soon as possible. In order for your information to be included in the printed copy of your case, **it must be submitted at least seven days prior to your scheduled hearing date**. If you have to present **additional** information on the day of your hearing, **you must provide ten copies to the board**.

You will be notified of your hearing date by email.

1) **Email**. All correspondence will be sent to the email provided on the appeal form unless otherwise specified. To change your noticing email:

- Email your request to boe@ClarkCountyNV.gov
- Enter your Case # first and then "BOE Hearing Notification" in the subject line.
- In the body of the email, provide your case number, address, phone number and parcel number.

2) **Certified letter**. If no email is provided, you will receive notification by certified letter.

Your hearing will be scheduled between now and the end of February. You should attend the hearing and be prepared to discuss the taxable value of your property before the Board. For additional information regarding the appeal process and electronic hearing notification, please refer to the appeal instructions provided with your appeal form.

Our appraisal staff will prepare and submit to the Board a case with information which describes our position regarding your property valuation. This case information will be provided to you at the hearing, or you may contact our office to check availability prior to the hearing. Please contact our office if you have any questions in this regard.





CLARK COUNTY BOARD OF EQUALIZATION

Case # 21

Addendum

Case Summary

00022

Owner: THE BORING COMPANY Parcel Number: 230178

Mailing Address: 130 WALKER WATSON RD Appeal #: 00022

Fiscal Year #: 2025-2026 Unsecured

BASTROP TX 78602-3170 BOE Date #: 02/25/2026 08:00 am Commission Chambers

Appraiser: Jeff Bonesteel

Land Use Code: 0

Neighborhood Code: 0

Situs: 0 PARADISE RD LAS VEGAS Total Acres: 0.0000



Totals for all Parcels						
	2024-2025		2025-2026		2026-2027	
	Assessed	Taxable	Assessed	Taxable	Assessed	Taxable
Land Value	0	0	0	0	0	0
Improvement Value	0	0	0	0	0	0
Supplemental Value	0	0	0	0	0	0
Total	0	0	0	0	0	0

APPEAL FORM # 22



Clark County Board of Equalization

PETITION FOR REVIEW OF TAXABLE VALUATION

Submit this Petition Form no later than 5 p.m. of the date due. Most types of appeals must be filed no later than January 15th. If the appeal involves valuation of property escaping taxation, or a determination that agricultural property has been converted to a higher use, a different due date may apply.

Please Print or Type:

Part A. PROPERTY OWNER/PETITIONER INFORMATION (Agents Information to be completed in Part H)

NAME OF PROPERTY OWNER AS IT APPEARS ON THE TAX ROLL THE BORING COMPANY					
NAME OF PETITIONER (IF DIFFERENT FROM PROPERTY OWNER)				TITLE	
MAILING ADDRESS OF PETITIONER (STREET ADDRESS OR P.O BOX)				EMAIL ADDRESS	
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER

Part B. PROPERTY OWNER ENTITY DESCRIPTION

Check organization type which best describes the Property Owner if an entity and not a natural person. Natural persons may skip Part B.

- ☐ Sole Proprietorship
 ☐ Trust
 ☒ Corporation
☐ Limited Liability Company (LLC)
 ☐ General or Limited Partnership
 ☐ Government or Governmental Agency
☐ Other, please describe: _____

☒ The organization described above was formed under the laws of the State of TX _____

The organization described above is a non-profit organization ☐ Yes ☒ No

Part C. RELATIONSHIP OF PETITIONER IN PART C TO PROPERTY OWNER IN PART A

Check box which best describes the relationship of Petitioner to Property Owner: ☐ Additional information may be necessary. Please see Instructions.

- ☐ Self
 ☐ Trustee of Trust
 ☐ Employee of Property Owner
☐ Co-owner, Partner, Management Member
 ☒ Officer of Company
☐ Employee or Officer of Management Company
☐ Employee, Officer, or Owner of Lessee of leasehold, possessory interest, or beneficial interest in real property.
☐ Other, please describe: _____

Part D. PROPERTY IDENTIFICATION INFORMATION

1. Enter Physical Address of Property:

ADDRESS 0	STREET/ROAD Paradise Road	CITY (IF APPLICABLE) Las Vegas	COUNTY
PURCHASE PRICE: 0		PURCHASE DATE: 7-01-2025	

2. Enter Applicable Assessor Parcel Number or Personal Property Account Number from assessment notice or tax bill:

ASSESSOR'S PARCEL NUMBER (APN)	ACCOUNT NUMBER 230178
--------------------------------	--------------------------

3. Does this appeal involve multiple parcels? No ☐ List multiple parcels on a separate, letter-sized sheet.

If yes, enter number of parcels: 0 Multiple parcel list is attached. No

Appeals must be single parcels unless multiple contiguous parcels act as a single unit.

4. Check Property Type:

☐ Vacant Land	☐ Mobile Home (Not on foundation)	☐ Mining Property
☐ Residential Property	☐ Commercial Property	☐ Industrial Property
☐ Multi-Family Residential Property	☐ Agricultural Property	☐ Personal Property
☒ Possessory Interest in Real or Personal property		☐ Exemption

5. Check Year and Roll Type of Assessment being appealed:

25-26 Unsecured Roll

Part E. VALUE OF PROPERTY

Property Owner: What is the value you seek? Write N/A on each line for values which are not being appealed. See NRS 361.025 for the definition of Full Cash Value.

Property Type	Assessor's Taxable Value	Owner's Opinion of Value
Land		0
Buildings		0
Personal Property		0
Possessory interest in real property		1
Exempt Value		0
Total		1

APPEAL FORM # 22



Part F. TYPE OF APPEAL

Check box which best describes the authority of the County Board to take jurisdiction to hear the appeal.

- ☒ NRS 361.357: The full cash value of my property is less than the computed taxable value of the property.
- ☐ NRS 361.356: My property is assessed at a higher value than another property that has an identical use and a comparable location to my property.
- ☐ NRS 361.355: My property is overvalued because other property within the county is undervalued or not assessed; and have attached the proof showing the owner, the location, the description and the taxable value of the undervalued property.
- ☐ NRS 361.155: I request a review of the Assessor's decision to deny my claim for exemption from property taxes.
- ☐ NRS 361A.280: The Assessor has determined my agricultural property has been converted to a higher use and that deferred taxes are now due.
- ☐ NRS 361.769: My property has been assessed as property escaping taxation for this year and/or prior years.

Part G. WRITE A STATEMENT DESCRIBING THE FACTS AND/OR REASONS FOR YOUR APPEAL, REQUEST FOR REVIEW OR COMPLAINT. (ATTACH A SEPARATE PAGE IF MORE ROOM IS NEEDED)

Value summary: Materials in tunnels: \$6,298,572 (Tax District 410) \$12,235,060 (Tax District 470) Assessed at 35% of value: \$2,204,500 (410) \$4,282,271 (470) Tax due (2.9328%): \$64,654 (410) \$125,591 (470) Basis for Protest: The assessment is protested for the following reasons: As with the land located at 3395 Cambridge St., the use of these tunnels is to support an exempt entity, the Las Vegas Convention and Visitors Authority ("LVCVA"). The tunnels have negative value factoring in economic obsolescence using comparable analysis and discounted cash flows (see attachment with DCF models).

CERTIFICATION

I certify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief; and that I am either (1) the person who owns or controls taxable property, or possesses in its entirety taxable property, or the lessee or user of a leasehold interest, possessory interest, beneficial interest or beneficial use, pursuant to NRS 361.334; or (2) I am a person employed by the Property Owner or an affiliate of the Property Owner and I am acting within the scope of my employment. If Part H below is completed, I further certify I have authorized the agent named therein to represent the Property Owner as stated and I have the authority to appoint the authorized agent named in Part H.

AP

Mr

Owner/Petitioner Signature

Title

Arun Prakash - Chief Financial Officer

1/7/2026 12:19:15 PM

Print Name of Owner/Petitioner

Date

Part H. AUTHORIZATION OF AGENT

Complete this section only if an agent, including an attorney, has been appointed to represent the Property Owner/Petitioner in proceedings before the County Board. Read instructions for further information.

I hereby authorize the agent whose name and contact information appears below to file a petition to the Clark County Board of Equalization and to contest the value and/or exemption established for the properties named in Part D(2) of this Petition.

I further authorize the agent listed below to receive all notices and decision letters related thereto; and represent the Petitioner in all related hearings and matters including stipulations and withdrawals before the Clark County Board of Equalization. This authorization is limited to the appeal of property valuation for the tax roll and fiscal year named in Part D(5) of this Petition.

Authorized Agent Contact Information:

NAME OF AUTHORIZED AGENT:				TITLE:	
AUTHORIZED AGENT COMPANY, IF APPLICABLE:				EMAIL ADDRESS:	
MAILING ADDRESS OF AUTHORIZED AGENT (STREET ADDRESS OR P.O. BOX)					
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER

I hereby accept appointment as the authorized agent of the Property Owner in proceedings before the County Board.

CERTIFICATION

Agent Signature required only if Petitioner did not sign certification and a separate Agent Authorization will be submitted.

I certify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief; and I am the authorized agent with authority to petition the Clark County Board subject to the requirements of NRS 361.362 and NAC 361.TBD (7012) and the limitations contained in the Agent Authorization Form to be separately submitted

Authorized Agent Signature		Mr
		Title
Print Name of Signatory		Date
☐ I hereby withdraw appeal to the Board of Equalization		
Signature of Owner or Authorized Agent/Attorney		Date

Clark County Board of Equalization

Agent Authorization Form

If you have questions about this form or the appeal process, please call: 702-455-3891.

Please Print or Type:

Part A. PROPERTY OWNER AND CONTACT INFORMATION OF PERSON GRANTING AUTHORITY TO AGENT

NAME OF PROPERTY OWNER AS IT APPEARS ON THE TAX ROLL:					
THE BORING COMPANY					
NAME OF PERSON GRANTING AUTHORITY TO AGENT (IF DIFFERENT THAN PROPERTY OWNER):				TITLE	
ARUN PRAKASH				CFO	
MAILING ADDRESS OF PETITIONER (STREET ADDRESS OR P.O. BOX)				EMAIL ADDRESS:	
130 WALKER WATSON RD				ARUN@BORINGCOMPANY.COM	
CITY	STATE	ZIP CODE	DAYTIME PHONE	ALTERNATE PHONE	FAX NUMBER
BASTROP	TX	78602	310-663-3253		

Part B. PROPERTY OWNER INFORMATION

Check organization type which best describes the Property Owner if not a natural person: ☒ Natural persons may skip Part B.

- ☐ Sole Proprietorship ☐ Trust ☒ Corporation
☐ Limited Liability Company (LLC) ☐ General or Limited Partnership ☐ Government or Governmental Agency
☐ Other, please describe: _____

The organization described above was formed under the laws of the State of _____

The organization described above is a non-profit organization. ☐ Yes ☐ No

Part C. RELATIONSHIP OF PERSON GRANTING AUTHORITY TO AGENT TO PROPERTY OWNER

Check box which best describes the relationship of Petitioner to Property Owner: ☒

Additional Information may be necessary. Please see instructions.

- ☐ Self ☐ Trustee of Trust ☐ Employee of Property Owner
☐ Co-owner, partner, managing member ☒ Officer of Company
☐ Employee or Officer of Management Company
☐ Employee, Officer, or Owner of Lessee of leasehold, possessory interest, or beneficial interest in real property
☐ Other, please describe: _____

Part D. PROPERTY SUBJECT TO THIS AGENT AUTHORIZATION:

Enter APN or Account Number from assessment notice or tax bill:

ASSESSOR'S PARCEL NUMBER (APN)	ACCOUNT NUMBER
	230491, 230177, 230178

☐ Multiple parcel list attached. (Use letter-size paper)

Part E. YEAR AND ROLL TYPE OF ASSESSMENT BEING APPEALED: ☒

☒ 2026-2027 Secured Roll	☒ 2025-2026 Unsecured Roll	☐ 2025-2026 Supplemental Roll
Other years being appealed:		2024-25
Be prepared to cite the legal authority, if any, that permits the County Board to consider appeals of taxable value from prior years.		

Part F. AUTHORIZATION OF AGENT

I hereby authorize the agent whose name and contact information appears below to file a petition to the Clark County Board of Equalization and to contest the value and/or exemption established for the properties named in Part D of this Agent Authorization.

I further authorize the agent listed below to receive all notices and decision letters related thereto; and represent the Petitioner in all related hearings and matters including stipulations and withdrawals before the Clark County Board of Equalization. This authorization is limited to the appeal of property valuation for the tax roll and fiscal year named in Part E of the Petition for appeal.

List additional authorized agents on a separate sheet as needed, including printed name, contact information, signature, title and date.

Authorized Agent Contact Information:

NAME OF AUTHORIZED AGENT: STEPHANIE GRONAUER		TITLE: PARTNER			
AUTHORIZED AGENT COMPANY, IF APPLICABLE: KAEMPFER CROWELL		EMAIL ADDRESS: sgronauer@kcnvlaw.com			
MAILING ADDRESS OF AUTHORIZED AGENT (STREET ADDRESS OR P.O. BOX) 1980 FESTIVAL PLAZA DR STE 650					
CITY LAS VEGAS	STATE NV	ZIP CODE 89135	DAYTIME PHONE 702-792-7046	ALTERNATE PHONE	FAX NUMBER

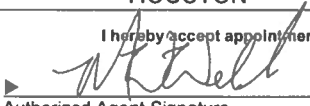
I hereby accept appointment as the authorized agent of the Property Owner in proceedings before the County Board of Equalization.

 **PARTNER** **02/20/2026**
Authorized Agent Signature Title Date

Authorized Agent Contact Information:

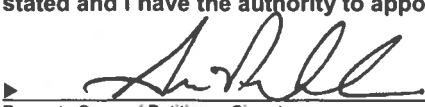
NAME OF AUTHORIZED AGENT: MICHAEL WELCH		TITLE: EXECUTIVE DIRECTOR			
AUTHORIZED AGENT COMPANY, IF APPLICABLE: INTEGRA REALTY RESOURCES		EMAIL ADDRESS: michael.welch@irr.com			
MAILING ADDRESS OF AUTHORIZED AGENT (STREET ADDRESS OR P.O. BOX) 9225 KATY FREEWAY STE 206					
CITY HOUSTON	STATE TX	ZIP CODE 77024	DAYTIME PHONE 713-973-0212	ALTERNATE PHONE	FAX NUMBER

I hereby accept appointment as the authorized agent of the Property Owner in proceedings before the County Board of Equalization.

 **EXECUTIVE DIRECTOR** **02/20/2026**
Authorized Agent Signature Title Date

CERTIFICATION

I certify (or declare) under penalty of perjury under the laws of the State of Nevada that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief; and that I am either (1) the person who owns or controls taxable property, or possesses in its entirety taxable property, or the lessee or user of a leasehold interest, possessory interest, beneficial interest or beneficial use, pursuant to NRS 361.334; or (2) I am a person employed by the Property Owner or an affiliate of the Property Owner and I am acting within the scope of my employment. I further certify I have authorized the agent named herein to represent the Property Owner as stated and I have the authority to appoint the authorized agent named herein.

 **CFO** **02/20/2026**
Property Owner / Petitioner Signature Title Date
ARUN PRAKASH
Print Name of Owner/Petitioner



togetherforbetter

OFFICE OF THE COUNTY ASSESSOR

BRIANA JOHNSON
Clark County Assessor
 (702) 455-4997 • Fax: (702) 455-0191
www.clarkcountynv.gov/assessor

Melissa Martinet, Deputy Director of Assessment Services
 Mary Ann Weidner, Deputy Director of Assessment Services

Withdrawal of Appeal from the Board of Equalization

02/23/2026
 BORING COMPANY THE
 130 WALKER WATSON RD
 BASTROP, TX 78602-3170

RE: Appeal No. 22
 Account` No(s). 230178

Dear Taxpayer:

The Appraisal Division of the Clark County Assessor's Office has completed the review of the taxable value of the above property under appeal. After careful consideration of the facts involved, our conclusion is that the current assessment does not exceed full cash value and is fair and equitable. For these reasons, it is our opinion that no changes are justifiable at this time. Therefore, the taxable value will remain as follows:

Fiscal Year:	2025-2026
Total Taxable Value	\$6,298,572

By signing below, Petitioner agrees to the above determination. Please return this letter to our office before your scheduled hearing. You may mail to the address below, email to jbon@clarkcountynv.gov or FAX to 702-380-9545.

Sincerely,

Jeff Bonesteel

Appraisal Division

I HEREBY WITHDRAW MY APPEAL TO THE BOARD OF EQUALIZATION:

X _____
 Signature of owner or authorized agent

DATE _____





CLARK COUNTY BOARD OF EQUALIZATION

Case # 21

Assessor Information

The Boring Co Appeal Summary

Boring Analysis Per Tunnel	
<u>Tunnel</u>	<u>Pre-Tax Enterprise Value</u>
Resorts World	-\$1,001,241
Westgate	-\$3,467,723
Encore	-\$97,207
Total	-\$4,566,171

Clark County RCNLD Possessory Interest Cost Values	
PP Account # 230177 Tunnels in tax Dist 470	\$10,451,878
PP Account # 230178 Tunnels in tax Dist 410	\$6,115,141
PP Account # 230491 Control Center Industrial Building w/1.662 acres of land	\$2,578,943
Total	\$19,145,962
Recommendation No Change	

Clark County Analysis Per Tunnel Per DCF	
<u>Tunnel</u>	<u>Pre-Tax Enterprise Value</u>
Resorts World	\$6,254,690
Westgate	\$2,613,259
Encore	\$3,445,076
Total	\$12,313,025

Clark County Analysis As System - Operational (DCF Value) & In Progress (Cost Value) Tunnels	
<u>Tunnel</u>	<u>Pre-Tax Enterprise Value</u>
Control Center Industrial Building	Required for operation of tunnels \$0 added
Operational Tunnels	\$12,313,025
Wynn West Drilling in Progress - 50% as of 7-1-25	\$2,273,450
Silver Lot DIP - 50% as 7-1-25	\$407,950
Paradise West 50% DIP	\$2,947,900
Paradise East 50% DIP	\$3,901,150
Total	\$21,843,475

Resorts World, Westgate, Encore

Annual Fare Revenue		Total Rooms at Resorts World, Westgate, Encore: 11,212			
Fare Price Round-trip		Resorts World, Westgate, Encore Occupancy: 80%			
Est. Trips	228,157	Per Month	Per Day	Est. Capture	
Discount Rate	8.5%	19,013	634	7.07%	
Terminal Cap Rate	7.0%				

Year	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36
Revenue											
Fare Revenue Growth Rate		56%	17%	2%	2%	2%	2%	2%	2%	2%	2%
Fares	\$860,000	\$1,339,200	\$1,565,784	\$1,597,100	\$1,629,042	\$1,661,623	\$1,694,855	\$1,728,752	\$1,763,327	\$1,798,594	\$1,834,566
Management Fee Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Management Fees	\$145,000	\$147,900	\$150,858	\$153,875	\$156,953	\$160,092	\$163,294	\$166,559	\$169,891	\$173,288	\$176,754
Advertising Revenue Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Advertising	\$54,000	\$55,080	\$56,182	\$57,305	\$58,451	\$59,620	\$60,813	\$62,029	\$63,270	\$64,535	\$65,826
Sub-total	\$1,059,000	\$1,542,180	\$1,772,824	\$1,808,280	\$1,844,446	\$1,881,335	\$1,918,961	\$1,957,341	\$1,996,487	\$2,036,417	\$2,077,145
Operating Expenses											
Direct Personnel Expense Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Direct Personnel Expense Reduction Multiplier		100.0%	100.0%	100.0%	100.0%	100.0%	97.0%	97.0%	97.0%	97.0%	97.0%
Direct Personnel	\$422,000	\$747,000	\$772,000	\$787,000	\$803,000	\$819,000	\$810,000	\$801,000	\$792,000	\$783,000	\$790,000
Licenses & Permits Expense Growth		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Licenses & Permits	\$22,625	\$23,078	\$23,539	\$24,010	\$24,490	\$24,980	\$25,479	\$25,989	\$26,509	\$27,039	\$27,580
Merchant Fees Expense Growth		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Merchant Fees	\$43,000	\$43,860	\$44,737	\$45,632	\$46,545	\$47,475	\$48,425	\$49,393	\$50,381	\$51,389	\$52,417
Sub-total	\$487,625	\$813,938	\$840,276	\$856,642	\$874,035	\$891,455	\$883,904	\$876,383	\$868,890	\$861,428	\$869,997
Other Cash Expenses											
Vehicle Expense Growth		7%	6%	5%	5%	4%	2%	2%	2%	2%	2%
Vehicle Financing	\$45,000	\$48,300	\$51,246	\$54,053	\$56,659	\$59,005	\$60,185	\$61,389	\$62,617	\$63,869	\$65,147
Sub-total	\$45,000	\$48,300	\$51,246	\$54,053	\$56,659	\$59,005	\$60,185	\$61,389	\$62,617	\$63,869	\$65,147
NOI	\$526,375	\$679,943	\$881,301	\$897,585	\$913,752	\$930,874	\$974,872	\$1,019,569	\$1,064,980	\$1,111,120	\$1,142,002
Present Value Factor (PVF)	0.92166	0.84946	0.78291	0.72157	0.66505	0.61295	0.56493	0.52067	0.47988	0.44229	
Discounted Cash Flow	\$485,138	\$577,581	\$689,978	\$647,675	\$607,686	\$570,575	\$550,731	\$530,858	\$511,062	\$491,432	
										Terminal Value at 7%	\$16,314,319
										PVF	0.40764
										Discounted Terminal Value	\$6,650,309
PV of Discounted Cash Flow	\$5,662,716										
Terminal Value	\$6,650,309										
Pre-Tax Enterprise Value	\$12,313,025										

Encore**Annual Fare Revenue**

Fare Price Round-trip

\$7.00

\$448,350

Est. Trips

64,050

Discount Rate

8.5%

Terminal Cap Rate

7.0%

Total Rooms supported by Encore/Wynn:

4,748 (which includes the rooms at Wynn)

Encore/Wynn Occupancy:

85%

Per Month

5,338

Per Day

178

Est. Capture

4.41%

Year	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36
Revenue											
Fare Revenue Growth Rate		233%	32%	2%	2%	2%	2%	2%	2%	2%	2%
Fares	\$100,000	\$333,000	\$439,560	\$448,351	\$457,318	\$466,465	\$475,794	\$485,310	\$495,016	\$504,916	\$515,015
Management Fee Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Management Fees	\$90,000	\$91,800	\$93,636	\$95,509	\$97,419	\$99,367	\$101,355	\$103,382	\$105,449	\$107,558	\$109,709
Advertising Revenue Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Advertising	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sub-total	\$190,000	\$424,800	\$533,196	\$543,860	\$554,737	\$565,832	\$577,149	\$588,692	\$600,465	\$612,475	\$624,724
Operating Expenses											
Direct Personnel Expense Growth Rate		200%	4%	2%	2%	2%	2%	2%	2%	2%	2%
Direct Personnel Expense Reduction Multiplier		100.0%	100.0%	100.0%	100.0%	100.0%	97.0%	97.0%	97.0%	97.0%	100.0%
Direct Personnel	\$80,000	\$240,000	\$250,000	\$255,000	\$260,000	\$265,000	\$262,000	\$259,000	\$256,000	\$253,000	\$258,000
Licenses & Permits Expense Growth		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Licenses & Permits	\$7,000	\$7,140	\$7,283	\$7,428	\$7,577	\$7,729	\$7,883	\$8,041	\$8,202	\$8,366	\$8,533
Merchant Fees Expense Growth		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Merchant Fees	\$5,000	\$5,100	\$5,202	\$5,306	\$5,412	\$5,520	\$5,631	\$5,743	\$5,858	\$5,975	\$6,095
Sub-total	\$92,000	\$252,240	\$262,485	\$267,735	\$272,989	\$278,249	\$275,514	\$272,784	\$270,060	\$267,341	\$272,628
Other Cash Expenses											
Vehicle Expense Growth		10%	8%	7%	6%	5%	2%	2%	2%	2%	2%
Vehicle Financing	\$15,000	\$16,500	\$17,820	\$19,067	\$20,211	\$21,222	\$21,646	\$22,079	\$22,521	\$22,971	\$23,431
Sub-total	\$15,000	\$16,500	\$17,820	\$19,067	\$20,211	\$21,222	\$21,646	\$22,079	\$22,521	\$22,971	\$23,431
NOI	\$83,000	\$156,060	\$252,891	\$257,058	\$261,536	\$266,361	\$279,988	\$293,828	\$307,884	\$322,162	\$328,665
Present Value Factor (PVF)	0.92166	0.84946	0.78291	0.72157	0.66505	0.61295	0.56493	0.52067	0.47988	0.44229	
Discounted Cash Flow	\$76,498	\$132,566	\$197,991	\$185,486	\$173,934	\$163,265	\$158,173	\$152,987	\$147,747	\$142,488	
										Terminal Value at 7%	\$4,695,219
										PVF	0.40764
										Discounted Terminal Value	\$1,913,942
PV of Discounted Cash Flow	\$1,531,134										
Terminal Value	\$1,913,942										
Pre-Tax Enterprise Value	\$3,445,076										

Resorts World

Annual Fare Revenue

Fare Price Round-trip

Est. Trips

Discount Rate

Terminal Cap Rate

\$7.00

94,286

8.5%

7.0%

\$660,002

Total Rooms at Resorts World: 3,506

Resorts World Occupancy: 85%

Per Month Per Day Est. Capture

7,857

262

8.79%

Year	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36
Revenue											
Fare Revenue Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Fares	\$660,000	\$673,200	\$686,664	\$700,397	\$714,405	\$728,693	\$743,267	\$758,133	\$773,295	\$788,761	\$804,536
Management Fee Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Management Fees	\$30,000	\$30,600	\$31,212	\$31,836	\$32,473	\$33,122	\$33,785	\$34,461	\$35,150	\$35,853	\$36,570
Advertising Revenue Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Advertising	\$54,000	\$55,080	\$56,182	\$57,305	\$58,451	\$59,620	\$60,813	\$62,029	\$63,270	\$64,535	\$65,826
Sub-total	\$744,000	\$758,880	\$774,058	\$789,539	\$805,330	\$821,436	\$837,865	\$854,622	\$871,715	\$889,149	\$906,932
Operating Expenses											
Direct Personnel Expense Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Direct Personnel Expense Reduction Multiplier		100.0%	100.0%	100.0%	100.0%	100.0%	97.0%	97.0%	97.0%	97.0%	97.0%
Direct Personnel	\$262,000	\$267,000	\$272,000	\$277,000	\$283,000	\$289,000	\$286,000	\$283,000	\$280,000	\$277,000	\$274,000
Licenses & Permits Expense Growth		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Licenses & Permits	\$15,000	\$15,300	\$15,606	\$15,918	\$16,236	\$16,561	\$16,892	\$17,230	\$17,575	\$17,926	\$18,285
Merchant Fees Expense Growth		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Merchant Fees	\$33,000	\$33,660	\$34,333	\$35,020	\$35,720	\$36,435	\$37,163	\$37,907	\$38,665	\$39,438	\$40,227
Sub-total	\$310,000	\$315,960	\$321,939	\$327,938	\$334,957	\$341,996	\$340,056	\$338,137	\$336,240	\$334,364	\$332,512
Other Cash Expenses											
Vehicle Expense Growth		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Vehicle Financing	\$15,000	\$15,300	\$15,606	\$15,918	\$16,236	\$16,561	\$16,892	\$17,230	\$17,575	\$17,926	\$18,285
Sub-total	\$15,000	\$15,300	\$15,606	\$15,918	\$16,236	\$16,561	\$16,892	\$17,230	\$17,575	\$17,926	\$18,285
NOI	\$419,000	\$427,620	\$436,512	\$445,683	\$454,136	\$462,879	\$480,917	\$499,255	\$517,900	\$536,858	\$556,135
Present Value Factor (PVF)	0.92166	0.84946	0.78291	0.72157	0.66505	0.61295	0.56493	0.52067	0.47988	0.44229	
Discounted Cash Flow	\$386,175	\$363,244	\$341,749	\$321,593	\$302,021	\$283,719	\$271,682	\$259,947	\$248,530	\$237,444	
									Terminal Value at 7%		\$7,944,789
									PVF		0.40764
									Discounted Terminal Value		\$3,238,584
PV of Discounted Cash Flow	\$3,016,106										
Terminal Value	\$3,238,584										
Pre-Tax Enterprise Value	\$6,254,690										

Westgate

Annual Fare Revenue

Fare Price Round-trip

\$7.00 \$448,350

Est. Trips

64,050

Discount Rate

8.5%

Terminal Cap Rate

7.0%

Total Rooms at Westgate: 2,958

Westgate Occupancy: 70%

Per Month Per Day Est. Capture

5,338 178 8.59%

Year	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33	33-34	34-35	35-36
Revenue											
Fare Revenue Growth Rate		233%	32%	2%	2%	2%	2%	2%	2%	2%	2%
Fares	\$100,000	\$333,000	\$439,560	\$448,351	\$457,318	\$466,465	\$475,794	\$485,310	\$495,016	\$504,916	\$515,015
Management Fee Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Management Fees	\$25,000	\$25,500	\$26,010	\$26,530	\$27,061	\$27,602	\$28,154	\$28,717	\$29,291	\$29,877	\$30,475
Advertising Revenue Growth Rate		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Advertising	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sub-total	\$125,000	\$358,500	\$465,570	\$474,881	\$484,379	\$494,067	\$503,948	\$514,027	\$524,307	\$534,794	\$545,489
Operating Expenses											
Direct Personnel Expense Growth Rate		200%	4%	2%	2%	2%	2%	2%	2%	2%	2%
Direct Personnel Expense Reduction Multiplier		100.0%	100.0%	100.0%	100.0%	100.0%	97.0%	97.0%	97.0%	97.0%	100.0%
Direct Personnel	\$80,000	\$240,000	\$250,000	\$255,000	\$260,000	\$265,000	\$262,000	\$259,000	\$256,000	\$253,000	\$258,000
Licenses & Permits Expense Growth		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Licenses & Permits	\$625	\$638	\$650	\$663	\$677	\$690	\$704	\$718	\$732	\$747	\$762
Merchant Fees Expense Growth		2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Merchant Fees	\$5,000	\$5,100	\$5,202	\$5,306	\$5,412	\$5,520	\$5,631	\$5,743	\$5,858	\$5,975	\$6,095
Sub-total	\$85,625	\$245,738	\$255,852	\$260,969	\$266,089	\$271,210	\$268,335	\$265,461	\$262,591	\$259,722	\$264,857
Other Cash Expenses											
Vehicle Expense Growth		10%	8%	7%	6%	5%	2%	2%	2%	2%	2%
Vehicle Financing	\$15,000	\$16,500	\$17,820	\$19,067	\$20,211	\$21,222	\$21,646	\$22,079	\$22,521	\$22,971	\$23,431
Sub-total	\$15,000	\$16,500	\$17,820	\$19,067	\$20,211	\$21,222	\$21,646	\$22,079	\$22,521	\$22,971	\$23,431
NOI	\$24,375	\$96,263	\$191,898	\$194,845	\$198,079	\$201,634	\$213,967	\$226,486	\$239,196	\$252,100	\$257,202
Present Value Factor (PVF)	0.92166	0.84946	0.78291	0.72157	0.66505	0.61295	0.56493	0.52067	0.47988	0.44229	
Discounted Cash Flow	\$22,465	\$81,771	\$150,238	\$140,595	\$131,731	\$123,591	\$120,875	\$117,924	\$114,785	\$111,500	
Terminal Value at 7%										\$3,674,311	
PVF										0.40764	
Discounted Terminal Value										\$1,497,783	
PV of Discounted Cash Flow	\$1,115,477										
Terminal Value	\$1,497,783										
Pre-Tax Enterprise Value	\$2,613,259										

CAPITALIZATION
Commercial-Industrial
BOE Analysis



Owner:	County Of Clark(Lv Conv Auth)
Situs:	3395 Cambridge St
Neighborhood:	1414.48
Appraiser:	Jeffrey Bonesteel

Primary Parcel:	162-15-501-030
Number of Parcels:	1
Fiscal Year:	2026-2027
Appeal Number:	23
BOE Date:	2/25/2026

Assessment Information (Taxable Value):

Fiscal Year:	2024-2025	2025-2026	2026-2027	Recommended:
Land:	\$0	\$796,364	\$796,364	\$796,364
Improvements:	\$0	\$1,861,938	\$1,782,579	\$1,782,579
Supplemental:	\$0	\$0	\$0	\$0
Total:	\$0	\$2,658,302	\$2,578,943	\$2,578,943

Salient Facts

Site Acreage:	20.39	Gross Square Feet:	19,992	Year Built:	2004
---------------	-------	--------------------	--------	-------------	------

Property Description:

This appeal is a possessory interest 19,992 square foot industrial building with 1.662 acres of land being used as The Boring Companies Control Center for its Loop Tunnel operations. The building is also used as a repair and parts storage facility. The building is owned by Clark County Convention Authority with full control and access given to The Boring Company to run Loop operations from approx. 2021 to current based on aerial photos. 24-25 was the first year the building was placed on the personal property rolls for possessory interest purposes. The building is located near the corner of Desert Inn and Maryland Pkwy.

Description	Net Rentable Area / GLA	Monthly Rent Per SF	Annual PGI
Industrial - NNN	19,992	\$1.00	\$239,904
			\$0
			\$0
			\$0
			\$0
			\$0
			\$0
			\$0
			\$0
Totals:	19,992	\$1.00	\$239,904
	Override PGI:	\$0.00	

Income Analysis

Potential Gross Income					\$239,904
Vacancy/Rent Loss				10.0%	\$23,990
Other Income	\$ or %				\$0
Effective Gross Income					\$215,914
Expenses	%	10.0	\$ per NRA/GLA	\$1.08	\$21,591
Net Operating Income(NOI)					\$194,322
Capitalization Rate:					6.50%
Indicated Value By Income Method					\$2,989,573
Less FF&E Estimate		0	Override FF&E		\$0
Total Real Property Value					\$2,989,573
Indicated Value Per SF:	\$149.54	Imputed Value Per SF:	\$129.00	Imputed Cap Rate:	7.53%

Override Values

Land		Imp		Supp	
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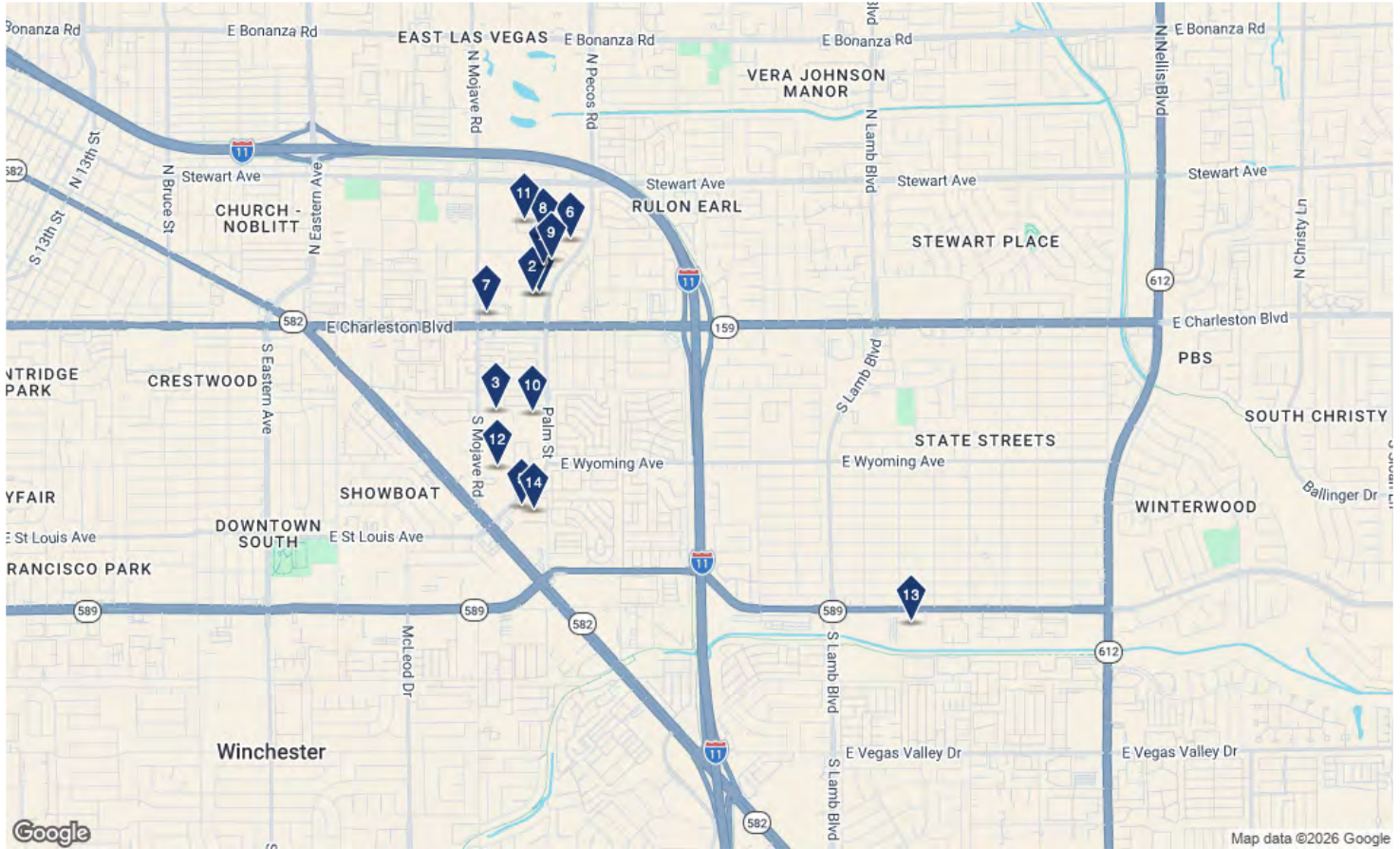
Comments:

Current market conditions were used to test the taxable value against the market. Executed leases averaging \$1.00 per square foot NNN and market vacancies and expenses of 10% and a cap rate of 6.5% was used, all numbers were derived from market data over the past year. Market reports from Cushman & Wakefield and CBRE Cap Rate Survey were used as well as actual excuted leases, asking leases and sales analytics from CoStar in the subject's submarket. The Boring Company is currently paying a below market rent to the LVCC. Based on market data the Assessor recommends no change in value.

This capitalization summary is to determine if the Assessor's Taxable Value exceeds market Value, not as an estimate to assess the property initially. Therefore, property taxes are appropriately dealt with as an expense, not an addition to the capitalization rate.



Property Map & List Report



Property Summary Statistics

Property Attributes	Low	Average	Median	High
Building SF	5,935 SF	28,551 SF	23,967 SF	87,979 SF
Year Built	1961	1985	1990	1998
Available SF	905 SF	11,360 SF	5,199 SF	35,125 SF
Asking Rent Per SF/MO	\$0.85	\$1.15	\$1.13	\$1.50
Availability %	2.1%	39.8%	35.0%	100%
Vacancy %	0.0%	41.2%	35.0%	100%
Asking Price Per SF	\$234.73	\$322.12	\$445.92	\$657.12
Cap Rate	-	-	-	-
Star Rating	★★☆☆☆ 2	★★★★☆ 2.6	★★★★☆ 3	★★★★☆ 3

Property List

Property Name/ Address	Type	Built/ Renovated	Size (% Leased)	SF Available	Asking Rent	Asking Price (Cap Rate)
1 21 N Pecos Rd Las Vegas, Nevada 89101	Light Distribution ★★★★☆	1996	14,501 SF (88.5%)	1,668	\$0.85 SF/Month/NNN	Not For Sale



Property List (Continued)

	Property Name/ Address	Type	Built/ Renovated	Size (% Leased)	SF Available	Asking Rent	Asking Price (Cap Rate)
2	3251-3261 Builders Ave Las Vegas, Nevada 89101	Warehouse ★★★★☆	1996	25,183 SF (100%)	24,000	\$0.95 SF/Month/NNN	Not For Sale
3	Bldg-A 1624 S Mojave Rd Las Vegas, Nevada 89104	Warehouse ★★★★☆	1965/2006	87,979 SF (70.7%)	25,768	Withheld	Not For Sale
4	61 N Pecos Rd Las Vegas, Nevada 89101	Light Distribution ★★★★☆	1989	7,570 SF (72.8%)	2,061	\$1.00 SF/Month/NNN	Not For Sale
5	3250 Palm Pky Las Vegas, Nevada 89104	Warehouse ★★★★☆	1976	22,750 SF	22,750	\$1.10 SF/Month/NNN	\$5,340,000
6	101 N Pecos Rd Las Vegas, Nevada 89101	Light Manufactur- ing ★★★★☆	1992	10,282 SF (100%)	2,234	\$1.10 SF/Month/NNN	Not For Sale
7	3100 E Charleston Blvd Las Vegas, Nevada 89104	Light Distribution ★★★★☆	1998	37,578 SF (95.5%)	1,680	\$1.15 SF/Month/NNN	Not For Sale
8	3300 Sunrise Ave Las Vegas, Nevada 89101	Light Manufactur- ing ★★★★☆	1992	11,666 SF (71.8%)	1,647 - 3,294	\$1.10 - 1.15 SF/Month/NNN	Not For Sale
9	71 N Pecos Rd Las Vegas, Nevada 89101	Light Distribution ★★★★☆	1989	27,377 SF (89.4%)	1,339 - 4,462	\$1.15 SF/Month/NNN	Not For Sale
10	Bldg-B 1601 Palm St Las Vegas, Nevada 89104	Warehouse ★★★★☆	1968/2006	54,923 SF (100%)	13,862	\$1.20 SF/Month/NNN	Not For Sale
11	3201 Technology Ct Las Vegas, Nevada 89101	Warehouse ★★★★☆	1996	35,125 SF	35,125	Withheld	Not For Sale
12	1800 S Mojave Rd Las Vegas, Nevada 89104	Truck Terminal ★★★★☆	1961	5,935 SF	5,935	Withheld	\$3,900,000
13	East Sahara Commerce C... 4425 E Sahara Ave Las Vegas, Nevada 89104	Warehouse ★★★★☆	1991	43,541 SF (97.9%)	905	\$1.35 SF/Month/NNN	Not For Sale
14	3274 Palm Pky Las Vegas, Nevada 89104	Warehouse ★★★★☆	1983	15,304 SF (0.0%)	5,100 - 15,300	\$1.40 - 1.50 SF/Month/MG	Not For Sale



Search Analytics

INVENTORY SF

400K +0%

Prior Period 400K

UNDER CONSTRUCTION SF

0 -

Prior Period 0

12 MO NET ABSORPTION SF

(155K) -2,515.8%

Prior Period (5.9K)

VACANCY RATE

41.2% +38.8%

Prior Period 2.4%

MARKET ASKING RENT/SF

\$1.10 +2.2%

Prior Period \$1.08

MARKET SALE PRICE/SF

\$209 +3.9%

Prior Period \$201

MARKET CAP RATE

6.2% +0%

Prior Period 6.2%

Key Metrics

Availability

Vacant SF	165K ↑
Sublet SF	0 ↓
Availability Rate	39.8% ↑
Available SF Total	159K ↑
Available Asking Rent/SF	\$1.15 ↓
Occupancy Rate	58.8% ↓
Percent Leased Rate	58.8% ↓

Inventory

Existing Buildings	14 ↓
Under Construction Avg SF	-
12 Mo Demolished SF	0 ↓
12 Mo Occupancy % at Delivery	-
12 Mo Construction Starts SF	0 ↓
12 Mo Delivered SF	0 ↓
12 Mo Avg Delivered SF	-

Sales Past Year

Asking Price Per SF	\$210 ↑
Sale to Asking Price Differential	-9.8% ↑
Sales Volume	\$2.9M ↑
Transactions	1 ↓
Months to Sale	2.0 ↓
For Sale Listings	2
Total For Sale SF	28.7K

Demand

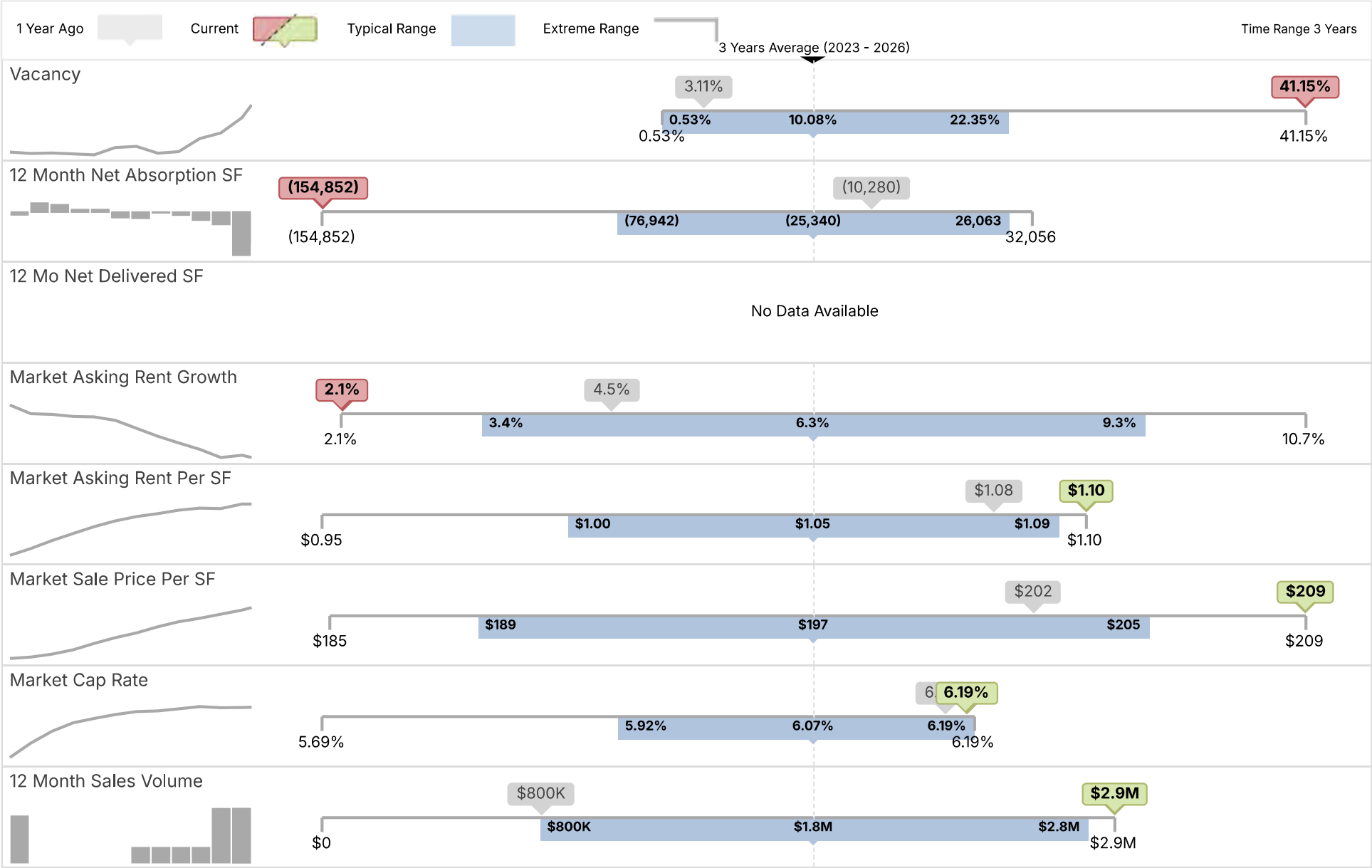
12 Mo Net Absorp % of Inventory	-38.7% ↓
12 Mo Leased SF	56.4K ↑
Months on Market	6.0 ↑
Months to Lease	7.4
Months Vacant	9.9
24 Mo Lease Renewal Rate	24.0%
Population Growth 5 Yrs	7.0%

203466431

2/10/2026

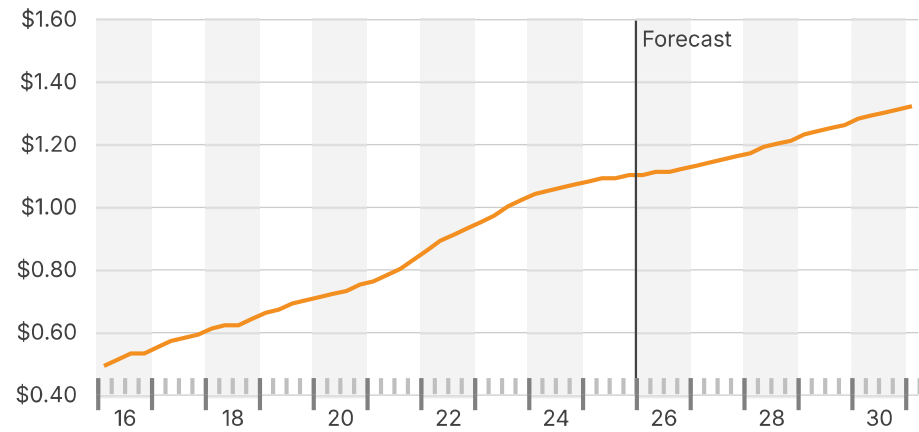
Search Analytics

Key Performance Indicators

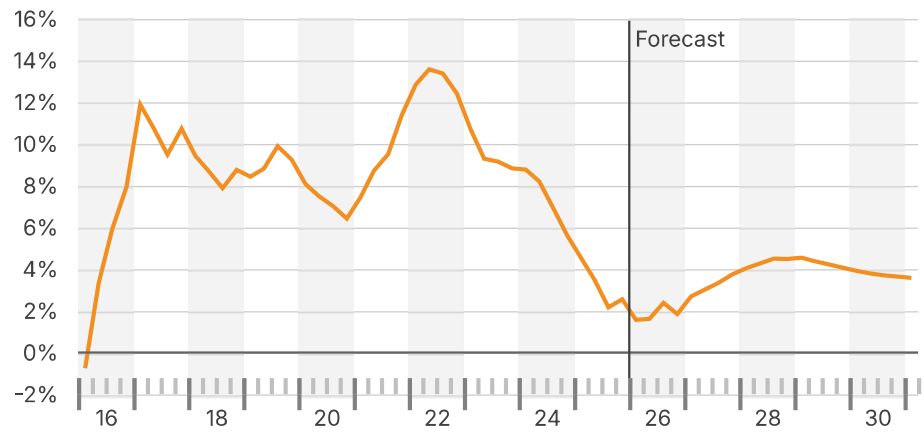


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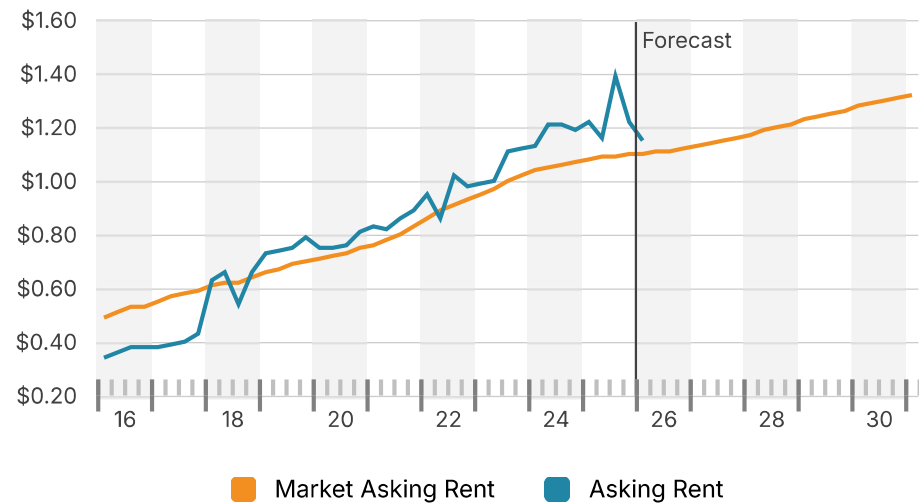
Market Asking Rent Per SF



Market Asking Rent Growth (YOY)



Market Asking Rent & Asking Rent Per SF

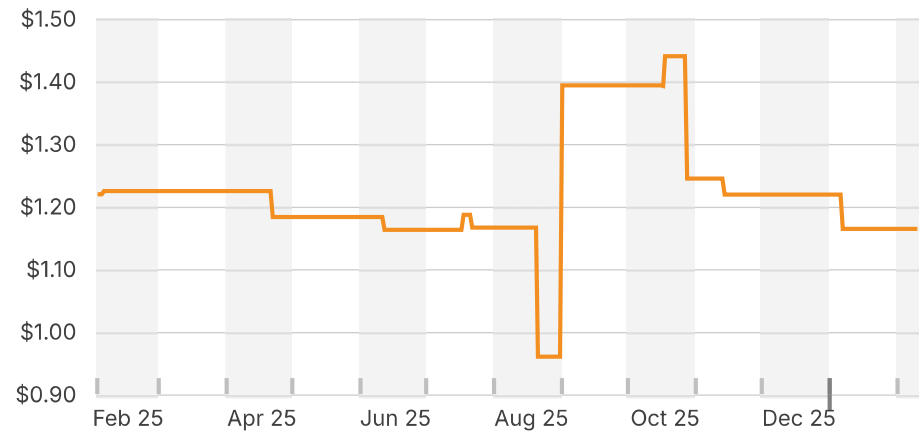


Asking Rent Per SF



Search Analytics

Daily Asking Rent Per SF



Direct & Sublet Rent Per SF



Direct Rent Per SF



Sublet Rent Per SF

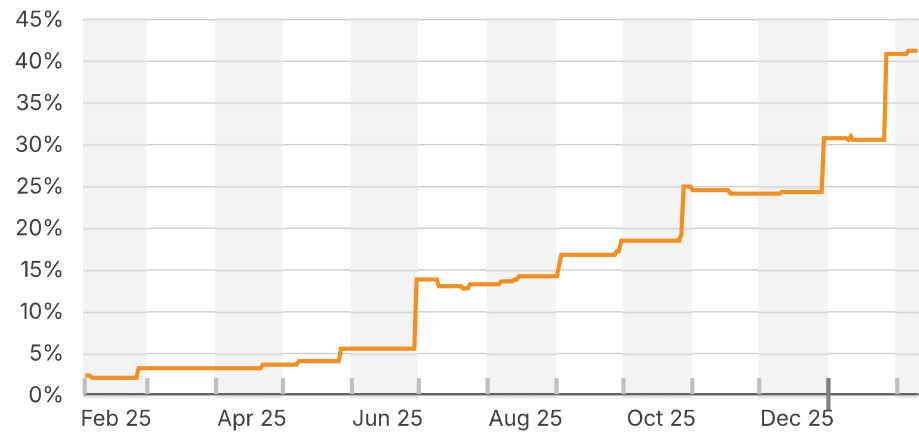
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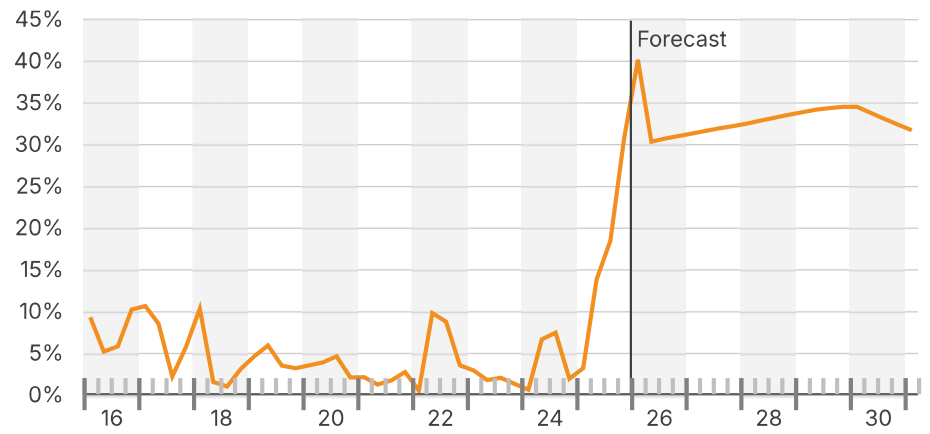
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Search Analytics

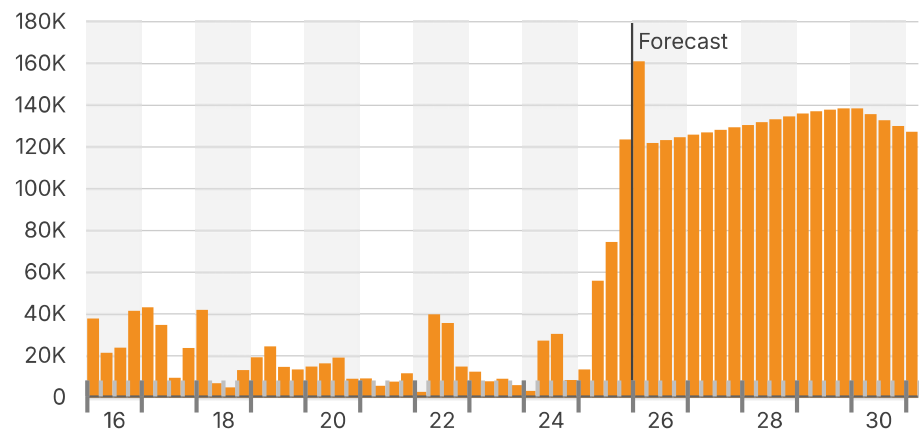
Daily Vacancy Rate



Vacancy Rate



Vacant SF

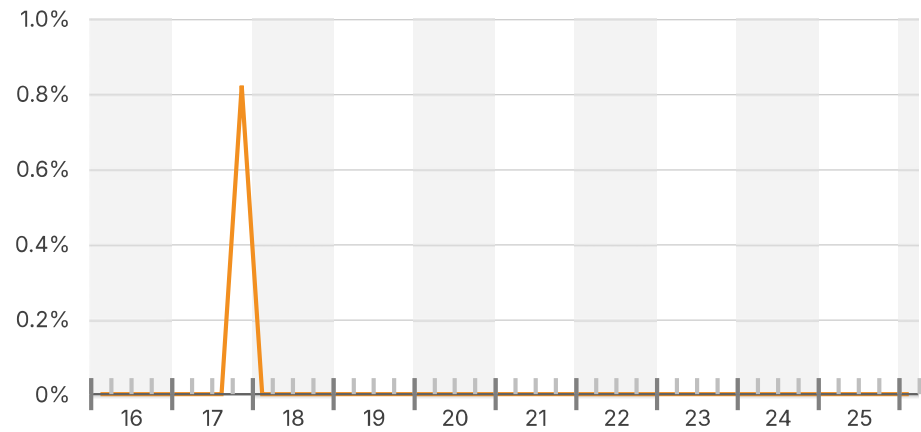


Occupancy Rate

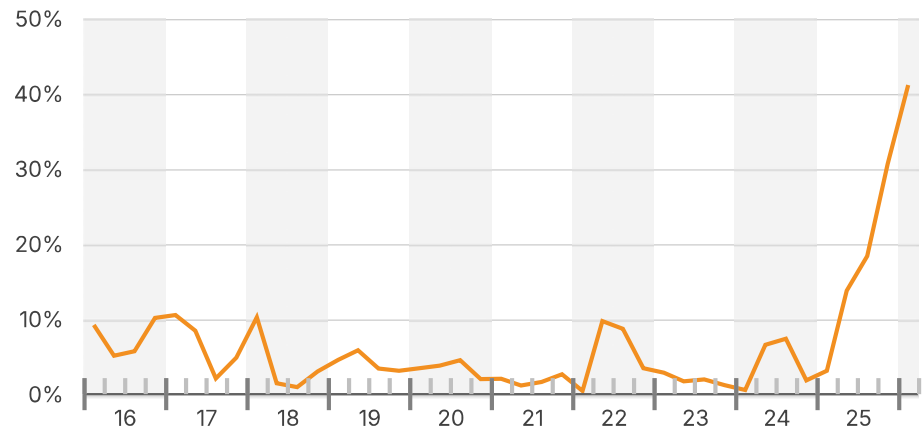


Search Analytics

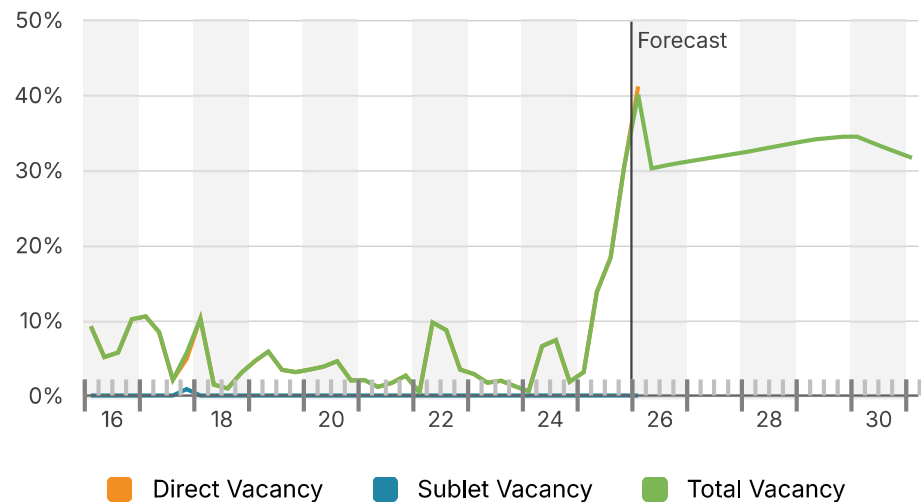
Sublet Vacancy Rate



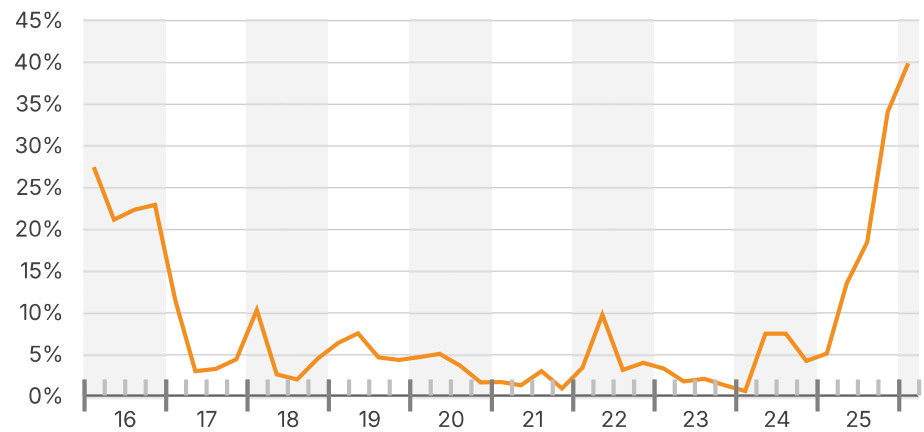
Direct Vacancy Rate



Direct, Sublet & Total Vacancy Rate

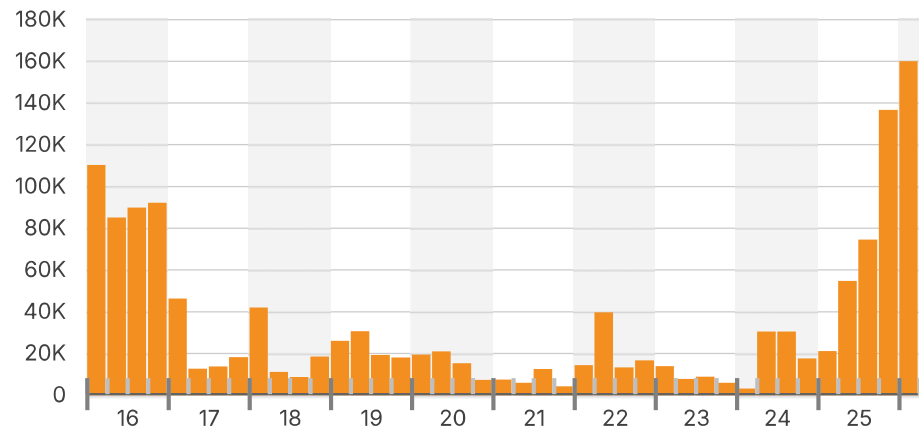


Availability Rate

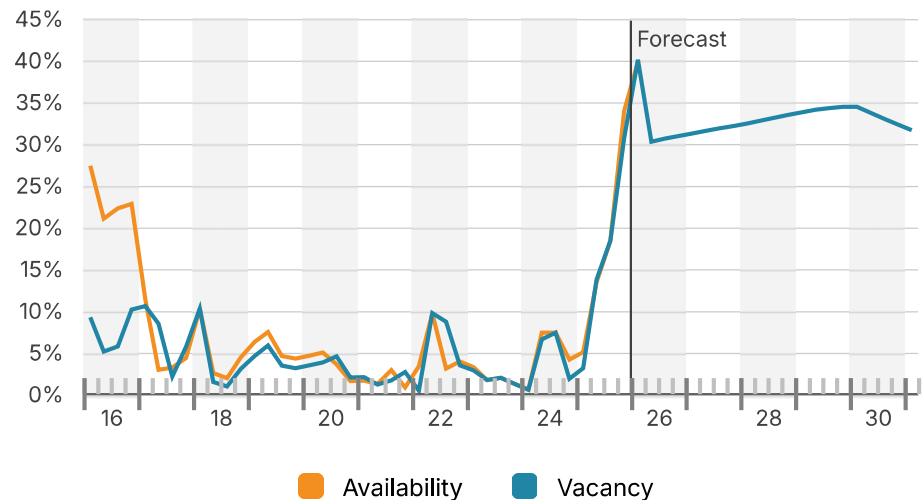


Search Analytics

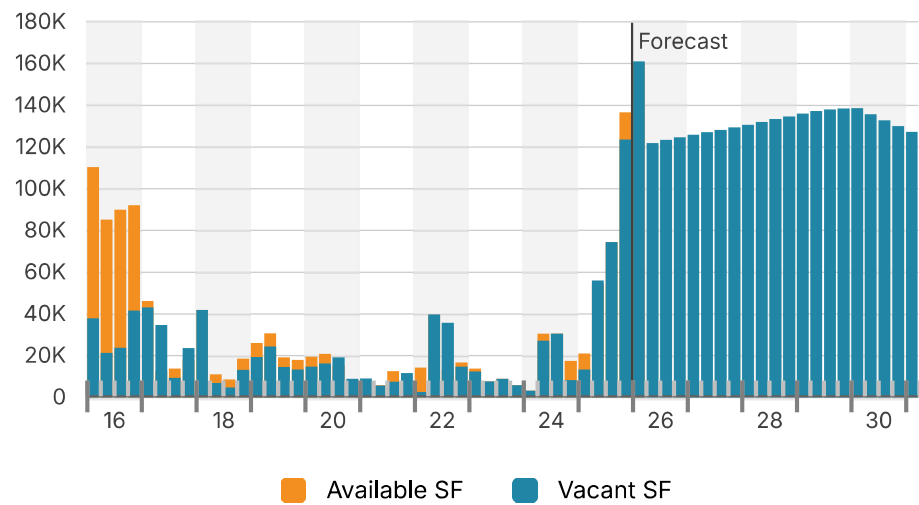
Available SF



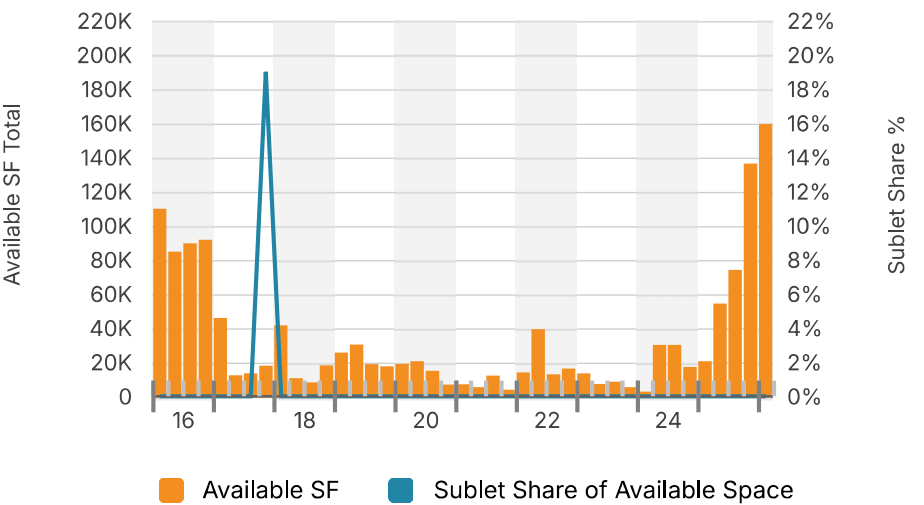
Availability & Vacancy Rate



Available & Vacant SF



Available SF Total & Sublet Share %



Search Analytics

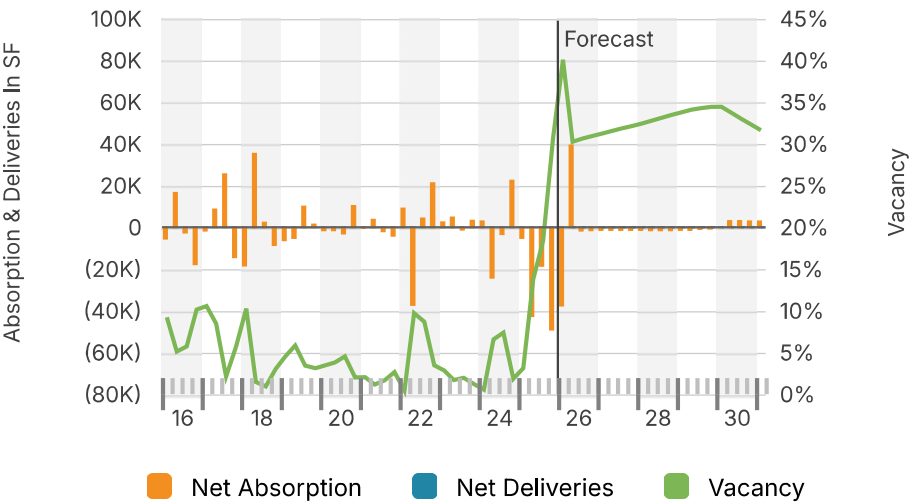
Occupancy At Delivery

No Data Available

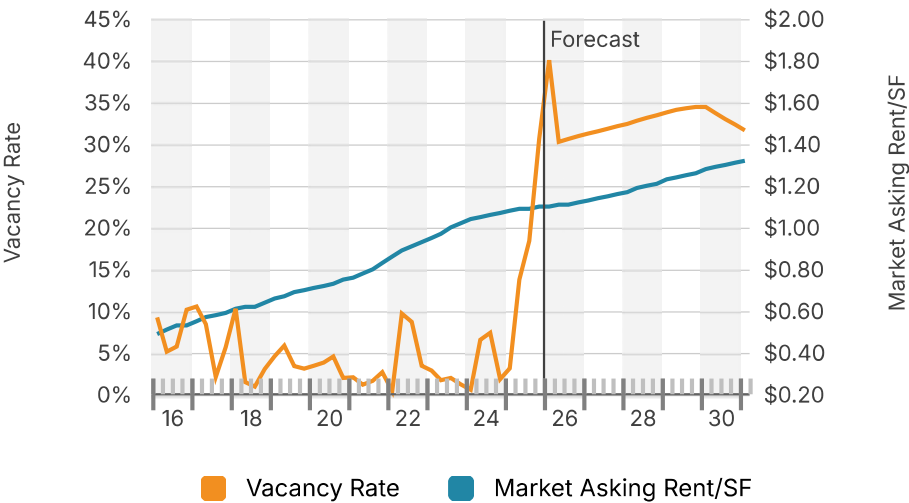


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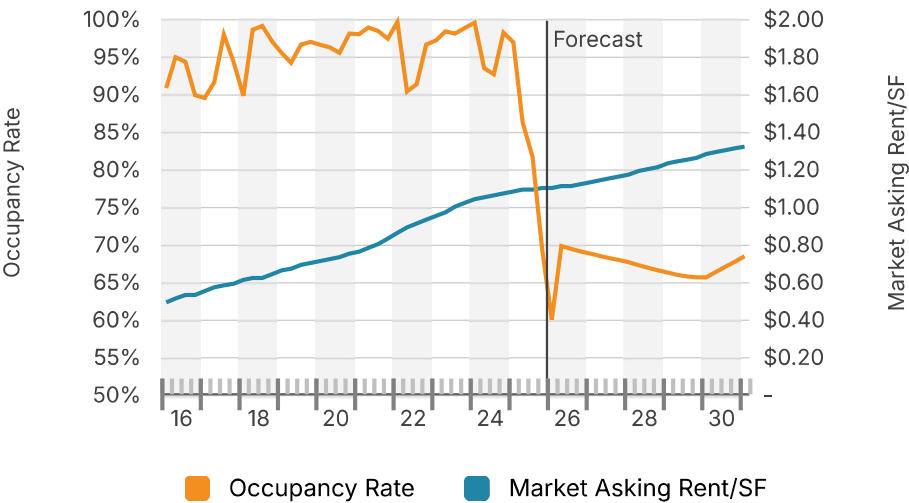
Net Absorption, Net Deliveries & Vacancy



Vacancy & Market Asking Rent Per SF

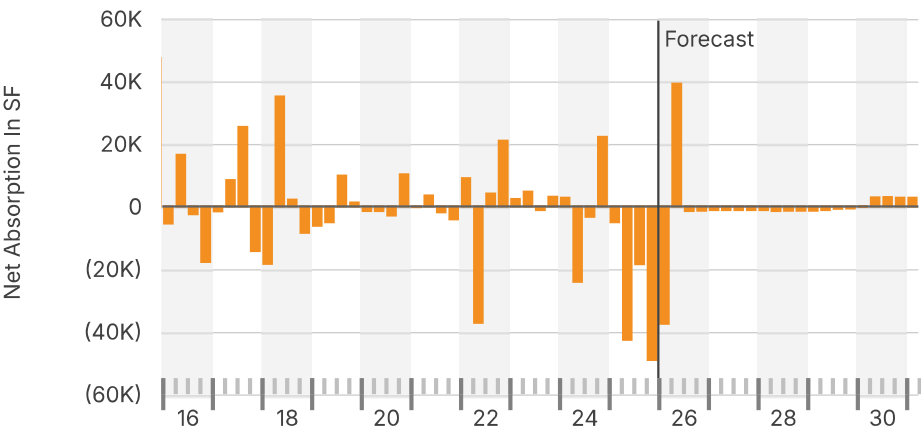


Occupancy & Market Asking Rent Per SF

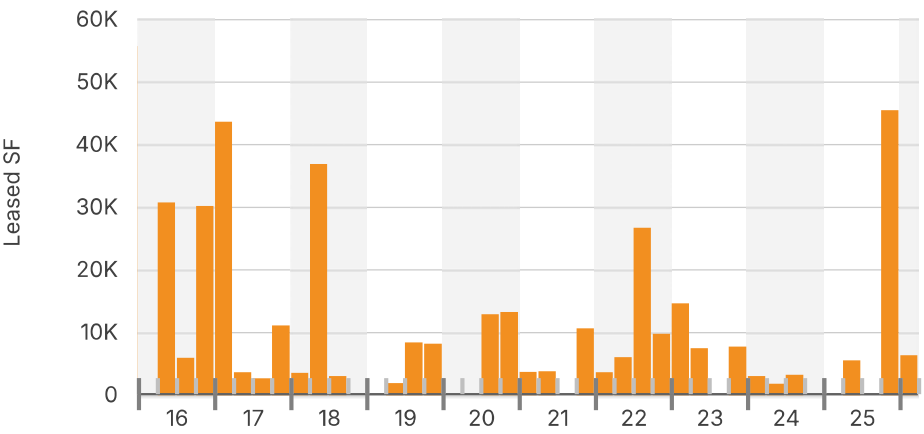


Search Analytics

Net Absorption



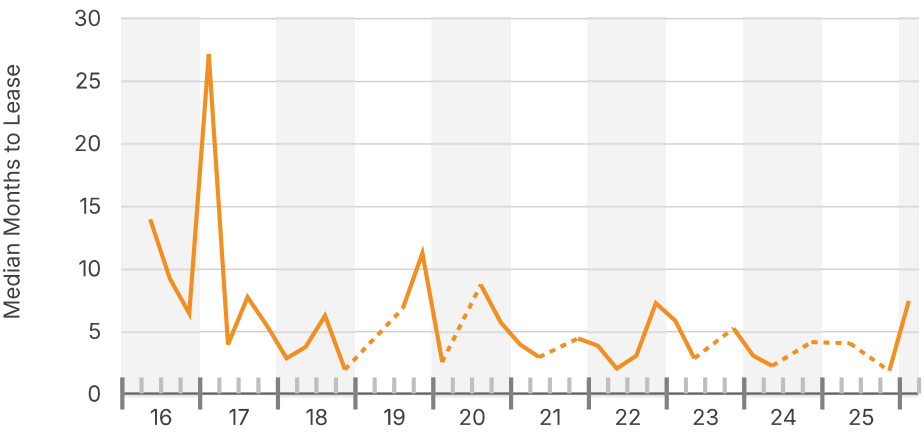
Leasing Activity



Months On Market

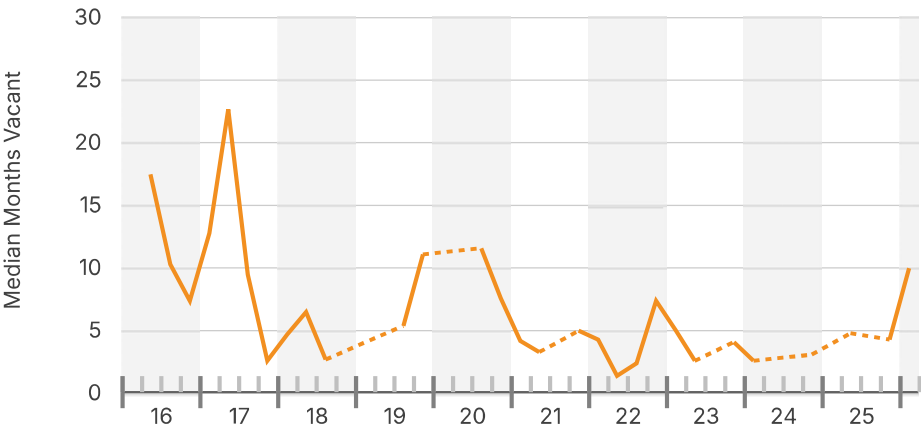


Months To Lease

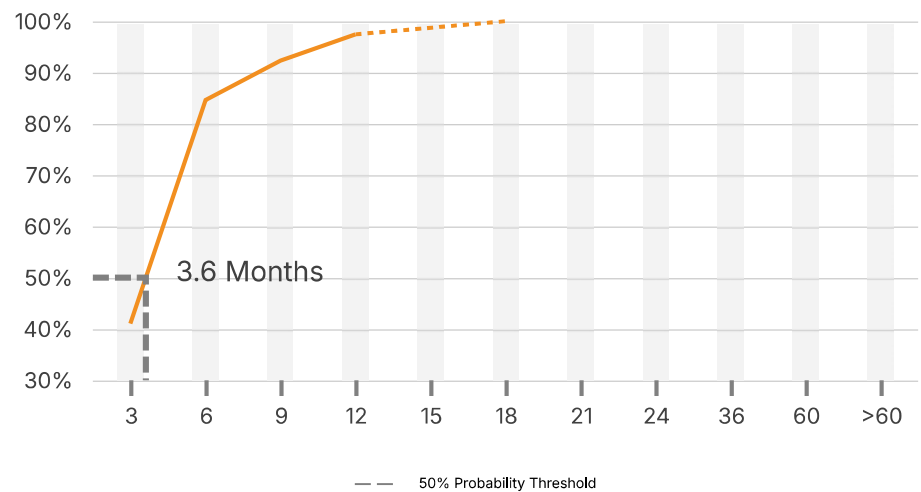


Search Analytics

Months Vacant



Probability Of Leasing In Months



Construction Starts

No Data Available



No data available for the past 10 years

Under Construction

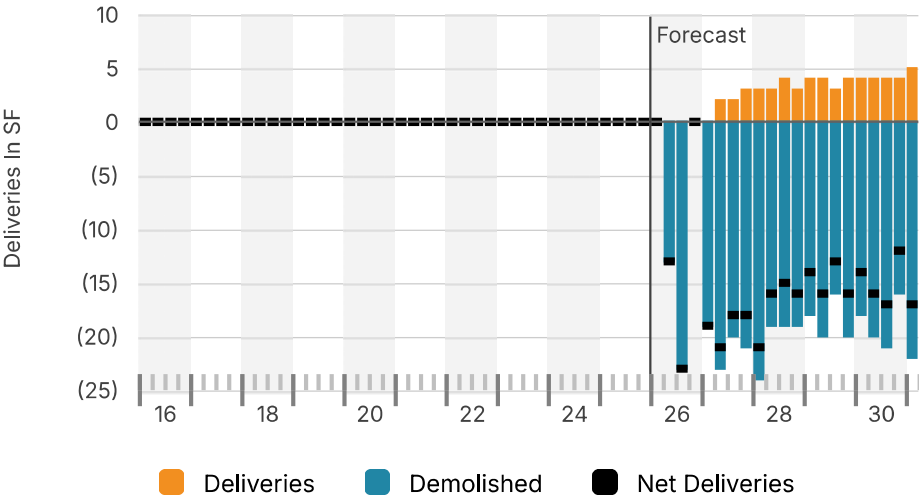
No Data Available



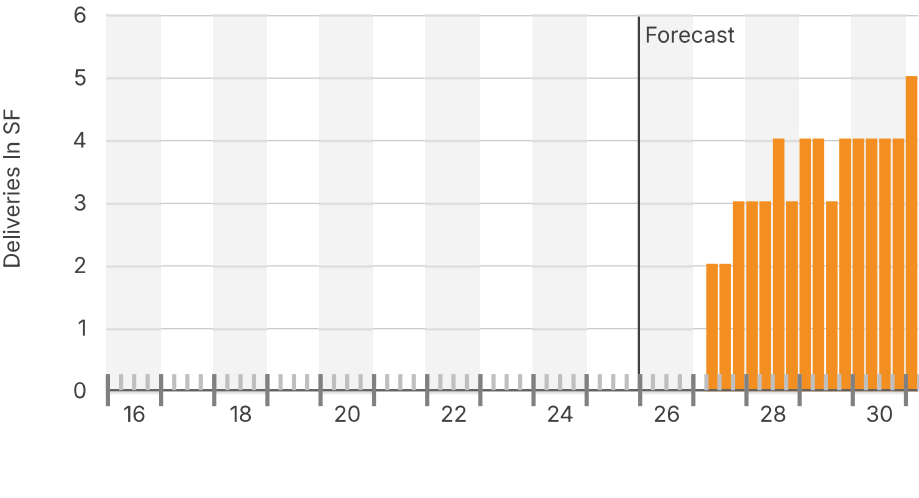
No data available for the past 10 years

Search Analytics

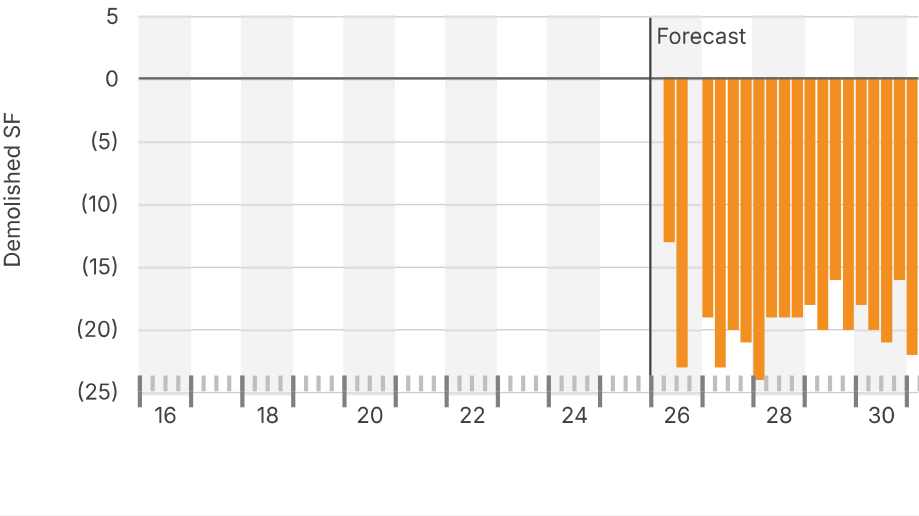
Deliveries & Demolitions



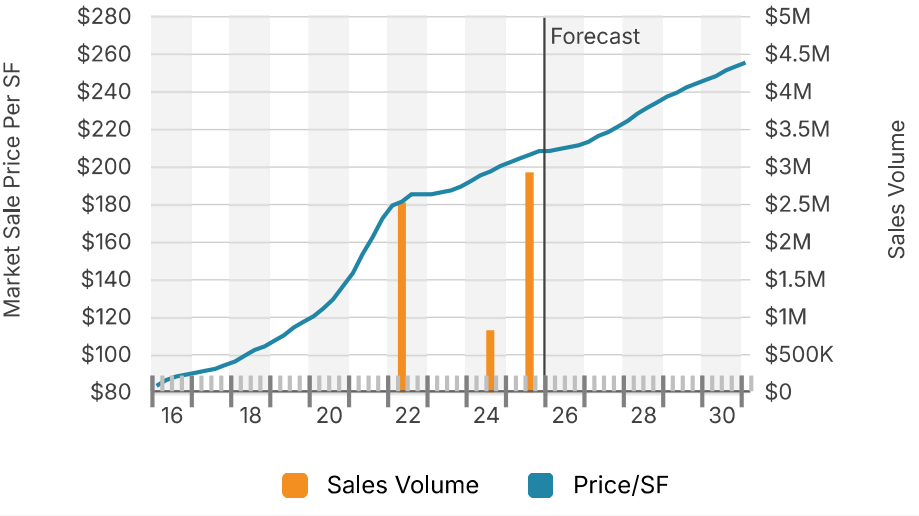
Deliveries



Demolitions

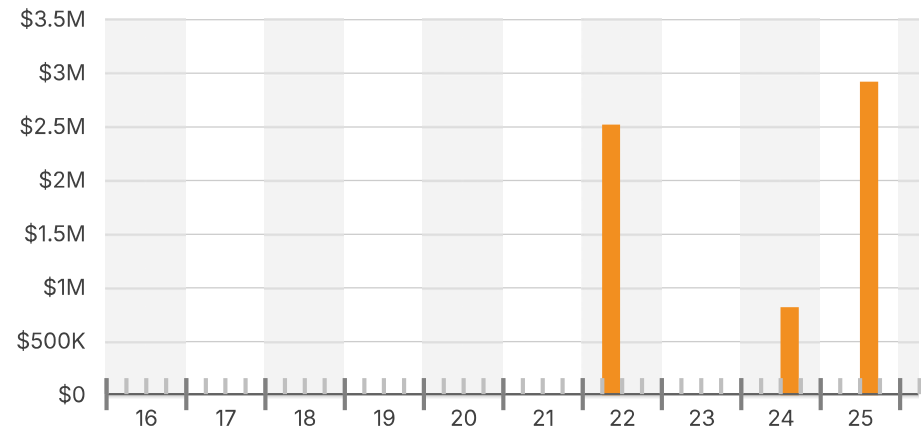


Sales Volume & Market Sale Price Per SF

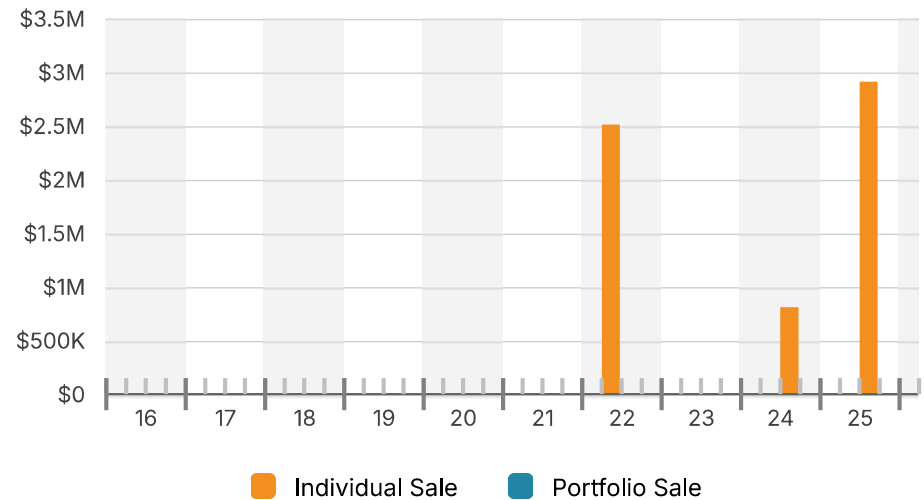


Search Analytics

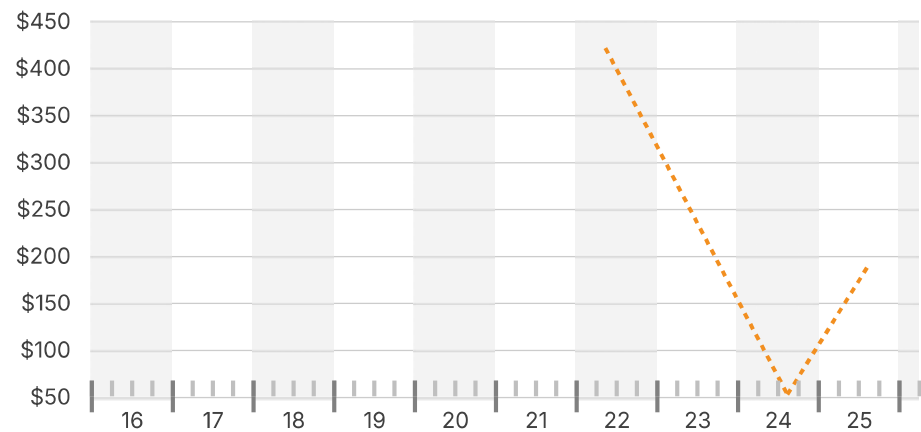
Sales Volume



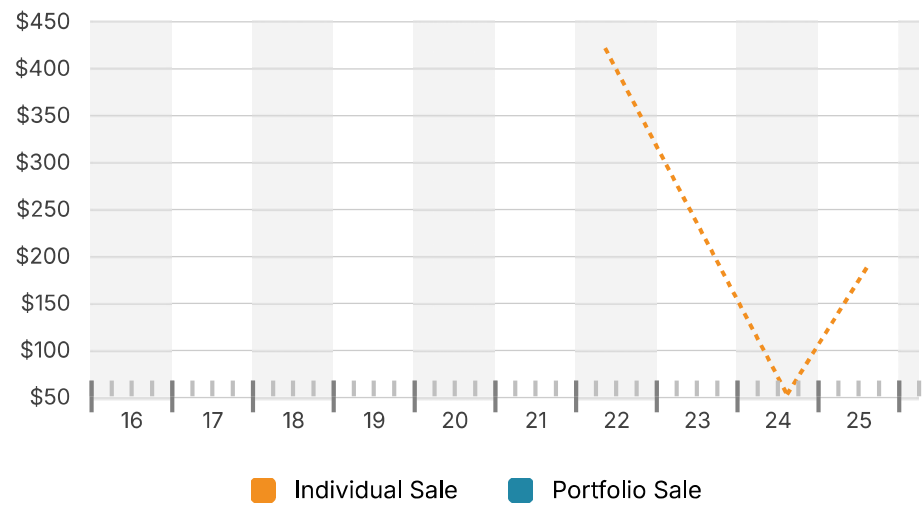
Sales Volume By Transaction Type



Sale Price Per SF

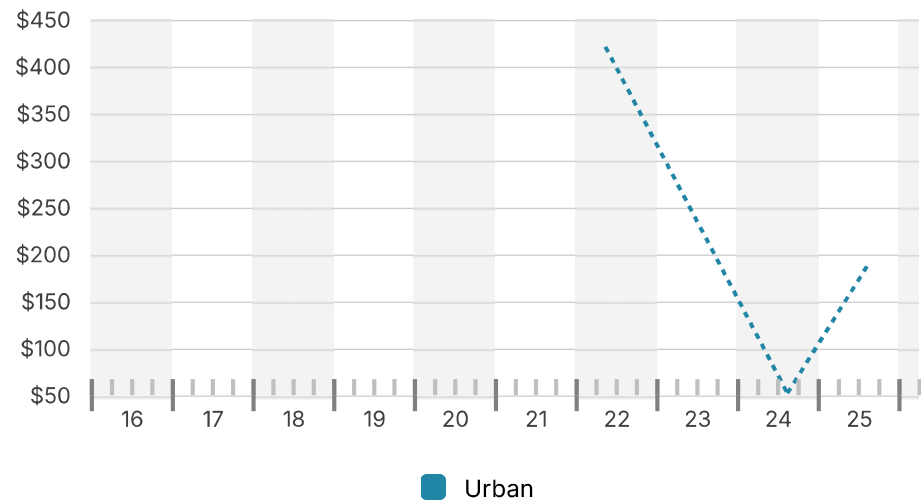


Sale Price Per SF By Transaction Type



Search Analytics

Sale Price Per SF By Location Type



Cap Rate

No Data Available



No data available for the past 10 years

Cap Rate By Transaction Type

No Data Available



No data available for the past 10 years

Cap Rate By Location Type

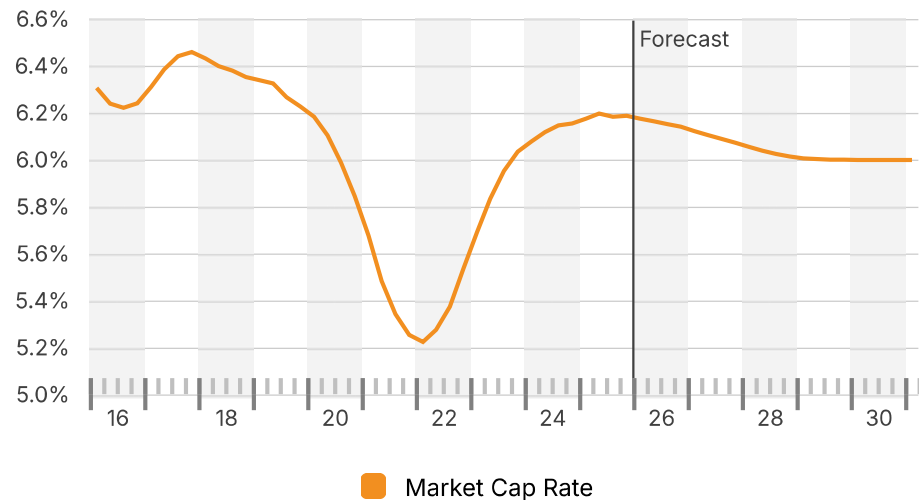
No Data Available



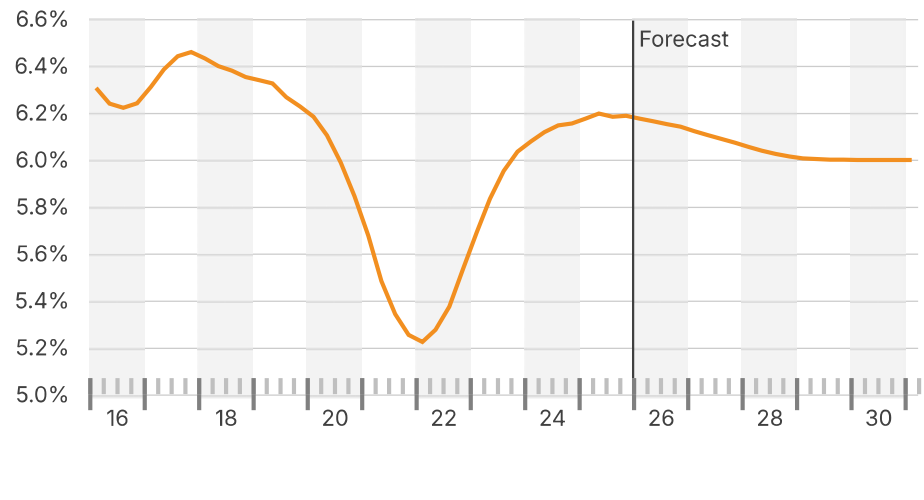
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Search Analytics

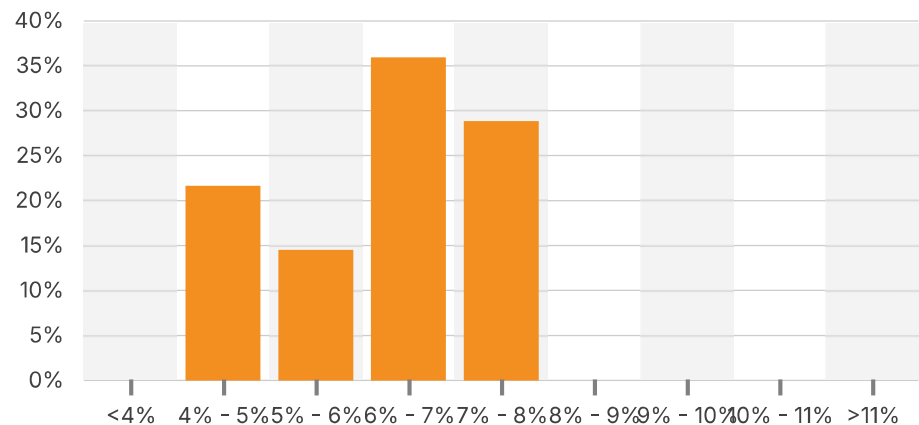
Market Cap Rate & Transaction Cap Rate



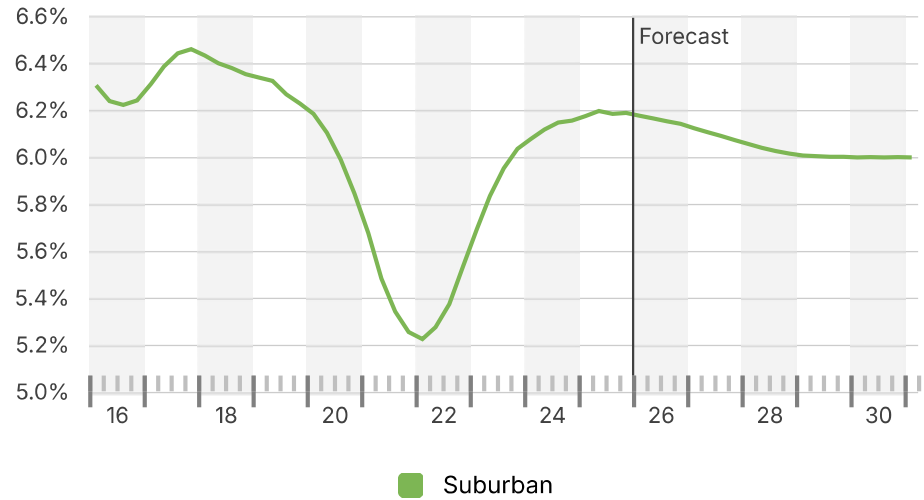
Market Cap Rate



Market Cap Rate Distribution

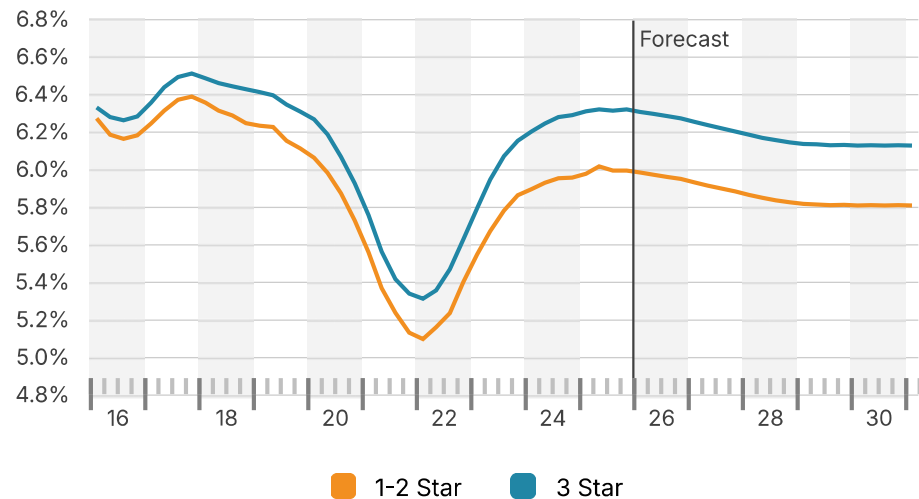


Market Cap Rate By Location Type

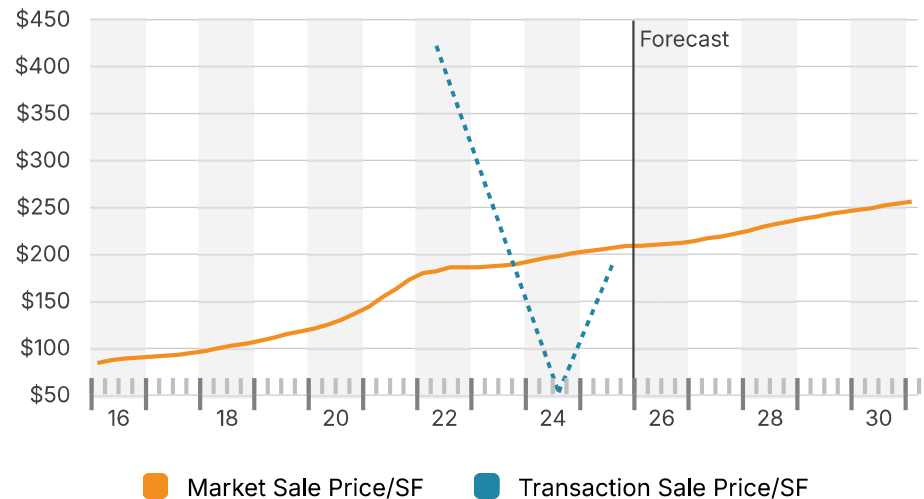


Search Analytics

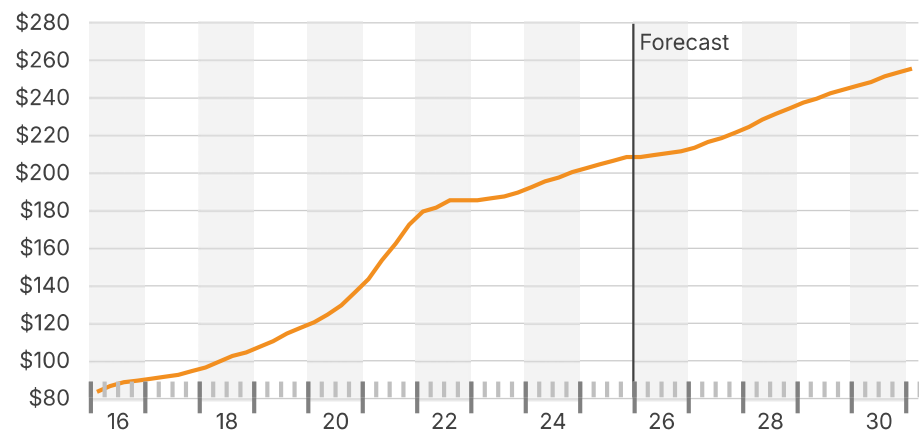
Market Cap Rate By Star Rating



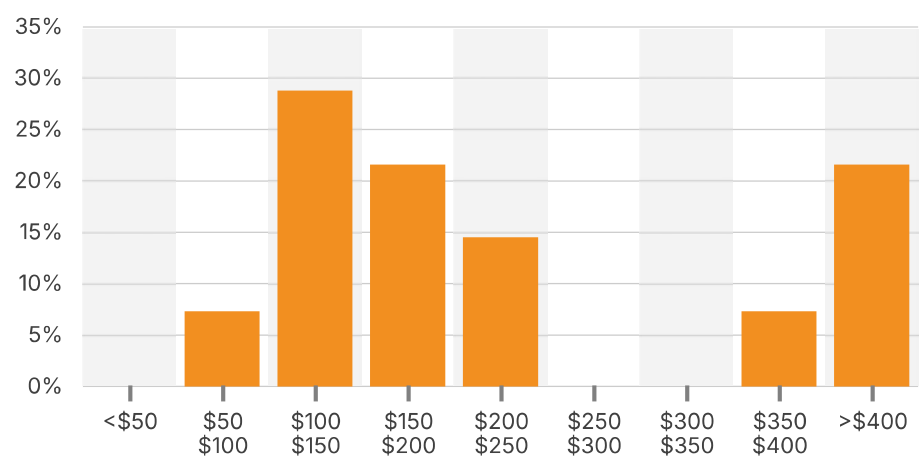
Market Sale Price & Transaction Sale Price Per SF



Market Sale Price Per SF

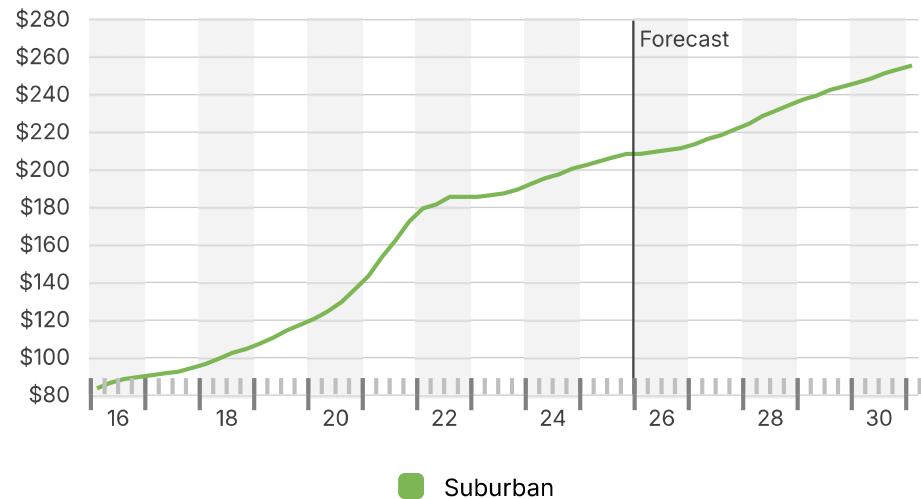


Market Sale Price Per SF Distribution

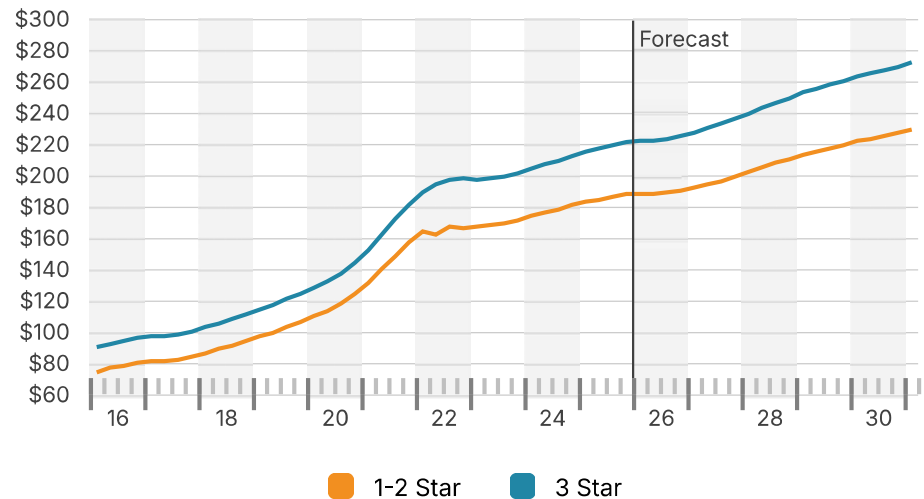


Search Analytics

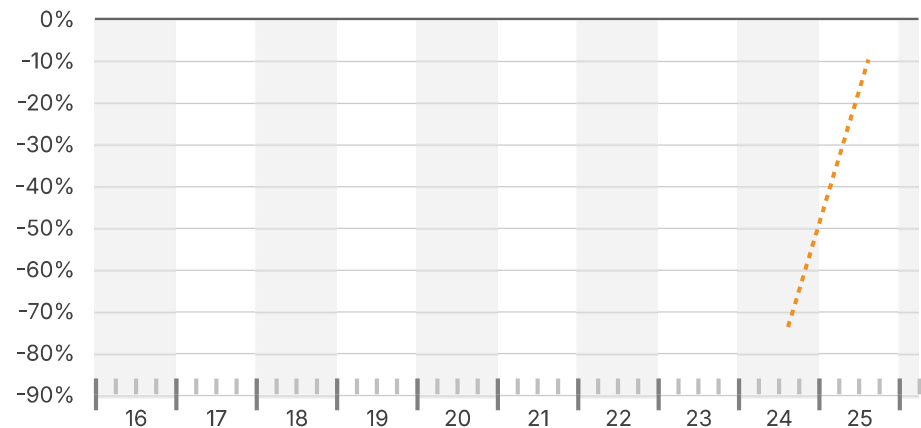
Market Sale Price Per SF By Location Type



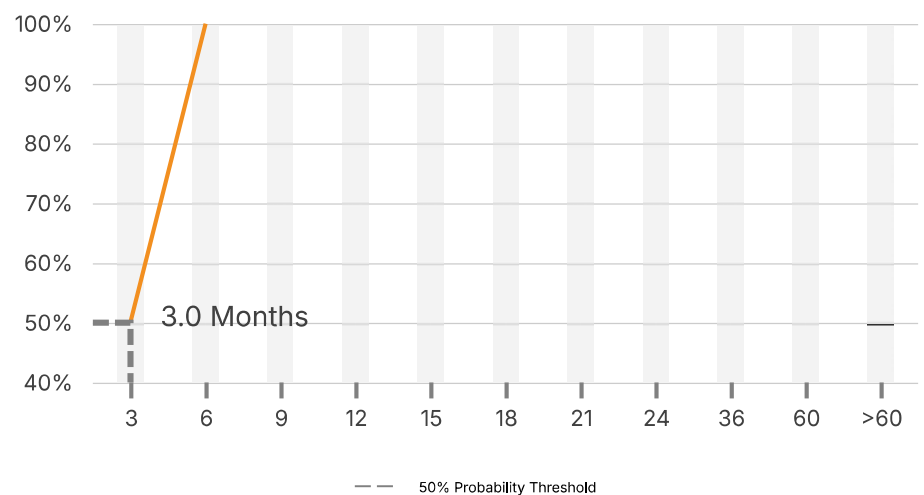
Market Sale Price Per SF By Star Rating



Sale To Asking Price Differential

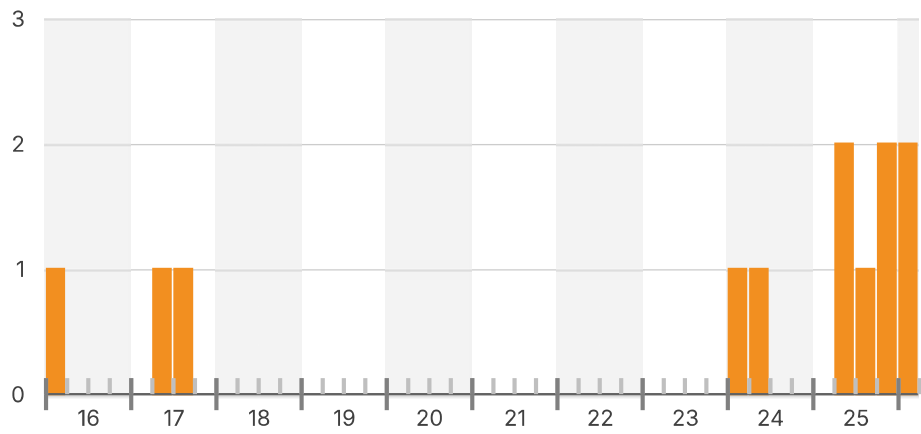


Probability Of Selling In Months

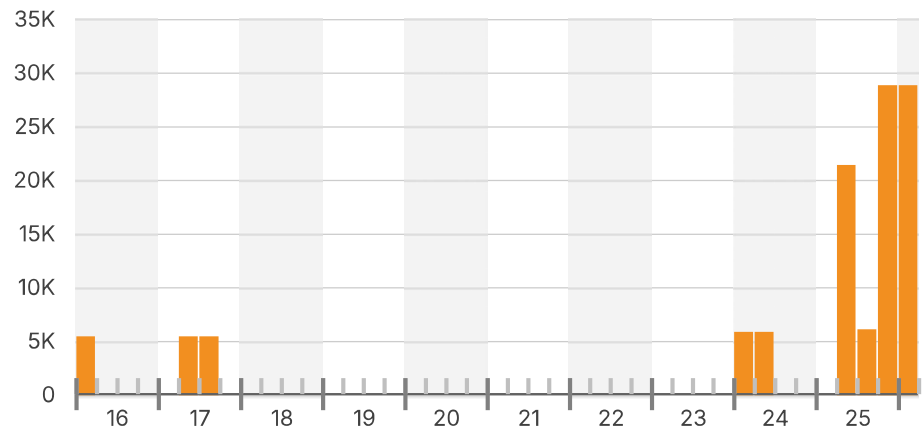


Search Analytics

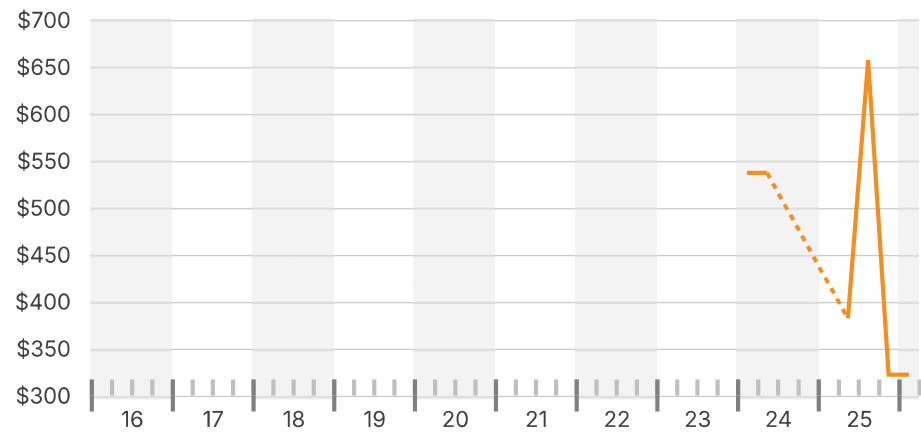
For Sale Total Listings



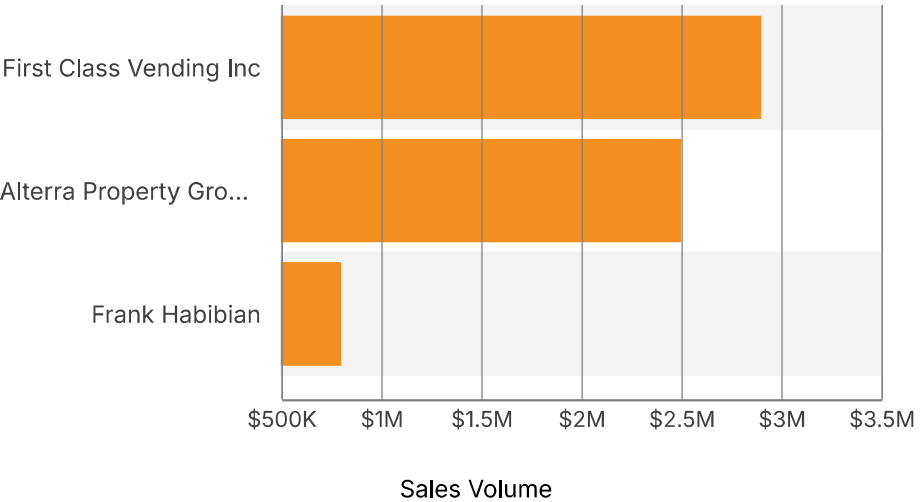
For Sale Total SF



For Sale Asking Price Per SF

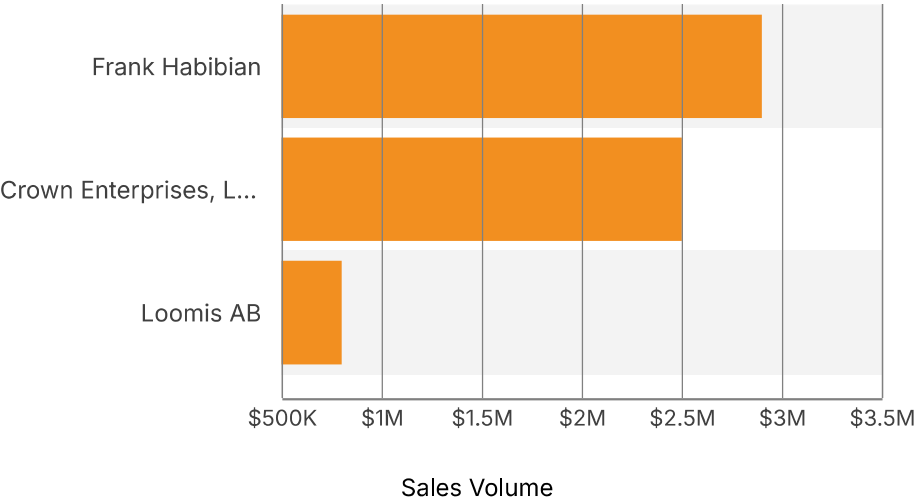


Top Buyers

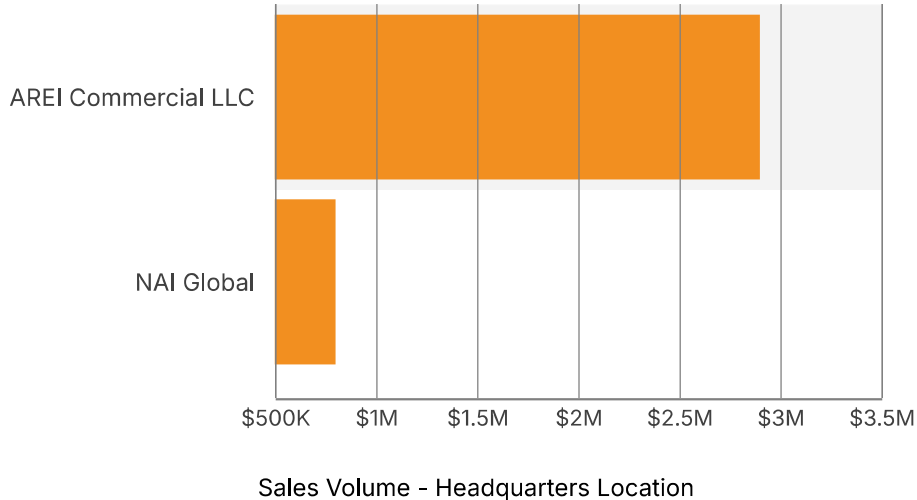


Search Analytics

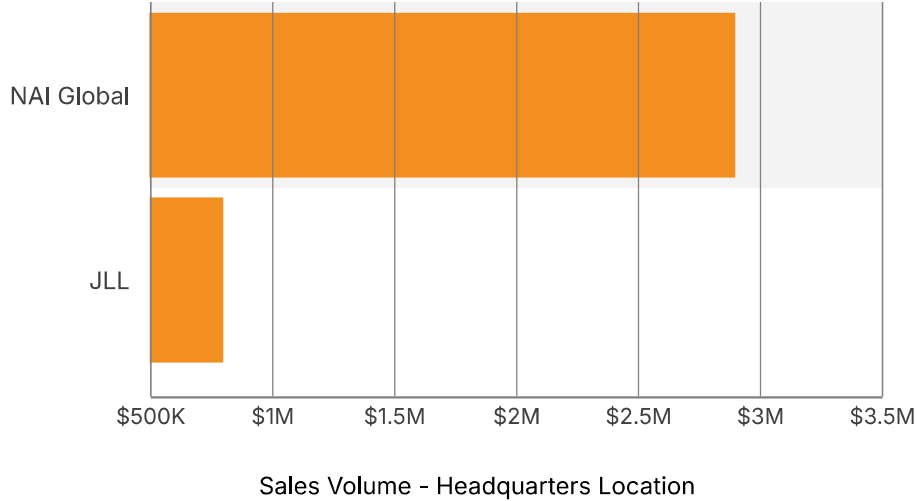
Top Sellers



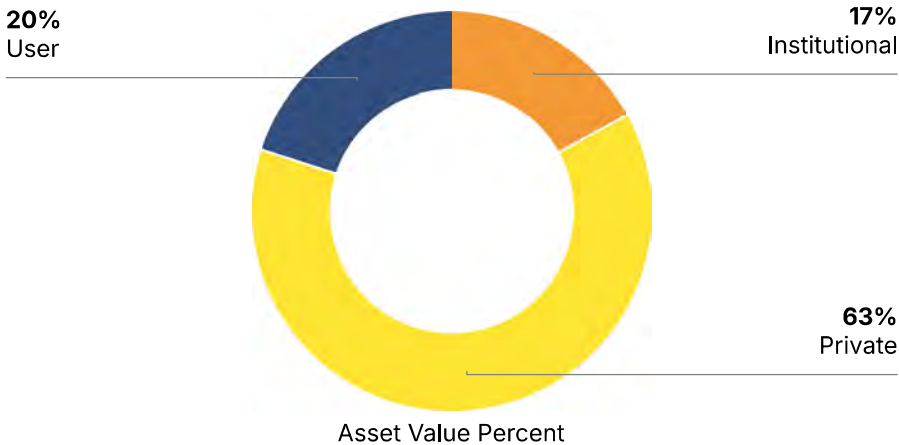
Top Buyer Brokers



Top Seller Brokers

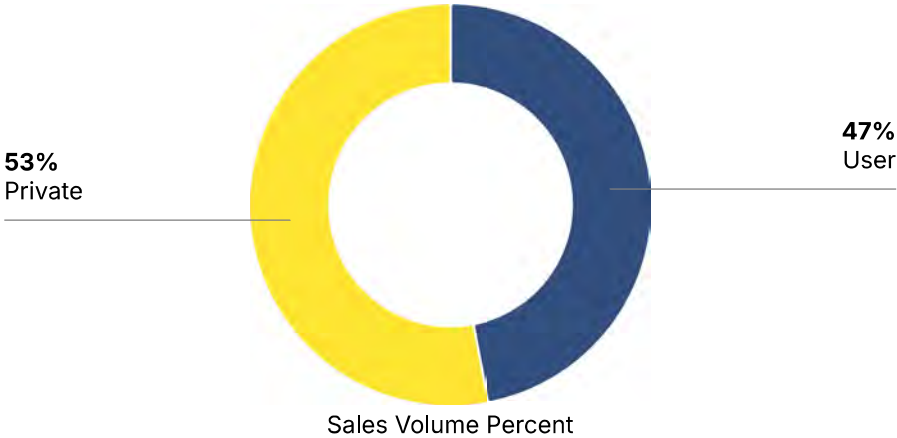


Asset Value By Owner Type

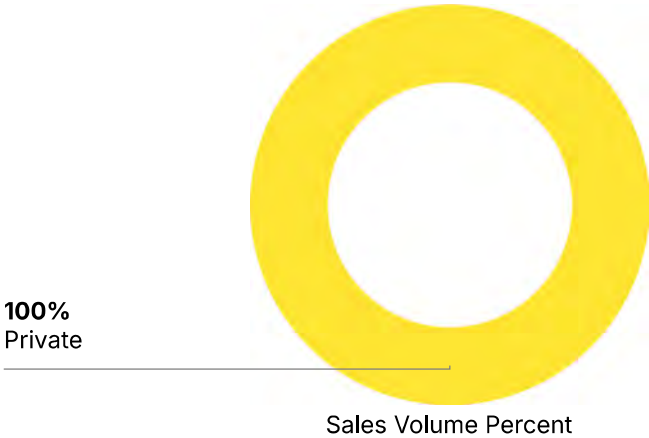


Search Analytics

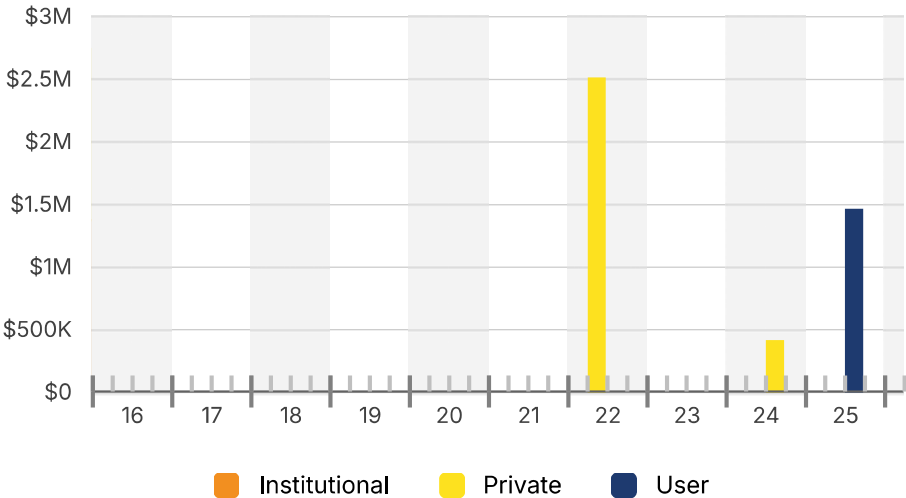
Sales By Buyer Type



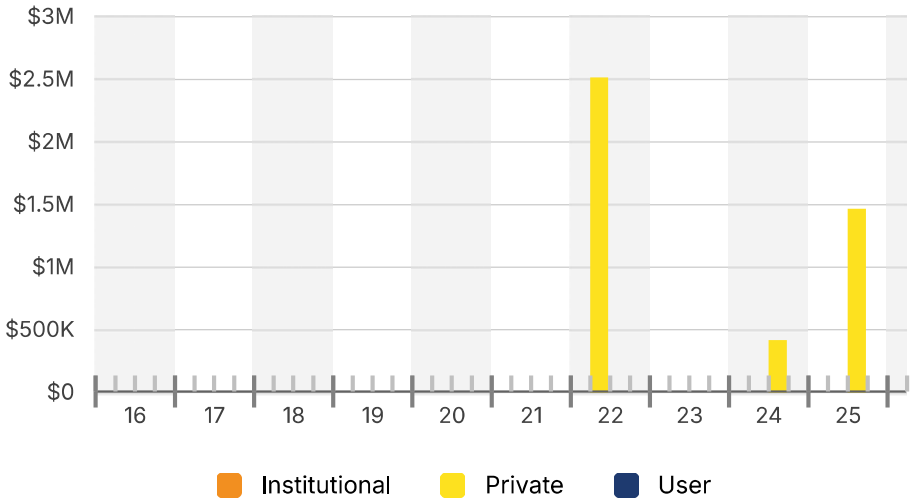
Sales By Seller Type



Sales Volume By Buyer Type

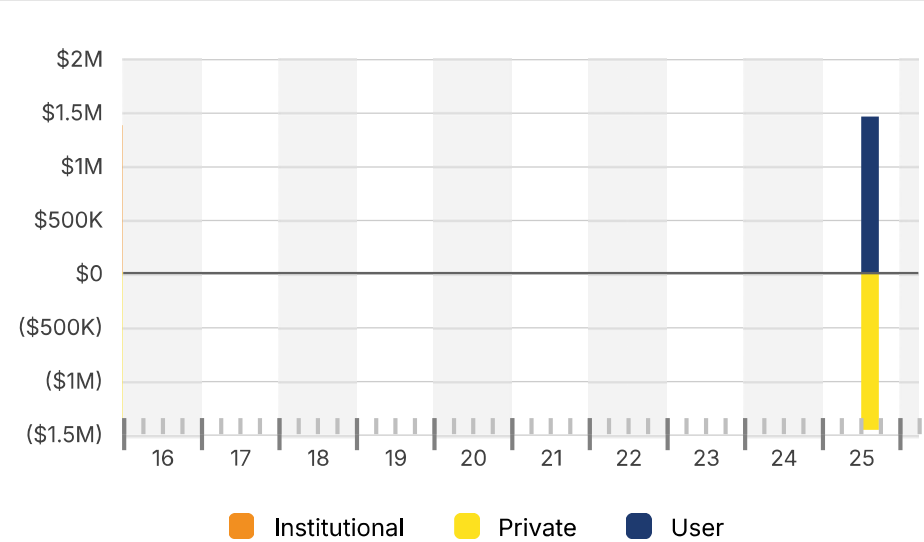


Sales Volume By Seller Type



Search Analytics

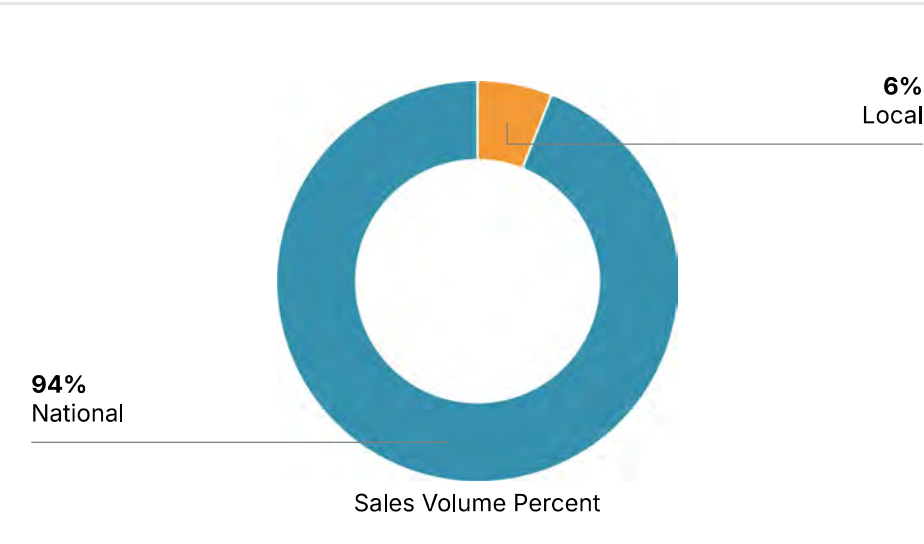
Net Buying & Selling By Owner Type



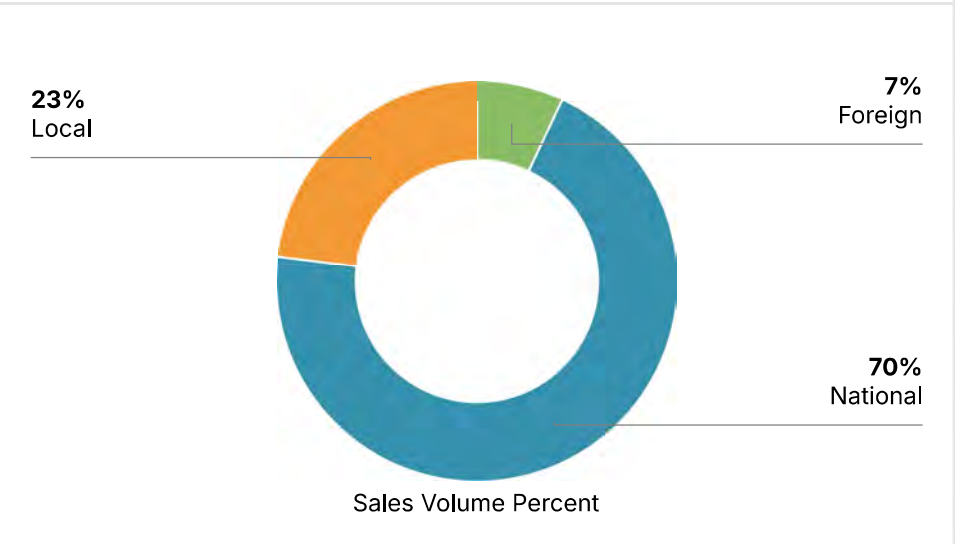
Asset Value By Owner Origin



Sales Volume By Buyer Origin

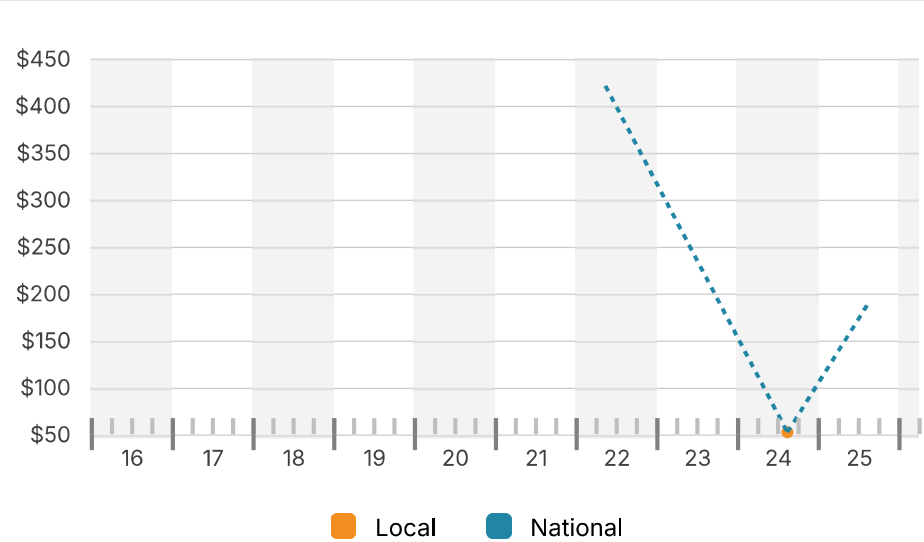


Sales Volume By Seller Origin



Search Analytics

Average Price Per SF By Buyer Origin



Average Cap Rate By Buyer Origin

No Data Available



No data available for the past 10 years

Report Criteria

14 Properties / 17 Spaces

Listing Type: For Lease

Submarket: Central East Las Vegas - Las Vegas +1

Lease Type: Assignment +2

Space Use: Industrial

Sale Comps Analytics

CAP RATE	SALE PRICE/SF	AVERAGE SALE PRICE	SALES VOLUME	SALE VS ASKING PRICE	SOLD SF	MONTHS TO SALE
6.6%	\$242	\$2.7M	\$24.1M	-23.2%	99.4K	6.6

Key Metrics

	Count	Low	Average	Median	High
Price	9	\$715,000	\$2,677,574	\$2,400,000	\$7,328,170
Building SF	9	4,800	11,045	8,364	33,142
Price Per SF	9	\$132	\$242	\$221	\$760
Cap Rate	2	6.0%	6.6%	6.6%	7.2%

	Count	Low	Average	Median	High
Days on Market	3	62	200	152	388
Sale to Asking Price	3	-50.0%	-23.2%	-9.8%	0%
% Leased at Sale	8	0%	88.9%	100.0%	100.0%
Land Acres	9	0.1	0.7	0.7	1.3

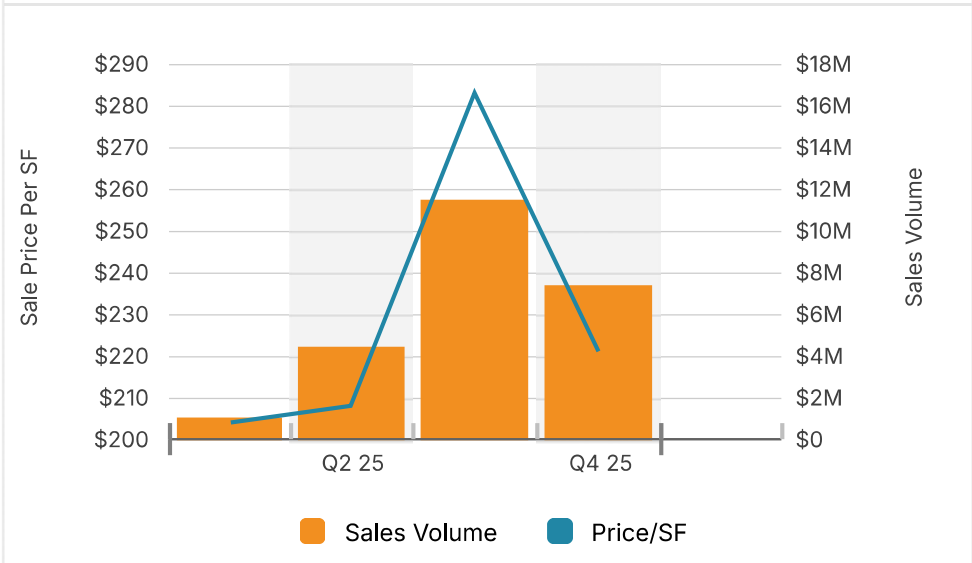
Sale Comps Analytics

Key Performance Indicators

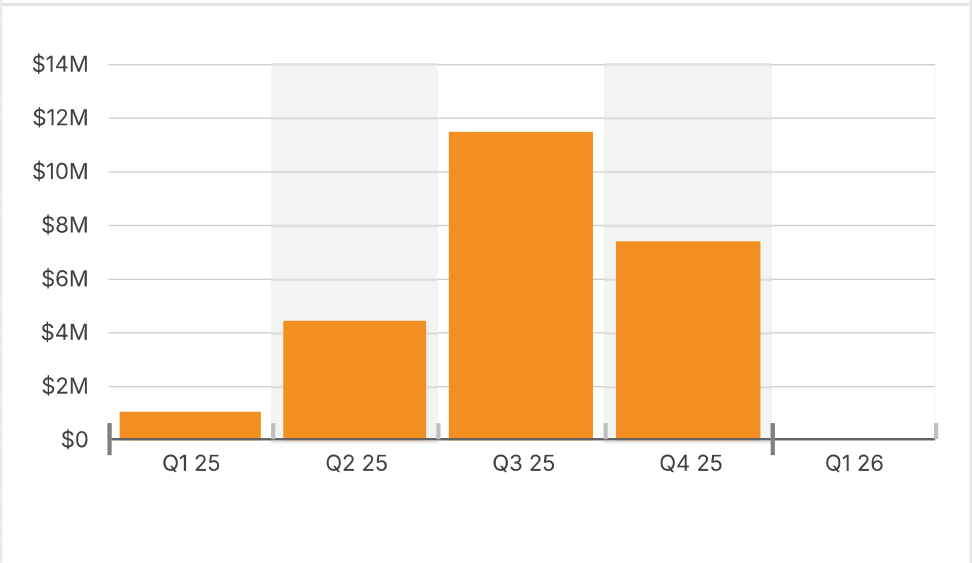


Sale Comps Analytics

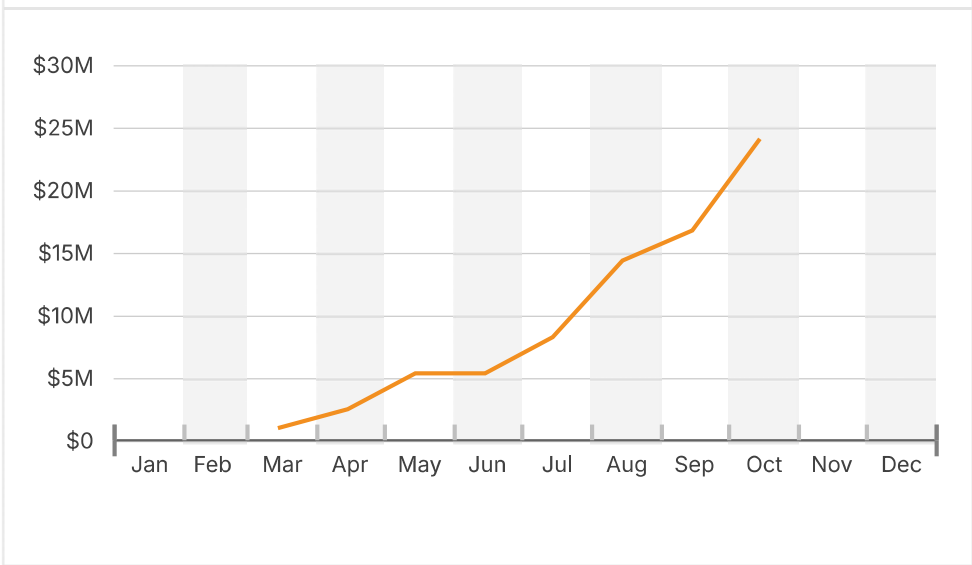
Sales Volume & Sale Price Per SF



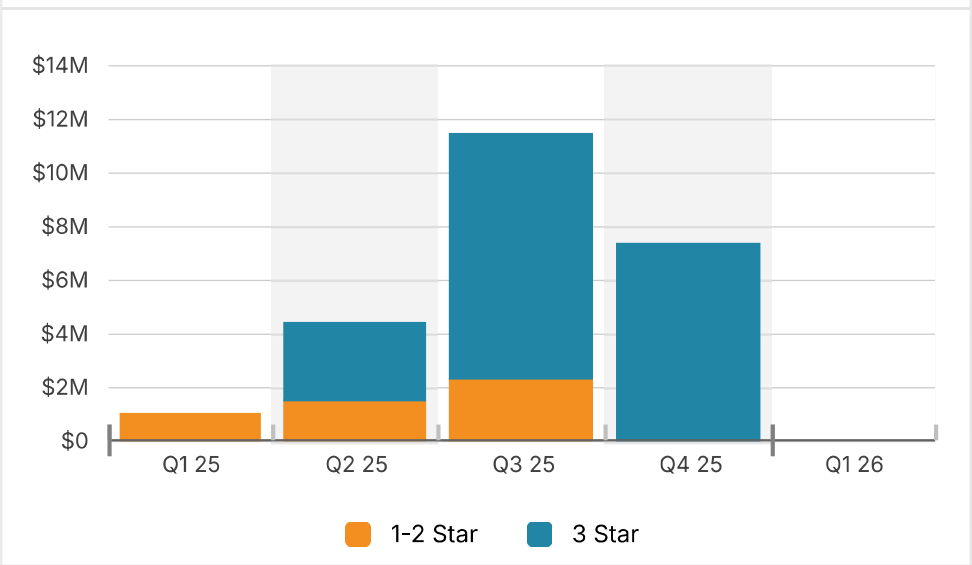
Sales Volume



Cumulative Sales Volume By Year

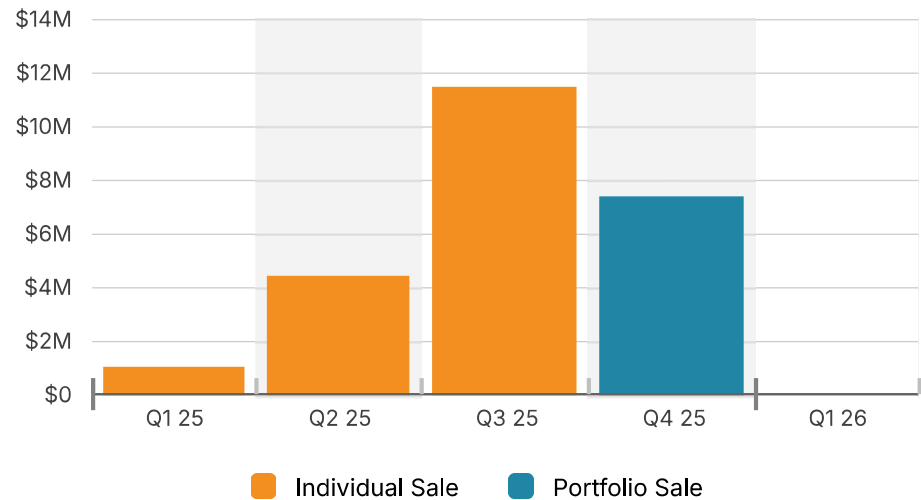


Sales Volume By Star Rating

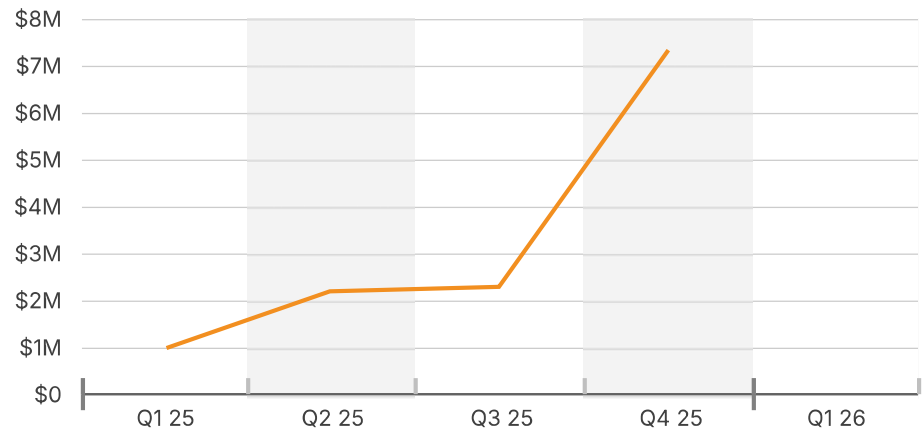


Sale Comps Analytics

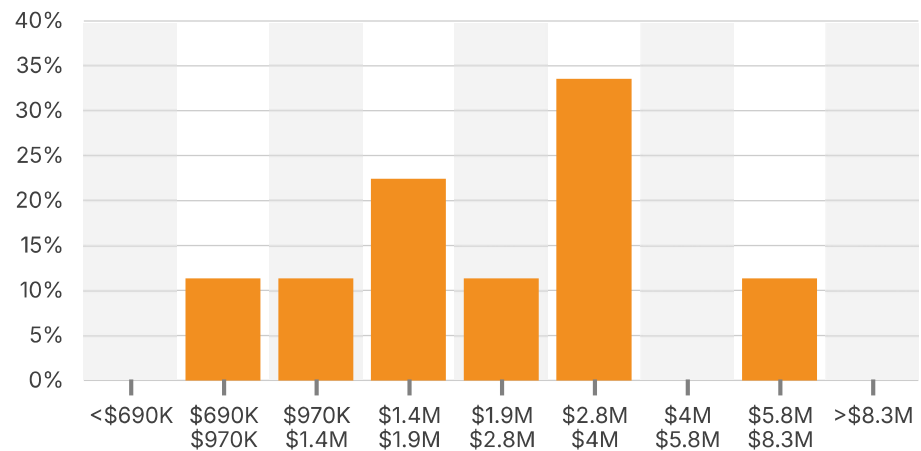
Sales Volume By Transaction Type



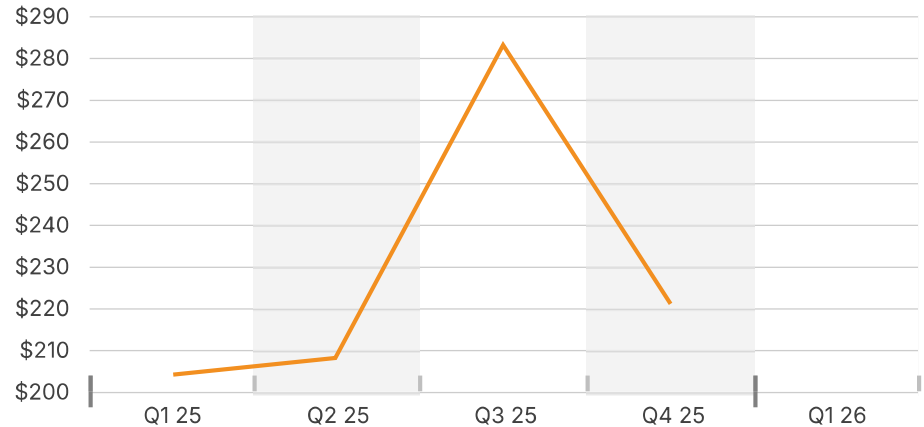
Sale Price



Sale Price Distribution

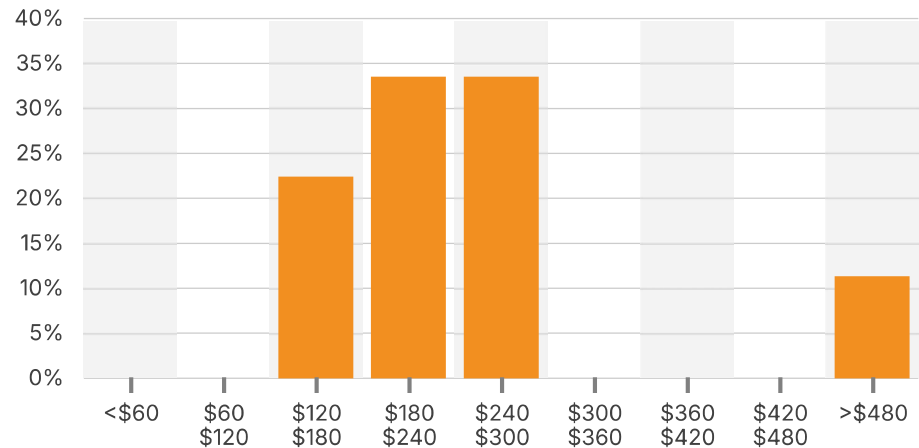


Sale Price Per SF

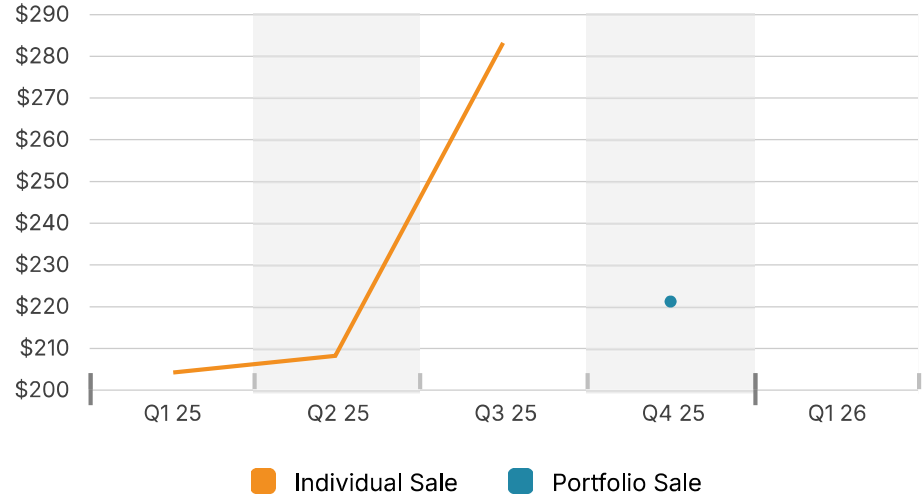


Sale Comps Analytics

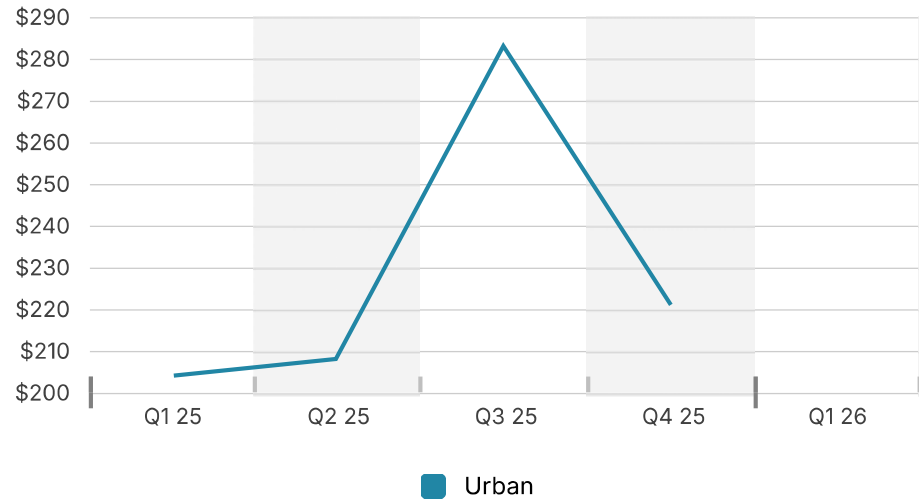
Sale Price Per SF Distribution



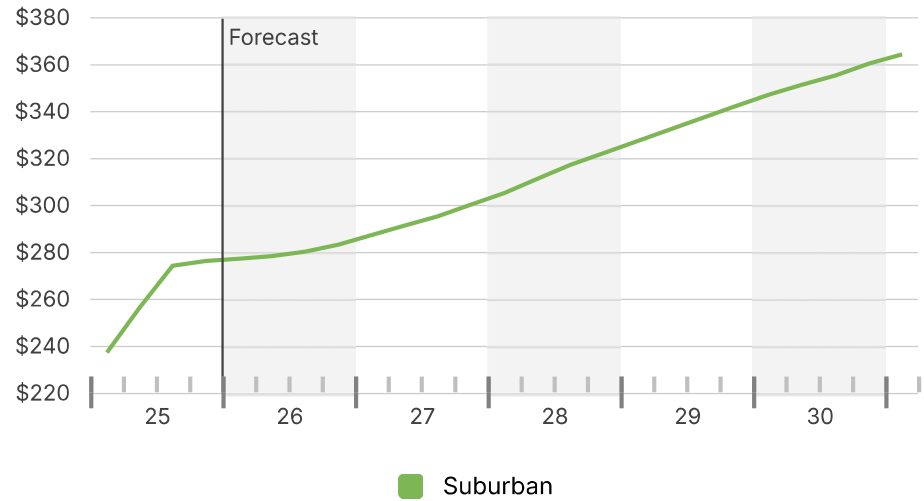
Sale Price Per SF By Transaction Type



Sale Price Per SF By Location Type

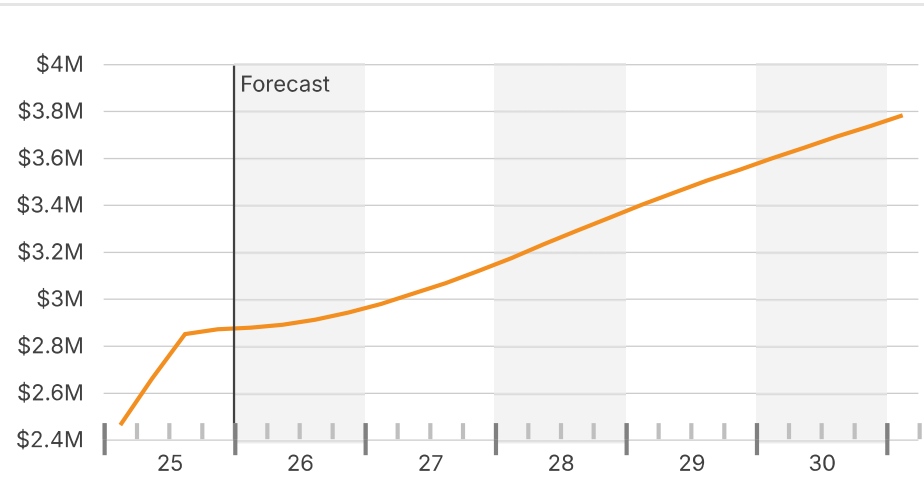


Market Sale Price Per SF By Location Type

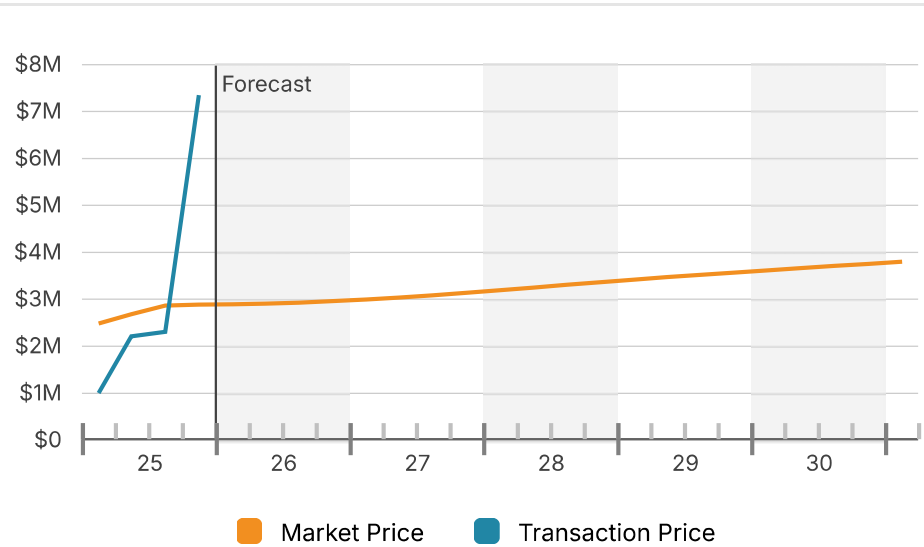


Sale Comps Analytics

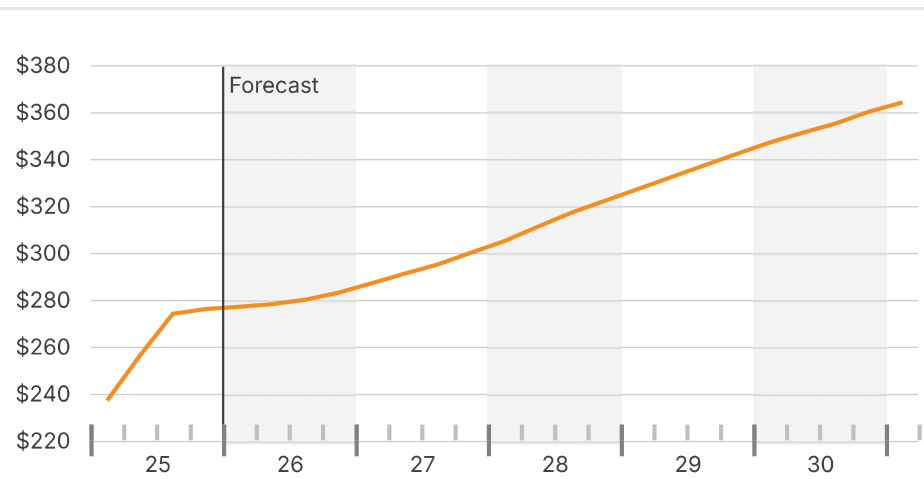
Market Price



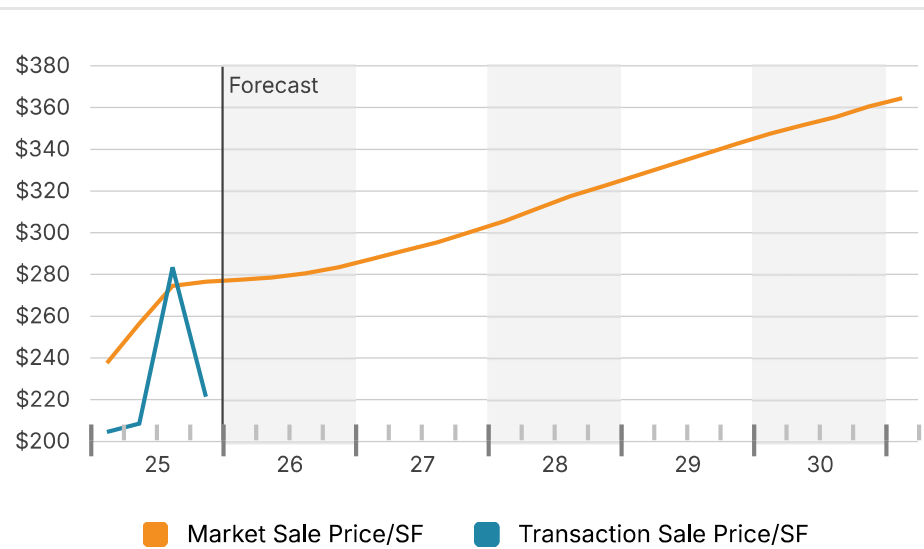
Market Price & Transaction Price



Market Sale Price Per SF

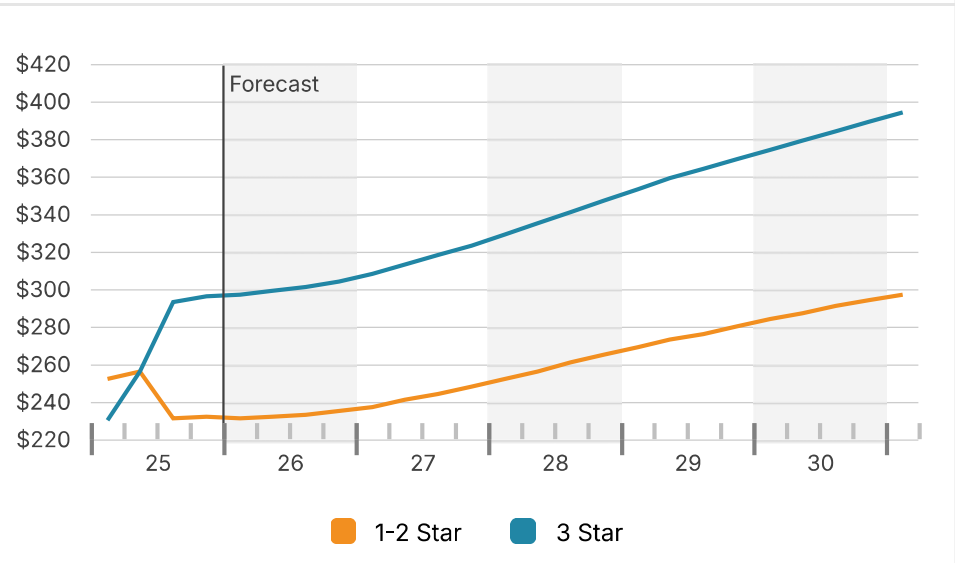


Market Sale Price & Transaction Sale Price Per SF

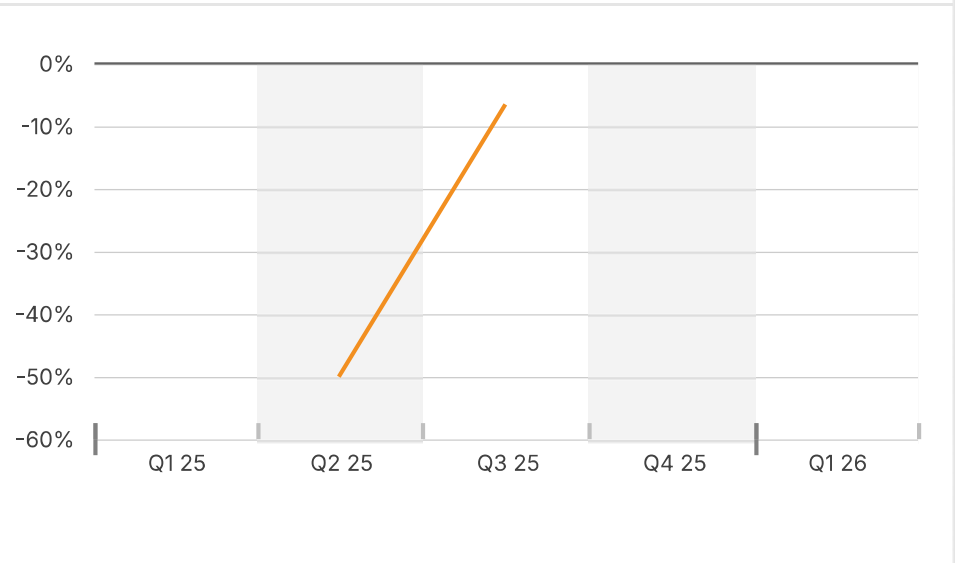


Sale Comps Analytics

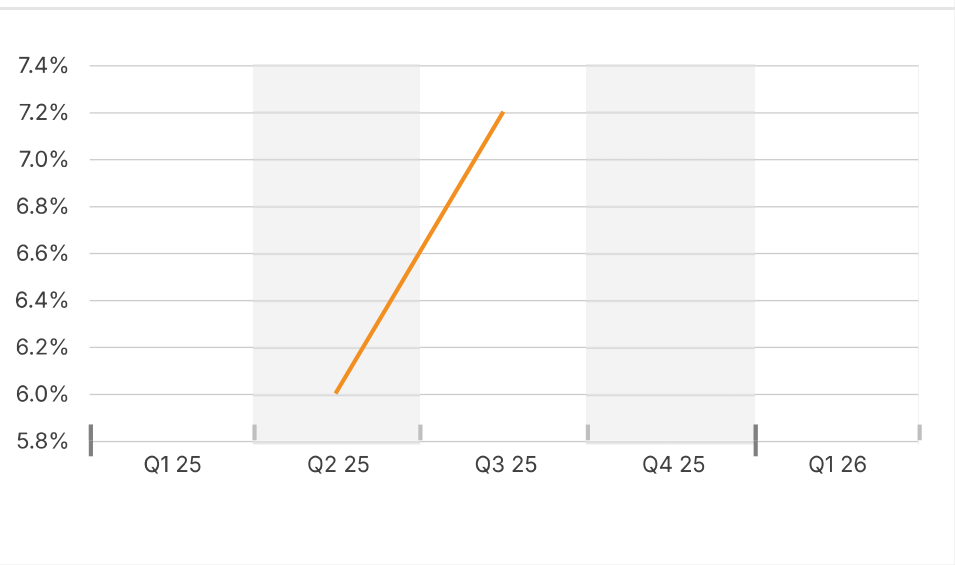
Market Sale Price Per SF By Star Rating



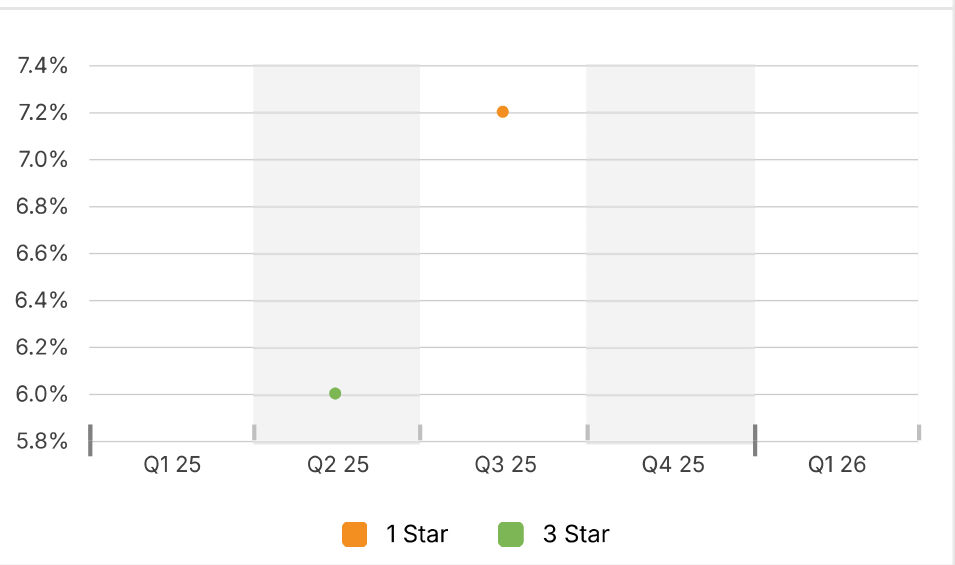
Sale To Asking Price Differential



Cap Rate

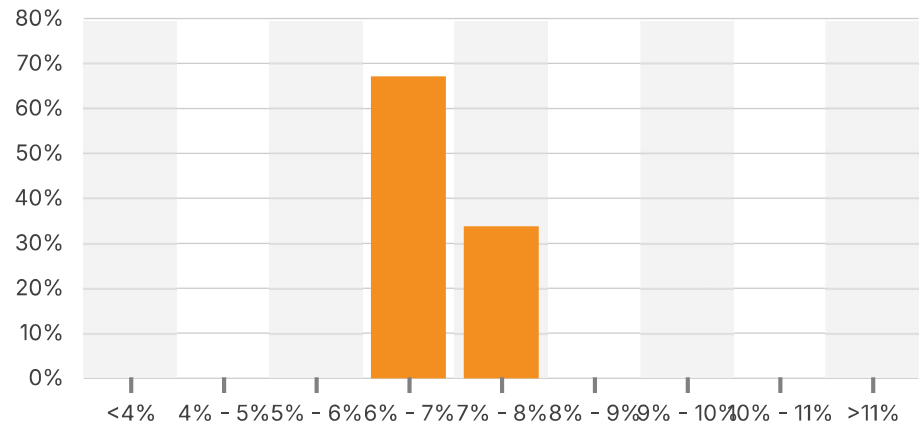


Cap Rate By Star Rating

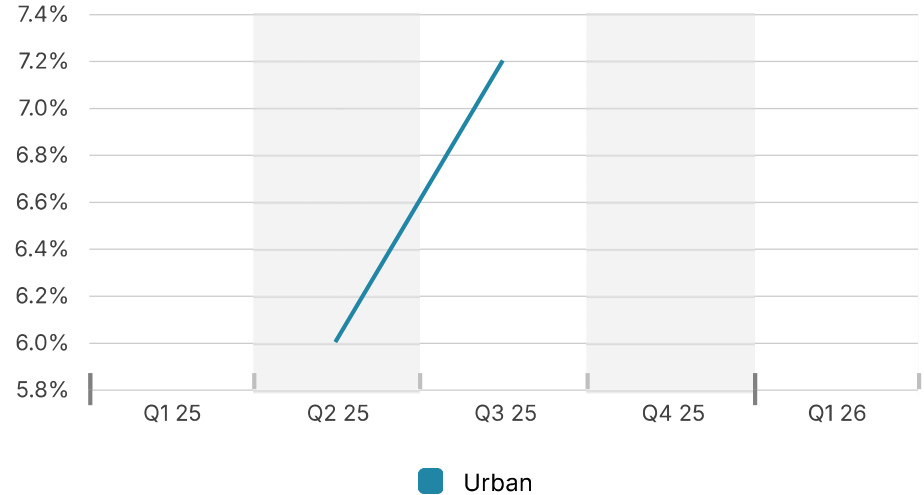


Sale Comps Analytics

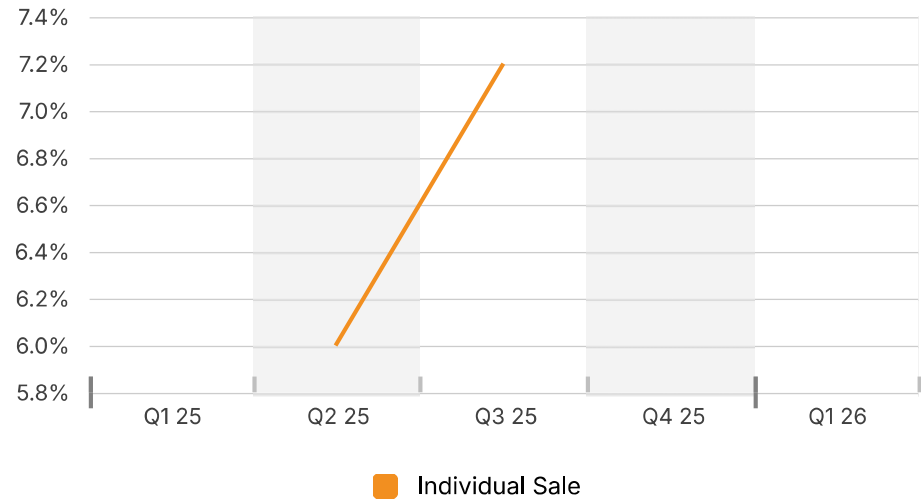
Cap Rate Distribution



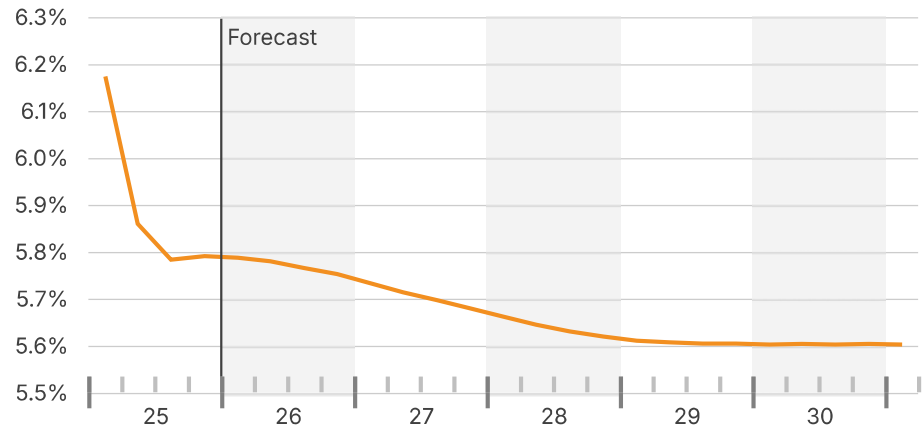
Cap Rate By Location Type



Cap Rate By Transaction Type

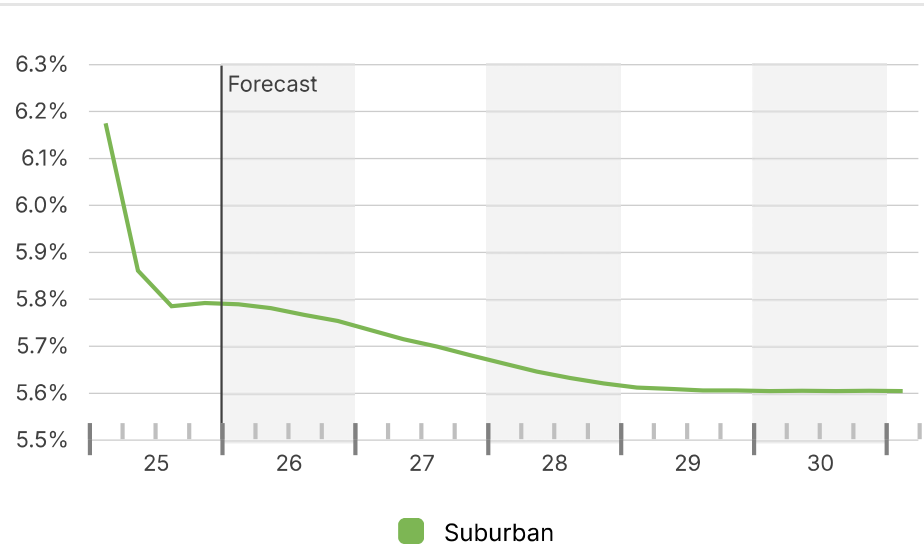


Market Cap Rate

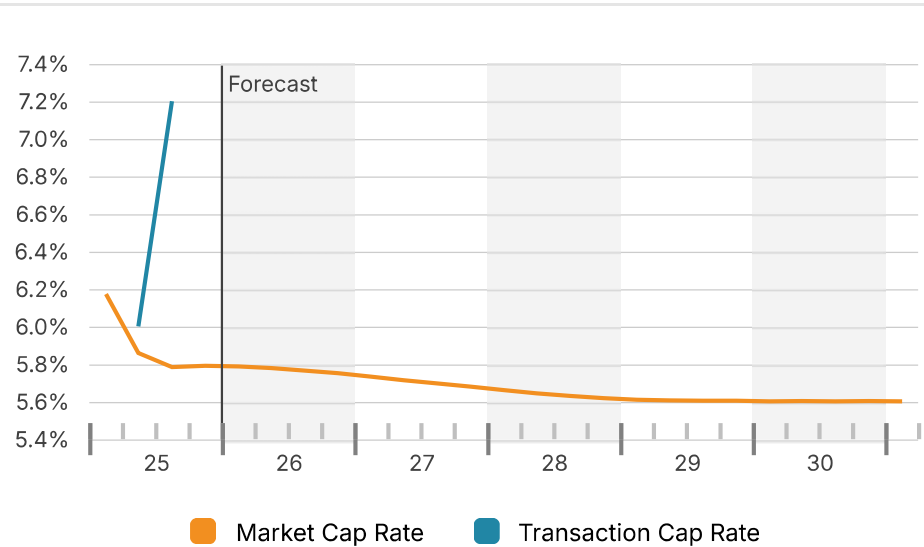


Sale Comps Analytics

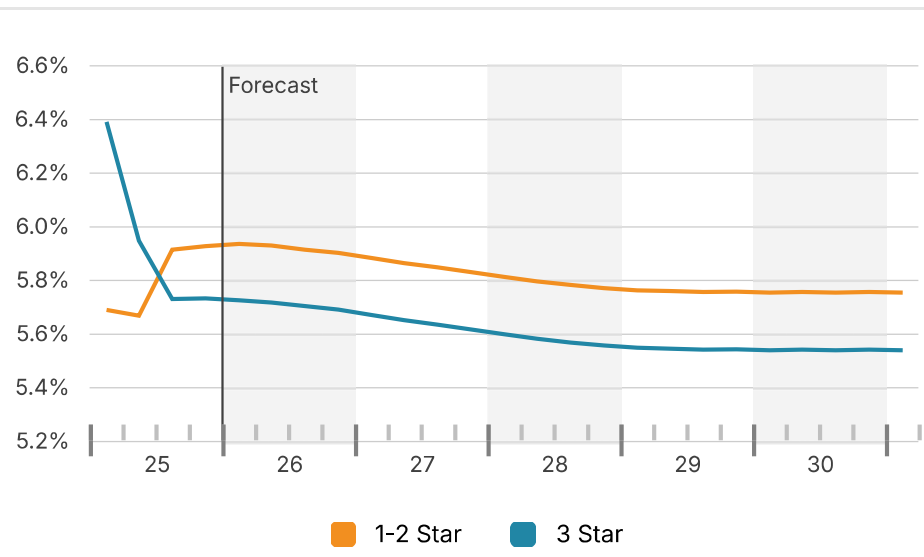
Market Cap Rate By Location Type



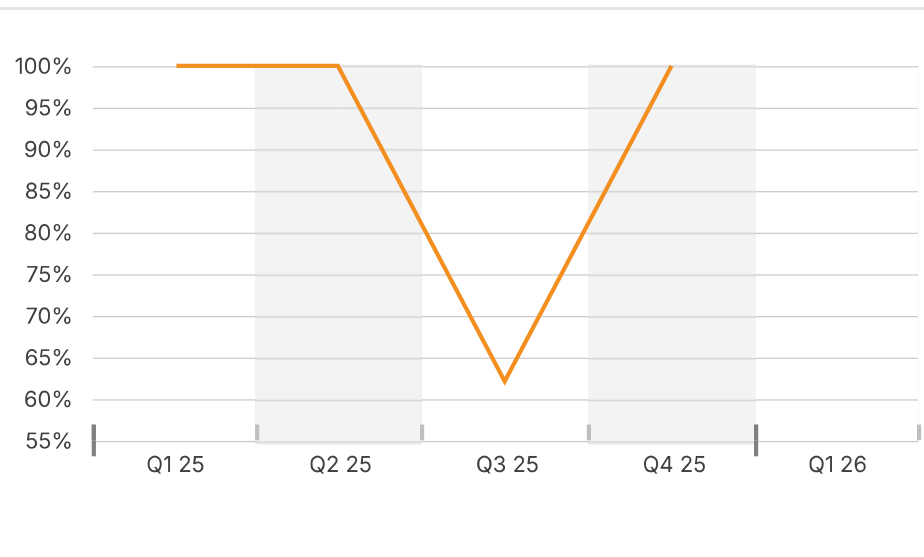
Market Cap Rate & Transaction Cap Rate



Market Cap Rate By Star Rating

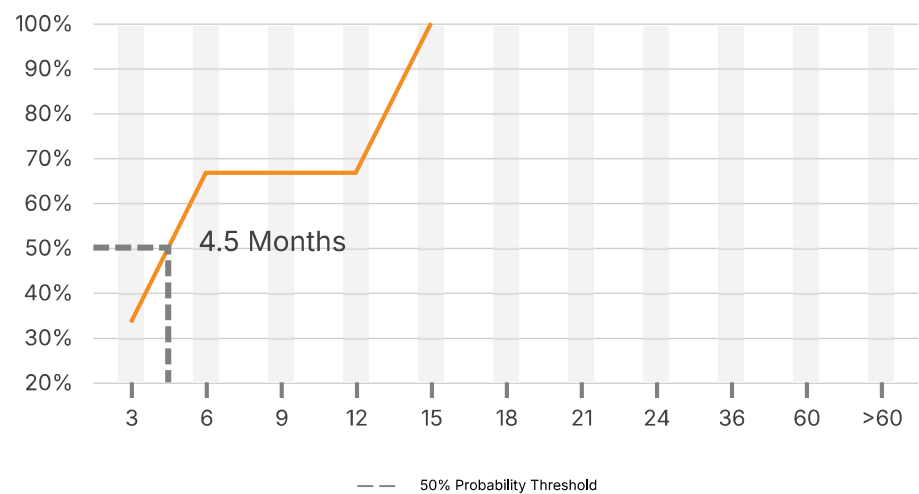


Occupancy At Sale

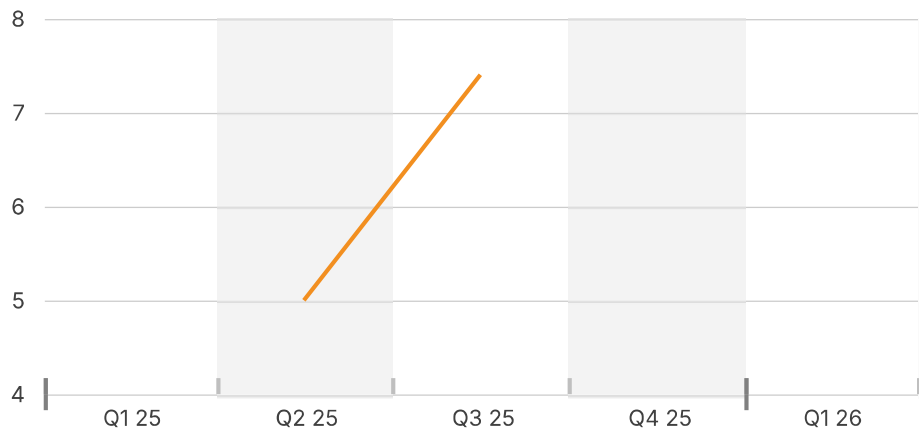


Sale Comps Analytics

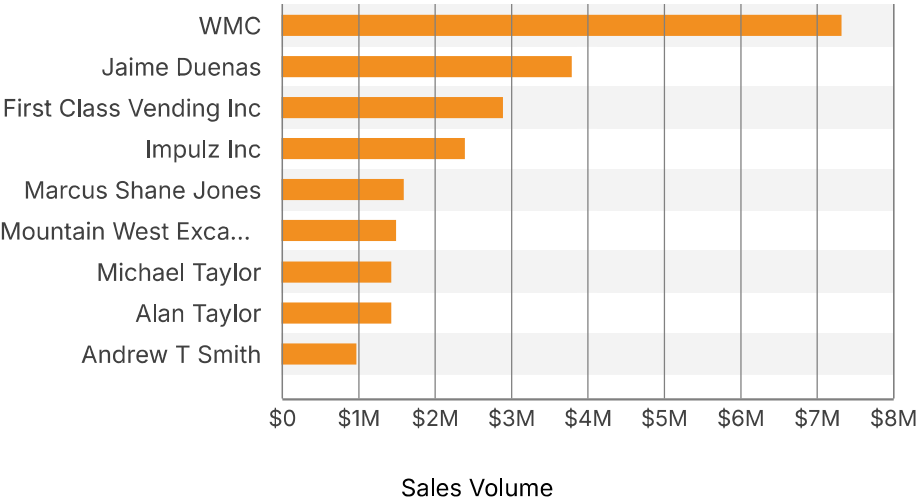
Probability Of Selling In Months



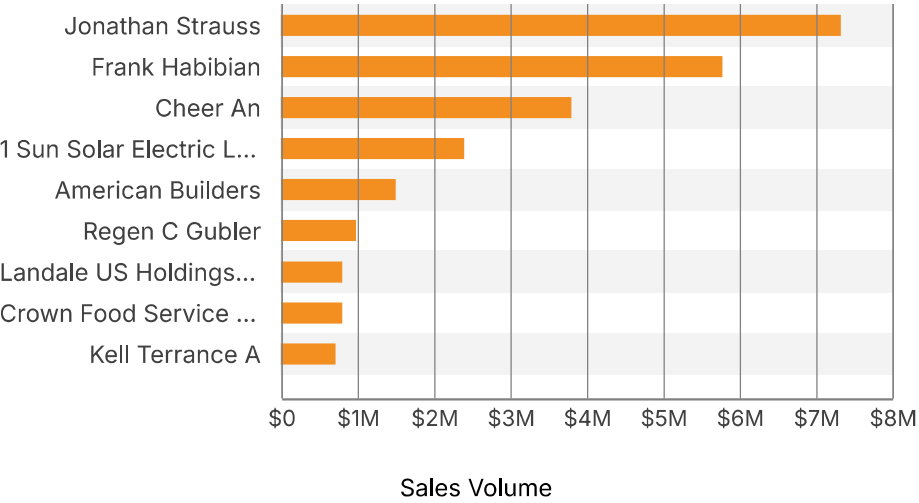
Months To Sale



Top Buyers

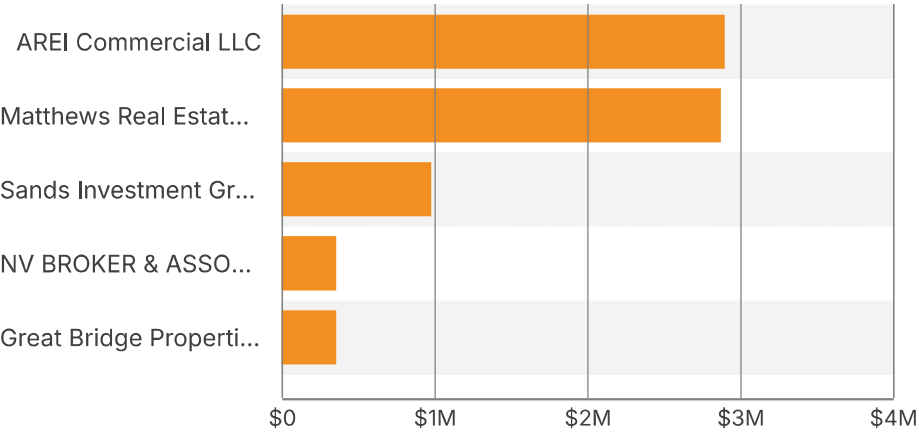


Top Sellers



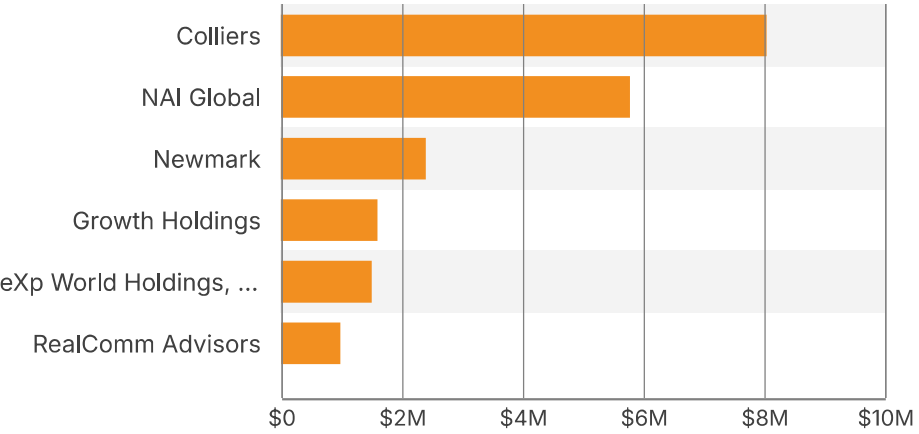
Sale Comps Analytics

Top Buyer Brokers



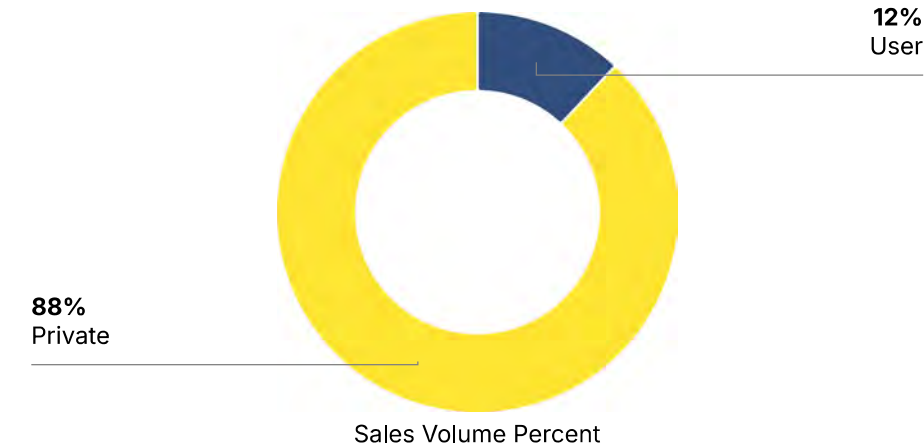
Sales Volume - Headquarters Location

Top Seller Brokers



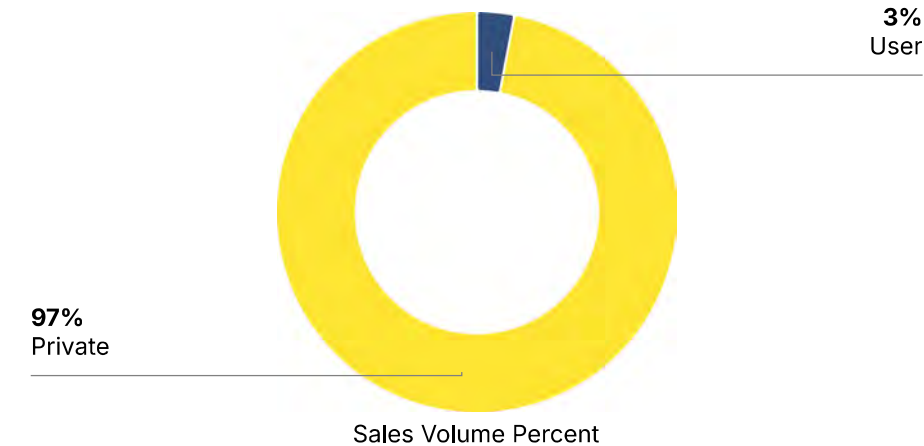
Sales Volume - Headquarters Location

Sales By Buyer Type



Sales Volume Percent

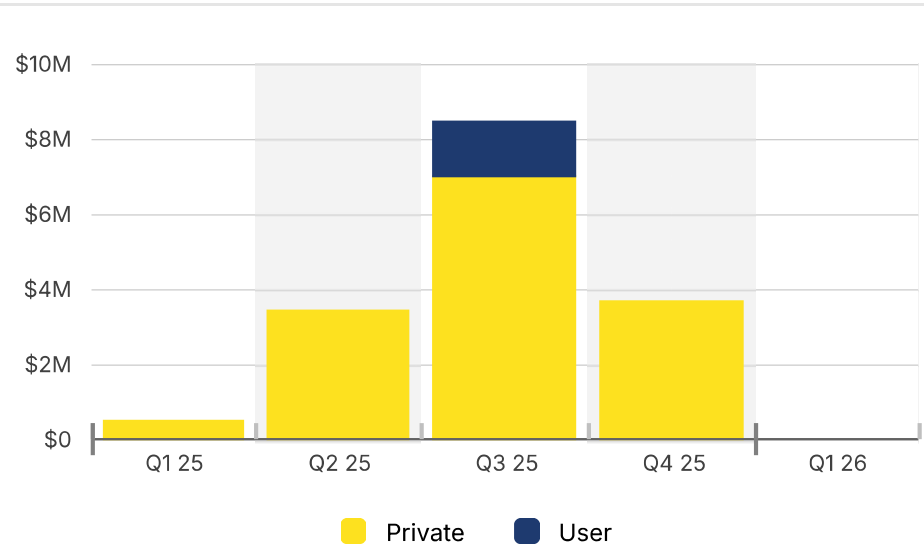
Sales By Seller Type



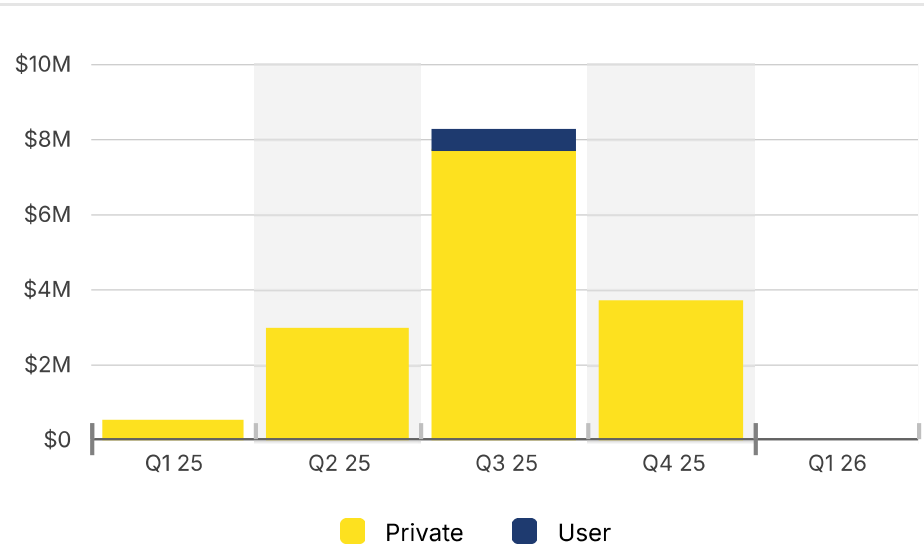
Sales Volume Percent

Sale Comps Analytics

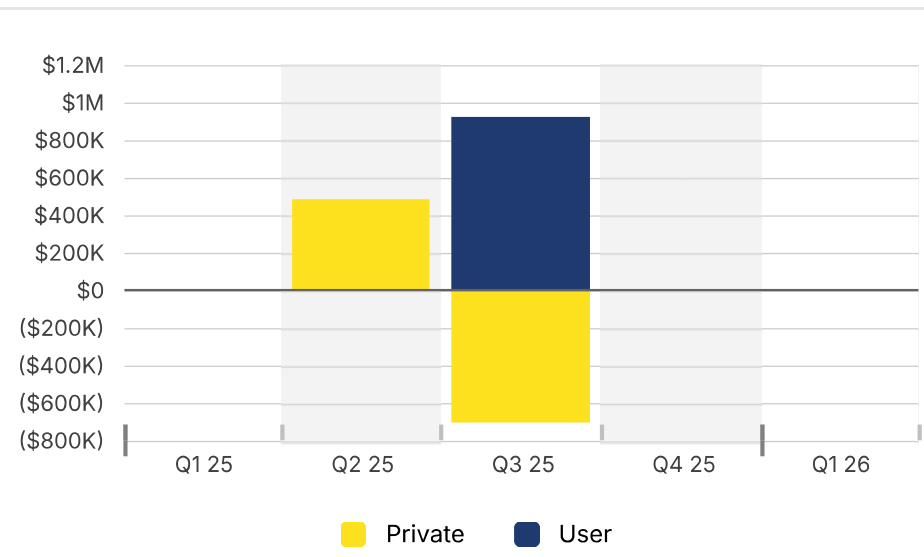
Sales Volume By Buyer Type



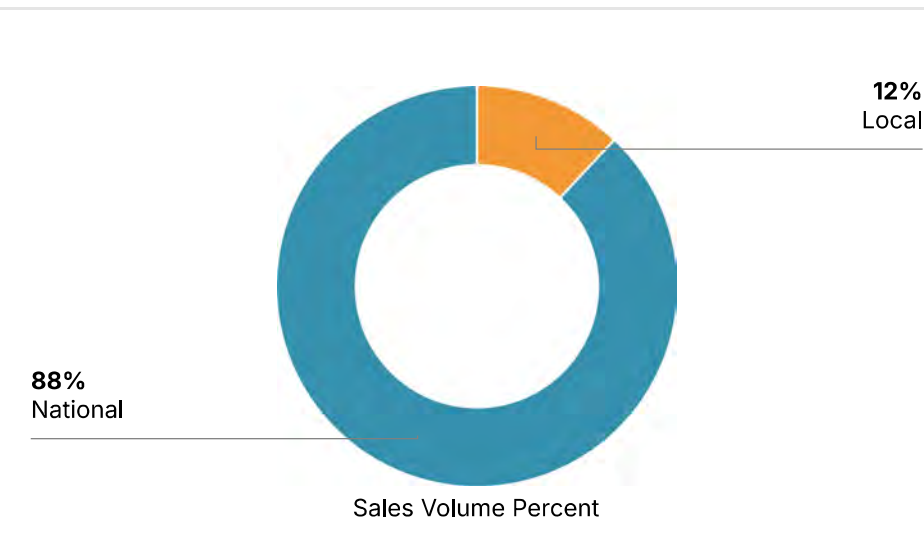
Sales Volume By Seller Type



Net Buying & Selling By Owner Type

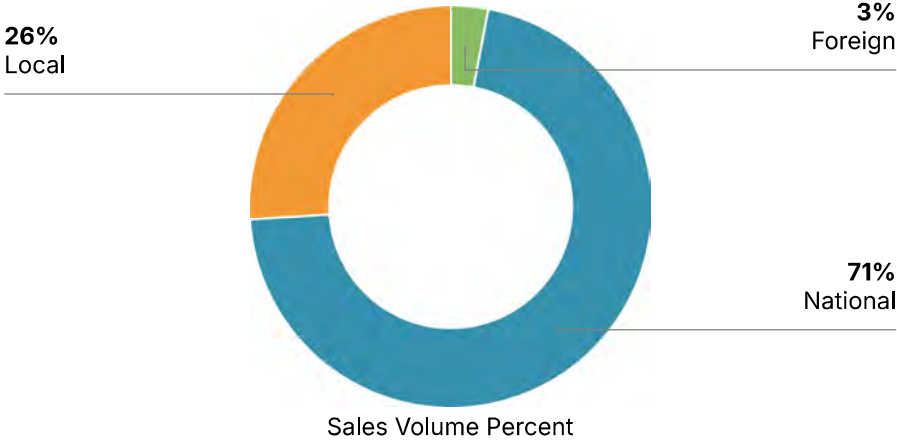


Sales Volume By Buyer Origin

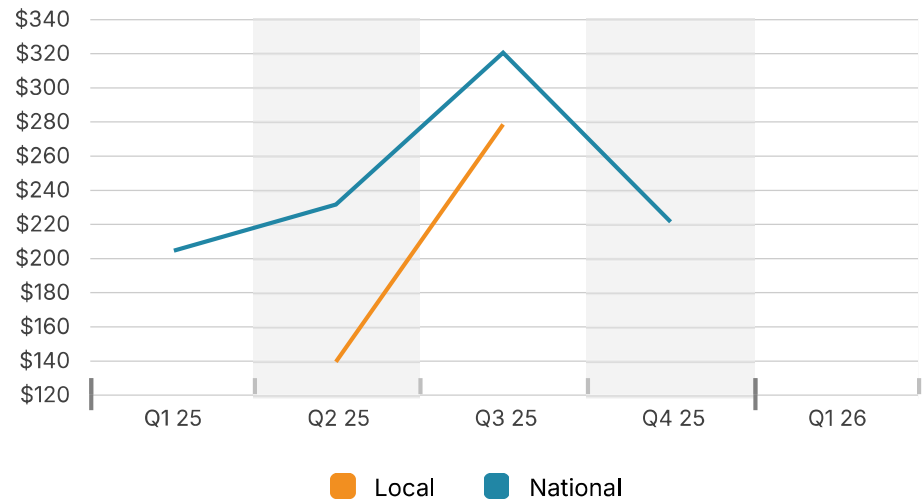


Sale Comps Analytics

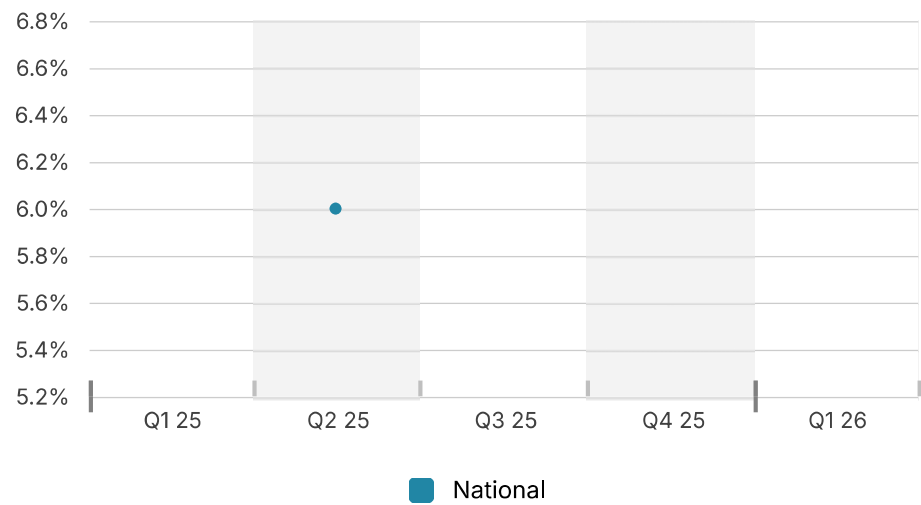
Sales Volume By Seller Origin



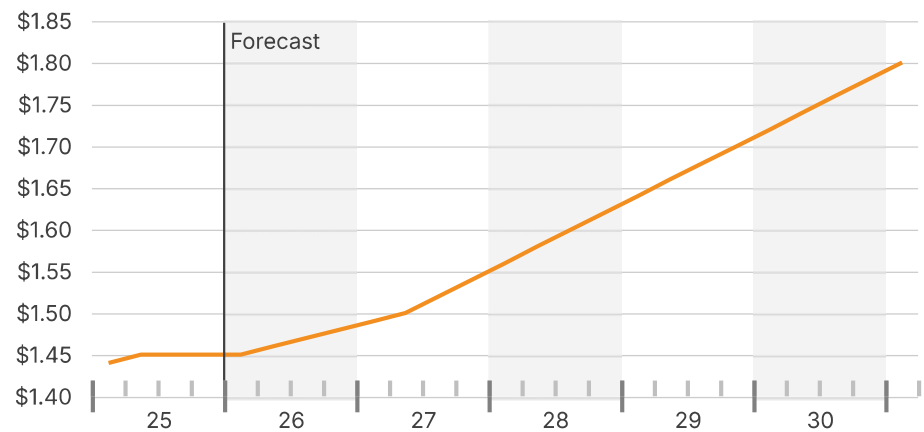
Average Price Per SF By Buyer Origin



Average Cap Rate By Buyer Origin

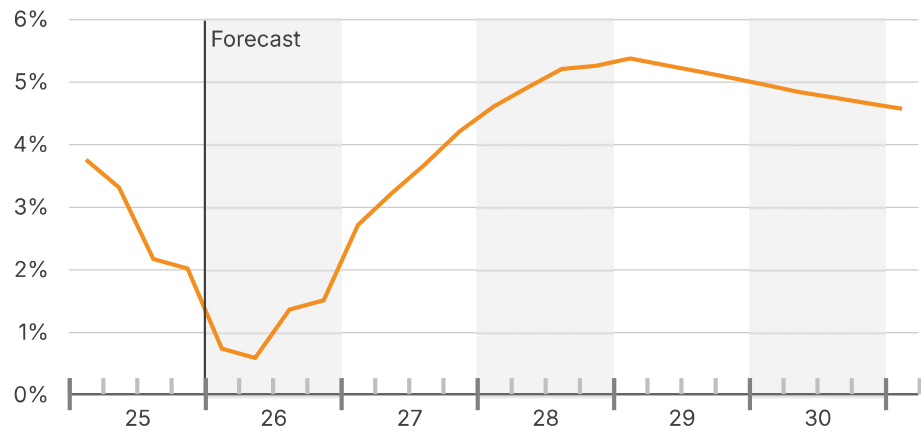


Market Asking Rent Per SF

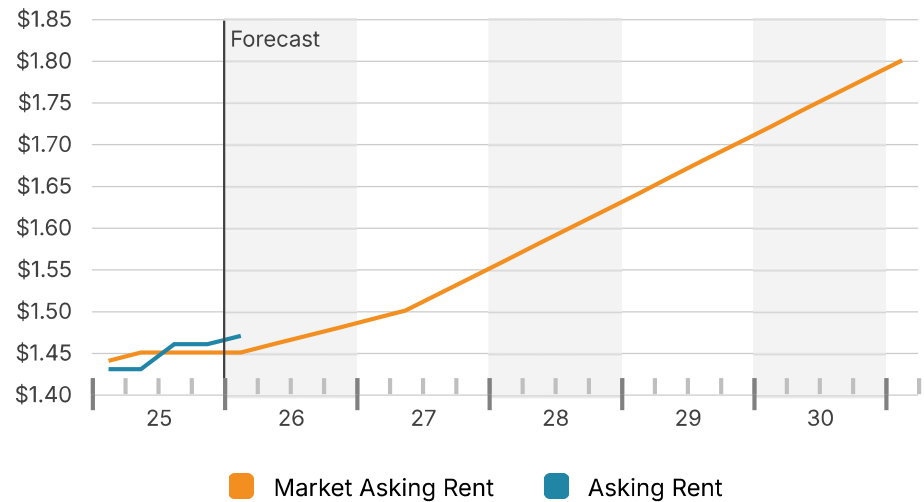


Sale Comps Analytics

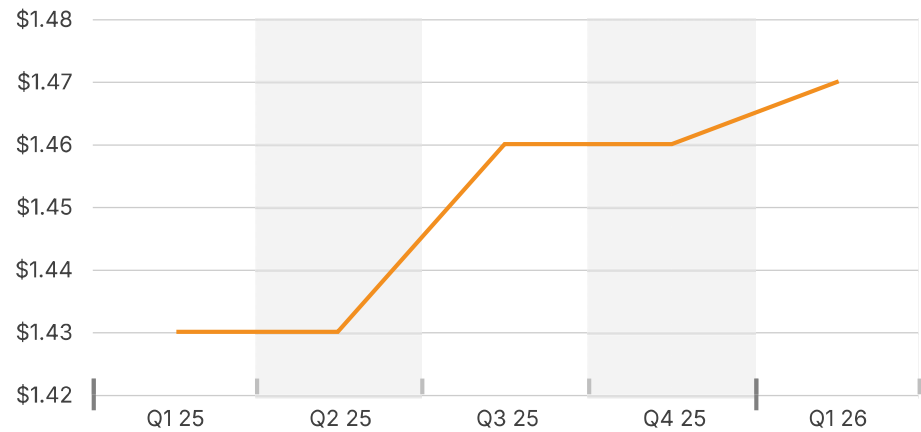
Market Asking Rent Growth (YOY)



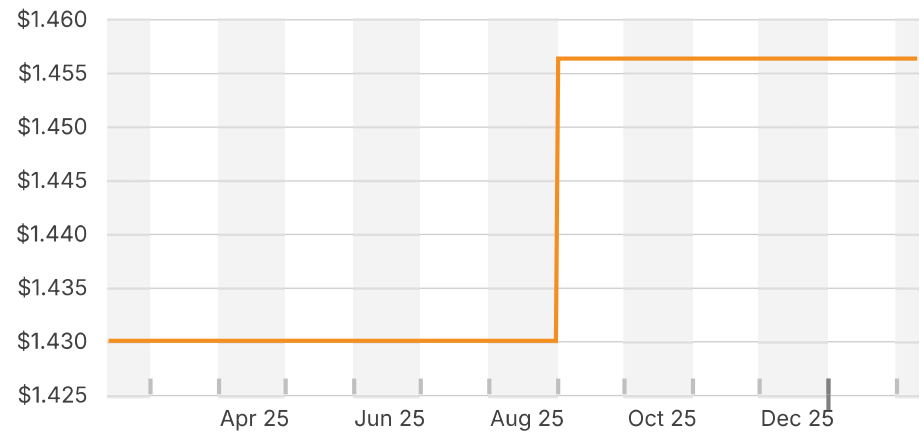
Market Asking Rent & Asking Rent Per SF



Asking Rent Per SF

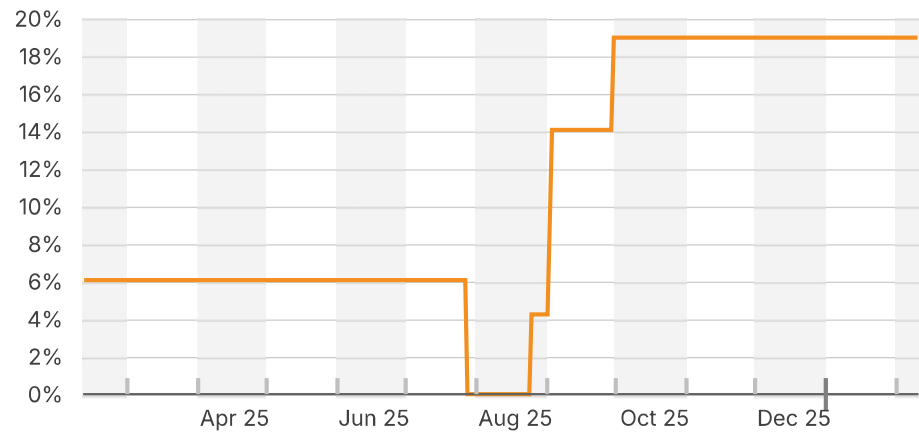


Daily Asking Rent Per SF

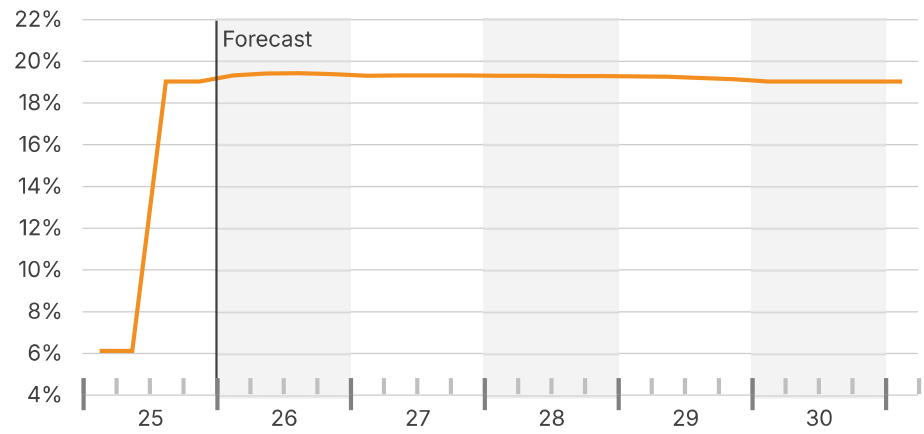


Sale Comps Analytics

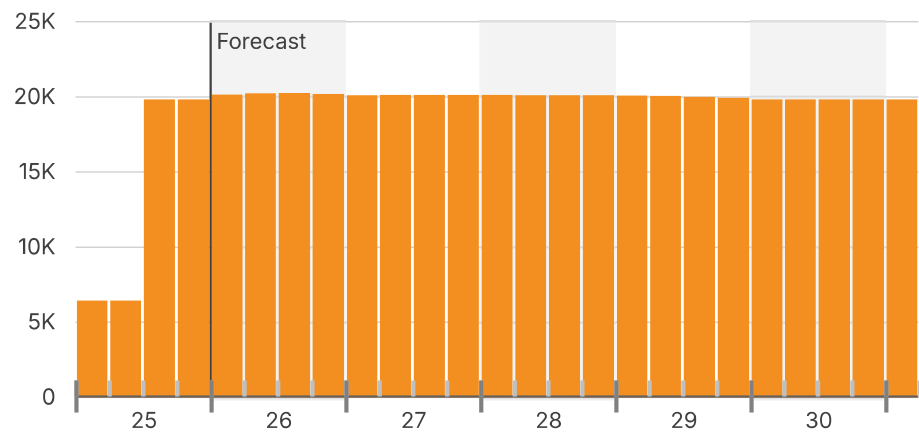
Daily Vacancy Rate



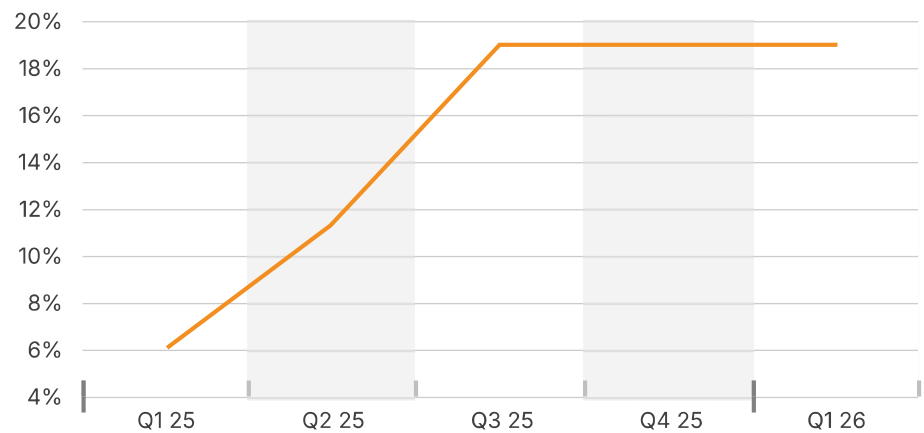
Vacancy Rate



Vacant SF

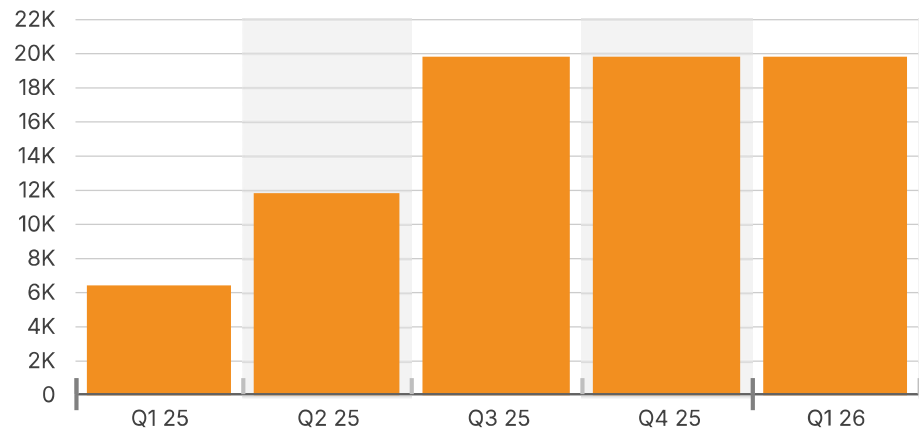


Availability Rate

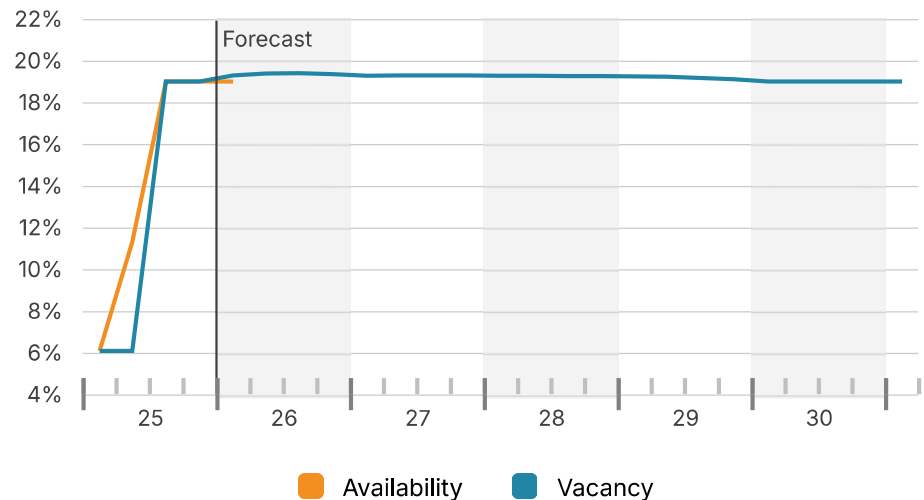


Sale Comps Analytics

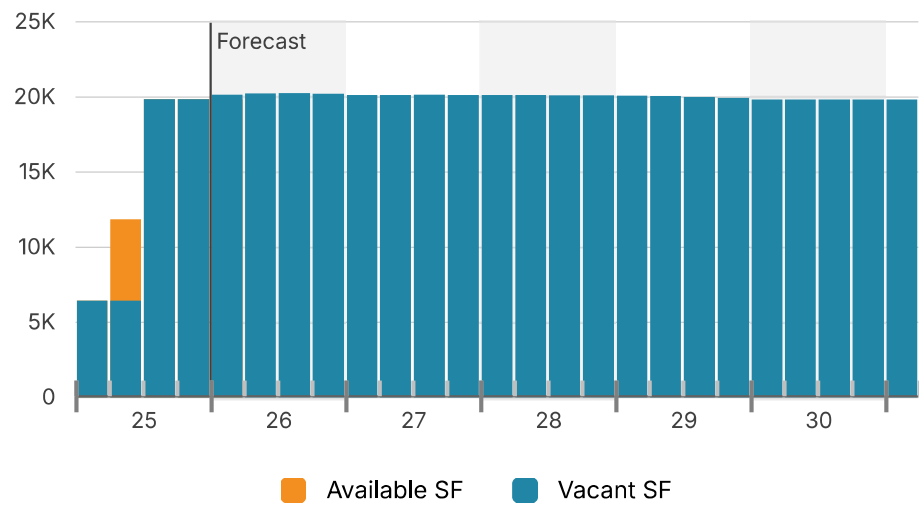
Available SF



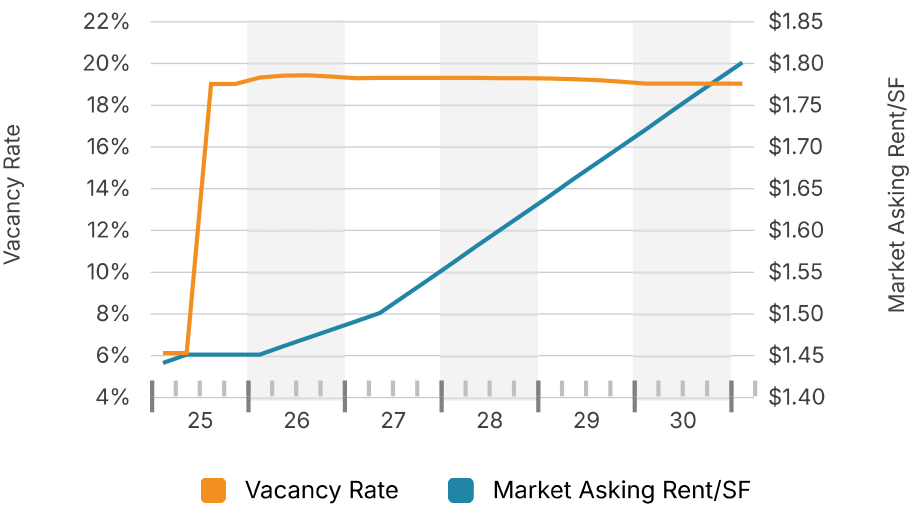
Availability & Vacancy Rate



Available & Vacant SF



Vacancy & Market Asking Rent Per SF



Report Criteria

10 Records / 10 Properties

Property Type: Industrial +1

Submarket: Central East Las Vegas - Las Vegas (USA) +1

Sale Date: After 2/10/25

Include: Public Record Comps

Sale Status: Sold +1

Search On and Return Portfolio Sales as Individual Properties: Yes

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANT (SF)	OVERALL VACANCY RATE	CURRENT QTR OVERALL NET ABSORPTION (SF)	YTD OVERALL NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	UNDER CNSTR (SF)	YTD CNSTR COMPLETIONS (SF)	OVERALL DIRECT NNN *ASKING RATE	OVERALL NNN *ASKING RATE
Airport	14,365,736	787,059	5.5%	59,626	47,102	761,303	0	73,446	\$1.30	\$1.28
Apex	6,316,171	2,594,405	41.1%	1,209,814	1,209,814	1,209,814	794,749	922,569	N/A	N/A
Central	8,003,144	333,083	4.2%	-43,207	-49,697	150,249	0	0	\$1.20	\$1.20
East Henderson	19,093,650	2,050,848	10.7%	129,638	148,164	567,305	440,350	882,452	\$1.06	\$1.06
West Henderson	7,967,881	1,665,271	20.9%	-74,476	-40,669	12,128	2,480,406	506,500	\$1.01	\$1.01
North Las Vegas	74,798,662	9,120,917	12.2%	965,689	2,548,585	5,023,375	356,200	2,606,924	\$0.98	\$0.95
Northwest	838,112	47,617	5.7%	-12,999	-23,855	46,412	0	0	\$1.36	\$1.36
Southwest	46,449,580	3,432,428	7.4%	-236,804	444,378	2,572,882	600,071	1,702,697	\$1.34	\$1.33
LAS VEGAS TOTALS	177,832,936	20,031,628	11.3%	1,997,281	4,283,822	10,343,468	4,671,776	6,694,588	\$1.10	\$1.09
FLEX	17,485,708	865,017	4.9%	13,695	-7,947	962,962	462,762	157,109	\$1.33	\$1.34
MFG	11,818,125	501,261	4.2%	-45,675	-154,978	244,546	2,370,906	0	\$1.18	\$1.18
W/D	148,529,103	18,665,350	12.6%	2,029,261	4,446,747	9,135,960	1,838,108	6,537,479	\$1.07	\$1.05
LAS VEGAS TOTALS	177,832,936	20,031,628	11.3%	1,997,281	4,283,822	10,343,468	4,671,776	6,694,588	\$1.10	\$1.09

*Rental rates reflect weighted net asking \$psf/month

FLEX= High Technology/Office Services MFG= Manufacturing W/D= Warehouse/Distribution

KEY LEASE TRANSACTIONS Q4 2025

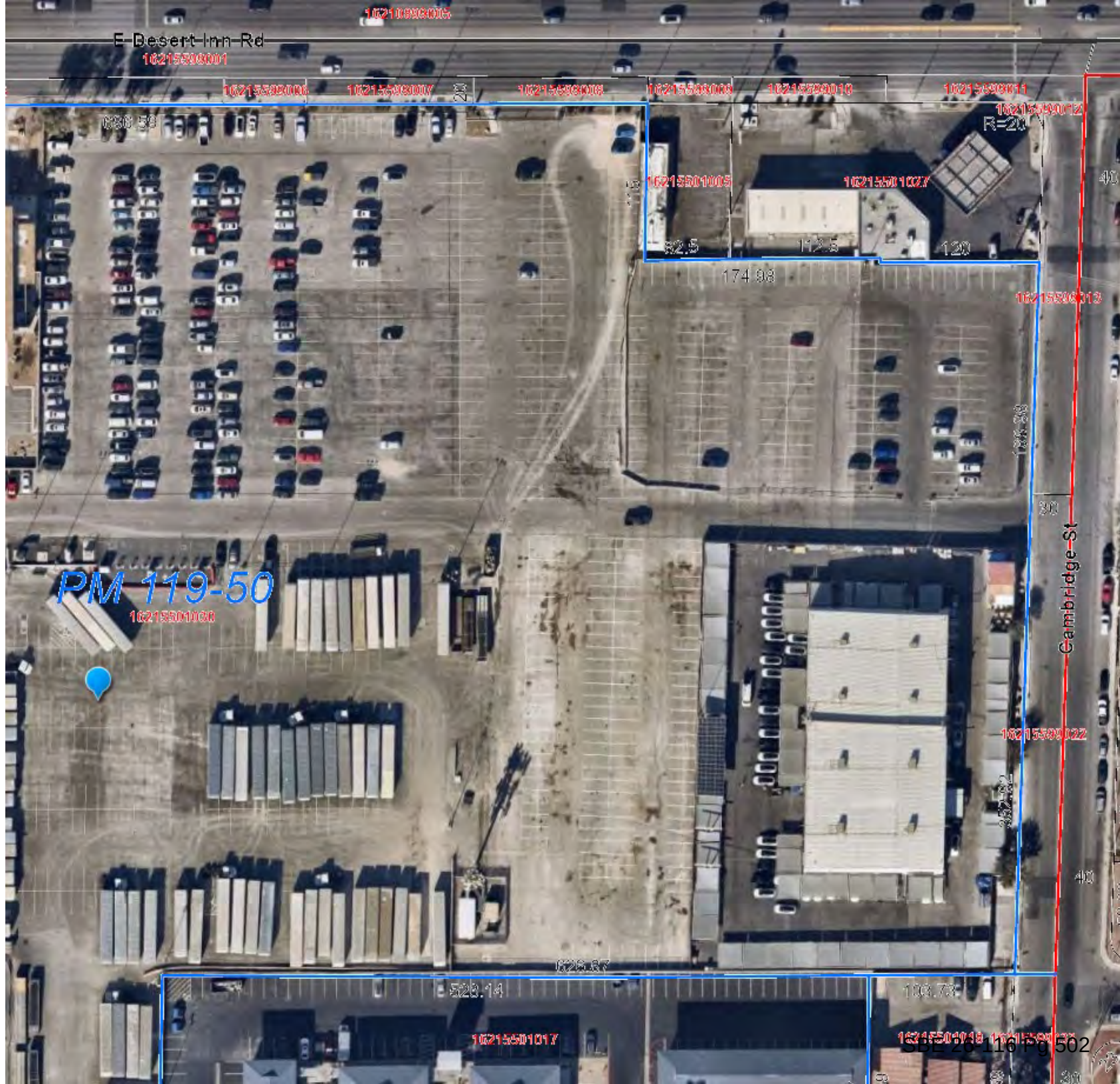
PROPERTY	SUBMARKET	TENANT	SF	TYPE
8450-8850 Logistics Drive	Apex	Confidential	1,209,814	Direct
5005 East North Belt Road	North Las Vegas	Confidential	336,000	Direct
6250 East Washburn Avenue	North Las Vegas	Daimler Truck North America	309,159	Direct
5070 El Campo Grande Avenue	North Las Vegas	Archway	212,225	Direct
2500 West Carey Avenue	North Las Vegas	Chadwell Supply Nevada	102,960	Direct

KEY SALE TRANSACTIONS Q4 2025

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / \$ PSF
8650 Logistics Drive	Apex	VanTrust Real Estate / Saddle Creek Logistics	583,320	\$96.8M / \$166
4335 Arcata Way	North Las Vegas	Bixby Land Company / AT Industrial	219,068	\$21.1M / \$97
3921 East Cheyenne Avenue	North Las Vegas	CapRock Partners / EastGroup Properties	101,332	\$21M / \$207
7760 West Teco Avenue	Southwest	Bentar Teco LLC / Timberlawn Associates	43,330	\$11.8M / \$271
6885 West Gary Avenue Building 4	Southwest	Penwood Real Estate Investment Management / KDS Rainbow, LLC	36,493	\$10.7M / \$293

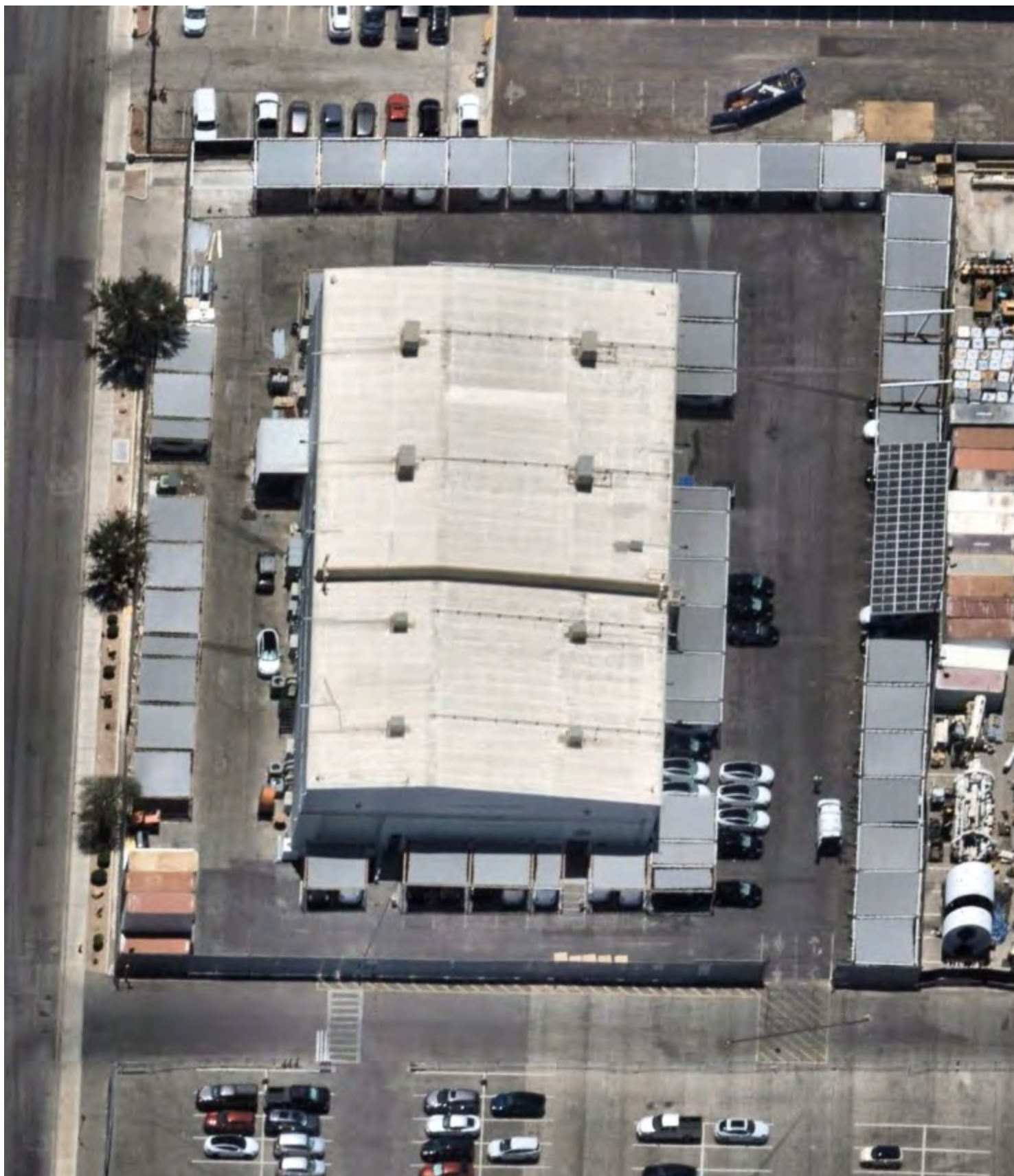
KEY CONSTRUCTION COMPLETIONS Q4 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Speedway North Distribution Center Building 2	North Las Vegas	Master Brands	669,975	Prologis
Southern Gateway At I-15 Buildings A-C	West Henderson	N/A	420,000	OMP









As of July 1 2025

			RW Ph 1	WG 1	WG 2	Enc 1	Para E	Para W	Silver	Wynn West	Total Rings
Expense ID	Budget Parent	Cost Per Ring (\$)	457	388	401	464	1903	1438	199	1109	6,359
Tunnel	Precast Segments	1,664	802,949	681,716	704,557	815,248	3,166,592	2,392,832	331,136	1,845,376	10,740,406
Tunnel	Grout	356	162,692	138,128	142,756	165,184	677,468	511,928	70,844	394,804	2,263,804
Buildout	Interior Buildout	666	304,362	258,408	267,066	309,024	n/a	n/a	n/a	n/a	1,138,860
Buildout	Aesthetics	331	151,267	128,428	132,731	153,584	n/a	n/a	n/a	n/a	566,010
Buildout	Precast Road Panels	245	121,105	102,820	106,265	113,680	n/a	n/a	n/a	n/a	443,870
Buildout	Fire Safety Systems	226	103,282	87,688	90,626	104,864	n/a	n/a	n/a	n/a	386,460
Buildout	Ventilation	161	73,577	62,468	64,561	74,704	n/a	n/a	n/a	n/a	275,310
Labor	Precast	193	88,201	74,884	77,393	89,552	314,811	237,886	32,920	183,460	1,099,107
Labor	Tunnel / Buildout	214	97,798	83,032	85,814	99,296	n/a	n/a	n/a	n/a	365,940
Other	Inspections & Permitting	53	24,221	20,564	21,253	24,592	n/a	n/a	n/a	n/a	90,630
		4,109	1,929,454	1,638,136	1,693,022	1,949,728	4,158,871	3,142,646	434,900	2,423,640	17,370,397
Age			1	1	1	1	0	0	0	0	
Depreciation			(28,942)	(24,572)	(25,395)	(29,246)	0	0	0	0	(108,155)
			11%	9%	10%	11%	24%	18%	3%	14%	100%

As of July 1 2024

Expense ID	Budget Parent	Cost Per Ring (\$)	RW Ph 1	WG 1	WG 2	Enc 1	Total Rings
			457	388	401	464	1,710
Tunnel	Precast Segments	1,757	802,949	681,716	704,557	815,248	3,004,470
Tunnel	Grout	356	162,692	138,128	142,756	165,184	608,760
Buildout	Interior Buildout	666	304,362	258,408	267,066	n/a	829,836
Buildout	Aesthetics	331	151,267	128,428	132,731	n/a	412,426
Buildout	Precast Road Panels	265	121,105	102,820	106,265	n/a	330,190
Buildout	Fire Safety Systems	226	103,282	87,688	90,626	n/a	281,596
Buildout	Ventilation	161	73,577	62,468	64,561	n/a	200,606
Labor	Precast	193	88,201	74,884	77,393	76,759	317,237
Labor	Tunnel / Buildout	214	97,798	83,032	85,814	n/a	266,644
Other	Inspections & Permitting	53	24,221	20,564	21,253	n/a	66,038
		4,222	1,929,454	1,638,136	1,693,022	1,057,191	6,317,803
Age			0	0	0	0	
Depreciation			0	0	0	0	0
			31%	26%	27%	17%	100%

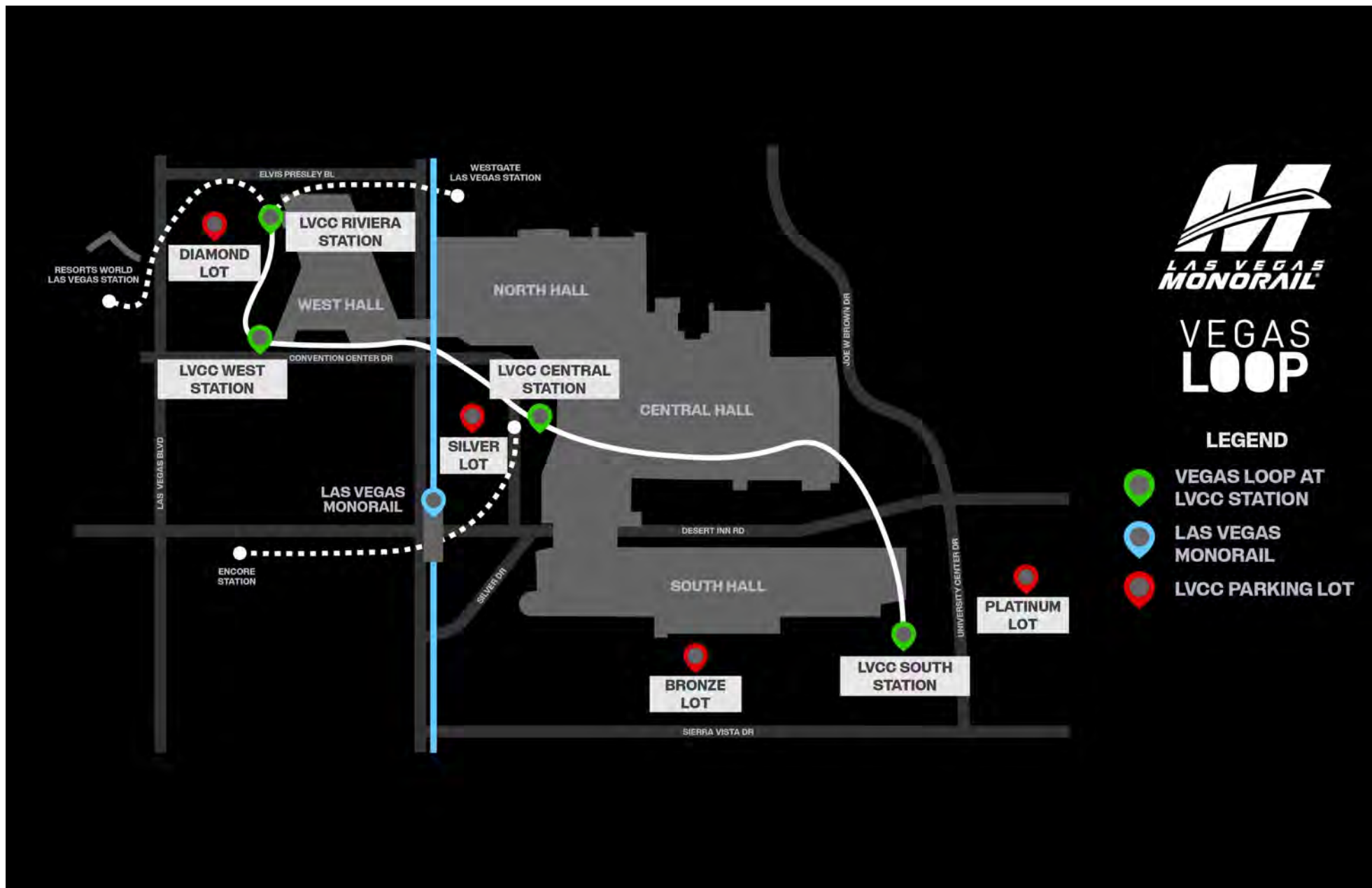
CONFIDENTIAL

As of July 1
2024

Expense ID	Budget Parent	Cost Per Ring (\$)	RW Ph 1	WG 1	WG 2	Enc 1	ROW Rings
			126	300	300	51	777
Tunnel	Precast Segments	1,757	221,382	527,100	527,100	89,607	1,365,189
Tunnel	Grout	356	44,856	106,800	106,800	18,156	276,612
Buildout	Interior Buildout	666	83,916	199,800	199,800	n/a	483,516
Buildout	Aesthetics	331	41,706	99,300	99,300	n/a	240,306
Buildout	Precast Road Panels	265	33,390	79,500	79,500	n/a	192,390
Buildout	Fire Safety Systems	226	28,476	67,800	67,800	n/a	164,076
Buildout	Ventilation	161	20,286	48,300	48,300	n/a	116,886
		3,762	474,012	1,128,600	1,128,600	107,763	2,838,975
	Age		2	1	1	1	
	Depreciation		(14,220)	(16,929)	(16,929)	(1,616)	(49,695)

RW Ph 1 = Resorts World Phase 1
 WG 1 = Westgate Tunnel 1
 WG 2 = Westgate Tunnel 2
 Enc 1 = Encore Tunnel 1
 ROW Rings = public Right of Way rings





LAS VEGAS CONVENTION CENTER (LVCC) LOOP

The original LVCC Loop — a 3-station transportation system consisting of 1.7 miles of tunnel — was built in approximately 1 year. The system cost approximately \$47 million (firm-fixed price). Tunneling occurred during conventions with over 100,000 attendees and posed zero disruptions or road closures.

LVCC Loop connects the LVCC West Hall with the existing campus (North/Central/South Halls), and reduces a 45-minute cross-campus walk to approximately 2 minutes.

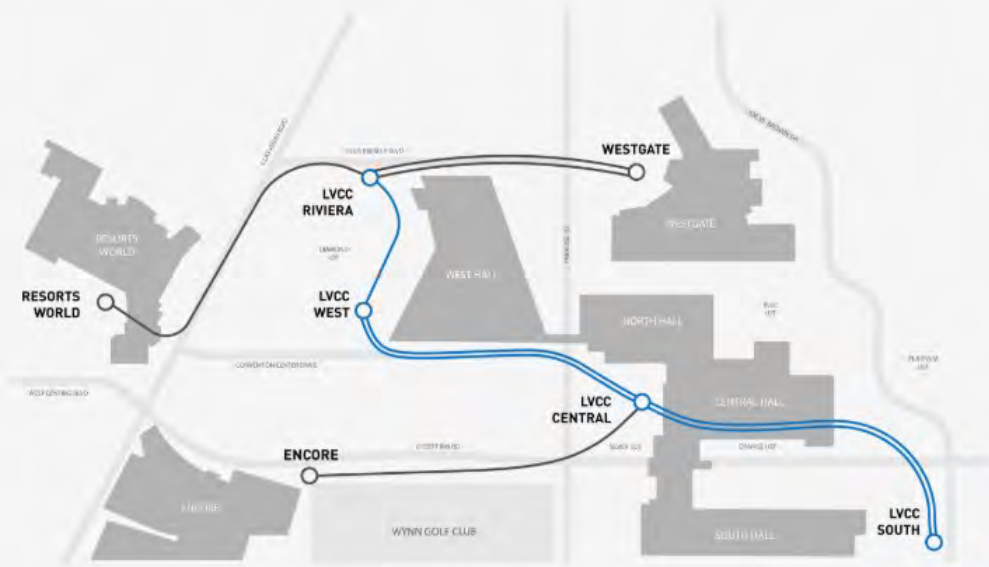
LVCC Loop opened in April 2021 for the Mecum Motorcycle Auction and has operated at all subsequent conventions. It has demonstrated peak capacity of over 4,500 passengers per hour, and over 32,000 passengers per day.

In 2024, LVCC Loop was then expanded to 2.1 miles and 5 stations, adding LVCC Riviera Station and LVCC Central Plaza Station.

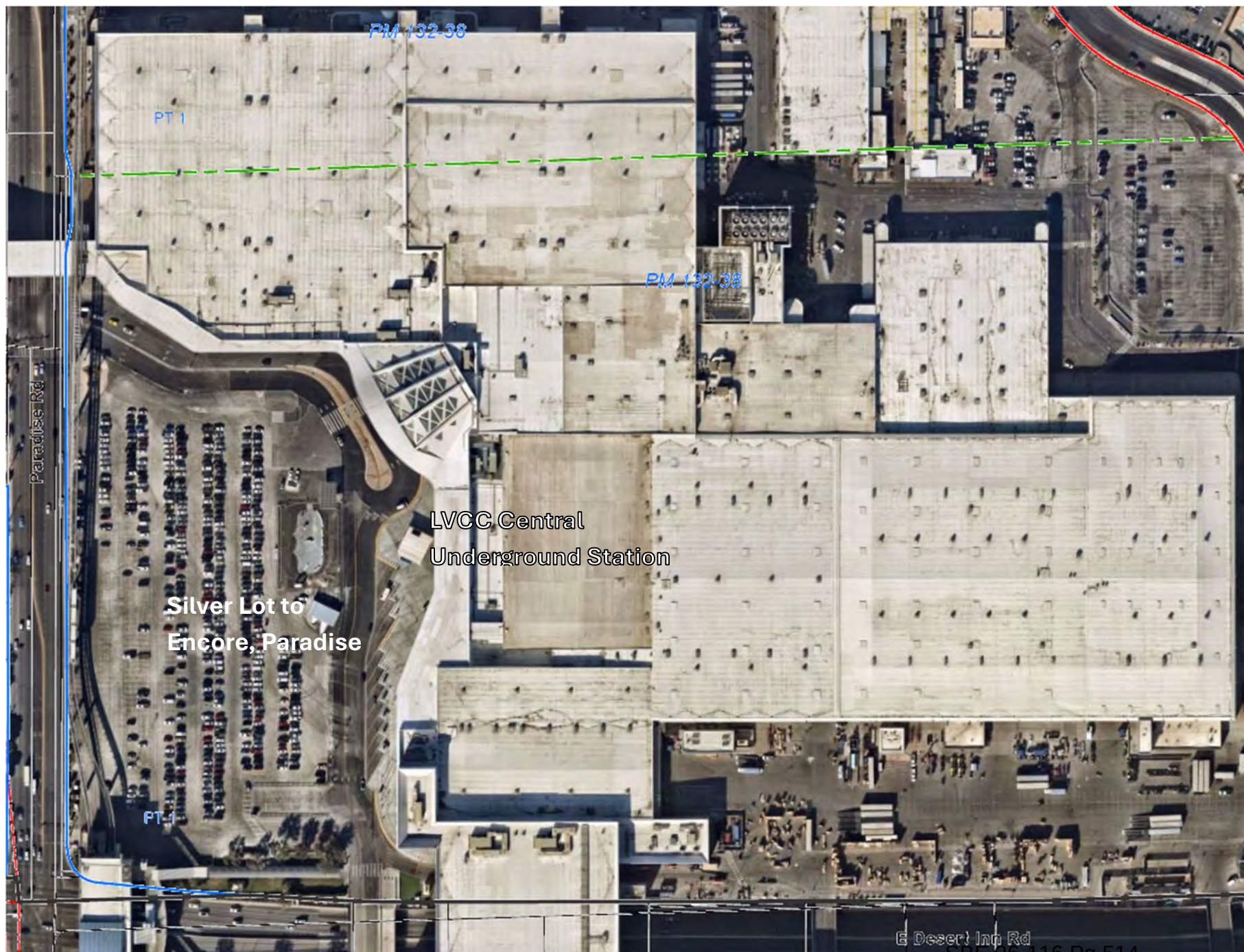
Location: Las Vegas, NV

Status: Complete and Operational

[RIDE THE LOOP](#)







PT 1

PM 132-38

PM 132-38

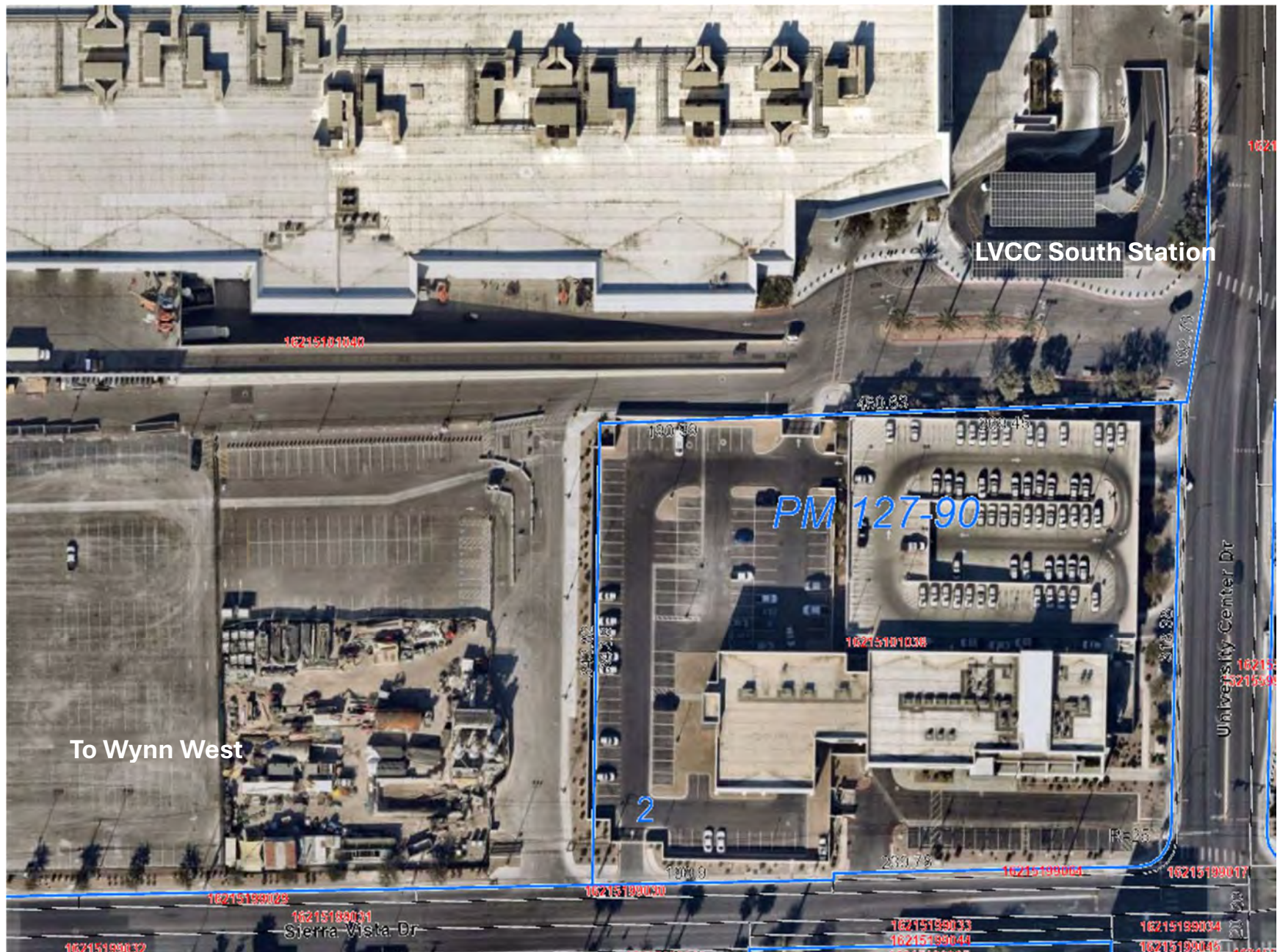
Paradise Rd

LVCC Central
Underground Station

Silver Lot to
Encore, Paradise

PT 1

E Desert Inn Rd



Account #	230491	Prior Acct #		Site Addr.	3395 CAMBRIDGE ST 0 LAS VEGAS			W/A	Certified Value				
130 WALKER WATSON RD BASTROP, TX 78602-3170							Exemptions						
				Valuation Method	CAMA								
Phone #				Parcel #	162-15-501-030		Return	Do Not Mail Declaration			Orig Reported Cost	\$2,578,943	
Group				Tax Dist.	470		Mailed	12/30/1899			Taxable Value	\$2,578,943	
NAICS	Highway, Street, and Bridge Construction			Acct. Type	Possessory Interest		Received				Assessed Value	\$902,630	
											Exempt Value	\$0	
	Asset ID	Description			Yr Acquired	Original Cost	Code	Taxable Value	Adj %	Override Value			
1	2-1	LOOP CONTROL CENTER			2024	\$1,782,579	IMPS	\$1,782,579	0%				
2	Land	LAND IN USE/VALUE FROM RDE			2024	\$796,364	LAND	\$796,364	0%				
Page Totals						\$2,578,943	\$2,578,943	\$0					
Clark Totals						\$2,578,943	\$2,578,943	\$0					
Appraised On	10/20/2025	By	Bonesteel, Jeffrey		Reviewed On	10/20/2025	By	System		Page	1	Printed On	02/23/2026

Account #	230177	Prior Acct #		Site Addr.	0 PARADISE RD 0 LAS VEGAS			W/A	Corrected Certified Value		
130 WALKER WATSON RD BASTROP, TX 78602-3170								Exemptions			
				Valuation Method	Correction						
Phone #				Parcel #	162-15-101-P01	Return	Do Not Mail Declaration		Orig Reported Cost	\$0	
Group				Tax Dist.	470	Mailed	12/30/1899		Taxable Value	\$10,451,878	
NAICS	Highway, Street, and Bridge Construction			Acct. Type	Possessory Interest	Received			Assessed Value	\$3,658,157	
									Exempt Value	\$0	
	Asset ID	Description	Yr Acquired	Original Cost	Code	Taxable Value	Adj %	Override Value			
1	101	Enc1 Loop Tunnel in Tax Dis 470 o% to 50%	2024	\$720,528	IMPS	\$720,528	0%				
2	102	Enc1 Loop Tunnel in Tax Dist 470 50% to 100%	2025	\$717,500	IMPS	\$717,500	0%				
3	103	Wynn West Enc2 Loop Tunnel all in TD470 @50%	2025	\$2,273,450	IMPS	\$2,273,450	0%				
4	201	Desert Inn to Silver Lot Loop Tunnel @50%	2025	\$174,250	IMPS	\$174,250	0%				
5	202	Paradise Westside of street Loop Tunnel @50%	2025	\$2,665,000	IMPS	\$2,665,000	0%				
6	203	Paradise Eastside of street Loop Tunnel @50%	2025	\$3,901,150	IMPS	\$3,901,150	0%				
Page Totals				\$10,451,878		\$10,451,878		\$0			
Clark Totals				\$10,451,878		\$10,451,878		\$0			
Appraised On	10/09/2025	By	Bonesteel, Jeffrey	Reviewed On	10/09/2025	By	System	Page	1	Printed On	02/23/2026



CLARK COUNTY BOARD OF EQUALIZATION

Case # 21

Miscellaneous Information

TAXABLE VALUE/FULL CASH VALUE - GOVERNING LAW

NRS 361.227 Determination of taxable value.

1. Any person determining the taxable value of real property shall appraise:
 - (a) The full cash value of:
 - (1) Vacant land by considering the uses to which it may lawfully be put, any legal or physical restrictions upon those uses, the character of the terrain, and the uses of other land in the vicinity.
 - (2) Improved land consistently with the use to which the improvements are being put.
 - (b) Any improvements made on the land by subtracting from the cost of replacement of the improvements all applicable depreciation and obsolescence. Depreciation of an improvement made on real property must be calculated at 1.5 percent of the cost of replacement for each year of adjusted actual age of the improvement, up to a maximum of 50 years.
2. The unit of appraisal must be a single parcel unless:
 - (a) The location of the improvements causes two or more parcels to function as a single parcel;
 - (b) The parcel is one of a group of contiguous parcels which qualifies for valuation as a subdivision pursuant to the regulations of the Nevada Tax Commission; or
 - (c) In the professional judgment of the person determining the taxable value, the parcel is one of a group of parcels which should be valued as a collective unit.
3. ...
4. ...
5. The computed taxable value of any property must not exceed its full cash value. Each person determining the taxable value of property shall reduce it if necessary to comply with this requirement. A person determining whether taxable value exceeds that full cash value or whether obsolescence is a factor in valuation may consider:
 - (a) Comparative sales, based on prices actually paid in market transactions.
 - (b) A summation of the estimated full cash value of the land and contributory value of the improvements.
 - (c) Capitalization of the fair economic income expectancy or fair economic rent, or an analysis of the discounted cash flow.

NAC 361.1177 (c) adopts by reference *Property Appraisal and Assessment Administration* as published by the International Association of Assessing Officers (IAAO).

Definition of Economic Rent from the *Glossary for Property Appraisal and Assessment* by IAAO:

Rent, Economic – (1) In appraisal, the annual rent that is justified for the property on the basis of a careful study of comparable properties in the area; market rent.

NRS 361.345 Power of county board of equalization to change valuation of property; review of changes in valuation and estimation of certain property by county assessor; notice of addition to assessed valuation.

1. Except as otherwise provided in subsection 2, the county board of equalization may:
 - (a) Determine the valuation of any real or personal property placed on:
 - (1) The secured tax roll which was assessed by the county assessor; or
 - (2) The unsecured tax roll which was assessed by the county assessor on or after May 1 and on or before December 15; and
 - (b) Change and correct any valuation found to be incorrect either by adding thereto or by deducting therefrom such sum as is necessary to make it conform to the taxable value of the property assessed, whether that valuation was fixed by the owner or the county assessor. The county board of equalization may not reduce the assessment of the county assessor unless it is established by a preponderance of the evidence that the valuation established by the county assessor exceeds the full cash value of the property or is inequitable. A change so made is effective only for the fiscal year for which the assessment was made. The county assessor shall each year review all such changes made for the previous fiscal year and maintain or remove each change as circumstances warrant.



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**OFFICE OF THE
COUNTY ASSESSOR**
BRIANA JOHNSON
Clark County Assessor

(702) 455-3882 • Fax: (702) 455-0018

www.clarkcountynv.gov/assessor

Melissa Martinet, Deputy Director of Assessment Services
Mary Ann Weidner, Deputy Director of Assessment Services

01/07/2026

Case Number: 22
Parcel/PPID Number: 230178

THE BORING COMPANY
130 WALKER WATSON RD
BASTROP TX 78602-3170

Dear Sir or Madam:

We have received your **Petition for Review to the Clark County Board of Equalization**. If you have additional information relevant to your case that you would like to submit for review, please provide it to our office as soon as possible. In order for your information to be included in the printed copy of your case, **it must be submitted at least seven days prior to your scheduled hearing date**. If you have to present **additional** information on the day of your hearing, **you must provide ten copies to the board**.

You will be notified of your hearing date by email.

1) **Email**. All correspondence will be sent to the email provided on the appeal form unless otherwise specified. To change your noticing email:

- Email your request to boe@ClarkCountyNV.gov
- Enter your Case # first and then "BOE Hearing Notification" in the subject line.
- In the body of the email, provide your case number, address, phone number and parcel number.

2) **Certified letter**. If no email is provided, you will receive notification by certified letter.

Your hearing will be scheduled between now and the end of February. You should attend the hearing and be prepared to discuss the taxable value of your property before the Board. For additional information regarding the appeal process and electronic hearing notification, please refer to the appeal instructions provided with your appeal form.

Our appraisal staff will prepare and submit to the Board a case with information which describes our position regarding your property valuation. This case information will be provided to you at the hearing, or you may contact our office to check availability prior to the hearing. Please contact our office if you have any questions in this regard.





UNSECURED PROPERTY TAX BILL - POSSESSORY INTEREST

Clark County

Briana Johnson, Clark County Assessor

500 S. Grand Central Pkwy., 2nd Floor, Las Vegas, NV 89155

www.ClarkCountyNV.gov/Assessor

Bill No.: 1540496

Date: 04/09/2025

Phone: (702) 455-3882

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Fiscal Year	Account	Tax District	Tax Rate	Property Location and Description
2024/2025	230177	470	2.9328	PARADISE RD LAS VEGAS
Assessed Valuation				
Property Value			254,359	Possessory Interest
Name				Exemption Values
THE BORING COMPANY 130 WALKER WATSON RD BASTROP TX 78602-3170				
				Total Exemption 0

Sale or disposal of this property after July 1, 2024 does not relieve the obligation to pay this tax.

Property Value Ad Valorem Tax	0.00
Abatement Amount	0.00
*Abatement Applied Limits Increase To 8.00%	
Net Ad Valorem Tax	0.00
New Property Value Outside CAP	7,459.86
Adjusted Tax Amount	0.00
Exemption Amount	0.00
Recapture Amount	0.00
Net Tax Amount	7,459.86
Penalties	0.00
Miscellaneous Fees	0.00
Veteran's Home Donation	0.00
Total Amount Billed	7,459.86
Less Payments Applied	0.00
Balance Remaining	7,459.86
Prior Year Delinquencies	0.00
Total Balance Owning	\$7,459.86

Detail of Amount Due		
Description	Total Due	Minimum Due
Tax Year 2024/2025	7,459.86	7,459.86
Total	7,459.86	7,459.86

Payments received will be applied to the oldest charge first.
To avoid penalties, payments must be postmarked by due date.
Penalties are 10% of the tax amount due.

All delinquent amounts are due immediately.

If property is protected by bankruptcy, this is for your
information. Do not consider this an attempt to collect.

Current Year Tax Distribution		
Agency	Rate	Amount
Clark County Capital	0.0500	127.18
Clark County Family Court	0.0192	48.84
Clark County Fire Service District	0.2197	558.83
Clark County General Operating	0.4599	1,169.80
County School Debt (Bonds)	0.5534	1,407.62
State Education	0.7500	1,907.69
Indigent Accident Fund	0.0150	38.15
LV/Clark County Library	0.0942	239.61
LVMPD Emergency 911	0.0050	12.72
LVMPD Manpower Supplement County	0.2800	712.21
Medical Asst to Indigent Persons	0.1000	254.36
Paradise Town	0.2064	525.00
State Cooperative Extension	0.0100	25.44
State of Nevada	0.1700	432.41
Totals	2.9328	7,459.86

Payment Installment(s)		
Description	Due Date	Amount Due
Installment 1	05/09/2025	7,459.86
Installment 2		0.00
Installment 3		0.00
Installment 4		0.00

Cut Here



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Please return this portion with your payment.

Date: 04/09/2025

Make checks payable to:
Clark County Assessor

Fiscal Year: 2024/2025
Due By: 05/09/25

Account Number: 230177

Mail to:
500 S. Grand Central Pkwy., 2nd Floor
PO Box 551401
Las Vegas, NV 89155-1401

Tax District: 470
Tax Amount: \$7,459.86
Penalty: \$0.00
Misc. Fee: \$0.00

Name: THE BORING COMPANY
Description: Possessory Interest
Location: PARADISE RD

Minimum Due: \$7,459.86
To Pay In Full: \$7,459.86

2025230177000000000010000007459860000007459863

PERSONAL PROPERTY BILLING INFORMATION

If you need an explanation of the method of appraisal of this property, please call (702) 455-3882. If you disagree with the value of this property, you have rights to an appeal pursuant to NRS 361.355(2) or NRS 361.360(3). Property placed on the unsecured roll assessed between May 1 and December 15 may be appealed on or before the following January 15 to the County Board of Equalization. If the property is assessed after December 15, but before or on the following April 30, an appeal may be filed on or before May 15 to the State Board of Equalization. Please contact our office to obtain information on how to file an appeal. To avoid penalties, this bill must be paid when due, even if an appeal is pending.

Payment Installments for a Manufactured Home

NRS 361.483 allows for taxes assessed upon a manufactured home to be paid in four installments if the taxes assessed exceed \$100.00. If the taxes assessed are \$100.00 or less, taxes assessed must be paid in one installment.

Change in Ownership of Manufactured Home

In order to change ownership on your manufactured home record, transfer documentation such as a title or a notarized bill of sale is required. A contract of sale or property deed is not acceptable.

Nevada Veteran, Disabled Veteran, Surviving Spouse & Blind Exemptions

If you have signed for your exemption with the Assessor's Office by June 15 of this year, your exemption has been deducted prior to the calculation of this tax bill.

If you have not renewed your exemption this year, you must do so before any deduction can be allowed.

Non-resident military personnel in active service need only to return their manufactured home bill with the SCR form from their commanding officer confirming home of record.

Payment by Credit Card, Debit Card or E-Check

For your convenience, property tax payments can be made online at www.ClarkCountyNV.gov/Assessor or by calling 1-833-230-2596. A convenience fee, charged by the processing company, will be assessed for these transactions.

☐ Owners Mailing Address Change:
(If Other Than On Front Of Bill):

☐ Location Address Change:
(If Other Than On Front Of Bill):

X

Signature of Property Owner

If you no longer own this personal property or have moved it out of Clark County, please mark the appropriate box and fill in the line below:

☐ Moved Out Of County Date: _____

New Location: _____

☐ Sold Date: _____

New Owner: _____

Mailing Address: _____

☐ Traded To Dealer Date: _____

Dealer: _____

☐ Repossessed Date: _____

By Whom: _____

☐ Destroyed/Junked ☐ Stolen Date: _____



UNSECURED PROPERTY TAX BILL - POSSESSORY INTEREST

Clark County

Briana Johnson, Clark County Assessor

500 S. Grand Central Pkwy., 2nd Floor, Las Vegas, NV 89155

www.ClarkCountyNV.gov/Assessor

Bill No.: 1540585

Date: 04/09/2025

Phone: (702) 455-3882

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Fiscal Year	Account	Tax District	Tax Rate	Property Location and Description
2024/2025	230178	410	2.9328	PARADISE RD LAS VEGAS
Assessed Valuation				
Property Value			1,893,884	Possessory Interest
Name				Exemption Values
THE BORING COMPANY 130 WALKER WATSON RD BASTROP TX 78602-3170				
				Total Exemption 0

Sale or disposal of this property after July 1, 2024 does not relieve the obligation to pay this tax.

Property Value Ad Valorem Tax	0.00
Abatement Amount	0.00
*Abatement Applied Limits Increase To 8.00%	
Net Ad Valorem Tax	0.00
New Property Value Outside CAP	55,543.82
Adjusted Tax Amount	0.00
Exemption Amount	0.00
Recapture Amount	0.00
Net Tax Amount	55,543.82
Penalties	0.00
Miscellaneous Fees	0.00
Veteran's Home Donation	0.00
Total Amount Billed	55,543.82
Less Payments Applied	0.00
Balance Remaining	55,543.82
Prior Year Delinquencies	0.00
Total Balance Owning	\$55,543.82

Detail of Amount Due		
Description	Total Due	Minimum Due
Tax Year 2024/2025	55,543.82	55,543.82
Total	55,543.82	55,543.82

Payments received will be applied to the oldest charge first.
To avoid penalties, payments must be postmarked by due date.
Penalties are 10% of the tax amount due.

All delinquent amounts are due immediately.

If property is protected by bankruptcy, this is for your
information. Do not consider this an attempt to collect.

Current Year Tax Distribution		
Agency	Rate	Amount
Clark County Capital	0.0500	946.94
Clark County Family Court	0.0192	363.63
Clark County Fire Service District	0.2197	4,160.86
Clark County General Operating	0.4599	8,709.97
County School Debt (Bonds)	0.5534	10,480.75
State Education	0.7500	14,204.13
Indigent Accident Fund	0.0150	284.08
LV/Clark County Library	0.0942	1,784.04
LVMPD Emergency 911	0.0050	94.69
LVMPD Manpower Supplement County	0.2800	5,302.88
Medical Asst to Indigent Persons	0.1000	1,893.88
State Cooperative Extension	0.0100	189.39
State of Nevada	0.1700	3,219.60
Winchester Town	0.2064	3,908.98

Totals	2.9328	55,543.82
---------------	--------	-----------

Payment Installment(s)		
Description	Due Date	Amount Due
Installment 1	05/09/2025	55,543.82
Installment 2		0.00
Installment 3		0.00
Installment 4		0.00

Cut Here



Please return this portion with your payment.

Date: 04/09/2025



togetherforbetter

Make checks payable to:
Clark County Assessor

Fiscal Year: 2024/2025
Due By: 05/09/25

Account Number: 230178

Tax District: 410

Tax Amount: \$55,543.82

Penalty: \$0.00

Misc. Fee: \$0.00

Mail to:
500 S. Grand Central Pkwy., 2nd Floor
PO Box 551401
Las Vegas, NV 89155-1401

Name: THE BORING COMPANY
Description: Possessory Interest
Location: PARADISE RD

Minimum Due: \$55,543.82

To Pay In Full: \$55,543.82

202523017800000000010000055543820000055543821

PERSONAL PROPERTY BILLING INFORMATION

If you need an explanation of the method of appraisal of this property, please call (702) 455-3882. If you disagree with the value of this property, you have rights to an appeal pursuant to NRS 361.355(2) or NRS 361.360(3). Property placed on the unsecured roll assessed between May 1 and December 15 may be appealed on or before the following January 15 to the County Board of Equalization. If the property is assessed after December 15, but before or on the following April 30, an appeal may be filed on or before May 15 to the State Board of Equalization. Please contact our office to obtain information on how to file an appeal. To avoid penalties, this bill must be paid when due, even if an appeal is pending.

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If you have not renewed your exemption this year, you must do so before any deduction can be allowed.

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Payment by Credit Card, Debit Card or E-Check

For your convenience, property tax payments can be made online at www.ClarkCountyNV.gov/Assessor or by calling 1-833-230-2596. A convenience fee, charged by the processing company, will be assessed for these transactions.

☐ Owners Mailing Address Change:
(If Other Than On Front Of Bill):

☐ Location Address Change:
(If Other Than On Front Of Bill):

X

Signature of Property Owner

If you no longer own this personal property or have moved it out of Clark County, please mark the appropriate box and fill in the line below:

☐ Moved Out Of County Date: _____
New Location: _____

☐ Sold Date: _____

New Owner: _____

Mailing Address: _____

☐ Traded To Dealer Date: _____

Dealer: _____

☐ Repossessed Date: _____

By Whom: _____

☐ Destroyed/Junked ☐ Stolen Date: _____

PETITION 21: THE BORING COMPANY

Parcel Number(s): 230177
Petitioner Duly Sworn: Michael Welch, Stephanie Gronauer, and Arun Prakash
Document(s) Submitted: *See Attached*

DISCUSSION:

TERRY FARR

Next Case is, 21, The Boring Company.

JEFF BONESTEEL

You do have a couple members, I think— if you could just swear in.

TERRY FARR

I need anybody who intends to testify to state their name and address for the record, please.

MICHAEL WELCH

Michael Welch. And I've not been sworn in—

TERRY FARR

At the microphone please.

MICHAEL WELCH

Oh, I'm sorry. Michael Welch with Integrity Resources and I've not been sworn in yet.

STEPHANIE GRONAUER

Good morning. Stephanie Gronauer, 1980 Festival Plaza Drive here on behalf of The Boring Company with the Law Firm of Kaempfer Crowell. I was sworn in earlier, but I think everyone else needs to be.

ARUN PRAKASH

Arun Prakash with The Boring Company, 3987 Paradise Road.

STEVE SCHWARZBACH

Steve Schwarzbach with The Boring company at the same address.

TERRY FARR

Okay. Anybody who has not been sworn in, please face the County Clerk.

DEPUTY CLERK

Do you solemnly swear that the testimony you are about to give during the course of this hearing is the truth, the whole truth, and nothing but the truth so help you God?

MICHAEL WELCH

I do.

TERRY FARR

Very good. Mr. Bonesteel, can you introduce the case to us please?

JEFF BONESTEEL

Yes. Jeff Bonesteel, for the Clark County Assessor's Office. This case is in the addendum book starting on page 215. We would like to combine Cases 21, 22 and 23 together as they are. We're looking them as basically one economic unit. This appeal starts in page 215 in the addendum book. This appeal is for 6.02 miles of underground transportation tunnels, owned and operated by The Boring Company (TBC), including a 19,992 square foot industrial building, on 1.662 acres of fenced land, located at 3395 Cambridge Street. Used for TBC's control center, warehousing space, parking space, and supporting loop tunnel transportation costs.

GLENN ANDERSON

Could you repeat the size of the building and the—

JEFF BONESTEEL

20,000 square feet. Let me add this little portion too. All real property improvements including the industrial building at Cambridge and the 6.02 miles, as of July 1, 2025, are situated on or under tax-exempt land, or under road easements that are controlled by Clark County. As the tunnel system grows, it will expand under additional taxing jurisdictions and tax districts. And assuming under road easements. The use of tax-exempt land by a private company for-profit enterprises considered possessory interest.

There are three personal property possessory interest accounts associated with this appeal, tunnels in Tax District 410, tunnels in Tax District 470, and the operations building. This appeal does not include, approximately 2.1 miles of tunnels located on Las Vegas Convention Center (LVCC) property, and serve one LVCC station to another LVCC station. There's a couple stations that run directly off site that are on their property that are valued. These routes are controlled by the Las Vegas Convention and Visitor Authority (LVCVA), and are considered tax-exempt. And we're recommending no change in value.

TERRY FARR

Very good. Just to clarify, do you have any objection to combining the cases?

STEPHANIE GRONAUER

No.

TERRY FARR

Okay. So, we're combining Cases 21, 22, and 23. Please present your case.

STEPHANIE GRONAUER

Thank you. Good morning, Mr. Chairman, Members of the Board, Stephanie Gronauer, as I mentioned with the Law Firm of Kaempfer Crowell, representing TBC. This is obviously a very different application than what you usually see, and new I think to everyone in this room probably. First, I just wanted to highlight and give you an overview of the system in case you're not familiar with it or if you haven't seen it. TBC is providing a brand new public transportation system for our valley. This is a little under 70 miles of tunnel that you can see on this map, that's been approved. The dots are where individual stations will be on the map, but you can see in the center here that's colored that Jeff—

TAMI CAMPA

Excuse me, what page is the map?

ARUN PRAKASH

It's (inaudible)

STEPHANIE GRONAUER

Let's turn the page.

JEFF BONESTEEL

There's maps of the different tunnel routes right on page 416, in the addendum book.

STEPHANIE GRONAUER

Thank you, Jeff. Sorry. I brought the map. I can certainly submit it for the record if you'd like. So, this is what is approved. There is a franchise agreement for all of the tunnel system within Clark County. There's also a franchise agreement with the City of Las Vegas, which is this portion up here to the north. It's a little unique because the whole system started with the LVCC. They put out a bid several years ago, and actually paid The Boring Company to create the transportation system at the convention center. That is tax exempt, as Jeff mentioned, it's not part of this tax appeal. It's the portion here in blue that's operating. And they've put almost 4 million people through that system successfully. It's Teslas in the tunnels, so it's a very efficient system and it's done really well for conventioners. It's connected now to the Resorts World and Encore and now Fontainebleau as well.

Resorts World and Encore are not part of the franchise agreement, so they have not been reported on. Westgate was recently opened last year. That has been reported on. It's required in the franchise agreement that we report quarterly. I think it was about \$260 that was reported. So obviously it's new, it's not yet making money, and the entire system is privately funded. With the exception of that LVCC tunnel system, everything else is privately funded by TBC. It does not cost taxpayers any money. It does not cost Clark County or the City of Las Vegas money. It's a privately funded operation.

You can imagine there's a ton of obsolescence associated with that. We're just not yet making money, so that's the reason for the appeal today. Arun will go through some cash flow. In fact, he has some new information after we reviewed Jeff's information, so I wanted to hand that out please. And Michael is our appraiser, who has been working on, specifically on tunnels. He's an expert appraiser on this subject matter, and will weigh in on the report that should be in your backup as well. But I just wanted to give a little bit of an overview first, and I will turn it over to Arun.

Just real quick also for the record before I turn it over to Arun. They did not appeal last year's. We would love for you to consider that we take this back to last year's as well. They received their notices I believe in April and May on the property, and they did not have enough time to appeal that. So that would be a request for you as well as to look back one year also.

ARUN PRAKASH

Hi. Thank you Stephanie. Good morning. My name is Arun Prakash. I'm currently the Chief Financial Officer (CFO) of TBC. I've been with the company for about four and a half years, and prior to that I was CFO for almost five years for an enterprise software company. And prior to that I spent 10 years in private equity, where my firm acquired and managed technology companies. And I was the person who was mainly in charge of all of the valuations of companies we were considering, and annual valuations of our portfolio, which were audited under GAAP (Generally Accepted Accounting Principles). And so, needless to say, I just wanted to clarify that I've done a lot of discounted cash flows and valuations. Some of the stuff I'm going to talk about today involves that.

First of all, thank you to you guys and to the Assessors. Appreciate all your efforts, appreciate the efforts of Clark County for the support of TBC's Vegas loop system. And with the Assessors, thank you for being collaborative. We've had some collaboration over the past on how this system would be assessed and

we've talked about it. We haven't obviously agreed with all the conclusions, but there has been collaboration, so we appreciate that.

We talked about combining the tunnels and the warehouse. So, I'm going to just start with the warehouse. We call it the warehouse. It's 3395 Cambridge Street. It's owned by the Convention Center Authority. We started using this warehouse during the aforementioned project for the LVCC loop, which was the one that was procured by the Convention Center Authority several years ago under the RFP (Request for Proposal), which we won and then bought it. And part of the operation was, "Please use this building, which was on our property, to operate this LVCC loop." And so, we did that.

In the documents there's a license agreement that was put together for use of that building, I think to be just good stewards of public resources, to have an agreement of how we can use it, et cetera. And that is a nominal license fee of \$1000 per month. That very well could be \$1 per month. It's a nominal number, just put in there. And the entire basis of use of this building is to support the LVCVA, the LVCC loop.

TBC owns seven other properties in Clark County, through a subsidiary. And we could easily use our own private property, which we pay property taxes on, to support the part of Vegas Loop that we own. We actually do that in a number of ways already. This building is there for the Convention Center Authority. The use of this building is there for the Convention Center Authority, 100%. Let's just say, if we were operating in the entire Clark County Loop and the City Loop, we would not choose that location. We've chosen other locations. We would not choose this level of building. It's a 60-year-old building. If you looked at replacement value that the Assessors use, that's for a nice brand new warehouse. I even question the high value of it, but in general, it's for a brand new, great, awesome warehouse, which would probably be a lot better than what we have.

So, just assessing it in general, is unquestionable because it's purely for an exempt use. And then, assessing it at such a value is also questionable, because we don't believe it has that value. If it were to be assessed and the exemption part would be ignored, which we don't agree with, we submitted in the appeal that \$550,000 was the value, which is a combination of, what it might be rented for or what it could be replaced. So, that's on the warehouse.

With respect to the tunnels, part of the collaboration we talked about, and we appreciate the Assessor in learning about our tunnels, and that our tunnels are not the typical construction tunnels historically. In fact, the country has hardly seen any tunnel construction over the past 20 or 30 years. If you look at who has constructed tunnels, it's only been our company. And so, the cost of tunnels in the guides, the Marshall & Swift guides are not even close to reflective of what our tunnels cost. And the Assessor has been accommodating to that, so we appreciate that. However, the cost used does not factor in, in the assessment, the economic obsolescence of the tunnels, which, Stephanie alluded to.

So, what we've done is, we've attempted to collaborate with the Assessor on, understanding the economic obsolescence of the system, and how it operates and how it's not currently fully built up, it's partial, it's still trying to figure it out. It doesn't make any money, et cetera. We had put together some very rough discounted cash flow models to just show quickly that it's not there yet. The Assessor has included in the packet modified versions of those models, which, have some issues that some things we take issue with. The models are not fully informed of our operations, which, the models that I brought today, show our actual costs of operation, from our accounting systems. And then, the models also have some assumptions that involve crazy high growth in some cases, miscalculations of what actual fees are and how they relate. Some knowledge that you would not have unless you were in the operations, granted, but it is nonetheless incorrect.

I think we all understand that any discounted cash flow model can be manipulated in a number of ways, to get any result you want. There are a number of levers that can do this, primarily the weighted average cost of capital, the leverage and the growth rates of the various inputs. So, in making this point, I provided in the attachments, three models, one I call conservative, one I call aggressive, and one I call very aggressive, that I've just changed all the numbers around and I've gotten various results. So, the point is that you can make these models say anything you want.

The Assessor has chosen numbers in the models to make it approximate the assessment that was made. I've presented to you models that show zero value. If someone wanted to show 10, he would show 10. It's easily done, as you know that. It does however show that the current operations are losing money. \$4.6 million if you include the direct cost of operating the loop, you subtract—you take the revenue of the loop, you remove all the LVCVA contributions, which by the way, whatever revenue we're charging them is what it costs us to provide that revenue. And then, you show that we have built up, in any business, you have your variable costs and your fixed costs. Our fixed costs are still very large. We have personnel that are not just drivers and attendants, but they are operators of the control center. They're mechanics of Teslas. They are software engineers who build the software that manages everything and is going to be able to manage everything. We also have overhead like, insurance. We have to insure 100 plus Teslas. We have to have liability insurance to satisfy the county. And in general, a good business practice.

We have to have shared services with human resources and finance, to help operate the loop. There's a number of costs in that document that are provided. When you bring all those in, the operating costs are still quite largely negative. And in the future, we hope that they will not be. That's the whole point. Because, this is a long-term project, 50 years, if you look at the actual agreements, but they could last longer. In the back end of that timeline, this will be making money and generating returns. That's the whole point of these projects, we believe. But in the front end of those, you have to have that investment period where there is a large amount of economic obsolescence, until you can get to that point.

And just another aspect of the DCF, the county has discounted, not in the sense of the cash flow but, they've discounted what we've used in terms of construction costs, because they believe you have to take the system as is today. Mike will talk about it more, but there's really no one who's going to buy that as is today. And the investment required is important. In the county's model, they have included vehicle financing. They've included cost of different capital structure, but they haven't included the cost of the construction financing, which we very well could include as a cost, but it would just be like manipulating the structure of the entity, which is not required to show this.

And then lastly, the cost of capital. The County has used 7%, 8% in their model. If you look at the attachment I provided, I provided a calculation of the cost of capital using the CAPM model. If you get to a 7% cost of capital, at today's risk-free rates and cost of equity, you are implying that the beta or the risk, the volatility of that project, is that of a utility like SoCal Edison or Xcel Energy. That is not the beta of this project. This project is still at high risk and that's why it's private-funded capital that expects future returns. That cost of equity is very large. And so, what I would say is, probably one of the closest things you could find in the public markets is maybe a cruise line, where you have to put a lot of CapEx into building your fleet, and then hope that people come, which is kind of what we're doing. You're talking about betas of two to two and a half.

And so, if you use something like that, you're talking about a 14% cost of capital or more. And it probably is actually a lot more, but just being generous here. And if you apply those cost of capital to the model, they start to show very little future value. And so, these are all just a number of details, very in the weeds details of these discounted cash flow models. I just want to throw out there saying, we cannot project too

far. We cannot make too many assumptions. The facts are, the costs are there and we agree upon the costs, but the economic obsolescence is way higher than the cost. And for that reason, we believe the tunnels should not be assessed at all. And we'd be happy to revisit this when the economic obsolescence factor goes away. And that's not today. So that's the company's view.

In going through that, we're back to square one of the approaches, and I'll let our appraiser, Mike Welch speak next on high level stuff.

MICHAEL WELCH

Morning, Mr. Chairman, Members of the Board, my name is Mike Welch. I'm an Independent Real Estate Appraiser with Integra Realty Resources. Formerly the Head Valuation for JLL (Jones Lang LaSalle), and on the Global Board Valuation for JLL. I spent about 35 years of my career valuing largely for infrastructure projects. I've appraised a little over 3,000 subsurface easements and facilities. They have standard appraisal methodology, which you're all aware of, but some things are a little different. And today we're going to about something that's very different.

Oftentimes when an appraiser represents a company in a tax protest, they do so on a contingent fee. It makes them part of the team. I've never in my career accepted a contingent fee. I don't have one today. Nor will I ever do that. I'm not part of TBC's team. I'm here to talk about the value of this property, and how it should be taxed. And I don't have a dog in their fight, so I'd just like to lay that out there.

This property is currently unique, but the valuation principles are not. Today we're talking about a subsurface tunnel for transportation. Originally designed, well, the thought process is, this will be used as part of a Hyperloop, which will be the newest form of transportation since flight. Now, they haven't figured that out yet, so they're using Teslas to run through here. But you folks are having the privilege or the difficulty of being the first people in the country, to deal with these tunnels. And so they are unique, and it requires some special consideration. Now, Clark County, uses the cost approach. And the cost approach doesn't always measure some of the market influences, that Mr. Prakash was talking about, but also says you have to consider depreciation, which is almost irrelevant here because these are brand new, but obsolescence. And here that is going to be significant. Because the tunnels as they exist today, you do have functional and economic obsolescence that creates nominal value. I believe in the future these things are going to have value when the system's built out and it's more complete. But as it sits today for this tax year, there's been more money spent than it can ever recover, set obsolescence points to a negative number.

So, when we talk about there being no other of these in the country, this system, as it's designed as you see on the map there doesn't exist today, we're talking about a really small piece. And so part of this obsolescence, it's really functional in that it's not a complete system. You still have to build a control center, whether you're doing three cars on one mile or 3,000 cars on 70 miles, and you still have to have a tunnel even though you don't have ridership yet. Because of the agreements that were in place and because of TBC's attempt to build this proof of concept, they start at the Convention Center, which was great and serves a purpose.

But I think we all understand this facility is really not going to have its full value until it attaches the airport and the strip and everything in between. And then the ridership can grow to a level to erase that obsolescence. And so today I want to talk a little bit about— I want to also echo what Mr. Prakash has said about the county and their collaboration. We met with them four months ago. They were very gracious with their time because this was something that was new and unique, had great conversation back and forth about the uniqueness of it, the difficulty in valuing it. I've been in situations where things have been contested Mr. Bonesteel and his team where they were great to work with. I disagree with

where the two parties are right now, but have no disagreement with how the county acted and their stewardship.

So, when you talk about the cost approach as a system, it is true these tunnels have a cost. They have an extreme cost. So much so these are almost always done as public-private partnerships where an entity will go in, build the system under some sort of tolling agreement and then they're allowed to get their money back. And once they do that, then they have a sharing agreement. But that didn't happen here, largely because I think a timing of getting through certain government protocols and development that way takes longer. And I think TBC is trying to get this done quicker and to get it moving forward. And so, it doesn't satisfy the normal techniques you would see for a public-private partnership when you build something like this. So, we have private dollars being spent on what's really a public infrastructure, but they will derive a profit for it at some point in the future.

So today I think you're going to see a competing DCS, which I think is probably one of the most boring things from a valuation standpoint, except when we have a panel full of appraisers, it gets a little more interesting. And so, Mr. Prakash is going to have his numbers, the county's going to have their numbers and I will submit to you that the initial information given by TBC was intentionally general in nature because they thought that would solve the problem. It didn't. So, there's some new numbers that the county's now aware of that are actual, but I think you should spend some time looking at the discount rate. Because we're talking about the discount rate having one of its major elements as being risk. Now we're talking about a system that someone's building, in this case, TBC that's using cars that are Teslas and use an operational system that no one else right now in the United States has the ability or the gumption to go do.

And so, when we're talking about risk, who's going to take this over? If we're talking about a casino operator, a lot of people would step into your shoes, maybe not currently, but typically, a lot of people would step into your shoes. If you have an office building or multifamily, a lot of us would step into that ownership position because we see the return. Here, if I took over this tunnel, I don't have the ability to build it. Because I don't have their tunneling machines, I don't have access to the Teslas, but I guess I could buy them. I don't have the software and the necessary technology that manages these autonomous driving vehicles when they do that. And so, there's extreme risk in this system because it doesn't exist anywhere else in the country, has no proof of concept. This is the proof of concept and we don't know who the market would be if this thing were even available to be taken over by someone else.

So, when you look at the two different DCFs, I urge you to focus on that discount rate. I heard some solar farm discussions around 13% or 14%. Those are proven commodities with lots of operators that know what they're doing. This is not, so I think it could be something even higher than that, which really pushes those numbers well below any type of nominal value. But I do want to say— I want to make sure I've made this clear. I think this thing will make money in the future, but when you value it on a tax year by tax year basis, I think it's incumbent upon the county to look at it how it sits today, where it's an incomplete system and the ridership does not cover its cost. Next year you look at it again and next year and so on, but right now it doesn't make that money.

So, I urge you to look at that, measure the risk of this DCF compared to the others. Because when we're talking about these tunnels that you guys are now valuing, there's one in Hawthorne, California, it goes under roadway. It was a test tunnel. They understood the value was nominal and I believe the county acknowledges that when these tunnels, their easement areas are underneath roadways and things that can't be used for other things, that has nominal value. There's one in Austin which ties the Tesla factory to their delivery standpoint on the other side of 130, the Texas Department of Transportation understood that had a nominal value, both the easement area and the tunnel that's in it. It's been looked at in Los

Angeles, the Department of Interior looked at it in Washington, D.C. on a potential project to move some certain individuals out of Washington in a hurry through some federal lands.

And when you do something by the federal yellow book, it's the before and after and they acknowledge that this land and the tunnel under it had no impact on the before and after of say a national park at grade a nominal value. You guys have the first one that will ultimately be a transportation system, the first in the country. And so, I think that in order to accurately measure the taxable authority or the taxable liability, DCFs out into the future becomes speculative in nature because now we're talking about what's the ridership going to be when it's built. I don't believe that's the charge. On July, what was it? It was a partially built system that has front loaded costs because of the cost of building your control center, your tunnels and getting in operational, so it loses money. When it makes money, then I believe those things will have value.

So, I you to look at that when you talk about risk. When I talk about there not being any more in the country, that also means I can't bring you any sales of these. I can't bring you any rents of these because they don't exist. Because there's not a buyer that's stepping into their shoes right now to operate this facility. So we're not in a market county, but those market forces do apply to a cost approach when you consider obsolescence. So if we don't have a buyer for the system, we don't have anyone we can rent it to, then that affects when you measure the risk and the obsolescence. And so, I acknowledge that Clark County is a cost approach, but those market forces do impact when we measure obsolescence. So currently, I don't believe it has a market value by the cost approach or any other system. The DCFs are going to show you the tunnel system as it's currently built is negative or nominal and it's six miles.

That makes sense. But I do want to be on record that I'm not saying these tunnels won't ultimately have value. I believe they will. I just don't believe partially constructed with a front loaded cost clears the economic hurdles to be taxed now. So I would agree with Mr. Prakash that the current tunnels as they're built and as it sits, have a nominal value acknowledging that's as of this July, and I would look at it again next July and the following July, but for the previous years and to date, I don't believe they have value that satisfies a market even by the cost approach because of the extreme economic obsolescence, which is largely part of the risk and the lack of ridership. Pause there for any questions.

TERRY FARR

Thank you. Does that conclude your case?

MICHAEL WELCH

Yes, sir.

TERRY FARR

Mr. Bonesteel.

JEFF BONESTEEL

Jeff Bonesteel for the Clark County Assessor's Office. All right, let's get through the dueling DCFs first and then we'll answer some of these questions. So, we already talked about the costs. They're really not arguing the costs, we're using their costs. My consolidated DCF begins on page 360, but I want to refer you to— Let's see, says 360. I want to refer you to 359 first and I broke down what this appeal encompasses. If you look up in the upper left-hand corner, this is Boring analysis per tunnel and this was the information that we received back several months ago that we created our DCF off of. So, these are just general numbers, just give you an overview where they have the negative numbers and then based on our cash flow, the values that we put on for the different tunnels.

So, we have the—Below that on the left-hand side, we have the possessory interest values is what they're broken down to per account number. So, we have a total value of \$19,145,962 on the total system, including the building, which is the last one on there. You can see where it says control central industrial building with the 1.662 acres of land and then they see our DCF and how that breaks it down per the information. We are recognizing that the control building is part and parcel to the operation of the tunnels. So, we didn't add any value to that in our DCF, but our overvalue came into \$21,843,000 [\$21,843,475] and some change.

So, a cash flow analysis with the original construction cost, including estimated time to recoup costs, was provided to us to support a negative value on the operation of the loop tunnel system. And that's on page 247 and 248. So, if we go there real quick, this is what we originally were provided. We requested all this information that is on the new one that we got today and we weren't provided it. So, what we were provided several months ago when we had our meeting was what you see on 247 and 248. So very rudimentary breakdown. On the Resorts World, we see ramp up costs. On the fares, it goes from \$150 to \$500 to \$660, which is about a 233% increase from year one to two and then about another, I don't know, it's like 30 or 40% increase for the next year and also ramp up on direct personnel costs.

If you look at the other tunnels that were valued, there's no ramp ups, there's no change in the values going forward, and they did have the—They have front-loaded the construction costs. So, we did not front load the construction costs on ours because we're trying to figure out who would buy these, why would they buy them, would Resorts World buy it, would Encore buy it? I mean, they're providing people to their access to their resorts from the convention center. It could be conventioners, could be people going to conventioners, could be exhibitors. We don't know.

So that's where the major difference is. So, my discounted cash flows on 361 and we did look at them as a system. Let's see, a complete—We looked at the operational tunnels as a system together, so we did combine the numbers they had do the ramp ups— Sorry, 360 is the overall. Did the ramp ups. There is a mathematical error. It's just on the reporting on the direct personal expense growth rate. We did a ramp up of 200% in the first year and 4% in the second year. You can see those numbers going up at that rate even though it says 2% above that.

Sorry, go off my script. The revenues and expenses from the appellant's report were used by the county to create a 10-year discounted cash flow on the operational tunnels for the sole purpose of testing our cost to value against the market for potential economic obsolescence. Revenues and expenses were consolidated due to a single cash flow as the loop tunnels are being looked at as a system. Initial ramp up numbers reported by the appellant for the Resorts World leg, again on their original form that they gave us were applied to Encore and Westgate tunnels. After the two-year ramp up period, a conservative growth rate of 2% was applied to the remaining years of the cash flow to account for inflation. Based on estimated stable revenue stream and increased future size of the system, a discount rate of 8.5% and a terminal cap rate of 7% were used. Based on the county's DCF and the pre-tax terminal value of \$12 million and some change of the three operational tunnels and the control center building required for the daily operation supports the county's taxable value of \$9.6 million for the same three assets.

The county also estimates that since no economic obsolescence is justified for the completed tunnels that no obsolescence should be attributed to the tunnels under construction. So based on the information provided, we're holding the value or we're recommending holding value at \$19,000,145. So, a lot of other information was brought up into who would buy this. So, Encore's Tunnel is completed. It is currently valued at \$1.9 million. Resorts World tunnel is completed. It's currently valued at \$1.8 million. There's ridership numbers out there. These casinos know who isn't coming in and once they get them in the door

besides room rates, gambling, dining, that's a projectable asset for them to coming through their building that they're dropping cash on.

Again, we don't have ridership numbers, we requested those. We have not received them. But if we want to ask a question of who's going to buy it, I mean, Resorts World or Encore could potentially buy these and pay whomever to operate them. We talked about a proof of concept. I think it's been proven by the operations at the LVCC. It's been open for multiple years. We heard earlier how— I mean, what the ridership number was on them. Granted, when you're having people jump in a car for free instead of walking two and a half miles to get from one hall to another, that's pretty attractive. But that's where we're at. We're holding value based on the information provided to us and how we didn't front-load their costs and we tried to use their own projections on ramp up and made a push in the future at basically an inflation rate.

TOM WALUSEK

Just a quick note that the terminal cap rate of 7% was actually in the discounted cash flow that they gave us, seemed reasonable. Secondly, their discount rate was also the discount rate that they gave us. We did our level best to actually provide a present value of the property, which means all of its future value brought back to present value. We didn't go back in time and include costs that had already been spent, which was what was first presented to us on page 247.

So, we actually took a present value and projected it forward based upon the numbers that had been supplied. Now, today we are seeing considerably different numbers and that's fine, that's fine. 15 minutes ago or the truth why I was late coming down here, I was looking at this for the first time. The only thing that stood out to me is that I think, and Jeff can correct me on this because he's really the expert here, but as part of their franchise agreements, they're anticipating or expected to have fully autonomous vehicles that they're going to be using here because of some recent delays and such and so forth.

That's now not going to probably happen until the AI five boards come out for the new models in 2027. We expect that, but I would just draw your attention to any one of their cash flows and the conservative aggressive or very aggressive models that you have in front of you where they have a direct personnel and an indirect personal cost, which is almost as much as the entire revenue that they have at some point along the line. And I don't know when it would be or that's not what we're here to determine, but you would think that at some point in time they're going to be trying to eliminate that 90%, 95% expense by utilizing the technology, which they're so well known for, but that's not attributed to this cash flow in any way. So that's just an omission to me that needs to be discussed. But anyway, thank you so much.

STEPHANIE JONES

Stephanie Jones with the Clark County Assessor's Office. I just wanted to make a comment about a project under construction. As an example, we had the Fontainebleau on our record. We put it on in 2009, 2010 at 50% complete. We had it on our record at 50% complete until 2023/2024 when they started construction again on it. So, for all those years we had that property paying taxes and our taxable value included a 50% complete building. And then finally in 2024/2025, we've added all the buildings up to 100% complete and now the Fontainebleau is open. Daily, we add homes on, we add commercial properties on at a percent complete as of July 1 of that fiscal year. So, I just wanted to make a comment on a project under construction. Thank you.

MICHAEL WELCH

Can I make one response to that very quickly.

TERRY FARR

Actually, you can do a full rebuttal on what the Assessor's Office said.

MICHAEL WELCH

Just really quick on that particular point, a casino that's partially built or a home that's partially built, there are hundreds of casino operators that would step into those shoes and build a casino because we know they make money. There are thousands of home builders that can finish a house and they know that it can make money. As they pointed out, the technology necessary for these tunnels and these autonomous driving cars is owned by a total of one company right now in the United States. So, there's not a lot of people that can step into these shoes. So partially complete for these tunnels is vastly different than a casino we'd all love to own or home that we could all stay in. So, I don't think it's a direct, direct comparison. I recognize partial construction having some value to someone, but we need to remember here that it goes directly to the specific improvement we have here.

When they made the comment that they used a 7%, they're mirroring numbers that were used in our report. Those were used to show that even at ridiculously low discount rates, it didn't make sense. The actual numbers would be significantly higher, the discount rate would be significantly higher. The initial reports that 7% showed it still didn't make money. So, copying those and then changing the assumptions goes to Mr. Prakash's initial statement, which I couldn't believe he said where he said, "You can make a DCF say whatever you want." Now we know it's true, but you typically don't testify to that under oath. But if you use the actual numbers and we all know this is riskier than the multifamily or shopping center that you guys appraise on a daily basis, this would have a discount rate significantly higher than 7% or 13% or 15%. And when you put that discount rate on any type of DCF, this has nominal value because of its current status, not talking about the future, the current status.

ARUN PRAKASH

On that point, in the collaborative meetings we had, we discussed the discount rate as what Mike just said, and in fact there was another member of the Assessor team, Tom, I think that was—Yeah. There it is, yeah, we talked about that. Yeah, you indicated that yes, the discount rate is the key question here, and we agreed on that point. And the comment about we were not provided the information, again, we had a collaborative meeting, there was emails back and forth from Mr. Bonesteel and I attempted to respond to them, but they were not very clear. And so, we were going back and forth and then all of a sudden on Monday night we get the answers and now we can actually say, okay, this is what you meant to do. Here's actually what you wanted to do. And so that's the time crunch element.

The same thing happened the prior year, which our attorney mentioned. We met in August of 2024 and received the assessments without a peep since then in April and May of 2025, only a few days before the statutory deadline of May 15. That's why we want the prior year brought back. And there was no guidance on how to appeal in that notice, which you typically get. And I live in Texas, so I get that when I get my house, I get the guidance, but I don't know if that's standard, but it would be good to have just to know, hey, this is how you appeal given you only have a few days to do it. So those are the kind of things that were brought up. I just want to clarify that we're attempting to be collaborative here and to work together. It has to be on a mutual basis.

TIO DIFEDERICO

I'd like to ask just a question. I didn't read it all, but I see you have a management agreement in here pretty long with the Convention Visitor Authority. You have a franchise agreement with Clark County. Did you try to negotiate any abatement of taxes during construction? Well, because that was a lot of negotiating.

ARUN PRAKASH

Yeah, I wasn't here then. I don't know the answer to that. I don't know if Tiffany—

STEPHANIE GRONAUER

For the franchise agreement, I don't believe we ever did ask for an abatement of taxes and I don't think we're arguing that we're an exempt—

TIO DIFEDERICO

Well, I'm just saying during construction.

STEPHANIE GRONAUER

Oh, during construct— Not that I'm aware.

TIO DIFEDERICO

Did someone say, "Hey, how about— Don't tax us until we get this thing built?" I mean, so— Okay.

STEPHANIE GRONAUER

That sounds like a very smart thing we should have done.

MICHAEL WELCH

I think you're describing their plan that they're using in other cities now based upon what they're learning here that they're looking for that in advance. I think this horse got out of the barn before it was fully baked and ready to go, I think.

TERRY FARR

Well, before we go on with any Board Member questions, what specifically would you like to rebut about the Assessor's case?

JEFF BONESTEEL

I'm sorry, excuse me, Chairman Farr.

MARY ANN WEIDNER

Chairman Farr. Really quickly, I just want to make a couple comments before the rebuttal if that's okay.

TERRY FARR

Time out for you guys. Go ahead.

MARY ANN WEIDNER

I just want to address some things with the laws of our state because that's my role here for the board. First of all, we do have the bills and we can provide those to you. They were billed on April 9 of 2025 for their personal property, NRS 361.360 Section 3 says, "any taxpayer whose real or personal property placed on the unsecured tax rule was assessed after December 15, but before or on the following April 30, may likewise protest to the State Board of Equalization. Each appeal must be filed on, or before May 15. If May 15 falls on a Saturday or Sunday or legal holiday, the appeal may be filed on the next business day. A meeting must be held before May 31 to hear those protests." Anyway, it goes on. But basically, just like this Board has a deadline for filing an appeal, it would be January 15 of that year if the bill had come out before December 15.

But if it comes out after December 15, they do still have a provision to file to the state board. They did not do so. In fact, they had about the same amount of time that any other taxpayer has because the bills

usually get mailed about around December 15 for anybody that can file. And January 15 is the deadline for filing. In this case, the bills were sent out on April 9, and they had all the way till May 15 to actually file their appeal and they did not do so. So, I want to make sure we've cleared that up to know that we are not hearing the 2024/2025 FY. We are only hearing 2025/2026. We do not have an appeal that they filed to us for 2024/2025. We only have the appeal that they filed to us for 2025/2026. In addition, there was some comments about different states and so I just want to remind the Board that Nevada law governs these states, not California law, not Arizona law.

We do look to case law sometimes as we did in previous cases today to understand some things when we have unique properties. But specifically when it comes to nominal value, there are no laws in the State of Nevada that allow us to put a nominal value, which I'm not really sure what that means. Nominal value, I don't know what that number looks like. It sounds to me like exemption or abatement. There have been negotiations in our state with regards to— I know you're familiar with the stadiums that are currently one that's under construction and one that's already in operation where negotiations were made where portions of that are exempt, but some portions are still taxable. And so that is not a situation we have in this situation. So our exemption statutes are supposed to be strictly construed and we understand you may conclude to some kind of obsolescence today. Which you have all the privilege to do as the Board Members, but I want to make sure we understand what the laws of the state are. Thank you.

STEPHANIE JONES

And Stephanie Jones with the Clark County Assessor's Office. Just to add to what Miss Weidner said. The personal property tax bill is their notice of value. And on the second page of the tax bill, it does go over these deadlines. It goes over anything billed prior to December 15, the appeal on, or before the following January 15 to the County Board of Equalization. If the property is assessed after December 15, but before or on the following April 30, an appeal may be filed on, or before May 15. So their tax bill does contain that information.

ARUN PRAKASH

Just to respond to that, so we acknowledge the statute, we acknowledge the laws of Nevada govern. What I said earlier was that when we spoke with the county, Mr. Bonesteel told us there'd be three assessments for the complete total. And he was right. We received two of them in mid-April. Regardless of the dates, they arrive in our office mid to late April and the warehouse we received on May 1. Now we know the U.S. Postal Service is not extremely fast. However, I have received letters from the county that are dated one date. They say, "Please respond by this date 10 days later." And that date that they're asking me to respond by is the day I'm opening it.

So, there can be interpretation of when things are received, if we're digitally transmitting them, than they are received immediately. These were not digitally transmitted and no notice was given. Again, we had collaborated and said, we're going to get this done. Mr. Bonesteel said to us in August of 2024, "I'll try to have this done by December." And then in April, a mail comes in and no message from him saying, "It's been posted, FYI, I know it's late. Sorry, let's talk about it," or whatever. It's here it is and then never hear from again. So, we acknowledge the deadline has been missed. That's why we're respectfully requesting that something can be done about that. And we acknowledge we're in accordance with the deadlines for this year and that's why we're here today.

STEPHANIE GRONAUER

Quickly, to answer your question as to what our request is for this year and hopefully moving forward, this will set the baseline for how we move forward every year. We did receive Jeff's analysis Monday evening and Arun has worked quickly to rebut that and address that. And that's the information that we're giving you today. I'm sorry it's late and not in your packet, but the reason is we're trying to

understand how the county came up with their number and provide the right data. We can do that moving forward. We already report to the franchising department. Certainly we can provide that same information. I told Jeff that earlier today, so we'll provide him all the information and what we've given you today in the future moving forward. As far as the warehouse is concerned, we think that's an exempt property. If you're going to tax it because they're a for-profit company, then our argument is that the most it could be valued at is that \$550,000 that we provided.

And he put that analysis in the appeal how he got to that number. It is primarily used for the convention center, which is an tax-exempt entity. There are Teslas parked there and there is operation that trickles over into the loop system, but it's not the value that the county has assessed us at. As far as the tunnels go, the obsolescence makes it not currently valuable and I think it is different. That is the whole point of today is it is different than a casino. It is different than anything you've ever seen. And so, we're hoping your decision today sets that baseline for how you're going to look at it from the start and moving forward. We know we'll be paying taxes on it. It was not negotiated as part of the franchise agreement. So, there's no question that hopefully we wish we were paying taxes, we wish it was making all kinds of money today and we could tell you it's successful in making money. And at that point, of course we'll pay taxes on it, but right now there's not a value to those partially developed system.

TIO DIFEDERICO

I'm not making any motions yet, but the \$550,000 doesn't make any sense to me. That's \$27.50 for the building. If that's what it's worth, I'll buy it right now because it's definitely worth more than that. So that's not a real number.

JEFF BONESTEEL

I did provide a cap summary for the building on page 364. And there are photos of the aerial images of the building between 409 and 412.

STEPHANIE GRONAUER

I think they valued it about \$1 a square foot or around there. It's just not the same as a normal industrial building. It's not out of there on the market because owned by the LVCC, they are charging \$1,000 a month just to charge something and have a license agreement. But they can take that building back and use it for their own use at any given point. In fact, right now, it's difficult to get in there because the whole parking lot is filled up for ConExpo. So, it's not your normal market warehouse that you can go buy right now for \$1 per square foot.

TAMI CAMPA

I'm looking at it not as particularly risky. I think it's— Most people are looking at it as a big win, a big winner and exciting and you have a long-term franchise, I'm making notes, agreement, long-term franchise agreement. Your stations are tied to major resorts. I thought you have guaranteed contractual revenue at some point. I mean, right now you're partially— I wouldn't look at it and think, "Oh, this is really risky." Just because one person is doing it, that's not unusual for the person who's doing it. So, I think— I don't see a whole lot of risk. Anyway, I'm not making a motion either, but that's my thought at the moment.

GLENN ANDERSON

Can you tell me where, if you summarize the cost of the tunnels in your packet?

JEFF BONESTEEL

Yeah, it's on, I think 359.

GLENN ANDERSON

Which one?

JEFF BONESTEEL

Page 359.

GLENN ANDERSON

359, okay, thank you.

JEFF BONESTEEL

If you need more clarification on that, just let me know.

GLENN ANDERSON

So that's just a bulk number. I mean, where did that come from?

JEFF BONESTEEL

So, they provided me their costs and I put in their cost sheets.

GLENN ANDERSON

I mean, has there been any depreciation factor against this number yet or?

JEFF BONESTEEL

There is state-mandated depreciation into that number, but that would be all of it. So, some of the tunnels were built in 2024/2025—

GLENN ANDERSON

Okay.

JEFF BONESTEEL

—But that's basically the cost that was provided to me by TBC.

GLENN ANDERSON

Okay, so that's basically—So account 177, 178, that was information provided to you by the Board?

STEPHANIE JONES

Stephanie Jones with the Clark County Assessor's Office. We do start—we built a cost using Marshall & Swift. That's how we establish our taxable value. They submitted their costs for the tunnels and Mr. Bonesteel made that reduction down to their costs. So, we are using their actual costs per ring. He knows a little bit more about it than I do as far as that goes, but these are built per ring, so he's got a cost per ring and that's how we value them. We've reduced all of our cost value down to their cost and then our statutory depreciation on top of that.

JEFF BONESTEEL

Yeah. Jeff Bonesteel for the Clark County Assessor's Office. Their costs are on page 413. What we did, we really broke these down. So, what these are, they're 13.5 foot diameter by 5 linear feet, constitutes a ring. So, all those rings are bolted together and then they're finished off with fire suppression, lighting, electrical, blah, blah, all that information. So that information is on their sheet of what their cost is.

For on this year, for as of July 1, 2025, they're showing a \$4,109 cost per ring. Now, if you look at the very top, you'll see RW (Resorts World) phase 1,457. Those are the number of rings in that portion of that

tunnel. For the Resorts World tunnel, there's 457 rings, which comes to a \$1.9 million cost. And then I think I stated earlier, we have with the state mandated depreciation for that Resorts World leg, we have \$1.881 million.

STEPHANIE JONES

And again, Stephanie Jones with the Clark County Assessor's Office. We have these split into two unsecured accounts because of the tax districts. So, we're billing for different tax districts. Just so you can understand that.

GLENN ANDERSON

And I know we talked a lot about the discount rate. I was kind of surprised there was some— Tom, you said that you used his discount rate, but you said that discount rate should be way higher, which I kind of agree with. What kind of discount rate would you put on something like this?

MICHAEL WELCH

I think it would be north of 15. I don't know what it would be, but we use office buildings, multifamily, we do some risky investments at 10 and 12s, and this is something different and it's partially built. So, I think there's some speculation as to what it's going to look like in the future. And as I said, those low discount rates were used to show even at that low rate, it didn't make sense. And so, it kind of is a test of reasonableness. And I don't know where that number would have to get before it would make sense, but it doesn't make sense at any reasonable number yet.

And I want to state that, again, I'm not saying this property should be exempt. I'm not trying to violate a statutory—I'm saying that currently it's value is nominal, say a thousand bucks, based upon standard DCFs and discount rates that would be appropriate. I do believe, as commissioner said, in the future, this thing's going to make money, but it's not yet. And this is the tax year we're talking about. I don't know anything about Cambridge, and I wasn't involved there. And I don't know about previous tax years. But for this tax year, on these tunnels, they have a nominal value until the system's built out, gets bigger, and has more ridership.

STEPHANIE GRONAUER

And just real quick to mention state law, there's nothing in [NRS] 361 that says you can't value something at a nominal value. I think that's the analysis we're asking you to look at, is what obsolescence, I am the worst at saying that word. Sorry. What's appropriate for this project right now? That's what we're asking you to look at. And we know it's the first that you've ever seen. It's the first that we've ever seen. This is the first of its kind, so we know it's unique, but there's certainly nothing in NRS 361 that says you can't value it that way. The question is does it exceed the full cash value? And yes, it does, \$19 million is beyond what someone would pay for these tunnels right now.

TAMI CAMPA

The contractual rent is guaranteed. If you're building a house, you don't have that. If you're building a casino, you don't have that. You have risk because you don't have the county guaranteeing something. I just don't think it's that risky. That's my opinion.

MICHAEL WELCH

There's no financial backing.

ARUN PRAKASH

What contractual right are you referring to?

TAMI CAMPA

And I know you're saying now we're looking at right today, but you have a long-term financial agreement. I was listening to when you were talking, your stations are tied to major resorts. I just don't think it's that risky. That's my opinion.

ARUN PRAKASH

There are no long-term financial agreements. There's only—

TAMI CAMPA

Franchise agreement.

ARUN PRAKASH

Pardon?

TAMI CAMPA

Franchise.

ARUN PRAKASH

That's a right to construct. That's not a right to generate revenue. The ridership generation is purely our ability to attract riders to provide a service that's useful, more useful than their alternative. And to deal with the standard business risks. There's no guarantee that that will generate anything. In fact, if we were to stop now, people would be—That's not that useful. Read the news articles. They are saying TBC has not done anything useful.

In the future, when we have the rest of the county and the city connected, I believe it will be useful, but there's no guarantee to that. And the agreements we have with the casinos and the resorts are low dollar fee operator agreements that are, I think, one year. They renew annually. And same thing with the LVCVA, though not germane to this agreement, is a one-year agreement. And so, everything is at risk. If the world changes in a year, we have just a lot of concrete underground and nothing to show for it.

TAMI CAMPA

I just don't think there's a big risk that you're going to stop doing it also.

GLENN ANDERSON

Well, can I ask, how do you go about getting the right-of-way? So, do you have right-of-way set for this entire map?

STEPHANIE GRONAUER

Yes. So, the franchise agreement allows us to construct the tunnels under the right-of-way, and the county will receive money through the ridership. So that's what that agreement says. So, at the very beginning when I mentioned, we provide quarterly reports to the county on the ridership and they get a percentage of that. We're not yet profitable. The last quarterly report was just over \$200, so it'll be profitable at some point and that benefits the county, obviously, and also TBC and the general public. This really is a project that benefits the public and the people that are going to use this system. It's just unique because it's a privately funded public transportation system, which you don't see very often. And we probably should have negotiated something in that franchise agreement to handle the taxation issue. Unfortunately we didn't.

And so, this is unique and different and new, but I do think it really does warrant your consideration. Because the risk is on us 100%. Us, meaning TBC. There's no risk to the county. The only risk is if we did

stop building, we'd have to do a deconstruction plan, decomposition plan just like casinos do. But that costs us money too. So really the entire risk is on TBC, and we're confident that it will be successful and I wish we weren't here. I wish we were paying taxes on a highly profitable system. We're just not there yet.

MICHAEL WELCH

In response to Board Member Campa's point, I think we were unclear. We have the right to construct and build those stations, but there is no guarantee of the revenue. This is being built entirely at risk by a private entity, which is what makes it so different. The — what Mr. DiFederico was talking about where we should have had or should consider in the future, private-public partnership. So, they have the right to be there, but there's no guarantee of revenue. So, this is being built entirely at risk. So, every mile that goes in adds to the risk of TBC until the ridership reaches the level to justify those costs. So, it is entirely built at risk. You may think it's a great idea. I do too. It's something new and different, but from a risk profile, it's never been done and there is no guarantee of ridership. They have to attract them through efficiency. They have the right to build it, but there's no guarantee of income.

TOM WALUSEK

Tom Walusek for the Clark County Associate's Office. I think there's some talking past each other on some of these things and I'm going to respond to a comment by a Board Member Anderson when we're talking about discount rates, for example, that were used.

The information that we were originally presented with was cash flows based upon the three completed tunnels that they had. What was included in those cash flows were the costs to construct them. No, the person that would be interested in buying the property would be looking at the revenue from now for the next 10 years. As it turns out, using their numbers, we were able to construct the cash flows that Mr. Bonesteel has presented to you that clearly show the three completed tunnels have significant value. Now that having been said, we added to that the replacement cost, new, less depreciation for the uncompleted tunnels.

Yes, it's all one part of the system, but the new cash flows that we have in front of us, and I'm not saying it's wrong, I just want to be clear that we're comparing apples to apples here on this, include the ever-growing expansion of a system and all of the costs that are involved. Well as an entire system, even to say, well, there could be some risk and on it on and on. They're saying, "There's tremendous risk. We don't know if we're going to have revenue." Well, they clearly presented evidence that the three completed tunnels are making excellent money, and at that point I think that saying it's tremendously risky for the ones that have already been completed, it kind of misses some of the analysis and mixes some of our terms.

But the way that Mr. Bonesteel has constructed this, I think was appropriate based upon our looking at each individual constructed tunnel, ignoring the LVCVA and saying, "Okay, based upon that, these things do have value." To say they don't have value when you yourself have provided the revenue and the expenses to indicate they have millions of dollars of value, seems disingenuous along that line.

Now, if we include all of the future potential costs, \$10 million, \$50 million, \$70 million a year and such and so fast, as they continue to build out the 185 miles or whatever it's going to be, that's a different analysis. That's all I'm trying to say, is that we don't want to compare the two on discount rate or risk on something that's completed, running, working, making money with the entire system as it's going to reach its full build out. Thank you.

TIO DIFEDERICO

I have a question for the Assessor just on the numbers. So, the recommended number for the warehouse is \$2,578,943?

JEFF BONESTEEL

Yes.

TIO DIFEDERICO

And the tunnels is \$17,370,397?

JEFF BONESTEEL

Yes.

TIO DIFEDERICO

So, the total is \$19,849,340.

JEFF BONESTEEL

Correct. \$19,145,962.

MOTION

TIO DIFEDERICO

Okay. In my opinion, this company's run by what's supposed to be the smartest man in the world. And if he didn't feel it was necessary to negotiate abatement for taxes during construction, then he didn't feel it was important, and I think he had to know if they going to get taxed. And I don't think they're over-assessing them. They're assessing them at cost, less depreciation. So therefore, I make a motion that we accept the Assessor's number and deny the appellant based on the information provided.

TERRY FARR

Motion has been made. Please cast your votes.

VOTE

VOTING AYE: Terence J. Farr, Glenn Anderson, Tami L. Campa, Tio S. DiFederico,
Heidi Meidenbauer

VOTING NAY: None

ABSENT: None

ABSTAIN: None

TERRY FARR

That motion passes. You do have the right to appeal.

STEPHANIE GRONAUER

Thank you. Appreciate your consideration.

TERRY FARR

Appeal forms are outside the door. We are going to take a ten-minute recess before we call the next case.

Recess taken at 11:05 a.m.

Reconvened at 11:15 a.m.

FINAL ACTION:

Accepted the Assessor's recommendation (for no change in the total taxable value of \$12,235,061) FY 2025-2026

PETITION 22: THE BORING COMPANY

Parcel Number(s): 230178
Petitioner Duly Sworn: Michael Welch, Stephanie Gronauer, and Arun Prakash
Document(s) Submitted: *See Attached*

DISCUSSION:

Testimony heard with Case 21.

FINAL ACTION:

Accepted the Assessor's recommendation (for no change in the total taxable value of \$6,298,572) FY 2025-2026

STIPULATION



BRIANA JOHNSON, CLARK COUNTY ASSESSOR

500 S. Grand Central Pkwy. 2nd Floor, Las Vegas, NV 89155
Office: 702-455-4997 | ClarkCountyNV.gov/Assessor

MARY ANN WEIDNER
Deputy Director of Assessment Services

MELISSA MARTINET
Deputy Director of Assessment Services

Value Change Recommendation for the State Board of Equalization

June 22, 2026
BORING COMPANY THE
130 WALKER WATSON RC
BASTROP, TX 78602-3170

RECEIVED
SEPTEMBER 28 ,2026
STATE OF NEVADA
DEPARTMENT OF TAXATION

RE: Appeal No(s). 26-116
Account No(s) 230177, 230178, 230491
Account Count 3

Dear Property Owner,

The Appraisal Division of the Clark County Assessor's Office has completed the review of the taxable value of the above property under appeal. After careful consideration of the facts involved, we are recommending adjusting the taxable value as follows:

Fiscal Year:	2025-2026	
	From	To
Personal Property	\$19,145,962	\$8,979,456
Exemption	\$0	\$0
Total Taxable Value	\$19,145,962	\$8,979,456

By signing below, Petitioner agrees to the above recommendation. This recommendation is subject to approval by the State Board of Equalization. Please return this letter to our office before your scheduled hearing. You may mail to the above address or FAX to (702) 455-0191.

Sincerely,

Jeff Bonesteel

Appraisal Division

I HEREBY AGREE TO THE VALUE AS RECOMMENDED ABOVE FOR MY APPEAL TO THE STATE BOARD OF EQUALIZATION:

x Tyler Fairbanks
Signature of owner or authorized agent

DATE: 9/16/26

SBE NOTICE OF HEARING



STATE OF NEVADA
DEPARTMENT OF TAXATION

MAIN OFFICE
3850 Arrowhead Drive
Carson City, Nevada 89706

JOE LOMBARDO
Governor

GEORGE KELESIS
Chair, Nevada Tax Commission

SHELLIE HUGHES
Executive Director

September 24, 2026

STATE BOARD OF EQUALIZATION
NOTICE OF HEARING

CERTIFIED MAIL– 9489 0090 0027 6528 6949 87

PETITIONER:

The Boring Company
Arun Prakash, Chief Financial Officer
130 Walker Watson Rd
Bastrop TX 78602

CERTIFIED MAIL – 9489 0090 0027 6528 6949 49

RESPONDENT:

Briana Johnson
Clark County Assessor
500 S Grand Central Pkwy, 2nd Floor
Las Vegas NV 89155

DATE/ TIME: Wednesday, October 14, 2026 at 9:00 a.m.

PLACE: Nevada Department of Taxation
700 E Warm Springs Rd., Room 150
Las Vegas, Nevada 89119

ZOOM

<https://us02web.zoom.us/j/84349113453>

Webinar ID: 843 4911 3453

Phone Number: 1-669-900-9128

Please note this is an amended Notice of Hearing. This version corrects the month information incorrectly specified on the certificate of service.

Hearings begin on the first day. It is each taxpayer's or his representative's responsibility to be present when the case is called.

LEGAL AUTHORITY AND JURISDICTION OF THE STATE BOARD OF EQUALIZATION: NRS 361.360 & NRS 361.400

BRIEF STATEMENT OF MATTER: Appeal from the action of the Clark County Board of Equalization

Case No: 26-116

Account numbers : 230178 & 230177

The State Board of Equalization (State Board) will hear the Petitioner's appeal at the time and place stated above. Please be aware that the time is approximate and although you may be assured the appeal will not be heard prior to the stated time, be prepared for possible delays as several appeals are scheduled at the same time. If the taxpayer or his representative is not present when his hearing is called, the State Board will invoke the requirements of NRS 361.385 and NAC 361.708(4). The State Board may (a) proceed with the hearing; (b) dismiss the proceeding with or without prejudice; or (c) recess the hearing for a period to be set by the State Board to enable the party to attend.

Please be aware the State Board will limit its consideration to the issues and contentions set forth in the petition. Other issues may be heard if the requirements of NAC 361.745 are met.

Information regarding the rules of practice and procedure before the State Board is provided on the attached information sheet.

A meeting agenda will be posted on the Department's website (<https://tax.nv.gov>) three (3) days prior to the scheduled meeting. If you would like an agenda emailed or mailed to you, please contact Denise Mosely at (775) 684-2160 or stateboard@tax.state.nv.us. If a party wishes to obtain a transcript of any hearing conducted before the State Board, the party must pay for the transcript or obtain a copy from the reporter provided by the State Board at the party's expense pursuant to NAC 361.731.

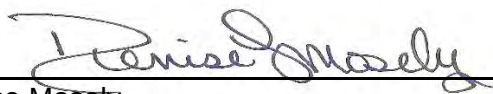
In compliance with the Americans with Disabilities Act, individuals needing special accommodations during this hearing should notify the Department at least 3 days before the hearing. In order to comply with the security procedures of the Department, you will be required to show identification and sign a visitor's log prior to entering the hearing room.

If you need an accommodation in order to communicate during the hearing, the Department will provide one at no cost to you. Arrangements for an interpreter should be made as soon as possible, but no later than 14 days before the scheduled meeting. Please contact Denise Mosely at (775) 684-2160 at least 14 days in advance to request an interpreter in your preferred language. You may also submit your request through stateboard@tax.state.nv.us.

Si necesita una ayuda para comunicarse durante la audiencia, el Departamento se lo proporcionará sin costo alguno. Los trámites para conseguir un intérprete deben hacerse lo antes posible, pero a más tardar 14 días antes de la cita programada. Por favor, póngase en contacto con Denise Mosely al (775) 684-2160 con al menos 14 días de anticipación para solicitar un intérprete en su idioma de preferencia. También puede solicitarlo a través de stateboard@tax.state.nv.us.

If you have any questions, please call (775) 684-2160.

Shellie Hughes
Secretary to the State Board of Equalization

By: 
Denise Mosely
Program Officer II, Boards and Commissions
Department of Taxation

CC: **CERTIFIED MAIL** - 9489 0090 0027 6528 8053 69
PETITIONER AUTHORIZED AGENT:
The Ferraro Group, LTD.
Greg Ferraro, President and Founder
165 W Liberty St, STE 210
Reno NV 89501

CC: **CERTIFIED MAIL** - 9489 0090 0027 6528 6950 07
PETITIONER AUTHORIZED AGENT:
The Ferraro Group, LTD.
Barbara Smith Campbell, Principal
165 W Liberty St, STE 210
Reno NV 89501

CC: **CERTIFIED MAIL** - 9489 0090 0027 6528 6949 94
PETITIONER AUTHORIZED AGENT:
Kaempfer Crowell
Stephanie Gronauer, Attorney
1980 Festival Plaza Dr, Suite 650
Las Vegas NV 89135

**STATE BOARD OF EQUALIZATION
NOTICE OF HEARING
CERTIFICATE OF SERVICE
26-116**

I hereby certify that on this day I served the foregoing document upon all parties of record in this proceeding by placing a true and correct copy thereof in the United States Mail, postage prepaid, and properly addressed to the following:

CERTIFIED MAIL – 9489 0090 0027 6528 6949 87

PETITIONER:

The Boring Company
Arun Prakash, Chief Financial Officer
130 Walker Watson Rd
Bastrop TX 78602
Electronic email: arun@boringcompany.com

CERTIFIED MAIL – 9489 0090 0027 6528 6949 49

RESPONDENT:

Briana Johnson
Clark County Assessor
500 S Grand Central Pkwy, 2nd Floor
Las Vegas NV 89155
Electronic mail: bap@ClarkCountyNV.gov; meo@ClarkCountyNV.gov; lisa.logsdon@clarkcountydav.gov
Millicent.Washington@ClarkCountyNV.gov; Courtney.Moerschell@ClarkCountyNV.gov

CERTIFIED MAIL – 9489 0090 0027 6528 8053 69

PETITIONER AUTHORIZED AGENT:

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Greg Ferraro, President and Founder
165 W Liberty St, STE 210
Reno NV 89501
Electronic mail: greg@theferrarogroup.com

CERTIFIED MAIL - 9489 0090 0027 6528 6950 07

PETITIONER AUTHORIZED AGENT:

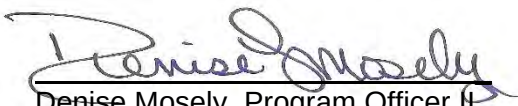
The Ferraro Group
Barbara Smith Campbell, Principal
165 W Liberty St, STE 210
Reno NV 89501
Electronic mail: barbara@theferrarogroup.com

CERTIFIED MAIL - 9489 0090 0027 6528 6949 94

PETITIONER AUTHORIZED AGENT:

Kaempfer Crowell
Stephanie Gronauer, Attorney
1980 Festival Plaza Dr, Suite 650
Las Vegas NV 89135
Electronic mail: sgronauer@kcnvlaw.com

Dated at this 24 day of the month of ~~June~~ September of the year 2026.


Denise Mosely, Program Officer II
Department of Taxation
State Board of Equalization



STATE OF NEVADA
DEPARTMENT OF TAXATION

MAIN OFFICE
3850 Arrowhead Drive
Carson City, Nevada 89706

JOE LOMBARDO
Governor

GEORGE KELESIS
Chair, Nevada Tax Commission

SHELLIE HUGHES
Executive Director

September 24, 2026

STATE BOARD OF EQUALIZATION
NOTICE OF HEARING

CERTIFIED MAIL– 9489 0090 0027 6528 6949 87

PETITIONER:

The Boring Company
Arun Prakash, Chief Financial Officer
130 Walker Watson Rd
Bastrop TX 78602

CERTIFIED MAIL – 9489 0090 0027 6528 6949 49

RESPONDENT:

Briana Johnson
Clark County Assessor
500 S Grand Central Pkwy, 2nd Floor
Las Vegas NV 89155

DATE/ TIME: Wednesday, October 14, 2026 at 9:00 a.m.

PLACE: Nevada Department of Taxation
700 E Warm Springs Rd., Room 150
Las Vegas, Nevada 89119

ZOOM

<https://us02web.zoom.us/j/84349113453>

Webinar ID: 843 4911 3453

Phone Number: 1-669-900-9128

Hearings begin on the first day. It is each taxpayer's or his representative's responsibility to be present when the case is called.

LEGAL AUTHORITY AND JURISDICTION OF THE STATE BOARD OF EQUALIZATION: NRS 361.360 & NRS 361.400

BRIEF STATEMENT OF MATTER: Appeal from the action of the Clark County Board of Equalization

Case No: 26-116

Account numbers : 230178 & 230177

The State Board of Equalization (State Board) will hear the Petitioner's appeal at the time and place stated above. Please be aware that the time is approximate and although you may be assured the appeal will not be heard prior to the stated time, be prepared for possible delays as several appeals are scheduled at the same time. If the taxpayer or his representative is not present when his hearing is called, the State Board will invoke the requirements of NRS 361.385 and NAC 361.708(4). The State Board may (a) proceed with the hearing; (b) dismiss the proceeding with or without prejudice; or (c) recess the hearing for a period to be set by the State Board to enable the party to attend.

Please be aware the State Board will limit its consideration to the issues and contentions set forth in the petition. Other issues may be heard if the requirements of NAC 361.745 are met.

Information regarding the rules of practice and procedure before the State Board is provided on the attached information sheet.

A meeting agenda will be posted on the Department's website (<https://tax.nv.gov>) three (3) days prior to the scheduled meeting. If you would like an agenda emailed or mailed to you, please contact Denise Mosely at (775) 684-2160 or stateboard@tax.state.nv.us. If a party wishes to obtain a transcript of any hearing conducted before the State Board, the party must pay for the transcript or obtain a copy from the reporter provided by the State Board at the party's expense pursuant to NAC 361.731.

In compliance with the Americans with Disabilities Act, individuals needing special accommodations during this hearing should notify the Department at least 3 days before the hearing. In order to comply with the security procedures of the Department, you will be required to show identification and sign a visitor's log prior to entering the hearing room.

If you need an accommodation in order to communicate during the hearing, the Department will provide one at no cost to you. Arrangements for an interpreter should be made as soon as possible, but no later than 14 days before the scheduled meeting. Please contact Denise Mosely at (775) 684-2160 at least 14 days in advance to request an interpreter in your preferred language. You may also submit your request through stateboard@tax.state.nv.us.

Si necesita una ayuda para comunicarse durante la audiencia, el Departamento se lo proporcionará sin costo alguno. Los trámites para conseguir un intérprete deben hacerse lo antes posible, pero a más tardar 14 días antes de la cita programada. Por favor, póngase en contacto con Denise Mosely al (775) 684-2160 con al menos 14 días de anticipación para solicitar un intérprete en su idioma de preferencia. También puede solicitarlo a través de stateboard@tax.state.nv.us.

If you have any questions, please call (775) 684-2160.

Shellie Hughes
Secretary to the State Board of Equalization

By: 
Denise Mosely
Program Officer II, Boards and Commissions
Department of Taxation

CC: **CERTIFIED MAIL** - 9489 0090 0027 6528 8053 69
PETITIONER AUTHORIZED AGENT:
The Ferraro Group, LTD.
Greg Ferraro, President and Founder
165 W Liberty St, STE 210
Reno NV 89501

CC: **CERTIFIED MAIL** - 9489 0090 0027 6528 6950 07
PETITIONER AUTHORIZED AGENT:
The Ferraro Group, LTD.
Barbara Smith Campbell, Principal
165 W Liberty St, STE 210
Reno NV 89501

CC: **CERTIFIED MAIL** - 9489 0090 0027 6528 6949 94
PETITIONER AUTHORIZED AGENT:
Kaempfer Crowell
Stephanie Gronauer, Attorney
1980 Festival Plaza Dr, Suite 650
Las Vegas NV 89135

**STATE BOARD OF EQUALIZATION
NOTICE OF HEARING
CERTIFICATE OF SERVICE
26-116**

I hereby certify that on this day I served the foregoing document upon all parties of record in this proceeding by placing a true and correct copy thereof in the United States Mail, postage prepaid, and properly addressed to the following:

CERTIFIED MAIL – 9489 0090 0027 6528 6949 87

PETITIONER:

The Boring Company
Arun Prakash, Chief Financial Officer
130 Walker Watson Rd
Bastrop TX 78602
Electronic email: arun@boringcompany.com

CERTIFIED MAIL – 9489 0090 0027 6528 6949 49

RESPONDENT:

Briana Johnson
Clark County Assessor
500 S Grand Central Pkwy, 2nd Floor
Las Vegas NV 89155
Electronic mail: bap@ClarkCountyNV.gov; meo@ClarkCountyNV.gov; lisa.logsdon@clarkcountydav.gov
Millicent.Washington@ClarkCountyNV.gov; Courtney.Moerschell@ClarkCountyNV.gov

CERTIFIED MAIL – 9489 0090 0027 6528 8053 69

PETITIONER AUTHORIZED AGENT:

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Greg Ferraro, President and Founder
165 W Liberty St, STE 210
Reno NV 89501
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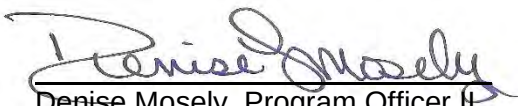
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165 W Liberty St, STE 210
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PETITIONER AUTHORIZED AGENT:

Kaempfer Crowell
Stephanie Gronauer, Attorney
1980 Festival Plaza Dr, Suite 650
Las Vegas NV 89135
Electronic mail: sgronauer@kcnvlaw.com

Dated at this 24 day of the month of June of the year 2026.


Denise Mosely, Program Officer II
Department of Taxation
State Board of Equalization



October 01, 2026

Dear State Board:

The following is in response to your request for proof of delivery on your item with the tracking number:
9489 0090 0027 6528 6949 49.

Item Details

Status:	Delivered, Individual Picked Up at Post Office
Status Date / Time:	September 29, 2026, 07:03 am
Location:	LAS VEGAS, NV 89106
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™
	Return Receipt Electronic

Shipment Details

Weight: 10lb, 14.9oz

Recipient Signature

Signature of Recipient:	Signature	☒	
	Printed Name		JIM ACATILES
	Delivery Address		CLARK COUNTY/GOV N FELIX

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,

United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004



October 02, 2026

Dear State Board:

The following is in response to your request for proof of delivery on your item with the tracking number:
9489 0090 0027 6528 6949 87.

Item Details

Status:	Delivered, Left with Individual
Status Date / Time:	September 28, 2026, 01:54 pm
Location:	BASTROP, TX 78602
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™
	Return Receipt Electronic

Shipment Details

Weight: 1lb, 14.1oz

Recipient Signature

Signature of Recipient:

Address of Recipient: 130 WALKER WATSON RD,
BASTROP, TX 78602

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,

United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004



October 02, 2026

Dear State Board:

The following is in response to your request for proof of delivery on your item with the tracking number:
9489 0090 0027 6528 6949 94.

Item Details

Status:	Delivered, Front Desk/Reception/Mail Room
Status Date / Time:	September 28, 2026, 02:59 pm
Location:	LAS VEGAS, NV 89135
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™ Return Receipt Electronic

Shipment Details

Weight:	1lb, 13.2oz
----------------	-------------

Recipient Signature

Signature of Recipient:

[Handwritten signature]
K. L. L. L. L. L.

Address of Recipient:

1980650

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,

United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004



October 02, 2026

Dear State Board:

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9489 0090 0027 6528 6950 07.

Item Details

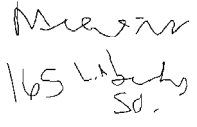
Status:	Delivered, Front Desk/Reception/Mail Room
Status Date / Time:	September 28, 2026, 11:16 am
Location:	RENO, NV 89501
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™ Return Receipt Electronic

Shipment Details

Weight: 1lb, 13.5oz

Recipient Signature

Signature of Recipient: 

Address of Recipient: 

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Sincerely,

United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004



October 02, 2026

Dear State Board:

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9489 0090 0027 6528 8053 69.

Item Details

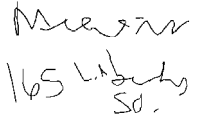
Status:	Delivered, Front Desk/Reception/Mail Room
Status Date / Time:	September 28, 2026, 11:16 am
Location:	RENO, NV 89501
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™ Return Receipt Electronic

Shipment Details

Weight: 1lb, 12.9oz

Recipient Signature

Signature of Recipient: 

Address of Recipient: 

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

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