
Las Vegas Monorail Pays Off Bonds, Plans Market Return.

- **Rail line wiped out 98% of its bonded debt in 2010 bankruptcy**
- **$20M deal that matures in 2049 is listed as day-to-day pricing**

Seven years after emerging from a Chapter 11 bankruptcy that wiped out 98% of bondholders' money, the Las Vegas Monorail is planning a return to the municipal-bond market.

The Las Vegas Monorail Co. has listed $19.75 million in unrated federally tax-exempt revenue bonds maturing in 2049 on the Bloomberg sale calendar. AnnMarie McDonald, a spokeswoman for Wells Fargo & Co., underwriter for the sale, confirmed the listing. The deal is listed as a day-to-day pricing, indicating it could come as early as next week, data compiled by Bloomberg show.

Record inflows of cash to municipal-bond mutual funds coupled with the drop in tax-exempt yields has helped fuel the number of deals in more default prone sectors. Such transactions should stay strong this year, according to Municipal Market Analytics Inc., which cited the heavy demand for state and local debt. These kind of offerings include transactions for recycling mills, proton cancer therapy facilities, and shopping centers, among other things.

Last Friday, Monorail spokeswoman Ingrid Reisman said in an email that the company had "put a new loan facility in place that allowed it to meet all of its obligations under the 2012 Series A and Series B Las Vegas Monorail bonds."

Those were exchanged with holders of $650 million in revenue bonds sold in 2000 to finance the takeover and expansion of the Monorail.

The $10 million in series A bonds carried a coupon of 5.50% and matured on Monday. The $3 million in series B bonds mature in 2055, also with a 5.50% coupon, but holders including Nuveen Asset Management and J.P. Morgan Securities LLC agreed to their redemption on July 5.

"We continue to work on elements of the financing for the expansion with our financial advisors and partners," Reisman said in an email without providing details on the project. "We intend to finance the expansion program as planned."

The Las Vegas monorail opened in 1995 as a privately financed venture running less than a mile between the back of the MGM Grand and the rear of Bally's casinos. There was no fare, and it carried around 13,000 riders daily. In 1997, the existing owners set up a nonprofit, public benefit corporation to acquire the franchise. In September of 2000, a state agency sold $650 million in tax-exempt bonds to finance the acquisition and expansion of the system. The bonds were secured by Monorail fare and advertising revenue.

The Monorail now runs almost four miles, and stops at six casinos and the city's convention center. Management had planned to expand service beyond the Strip out to McCarran International Airport. The consultant's report to the 2000 bonds by URS Greiner Woodward Clyde of New York predicted that 19.5 million people would use the Monorail by 2004, and this would rise to 23.6 million by 2035.

That level of ridership never materialized. In 2008, the company dipped into reserves to pay debt service, and in 2010, filed for Chapter 11 bankruptcy. The Monorail exited bankruptcy in 2012 after Judge Bruce A. Markell rejected a plan to reduce the bonded debt to $40.4 million and it was revised to $13 million. The judge characterized the Monorail as a “glaring example of nonsense on stilts.”

In 2016, the Monorail carried 4.9 million riders and had farebox revenue of $21.5 million, according to publicly available financial statements. Reisman, the Monorail spokeswoman, didn’t respond to request for more up-to-date information.

The original 2000 bonds included $451 million in first-tier bonds insured by Ambac Assurance Corp., whose holding company itself went bankrupt in November of 2010 because of its exposure to risky mortgage securities. This didn’t extinguish the insurer’s liability. Ambac refused to disclose how much investors eventually received.

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