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Las Vegas Monorail Files for Bankruptcy Again as Coronavirus Shuts Service.

The Covid-19 pandemic has stopped the mass transit system from running for months

Las Vegas Monorail Co., a transit system financed with municipal debt that serves some of the city's marquee hotels, filed for bankruptcy for the second time in just over a decade after the coronavirus pandemic shut down service.

The nonprofit transit system is proposing a quick bankruptcy sale to the Las Vegas Convention and Visitors Authority for about \$24 million, a fraction of the roughly \$650 million cost of construction, according to papers filed Monday in the U.S. Bankruptcy Court in Las Vegas.

The bulk of the purchase price—roughly \$22 million—would cover the monorail's debt, held entirely by municipal-bond investor Preston Hollow Capital LLC.

The monorail, which opened in 2004, filed for bankruptcy for the first time in 2010 after ridership fell short of expectations. The previous bankruptcy wiped out most of the project's debt, over \$600 million in tax-exempt bonds sold in 2000.

Much of the municipal-bond market has been cruising along despite the pandemic, fueled by seemingly endless investor demand for tax-exempt debt and the Federal Reserve's extraordinary efforts to backstop the U.S. economy. But the monorail's latest bankruptcy is a reminder of the [risks lurking in municipal credit](#), especially among more speculative projects that aren't backed by government taxing power. Municipal defaults have reached their highest rate since 2011, the aftermath of the last recession, according to Municipal Market Analytics data.

The monorail's chief executive, Curtis L. Myles III, said it was forced to shut down in March due to the pandemic and hasn't been able to reopen. He said it was in the system's best interest to file for bankruptcy and trigger an asset sale that would "help ensure that the mobility benefits the monorail provides continue during conventions, events and throughout the year."

In a declaration filed in the U.S. Bankruptcy Court in Las Vegas, he said pandemic restrictions forced the monorail to lay off 93% of staff, reduce compensation for the remaining workers by up to 30% and "cut maintenance and operational expenses to the bare minimum." Since April, the system has been dipping into debt-service reserves to pay bondholders—a signal it didn't have enough operating revenue to cover the bondholder payments.

The monorail is a 3.9-mile system along the Las Vegas Strip, including two parallel elevated tracks, seven elevated stations and an operations and maintenance building. Substantial outlays in coming years are required to run the system smoothly, Mr. Myles said. Topping the list are new trains, needed in 2034 and expected to cost \$190 million.

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By Andrew Scurria

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