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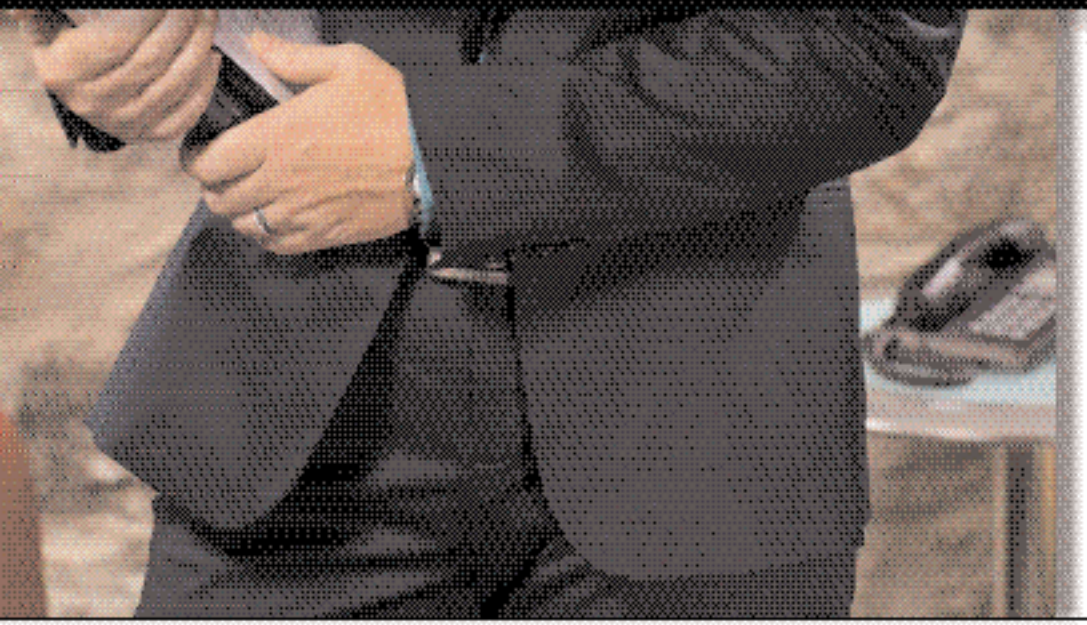

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COMMENTARY

LYLE E. BRENNAN
Publisher

Character Counts in Business Resolve to Do the Right Thing

Nearly every day another scandal comes to light – a sports figure using performance-enhancing drugs, a politician taking bribes, a business defrauding customers. It's enough to make people wonder if integrity and character are as extinct as the dinosaurs.

The latest example in the sports field is Olympic track champion Marion Jones. After denying doping allegations for years, she was finally forced to admit she had been lying. Home run king Barry Bonds and Yankee slugger Jason Giambi have been accused of using performance-enhancing drugs, and 2006 Tour de France winner Floyd Landis may lose his yellow jersey because of a positive drug test.

In the local political arena, former Clark County Commissioner Lynette Boggs is facing charges of lying on campaign reports about where she lived and using campaign funds to pay babysitting fees. She now faces two felony counts of perjury and filing false documents. If she goes to jail, she'll join four other former Clark County commissioners now in federal prison (Dario Herrera, Erin Kenny, Mary Kincaid-Chancey and Lance Malone).

Business scandals have not slowed down much since Enron and Arthur Andersen made headlines in 2001. Lacy Thomas, former CEO of University Medical Center (UMC) in Las Vegas, is being investigated for allegedly awarding no-work contracts to friends back home in Chicago. Junior Johnson, whose Las Vegas-based company, PurchasePro, was involved in an accounting scandal in 2001, is on trial again, this time on charges of stock fraud, conspiracy, witness tampering and obstruction of justice.

What lessons can we learn from these sordid stories? It seems that the people involved were doing whatever they could to reach a goal – a sports championship, a political office, a large amount of money – and they were willing to sacrifice anything to get it. Unfortunately, one of the things they sacrificed was their integrity.

What consequences will they face? The International Olympic Committee is preparing to wipe Marion Jones' name from the record books and strip her of all her championship medals. Barry Bonds' achievements will have an asterisk placed next to them in baseball's record books. If Lynette Boggs and Lacy Thomas are convicted, they face prison time.

The shame of being exposed as a criminal can even cost lives. J. Clifford Baxter, the former vice chairman of Enron, made close to $22 million by exercising stock options, but when the scandal broke, he committed suicide. One of the people implicated in the UMC contract investigation killed himself shortly before he was scheduled to testify to police.

These people were all exposed as being dishonest, but not everyone who cheats, lies or steals gets caught. However, the first lesson to be learned is that when you sacrifice your integrity to win, you've already lost. Even if you're never found out, you'll spend a lifetime looking over your shoulder and feeling guilty.

Companies like Enron, Arthur Andersen and WorldCom make headlines, but it's important to realize

Continued on Page 8

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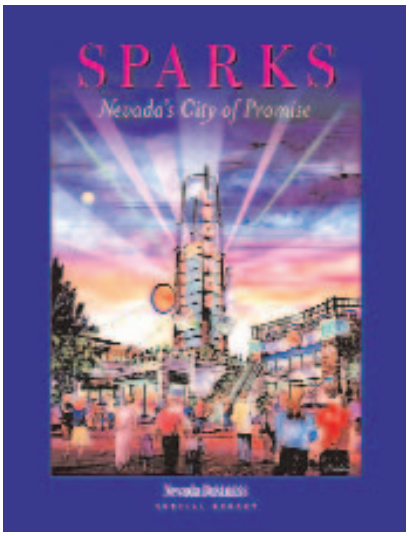
COVER:
Nevada ranks 47th for access to healthcare. Will the proposed UnitedHealth Group acquisition of Sierra Health Services improve healthcare in the Silver State? Get an update on the acquisition on page 12.

Photo: Opulence Studios

BUILDING NEVADA:
Green building or environmentally friendly building is becoming mainstream among Nevada's developers. Kenneth Smith, founder of Glen, Smith & Glen, is one of the leaders in the industry and among other experts interviewed in the story.

Photo: Opulence Studios



SPECIAL REPORT:
The city of Sparks continues to evolve as the city of promise.

CONTENTS

FEATURES

BUILDING NEVADA

DEPARTMENTS

Continued From Page 4

that companies don't make decisions – decisions are made by individual people who are faced with choices. People face choices every day that reflect their true character. It may be something small, like whether to take home office supplies, or something that will impact thousands of lives, such as draining the company's retirement fund. Usually, people who end up making huge mistakes start out on a slippery slope of cheating "just a little bit" until it becomes a habit that leads them straight to disaster.

In a world full of dishonest business people, character and integrity can be your secret weapons. Mark S. Putnam of Global Ethics University puts it this way: "You have to decide to take the moral high ground even if you're the only honest person in sight. An honestly run business is something you can leverage to your advantage. The knowledge that you deal fairly and honestly with your customers is a commodity that has significant value. Be proud of it. Hang your hat on it and make it your motto and signature."

However, doing the right thing can sometimes cost you money in the short term, or put you at a temporary disadvantage with unscrupulous competitors. In these cases, it's important to stand your ground and keep a firm grip on your principles.

Resolve today to carefully consider your business decisions with ethics in mind. In your heart, you probably know which choice is better, but if you need help making a decision, ask someone you respect for their advice. If you're still in doubt, consult your Bible. It's been a good business guide for centuries.

COMMENTS
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BUSINESS UP FRONT

Personal Relations Still Rules

The business world is changing to incorporate technology into day-to-day interactions, meaning that managers must remain on top of the newest innovations while encouraging workers to maintain connections on a personal level. Peter Handal, president, chairman and CEO of Dale Carnegie Training said technology can be an effective tool to enhance practices already in place in the workforce. Although innovative technology offers great ways to conduct business, managers are encouraged to remember that personal relationships are truly the key to driving business results.

More Than a Temporary Fix

The use of temporary workers today is now being included in the long-term planning efforts of a majority of companies. At one point, it was viewed primarily as a stop-gap measure, but now 71 percent of executives polled in a new survey, said this flexible staffing practice has a place in their overall human resources budgets. Only 28 percent of executives said that they did not plan on incorporating the use of temporary employees into their overall budget, and 1 percent said they didn't know.

U.S. Economy Needs Confidence Boost

The Small Business Research Board (SBRB) U.S. Small Business Confidence Index dropped to 43 during the third quarter of 2007. This is a decline of three points from the previous quarter, according to reports issued. Businesses in the Northeast, the Midwest and the South were the businesses that contributed to the third quarter decline. Each of those regions reported a decreased confidence index signifying their concern about prospects for improvements in their business during the next 12 months, according to the report. More than 800 small businesses participated in the SBRB poll.

FACE TO FACE

Patrick Egan

Owner/Broker
Egan Commercial Real Estate
Reno

Years in Nevada: 37

Years with Firm: 10

Type of business:
Commercial real estate brokerage, with a focus on multi-family and investment property.

Biggest Business Challenge:
Our transactions tend to have a lot of moving parts – scheduling inspections for buyers, appraisers and lenders, as well as third party groups, verifying financial information which makes it challenging.

What do you like best about your job?
Working with my two sons has been great. They get exciting deals early on in their careers, and I truly enjoy the energy they bring to the office.

How do you spend your time when you're not working?
Hiking, hunting, skiing, running marathons and traveling. I am recently married and love every minute of my time with my wife, four kids and five grandchildren.

Best Business Advice:
If you truly love what you do, don't quit. In commercial real estate you are absolutely going to have some road blocks and challenges.

What would you like your legacy to be?
Work hard, stay humble and thank people for the opportunity to work with them.

What has been the biggest change in Northern Nevada since you started your firm?
Two things: competition and specialization. At 53, and having been in this business for more than 25 years, I can see that there are more people than ever wanting to get into this field.

HEALTHCARE CHECK-UP

THE UNITEDHEALTH GROUP ACQUISITION OF SIERRA HEALTH SERVICES

Las Vegas was abuzz in late August when a runaway railroad tanker car loaded with chlorine gas was headed for the heart of town. Had it crashed, it could have been a catastrophe. Fortunately, the car was stopped and disaster was averted.

Before that chlorine gas tanker broke loose and threatened to spill its deadly contents, however, another train, figuratively speaking, was bearing down on Nevada and is still on track. That metaphoric train is the UnitedHealth Group's proposed friendly takeover of Sierra Health Services, a transaction now under review by the U.S. Department of Justice.

If and when the "train" gets here, will it bring significant enhanced benefits and improvements in the delivery of healthcare, as Sierra Health and United maintain, along with proponents Consumers First, Nevada Alliance for Retired Americans and medical provider Fremont Medical Centers? Or will it bring market dominance – a monopoly known as "monopsony" – that could ultimately result in higher premiums and reduced benefits, as feared by the American Medical Association (AMA), Nevada State Medical Association, Service Employees International Union, Gov. Jim Gibbons and Assembly Speaker Barbara Buckley. That is the question – and it comes at a time when the nation and Nevada is mired deep in a healthcare crisis.

Premiums for employer-sponsored health insurance have soared an average of 6.1 percent in 2007, less than last year's 7.7 percent increase, but still 64.8 percent higher than the overall 3.7 percent rise in workers' wages. The jump is also more than double the 2.6 percent inflation rate, according to the 2007 Employer Health Benefits Survey conducted by the Kaiser Family Foundation and Health Research and Educational Trust.

"We're seeing some moderation in health cost increases, but premiums for family coverage now top $12,000 annually," said Kaiser President and CEO Drew E. Altman. "Every year, health insurance becomes less affordable for families and businesses," he explained. "Over the past six years, the amount families pay out-of-pocket for their share of premiums has increased by about $1,500." Nation-

wide, according to Kaiser, the number of companies offering health benefits to their employees fell from 66 percent in 1999 to 60 percent this year. While there was no decrease in the number of large firms of 200 or more workers providing healthcare coverage, the percentage of companies with three to nine workers that offered health benefits fell from 56 percent in 1999 to just 45 percent in 2007, and from 65 percent to 59 percent for companies with three to 199 workers. Even in firms offering benefits, not all employees are eligible.

Looking ahead, Kaiser reported that 21 percent of employers surveyed expect to raise workers' premium contributions next year; 13 percent are "very likely" to increase office visit cost-sharing; 12 percent will boost deductibles; and 11 percent anticipate raising prescription drug cost-sharing. Unfortunately, data for Nevada and other individual states usually trails by at least two years. What is known is that 19.6 percent of Nevadans are uninsured compared to the nationwide average of 15.8 percent.

Nevadans are hammered daily about the lackluster performance of the state's schools – low test scores, insufficient funding and low graduation rates. But if written testimony submitted by Assembly Speaker Buckley and Assemblywoman Susan Gerhardt is accurate, the state's healthcare system needs an overhaul. According to the two assembly women, unnamed "recent studies reveal the following severe deficiencies:"

- Nevada ranks 47th for access to care;
- Nevada ranks 51st in quality of care;
- Nevada is last for immunization coverage for children under age 3;
- Nevada ranks 45th in access to physicians – approximately 25 percent below the nationwide median – and has one of the lowest physician-to-population ratios;
- Nevada ranks 49th in nurses – also 25 percent below the U.S. median;
- Nevada is 41st for mortality rates.

Whether you accept these figures or not, few dispute the need to insure more Nevadans and provide them with affordable, as well as better quality healthcare. Is UnitedHealth Group the white knight with the remedy? Or will it exacerbate an already daunting challenge facing Nevada's employers, medical providers and the insured. Sierra Health Services, betting on the former, has laid its reputation on the line.

"Everybody benefits from this merger," said Jon Bunker, Sierra's president and chief operating officer, who will rise to CEO for United's new Southwest Region once the transaction is complete. He echoes Sierra's founder, Dr. Anthony M. Marlon,

chairman of the board and chief executive officer, who said he is confident the combined companies will "generate significant benefits for all of our stakeholders as we work to improve the delivery of care across the healthcare system."

"Sierra is predominantly a Nevada-based company, so most of our direct provider contracts or networks are with Nevada physicians and other healthcare providers," said Bunker, while pointing out that United has insurance products in every state in the nation which gives it a large, broad network of contracted physicians and hospitals. "Our ability to tap into their contracts and networks, and extend them to our employers and members, whether they are traveling, whether they are employed around the country, or if they just want to receive their healthcare in Arizona, Utah, California or somewhere else – whatever the reason, they will now have the opportunity to do so. Under Sierra, those opportunities were limited because our network was limited to Nevada."

Other projected benefits for Nevadans, said Bunker, include access to leading-edge, consumer-based technology which Sierra doesn't have the resources to invest in or create. "Physicians and other healthcare providers will benefit because United is known for providing great data and feedback on clinical outcomes." Long-term career employment opportunities, maintains Bunker, will be enhanced because of what United can provide, not only because of its size, but also its management depth. "United is a fairly young company and that provides lots of opportunities for lots of people."

He insists that the merger will not result in a wholesale loss of jobs for current Sierra employees. "While there are certain positions that are duplicative, such as investor relations, chief financial officer – positions of that nature – those would be the only positions subject to possible reduction … 15 or fewer."

Bunker said the merger was "co-initiated." Sierra Health had reached a point in its existence – which can be traced back to 1972 – where it needed either to expand into a bigger regional or national company, or become part of an existing one. Concurrently, he noted, United was looking to augment its presence and offerings in Nevada. "We had a nice market position. They were underperforming here, and I think the combination of the two is what led United to us," said Bunker.

Ken Burdick, United's president and CEO, said United's primary motivating factor in acquiring Sierra is the brand and reputation of Sierra and its affiliate, Southwest Medical Associates, which he called Nevada's largest multi-specialty medical group practice. "Sierra is a financially strong organization with very stable operations and systems, and has a long and well-recognized history of consistently delivering high-quality, affordable healthcare in Nevada."

Burdick avows the combined companies will create opportunities to better serve consumers in a number of areas, including:

- Offering a full spectrum of health benefit programs and services for commercial and government employers – ranging from large multi-site corporations to small local businesses – as well as for individuals;
- An extensive portfolio of options and services to address the needs of participants in government-sponsored programs, including older Nevadans in a variety of Medicare programs, and Nevada state Medicaid beneficiaries;
- Diversified service options dedicated to specialized healthcare needs such as behavioral, dental, vision and pharmaceutical benefits.

Sierra's customers, according to Burdick, will have significantly more choices through United's national network of more than 537,000 doctors and other healthcare professionals and 4,700 hospitals, which will help members avoid more expensive "out-of-network" costs, whether at home or when traveling. "Sierra and United are committed to improving access to healthcare products and services to underserved populations, such as low-income seniors and minorities with specific healthcare concerns."

He emphasizes that "it is United's intention that Sierra continue to operate as it does today, and continue to be committed and accountable to the local communities it serves," adding that the merger will allow Sierra's physician network and customers to make use of the full range of United's advanced technology resources. "United has invested more than $3 billion in superior technology over the past several years to enhance and streamline healthcare administration, and improve quality and safety for its members and providers," he said, noting that 20 million United Healthcare customers now have electronic ID cards that simplify the process of checking eligibility. The cards, he said, facilitate access to an automatic updating of patients' personal health records, a benefit that will be extended to Sierra's members.

United's "enormity," however, is what alarms acquisition critics. Currently, United is a smaller player in the Nevada healthcare market. If and when the acquisition is completed, it could become the 900 pound gorilla. Would it be benign or malevolent? Would it provide Nevadans all the benefits both companies claim it will – or will it quash competition, putting consumers at risk for higher premiums and healthcare providers for lower reimbursements?

United's share of Nevada's commercial healthcare insurance market is 8.6 percent, compared to Sierra Health's 19.4 percent. Combined, United will own 28 percent, according to a fact sheet released jointly by the two companies. In the Medicare market, United has a 15.8 percent share and Sierra 20.4 percent, but United's post-acquisition share will be 36.2 percent. Together, the two companies already dominate Nevada's Medicare Advantage market, but a spokesperson for both companies said "no other insurance companies have chosen to offer Medicare Advantage in Nevada," noting that only 33 percent of Nevada seniors are enrolled in Medicare Advantage, with the remaining 67 percent choosing another option.

If the proposed merger is allowed, "the AMA estimates that United would control 78 percent of the HMO market in Nevada, and 95 percent of the HMO market in the Las Vegas-Paradise metropolitan area." Sierra and United dispute this, claiming there is no distinctive HMO market in Nevada and that the HMO segment is but one component of the commercial insurance market, along with preferred provider plans (PPOs) and others. After the merger, United will have 750,000 members in Nevada, compared to its current statewide membership of 110,100. Nationwide, it has 70 million members and reported 2006 revenues of $71.7 billion, compared to revenues of $1.7 billion for Sierra Health Services over the same year.

Asked about the acquisition's impact on competition in Nevada, Mike Murphy, president of Anthem Blue Cross Blue Shield in Nevada responded that as a policy, his company doesn't comment, but said, "We feel that Anthem Blue Cross Blue Shield will maintain a strong presence and, as a result of the merger, be even more attractive to Nevada consumers." The same question evoked a "no comment" from another local provider, Hometown Health.

The application, which was approved with conditions by the Nevada Insurance Commissioner and regulatory bodies in Arizona and California, is pending before the Justice Department. Gov. Gibbons has requested them to carefully consider how the buyout would affect Nevada's insurance markets. He has also asked Nevada Attorney General Catherine Cortez Masto to "continue with a vigorous investigation" into the Sierra Health sale and noted that he also is looking forward to participation in the review process by the Federal Trade Commission.

In her order of approval for the acquisition, Nevada Insurance Commissioner Alice A. Molasky-Arman imposed a number of conditions with which the companies must comply. "I am convinced that Health Plan of Nevada (a division of Sierra Health Services) will continue to offer the same high quality of products and services that it has historically offered, and that the costs of the acquisition will not be borne by Nevadans," she said. "With the conditions in the order, this is good news for Nevada healthcare consumers and providers."

Her conditions include:

- No acquisition costs, including executive bonuses and severance packages, will be passed to healthcare consumers or providers;
- Premiums paid to, and provider fees paid by, Health Plan of Nevada will not be increased as a result of the costs of the acquisition;
- Sierra's system of claims handling will continue after the acquisition, and will not degrade as a result of the acquisition;
- Benefit plans will not be scaled back as a result of the acquisition;
- Local home office, management and employment will continue;
- United's affiliates will take specific actions to help reduce the number of uninsured Nevadans.

Both companies also made additional commitments to address concerns raised by the Division, including

a pledge to continue, and build on, their charitable giving and philanthropic activities, although no amounts were specified. Through the PacifiCare Foundation, part of the United Health Foundation, United donated $10,000 to Reno-based C*A*R*E* Chest of Sierra Nevada. At that time, Reed Tuckson, M.D., senior vice president of the United Health Foundation, said United is "committed to supporting local community-based organizations to increase access to quality healthcare services and resources for all Americans."

As part of its required $50 million commitment to California, United and PacifiCare announced in August they will fund $25 million in new grants to benefit healthcare consumers and improve the delivery of healthcare services in the Golden State. The United Health Foundation also announced $1 million in grants in June to the Colorado Department of Local Affairs to fund the Colorado Rural Mobile Health Project. Since 1999, the foundation and its family of public foundations "have contributed $250 million to support the charitable work of our community partners."

That United has the resources to take Nevada to another level in healthcare insurance and healthcare availability is probably not arguable, in spite of nationwide challenges it faces on a variety of issues. Will United perform as it has promised? That is arguable.

United is the target of a long list of governmental investigations, audits and reviews which conceivably could lead to the assessment of damages, civil or criminal fines or penalties, or other sanctions. The healthcare giant has just been assessed a $20 million fine by insurance regulators in 36 states – including Nevada – for failures in processing claims and responding to consumer complaints. The fine was negotiated between United and the regulatory agencies to, in Burdick's words, "resolve essentially all past regulatory matters and to establish an efficient transparent framework for evaluating and regulating United's performance over the next three years."

As the Department of Justice scrutinizes the proposed acquisition over the coming months, Nevadans are left to wonder and speculate. "If the application is approved, will United be part of the healthcare solution or just a bigger part of the problem?" Only time will tell.

Dennis Hetherington is a freelance writer based in Southern Nevada.

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Judge Not…

How Businesses Can Avoid Lawsuits

Avoiding a lawsuit is definitely one instance where businesses should apply Ben Franklin's advice: "An ounce of prevention is worth a pound of cure." The best way to avoid going to court is to take measures to prevent conflicts that can result in litigation.

Some common types of business lawsuits are: breach of contract; disputes between partners or members of an LLC; liability/personal injury cases; and intellectual property disputes. Dissatisfied customers, vendors demanding payment and clients wanting contracts completed can initiate litigation as well.

Businesses also face the risk of being named in a liability lawsuit. Hotel guests may claim that someone robbed them in their room. Slip-and-fall or trip-and-fall cases may involve any business with public access, and traffic accidents can affect any company that lets employees drive its vehicles.

"There's nothing you can do to completely avoid being sued, no matter how careful you are, or how much you aim to please your customers and employees," said George Ogilvie, managing partner of the Las Vegas office of McDonald Carano Wilson LLP. "There will always be disputes that may develop into lawsuits."

Don't Court Disaster

Most business disputes that start with a visit to an attorney's office end up being settled before they go to trial. In fact, Thomas Kummer, a senior partner in the law firm of Kummer Kaempfer Bonner Renshaw & Ferrario, estimated only 2 percent of cases actually end up in court. "Most business people realize litigation is extremely expensive and time-consuming," he said. Expenses for going to court include not only attorney fees, but also costs for retrieving documents, doing research, and other "soft costs."

"You can expect to pay between $350 and $500 per hour for an attorney at the partner level, and costs can mount up quickly," he said. "We estimate 14-hour days for a trial, which includes preparation for the trial, the trial itself, and preparation for the next day. It's a very, very expensive proposition."

Bill Urga, managing partner in Jolley Urga Wirth Woodbury & Standish, agreed, saying, "We spend an average of three hours outside the courtroom for every hour in court. You can plan on spending between $4,000 and $6,000 a day just in lawyers' time, and a three-week trial may cost between $100,000 and $200,000."

In addition to the expenses of a trial, going to court requires a substantial investment of time. The principal of the company or a corporate representative must sit through the entire trial, and also must spend time preparing to give testimony. "It's not a process most people like. It's stressful and antagonistic, especially cross-examination," said Kummer. Urga noted, "Another thing to consider is that going to court takes your mental

focus away from what you should be thinking about (running your business). Instead, you're worrying about the lawsuit."

What are the advantages of going to court? "There aren't any," stated Kummer. "The only advantages are for the lawyers. Rational people try to resolve issues without going to court." However, some people are more rational than others. "Although the general rule is that 'the customer is always right,' sometimes customers are so unreasonable that they can't be right, and it's impossible to give them what they want," said Ogilvie. This was illustrated by the recent case in which a Washington D.C. man sued a dry cleaner for $65 million for losing his pants.

Moreover, in certain cases, going to court may be the only way to get money owed or to force the other party to make good on a contract. "There are some cases that just can't be settled," Kummer said. "One side takes an unreasonable position, or both sides take polarizing positions and refuse to back down. Sometimes it's not the money, it's the principle of the thing, and the client is willing to spend the money to get satisfaction. However, there aren't many cases where people can afford to do that."

Getting Off to a Good Start

"The biggest mistake businesses make is trying to do things on their own without counsel," said Kummer. "It starts with setting up the structure of your business, whether it's a corporation, partnership or LLC. The money you spend up front getting organized can prevent lawsuits farther down the line. It appalls me when I see ads for an 'LLC in a kit' for $250. People don't realize that a cookie-cutter contract can't possibly contain as many protections as a document designed specifically for your company."

Kummer added, "I used to handle domestic relations cases; in my experience disputes between partners or shareholders are the same kind of thing, but without children. When you start an entity, you don't think it will be a big deal, but business 'marriages' can go awry. That's why entity-type relationships should be formed by lawyers."

Once an entity has been set up, it usually requires a variety of forms, contracts, invoices and other documents in order to conduct daily business. "Throw some preventive money up front," advised Kummer. "Hire counsel to help you set up contracts and forms before you start using them. Otherwise, you're just asking for trouble, because many things can trip you up. Take it to a lawyer

"If you are facing a lawsuit, make sure to advise employees not to destroy any digital records, including E-mails."

familiar with your industry. The money will be well spent."

It's also wise to consult an attorney before signing a lease or other contract, advised Urga. "Some people sign a 50-page lease having only read the page with the rates on it," he said. "Other pages may contain provisions that can hamstring your business or cost you money."

Because the possibility of a lawsuit always exists, experts advise all businesses to establish a record retention policy. "The more documentation you have, the better off you'll be if you have to go to court. If you're worried about being overwhelmed by paper records, have them scanned and put on CDs for electronic storage," said Urga. "Records help jog your memory, and also give you a timeline of events." Keep a record of every transaction, even if it's just a memo saying, "This is to confirm our conversation today, and this is what we agreed to do," Urga advised.

Record retention policies also apply to E-mails. "If you are facing a lawsuit, make sure to advise employees not to destroy any digital records, including E-mails," warned Urga. "The worst thing you can do is to destroy records. Although deleted files can often be recovered, more importantly, destroying records looks suspicious to judges and juries. You don't want to be in the position of having to justify why you destroyed records, even if you routinely delete files after a certain period of time. It just looks bad."

ADA Compliance

Businesses may also be at risk of lawsuits if they do not take measures to make sure they are in compliance with the Americans with Disabilities Act (ADA), according to Suzanne Martin, an associate with the law firm of Lewis and Roca. Title I of the ADA, which was originally passed in 1990, prohibits discrimination in employment and takes effect as soon as a business employs at least 15 people. Title III requires that all places of public access and commercial facilities must be accessible to the disabled.

Title III has generated a set of accessibility guidelines with many detailed technical requirements, such as placement of toilet paper dispensers, width of the slash-marked areas next to handicapped parking spaces and slope of wheelchair ramps.

Watchdog groups that advocate for the disabled will often initiate lawsuits to force businesses to provide accessible accommodations for the handicapped. "These groups are now coming to Nevada, and they filed several lawsuits in 2006 against Nevada resorts," warned Martin. "Businesses can be caught in the middle. You want to provide accessibility. On the flip side, there's a sense that this is a racket. Groups can hook up with attorneys and file hundreds of lawsuits. These attorneys specialize in Title III litigation, and they have an army of experts ready to testify." She explained the attorneys are willing to sue because

they are hired on a contingency basis and Title III builds attorneys' fees into its judgments.

"They will ask for your records, including all your financial records," Martin continued. "This requires you to air your financial laundry in front of the public if you go to court. You have to pay your own attorney to defend you, and then pay the other side's attorney fees if you lose. It costs a minimum of $15,000 to $20,000 for attorneys. However, the legal fees usually total double that amount."

To avoid being sued for non-compliance, Martin suggested accessing the ADA Web site *(ADA.gov)*, where compliance checklists are available to help business owners audit a property to reveal any deficiencies. For even more reassurance, the Internet is a good source to locate experts who specialize in inspecting property for ADA compliance.

"If you are contemplating a major building renovation, it might be in your best interest to hire an expert before you start work," said Martin. "If you're buying a building, you should require the seller to pay for an inspection, as well as any modifications necessary to bring it into ADA compliance."

Intellectual Property

All companies deal with intellectual property issues, whether they realize it or not, simply because the field is so broad and touches so many aspects of business. According to Mark Tratos, managing shareholder of the Las Vegas office of Greenberg Traurig, intellectual property includes inventions, artistic creations, brands, business processes and know-how, and accumulations of information that provide a person or business with certain economic advantages in the commercial sphere. Protecting each kind of intellectual property presents its own challenges.

Copyrights often trip up companies that are not aware of the laws. "A copyright is automatic and requires no government approval," Tratos explained. "Just because you ask a person or a company to design something for you, that doesn't mean you own the copyright. The basic rule is that the creator or the author is the owner. The exception is an employee whose specific job description covers developing those products. However, if you ask your receptionist to design a logo for your company, the copyright belongs to her, because responsibilities do not include graphic design."

If a business hires an advertising agency to generate creative material on its behalf, Tratos advises the company

expressly request the copyright, specifying in writing that the client owns the rights to the material and that it was created as work done for hire. Otherwise, the ad agency will retain the rights to the material and may refuse to let the client modify or print it.

"Web sites provide huge potential for legal trouble," warned Tratos. "If you hire people to build Web pages for you and don't enter into the right kind of contract, you don't own the Web pages. The contract should clearly state that the Web page was created as work done for hire, and that you own the rights to it."

If an entrepreneur is planning to name a new company, product or store, how does he or she find out if someone else already has rights to that name? Tratos suggests first taking some simple, no-cost steps: Search both the White Pages and Yellow Pages of the regional phone book where the business will be located; search online directions; conduct a "Business Entity Search" on the Nevada Secretary of State Web site *(http://sos.state.nv.us)*; and consult the Web site maintained by the U.S. Patent and Trademark Office *(www.uspto.gov)*.

"Information previously available only to attorneys is now accessible to anyone on the Internet," said Tratos. "You can do a good job of researching names yourself and can be fairly sure you're protected. However, nothing is bulletproof."

A Last Resort

Going to court should be the final option after exhausting all other possibilities. "Most sophisticated business people understand the costs involved with litigation, and they will strive greatly to avoid a lawsuit," Ogilvie said. Prevention should be the first step in this vital process.

Kathleen Foley is a freelance writer based in Southern Nevada.

NEVADA BUSINESS JOURNAL

Industry Focus

Accountants

FROM LEFT TO RIGHT:

Curt Anderson, Fair Anderson & Langerman
Peter Zofrea, Ernst & Young
Dave Hall, LL Bradford
Patrick Thorne, Thorne & Gaydosh, CPAs
Wade McKnight, Deloitte & Touche
Sharon McNair, McNair & Associates
Michael Micone, Accountants Inc.
Bill Wells, McGladrey & Pullen
Mark Bailey, Mark Bailey & Co.

Recently, experts from the accounting profession sat down at Cili Restaurant in Las Vegas to discuss challenges facing Nevada, including workforce issues, retention, standards, outsourcing and competition. Connie Brennan, publisher of *Nevada Business Journal*, served as moderator for the event that, as part of the NBJ's monthly Industry Focus series, brings industry leaders together to discuss issues pertinent to their professions. Following is a condensed version of the roundtable discussion.

Recruitment, Retention and Generational Challenges

Mark Bailey: From a firm administrative standpoint, what I am most concerned about in the near future is a staffing crisis. It's the challenge of attracting and retaining qualified professional staff.

Dave Hall: We have similar challenges. We've done a lot of outsourcing which has been a great thing for us. It's also a big challenge as we look to the future with the clients we're building, how we're going to make sure we man those jobs the way we should.

Michael Micone: The baby boomers who will be retiring will create a large vacancy in the workforce.

Bill Wells: Seeking staffing levels where we can sustain our growth percentages is a big challenge, as well as the new audit methodology coming into play.

Curt Anderson: We have to turn down work in some cases because we don't feel comfortable taking it on, due to staffing.

Pat Thorne: Succession planning for a small firm is very difficult. Then again, we have to deal with the new generation of employees that have a totally different mindset and we don't know how to do it. Our generation is very client focused and the new generation is very "me" focused. So we're trying to reconcile that.

Peter Zofrea: I think it's a matter of keeping up and training our professionals as it relates to the constantly changing accounting and professional standards. Beyond hiring quality people, it's hiring quality people with diversity. We want to make sure that we have the proper balance within our firm of people with diverse cultural and ethnic backgrounds to properly serve our clients. We recruit nationally from a number of universities with respect to the entry-level staff. In addition, we also hire a certain number of experienced staff each year.

Bailey: We have not adapted as well to the needs of this generation, in terms of the work environment that they expect. Retention within the industry is a huge problem. We've done a lot of things in our firm to try and combat it. We don't keep time sheets. Everything is on a fixed-price agreement. We have reduced our work time to something closer to 40-hour weeks, 2080 hours a year. We provide high benefits. We're forced to benchmark our salaries against the bigger firms, in order to remain competitive. But we try to allow some flexibility.

Micone: Companies have asked us to come in and help them with their staffing plans and staffing budgets – making sure they're competing with other companies with salaries, benefits and flex time. Many companies are starting to offer job sharing, which allows someone to work a half day and someone else relieves the person

for the other half of the day. Companies are getting creative in order to retain employees. Well, the Army and Navy don't send the guy who just got shot to the job fair. In my opinion, when I go to job fairs, sometimes I scratch my head and wonder, what people were thinking. How do you expect to recruit somebody with this person sitting behind the desk, eating a doughnut and not engaging in conversation. CPAs need to band together. There's a definite coalition effort that needs to be done on a monthly basis to have a resource of where and when these job fairs are and co-op some of the dollars to recruit new talent to Nevada.

Anderson: The point is to make the individual's career path and career important to him or her and make it clear that it's important to us, the employer, as well. We've changed our entire process of career training for our staff

people in the last couple of years. We've gone to what's known as career coaching and stopped the evaluation process. We have mentoring coaching, career coaching and life coaching on a regular monthly basis with our staff and make it clear to them that there's an upward path and they may or may not aspire to ownership. We have non-accountants who are involved in the operations on a day-to-day basis, and involved in the training, recruiting and mentoring process to get away from some of the industry attitude that we all are subject to. In turn, our turnover has dramatically decreased.

Thorne: We've kind of created our own monster. Years ago, we changed the requirements to become a CPA to 150 hours of college education to be certified. In Nevada, we have to have 150 hours before you can take the exam. We don't have enough teachers or professors to teach and get the students into the programs.

Anderson: I remember reading a statistic that more than half of the CPAs in public practice are males above the age of 50. All these CPAs are nearing retirement in the next 10 years.

Hall: Some CPAs claim that 75 percent of our profession will retire in the next 14 years. So, in 14 years, we're losing 75 percent of the people and we're not filling that empty space fast enough.

Micone: A possibility might be to reach out to the undergraduates who haven't designated a profession yet or haven't committed to a degree, and educate them more.

Anderson: People think they don't have to make a long-term commitment to public accounting, but use it as a training ground and become marketable to the next generation employer. So there is a false expectation that works against us. Most people come into this profession not intending to stay and that becomes a self-fulfilling prophecy because they don't want to stay if it is too hard.

Zofrea: A large number of professionals within our firm leave and come back within a few years. There is an alternative work schedule where you work fewer hours, still become a partner, still have demands upon you, but we work around your schedule to make it more flexible. Doesn't mean you produce less, it simply means that we will create flexibility within your life to do those personal things you need to do to be satisfied in both personal and professional life.

McKnight: In Las Vegas, it's a little hard to track people because of growth. Most of our clients are at the same level as senior managers and there's not enough people internally.

If I hire somebody from you and you hire somebody from someone else, we still end up with a shortage.

Staying Abreast of Ever Changing Standards

McKnight: When I graduated from college, the standards were on Financial Accounting Standards Board (FASB) 13 and now, I think we're on 160. The complexity of the standards has increased dramatically. It's not a principles-based world as much anymore. It's a rules-based world and very complex issues. There's more specialization and you can't just take one of the new standards and readily understand it.

Zofrea: There may be 160 standards that come out, but there are multiple standards that interpret the basic standards that exist and those are open to interpretation by multiple groups of people, whether it's the firm themselves, the standard-setters which is the FASB and the Public Company

Accounting Oversight Board. So there's multiple people interpreting these standards and as a practitioner, you often run into situations where someone may interpret the standard one way and then a different group comes in and interprets it a different way. It creates a certain amount of confusion among companies and among firms.

Wells: The complication of the standards has a cascade effect. Not only does it impact people like us in this room, but also the staff. It's a continuing process to keep current and even more challenging is the process of educating your clients of the changes. The educational process of the partners from the staff to the client adds increased costs to the work we do and it may not add value. The process is ongoing and cascades right down to the end-user.

Diversified Products and Services

Thorne: We would like to think we aren't just a bunch of guys that put tax returns or financial statements together. We want to have an ongoing relationship with our clients throughout the year and help them with their business problems. We represent a valuable resource for the clients and in the small business environment, we can really offer much more than just tax returns and financial statements.

Anderson: I would suspect that most of us look at the relationships with our clients as a central focal point and a resource to help them find answers to questions they don't have the ability to answer themselves. We may not even have the ability ourselves, but we know someone. It's the idea of sitting down and assessing situations, finding out the ques-

tions that need to be answered, and then, finding the answers. More often than not, we don't have all the answers ourselves, but we know someone who does.

Zofrea: I think we view ourselves as risk mitigators, as it relates to the financial process. Clients are thought of in terms of risk mitigation because of the level of service we can provide. That doesn't mean we don't advise them if they don't have a risk.

Sarbanes-Oxley

Hall: Sarbanes shifted the marketplace, whether you were a large or small firm, because the amount of work a public company required increased dramatically and taxed the resources of those CPA firms that audited public companies. So there was a shift in clients, many CPAs moved away from the largest public companies and into the mid-sized firms. There has been more client movement in the past five years than the prior 25 years, largely driven by Sarbanes-Oxley.

Wells: I think the new audit methodology is clearly a by-product of Sarbanes and it directly relates to smaller clients. Again, it's drilling down into the smaller client base and will impact those clients whether they know it or not. But from the methodology and procedural respective from auditing firms, it's going to have a significant effect.

Micone: The compliance to Sarbanes created new demand, from a staffing standpoint, because companies needed internal audit departments again. There's one place to get that from and that's from public accounting. I've seen a tremendous amount of improvement from the last time we met on how public accounting firms are operating and adapting to their internal problems.

Outsourcing

McKnight: Concerning the shortage of people, some firms including Deloitte, have looked offshore to provide professionals in places like India and established offices to do work that we can't find people to do here. A lot of our clients' functions have been outsourced to India – and not just due to the shortage in Nevada, but the nationwide shortage of practitioners.

Zofrea: We looked to outsource a number of small accounting firms when we saw the shortage arriving but found it was too difficult to navigate the independence problem.

Thorne: We do provide some, at a lower level, but it just isn't cost effective.

Bailey: One of the problems with outsourcing is that we have such diverse accounting standards from the rest of the world. We're probably going to be close to international accounting standards in the next two years and need to outsource in order to be effective in the United States.

Zofrea: The difference between the U.S. and international standards is a fair-value principles-based approach versus a rules-based approach.

Competition

McNair: I think there's plenty of business for us all. We just need more people.

Wells: That doesn't mean it's not competitive, though. We are still after the same clients to some degree, and we all compete against each other at some level.

Bailey: We probably receive more referrals from other accounting firms than any other source to assist in financial statement preparation. I would say the biggest portion of our growth is generated by referrals from other accounting firms.

McKnight: I think when you see the opportunities, where we really compete against each other, it's a broader competition than it was five years ago. For publicly-owned companies, partners have to rotate off the job every five years. That's usually one of the catalysts for companies, to change the partner so the clients are totally satisfied with all of the services and don't go into the marketplace and see what other firms have to offer.

Thorne: Smaller firms like ours have to focus on what they do well. We are continually referring business that we can't take and in return, other firms refer business to us. You have to specialize a little bit. Some firms just don't have the staff or the expertise for all areas of the business.

NEVADA BUSINESS JOURNAL

Building Nevada

Kenneth Smith, founder of Glen, Smith & Glen, is one of the leaders in green building.

Lou Ruvo Brain Institute

IT'S HOT TO BE GREEN

ENVIRONMENTALLY FRIENDLY BUILDING

Once considered the exclusive territory of granola eaters and tree-huggers, recent years have seen environmental concerns become increasingly mainstream for people in all walks of life. In the construction industry, it's reflected in the rise of "green" or environmentally-friendly projects springing up all over the country. According to the National Association of Industrial and Office Properties (NAIOP), commercial green building is expected to grow around 30 percent by 2010. For the immediate near-term, green building methods within specific commercial markets are estimated to increase by 65 percent in education, 62 percent in government, 58 percent in office, 46 percent in healthcare and 22 percent in the hospitality sector.

In Nevada, the number of sustainable projects has grown from a scant few just a couple of years ago, to several dozen today, which, in turn, has sparked an influx of professionals certified to plan and execute all phases of this specialized construction. Referring to the growth of green construction, Rita Brandin, senior vice president, development director for Newland Communities, explained: "We have serious ripples beginning to hit the shoreline. It's becoming the wave of the future." Newland is partnering with the city of Las Vegas to build Union Park, a 61-acre, green mixed-use project scheduled to revitalize downtown Las Vegas between now and 2012.

The green building movement has taken off in part due to the federal ENERGY STAR program, which gives recognition to energy-efficient buildings, and to the LEED (Leadership in Energy and Environmental Design) program, that certifies projects as using sustainable construction. Developed and administered by the U.S. Green Building Council, LEED promotes construction that benefits the environment and the well-being of building occupants. Builders use products, technologies and practices to earn points toward certified, silver, gold and platinum rating levels. The categories that are rated include:

- Sustainable site
- Water efficiency
- Energy and atmosphere
- Materials and resources
- Indoor environmental quality

Tax Incentives Stir the Pot

In addition to these programs, tax incentives enacted by 25 states have given another boost to promoting sustainable building practices. Referring to Nevada, Jason Geddes, business development manager at the Economic Development Authority of Western Nevada (EDAWN) in Reno said, "The legislature showed foresight in making Nevada the first state in the nation to offer incentives in 2005." What seemed like an affordable jump-start to green building at the time, however, became a legislative nightmare in this year's session when number crunchers revealed those tax breaks could cost the state $900 million in much needed revenues over the next 15 years. The legislative response was AB621 which is designed to cut the original incentives in half by backing out the value of the land and the tax due to school districts from the amount eligible for the property tax reduction. Tax breaks for new LEED-certified construction are 25 percent for silver, 30 percent for gold and 35 percent for platinum.

The devil is in the details as the Nevada State Office of Energy and the Nevada Tax Commission continue to hammer out regulations that will meet the intent of the statute. Although developers acknowledge the value of incentives, they don't want green building to disrupt social services. "We don't want to be burdensome on government, but we need to strike the right balance," explained Ralph Murphy, chair of the government affairs committee for the National Association of Industrial and Office Properties (NAIOP), which promotes sustainable development.

Tax breaks may sweeten the financial pie in deciding to go green, but they aren't the only determining factor in the ultimate decision.

"GSG Development was building sustainable developments prior to any available tax incentives. We applaud Nevada for being one of the few states that has pursued this type of legislation. Any tax incentive is just an added benefit for doing the right thing," said Kenneth Smith, founder of Glen, Smith & Glen Development in Las Vegas. As more businesses express concern for the environment, the demand for green buildings will increase. "The new generation is more socially conscious," said Eric Roberts, vice president of SH Architecture in Las Vegas. "Global politics show that we have limited resources." Ideally the tax incentives should have a sunset of 10 years or so, according to Roberts. Once the financial, social and environmental advantages of building green become generally understood, tax incentives should not be necessary.

Going Green is Socially Responsible

From a financial point of view, building green can result in annual savings of around 30 percent in operating costs, according to Todd McKenzie, whose family has owned and operated McKenzie Properties in Reno since 1953. The company constructs commercial buildings which are then leased to a variety of tenants. Retail and industrial tenants, that pay their own utilities, realize the savings right away. McKenzie Properties enjoys the immediate financial benefits at those locations where it provides utilities for tenants. "It just makes good business sense," McKenzie explained. Over and above any financial rewards, however, is the desire by most businesses to be able to market themselves as being socially responsible. "Lessees want to be viewed as green businesses," McKenzie said. In the company's Spanish Springs

Sullivan Square, a 16.5-acre mixed-use development, is scheduled for completion in 2009.

Shopping Center Phase III, which will be LEED Silver-certified, new tenants are proudly identifying with the project's sustainable status. How U Bean coffee shop, for example, became a green business by going organic. "All GSG projects are built with the goal of creating sustainable developments," said Smith. "Building green is not just good for the environment, but leads to increased building efficiencies and fiscal savings for tentants."

In analyzing the importance of building green, it's clear that the construction industry is changing the way it does business in response to the growing trend. "We're heralding the arrival of a new way to live and do business in Las Vegas with mixed-use communities," said Smith. Building green is not about simply adding waterless urinals to the restrooms to save on water usage. Rather, it is a systematic approach to a project that involves green thinking and acting from the initial planning to the final execution. The key word is collaboration instead of segmentation, according to Roberts. "It's absolutely critical for contributors to work together all along the way. You can't just add [green certification] at the end," he emphasized. As the industry continues to feel its way along the sustainable path, developers rely upon learning by experience, as well as educating each other and the general public. "The trick is to identify what works and then educate people about it," Murphy said. As time passes, many green practices are expected to become standard in the industry. "In the near future, LEED certification requirements will more than likely be written into building codes. Many of these requirements are affordable and easily done," Smith said.

Enter the Insurance Agent

As more and more sustainable projects are built, the need for green property insurance also increases. Traditional insurance policies don't necessarily give the protection needed for a green building, according to

Continued on pg. 56

Streamline The Process

Custom Build Your Office With Heller Companies

Jay and Brian Heller, principals of Heller Companies, stand in front of the Valley View Business Center, a 554,000 square foot office/industrial project they developed.

In creating the space for others to run successful businesses, two generations of experience are better than one. Just ask Brian or Jay Heller.

The local development firm they own and operate, Heller Companies, specializes in office and industrial space construction and management. Brian, the father, and Jay, his son, credit their success to two guiding principles: providing the best quality service to the client, while building lasting relationships.

Together, they have more than 60 years combined experience. Whether it's design, construction or property management, they bring a wealth of innovative ideas to every project they undertake.

After graduating from the University of California, Los Angeles, Brian Heller built his first custom home in 1964 and then established Heller Construction in California, which focused on single family homes and custom estates. Soon after, Brian started in the commercial market. In 1995, Brian moved the construction company's headquarters to Las Vegas and co-founded Heller Companies with his son Jay, who graduated with a business degree from Pepperdine University in 1992.

"We take a very hands-on approach and with all our properties in close proximity, it makes it easier to manage and take good care of our tenants. It's important to provide the best quality service to our tenants," Jay Heller said.

Valley View Business Center is located on Valley View just south of Russell Road within a few minutes drive to the Strip, the I-15 & 215. The project's square footage totals 554,000, making it one of the largest multi-tenant office/industrial flex projects in the Valley. Tenants range from small mom-and-pop shops to fortune 500 companies. Space ranges from 900 square feet to 35,000 square feet. The shear size of Valley View Business Center adds another key component to their success, the ability for tenants to expand.

"Tenants can expand any time during their lease period and aren't married to that particular space for three to five years. If we have another space available that can accommodate their growth then the tenant can expand without penalty and without suffering growing pains," Jay Heller said.

Decatur Business Center is the company's newest venture, located on the corner of Decatur and Diablo in the heart of the desirable southwest submarket. Decatur Business Center adds an additional 87,000 square feet to the portfolio and will be online in the first quarter of 2008. The project will have office, showroom and warehouse space available. It is not a typical project in the Las Vegas market – as it will be more of a hybrid office and industrial product with interior corridors, elevator, upscale lobby, receptionist, and other business services.

The company offers a full range of leasing services, from the drawing board through construction to design choices.

"We are a one-stop shop," Jay Heller said. "We have a wide variety of products and services to offer our tenants."

The formula has proven successful: Heller Companies now manages more than 760,000 square feet of office and industrial space inhabited by more than 250 tenants employing more than 3,000 people. The company provides all the services needed from the ground up: construction, design, tenant improvements and property management. Tenants can custom-build their office space and be moved in within 60 days.

"We have been successful because we are able to work closely with our tenants and streamline the typical process," Jay Heller said. "Dealing directly with the developer is another asset. We offer more services and can react quicker than most. We help our tenants design and build their office improvements without having to go through the typical time consuming bureaucratic chain of decision making".

"Streamlining is key … and taking good care of our tenants is our main focus and top priority."

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Continued From pg. 54

Jeric Leavitt, account executive with Leavitt Insurance Company. A "normal" property insurance policy will replace losses with items of "like" kind or quality, Leavitt said. In the case of a green building that is LEED-certified green building, however, losses must be duplicated exactly, including employing LEED-certified personnel to do the work. "Green building has extra costs involved," said Greg Pike, vice president of McFadden Insurance. "Developers typically spend 15 to 20 percent more to build to LEED certified standards." In addition, green insurance policies can be written to include such things as loss of revenue that a property may suffer by losing its ability to sell the surplus power it was generating.

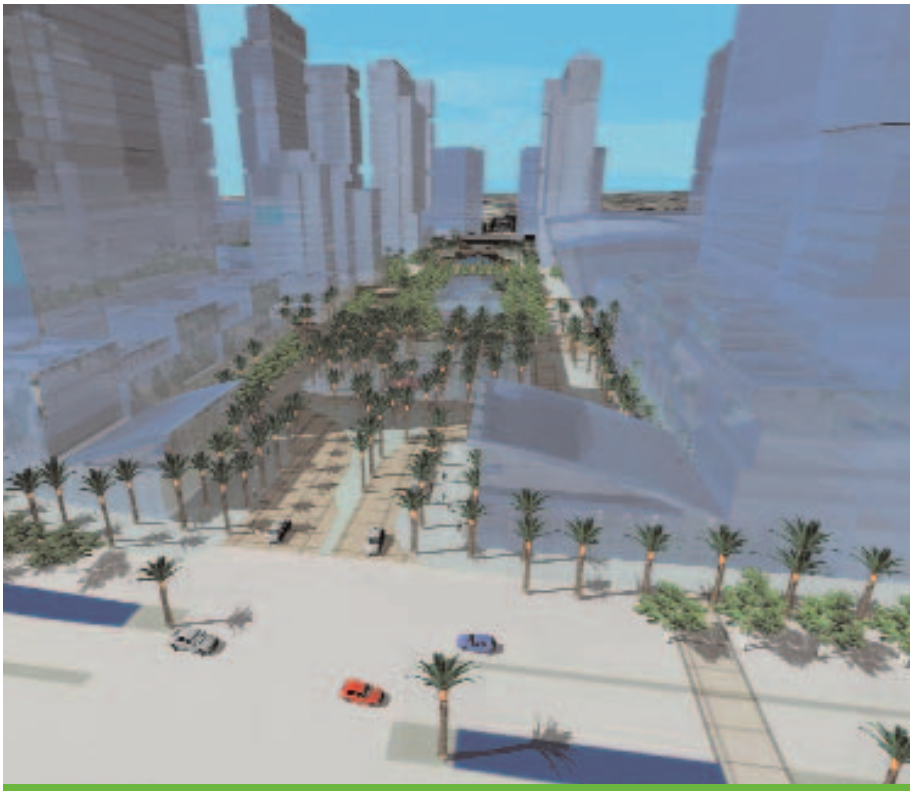
Because green buildings are designed with professionally-certified, state-of-the-art technology, insurance companies see them as better insurances risks. Most commercial property losses involve heating and air conditioning, plumbing or electrical systems which, in the case of green buildings, are less likely to create a loss than in other types of construction. The good news is that the cost for appropriate protection for a green building isn't out of line with other insurance costs, according to Pike. "It is similar to the difference in insuring a Volvo versus a Ford Pinto – it costs less to insure something that is made with the best materials," said Pike.

Editor's note: See related article on page 71.

A Sampling of Projects

CityCenter Las Vegas

At a cost of $7.4 billion, CityCenter Las Vegas is currently the single most expensive privately-funded project in the Western Hemisphere. Developed by MGM Mirage, the first phase of the 76-acre mini-city is now rising between the Bellagio and Monte Carlo along the Las Vegas Strip. This new community will offer entertainment and shopping mixed with a collection of urban residences, all designed by some of the world's most renowned architects. With around 18 million square feet of new construction, CityCenter will be the largest LEED-certified project in the world when occupied in 2009. Green aspects of the project include annually eliminating 48,000 tons of greenhouse gases (GHG), diverting more than 80 percent of construction waste through reuse and recycling, and improving indoor air quality with low-volatile organic compounds (VOC) and non-toxic materials. Construction will make use of energy efficient glass,



Union Park, a 61-acre development located in the heart of Las Vegas, is a joint project of Newland Communities and the City of Las Vegas.

carpeting made from recycled fibers and reused materials from the Boardwalk casino that was imploded to make room at the site.

Spanish Springs Shopping Center Phase III

Constructed by McKenzie Properties of Reno, the third phase of Spanish Springs Shopping Center in Sparks is one of the first LEED Silver-certified retail projects in Nevada. With rental space available from 1,800 square feet to 3,600 square feet, the addition boasts the following green attributes:

- Reduces landscaping water usage by 70 percent and building water usage by 30 percent.
- Improves energy efficiency by 25 percent.
- Employs a full recycling program.
- Improves indoor air quality with low-emitting materials.

Tenants will save money through lower utility bills and reduced maintenance charges, plus offer customers and employees a healthier, more pleasant indoor environment.

Union Park

Envisioned by Las Vegas Mayor Oscar Goodman as a "city within a city," Union Park promises to give Las Vegans a place where they can live, work, shop and entertain all in the same neighborhood. Anchored by the Lou Ruvo Brain Institute and The Smith Center for the Performing Arts, Union Park's 61 acres in downtown Las Vegas will encompass hotels, restaurants, retail stores, residences, offices and medical facilities. "The key goal of all the stakeholders is that we wanted to create an urban community," explained Newland Communities' Rita Brandin. A $6 billion joint project of Newland and the city of Las Vegas, Union Park has been selected as one of 238 green projects in the

country (and the only one in Nevada) to participate in a pilot program to develop criteria for LEED-certified neighborhoods. Certification is applicable only to buildings at the present time.

Some of the many factors to be considered in creating sustainable communities include the use of shade trees, wide sidewalks, traffic calming devices, solar shading with proper building placement and integrating overlapping neighborhoods. Brandin believes that the timing is right for this project because many people are interested in moving back to city cores if the quality of life remains high. "People are now acknowledging, more than ever, quality of life issues," she said. With the first phase of infrastructure scheduled for December, Union Park is due for completion by 2012.

Sullivan Square

Sullivan Square is a mixed-use development in southwest Las Vegas dedicated to green living. When complete, its 16.5 acres will offer a variety of residential living options, a community park, as well as shops and services along Market Street. Co-developed by Glen, Smith & Glen Development of Las Vegas and Harcourt Developments of Dublin, Ireland, the project is scheduled for its first occupants in 2009. Residents will live healthier lifestyles and realize a 25 percent to 30 percent reduction in energy bills and a 42 percent tax abatement for seven years through incorporation of the following:

- An on-site water treatment facility that will conserve 45 million gallons of water a year.
- Vegetated roofs used in concert with cool roofs to reduce glare and heat.
- Low-emitting materials to reduce indoor air contaminants.
- Construction materials with a high-recycled content to reduce solid waste.

Clark County School District Northwest Career & Technical Center

The first LEED-certified school in Nevada, the Northwest Career & Technical Center was designed as a collaborative project to integrate core academics into each industry-specific technical academy. With its tinted glazing, anodized aluminum panels and integral color accents, the facility resembles an office building rather than a public school. The sustainable campus makes use of such green

The Northwest Career & Technical Center was the first LEED-certified school in Nevada.

technologies as natural lighting, geothermal heating and cooling and natural materials. The fitness trail, ample open spaces and outdoor amphitheater add to the pleasant surroundings which are expected to enhance student performance. In terms of its energy savings, the center is already outperforming design expectations, according to Roberts whose firm designed the facility. "We were told to create a building that used 40 percent less energy than a typical high school," he said. "When it was finished the building was performing at a savings of 60 percent."

Jeanne Lauf Walpole is a freelance writer based in Northern Nevada.

Green Game Makes a Difference One Light Bulb at a Time

Michael Pancirov, a project manager at SH Architecture, rides his bike to work as part of the company's Green Game and sustainable living philosophy.

At SH Architecture in Las Vegas, it isn't enough to just build green. Through its sustainable philosophy, the company encourages its 48 professionals to also live green. "Sustainability is the keystone of everything we do, not just in architecture, but in the way we live," explained Eric Roberts, company vice president.

Demonstrating that green living really begins at the grass roots level, the company kicked off its Green Game in January with employees competing in teams for points earned in sustainable activities. Winners earned time off from work. "The Green Game really took off

from the outset," Roberts said. Employees analyzed their own personal habits and environments to discover ways in which they could adopt more green-friendly lifestyles, such as riding bikes, replacing light bulbs and appliances, decreasing water usage and recycling.

Over the three months that the game was played, participants racked up the following impressive results:

- 28 employees bought TerraPasses to offset 336,000 pounds of CO2 (carbon dioxide) emissions from their cars.
- 20 employees switched to exclusive use of biodegradable cleaners in their homes.
- Five employees quit using clothes dryers in favor of hanging clothes to dry, saving 100 kWh (kilowatt-hours) per month per person.
- One employee persuaded his apartment complex to replace all incandescent light bulbs with CFL (compact fluorescent) bulbs, saving 11,598 kWh annually.
- One employee converted 4,800 square feet of backyard to a National Wildlife Federation-certified habitat.
- All office employees installed digital set-back type thermostats in their homes.

In addition, SH workers adopted two miles of Nevada highway to keep refuse-free, planted trees at the Las Vegas Wash, installed software to power down computers not in use, and decreased use of their cars by walking, biking, riding the bus and carpooling to work.

The company continues to encourage workers to be innovative in solving global problems on a personal level and plans to have the Green Game focus on eliminating net carbon debt later this year. "It's easy and exciting to be green," Roberts said, citing the success of the company's game.

Building Nevada

Industrial Market Summary

2nd Quarter 2007

Las Vegas

Second quarter 2007 industrial-related employment was up from Q2, 2006, indicating continued growth in demand for industrial space in the Las Vegas Valley. According to the Nevada Department of Employment, Training and Rehabilitation, 171,300 industrial-related jobs were recorded in June 2007, a net increase of 800, from June 2006. The Las Vegas Valley's speculative industrial vacancy rate increased by 0.1 percentage points to 4.4 percent in second quarter. This increase in vacancy was also accompanied by a rise in the average monthly asking price, from $0.81 per square foot to $0.82 NNN. East Las Vegas and West Central experienced the highest rent increase. Henderson and Airport also experienced rent increases in second quarter.

Direct net absorption in second quarter of 1,084,649 square feet was lower than that recorded in first quarter 2007. Overall, industrial completions in second quarter, 2007 totaled 1,286,688 square feet, a decrease from 2,271,923 square feet in first quarter 2007. This resulted in an absorption-to-completion ratio of .84 foot of demand for every foot of supply, which was the same as first quarter, 2007. Additionally, 1.28 million square feet of new space entered the marketplace. The North Las Vegas submarket led Valley completions in quarter two with 574,293 square feet.

Warehouse distribution industrial space had the highest net absorption in second quarter with 711,575 square feet, followed by light distribution, light industrial and R&D flex.

Reno/Sparks

The industrial real estate market in Northern Nevada remained strong during the second quarter. While the market vacancy rate increased due to the completion of a significant amount of new industrial product, market demand increased. Of the 64,021,083 square feet of industrial real estate, 7.4 percent is currently vacant. The amount of vacant space increased 1.3 percent since the first quarter, primarily driven by the completion of three large construction projects. These projects include 429,000 square feet at the Lear Industrial Center in Stead, 300,000 square feet and 601,750 in the Tahoe Reno Industrial Center in McCarran Nevada. The new construction projects are primarily high-cube, cross-dock, and distribution projects located in the outer submarkets of Stead and Spanish Springs to the North, and McCarran to the East.

Vacancy rates will continue to rise and absorption will remain strong although it is not expected that the newly completed construction be absorbed quickly given the size of our market and the time to attract new companies. Rents in our market will rise consistently in the short, medium, and long terms. Continued cheap capital will spur additional speculative development in our market by institutional companies. As we move into an oversupply situation in the short to medium term, distribution tenants will have more options and receive favorable leasing incentives. Our overall industrial market will continue to grow at a strong pace.

INDUSTRIAL– 2ND QUARTER 2007

TOTAL MARKET	LAS VEGAS	RENO
Total Square Feet	96,383,134	64,021,083
Vacant Square Feet	4,282,371	4,721,416
Percent Vacant	4.4%	7.4%
New Construction	1,286,688	1,575,530
Net Absorption	1,084,649	459,872
Average Lease SF/MO (NNN)	$0.82	$0.53
Under Construction	2,943,989	2,701,301
Planned	4,971,297	1,404,648
WAREHOUSE/DISTRIBUTION		
Total Square Feet	41,103,042	31,166,779
Vacant Square Feet	1,078,434	2,422,032
Percent Vacant	2.6%	7.8%
New Construction	692,607	0
Net Absorption	711,575	261,265
Average Lease SF/MO (NNN)	$0.64	$0.40
Under Construction	2,271,338	1,047,617
Planned	3,305,956	583,500
DISTRIBUTION		
Total Square Feet	15,331,617	N/A
Vacant Square Feet	1,207,382	N/A
Percent Vacant	7.9%	N/A
New Construction	377,980	N/A
Net Absorption	188,406	N/A
Average Lease SF/MO (NNN)	$0.76	N/A
Under Construction	72,326	N/A
Planned	429,328	N/A
INCUBATOR		
Total Square Feet	8,029,443	N/A
Vacant Square Feet	401,580	N/A
Percent Vacant	5.0%	N/A
New Construction	0	N/A
Net Absorption	-9,431	N/A
Average Lease SF/MO (NNN)	$0.85	N/A
Under Construction	0	N/A
Planned	100,800	N/A
R&D/FLEX		
Total Square Feet	4,685,924	267,627
Vacant Square Feet	545,827	28,379
Percent Vacant	11.6%	10.6%
New Construction	63,515	0
Net Absorption	64,085	2,085
Average Lease SF/MO (NNN)	$1.14	$0.88
Under Construction	330,504	0
Planned	473,890	0

Next Month: OFFICE

ABBREVIATION KEY

MGFS:	Modified Gross Full-Service
SF/MO:	Square Foot Per Month
NNN:	Net Net Net

SOUTHERN NEVADA STATISTICS COMPILED BY COLLIERS INTERNATIONAL AND RESTREPO CONSULTING

NORTHERN NEVADA STATISTICS COMPILED BY COLLIERS INTERNATIONAL RENO

Faciliteq Architectural Interiors

Creating Efficiency One Project at a Time

Demands for a more modern, energy efficient work environment are increasing daily. Employees are spending countless hours in the office, and need to be surrounded by a comfortable, manageable work space. Faciliteq Architectural Interiors is a company designed to incorporate all of those needs.

Serving Southern Nevada for two years, Faciliteq is not your typical furniture company. Quentin Abramo, president of Faciliteq, said they are working to provide a total Tenant Improvement (TI) package. In addition to furniture, Faciliteq provides a raised floor system, flexible modular electric and data systems, a modular wall system, low voltage lighting, as well as carpet.

The company is unique in that it has brought raised flooring and modular products to Las Vegas, trying to promote sustainable solutions for the industry. Faciliteq is a member of the U.S. Green Building Council (USGBC). "We are part of the USGC because a lot of the products that we provide are those that fall into the same concepts that they promote," Abramo said. Many of their products also fall into the categories that lead to Leadership in Energy and Efficient Design (LEED) certification.

"Our most important job is to not waste people's time and find the right products that suit their needs. We locate an opportunity, figure out what their need is and are realistic in the pricing," Abramo stated. A big misconception in the current marketplace is that to build an energy efficient, modern office, a lot of money must be spent.

Faciliteq's newly purchased office building was originally a car garage. Instead of tearing down the building and starting over, incorporated their theme to conserve, keep and recreate. The edgy, modern, office building is still under construction, but with raised flooring, low voltage lights and the rest of the products that they promote, it is slowly coming together. "You can take an old building without starting over and bring it up to 2007 standards by using a lot of the products that we distribute."

One of their most recent projects is the Molasky Building in Las Vegas. The company has also worked with MGM Grand, the Venetian, McCarran Airport, and many more. Faciliteq's scope ranges from small start-up companies to city and state projects, as well as major businesses. As the economy continues to grow, resources are becoming more finite by the day. Faciliteq, along with many other companies in Las Vegas, is moving towards the concept of efficient and reasonably priced buildings and offices. One of the biggest challenges now is trying to change a 100-year- old industry. "I am very passionate about the solution, and believe this is the right solution and even though I had to beat my head against a wall to get here, people are finally starting to see that it [sustainable solutions] can work."

Green Valley Corporate Center Strives to LEED Certification

American Nevada Company is pre-leasing space in the four-story, Class A office building which is under construction in the 90-acre, master-planned Green Valley Corporate Center. The 134,400-square-foot building offers a prime location in a master-planned business park. The building will be constructed in ways that are environmentally sensitive, with a target of achieving LEED certification for the project. LEED Green Building Rating System is the nationally accepted benchmark for the design, construction and operation of high performance green buildings. The building is expected to be ready for occupancy in the second quarter of 2008.

Dermody Properties Acquires 50 Acres

Dermody Properties announced the acquisition of 50 acres of land at the Tahoe-Reno Industrial Center in Storey County. The plan is to develop a build-to-suit warehouse and distribution center, called LogistiCourt in East Reno. Dermody plans to break ground in spring 2008 and intends to offer build-to-suit opportunities for purchase or lease, as well as pad-ready land sites for sale. LogistiCourt is a sister to Dermody Properties national brand of integrated logistics development projects, LogistiCenter. Dermody Properties has developed more than 25 million square feet of LogistiCenter projects in five different states, and plans to build nationwide.

Las Vegas Welcomes Britain's Largest Retailer

Territory Incorporated recently announced the addition of Britain's largest retailer, Tesco, to the Las Vegas Valley. Tesco's Fresh & Easy Neighborhood Market is the newest tenant to join the Commerce Commons retail neighborhood shopping center in North Las Vegas. The 10,000-square-foot market is smaller than a typical supermarket and features easy-to-shop aisles for quick in-and-out access. Tesco plans to open 30 Fresh & Easy stores in Las Vegas, Los Angeles, Phoenix and San Diego by February of next year, creating around 2,500 new jobs.

RE Investment Company's New Building

Blackfire Investors announced recently that is has purchased the 39,364-square-foot office building located at 639 Isbell Ro. in Reno. The group plans to make significant renovations to the property and pursue an aggressive new leasing campaign. Matt Riecken and Annemarie Huismann of CB Richard Ellis have been selected as the project's leasing brokers, while NCS Commercial Services will be the new property managers. HMC Architects will be undertaking the building's redesign and Finska Contractors has the construction contract.

First Phase of Tahoe-Reno Industrial Center Completed

Developer Union Property Capital completed construction of a 500,000 square foot structure, the first of four phases at the 108-acre Tahoe-Reno Industrial Center. The first phase of development is to be named USA Industrial Center. The company is seeking tenants for the building which can be expanded to 800,000 square feet. Union Property plans to build three additional warehouses totaling 1.1 million square feet.

Nevada Tax Myths

Misconceptions Allow Politicians to Dodge Accountability

You'd never know it from the incessant calls for new taxes on Nevadans, but Silver State residents already pay some of the highest taxes in the nation. Recently, the tax foundation in Washington, D.C., reported the percentage of income taken by local, state and federal taxes from individuals in different states. Nevadans bore the fifth-highest burden in the nation, with only residents of Connecticut, New York, New Jersey and the District of Columbia paying more.

Some of the explanation is relatively benign. Nevada's economy does well, so it produces a larger proportion of successful people, and they end up paying federal income taxes at the higher rates. Even average-income people pay more income taxes, because many more of them are working and earning. So all this helps skew Nevadans' federal share upward, raising the total reported burden.

However, that's only part of the story. Nevadans also carry substantially bigger tax burdens at state and local levels than the state's official figures – or the state's zealots for ever higher taxes – would have you believe. In the last generation, stealth tactics by Nevada's politicians and its government employee unions quietly drove up Nevada's state and local taxes over 17 percent. In 1980, Nevadans' state and local tax burden as a percentage of income was 8.6 percent. By this year it had risen to 10.1 percent – an increase of 17.44 percent.

In the 1980s and 1990s, Nevada taxes – including the taxes called "fees" – grew at rates exceeding those in all other states. Then, in the first years of this new century, the increase of Nevada's per capita tax burden exceeded that of every state but one – New Jersey.

How does all this square with the conventional wisdom – that Nevada is one of the lowest-tax states in the entire country? First, it is true that Nevada remains one of the better states when it comes to state and local taxes. Although the situation of taxpayers across the nation continues to deteriorate, Nevada's situation, has not yet caught up to some of the worst states.

Second, the conventional wisdom, in many respects, is simply not accurate. Evaluating organizations often believe they must defer to the self-protecting labels that state and local politicians often choose to place on revenue measures. For example, in virtually every state, politicians always prefer to designate revenue-raising measures as fees, rather than taxes – even when, by traditional definitions, those fees indeed are taxes. Taxes get voters' hackles up and cause re-election problems for politicians. Fees, on the other hand, are usually still given the benefit of the doubt by voters. This particular ambiguity is one that Nevada politicians were some of the first to exploit and have continued to do so for over a generation.

A third answer to the question lies with the economic myths that politicians love to trade on and spread. These misconceptions – facilitated by the minimal economic knowledge of media professionals and the electorate at large – are highly useful in the pursuit of bad public policy. They allow politicians to dodge voter retribution for legislation that benefits the politicians' special-interests allies but otherwise disadvantages citizens in general.

One such myth rampant in Nevada presumes that taxes on business somehow fall only on business owners – not on employees and their families, and not on individuals employed out in the wider state economy. The fact is, however, that the economic burden of a tax almost always extends much farther into the state economy than the targeted businesses. Another such myth is that tax increases imposed by legislators won't really be paid by Nevada residents but instead primarily by out-of-state tourists. The implication that this is "free money" for the state is just not true.

Steven Miller is policy director for the Nevada Policy Research Institute.

401Ks

The Best Plan For Your Business?

Do you think you are paying too much in taxes? Finding it hard to attract and retain quality employees? Establishing a retirement plan for your business could be the solution. Most business owners are familiar with the 401k plan. But is it the best plan for your business? There are a myriad of qualified plans that business owners can establish. The challenge is finding the plan that best suits your business. Alphabet-soup names such as SEPs, SIMPLEs, PSPs, 401ks and DBs are all possible choices.

Here are a few factors to consider which plan is right for you.

Employee Eligibility: Each plan has different requirements regarding employee tenure and income to become eligible for participation. Some plans require one year of employment, others two years and some even require three years.

Number of Employees: Some retirement plans require the business owner to make contributions for employees while others do not. The level of employee turnover is a key consideration. In addition, it is possible to establish a plan that rewards certain employees, but not others.

Contribution Limits: Each retirement plan has a different funding limit. Keep in mind that most plans have maximum limits, but you could always fund a smaller amount.

Flexibility: Whether or not you own a business where profits have large yearly fluctuations will impact the type of plan you chose. Some plans require a yearly minimum funding, but most plans give the business owner a flexible contribution program.

Vesting: Vesting refers to the time an employee must remain employed before he/she is entitled to any employer contributions into his/her retirement account. Also known as "golden handcuffs," it is an incentive for an employee to stay with the company. Some plans require immediate vesting while others do not.

Administrative Costs: Some plans have zero costs, while others have larger costs. Many of the plans have rules associated with them. Therefore, it is necessary to occasionally test the plans to make sure that they are in compliance with federal regulation. As a rule of thumb, the more detailed your plan, the higher the administrative costs because more testing is involved. Always keep in mind that the administrative costs are tax-deductible, and might even pay for themselves if the business owner gets a large enough tax-deductible contribution into his/her investment account.

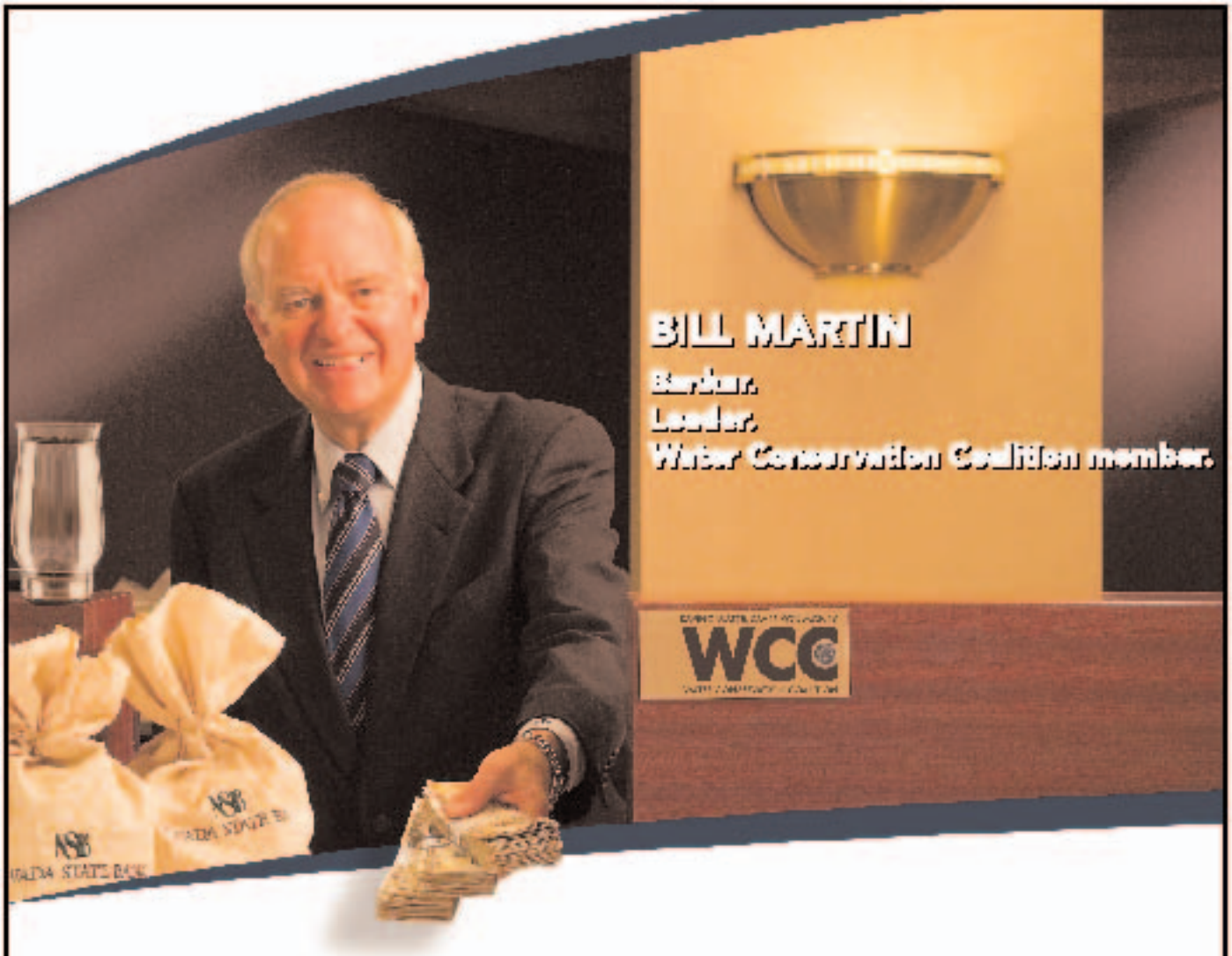
Access to Assets: Some plans allow withdrawals while some do not. Other plans allow one to borrow against the plan's assets.

Plan Set-Up Deadlines: Depending on the plan, the deadline for establishing a plan could be the company's tax filing deadline, December 31 or October 1.

When establishing a plan, balance must be struck between maximizing the business owner benefits while addressing the employee issues facing the business. For example, if high employee turnover is a problem with your business, a plan that has a vesting schedule attached to it with a one-year eligibility requirement could work. If the business has a few long-term employees, and the owner wants to reward their service, a plan that gives the employees a share of the profits could be established. If the business has no employees, a plan allowing the maximum possible contribution could be considered.

The government gives business owners a large incentive to establish and fund a retirement plan. If you do not have a plan, you could be losing valuable employees and might be paying more in taxes than necessary. As you can see, many factors should be considered when establishing a retirement plan. Since every plan has advantages and disadvantages, seeking the advice of a qualified professional can help you explore your options.

Steven Budin is a Las Vegas-based financial advisor and president of The Budin Group.



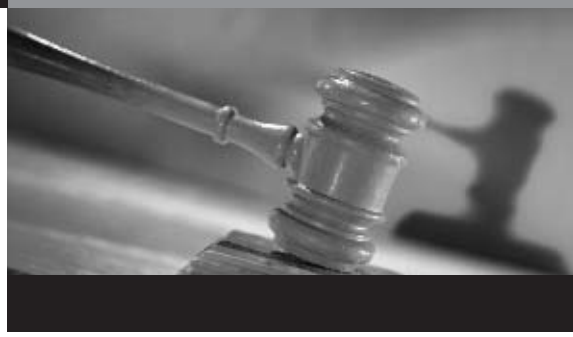
When businesses save water, it's like money in the bank. That's something Bill Martin understands—and not just because he's the president of Nevada State Bank.

Since 1995, Martin has been chairman of the Water Conservation Coalition, which works cooperatively with the Southern Nevada Water Authority. He and other smart business leaders understand water conservation boosts the bottom line.

Business is not only good for those who are Water Smart. It's better than ever.

Now it's your turn. Log on to snwa.com for conservation incentive programs and to learn more about the Water Conservation Coalition.

It's a desert out there. Be Water Smart.



Question:

Should judges be appointed rather than elected?

Keep Judges Independent

By Craig Walton, Nevada Center for Public Ethics

Today in Nevada, judges are selected by a corrupt money-chasing process. Since 1998, we have raised the ante on the cost of one Supreme Court seat 300% from $174,000 to more than $543,000. Judges and candidates are forced to seek money, while attorneys and litigants are forced to give money to avoid risking a bad day in court.

Many judges along with the president of the Nevada State Bar have asked that we change this corrupting practice. In 2007, the Legislature passed SJR2, which if passed again and ratified by the public, would create two public professional committees. The first would receive nominations for a judgeship and an evaluation using professional standards, sending the best of those nominees to the governor for appointment. The second committee would create standards for judicial performance review and the results of which would then be used by the public to vote in a retention election for all judges previously selected.

Some argue that politicians and judges are equally chosen by the same standards. The 2007 ABA Model Code for Judicial Conduct explains that governors and legislators are not expected to be independent of the people. To the contrary, these officials are expected to represent their respective constituencies by acting on the policy preferences of those who elected them.

Judges, however, are different. Once voters' policy preferences are enacted into rules of law, it is up to judges to ensure that those rules of law are faithfully interpreted and upheld. The rule of law would be corrupted if interest groups, public officials, powerful private citizens, or fleeting majorities of the public could intimidate a judge into interpreting a law to their liking or reading a law out of existence altogether. Unlike governors and legislators, judges must be as "independent as the lot of humanity will admit."

Editor's note: Craig Walton wrote this piece for Nevada Business Journal before he passed away on October 8.

SJR2: The Worst of All Worlds

By Professor Tuan Samahon, Boyd School of Law

Senate Joint Resolution 2 would amend the Nevada Constitution to remove voters from the process of electing their judges. Under the plan, a commission of "experts" – to be dominated by the State Bar and the incumbent Chief Justice – will nominate a slate of candidates for judicial office. The governor will select a judge from among the approved candidates. Subsequently, the governor's pick must stand for an uncontested retention election.

There are good reasons to doubt SJR2 will restore justice to Nevada rather than perpetuate influence, or "juice."

First, SJR2 will not drain the influence of money from the courts. Judges will still campaign for retention and therefore will need to raise money. SJR2 does nothing to eliminate the potential for serious conflicts of interest.

Second, SJR2 makes the Judiciary almost entirely unaccountable to the public. A 30-year study of ten states with retention elections found incumbents were retained about 98 percent of the time. This is not surprising. Retention election does not give voters a choice of a named alternative to the incumbent. It's strictly the devil-voters-know versus the devil-they-don't. Therefore, SJR2's outcome will be life-tenured judges without the usually associated benefit of impartial judgment.

Third, several scholarly studies confirm that appointed judges, on average, are no more qualified than elected judges. District Judge Elizabeth Halverson, whose incompetence has fueled sentiment to adopt SJR2, is the memorable exception, not the competent rule.

What alternatives to SJR2 would assist Nevada in securing the integrity of its judges? Don't expect the Judiciary to recommend these: limit election to fixed non-renewable terms; cap campaign contributions; redefine what constitutes a conflict of interest to encompass fundraising from counsel; change Nevada's impeachment process; streamline the judicial disciplinary and removal process; and prosecute vigorously corrupt judges, parties and lawyers. Nevada's problem is misbehaving jurists, not the ability of its voters to hold the Judiciary accountable.

Insuring a Greener Future

Protecting Your Business

When it comes to protecting their investment, many building owners and tenants make one crucial mistake. They think that all insurance policies are the same. After all, a building is a building, and insurance is insurance, right? This common assumption is magnified with certified green buildings. While the owners of green buildings realize that their buildings are different, many don't realize they need specialized insurance programs to fully protect them. To their surprise, many elements of a green building may not be covered by even the best standard building insurance policy.

People who own green buildings often think they have a replacement cost policy that means the building will be replaced. While this is true, it does not necessarily mean it will cover and replace all of the green elements that were in the original construction. Unfortunately, most people don't really know how well their insurance will protect them until it's put to the test.

As a result of the industry shift toward building green, there have been several "green" insurance products introduced in the last year. These products assure that a certified green building will be rebuilt and returned to the same level at which it was originally certified. In some policies this even includes a certain limit to cover the cost of commissioning and certification. Coverage is offered for office, retail and industrial buildings as well as mixed-use and multi-family projects.

One should keep a few simple things in mind when insuring a green building. First and most importantly, always make sure that in the event of a loss, the building will be repaired or rebuilt to the same or better standard than when it was originally built

Second, it is important that you understand who is responsible for insuring the building. While owners of green buildings should be informed about the insurance coverage available to protect projects, the tenants of these buildings should also understand the liabilities and how to ensure coverage. Some green project owners will build a core and shell that carries a green certificate and then leave the interior certification to the tenants. Others opt to develop the entire building, including the tenant improvements (TIs), to green certification standards. In these buildings, although the tenants are getting turnkey space, they may be responsible for the cost and replacement of the TIs, in the event of a loss.

Next, it is important to work with an insurance agent who understands these needs and can develop a protection plan that fits the particular property. Whether it's a green building being constructed from the ground up, an existing space being renovated to a "green" status, or a project deemed "historical preservation" being revitalized using green standards, each has its own set of protection needs.

Finally, with green building quickly becoming the standard for future development, make sure you explore "green" insurance options that are available for traditional buildings. With this type of policy, in the event of a loss to a traditional building, the damaged portion of the building will be repaired or replaced using green products and green methods. If the building qualifies for certification, this policy may also pay for the commissioning and certification.

Keep in mind, the purpose of a business' insurance policy is to protect the business, and the investment made in it. If it doesn't do that, it's not worth the paper it's written on.

J. Bradd Greene is an executive with McFadden Insurance.

Expanding Radiation Capabilities

Nevada Cancer Institute's Radiation Oncology Department received accreditation by the American College of Radiation Oncology (ACRO) and began treating patients with its TomoTherapy Hi-Art treatment system in September. The prestigious ACRO accreditation is achieved only by a small percentage of departments across the country. NVCI is accredited for a maximum use of three years. Unlike traditional radiation therapy equipment, the Hi-Art system's delivery unit doubles as an onboard CT scanner. Allowing true CT images of a patient's anatomy to be created with the same physical equipment next used to treat the patient, bringing confidence that tumors will receive their intended dosage from one day to the next.

Paramount Bank Opens in Las Vegas

Paramount Bank, an offshoot of Paramount Bancorp, Inc. in Michigan, opened its doors at 7795 West Sahara Avenue. The bank was created by local banker Paul D. Kadavy and Thomas E. Purther, director and CEO of Paramount Bancorp, Inc. Kadavy will serve as the bank's president. Paramount will occupy 4,000 square feet in the Sahara & Buffalo Business Park. The primary focus will be business loans and deposits, with efforts in the consumer sector primarily directed towards residential real estate mortgage origination and consumer deposits, as well as commercial real estate, developers and commercial and industrial business.

Las Vegas Ranks as One of the Nation's More Affordable Markets

An annual comparison of similar homes in 317 U.S. markets was done by Coldwell Banker's Home Price Comparison Index. It defines home prices that equate to a $2.1 million difference between the nation's most expensive and affordable housing markets. Subject homes in Las Vegas average $362,188, ranking Las Vegas as one of the more affordable markets in the nation. Las Vegas compares to the average price of homes in West Hartford, Connecticut and Provo, Utah.

Commerce CRG Announces Office Division

Commerce CRG/Cushman Wakefield Las Vegas announced the formation of an office properties division. Led by office sector veteran Michael Dunn, the new division will focus on general office brokerage, including both landlord and tenant presentation. Team members include: Michael Dunn, CCIM, who is the senior director of the office properties division; Monty Montierth, CCIM, who joins the team as an office and investment specialist; Carolyn Curtis, CCIM, who has more than 30 years of professional real estate experience to Commerce CRG; and Colin Tapp, who brings extensive experience in sales and marketing.

Advanced Information Systems Launches

Frank Yoder, president of Advanced Information Systems (AIS), announced the Las Vegas-based software development firm launched a new voice and data networks division to provide companies with a single, streamlined network in which to conduct business. By utilizing interactive intelligence, the division merges voice and data networks, allowing businesses to operate their telecommunications and Internet needs through one system. AIS also aims to become licensed in fiber-optics cabling that will allow the firm to install fiber optics and copper data cables.

Carson River Community Bank Surpasses $26 Million

Carson River Community Bank reached a milestone with over $26 million in total assets. Julie Kidd, chief financial officer, credits the bank's solid growth in part to its relationship-focused, individualized approach to banking and lending. Community leaders, banking professionals and local investors focused on launching Carson River Community Bank last year to fill a need for personalized banking and local decision-making. Banking services include account access through Internet banking, ATM service, mobile banking and courier service.

Doctors Need Insurance, Too

A Program For Doctors, By Doctors

There is no doubt that the availability of medical malpractice insurance coverage has improved greatly in the past few years for doctors in Nevada. In the past year alone, rates have not only stabilized but decreased 10 to 25 percent. Nevada has seen the formation of a new self insurance program for doctors, by doctors. Premier Physician Insurance Company (PPIC) is a risk retention group – a liability insurance company owned by its members, whom face similar liability exposures.

PPIC was formed by women's care specialist Dr. Warren Volker to provide Nevada physicians with stabilized medical malpractice rates. In 2001, the majority of malpractice liability insurance carriers left Nevada, leaving the remaining carriers to respond to a major coverage shortage. "When St. Paul Insurance Company announced they were leaving Nevada in 2000, it set off the biggest professional liability crisis in U.S. history since the '70s," said Dr. Warren Volker, chairman of PPIC. Medical malpractice liability insurance rates continued to climb for most physicians despite legislative limits on damages.

As new companies enter the market, the state is seeing some of the same tactics as before. New companies come in offering under-cut rates to lure doctors from their current companies, Volker said. He admits that in the short run, these rates are good for doctors, but as companies take this approach they are forced to increase rates, playing "catch-up." PPIC, which is owned and controlled by a broad base of physicians, seeks to insure quality physicians who practice evidence based medicine and seek to reduce risk. The company is committed to deliver consistency, continuity and stability through effective risk management, financial liability protection and other meaningful services for the benefit of its members.

Doctors should not insure themselves based on price alone. "When a doctor is looking to purchase malpractice insurance, it is usually a last minute decision" said Volker. "That decision is almost always determined by price." While exploring options to create a physician-owned medical liability company, Dr. Volker focused on two key components: reinsurance and operating costs. Reasonable operating costs were essential to maintain a viable vehicle for physicians as sufficient reinsurance was necessary to ensure the stability of the company. The mission of PPIC is to protect its patients – doctors. By providing member physicians and their practices with an innovative medical malpractice liability insurance that benefits not only physicians, but patients as well, protection is accomplished.

"When a doctor is looking to purchase malpractice insurance, it is usually a last minute decision."

Capstone Management Group, LLC manages the underwriting for PPIC which protects the company and its policyholders. Capstone works closely with the physicians, understanding their needs in order to meet the goal of PPIC – to bring a fair and logical approach to medical malpractice liability underwriting.

Gambling on Education

NSEA Seeks to Increase Gaming Tax

The announcement that the Nevada State Education Association (NSEA) would attempt a ballot initiative to raise the gross gaming tax in Nevada came as no surprise to anyone, especially executives at the state's major casino properties.

For several months, rumors had been flying about one and possibly two initiative petitions that would change the state Constitution and raise the gaming tax. The teacher's union proposal is by far the more modest of the two, seeking to raise the rate by three points to 9.75 percent. Another, by community activist and attorney Kermitt Waters, would nearly triple the tax to 18.25 percent (and also eliminate property taxes).

Many lawmakers, who have had the opportunity to raise the gaming tax but have resisted in the past, said they feel that while raising the gaming tax slightly might be one part of the solution, any proposal should include other industries and not just single out one player. In addition, they cannot ignore warnings from independent industry observers who have said any significant increase in the gaming tax would destroy future investment in Nevada.

The teachers union has had success in the past when they threatened to go to the ballot for increased taxes to pay for education (and raises for their members). In 1990, they threatened a corporate income tax initiative that would have severely impacted the revenues of casinos. The union even qualified an initiative that went to the ballot that year as Question 10. At the last minute, however, a deal was struck amongst the parties to consider a "Business Activities Tax" at the 1991 Legislature, and the union backed off, allowing the proposal to be defeated at the polls.

Perhaps the casinos will agree to a modest (maybe 1.75) increase, as long as other industries are also forced to feel the pain as well. Gaming officials will undoubtedly come back with some counter-proposal, perhaps their own initiative that would include a variety of tax increases designed to increase revenues and perhaps to help fund Nevada's transportation needs.

Recent polls have shown great support for raising the gaming tax (although not for the idea of raising it to 18.25 percent). Bill Bible, executive director of the Nevada Resort Association, responds that of course people support the idea of raising more money for education, especially if they won't have to pay for the increase out of their own pockets.

Nevada has the lowest gaming tax of any jurisdiction in the country. It is also the only venue that has unrestricted and competitive casino licenses. In all other jurisdictions, licenses and competition are extremely limited, making higher taxes feasible for companies.

The NSEA will have to collect more than 50,000 signatures to qualify the initiative, which would then appear on the 2008 and 2010 ballots before it could become law.

The smart money is being wagered that a solution will be arrived at long before that time.

Michael Sullivan is president of Knight Consulting, a local government affairs firm.

Search Engine Optimization

An Important Online Marketing Tool

Online business, specifically the business-to-consumer market, has skyrocketed over the past decade. JupiterResearch, an Internet marketing research group, predicts online retail sales will grow from $81 billion in 2005 to $144 billion in 2010. Business owners are finding the Internet can be an inexpensive marketing avenue to expose their products or services to potential and ongoing customers.

Most people are familiar with search engines such as Google and Yahoo, which help them find information about companies, products and services. Although pay-per-click advertising on search engines can be a great way to encourage people to visit a company's Web site, it can be expensive, especially for small companies with limited advertising budgets.

However, companies can also use a technique known as SEO (search engine optimization) to bring their Web site closer to the top on the "results page" of search engines, without having to pay for advertising. Since viewers naturally read from the top down, research shows that the closer a Web site is to the top of the results page, the more often it will get hits. If done correctly, SEO can improve the amount of traffic driven to a company's Web site, which should result in more sales and a healthier bottom line.

What is SEO?

SEO is a technique that arranges a Web site's content to obtain high rankings by search engines. It involves designing Web site headlines and subtitles so they will be readily picked up by "crawling" programs, which regularly scan the content of all Web sites and send information to the search engine to be used in rankings. It is also important to choose the correct keywords for a Web page's meta tags, words in the underlying html code that indicate to "crawlers" what the site contains. Each search engine uses different algorithms to rank the sites it crawls, so ranking high on one search engine does not guarantee a company will rank equally high on another. However, all search engines prefer content rich in key words.

SEO Techniques

The SEO techniques listed below may be used to improve a user's Web site ranking. More suggestions may be found on Google's Web site (google.com/webmasters).

- Create keywords that people would be most likely to use in searching for your product or service.
- The most important places to put keywords are in the title tag and in the visible text, preferably near the top of the page.
- Make sure the site is organized logically and does not contain duplicate information.
- Use text instead of images to display important names, content or links.
- Avoid drop-down menus, they are not SEO-friendly.
- Limit Web pages to a maximum of 200 to 500 words.

"Online retail sales will grow from $81 billion in 2005 to $144 billion in 2010."

With the help of an SEO expert, a Las Vegas optometry clinic was able to increase its Web site rankings within various search engines by targeting keywords such as Las Vegas optometry, Las Vegas optometrist and Las Vegas eye care. By including these key words in titles, subtitles and meta tags, the clinic was able to raise itself to number five and number seven on Google.com's natural (unpaid) search results.

Large companies may hire an SEO expert to optimize their Web site's SEO content, but these professionals are usually very highly paid. A satisfactory job of SEO optimization can be done by any knowledgeable Web designer or developer. By using the techniques listed above, a company can often dramatically improve its rankings in search engine results. Once a site has been optimized, it will need constant updating and maintenance to make sure it remains effective in attracting traffic.

Thavaroth To is an IT business analyst at Nevada State Bank.

Making New Employees Successful
Through Mentoring

It isn't uncommon to hear the managers in organizations complaining about how difficult it is to find, recruit and retain good employees. What they often don't understand is that they have a direct impact on their organization's ability to find, hire and keep good people. New employees are typically put through an orientation process, overwhelming them with data, and then, are sent off to departments to start their new jobs. Next, the new employee is led to the work area with the expectation to begin working without being given clear performance standards and expectations. Additionally, employees are often left to fend for themselves when it comes to learning the organization's operating norms, or they are teamed with an employee whom the department can spare to show the new employee the ropes.

Many times employees who can be spared aren't necessarily high performing role models that the organization's leadership would like the new employee to emulate. The United States Navy found out years ago that it was critical to make sure new sailors were teamed with experienced sailors who had good attitudes, a solid work ethic and were positive about the military and their jobs. In the 1980s, the Navy identified a disturbing trend in young sailors who were graduating from boot camp in San Diego. A closer investigation found that graduation was typically held on a Friday. The individuals who went on "boot" liberty tended to be more positive than those who reported directly to their first shipboard commands. The young boots who reported to their ships met two different groups of individuals on the weekends. One group, the duty section, was typically a small group of people who were standing watches, performing maintenance and repair with little time to spend with the new sailors. The other group of people found onboard on a weekend was the sailors on restriction for disciplinary reasons due to a variety of minor or major infractions. This group was typically not positive about the military, the ship itself and outspoken about the negative side of the military in general. The result was that the new sailors spent a weekend with these negative forces, and in far too many cases, by Monday, they too had adopted some of those same negative opinions and behaviors.

The moral of the story is that the new sailors, like new employees, need to be teamed with the best and brightest an organization has available. Getting your best people to help the new people adapt and adjust can have huge benefits in the long run. In the book, Semper Fi, former Marine officers Dan Corrison and Rod Walsh summed it up in just a few words: "Understand that employees who feel cared for will care about the company." Historically, people don't leave organizations, they leave people. The way they are introduced to the organization will have a long-term impact.

Mark Keays is president of Desert Management Services, a Las Vegas-based management consulting firm.

BUSINESS INDICATORS

The midyear indicators remain generally positive. To be sure, a number of indicators point to slowing rates of change. And a few, in particular housing, generally show marked weakness in comparison with indicators in 2005 and early 2006.

One indicator showed a big jump. Las Vegas residential permitting jumped from 925 in July to 2,388 in August; a one-month increase in excess of 158 percent. All indications suggest this is not a permanent trend.

The Fed surprised investors in September with a marked drop in the federal funds rate by 50 basis points to 4.25 percent and the discount rate by 50 basis points to 5.25 percent. This activity follows clear recognition of possible adversities evolving in housing and associated credit markets.

In Nevada, housing imbalances have taken the bloom off the current expansion path. Still, strong spending activity in other sectors has kept the economy from slipping into a downturn. In particular, taxable sales, gaming revenue, and tourism activity have kept Las Vegas (Clark County) and Reno (Washoe County) afloat. Changes, even if negative, suggest strength in the face of sharp slowdowns in residential construction.

R. Keith Schwer
UNLV Center for Business and Economic Research

			DATA			GROWTH		
	UNITS	DATES	LATEST	PREVIOUS	YEAR AGO	RECENT	YEAR AGO	COMMENTS
NEVADA						(%)	(%)	
Employment	1,000 employees	08/07	1,300.3	1,301.1	1,282.2	-0.1	1.4	Off Slightly
Unemployment Rate	%, NSA	08/07	4.9	5.1	4.2	-3.9	16.7	Recent Improvement
Taxable Sales	$ billion	06/07	4.474	4.112	4.486	8.8	-0.3	Up Recently
Gaming Revenue	$ million	07/07	1,146.01	959.82	1,039.45	19.4	10.3	Up
Passengers	passengers	07/07	4.790	4.660	4.620	2.8	3.7	Up
Gasoline Sales	million gallons	07/07	101.55	99.91	103.02	1.6	-1.4	Flat
Visitor Volume	million visitors	07/07	4.449	4.344	4.483	2.4	-0.8	Up Recently
CLARK COUNTY						(%)	(%)	
Employment	1,000 employees	08/07	931.7	932.6	917.8	-0.1	1.5	Off Slightly
Unemployment Rate	%, NSA	08/07	5.0	5.1	4.2	-2.0	19.0	Recent Improvement
Taxable Sales	$ billion	06/07	3.239	3.048	3.243	6.3	-0.1	Up Recently
Gaming Revenue	$ million	07/07	964.72	789.66	850.94	22.2	13.4	Strong Recently
Residential Permits	units permitted	08/07	2,388	925	2,324	158.2	2.8	One-month Surge
Commercial Permits	permits	08/07	109	102	118	6.9	-7.6	Up Recently
Passengers	million persons	07/07	4.280	4.157	4.086	3.0	4.7	Up
Gasoline Sales	million gallons	07/07	70.54	67.81	69.73	4.0	1.2	Up
Visitor Volume	million visitors	07/07	3.791	3.677	3.791	3.1	0.0	Up Recently
WASHOE COUNTY						(%)	(%)	
Employment	1,000 employees	08/07	227.9	227.4	224.8	0.2	1.4	Up Slightly
Unemployment Rate	%, NSA	08/07	4.4	4.6	3.8	-4.3	15.8	Recent Improvement
Taxable Sales	$ billion	06/07	0.678	0.591	0.700	14.9	-3.0	Up Recently
Gaming Revenue	$ million	07/07	92.07	92.79	99.72	-0.8	-7.7	Down
Residential Permits	units permitted	08/07	202	195	493	3.6	-59.0	Trend Down
Commercial Permits	permits	08/07	29	25	61	16.0	-52.5	Trend Down
Passengers	million persons	07/07	0.465	0.458	0.466	1.6	-0.2	Flat
Gasoline Sales	million gallons	07/07	14.34	16.17	16.28	-11.3	-11.9	Down
Visitor Volume	million visitors	07/07	0.446	0.460	0.479	-3.0	-6.9	Off
UNITED STATES						(%)	(%)	
Employment	million, SA	08/07	138.037	138.041	136.438	0.0	1.2	No Change
Unemployment Rate	%, SA	08/07	4.6	4.6	4.7	0.0	-2.1	Up Slightly
Consumer Price Index	82-84=100, NSA	08/07	207.9	208.3	203.9	-0.2	2.0	Steady
Core CPI	82-84=100, NSA	08/07	211.1	210.8	206.7	0.1	2.1	Steady
Employment Cost Index	89.06=100, SA	2Q07	105.1	104.3	101.6	0.8	3.4	Up
Productivity Index	92=100, SA	2Q07	137.8	136.6	136.6	0.9	0.8	Declining
Retail Sales Growth	$ billion, SA	08/07	377.615	376.578	364.247	0.3	3.7	Flat
Auto and Truck Sales	million, SA	08/07	16.20	15.23	16.11	6.3	0.6	Up Recently
Housing Starts	million, SA	08/07	1.331	1.367	1.646	-2.6	-19.1	Down
GDP Growth	$ billion, SA	2Q07	11,520.1	11,412.6	11,306.7	0.9	1.9	Slow Growth
U.S. Dollar	97.01=100	08/07	103.330	102.770	107.640	0.5	-4.0	Weak
Trade Balance	$ billion, SA	07/07	-59.245	-59.428	-67.554	-0.3	-12.3	Weak
S&P 500	monthly close	08/07	1,473.99	1,455.27	1,303.82	1.3	13.1	Up
Real Short-Term Rates	%, NSA	08/07	4.38	4.85	4.76	-9.7	-8.0	Up
Treasury Yield Spread	%, NSA	08/07	0.35	0.04	-0.21	775.0	-266.7	Up

SOURCES: Nevada Department of Taxation; Nevada Department of Employment, Training and Rehabilitation; UNR Bureau of Business and Economic Research; UNLV Center for Business and Economic Research; McCarran International Airport; Reno/Tahoe International Airport; Las Vegas Convention and Visitors Authority; Reno-Sparks Convention and Visitors Authority; U.S. Department of Commerce, U.S. Bureau of Labor Statistics, U.S. Census Bureau; U.S. Federal Reserve Bank.

OUR LUCKY NUMBERS

Station Casinos and its [illegible] team members have been recognized by Fortune® Magazine as a Fortune [illegible] Best Companies To Work For.

The [illegible]th Best Company on the exclusive list. The [illegible]rd year in a row. The [illegible]st gaming company ever.

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