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Business maker's magazine



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Steve Hill

Executive Director,
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If You Can Read This, Thank a Teacher.

Would you take a job that pays less than comparable positions, requires you to supervise unruly individuals without the authority to discipline them and results in your being blamed when other people don't take care of their responsibilities? And yet, that's what teachers do, because they want to make sure that our children get the education they need to succeed in life. I'd like to take this opportunity to thank Nevada's teachers for all they do to help our students under very challenging conditions.

Teachers entering Nevada's public school system right out of college are paid a little more than \$34,000 a year, and according to the National Education Association, the average salary for all Nevada teachers is about \$50,000. Hardly a get-rich-quick profession. A 2010 report by the Economic Policy Institute revealed that public school teachers earn about 12 percent less than comparable workers.

In addition, most teachers use part of that skimpy pay to purchase classroom supplies and teaching materials out of their own pockets - printer paper, arts and crafts supplies, pencils, glue, and other necessities. In Clark County, the Public Education Foundation estimates that teachers spend an average of \$1,600 each year on classroom materials. Those at schools with a high percentage of poor students may spend even more of their own salary to make up for families who can't afford to buy school supplies.

Some people complain that teachers don't have full-time jobs because they don't have to work on holidays and summer vacations. Ask any teacher how many hours he or she works during the week, and you'll be amazed at the answer. Besides correcting papers, creating lesson plans, counseling students and holding parent-teacher conferences, teachers have to contend with a mountain of administrative paperwork, much of it after regular school hours. And those summer "vacations" are often spent taking college classes so they can earn a little more money, or working at temporary jobs so they can make ends meet.

The current educational system puts teachers in a no-win situation. They are expected to maintain discipline in the classroom, but they are not allowed to punish students who disrupt class or disrespect them. When I was in school, any student who got in trouble would get punished twice: once by the teacher and once by the parents. Today's parents are likely to howl in protest and threaten to sue the school district if anyone accuses their child of acting out.

If students receive poor grades on standardized tests, it's teachers who get the blame. But test scores are often a reflection of underlying issues over which teachers have no control. With nearly 20 percent of Nevada students living below the federal poverty level, and more than 25 percent speaking English as a second language (or not speaking English at all), some students have challenges that are very difficult to overcome. And many parents with the education and resources to help their children don't take the time to make sure their kids do assigned homework and study for tests. Although they don't give any outward indication that they care about their child's education, they expect the child to spontaneously develop a love of learning, a work ethic and a commitment to excellence. These qualities should be learned in the home, and if they aren't, don't blame the teacher if the student doesn't succeed.

Of the many reforms that have been proposed for Nevada's educational system, one of the most important is to provide teachers with incentives in the form of merit pay. Instead of following union policies of unlimited tenure, we need to identify and reward the best teachers, while removing those who are ineffective.

National Teacher Appreciation Day isn't celebrated until May, but there's no time like the present to let teachers know that we appreciate their dedication and commitment to Nevada's children.



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Web Site: www.nevadabusiness.com
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Nevada Business Journal, Nevada Business Magazine and Nevada Business are divisions of Business Link, LLC, 375 N. Stephanie St., Bldg. 23, Suite 2311, Henderson, NV 89014. It is listed in Standard Rates and Data, #20A-Business-Metro, State and Regional. **TopRank Nevada - Annual Statewide Book of Lists** is a publication of Nevada Business Magazine.

Advertisers should contact Sales at (702) 735-7003, or write to: Nevada Business Magazine, 375 N. Stephanie St., Bldg. 23, Suite 2311, Henderson, NV 89014. Demographic information available upon request. Month-to-month circulation may vary.

Nevada Business Magazine is published monthly. Subscription rate is \$44.00 per year. Special order single-copy price is \$7.50.

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CHANGE OF ADDRESS: POSTMASTER: Send address changes to Nevada Business Magazine, 375 N. Stephanie St., Bldg. 23, Suite 2311, Henderson, NV 89014. Subscribers please include previous address or mailing label. Allow six weeks.

EDITORIAL SUBMISSIONS: Address all submissions to the attention of Tarah Figueroa. Unsolicited manuscripts must be accompanied by a SASE. Nevada Business Magazine assumes no responsibility for unsolicited materials.

DISCLAIMER: Editorial views expressed in this magazine, as well as those appearing in area focus and industry focus supplements are not necessarily those of the publisher or its boards.

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Economic Development

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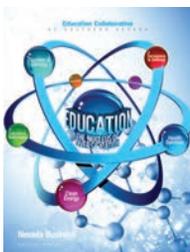
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S P E C I A L R E P O R T

Education Collaborative of Southern Nevada

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➤ ECONOMIC DEVELOPMENT

By Howard Riell

The New Plan

Revenue – money flowing in – is the life’s blood of any household, business or organization. For the state of Nevada, revenue forecasts for 2012 and beyond are mostly positive... but continue to hinge on a variety of factors close to home and half a world away.

Progress is being made on a number of fronts to generate new and perpetuate existing revenue streams, even as dark and menacing economic clouds continue to loom on the horizon.

“As we’ve heard and seen recently, the economy in Nevada has bottomed and is slightly improving,” says Steve Hill, the executive director of the newly created Office of Economic Development in Nevada, a cabinet-level position in Governor Brian Sandoval’s administration. “I think we will see continued improvement in 2012 and beyond, and I would think that would

translate into additional, somewhat growing state revenue going forward.”

“Business right now is booming,” says Somer Hollingsworth, President and CEO of Nevada Development Authority (NDA) in Las Vegas, the non-profit economic development agency whose mission is to attract companies to Southern Nevada that diversify, expand and nurture the business environment. “We’ve got a lot of expansions that have contacted us locally, which is always good. It’s easier to expand than it is to go bring a company in from the outside. And if you’ve got companies that are expanding it means business is getting pretty good for them.”

Rob Hooper, Executive Director of the Northern Nevada Development Authority (NNDA), says he’s seen “a lot stronger focus on our economy from the top down, with the



governor's new commitment to it, and looking at it as a broad-based economic growth program.” The programs are designed to improve the economy – not just relocations but looking at workforce education, capital acquisition, working with current companies in a much more committed way to help them with their bottom lines. “Obviously, if you bring the economy back you bring the revenues back. That new focus, that new sense of teamwork, is what’s being done to increase the revenues.”

The state, Hill points out, is reliant on gaming, sales and modified business taxes. “So, as tourism continues to pick up, as consumer confidence and the confidence of people in Nevada continues to improve, as the employment picture hopefully continues to improve, those are the three real driving influences for state revenue.”

One of the primary advantages Nevada offers businesses is its geographic location, which is not only next to one of the largest marketplaces in the world – California – but centered in the middle of the fastest growing region in the United States; the Southwest. Las Vegas’ McCarran Airport is a major plus for Southern Nevada, allowing easy access to customers and businesses from all over the world.

“Currently,” Bob Cooper, Economic Development/Redevelopment Manager for the City of Henderson points out, “we also have an underutilized workforce that has talent and skill sets not recognized by outside companies, which still believe that Las Vegas is a singular economy with everyone employed in hospitality and gaming. As we all know, Southern Nevada is a vibrant commercial center of two million people with unique assets.”

Maximizing Alternative Energy Opportunities

Global Solar Summit

One way in which officials are working to improve economic development in Southern Nevada is through maximizing the opportunities available in the alternative energy sector.

Recently, Bob Cooper with the City of Henderson worked to organize the first annual Global Solar Summit. The Summit brought together leaders in alternative energy locally and internationally to discuss ways in which they can collaborate to make Southern Nevada a start to finish location for alternative energy companies. The goal is to eventually ensure that anything a company would need to develop here would be available and manufactured locally.

Nick Bullinger, COO with OCI Solar Power, USA/Korea, spoke at the event and applauds the proactive approach to economic development. "It's a very doable goal," he said. "There's a path to get there, but it really requires this type of kick-off summit and collaboration. There's still a lot of work to be done. It's very possible and of all the types of generations, solar really is one where you can tightly link economic development to power generation. Solar has enough components. You could bring together a set of manufacturers from different companies, even from different countries, to help drive economic development. You're not just counting on one type of manufacturer," he added.

The Summit brought together everyone from manufacturers and developers to local utilities and elected officials. Cooper hopes to continue the discussions started at the conference throughout the year to bring real solutions to Southern Nevada's economic landscape.



Rob Hooper
Northern Nevada
Development Authority

The largest disadvantage associated with Southern Nevada, Cooper suggests, is that "the old-style marketing of Las Vegas as an adult playground – What happens in Vegas..." He maintains that what he calls "this cute little branding has done more harm than good from an economic development perspective."

Taxes and Taxes

The State of Nevada, of course, has traditionally been dependent on two primary sources of revenue: retail sales taxes and property taxes. Thus, these two taxes are also the primary sources of revenue for local units of government and educational institutions. The retail sales are dependent on consumer spending, and property taxes on growing residential and commercial real estate developments.

The recession has had a "dramatic and negative impacts of these two taxes," according to Cooper. "The State is doing what it should do to increase these two revenue sources by, one, increasing its tourism activities in both urban and rural areas, which provides more consumer spending." These include activities such as events -- NASCAR, rodeos, marathon runs, boxing, basketball tournaments, sporting events and more -- and business promotions such as conventions and international meetings.

Second, Cooper points out, the State is working with businesses to expand within or relocate their operations to Nevada, creating new jobs and real estate transactions. "The cities have been aggressive with their redevelopment programs to encourage more business activities in their downtown areas."

The growth of the Las Vegas downtown has been "spectacular" over the past five years, he insists, "and more is to come with

the Zappos.com relocation and their entrepreneurial programs, the growth of the arts programs and the new Smith Performing Arts Center coming on line very soon."

Henderson's downtown welcomed 22 new businesses last year through its creative tenant improvement programs, façade improvements, sign grants and housing assistance programs, Cooper points out.

Economic development is usually divided into three broad categories: job creation through expansion of local businesses; the recruitment of new companies into the state; and the creation of new start-up businesses. Different factors affect each of these different types of job creation venues.

For local businesses, which create approximately 80% of all new jobs in a given area, the primary factors are usually labor force availability and costs, along with financing options to grow their companies. Due to the recession there has been a good availability for labor at good rates. Financing, however, has been a negative for many companies that use real estate as collateral for their business loans, as the appraised values of these assets have dramatically decreased, making the loans difficult to obtain.

As for new businesses wanting to relocate to Nevada, "they get both good news and bad news at the same time," says Cooper. "They receive lower taxes to make them more profitable, but they get an under-funded educational system that does not bode well for their future workforce and their own families' education."

Due to the recession, the traditional number of relocations from California has decreased this past year. Companies are clearly nervous about the national economy and what the Congress will or won't do to impact their taxes and customers. The growth in alternative energy should continue in both California and Nevada, presenting opportunities in solar development in both Clark and Nye Counties.

Diversification

Diversification in Nevada has been a decades-old goal. Currently, Governor Brian Sandoval and legislature have responded

to this need by passing AB 449, which reorganizes the state's economic development programs. The bill seeks to align new State diversification strategies more closely with the regional priorities within the state.

The regional economic development objectives and actions planned are now required to match the local cities and counties. The reorganization at the regional level will be accomplished through an agreement on certain industry targets for job growth, and a commitment to include more entities in the process, such as trade organizations, the chambers of commerce and higher education. The new State economic development plan will be completed soon, and will utilize the research reports by Brookings Mountain West and SRI International on how Nevada should be more productive and accountable in its job creation strategies.

No single business segment appears at present to be leading the way, Hollingsworth explains. "It's across the board, a little bit of everything. We're seeing some manufacturing, which is looking both for personnel and to purchase some more capital equipment, which is good. That tells us that probably the banks are lending, which is not all bad."

New business has likewise been coming "from all over," Hollingsworth continues. Though NDA has focused its advertising efforts on Southern California, much of the interest continues to come from businesses in Canada. One is called Beyond the Rack, a private shopping club for both women and men who want designer brand apparel and accessories at prices up to 80% off retail. "They're about two years old and they've literally just blown the doors off. This is their U.S. distribution center."

NDA is also working with a pair of co-location centers, which house companies' servers. Hollingsworth calls their addition "always nice because they usually use a lot of square footage."

"It looks like we have a deal – and I say that because they're never done until they sign a lease, and I've had them walk right up to the final door with a pen in their hand and then decide not to do it – with a company in the process of closing on a fairly large piece of property," Hollingsworth recounts.



Bob Cooper
City of Henderson
Economic Development

"They're an East Coast company, and they would be doing manufacturing and distribution in the food industry, which is nice."

This past summer, it was announced that Nevada had ranked first in export adaptability according to a ranking by Ball State University's Center for Business and Economic Research. "Our state is producing what the world demands," said Lt. Gov. Brian Krolicki at the time. "As the domestic economy slowly emerges from the recession, Nevada has recognized that expanding to foreign markets will accelerate the state's recovery."

Ball State's research showed Nevada had increased exports in sectors such as pharmaceuticals, chemicals, machinery, electrical and medical products. The state also showed "substantial" growth in exporting technology-based products such as lithium for batteries, ore for electronics, aviation-related components, primary metals like copper, gold and silver, electrical machinery and optical and medical equipment.

The growth of such projects as the Smith Performing Arts Center, The Lou Ruvo/Cleveland Clinic, the new St. Rose Hospital partnership with Stanford University, and the proposed 165-acre healthcare campus of Union Village in Henderson are all evidence of a diverse and growing community.

The Jobs Piece

"We're in the job attraction, retention and entrepreneurial growth piece," says Mike Kazmierski, President and CEO of the Economic Development Authority of Western Nevada (EDAWN). "If we bring jobs into the region, it tends to bring in capital investment and significant impact on the tax base. So, indirectly, we bring in revenue, but our focus is on jobs for Northern Nevada."

Kazmierski insists that a key element of his group's mission is working hand in hand with other organizations dedicated to Nevada's success; in effect, being part of a team. "The team includes our partners at NDA, the State, the many business people in this region, the Chamber (of Commerce), the university. As a team we can, I think, do a much better job of telling businesses why Reno-Tahoe, or why Northern Nevada, or why Nevada anywhere."

Teamwork is more than a well-worn phrase, Kazmierski says, but the key to very real, palpable and needed efficiencies. "We need to coordinate our efforts so we don't have something like we have coming up: a trade show with three booths -- one from NNDA, one from EDAWN and one from Nevada Energy."

That sort of duplication of efforts and needless expenditure of resources can only retard progress and impede efforts aimed at rejuvenating the state's economy. "That part, to me, is really the first phase," Kazmierski underscores, "to get the team members to agree on where we're going and how we do that."

Continues on page 38 ▶

Brookings Mountain West & SRI International

Unify Regionalize Diversify: An Economic Development Agenda for Nevada

In response to the Nevada Legislature of the Economic Development Bill (AB 449), the state of Nevada commissioned an economic development report from Brookings Mountain West and SRI International. The report provides analytic and policy background for state planning and identified seven major industries through which Nevada could diversify. The report is intended as a credible third-party analysis of the state's competitive position and economic development opportunities.

FINANCING

It's a Jungle Out There

By Doresa Banning

A year ago, Ed Brown said Nevada's business financing picture in 2010 was the worst he'd seen in his 35 years of administering small business loans for the U.S. Small Business Administration (SBA), describing it as "a bad time" and "depressing." Minimal loans of any kind were being made. Funds were being pieced together from various sources. Some groups had no money to lend.

In 2011, the situation had improved but was not stellar. Between Oct. 1, 2010 and Sept. 11, 2011, the SBA, together with partnering banks, made 429 SBA loans totaling \$166,943. This compares to the previous year, when they lent \$103,026 through 328 loans.

“It was such a huge surprise for us to beat out 2010,” said Brown, the chief of finance for the SBA’s Nevada district office. “I would’ve bet my life that we wouldn’t have done more than break even.”

Money for loans is available, more loans are being made and new funding sources are slated to become available in 2012. All of this is good news for existing businesses, small and large, that need money and qualify for loans.

“The problem is that most people who want to borrow have balance sheets that have been weakened by the economy. If you’re the perfect borrower, you can get the money. It’s hard these days to be the perfect borrower,” said Dave Archer, president and CEO of Nevada’s Center for Entrepreneurship and Technology, a nonprofit organization that helps the state’s entrepreneurs start



Ed Brown
U.S. Small Business
Administration

and grow their businesses. Archer also is co-founder and treasurer of the Reno Angels, a Northern Nevada group that invests in early and mid-stage companies needing funding.

The outlook for start-up companies in the Silver State isn’t as favorable, as banks generally don’t lend to these entities due to the high risk involved.

“One of our major problems is that we do not have a local lender that masters or specializes in small loans,” Brown said. “I would love to get a credit union or midsize community bank lender here that would loan \$25,000 and below.”

Small businesses that are struggling due to the weak economy but hanging on are another underserved group without many options.

“Those are the people who really need the help,” Brown said. “A lot of times their credit score is up, business has gone down, they’ve cut employees to the bare bones if they have any left, but they’re still surviving, still have a heartbeat and could use that \$25,000 or \$50,000. Unfortunately, that’s the customer that we’re not helping at this time.”

Banks can’t make loans, however, to people who, for example, can’t put down any money or have defaulted on a previous loan and therefore don’t meet the required criteria, said Bill Uffelman, president and CEO of the Nevada Bankers Association, which represents nearly all the banks doing business in Nevada (about 35 in all). Banks must be able to show the Federal Deposit Insurance Corp. the people to whom they loan money have the means to repay the debt.

At the same time, customers who would qualify are taking a conservative stance and not asking for money, which is further depressing the number of loans being made.

“They’re sitting tight, not expanding and making do with what they have. They’re not adding equipment or personnel and are working overtime with the people



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they have. Bankers have good customers who say, 'Just not right now. I want to see where we're going with taxes, the health plan, the whole nine yards.'"

Nevada also lacks any major venture capital (VC) firms, which typically invest in companies in amounts of about \$1.5 million and higher, Archer said. "I think it's specifically related to Nevada's small population as opposed to any other reason," he added. "If you look at other states our size, they don't have a significant number of VCs either."

Existing Options

What the state does have in the way of funding sources is a hodgepodge.

"Some of them are here, some are looking to come here, some are dealing with rural areas only," Brown said. "You kind of have a combination of that. Probably by midyear, we should have some different options."

Here's a look at what's available:

Traditional Bank Loans

These typically start at \$150,000 and are for expansions, new equipment and the like.

"Every business lender tells me they're all chasing loans because that's how they make money," Uffelman said. "They're out there, wanting to provide service. For those who meet the criteria [for a loan], which are really fairly normal criteria, it will work out."

SBA Loans

The SBA has an array of government-backed small business loans that ultimately are made by lenders, not the SBA itself. Its 7(a) loans, the most common, generally are for start-up and existing small businesses that aren't eligible for funding through usual channels. They typically range from \$50,000 to \$250,000. With 7(a) loans, financing can

be guaranteed for working capital, machinery and equipment, furniture and fixtures, land and building (including purchase, renovation and new construction) and leasehold improvements.

Community Development Financial Institution Loans

Two new players on the Nevada scene providing community development loans in the range of \$15,000 to \$500,000 to small businesses are Idaho Nevada Community Development Financial Institution (CDFI) and California-based Clearinghouse CDFI. CDFIs are financial institutions that provide financial services to underserved markets and populations. The Idaho-Nevada CDFI, for instance, provided a \$1 million permanent loan for Pacific Pines, a senior affordable housing unit in Henderson.

A third option is Arizona-based Préstamos CDFI. Through its parent corporation, Chicanos Por La Causa Inc., it provides loans to small and emerging businesses—microloans ranging from \$2,000 to \$50,000 and small business loans from \$50,000 to \$250,000.

Rural Options

The Rural Nevada Development Corp., headquartered in Ely, lends to small businesses in need of start-up or expansion financing, which are located in rural Nevada, the rural parts of Washoe and Clark counties and the state's 27 Native American tribes.

In addition, the U.S. Department of Agriculture helps fund projects that create or maintain jobs as well as projects that promote a clean rural environment.

Angel Investments

Nevada is home to three angel investment groups, which provide seed and early-stage capital in the range of about \$50,000 to \$1.5 million. Reno Angels, for instance, since forming in 2008, has invested \$1.5 million in 10 companies (out of 110 applications). Sierra Angels, based in Incline Village, provides early-stage investments in promising local

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technology ventures. The Vegas Valley Angels provides equity capital to early and mid-stage entrepreneurial companies, primarily those based in Southern Nevada.

“The headline there is that the angel investment community is alive and well in Nevada,” Archer said. “There are a lot more deals than there is money to invest.”

Pursuing angel or venture capital funds isn’t always the best option for start-up and existing businesses, however, Archer said.

“You’re going to give up a fair amount of equity,” he added. “You’re going to pay a lot for that money. I encourage people to try to bootstrap themselves and find friends and family to borrow from because it’s a much more favorable type of financing.”

Future Financing Sources

Business financing in Nevada could potentially improve in 2012, as new funding sources come online.

“Literally, today, it’s not so great,” Archer said. “In six months, it’s going to be much, much better.”

These potential sources of new capital are:

State Small Business Credit Initiative funds

U.S. Department of the Treasury has approved \$13.8 million of SSBCI funds to be used for lending to businesses in the state. The Nevada Commission on Economic Development will use the majority of these monies to support its Collateral Support Program, funds going to financial institutions to cover the necessary collateral that small businesses lack to qualify for a bank loan.

About \$500,000 is destined for Nevada Microenterprise Initiative (NMI), a CDFI that provides microloans, ones under \$35,000, to start-ups and cottage industries. While NMI has existed for a number of years, it hasn’t made any microloans for the past two. It changed



Bill Uffelmann
Nevada Bankers
Association

management earlier this year, and hopes to begin lending again in 2012.

Nevada Capital Investment Corp. Funds

Under Senate Bill 75, passed during the recent legislative session, the Nevada Capital Investment Corp. was established. It’s a non-profit board of directors that will oversee the investment of state funds, up to \$50 million from the Permanent School Fund, along with

Continues on page 47 ▶

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INDUSTRY FOCUS

Healthcare



Left To Right

James Kilber, Comprehensive Cancer Centers of Nevada • **Zulma Munos**, Access to Healthcare Network
Howard Baron, Clark County Medical Society • **Brian Brannman**, University Medical Center
Dr. Carolyn Yucha, UNLV School of Nursing • **Dr. Sherif Abdou**, Healthcare Partners of Nevada

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Nevada Business
the decision maker's magazine



An industry that remains in the throes of transition and reform, healthcare has been in the spotlight for the past several years. Between healthcare reform and changing practices, healthcare professionals have had to learn to jump with the times. Executives representing healthcare in Nevada recently met at the law offices of Holland & Hart in Las Vegas to discuss this changing industry and what the future holds.

Connie Brennan, publisher of *Nevada Business Magazine*, served as moderator for the monthly event that brings leaders together to discuss issues pertinent to their professions. Following is a condensed version of the roundtable discussion.

In regards to the healthcare reform bill, do you think the state's rights lawsuit will succeed?

Dr. Sherif Abdou: I don't think so. I believe that the Supreme Court will look at the healthcare reform as a whole as a beneficiary for the country and that will supersede any State interests or individual interests according to the Commerce Clause and the 14th Amendment. I believe they

will uphold the healthcare reform and it will continue. Not only is it the right thing legally to do, but I believe it is the right thing to do for the country.

Howard Baron: I believe they won't uphold it legally but it won't tremendously affect healthcare reform going forward. We are fooling ourselves if we believe that striking out the mandate for everybody to have insurance, which is unconstitutional, is somehow going to overturn the entire Affordable Care Act. I don't think that is a big portion of it. I don't think that is the killing point of healthcare reform.

Abdou: Do you disagree that healthcare reform itself is the right thing to do?

Baron: No, I don't disagree. That is why, even if they don't uphold it, I don't think it will be a stake in the heart of healthcare reform.

How will healthcare reform and insurance costs affect business owners?

Baron: Despite the voiceover in the whole thing that if you like your insurance, you can keep it, there are some very practical issues associated with that. I am a small business owner. My practice employs

about a dozen people. It is getting to the point where I can no longer afford to insure my employees because of the rapidly increasing rates. When you have the insurers around the table and ask why the rates are going up so rapidly, they say because of the uncertainty in healthcare reimbursements and the fact that we don't know from year to year at this point what is going to happen. We are trying to guard ourselves against all possibilities. They see their expenses are going to substantially go up and so they are trying to plan for that. For the small business owner, it's going to give them an inability to afford third-party insurance for their employees.

Brian Brannman: It is an ongoing battle for reimbursement rates. I have family members that have had premiums go up 25 or 30 percent. If the premiums are going up that much and reimbursements on my end is five or six percent, where's the difference. There is no visibility and that is the thing missing in our current system. I have to be totally transparent. Any taxpayer can know exactly where all of my money is going, but any of the people that I am paying huge amounts to for a medical device or pharmaceutical, who knows where that money is?

How long before healthcare practitioners have to be completely compliant with healthcare reform?

Abdou: It depends on who you're talking to. I don't think we will see the full-fledged impact of healthcare reform until 2017. The rules and regulations are really going to impact more the payers than they will impact the providers in a direct fashion.

Brannman: There are some aspects affecting us now. For example, we recently signed a contract for electronic health records so I can beat the windows for reimbursement. I think that was expedited because of the pressure of the bonus money. The carrot was out there so I can access that but also there were

penalties if I didn't adopt it; to see my already meager reimbursement I get decline even further. Having an automated healthcare system proliferate throughout healthcare is going to be a positive influence for everyone. It is out there and we are not going to roll back from it no matter what else happens with the constitutionality. We are already there now.

James Kilber: We have seen the results of a true EMR (electronic medical records) working throughout our practice from our surgeons to our radiation oncologists to our medical oncologists and how affective that is. I only see that continuing to improve for the future, and that's very positive.

Are you seeing more departmental collaboration and why is that important?

Kilber: What is happening now is we have recently formed multi-disciplinary groups to take care of patients. For example, if I



have a breast cancer patient, now we have breast surgeons, medical oncologists for breast cancer and radiation oncologists. We meet every Thursday morning in a roundtable tumor board to discuss every breast cancer patient. There are a number of positive things in this that affect the patient and patient outcomes. If you can get

faster, more efficient care and have people at the same table collaborating together, I only see a positive outcome. It saves the patients money because they don't have to be bounced around town. It saves the insurance companies money because they don't have to send patients out of network. Multi-disciplinary groups are the way of the future and we have to be accountable to ourselves and the community. We can now prove to the insurance companies that we are saving them money by having a multi-disciplinary approach.

Dr. Carolyn Yucha: Do you see involving a nurse clinical specialist or physical therapist? You are talking about the group as multi-disciplinary but it sounds like it's all MD's.

Kilber: We have oncology certified nurses and social workers involved.

Branman: That's how it is with the accountable care organizations. If you start looking at healthcare from a more scientific and evidence-based perspective, it is a really smart approach. You see the same



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thing in our transplant program. We sit down once a week with the surgeons, the internist, the advanced practice folks and the dieticians to take a 360-view of the patient. That is how to properly manage some of the complex illnesses. The areas where you don't see that take place is where the costs really take off. The earlier you can bring all of the resources to bear, the better chance you have of keeping that situation contained and keeping costs under control. It challenges our traditional open-shop mentality and it is going to be a real transition for the physicians on how to deal with that, whether they go to an employee model or some other kind of affiliation. We seem to be pushed in that direction by the way healthcare is changing.

Have patients had to become more responsible for their own healthcare in recent years?

Yucha: I think they should. They should be the center of this.

Brannman: They have to advocate for themselves.

Yucha: I do think that the patient should be more involved. Whether they have the knowledge to be more involved is another issue. I fight this at the university. We have students who get out of the university without any idea of how their body works, how can you understand what anyone is telling you?

Zulma Munos: I agree that once the patient is given the right tools, it is truly in their best interest that they take responsibility for their healthcare. That is one of the models of Access to Healthcare. It's a shared responsibility model. The patient has an invested responsibility in keeping their appointments, doing what they are supposed to do and paying at the time of service. It has proven to be successful in Washoe County where the uninsured are taking a lot more responsibility for their healthcare and making a difference being healthier.



Brannman: Rather than having a relationship established with your physician, a partner in your care and someone you can work with, now the physician has to contend with [patients] watching a football game and some guy saying they ought to ask their doctor about this, that and the other. Buying medication is not like buying a soda. That ought to be something that is left to someone who really understands you and makes that decision.

Are we still experiencing a shortage of qualified nurses?

Yucha: It swings back and forth. According to national reports, we still have a nursing shortage. If you look at Southern Nevada, nurses who were retired went back to work and people who were working part-time are now working full-time. We don't have a nursing shortage right now, but the prediction is that we will as soon as the recession ends and people get back, their spouses get to work, they will leave the workforce again and we will have a shortage.

Brannman: I have a very senior nursing staff at UMC. They are stable and very experienced. I am also concerned at some point, we will have this block of retirement

where I am not sure there are all the young people coming up the pipeline to take their place. That is troubling to me. You can't replace those years of experience, that makes a difference. The longer you are in the business, the more seasoned you are, the better decisions you make for the patients. You can't replace that experience overnight.

Kilber: We are seeing a shortage in specialized oncology research nurses. It is very difficult for us to find.

How is Nevada's healthcare system ranking compared to other states?

Baron: The problem is that it is made up of so many different factors. We are probably in the middle of the pack in some and low in others and we are surprisingly high in yet others. For example, if you look at specific areas, we have a children's heart center here in Nevada that is the premier pediatric cardiac interventional practice in the Western United States and nobody knows that. People literally get referred from Idaho for special interventional baby heart procedures here, but people don't know that. On the other hand, we have a huge problem in terms of an insufficient amount of primary care physicians. If you ask the average Southern Nevada who their primary care doctor is, they can't name who that is.

Brannman: I think our facilities here would stand up well against anybody else around the country by and large. I think we need to do a better job on tooting our horns. The idea of transparency, of being able to, if we can decide on some relevant quality indicators, have them out there for everybody to be able to compare is a good thing. We do have some pockets of excellence that we ought to tout and we don't. By and large for healthcare consumers here, it is a pretty good market. **Baron:** I think our local media is particularly cruel to the medical community here. You hardly ever hear about good stories. It used to

be that there truly were services that were not available here. It has morphed into [people saying] the services that came here in the last 25 years can't be that good or they wouldn't be here. It is very frustrating to hear about patients that go to Southern California for care. That is why I came here, so they don't have to go to Southern California anymore. I think the new motto for Nevada healthcare should be what gets sick in Vegas, stays in Vegas.

Abdou: We can believe our own shenanigans, but the fact is, every indicator points to a substantial lack of quality in Southern Nevada's healthcare industry. I practiced here for a period of time. We can talk about the media, the reality is every single matrix that measured out of Vegas for the last five or ten years indicated that we suck. We have not emphasized quality of care for the longest period of time. People came here because they made more money here than anywhere else, people gravitated here and we promoted fragmented dysfunctional groups. You can find pockets of good care but there is no delivery system. Unless you put the issues on the table, you will never fix it. I think we have a unique opportunity. We have good people and we have good doctors but they are not integrated in a system.

Brannman: There has been progress and we recognized it. I think it is important to start educating people about the data. It is our responsibility to educate people about the things that really ought to be looked at. We need to hold ourselves accountable for meeting those standards. You get what you expect. As long as we all recognize we are willing to be out there and have those quality indicators be how we are judged; I think you are going to see some changes.

Abdou: We are on the right track. We are looking in the right directions. It will take more than gimmicks and thinking and hope to change the image. You've got to do it and you've got to do it for a while and consistently, then people are going to come and say, "Yeah, you know what? The image has changed."

Will Nevada ever have an **academic medical center**?

Brannman: We have a great system of education. We have to pull together the wealth of resources we have at UNLV and the University of Nevada School of Medicine and capitalize on that. We had this movement trying to get some sort of truly academic medical center. Not just a big hospital where there is teaching going on but where you have research and other scholarly activity so that we have people publishing. That raises the bar in the community because then the standard of care is not just good enough that the patient gets out of here and we didn't end up in litigation. I think it's moving that way.

Abdou: I fully agree with you. It is time to build the system, it needs to be a system. It needs to be integrated, coordinated. The County needs to get out of the business of running a hospital. The School of Medicine should coordinate with the community and

cooperate and become a true teaching hospital. It's time for us to invest in the community and into a full-time teaching staff.

Brannman: We need to reach out and overcome some of the fear in the community that somehow the medical school is going to come in and sweep up everybody's business. It needs to be collaborated. We need to create a system that takes advantage of the strengths of the medical community we already have and incorporate them as partners. Some of it will be full-time academic people. We have a lot of talent out there in the community, let's bring them into the discussion and help them work with so we grow great physicians and nurses that want to stay here in the community.

Baron: That is underscored by little things that have already happened in the last few years. The Cleveland Clinic venture with Lou Ruvo has been successful so far and I think they are doing the right thing. They are adding things to the community rather than finding a niche and competing against people. They brought in people from the medical school initially. They are doing it the right way. 🌟



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HealthCare Partners Becomes an Accountable Care Organization

HealthCare Partners of Nevada has been selected to participate in the Pioneer Accountable Care Organization (ACO) Model, an initiative sponsored by the Centers for Medicare and Medicaid Services (CMS) Innovation Center. Through the Pioneer ACO Model, the company will provide beneficiaries with higher quality care, while reducing growth in Medicare expenditures through enhanced care coordination. The model is designed to encourage the development of ACOs, or groups of doctors and other providers who work together to provide quality care for patients. 🌿

Heritage Bank Leads in SBA Loans for Northern Nevada

Heritage Bank of Nevada has earned the number one position in Northern Nevada in Small Business Administration (SBA) 7(a) and 504 loan production in Washoe, Carson City and Douglas counties. The ranking is the result of producing 23 loans, totaling \$6,325,950. Of those, eight were 504 loans totaling \$3,534,900 and the remainder were SBA 7(a) totaling \$2,791,050. 🌿

Nevada Cancer Institute Announces Sale Agreement with UC San Diego Health System

Nevada Cancer Institute (NVC) has entered into an agreement to sell its outpatient cancer treatment facility, operations and certain personal property to the UC San Diego Health System (UCSD). The sale is occurring in conjunction with a negotiated restructuring with NVC's lenders that is expected to reduce the non-profit's debt by over \$50 million. 🌿



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Examining the tax plans of top GOP candidates

Proposals range from ground-breaking flat taxes to tweaking the status quo



In 2010, Americans spent 6 billion hours, which is approximately 8,800 lifetimes, and \$480 billion doing their taxes.

This represents a huge deadweight loss — time and money wasted jumping through government-mandated hoops — for individuals and America's economy.

It's also why, regardless of how much how you think the federal government needs to collect in taxes, it is urgent that the federal government reform the way it collects taxes.

Every major GOP candidate for president has proposed a tax plan. How do they compare? With Nevada's caucuses right around the corner, here's a breakdown.

Mitt Romney: Gov. Romney's 162-page economic plan certainly hits the right rhetorical notes on tax reform. He writes, "The best course in the near term is to overhaul and to dramatically simplify the current tax code..."

Despite his emphatic rhetoric, his actual proposals are really minor tweaks. They include maintaining the Bush tax rates, lowering the corporate income tax rate to 25 percent and eliminating the death tax. His stated "long-term goal" is to "pursue a flatter, fairer, simpler [tax] structure," but he offers no definite "near term" proposals.

Rick Perry: Gov. Perry has proposed a Steve Forbes-like flat tax, which would lead to a tax return that the average person could complete in about five minutes. His proposal is a 20 percent tax on income, with a \$12,500 exemption for each person in a household and deductions for mortgage interest, charitable contributions, state and local taxes and capital gains and dividends.

It's a simple plan, except that Perry is also proposing to make it an optional plan. He wants taxpayers to be able to choose between his flat-tax plan and the existing tax code, which would actually make doing taxes more, not less, complicated.

He's also proposing to eliminate the death tax, eliminate the tax on social security benefits, dividends and long-term capital gains, and reduce the corporate tax rate to 20 percent.

Newt Gingrich: Gingrich's plan is similar to Perry's flat tax, except that he is proposing a 15 percent flat tax with a \$12,000 personal deduction. He would maintain the earned-income and child tax credits and allow deductions for charitable giving and mortgage interest.

As with Perry, Gingrich is also proposing to allow individuals to choose between his 15 percent proposal and the existing tax code.

He's also proposing to eliminate the death tax and tax on capital gains and reduce the corporate income tax rate to 12.5 percent.

Ron Paul: More so than any of the above candidates, Rep. Paul has a very detailed plan when it comes to cutting spending. His tax plan, though, most closely resembles Romney's and offers only minor tweaks to the current system.

He wants to maintain the Bush tax rates, eliminate the death tax, lower the corporate tax rate to 15 percent and eliminate all taxes on personal savings for retirement.

Jon Huntsman: Gov. Huntsman's plan for income tax reform is designed to be revenue neutral. Basically, he's not proposing to change the amount of tax dollars the government collects with the income tax, but to change how they are collected, in order to eliminate the \$480 billion in deadweight loss associated with the current system.

To do this, he would eliminate all deductions and credits while creating three lower tax rates of eight, 14 and 23 percent.

On top of this, he wants to reduce the corporate tax rate to 25 percent and eliminate the tax on capital gains and dividends.

So which plan is best?

Ultimately, that's in the eye of the beholder. But here are three words that should help you evaluate the plans: simple, uniform and low.

Does a candidate's tax plan simplify the system and reduce the burden and complexity of submitting taxes?

Does a candidate's tax plan treat individuals equally and stop government from picking winners and losers using the tax code? The ideal tax code would treat those earning the same amount of money equally and not punish the rich — or the poor — for how much they earn.

Does the candidate's plan lower taxes?

One important caveat on that last question: You must examine a candidate's tax plan and a candidate's spending plan. A candidate who cuts taxes, but then borrows trillions to continue our current unsustainable spending, simply kicks the can to the next generation.

When it comes to taxes, there's plenty to talk about. 

Victor Joecks is communications director of the Nevada Policy Research Institute.



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To find a Head Start program near you, visit dhhs.nv.gov/HeadStart.htm.



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◀ Continued from page 9

The greatest impact on what EDAWN and its team members do in 2012 and beyond will, of course, be the national economy. “From an attraction perspective, I think what California does to scare businesses can be helpful as well,” Kazmierski notes. “But we look beyond that and ask, ‘Why would a business want to relocate to or expand in our region?’ We identify those advantages and promote them aggressively.”

Weaknesses are also being assessed, he adds, “and that’s where our other partners get involved. What’s causing a company to think, ‘Maybe not Nevada, maybe not Reno or Tahoe, maybe somewhere else’? Let’s look at those issues and see what we can do to mitigate them. The strengths here are significant, but have not been marketed or promoted in a way that I think maximizes their impact.”

In Reno, Dermody Properties, Nevada’s largest industrial developer, is in the process of developing a 462,000 square-foot facility for Urban Outfitters. The total project, when complete, will be \$60 million. Its 10-year economic impact according to EDAWN, will be \$101 million, with \$3.5 million in new net taxes. The project also means 160 new construction jobs plus 110 employees inside the finished facility. Also under construction is a 130,000 square-foot facility for Now Foods in Sparks, which will have an estimated five-year economic impact of more than \$5.5 million.

Chairman and CEO of Dermody Properties, Michael Dermody, says he hopes to see much more projects in the year ahead. “These are exactly the kind of companies we’re trying to attract: technology based, not just traditional warehouse distribution.”

Dermody emphasizes that while filling existing facilities helps stabilize the state’s economy, new warehouse facilities such as the ones his company develops actually builds its tax base.

Top of mind for most management teams, of course, is finding and developing qualified workers with the proper job skills. NNDA brought and sponsored the Dream It! Do It! initiative, a program of the Manufacturing Institute, the nonprofit organiza-

tion of the National Association of Manufacturers (NAM). The Manufacturing Skills Certification System is a plan to certify 500,000 community college students across the country with skills that are critical to manufacturing operations. NNDA is working with NAM and the President’s Skills for America’s Future program to implement the system, which provides nationally portable certification through competency-based education and training.

“So there is a joint effort focusing on education,” says Hooper, “combined with workforce development and economic development, a very strong partnership. I think that’s one of the most exciting programs in the state right now, that whole matrix of different assets being focused on that key element.”

Among the negatives, Hooper points out, is the fact that Nevada is “linked directly to the California economy, and of course the national economy. We are suffering from being married to this consumption bubble without really looking at the broader context of economic development.”

State and Cities

The Governor’s role “should be very active in economic development,” says Cooper, “and he recognizes that his new Office of Economic Development needs to work in concert with the regions and local city economic development professionals.” His selection of Steve Hill, a successful private sector businessman, has “sent the right message – that he is serious about this topic.”

Hill, Cooper adds, has been “very collaborative with the local cities, chambers, and trade associations. The private sector will continue to drive job creation, and the state’s role is to create a positive business environment for their success.”

Hooper praises both Governor Sandoval and Hill. “The teamwork and leadership that’s being brought to the state is helping us make quantum leaps right now as far as putting this whole thing on the right track.”

Since taking office, Hooper says, Sandoval has lived up to his promise to be a leader in economic development. “He’s done just

that. He's set a tone of teamwork throughout the state, which was much needed, and he's brought the teams together."

The governor's hands-on approach has led directly to bringing companies to Nevada, he adds. "I've been in his office on numerous occasions with large companies from out of state considering Nevada as their home, and he's done a stellar job of presenting Nevada and his passion and love for this state. In one company's case for sure, their CEO, after meeting with the governor, said, 'Prior to coming to Nevada we were going to Utah, but now we're coming to Nevada.' So the governor has made a huge difference and continues to do so, not only through that direct representation but by setting the policies."

Indeed, upon taking office, the Governor's first executive order was to put a freeze on all new regulations and to have every agency and department go through every regulation on their books "and say which of them are not business friendly, and how can we make them so," Hooper recounts. "That is a huge, huge difference."

Nevada's cities can only secure revenue through the powers that the State allows them, and these activities are limited compared to other cities in other states. "The State Legislature stymies the opportunity to be more self sufficient by the cities," says Henderson's Cooper. "It also does not reward cities for being creative or innovative when it comes to generating new revenue."

The universities have the same legal problems as the cities, he adds. "Creativity is not directly rewarded. For example, when UNLV successfully recruits numerous foreign students and their higher tuitions they do not get to receive their proportionate share of those new revenues."

The issue of Home Rule, Cooper contends, is one at which the Legislature needs to take a fresh look -- especially in light of the ongoing recession "and the recognition, finally, that the state is too dependent on so few revenue sources. Constant cutting of education budgets, reduction in public safety budgets and constraining innovative ideas by the local units of government will not solve our state's budget problems. In fact, it has done just the opposite."

Municipalities across the state, Hooper believes, appear married to the same concept as the state. "We've got to have a broader approach to economic development. We've got to look at all elements of that ecosystem, make them work with each other. It's like the first rule of ecology: everything is connected to everything else, so you've got to make the whole work. And it's that new focus on the economy, in all of its different attributes, that is going to raise revenues."

Nevada, from what he has seen at both the local and state levels, "does not embrace the idea of popping up tax revenues," says Hooper. "We are just not going to do that. It's been discussed in a couple of counties, new gas taxes and things like that, and they've been summarily dismissed."

Instead, the mindset seems to be "making the economy work," he adds. "We've already got the right combination here in Nevada. It's just that we're a victim, like the rest of this nation, of the economy, and probably will get it a bit worse because we were

so dependent on the consumption model of growth. Over a number of years we've let that dominate us, and now we're having to kind of go backwards and do some heavy lifting. But that's okay, we're going to get through it."

Hill, as others have before him, warns that Nevada's economy "is not going to improve overnight. I think most people understand that. We'll be working to help speed that recovery. But yes, we've got a lot of work to do." 

In Brief

St. Rose Dominican Hospitals and K|E Centers for Advanced Medicine are collaborating to bring personalized executive physical examinations to Southern Nevada. The exams will be done in a 20,000 square-foot center, which is now open directly across the street from St. Rose Dominican Hospitals - San Martin Campus.



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How Healthy is Nevada?

When it comes to overall health, Nevada has some opportunities for improvement. That's according to the 22nd annual America's Health Rankings from United Health Foundation. The report, the longest running of its kind in the country, placed Nevada No. 42 among all 50 states for overall health, up five spots from last year.

Here's a snapshot of how Nevada fared in this year's report:

Nevada's Strengths

- Lower prevalence of obesity than other states
- Low incidence of infectious disease
- Low rate of preventable hospitalizations

Nevada's Challenges

- Low high school graduation rate
- High violent crime rate
- Low immunization coverage

Nevada residents are getting some things right. While we should take a moment to congratulate ourselves for these successes, we can't take continued progress for granted. Significant challenges remain.

When United Health Foundation first began ranking American's health in 1990, smoking represented one such challenge. Nearly two out five Nevadans, or 35.7 percent, smoked regularly. But education brought greater understanding of the risks associated with lighting up. We turned attitudes against it, and today, just 21.3 percent of Nevadans

self-report as smokers. We demonstrated that change is indeed possible, in the process helping many people improve their health and well-being and saving millions of dollars in health care costs.

On the other hand, too many Nevada residents are overweight or obese – and the trend is getting worse. Approximately 23.1 percent of Nevada residents are above what is considered by health experts to be a normal weight, compared with 12.5 percent when the rankings began.

Looking at our neighbors in the west, we see a similar picture: progress tempered by further challenge. Some nearby states to Nevada include California (No. 24) and Arizona (No. 29).

As UnitedHealthcare's medical director for Nevada, I have witnessed efforts statewide on behalf of the public and private sectors to improve certain health trends, such as the prevalence of binge drinking and immunization coverage, and to improve our overall health outcomes, such as reducing infant mortality and cancer deaths. In Nevada, for instance, we have the free Passport to Living HealthySM program to educate health plan members about chronic illnesses and preventive health care.

This program and others are helping to improve the overall health of our residents. Together, we can break down barriers to high-quality care. We can take on obesity as we took on smoking. And we can win. It will take work, certainly, and time, but our health is worth that effort. 

By Steven Evans, M.D., Chief Medical Officer and Chief Pharmacy Officer, UnitedHealthcare of Nevada.



Michael D. Rounds

Managing Partner
Watson Rounds
Las Vegas & Reno

Number of Employees: 22
Years in Nevada: 13
Years with Company: 13

QA

How did you first get into your profession?

I was a student advocate in college and I represented students in disciplinary matters. I loved it and decided to go to law school. I saw the growth in Silicon Valley in law school and decided that intellectual property law was the field to be in.

What do you like most and least about your industry?

Most - working hard and getting positive results for clients. Least - Lawyers who don't play by the rules.

What would you want your legacy to future generations to be?

That hard work and common sense can take you most places in life.

If you had to choose another profession, what would it be? Why?

U.S. Senator. I think federal politics is desperate for people who tell it like it is.

What business advice would you give someone just starting in your industry?

Be humble, respectful and truthful, and work your tail off every day. There are no short cuts to being a complete person and lawyer.

What is a little known fact about yourself?

Hmmm. That I had a mullet in college.

What is the biggest challenge your industry is facing?

The over-crowded courts. It is becoming increasingly difficult to move a complex case through discovery, trial and appeal.

What do you wish you would have learned at the beginning of your career?

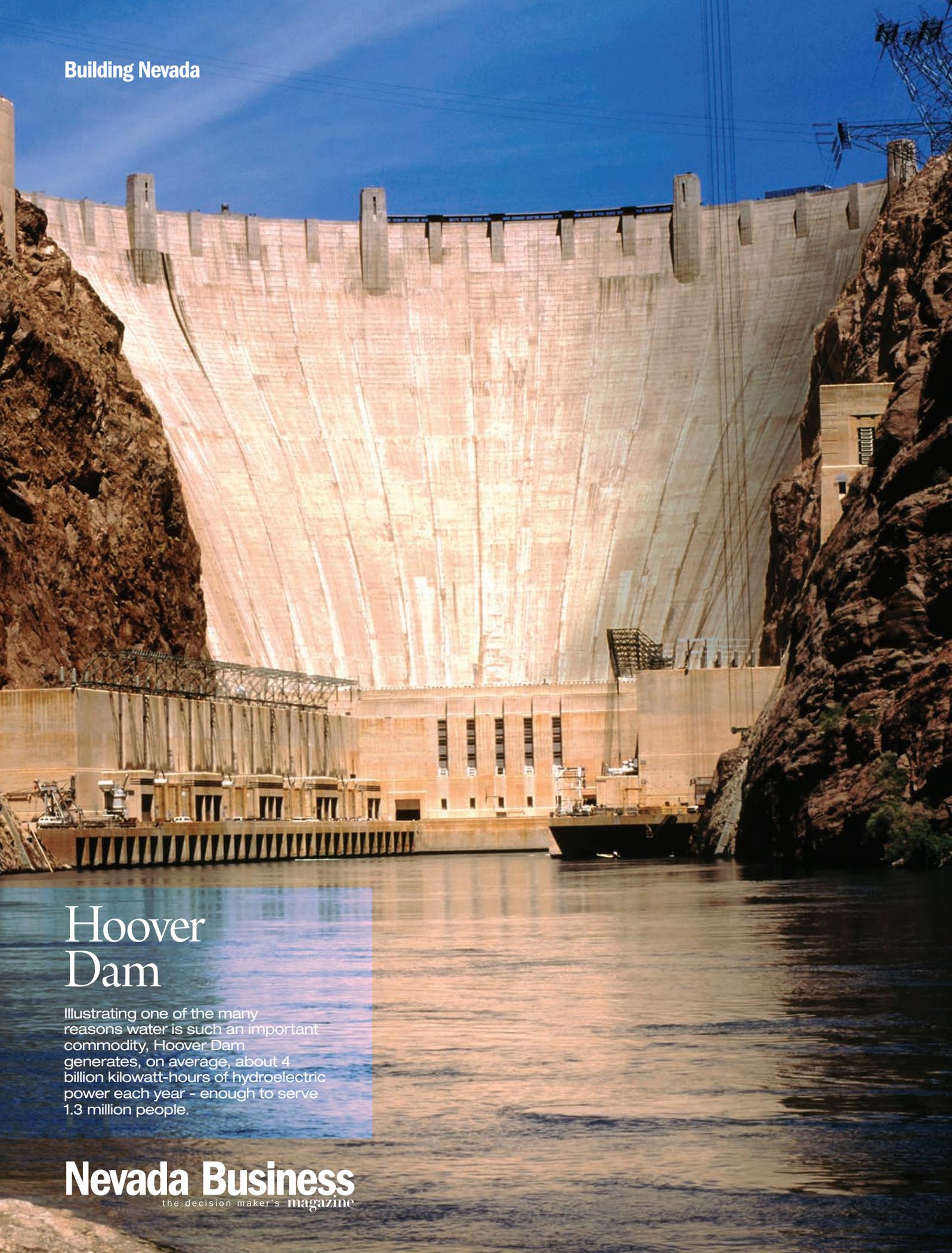
Brevity is persuasive.

What is the worst criticism you have overcome?

That you can't litigate patent cases without a technical degree.

What was the toughest lesson you've learned in your career?

That a decision by a court or jury is out of your control. The only thing you can control is that you present the client's best and most credible arguments.



Hoover Dam

Illustrating one of the many reasons water is such an important commodity, Hoover Dam generates, on average, about 4 billion kilowatt-hours of hydroelectric power each year - enough to serve 1.3 million people.

KEEPING OUR HEADS ABOVE WATER

By Susan M. Botich

Nevada's need to ensure quality and availability of nature's sustaining resource.

Most of us are used to having as much water as we need. We simply turn on the tap and out flows the water. However, those who work within the agencies overseeing water allocation must deal with the complex issues of what resources are available, how much is available and the price tag on ensuring that the supply meets the demand.

Many Nevadans are concerned with the possibility that, if appropriate steps are not taken now, water needs in certain Nevada communities may outweigh

water availability. That is why steps are currently being taken to ensure the reliability and continued quality of the water here in Nevada.

A Little History About Nevada Water

Southern Nevada gets roughly 90 percent of its water from the Colorado River. The remaining supply comes from in-state water resources.

“Although many people are under the misconception that because the river runs through our backyard, it somehow

belongs to Nevada,” said Southern Nevada Water Authority (SNWA) General Manager Pat Mulroy. “The reality is that we are entitled to less than 2 percent of its allocated flows. The agreements that govern the Colorado River are nearly 100 years old now, and there is no realistic opportunity to reallocate the river. Instead, we must focus our efforts on maximizing the flexibility with which the system is operated.”

In addition to this challenge, five years ago, Nevada was already five years into the most severe drought in the Colorado River's history, according to Mulroy.

“The Southern Nevada Water Authority and the local water purveyors had already enacted one of the nation’s most comprehensive and aggressive water conservation programs,” Mulroy said. “The results had already demonstrated the effectiveness of those efforts. Last year, our community consumed 32 billion gallons less water than in 2002, despite adding 400,000 residents during that span.”

However, new measures are needed to be put into place in order to properly ensure water availability and quality to Southern Nevada.

The Lake Mead third intake project

Nevada accesses the Colorado River’s water via Lake Mead. Up until recently, Nevada has had two water intakes at the lake. A third intake has been approved and is currently under construction.



Pat Mulroy
Southern Nevada
Water Authority

“The purpose of the third intake project is to secure water flow into the Las Vegas Valley,” said Guy Hobbs, managing director of Hobbs, Ong & Associates, Inc., an independent financial advisory firm contracted by SNWA. “This third intake would ensure reliability as well as quality of the water.”

Why would Nevada’s water quality from Lake Mead be in question?

“Most people don’t think much about the safety of drinking water; for them, it’s a given,” said Mulroy. “The reality is that a lot of very talented people work hard to ensure that water delivered from our treatment facilities surpasses state and federal health standards. Most contaminants in lakes are near the surface, for a variety of reasons. If you have a fixed intake, as the lake level drops, the water coming through the intake becomes less pure. This can pose a significant challenge to meeting drinking water standards. With the third intake in place, we are assured the ability to draw from the deepest, purest part of the lake.”

The other benefit has to do with ensuring a stable atmosphere for businesses considering investing in commercial enterprises in Nevada.

“One of the things we want to do is express confidence to those investing in Nevada,” said Hobbs. “It’s important they know that we will have reliable water of a good quality. This has a direct impact on the state in regard to businesses working here, as well as tourism.”

Nevada’s In-state Water Project Proposal

There has been much controversy over a proposed in-state water project, com-

monly referred to as the “pipeline project,” which would utilize water from areas in rural Nevada to Southern Nevada. The analysis for the project has been completed. Now it’s up to the Nevada State Engineer’s office to decide whether the information gathered will warrant a go-ahead.

“We had, five years ago—and still have to this day, despite last winter’s strong snow-pack—grave concerns about the reliability of the Colorado River as a water supply,” said Mulroy. “To help insulate our community from a potentially catastrophic shortage, as well as to secure another permanent supply to ultimately replace some temporary resources we’ve acquired, the SNWA went to hearing before the Nevada State Engineer on long-held applications for renewable, unused groundwater supplies in east-central Nevada.”

The in-state water project’s projected cost is another hot topic. Figures discussed have varied from approximately \$3 billion to \$15 billion. The explanation for the seeming disparity is actually quite simple, according to Mulroy.

“There is actually only one estimate but some people have misunderstood and, in some cases, intentionally misconstrued the project’s cost,” said Mulroy. “The build-it-today cost of the groundwater project is, and has consistently been, \$3.2 billion. However, we are not going to build it today. In fact, we cannot precisely say when, in the coming decades, we will need to begin construction. Therefore, in an exercise for the Nevada State Engineer’s hearings, we had an external analyst estimate how much the project would likely cost if we deferred construction for two-plus decades and stretched it over an even longer period. Using inflationary assumptions, the cost is projected to increase over time to approximately \$7 billion. Using the same time-frame and construction schedule assumptions and presuming that the project is financed entirely with bonds, the cost of capital would be approximately \$8 billion, making the sum of all payments approximately \$15 billion.”

THE PROPHECY ...



And you will hear of WARS and RUMORS OF WARS. See that you are not alarmed, for this MUST TAKE PLACE, but the end is not yet. For NATION WILL RISE AGAINST NATION, and kingdom against kingdom, and there will be FAMINES and EARTHQUAKES in various places. All these are BUT THE BEGINNING ...

Matthew 24: 5-8

The Cycle of Life Water Turns the Wheel

“The Nevada economic engine is Southern Nevada,” said Hobbs. “Making sure that economic engine is finely tuned and reliable is extremely important.”

Having enough water is vital to keeping Southern Nevada an attractive place of business and, therefore, a viable future for investors, according to Mulroy.

“One of the questions we are asked is why, with very modest economic activity occurring, are we continuing to exert ourselves identifying and developing water resources for this community,” said Mulroy. “The short answer is that we are in the business of planning half a century in advance; we’re not thinking about next quarter or next year, we’re thinking about the decades to come.”

Independent economic analyses have consistently shown that the economy of Nevada will eventually recover, according to Mulroy. However, one of the preconditions for that recovery is the availability of a reliable water supply.

“A major corporation considering an investment of hundreds of millions or even billions of dollars is going to look very carefully at any variables that could affect their investment,” Mulroy said.



Mark Foree
Truckee Meadows
Water Authority (TMWA)

Another potential added benefit to the implementation of the proposed in-state water project would be employment.

“Nevada has been most hard-hit with the current economic downturn,” Hobbs said. “Of that, construction was hit the hardest – it really has been decimated. Any project that would support that amount of employment necessary would be good for the overall economy.”

Mulroy agreed. “During the extended construction period, the project would directly create private-sector jobs,” said Mulroy. “Those, in turn, would create additional employment opportunities as those workers need housing, goods and services.”

Northern & Southern Nevada One State, Two Perspectives

Though Northern Nevada may be economically tied to Southern Nevada, it is not dependent on its water supply.

Truckee Meadows Water Authority (TMWA) General Manager Mark Foree offers his perspective on the subject.

“In the Reno-Sparks area, about 85 percent of the community’s water supply comes from Lake Tahoe and the Truckee River system,” Foree said. “The remainder comes from groundwater wells.”

Though the federal government is not closely involved in the water issue of Southern Nevada, it does play a role in Northern Nevada.

“The federal government is involved in allocation of water in the Reno-Sparks area,” Foree explained. “The Federal Watermaster administers allocation of waters of the Truckee River in accordance with federal decrees.”

What Northern and Southern Nevada share is how the nation’s economic downturn has affected both communities. Over the last five years, the Reno-Sparks area has gone from working

THE PLEDGE ...

Jesus answered, “I am the **WAY** and the **TRUTH** and the **LIFE**. No one comes to the Father **EXCEPT THROUGH ME**. If you really know me, **YOU KNOW MY FATHER** as well... Before long, the **WORLD WILL NOT** see me anymore, but you will see me. **BECAUSE I LIVE, YOU ALSO WILL LIVE.**”

John 14: 6-7; 17



hard to keep up with growth to working through significant financial challenges due, in large part, to the national and local economic situation, according to Foree.

“Water use has dropped significantly over the past four years, which has impacted revenues,” Foree said. “Very focused cost-reduction measures have been required to maintain financial stability while continuing to produce and deliver high quality water and service to our customers.”

Regarding funding, Foree added, “We have seen some decrease in federal funding in the past few years. Though, in our budget process, we don’t rely on federal funding to implement our programs.”

TMWA continues to work toward implementation of the Truckee River Operating Agreement (TROA).

“This agreement sets forth a new way of operating the Truckee River system that will result in many benefits to water users including increased upstream drought



Jason King
Nevada State Engineer

storage for the Reno-Sparks area (municipal water supply), benefits for endangered (fish) species, benefits for recreation, and enhanced water conservation.”

TROA is progressing as expected, according to Foree. “While there are still legal challenges to overcome, we expect that those things will be resolved within the next few years,” Foree said.

Though water consumption has decreased significantly over the past four years, water demands are at or near the bottom right now, according to Foree.

“We expect slow, measured increases in demand over the next few years as the economy improves,” he said.

according to Mulroy. Appreciating the reluctance to make those kinds of investments in the current economic climate, SNWA has a customizable incentive program geared at non-landscape water uses such as HVAC equipment and indoor fixtures that can help defray those costs.

“Ultimately, the business will recoup its investment, and then some, through decreased water bills,” Mulroy said.

Nevada State Engineer Jason King further puts it all in perspective. “Simply put, the problem has been that we are the most arid state (in the nation) and we were the fastest growing state for decades and water availability is limited,” King said. “We need to be frugal with all of our water and we need to be innovative and creative on how we maximize the beneficial use of what little water we do have. Because the majority of the issues we face relate to groundwater availability, and the fact that there are great uncertainties related to groundwater availability, we need to proceed cautiously and need to be able to get our arms around 3M plans (Monitoring, Management, and Mitigation) and their reliability and appropriateness. We need to increase the degree of flexibility in water management and need to integrate that into our process. We need to continue to collect data and learn more about climate change unknowns.”

Making a Positive Difference

In regard to how residents and businesses may help with the issue of water availability versus consumption, Foree expressed a positive outlook.

“We have a water conservation plan that focuses on promoting responsible water use including assigned day watering,” Foree said. “Since these programs have been in place for many years, our customers have become very good at following assigned day watering requirements and using water responsibly.”

In addition to that, TMWA looks beyond just the immediate need. “We plan for a nine-year drought, which equates to the longest drought on record (eight years) plus an additional year,” Foree said. “As a result of that, we don’t anticipate any water supply issues.”

One area that the business sector can make greater contributions is with the application of water-efficient technologies,

THE PROMISE ...

EVERYONE WHO CALLS on the name of the Lord WILL BE SAVED.

Romans 10:13

For GOD SO LOVED the world that HE GAVE His one and ONLY SON, that whoever BELIEVES in Him shall NOT PERISH but have ETERNAL LIFE.

John 3:16



According to the 2011 America’s Health Rankings, Nevada is up five spots in rankings from 47th in 2010 to 42nd compared to the health of other states. The Silver State has a lower prevalence of obesity, infectious disease and preventable hospitalizations compared to the rest of the nation.

◀ Continued from page 13

any private equity funds obtained in the future, in private Nevada companies in specific industries. Those industries include health care and life sciences; cyber security; homeland security and defense; alternative energy; advanced materials and manufacturing; information technology; and any other industry the board deems eligible.

“SB75 is the best thing that happened to this Nevada entrepreneurial community in 10 years,” Archer said. “It has the flexibility to invest in early-stage companies. These companies might also qualify for angel financing up to perhaps \$3 to \$5 million investments. It’s not a little niche.”

The NCIC’s goal is to have a fund manager in place and begin investing in Nevada companies by fall of 2012.

Nevada State Development Corp. BIDCO Loans

The Nevada State Development Corp. (NSDC), a nonprofit organization providing loans to small and medium-sized businesses for commercial real estate and equipment, hopes to soon begin providing loans starting at \$50,000, through a for-profit Business and Industrial Development Corporation.

Crowd Fund Investments

Crowd funding, also called crowd financing or crowd-sourced capital, is when a collective group of people, typically via the Internet, provides financing to a start-up or existing small business in need. Unlike angel investing, where a small number of people invest a large amount, with crowd funding, a large number of people invest a small amount.

“An angel investment might have 30 people investing \$30,000. A crowd fund investment might have 300 people each investing \$1,000 dollars,” Archer said. “The terms are kind of the same.”

In November, Senator Scott Brown (D-Mass.) introduced to the Senate a crowd funding bill called “The Democratizing Access to Capital Act,” which would alter U.S. Securities and Exchange Commission law to allow smaller investors to buy shares

of a start-up company before it goes public on crowd funding websites. It would afford entrepreneurs and small business owners access to additional sources of capital. Currently, the SEC only allows qualified institutions like Goldman Sachs and individuals with net incomes of more than \$200,000 (\$300,000 for couples), or a net worth of more than \$1 million, to invest in private companies before an initial public offering.

“If that bill passes, it will start having a good amount of momentum,” Archer said.

What’s Next?

Business financing experts are hopeful next year will improve upon 2011 but aren’t confident that will be the case. Las Vegas perhaps will take longer to bounce back than Reno.

“In my old age, I’ve gotten very cynical. It’s hard to sit here and say doing this is going to make that happen. Doing this you would hope would make that happen,” Uffelman

said. “The [financing] trend is better than it was, but it’s still really poor. It will be that way for some time to come.”

Senator Brown will be content to just attain this year’s level of loans in 2012. “If we go up, that’s just an extra bonus,” he said. “It’s going to take some time. Unfortunately, I know people are losing patience and all. It’s probably best for us to go slow this time around, for our recovery. We just don’t want to shoot back up like we’ve done in the past. Let’s take it easy, take it slow and slowly rebuild,” Brown added. 

In Brief

According to a Rasmussen Report survey of likely U.S. voters, in a hypothetical election matchup between President Obama and former House Speaker Newt Gingrich, 48 percent would vote for President Obama and only 37 percent for Gingrich. Six percent remain undecided and the remainder prefers some other candidate.



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PROJECTS

Las Vegas, 89101

Office

The Korte Company has begun work at the site of the EVAPS Law Office Building. The project includes the construction of a 128,000 SF, three-story office building. The building will be constructed above four-levels of on-site parking with a 161-vehicle capacity. There will be approximately 55,000 SF of office space in the upper levels of the building. The project was designed by **Design Cell Architecture** and is located on 7th Street near Bridger Ave.

Reno, 89506

Industrial

United Construction has completed over half of Urban Outfitters' West Coast Internet Fulfillment Center, allowing the tenant to begin installing their material handling equipment. The project is being developed by **Dermody Properties** and Phase 1 will have over 450,000 SF of warehouse space, 10,000 SF of office space and an around-the-clock data center. The facility is expected to be complete by June 2012 and is located at 12055 Moya Blvd.

SALES

Las Vegas, 89102

Office

Omninet purchased the 107,650 SF Westbay Office Park from **3008 W Charleston Blvd Holding** for \$7.8 mil-

lion or \$72 PSF. The seller was represented by **Charles Moore** and **Michael Newman** of **CB Richard Ellis**. The property is located at 3008 W. Charleston Blvd. APN # 139-32-405-018

Las Vegas, 89119

Office

Rodriguez Jean Rahi purchased the 3,600 SF Venture Business Park from **LNV Corporation** for \$320,000 or \$89 PSF. The buyer and seller were both represented by **Miriam Campos-Root** of **NAI Las Vegas**. The property is located at 6745 S. Eastern Ave., Unit 1. APN # 177-02-613-000

Las Vegas, 89104

Retail

Lamb Charleston LLC purchased the 78,849 SF 4G Plaza from **4G Properties Ltd.** for \$8,825,000 or \$112 PSF. The seller was represented by **Charles Moore** and **Michael Newman** of **CB Richard Ellis**. The property is located at 4215 - 4285 E. Charleston Blvd. and 1275 S. Lamb Blvd. APN # 161-05-110-005

Las Vegas, 89113

Retail

Brentwood West purchased the 63,759 SF Rainbow Sunset Pavilion Retail Center from **TIH Sunset Pavilion LLC et al** for \$8 million or \$125 PSF. The seller was represented by **Charles Moore** and **Michael Newman** of **CB Richard Ellis**.

Reno, 89523

Retail

McKenzie Capital Partners purchased the 13,854 SF Las Brisas Pavil-

ions Shopping Center from **Las Brisas Retail LLC** for \$1.6 million or \$115 PSF. The seller was represented by **Colliers International's Reno Retail Team**. The property is located at 5030 Las Brisas Blvd on the northwest corner of McCarran and Las Brisas. APN # 001-144-10



Gowan Industrial Center

North Las Vegas, 89030

Industrial

NI Gowan, LLC purchased the 65,028 SF Gowan Industrial Center from **CML-NV Civic Center, LLC** for \$2,015,868 or \$31 PSF. The center includes 11 buildings situated on 3.58 acres. The seller was represented by **Brian Riffel** of **Colliers International**. The property is located at 2560 E. Gowan Rd. APN # 139-12-213-001

Las Vegas, 89103

Industrial

Catalina Graphic Films, Inc. purchased a 142,354 SF property from **LM Legacy LP** for \$8.3 million or \$58 PSF. The buyer was represented by **Mike De Lew, SIOR** and **Brian Riffel** of **Colliers International**. The property is located at 4855 W Harmon Ave. APN # 162-19-301-0127

Las Vegas, 89119 Industrial

PF1LP – **Pama Lane LLC** purchased 30,467 SF in the Airport Technology Center from **Bank of America** for \$2.5 million or \$82 PSF. The buyer was represented by **Pat Marsh, SIOR** and **Grant Traub** of **Colliers International**. The property is located at 1545 Pama Ln. APN # 177-02-215-003

Las Vegas, 89148 Industrial

MAJ Investments LLC purchased 6,008 SF from **Ritavch LLC** for \$541,800 or \$90 PSF. The buyer was represented by **Jarrad Katz** of **NAI Las Vegas** and the seller was represented by **Tina Taylor** of **Marcus & Millichap**. The property is located at 6028 S. Fort Apache Rd. APN # 163-32-212-000

Las Vegas, 89101 Multi-Family

Mabry Management purchased Kensington Suites Flexible Stay Community, a 192-unit apartment complex, from **KS Servicing LLC** for \$4.4 million or \$22,917 per unit. The seller was represented by **Devin Lee, CCIM** and **Patrick Sauter** of **NAI Sauter Companies**. The property is located at 2200 E Bonanza Rd. APN # 139-35-511-021

LEASES

Henderson, 89014 Mixed-Use

Christian Embassy Worship Center North Inc leased 12,518 SF from **Town Center North Inc** for \$636,984 on a five-year lease. The tenant was represented by **Curtis Sanders** of **NAI Las Vegas**. The property is located at 2020 W. Olympic Ave. Reported monthly rent is \$0.85 PSF.

Henderson, 89074 Retail

Palm Beach Tan renewed its lease of 3,336 SF in the Pecos Legacy center from **Centra Pecos Legacy LLC** for \$240,192 on a three-year lease. The landlord was represented by **Scot Marker** of **Colliers International**. The property is located at 2558 Wigwam Pkwy, Suite C. Reported monthly rent is \$2 PSF.

Las Vegas, 89108 Retail

Best Mattress, Inc. leased 4,500 SF in the Rainbow Promenade Shopping Center from **Kimco Realty Corp** for \$286,650 on a five-year lease. The tenant as represented by **Daryl Alterwitz** of **Commercial Property Advisors LLC** and the landlord was represented by **Scot Marker** of **Colliers International**. The property is located at 2303 N. Rainbow Blvd., Suite 102. Reported monthly rent is \$1.06 PSF.

North Las Vegas, 89030 Industrial

Longview Fibre leased 18,545 SF from **Civic Center Properties LLC** for \$301,168 on a three-year lease. The tenant and landlord were both represented by **Kimberly Owen** and **Curtis Sanders** of **NAI Las Vegas**. The property is located at 3828 Civic Center Blvd, Suite 100. Reported monthly rent is \$0.45 PSF.

North Las Vegas, 89032 Industrial

Oasis Storage Inc. leased 10,542 in the Coleman Airpark from **Dean and Penny 1985 Trust** for \$105,660 on a three-year lease. The landlord was represented by **Patti Dillon** of **Colliers International**. The property is located at 2915 Coleman St. Reported monthly rent is \$0.28 PSF.

Henderson, 89074 Industrial

2020 Exhibits, Inc. leased 12,000 SF in the Suncrest Commerce Center from **Gubler & Gubler** for \$132,055 on a five-year lease. The tenant was represented by **Xavier Wasiak** of **Grubb & Ellis** and the landlord was represented by **Greg Pancirov** and **Mike De Lew, SIOR** of **Colliers International**. The property is located at 1051 Mary Crest Rd., Suite H. Reported monthly rent is \$0.31 PSF.

Las Vegas, 89102 Industrial

Beauty Effects LLC leased 6,270 SF in the Spring Desert Industrial Park from **Martinez Family LP** for \$65,352 on a two-year lease. The landlord was represented by **Pat Marsh, SIOR** and **Dave Frear** of **Colliers International**. The property is located at 3400 Procyon Ave., Suite 102 – 103. Reported monthly rent is \$0.43 PSF.

Las Vegas, 89103 Industrial

Formula Dynamics leased 5,470 SF in the Arville Commerce Center from **Biotronics LTD** for \$32,820 on a two-year lease. The tenant was represented by **Jarrad Katz** and **Lauren Brouillet** of **NAI Las Vegas** and the landlord was represented by **Tim Behrendt** of **MDL Group**. The property is located at 4640 S. Arville St., Suites A & B. Reported monthly rent is \$0.25 PSF.

Las Vegas, 89113 Industrial

Quest Events LLC leased 10,257 SF in the Arroyo South Business Center from **EJM Arroyo South II Property LLC** for \$278,064 on a four-year lease. The tenant was represented by **Adam Malan** of **The Equity Group** and the landlord was represented by **Spencer Pinter** of **Colliers International**. The property is located at 7200 S. Montessori St. Reported monthly rent is \$0.56 PSF.



Craig Corporate Park

Las Vegas, 89115 Industrial

Alliance Plastics LLC leased 35,500 SF in the Craig Corporate Park from **NLV Sagebrush LLC** for \$518,304 on a five-year lease. The tenant was represented by **Mike Prestow** of **GVRB LLC** and the landlord was represented by **Dan Doherty, SIOR** of **Colliers International**. The property is located at 4680 Calimesa. Reported monthly rent is \$0.24 PSF.

Las Vegas, 89118 Industrial

Galleher Corporation leased 11,916 SF in the Hacienda & Polaris Business Center from **EJM Development Co.** for \$220,992 on a three-year lease. The tenant was represented by **Carl Unger** of **Investor's Realty Group** and the landlord was represented by **Spencer Pinter** of **Colliers International**. The property is located at 5325 S. Polaris Ave., Suite 100. Reported monthly rent is \$0.52 PSF.

**Las Vegas, 89118
Industrial**

NLS Ground Management leased 7,966 SF from **Nakamura Alvin T & C C Co-Trust** for \$28,677 on a one-year lease. The tenant was represented by **Dan Doherty, SIOR** and **Chris Lane** of **Colliers International** and the landlord was represented by **Carl Unger** of **Investors Realty Group**. The property is located at 4670 W. Post Rd., Suite 120. Reported monthly rent is \$0.30 PSF.

**Las Vegas, 89118
Industrial**

Elliot Auto Supply Co, Inc. leased 8,660 SF in the Koll Business Center from **Valley View IV LLC** for \$252,312 on a five-year lease. The tenant was represented by **Joe and James Griffis** of **Griffis Realty Investments**. Additionally, **Worldwide Media Organization Inc.** leased 7,535 SF in the center for \$164,928 on a three-year lease. The tenant was represented by **Jennifer Levine** of **NAI Las Vegas**. The landlord was represented by **Spencer Pinter** of **Colliers International** in both transactions. The properties are located at 6185 S. Valley View Blvd., Suites E, F and B. Reported monthly rents are \$0.49 and \$0.61, respectively.



Airport Technology Center

**Las Vegas, 89119
Industrial**

Simplex Grinnell LP leased 30,467 SF in the Airport Technology Center from **Panattoni Development Company Inc.** for \$1,604,576 on a five-year lease. The landlord was represented by **Pat Marsh, SIOR** and **Grant Traub** of **Colliers International**. The property is located at 1545 Pama Ln. Reported monthly rent is \$0.88 PSF.

**Las Vegas, 89120
Industrial**

Penn Ridge Transportation Inc. leased 10,191 SF in the Arrowhead Commerce Center from **KTR LV II, LLC**

for \$136,548 on a two-year lease. The landlord was represented by **Spencer Pinter** and **Dan Doherty, SIOR** of **Colliers International**. The property is located at 6255 S. Sandhill Rd., Suite 700 and 800. Reported monthly rent is \$0.56 PSF.

**Las Vegas, 89120
Industrial**

RC & JG Holdings LLC leased 5,500 SF from **KTR LV IV LLC** for \$104,819 on a 39-month lease. The tenant was represented by **Brad Balbo** of **Strategic Retail Group** and the landlord was represented by **Spencer Pinter** and **Dan Doherty, SIOR** of **Colliers International**. The property is located at 6275 S. Pearl St., Suite 600. Reported monthly rent is \$0.49 PSF.

**Las Vegas, 89118
Vacant Land**

El Pollo Loco Inc. leased a 44,319 SF pad site from **Rainbow Village II LLC** for \$2.1 million on a 20-year ground lease. The tenant was represented by **David Grant** of **Colliers International**. The property is located at the southeast corner of Rainbow and Warm Springs. Reported monthly rent is \$0.20 PSF.

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LOANS

**North Las Vegas, 89030
Retail**

CB Richard Ellis Capital Market Inc.'s Bob Ybarra represented the owner in the \$7 million refinance of the 81,567 SF multi-tenant retail center, Red Rock Shopping Center. A life insurance company funded the 22-year loan, fixed for the first 10-years, at a 5.5 percent interest rate. The center is located at 1311 and 1435 W. Craig Rd.

**Henderson, 89015
Multi-Family**

CB Richard Ellis Capital Market Inc.'s Bob Ybarra represented the owner in the \$5 million refinance of the 124-unit Cha Cha Cha Apartments. A bank funded the five-year loan at a 4.1 percent interest rate. The property is located at 640 E Horizon Dr.

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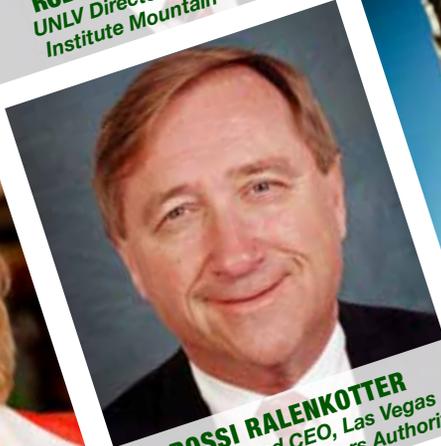
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Institute Mountain West



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AS OF 12.5.2011



Retail Summary

Third Quarter 2011

Las Vegas

Vacancies among anchored-retail centers move upward as economic uncertainty continues to impact retailers. The market recorded 223,400 square feet of negative net absorption during the third quarter of 2011, pushing the vacancy rate up to 10.8 percent, an increase of 0.4 percentage points compared to the previous quarter (Q2 2011) and slightly ahead of the 10.7 percent vacancy rate reported one year ago (Q3 2010).

A pullback in average asking rents has been ongoing since the downturn began more than three years ago. During the latest quarter, rents fell to \$1.52 per square foot per month, or 5 percent below the \$1.60 reported during the same quarter of the prior year. With the vacancy rate remaining above 10 percent for more than two years and few signs that it will improve significantly in the near term, recession-level pricing is expected to continue to impact the sector and the nearly 5.6 million square feet currently available.

Although the retail sector continues to feel the effects of a correction, a handful of projects are actively under construction including two WinCo Foods, and a second-phase addition to a Target-anchored neighborhood center being built for pre-leased tenants. Plans for 4 million square feet remain on the drawing board, consisting primarily of stalled projects and future phases of existing centers.

The closing of Borders and several other large spaces put a black eye on the retail sector's third quarter performance, but positive signs remain. Several former Borders locations are in power centers performing above average and are likely to be absorbed as more value-oriented retailers seek to back fill vacancies. Additionally, Fry's Electronics' purchase of the former Great Indoors inside Boca Park should spark a bit of confidence back into the sector, as retailers continue to position themselves for when economic opportunity presents itself.

Reno-Sparks

The Reno/Sparks economic climate is showing more consistent signs of improvement, perhaps indicating that the retail occupancy rates may be stabilizing, albeit at or near historically low levels. The area had a positive net absorption during the third quarter of 41,202 sf, the fifth consecutive quarter of positive net absorption. Although the net absorption number is modest, it is moving in the right direction and staying positive.

The net absorption during the quarter can be attributed to multiple smaller leases and three larger leases. During the quarter, there were 21 businesses moving into shopping centers consisting of 141,624 sf. During the same period, 23 businesses moved out consisting of 102,242 sf. The disturbing trend consistently being seen is more individual businesses moving out of shopping centers than those moving in.

Three larger tenants leased space this quarter. Ross opened in the Silver State Shopping Center, America's Furniture 4 Less opened in the Sak-n-Save center on Plumb Lane and Sierra Trading Post relocated to the Del Monte Plaza. During the quarter, Borders vacated their space in the Redfield Promenade. Other new tenants that opened included Damonte Ranch Animal Hospital in the Damonte Ranch Town Center, Genghis Grill in the Southtowne Crossing and Dickie's BBQ in the McQueen Crossing. Tenants moving out included Francis' Bistro in the Caughlin Ranch Shopping Center, Scruples in the Lakeside Plaza and Cadillac Ranch in the Legends at the Sparks Marina.

The line shop vacancy rate is hovering around the record at 22.06 percent. The anchor vacancy rate is now just shy of the record at 14.2 percent, with the overall vacancy rate at 17.46 percent. While the continuation of these high vacancy rates are causing financial pressures for some landlords, it is creating opportunities for new businesses as landlords aggressively compete for the few tenants looking for space. 🍀

RETAIL

3rd quarter 2011

TOTAL MARKET	LAS VEGAS	RENO
Total Square feet	51,421,016	13,057,174
Vacant Square Feet	5,561,259	2,280,218
Percent Vacant	10.8%	17.46%
New Construction	0	-
Net Absorption	(223,435)	41,202
Average Lease sf/mo (nnn)	\$1.52	\$1.62
Under Construction	225,000	278,076
Planned	4,027,775	37,337

POWER CENTERS

Total Square Feet	18,313,154	2,621,383
Vacant Square Feet	1,330,668	419,457
Percent Vacant	7.3%	16%
New Construction	0	-
Net Absorption	(140)	-2,909
Average Lease SF/MO (NNN)	\$1.73	\$1.66
Under Construction	95,000	124,076
Planned	2,133,668	37,337

COMMUNITY CENTERS

Total Square Feet	13,270,432	5,349,255
Vacant Square Feet	1,731,673	1,146,569
Percent Vacant	13.0%	21.4%
New Construction	0	-
Net Absorption	(134,071)	13,027
Average Lease SF/MO (NNN)	\$1.51	\$1.72
Under Construction	0	154,000
Planned	1,245,912	-

NEIGHBORHOOD CENTERS

Total Square Feet	19,837,430	5,005,682
Vacant Square Feet	2,498,918	714,192
Percent Vacant	12.6%	14.3%
New Construction	0	-
Net Absorption	(89,224)	31,084
Average Lease SF/MO (NNN)	\$1.41	\$1.49
Under Construction	130,000	-
Planned	648,195	-

Next Month: INDUSTRIAL

ABBREVIATION KEY

MGFS: Modified Gross Full-Service

SF/MO: Square Foot Per Month

NNN: Net Net Net

Southern Nevada analysis and statistics compiled by Applied Analysis, Northern Nevada analysis and statistics compiled by NAI Alliance Reno

According to revised data, U.S. real GDP grew at an annualized rate of 2 percent during third quarter 2011, which represents a gain over the second-quarter figure of 1.3 percent. Consumption spending and business fixed investment were particularly strong. Preliminary indicators—such as retail sales, industrial production and trade—suggest U.S. real GDP will show even stronger growth in fourth quarter 2011. U.S. nonfarm employment rose by 120,000 jobs in November. The unemployment rate fell to 8.6 percent, largely because labor force participation declined. Both consumer confidence and sentiment rose sharply. The Kansas City Financial Stress Index edged downward in November but remained above its long-run average, suggesting that financial headwinds continue to slow U.S. economic growth.

The Nevada economy continues to show signs of slow growth. Visitor volume was up in October, and strong baccarat play drove big gains in gaming revenues. Taxable sales in September were up by 10.4 percent above a year earlier. From September to October, Nevada saw a gain of 5,500 jobs (0.5 percent), mostly the result of seasonal adjustments in government and leisure and hospitality employment. The unemployment rate fell from 13.2 to 12.7 percent—strictly the result of seasonal factors.

The pace of economic activity in Clark County has strengthened. Compared to a year earlier, visitor volume was up by 1.9 percent in October. Total gaming revenues were up by 10.4 percent. Taxable sales for October were 10.5 percent above those for the same month a year earlier. Residential construction permits rose in October, and commercial construction permits fell. Both remain near historically low levels. Employment in transportation, information services, leisure and hospitality, professional and business services, education and health services, and state government rose in October. Many of the gains were seasonal. Total employment in the Las Vegas metropolitan area rose by 4,200 jobs. The unemployment rate fell from 13.6 to 13.1 percent—seemingly the result of seasonal factors.

Washoe County's overall economic conditions appear weaker. Compared to a year earlier, October visitor volume was down by 3.2 percent, and gaming was down by 9.3 percent. Residential construction permits rose in October, but it and commercial construction permits remain near historically low levels. Largely as the result of seasonal factors, Reno-Sparks employment rose by 1,300 jobs in September, and the unemployment rate fell from 12.6 to 12.1 percent.

National economic conditions improved in third quarter, and a stronger fourth quarter seems underway. Nevada's real estate and construction sectors remain close to bottom. The economy remains weak in Washoe County.

Professor Stephen P. A. Brown, PhD
UNLV Center for Business and Economic Research

	DATE	UNITS	DATA			GROWTH		COMMENTS
			LATEST	PREVIOUS	YEAR AGO	RECENT	YEAR AGO	
Nevada								
Employment	2011M10	000 employees	1,130.0	1,124.5	1,118.3	0.5%	1.0%	Improved
Unemployment Rate*	2011M10	%, NSA	12.7	13.2	14.3	-0.5%	-1.6%	Seasonal Decline
Taxable Sales	2011M9	\$billion	3,583	3,410	3,244	5.1%	10.4%	Up Strongly
Gaming Revenue	2011M10	\$million	960.69	863.95	888.57	11.2%	8.1%	Strong Baccarat Play
Passengers	2011M10	passengers	4,100	3,930	3,961	4.3%	3.5%	Up
Gasoline Sales	2011M9	million gallons	90.61	96.68	91.54	-6.3%	-1.0%	Down
Visitor Volume	2011M9	million visitors	4,240	4,156	4,181	2.0%	1.4%	Up
Clark County								
Employment	2011M10	000 employees	811.2	807.0	800.7	0.5%	1.3%	Improved
Unemployment Rate*	2011M10	%, NSA	13.1	13.6	14.8	-0.5%	-1.7%	Seasonal Decline
Taxable Sales	2011M9	\$billion	2,568	2,406	2,324	6.8%	10.5%	Up Strong
Gaming Revenue	2011M10	\$million	836.51	733.65	757.48	14.0%	10.4%	Strong Baccarat Play
Residential Permits	2011M11	units permitted	289	220	179	31.4%	61.5%	Up, Little Activity
Commercial Permits	2011M11	permits	13	18	21	-27.8%	-38.1%	At Low Level
Passengers	2011M10	million persons	3,811	3,615	3,650	5.4%	4.4%	Up
Gasoline Sales	2011M9	million gallons	61.00	64.80	61.10	-5.9%	-0.2%	Down
Visitor Volume	2011M9	million visitors	3,691	3,541	3,623	4.2%	1.9%	Up
Washoe County								
Employment **	2011M10	000 employees	189.4	188.1	191.4	0.7%	-1.0%	Up Recently
Unemployment Rate*	2011M10	%, NSA	12.1	12.6	13.3	-0.5%	-1.2%	Seasonal Decline
Taxable Sales	2011M9	\$billion	0,448	0,469	0,454	-4.4%	-1.4%	Down
Gaming Revenue	2011M10	\$million	63.52	68.46	70.07	-7.2%	-9.3%	Down
Residential Permits	2011M11	units permitted	59	34	30	73.5%	96.7%	Up, Little Activity
Commercial Permits	2011M11	permits	11	6	5	83.3%	120.0%	Up, Little Activity
Passengers	2011M10	million persons	0,285	0,311	0,307	-8.2%	-7.0%	Down
Gasoline Sales	2011M9	million gallons	14.17	15.47	14.84	-8.4%	-4.6%	Down
Visitor Volume	2011M9	million visitors	0,347	0,417	0,359	-16.8%	-3.2%	Down
United States								
Employment	2011M11	million, SA	131,708	131,588	130,108	0.1%	1.2%	Some Improvement
Unemployment Rate	2011M11	%, SA	8.6	9.0	9.8	-0.4%	-1.2%	Reduced Labor Force
Consumer Price Index	2011M10	82-84=100, NSA	226.8	227.0	219.0	-0.1%	3.6%	Food and Energy Costs
Core CPI	2011M10	82-84=100, NSA	226.4	226.1	221.8	0.1%	2.1%	Higher
Employment Cost Index	2011Q3	89.06=100, SA	114.2	113.8	112.3	0.4%	1.7%	Up Slightly
Productivity Index	2011Q3	2005=100, SA	110.9	110.4	110.3	0.5%	0.6%	Improved
Retail Sales Growth	2011M11	\$billion, SA	399,349	398,466	374,105	0.2%	6.7%	Up Year Ago
Auto and Truck Sales	2011M11	million, SA	13.60	13.22	12.24	2.9%	11.1%	Up Strong
Housing Starts	2011M10	million, SA	0.628	0.630	0.539	-0.3%	16.5%	Up Year Ago
Real GDP Growth***	2011Q3	2000\$billion, SA	13,337.8	13,271.8	13,139.6	2.0%	1.5%	Up
U.S. Dollar	2011M11	97.01=100	99.544	98.903	99.124	0.6%	0.4%	Strengthening
Trade Balance	2011M10	\$billion, SA	-43,466	-44,170	-39,452	-1.6%	10.2%	Improved
S and P 500	2011M11	monthly close	1,246.96	1,253.30	1,180.55	-0.5%	5.6%	Flat Recent
Real Short-term Rates*	2011M10	%, NSA	-3.18	-3.29	-2.57	0.1%	-0.7%	Extremely Low
Treasury Yield Spread	2011M11	%, NSA	2.00	2.13	2.62	-6.1%	-23.7%	Narrowing

*Change in percentage rate, **Reflects the Reno-Sparks MSA which includes Washoe and Storey Counties, ***Recent growth is an annualized rate

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.

Note: NSA = Not Seasonally Adjusted, SA = Seasonally Adjusted

What's the biggest change you saw in 2011 as it relates to business?

“The biggest change was the emergence of the short-term foreclosure investor, who buys homes in homeowner associations at foreclosure sales. Short-term foreclosure investors are only interested in a quick resale at a profit, not the long-term health of the homeowners association, and oppose any regulation or fee imposed by an association.”



Paul Terry · President of Community Associates Institute and Partner, Angius-Terry LLP



Doug Roberts · Partner, Panattoni Development Company, Inc.

“Many business leaders believed 2011 would bring substantial turn-around in the economy. Early on there was general optimism that we were on that path. However, with the sovereign debt issues in Europe and the U.S. debt ceiling debate in Washington, we quickly returned to the confidence lull the country has felt since 2008.”

“The biggest change is the confirmation that there is a “new normal” in the residential real estate market in Nevada. Realtors have had to become masters of short sales, bank-owned property sales, alternative financing approaches, new legal constraints... and much more.”



Nancy Fennell · Broker Owner, Dickson Realty



Brett A. Axelrod · Office Managing Partner, Fox Rothschild LLC

“Business owners are dealing with the reality of the economic climate in their business planning and negotiations with their lenders. No longer anticipating a near-term turnaround, companies are instead planning for long term recession. Lenders are becoming more realistic in taking their collateral back and working on out-of-court solutions.”

“Operating in an uncertain economy was a challenge in 2011. Between visitor volume, gaming revenue, home sales, convention attendance and any other number of key economic indicators we continually reviewed throughout the year and fine-tuned our marketing programs based on the market, our competitors and what our guests were experiencing.”



Anthony A. Marnell III · President, M Resort Spa Casino



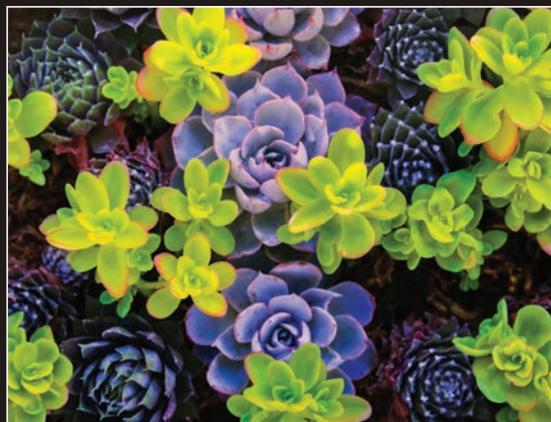
Tim Crowley · President, Nevada Mining Association

“In the mining industry, there was a significantly increased investment in bringing essential minerals to market such as lithium for hybrid-car and cell phone batteries and molybdenum to fortify steel. Geothermal heat, copper, gold and silver all saw increased investment, as well.”

The fine art nature photography of Chuck Couture.

CHUCK COUTURE

PHOTOGRAPHY



Images can be viewed at
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