

Nevada Business

the decision maker's **magazine**

How We

Stack

Nevada by the
Numbers

Up

Financial Services | Public Works | Telecommunications
Special Report: Healthcare Heroes

Hit a business jackpot.



Switch to **Cox Business** and get
business Internet and phone
with voice mail for only

\$90!



per month, plus
FREE installation.*

Call **702-939-1148** today or visit coxbusiness.com

COX
Business*

*Offer valid until 9/30/11 to new subscribers of Cox Business VoiceManager™ and Cox Business Internet™ in Las Vegas Cox-wired, serviceable locations. Offer price includes monthly service fees for 1 Advanced VoiceManager phone line with up to 29 features and Voice Mail plus Cox Business Internet 5.0Mbps/1.0Mbps. Internet service includes 10GB of Online Backup and 10 PC licenses of Security Suite. Minimum 2-year service agreement required. Long distance is not included. An early termination fee as specified in customer's service agreement will apply if services are disconnected or downgraded prior to the end of the agreement's term. Free installation is capped at \$350. Additional costs for installation, construction, connection, relocation, inside wiring and equipment may apply. Telephone modem equipment may be required. Modem uses electrical power to operate and has backup battery power provided by Cox if electricity is interrupted. Telephone service, including access to e911 service, will not be available during an extended power outage or if modem is moved or inoperable. Cox cannot guarantee uninterrupted or error-free Internet service or the speed of your service. Offer does not include usage, long distance calling plans, applicable taxes, surcharges or fees. Discounts are not valid in combination with or in addition to other promotions, and cannot be applied to any other Cox account. Rates and bandwidth options vary and are subject to change. All programming and prices are subject to change. Programming may vary by location. Services not available in all areas. Other restrictions may apply. Telephone services are provided by Cox Nevada Telcom, LLC. ©2011 CoxCom, Inc., d/b/a Cox Communications Las Vegas, Inc. All rights reserved.



BANK OF MICHAEL

When you need action, it helps to have a bank that can move as fast as you do. When 4Wall CEO Michael Cannon had the chance to acquire another company, he needed to act fast. He turned to Bank of Nevada whose flexibility and forward thinking made it happen. In a flash, he had the loan he needed, and 4Wall got the tools to keep moving ahead.

Member
FDIC bankofnevada.com



Your business is our business.

Public Employees as Legislators

Foxes Guarding the Henhouse?

The principle of separation of powers is an important part of the Nevada Constitution, which states that no one “charged with the exercise of powers properly belonging to one of these departments [Executive, Legislative and Judicial] shall exercise any functions, appertaining to either of the others, except in the cases expressly directed or permitted in this constitution.”

Then-Attorney General Robert List issued an opinion in 1971 that public school teachers could serve in the Legislature, even though they were clearly employees of the executive branch of government. In the 40 years since then, not only teachers, but also police officers, firemen, university professors, city employees, and a wide variety of “public servants” have served themselves by voting on issues that affected their government employers. Teachers have voted on education reforms, professors have approved the higher education budget, and public employees have passed measures affecting their retirement and benefits packages. Think how much government spending has increased in the last 40 years, and then ask yourself if this is just a coincidence.

During the recently concluded 2011 legislative session, 13 of the 63 lawmakers were either current or former public employees. A recent report from Nevada Policy Research Institute rated legislators according to their commitment to keeping taxes low, limiting the growth of government, and implementing education reforms. Not surprisingly, only 22 of the 63 lawmakers earned scores above 50 percent.

Another issue is double-dipping by public employees who draw their regular salary from a government job while also billing taxpayers for their legislative salary. In the 2011 session, John Ocegüera, deputy chief of the North Las Vegas Fire Department, served as Speaker of the Assembly while also drawing full-time pay as a fireman. His work logs for 2009 and 2011 showed him working four, 9-hour days each week for the fire department during most of both legislative sessions.

Unfortunately, Ocegüera’s case is nothing new. During legislative sessions from 1997 through 2003, Assemblyman Wendell Williams billed taxpayers for sick pay, vacation pay and holiday pay in order to get paid as a lawmaker while also drawing his \$86,000-a-year salary with the City of Las Vegas. He was also charged with submitting false time cards showing him working in Las Vegas on days when he was in Carson City. Williams was eventually fired, but only after being accused of using his influence as chairman of the Education Committee to persuade a community college to hire his girlfriend.

Also in 2003, Clark County fired Assemblyman Kelvin Atkinson from his position as a parks department management analyst for drawing sick leave pay while he was serving in Carson City. An arbitrator later ordered the county to reinstate Atkinson and award him back pay. Not only was Atkinson still in the Assembly in 2011, but he chaired the Assembly Commerce and Labor Committee, which reviews bills covering circumstances exactly like his own.

Despite the examples of what can go wrong when public employees serve in the Legislature, and despite the Constitution, a bill was introduced in the 2011 session that would have made it even easier for them to do so. State law prohibits a private employer from preventing employees from engaging in politics in their spare time or running for elected office. AB433 would have expanded the law to cover public employers, preventing them from taking any “adverse employment action” against an employee who became a candidate for public office. Although the bill passed both houses, Gov. Sandoval had the good sense to veto it.

We’re all paying the price for 40 years of ignoring the separation of powers clause. It’s time to enforce the Nevada Constitution and demand that public employees be prevented from holding elected office.



Lyle E. Brennan
Publisher

COMMENTS
lyle@nevadabusiness.com

- Publisher**
Lyle E. Brennan · lyle@nevadabusiness.com
- Publisher / CEO**
Connie Brennan · connie@nevadabusiness.com
- Managing Editor**
Tarah Figueroa · tarah@nevadabusiness.com
- Editorial Assistant**
Kristan Obeng · kristan@nevadabusiness.com
- Art Director**
Chris Tucker · ctucker@nevadabusiness.com
- Administrative Assistant**
Renee Bennett · renee@nevadabusiness.com
- Research / Ranking Nevada**
info@nevadabusiness.com
- Web Editor / Circulation**
Aleina Richardson · aleina@nevadabusiness.com
- Online Marketing Director**
Harry Benson · info@nevadabusiness.com
- Contributing Writers**
Kathleen Foley · Geoffrey Lawrence
Jimmy Lee · Howard Riell
Michelle Sherven · Jeanne Lauf Walpole
- Advertising / Sales**
Miriam Avila · miriam@nevadabusiness.com
Joy Crossman · joy@nevadabusiness.com

Subscriptions
subscribers@nevadabusiness.com

Reprints
For more info call (800) 259-0470

- Northern Nevada Advisory Board**
Chuck Alvey · EDAWN
Krys T. Bart · Reno Tahoe Airport Authority
Tom Clark · Holland & Hart, LLP
Valerie Glenn · The Glenn Group
Rob Hooper · Northern Nevada Development Authority
Rick Gray · Fallon Convention and Tourism Authority
Patty Wade · Wade Consulting

Corporate Office
375 N. Stephanie St., Suite 2311 · Henderson, NV 89014
P (702) 735-7003 · F (702) 733-5953
Reno: P (775) 583-8113



Web Site: www.nevadabusiness.com
Mobile: Download QR Reader and scan.



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.

All contents ©2010 copyright, and reproduction of material appearing in Nevada Business Magazine and TopRank Nevada - Annual Statewide Book of Lists is prohibited unless so authorized by the publisher. Publisher reserves the right to refuse service to any agency, individual, business, company or organization.

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.

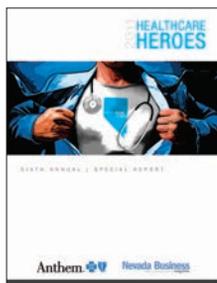
COVER STORY

How We Stack Up

Nevada by the Numbers

By Kathleen Foley

6



SPECIAL REPORT

Healthcare Heroes

DEPARTMENTS

- 4 Commentary · Lyle Brennan
- 23 Face to Face · Michelle Sherven
- 57 Around The State
- 58 Profit & Loss · Jimmy Lee
Summer Review
- 59 Free Market Watch · Geoffrey Lawrence
ObamaCare will Squeeze Education, Other Needs
- 76 Commercial RE Report | Industrial
- 77 Business Indicators
- 78 The Last Word
What notable Nevada figure do you
most admire and why?

FEATURES

- 12 Financial Services · Howard Riell
The Business of Smarter Lending
- 17 Industry Focus: Telecommunications
- 64 Building Nevada: Public Works · Jeanne Lauf Walpole
The Survivor's Arena
- 72 ReD Report
Tracking Nevada's Deals

Even small businesses need big coverage.
Anthem's got it.

anthem.com

HEALTH | LIFE | DENTAL | DISABILITY | PHARMACY



How We Stack Up

Nevada by the Numbers

By Kathleen Foley

Nevada is a unique state, with challenges and opportunities not found anywhere else. Those who have chosen to make Nevada home have a stake in its future, and in supporting measures that promote its benefits and work on areas that need improvement. This article compiles statistics from a number of sources to provide a straightforward look at the state of the Silver State. Comparing Nevada's statistics to the rest of the United States provides a starting point for discussions on the advantages and disadvantages of living and operating a business in the Silver State in the Silver State.

Travel and Tourism

Travel, tourism and gaming are the engines that drive Nevada's economy, providing jobs for residents and taxes to bolster the state's budget. Although statistics from the Nevada Department of Employment, Training and Rehabilitation (DETR) show that 28.4 percent of the Nevada workforce is employed in the Leisure and Hos-

pitality industry, many more jobs depend on the multiplier effect of those payroll dollars circulating throughout the state. Economic development agencies might like to reinvent Nevada as a high-tech mecca or a western distribution hub, but the reality for the foreseeable future is that travel and tourism will remain the lifeblood.

Overview

	Nevada
Visitor Volume 2010	49,684,782
Convention Delegates 2010	5,168,003
Gross Gaming Revenue 2010	\$10,327,111,540
Airport Volume 2010	44,075,967
Vehicle Traffic Counts 2010	2,212,138
Hotel/Motel Room Inventory 2010 (# of rooms)	193,479
Average Monthly Hotel Occupancy 2010	75.2%
Gaming Taxes Paid to State General Fund	\$630,982,420
Room Tax Collections	\$442,944,448
Casino/Live Entertainment Tax Collections	\$108,306,320

Source: Nevada Resort Association

Overseas Visitors to Select U.S. States and Territories

Rank	State	2010 Visitation	Market Share
1	New York	8,647,000	32.8%
2	Florida	5,826,000	22.1%
3	California	5,615,000	21.3%
4	Nevada	2,504,000	9.5%
5	Hawaii	2,135,000	8.1%
6	Guam	1,318,000	5.0%
7	Massachusetts	1,292,000	4.9%
8	Illinois	1,186,000	4.5%
9	Texas	1,028,000	3.9%
10	New Jersey	975,000	3.7%

Source: U.S. Office of Travel and Tourism Industries

Economic Impact of Travel

	Nevada	U.S.
Travel Spending (in \$Billions)	25.2	704.4
Travel Tax Receipts (in \$Billions)	3.6	113.0
Travel Employment (in Thousands)	288.8	7,393.6
Travel Payroll (In \$Billions)	9.34	186.3
% of Gross Domestic Product from Travel Industry	11.9%	2.5%

Source: U.S. Travel Association & Nevada Commission on Tourism

Economic Impact of Casinos

State	Tax Contributions (in \$Millions)	Jobs
Nevada	835.42	175,024
New Jersey	305.50	34,145
Mississippi	285.47	24,707
Louisiana	571.96	16,873
Indiana	874.86	14,144
Missouri	486.06	11,071
Iowa	305.44	8,915
Illinois	466.07	6,892
West Virginia	378.49	4,528
New York	503.48	3,465
U.S. Total	7,590.00	340,564

Source: American Gaming Association



The fine art nature photography of Chuck Couture.

CHUCK COUTURE

PHOTOGRAPHY



Images can be viewed at
Unseen World Gallery in Town Square.

6569 Las Vegas Blvd. S. Suite #158 | Las Vegas, NV 89118

702-321-6827

www.chuckcouture.com

Education

Nevada's elementary school students perform worse than the national average on standardized tests, Nevada teens are more likely to drop out of school and adults are less likely to have a college education. Additionally, according to a recent report by Editorial Projects in Education, the graduation rate for Nevada public high school students is 44.3 percent as compared to the national average of 71.7 percent. These statistics have been

a major concern for economic development agencies, which would like to lure companies here by advertising a superior school system for the children of current employees, as well as an educated workforce to fill future staffing needs. Nevada's education dilemma will continue to be a major stumbling block in efforts to diversify the economy, unless sweeping reforms to the current system are implemented.

Other Numbers

	Nevada Average	U.S. Average	Ranking (out of 51)
Expenditures per Pupil FY 2009	\$8,321	\$10,591	45
Pupil/Teacher Ratio in Elementary & Secondary Schools	19.41	15.38	
Percent of teens 16 to 19 not in school and not high school graduates	11%	6%	

Sources: Expenditures: U.S. Department of Education, National Center for Education Statistics, "National Public Education Financial Survey"; Pupil/Teacher ratio: U.S. Department of Education, National Center for Education Statistics; teen dropouts: Annie E. Casey Foundation, National KIDS COUNT 2009

Level of Education

	Nevada Average	U.S. Average
Adults 25 years old & over with at least a Bachelor's Degree (2009)	21.5%	27.5%
Adults 25 years old & over with high school diploma (2009)	83.7%	84.6%

Source: U.S. Census Bureau, Statistical Abstract of the United States

Test Scores by College-Bound Students

	Nevada	U.S. Average
Average Composite ACT Score - 2010 graduating class	21.5	21.0
Percent meeting ACT college readiness benchmarks	25	24
Average Composite SAT Score - 2010 graduating class	1,470	1,509

Sources: The College Board (SAT) & ACT State Reports

Performance on Standardized Tests

	Nevada Average	U.S. Average	Ranking (out of 51)
Math Scores Grade 4	235	239	43
Math Scores Grade 8	274	282	45
Reading Scores Grade 4	211	220	49
Reading Scores Grade 8	254	262	50
Writing Scores Grade 4	145	153	45
Writing Scores Grade 8	143	154	42
Science Scores Grade 4	141	149	47
Science Scores Grade 8	141	149	48

Source: National Center for Education Statistics. Data reflects performance in the National Assessment of Educational Progress (NAEP) exams in 2009.

Teacher Salaries

	Nevada	U.S. Average
Elementary school teachers except Special Education	\$49,450	\$54,330
Middle school teachers except Special Ed & Technical Ed	\$49,450	\$54,880
Secondary school teachers except Special Ed & Technical Ed	\$49,690	\$55,990

Source: U.S. Bureau of Labor Statistics, May 2010 Occupational Employment & Wages Report

Tax Burden

One bright spot in Nevada's profile is that the tax burden is lower than most other states'. While the average U.S. citizen has a combined state and local tax rate of nearly 10 percent, Nevadans' tax burden is only 7.5 percent, thanks in large part to the 50 million tourists who pay sales taxes, gas taxes, hotel room taxes, etc. during their visits to

Nevada. The Silver State has no personal income tax, no inheritance or gift tax and no estate tax. It also offers a very favorable tax climate for businesses, with no corporate income tax, no unitary tax, no admissions tax and a relatively low employer payroll tax. The non-profit Tax Foundation ranked Nevada fourth among tax-friendly states.

State-Local Tax Burden		
Rank	State	Combined Tax Rate
1	New Jersey	12.2%
2	New York	12.1%
3	Connecticut	12.0%
4	Wisconsin	11.0%
5	Rhode Island	10.7%
46	Wyoming	7.8%
47	Tennessee	7.6%
48	South Dakota	7.6%
49	Nevada	7.5%
50	Alaska	6.3%
	U.S. Average	9.8%

Best and Worst Business Tax Climates	
Rank	State
1	South Dakota
2	Alaska
3	Wyoming
4	Nevada
5	Florida
46	Ohio
47	Connecticut
48	New Jersey
49	California
50	New York

Source: The Tax Foundation. Calculations based on all state and local taxes paid, both to a person's own state and to other states (e.g. in sales taxes paid when traveling). Total taxes are divided by total state income to compute a "tax burden" measure. (District of Columbia not included) - Data FY 2009

Source: Tax Foundation, 2011 State Business Tax Climate Index (data at July 1, 2010)

State Taxes as Percent of Personal Income		
Rank	State	Tax %
1	Alaska	15.0%
2	Vermont	10.3%
3	North Dakota	10.0%
4	Hawaii	8.9%
5	Wyoming	8.1%
29	Nevada	5.9%
	U.S. Average	5.8%

State Tax Collection by Source		
<i>Expressed as % of Total Taxes Collected</i>		
State	Nevada	U.S. Average
Property Tax	6.2%	2.0%
Sales Tax	43.9%	31.9%
Selective Sales Tax*	29.4%	17.0%
Personal Income Tax	0.0%	33.5%
Corporate Income Tax	0.0%	5.4%
Other Taxes	20.5%	10.2%

*Selective taxes include taxes on motor fuel, alcohol etc.

Source: Federation of Tax Administrators, 2010

Source: Federation of Tax Administrators, 2010



Cost of Doing Business

Considering payroll costs, lease rates, taxes, utility costs and several other factors, Nevada compares favorably to competitors in nearby markets. The recession has made it even cheaper to operate

a business in the Silver State, since high unemployment has created a large pool of available workers, and the decline in the commercial real estate market has caused lease rates to drop dramatically.

Cheapest States for Business Operations

	State
1	Iowa
2	Arkansas
3	Missouri
4	Kentucky
5	Ohio
35	Nevada
46	Rhode Island
47	California
48	New York
49	Alaska
50	Hawaii

Source: CNBC Special Report, June 28, 2011, based on publicly available data

Total Annual Operating Costs: Distribution Warehouse

(Ranked from least expensive)	State	Annual Costs
1	Tucson, AZ	\$16,284,056
2	Albuquerque/Rio Rancho, NM	\$16,572,998
3	Phoenix/Mesa, AZ	\$16,640,777
4	Boise, ID	\$16,774,317
5	Reno/Sparks, NV	\$17,236,424
6	Bakersfield, CA	\$17,307,929
7	North Las Vegas, NV	\$17,392,720
8	Fresno, CA	\$17,537,004
9	Oklahoma City, OK	\$17,970,282
10	Spokane, WA	\$18,690,276

Source: The Boyd Co., Inc., Princeton, NJ. Costs based on a 225-worker distribution center occupying 500,000 sq. ft. and serving California and the 11 western states.

Total Annual Operating Costs - I.T. Centers Western U.S.

(Ranked from least expensive)	State	Annual Costs
1	Oklahoma City, OK	\$12,318,035
2	Salt Lake City, UT	\$12,806,735
3	Las Vegas, NV	\$12,867,026
4	Wichita, KS	\$12,917,385
5	Phoenix, AZ	\$13,151,932
6	Fresno, CA	\$13,571,042
7	Modesto, CA	\$13,596,905
8	Denver, CO	\$13,641,072
9	Bakersfield, CA	\$13,825,118
10	Portland, OR	\$14,022,560

Source: The Boyd Co., Inc., Princeton, NJ. Costs based on a 125-worker information technology center.

Total Annual Operating Costs - Customer Service Center

(Ranked from least expensive)	State	Annual Costs
1	Ft. Myers, Florida	\$23,155,971
2	Ft. Lauderdale, Florida	\$24,274,536
3	San Antonio, Texas	\$24,478,860
4	Las Vegas, Nevada	\$25,407,336
5	Columbus, Ohio	\$25,434,657
6	Austin, Texas	\$25,495,256
7	Phoenix, Arizona	\$25,651,581
8	Madison, Wisconsin	\$25,770,904
9	Allentown/Bethlehem, Pennsylvania	\$25,994,544
10	Providence, Rhode Island	\$26,126,307

Source: The Boyd Co., Inc., Princeton, NJ. Costs based on a 500-worker customer service center occupying 45,000 sq. ft. of office space, with a monthly call volume of 2.5 million minutes of billable inbound 800 service.

Continues on page 60 ▷

Nevada Business

the decision maker's magazine

Subscribe Today!

www.nevadabusiness.com



Feature Story

Financial Services

The Business of Smarter Lending

By Howard Riell

If money makes the world go round then, well, the world is rotating a bit more creakily than it used to.

Financing for the Nevada business community, or any business community in the U.S., still isn't what it was before the economy took a turn for the worse.

But it is getting better -- thanks to a variety of factors such as lenders that want and need to lend; a shakeout that eliminated some of the weaker players and left the stubborn survivors a bit wiser; a greater appreciation of and access to business coaching; increased tourist activity; smarter borrowing; and the realization that many times a loan and the debt that goes with it are simply not what a business needs.

The fact is, there is money out there for businesses -- but the situation, the timing and yes, the businesses themselves all need to be just right.

"As you go through it the deal really comes down to this," says Edward Cadena, Director of the U.S. Small Business Administration's (SBA's) Nevada district office. "The biggest problem we're having with a lot of our businesses is short sales, bankruptcies and stuff on their credit. But if you're able to answer the three questions -- How much money do you need? What are you using it for? How are you going to pay it back? -- and if there is verifiable cash flow, there is plenty of money for any business."

The key phrase, of course, is verifiable cash flow -- receipts, tax returns, accounts receivables, bank statements, contracts or anything else that will show there is money in the bank, or that a business is actually generating the amount of income it claims to. "A lot of folks will come in and give you a lot of estimates or projections, and that's not verifiable," says Cadena. "It's still tough to get a loan, and all the bankers I talk to are wanting to make loans. But they're looking for good businesses and people with good credit."

The landscape has changed, of course, and dramatically. Five years ago "you could have walked into pretty much any bank and used your home equity as your business loan," Cadena recalls. "Let's say your house was worth \$250,000 and you owed \$125,000: you could pretty much borrow up to 95% of that value." Today, however, that doesn't happen "because frankly the values of



Edward Cadena,
Nevada Small
Business Administration

the homes have gone down significantly. So in today's environment the bankers are looking for verifiable cash flow."

Bankers are especially seeking good businesses, he continues, "because banks are in the business of making loans. A lot of them are friendly neighborhood bankers who have a lot of cash, but they're also being conservative in how they lend as opposed to five years ago, when they probably were a little more liberal. And so the difference is that bankers are being a little more cautious, for obvious reasons."

In investing, it's easier to look ahead when you're surrounded by forward thinking.

While others are still making sense of today's financial picture, we're busy anticipating tomorrow's. With Northern Trust, you'll be privy to a full spectrum of strategies and solutions, including alternative asset classes, uniquely tailored to your financial needs. And you'll benefit from the personal attention and fresh perspectives of an entire team of wealth experts. All of which helped us claim a spot on *Barron's* list of **The Nation's Top 10 Wealth Managers**. Expertise matters. Find it at Northern Trust. Call Reed Radosevich at 702-304-6800 or visit northerntrust.com/forward.



Northern Trust

Wealth & Investment Management | Trust & Estate Services
Private Banking | Family Office Services

© 2011 Northern Trust Corporation.

Earn your CCIM Desingation in 2011

CI Intro June 2 & 3
CI 101 July 25 - 29
CI 102 Aug. 29 - Sep. 2

Turn your power on now!

Register for this CCIM Institute course today

702.798.5156



“The first thing you have to do is realize that banks are cash flow lenders, not collateral lenders,” says Larry Charlton, Nevada Regional Executive of City National Bank. “Based upon underwriting standards, no matter what bank you are you’ve got to look at somebody’s cash flow and the revenue trends of that business, no matter what it is, and see if it’s trending upward, downward or even.”

No matter how deep their pockets, Charlton explains, banks can only do so much. “Bluntly, if you’ve got businesses with trending-downward revenue streams they are very, very difficult to finance. When the regulators come in and look at them they would downgrade that loan right off the bat. The politicians say, ‘We’ve got to get money out there,’ and banks want to loan. Depending on the bank, it could be anywhere from 60 to 90 percent of income from lending. That’s what we do as a bank: buy money low and sell money high. It’s that simple. But you’ve got the regulators who are banging you, and so banks have to be very, very careful.”

Charlton says that City National has excess deposits in the billions of dollars, and that he “needs to get it out there working. The balances on our balance sheet are liabilities because we owe them back to the depositor. But we loan the public’s money and we cannot turn those liabilities into a toxic earning assets; we just can’t do it, because the regulators look over our shoulders. So it’s really hard on banks right now to get enough loans out.”

During the robust economic times the story was quite different, he recalls. Charlton estimates that for every 100 commercial loan applications he would receive, City National would respond positively to perhaps 55. Some of them “just don’t work from a project standpoint. If a person wanted to amortize the loan for 20 or 30 years, well, we couldn’t do that.”

Nowadays, Charlton continues, City National might decide to lend in only six or eight of those hundred instances. “It’s pretty difficult to find viable businesses out there, and it’s real tough on banks.”

ManagedPAY

is our
Safety Net.

“Over the past nine years, ManagedPAY has done an outstanding job making sure that our company’s needs are always met. Their network of expertise is invaluable for a small business. From covering all the legal issues inherent in Human Resources to performing work site safety inspections and trainings, ManagedPAY keeps us out of harm’s way.”

Rosa Frichtel
Controller
Air Design Systems Nevada

Payroll 702.735.4819	Human Resources Outsourcing 702.215.5880	Insurance 702.215.5880
--------------------------------	--	----------------------------------

ManagedPAY
Getting Back to Business

www.ManagedPAY.com

While he stops short of calling the situation a Catch 22, he does note that “banks want to lend, have got to lend, politicians want us to lend, the business owners want us to lend – but the regulators are sitting there saying, ‘Don’t you dare turn out any more toxic assets, which cause banks to fail.’”

‘Trying Desperately’

“We’re trying desperately to make all the loans we possibly can,” says Stan Wilmoth, president of Heritage Bank in Reno. “The primary and secondary sources of repayment for most borrowers have been either compressed or challenged over the last two or three years, which makes it difficult to qualify them. We have not changed our underwriting one bit. It’s the borrowers who have, because of the economic tsunami we’re in today, become less qualified for borrowing.”

Heritage has been trying to use the SBA 7(a) loan program to shore up some of the weakness in the system and get money out into the community. For instance, one of the business programs available in 2010 was the Arc loan, which Wilmoth describes as a “catch-up loan, just \$35,000. The borrower needed to use that money to catch up on his bills.” Out of the 23 such loans that were made across the state of Nevada, Heritage Bank made 18 of them.

“We’re not making any money, frankly, on a \$35,000 loan,” Wilmoth confirms, “but there are 18 families whose businesses are still in existence because we made those 18 loans. It’s not about going and getting folks’ stuff and foreclosing on things. It’s about trying to pull families through this economic tsunami we’re in today.”

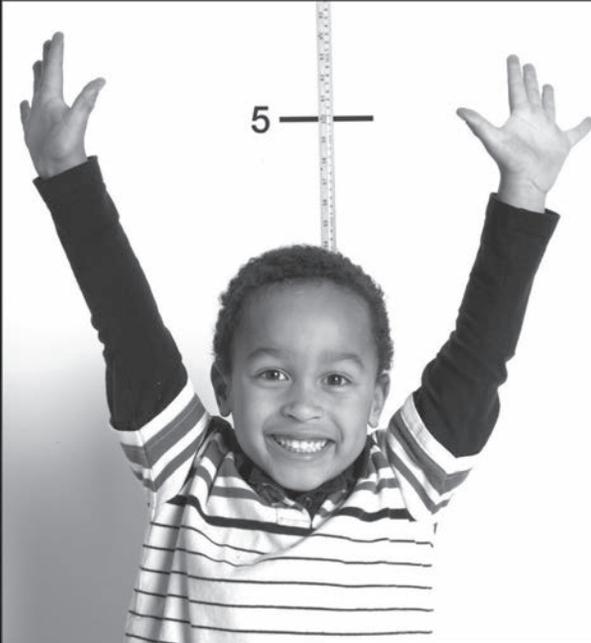
The SBA’s 7(a) Loan Program includes financial help for businesses with special requirements. For example, those that handle exports to foreign countries, businesses that operate in rural areas and for other very specific purposes. Among

Continues on page 70 ▷

YOU ARE A BAD PARENT.



HURTS, DOESN'T IT? It's funny how powerful five little words can be. And hurtful too. Not all bullying is physical. Some kids aren't being shoved into lockers. Instead, they're being made to feel like they're inadequate and insignificant. And sometimes that can hurt a lot more. But with the right resources you can help. Find them and more at flipthescriptnow.org.



Little
By
Little.

Let us grow
your business.



L.L. Bradford
Certified Public Accountants & Consultants

8880 W. Sunset Rd., 3rd Floor • Las Vegas, NV 89148 • (702) 735-5030
info@llbradford.com • www.llbradford.com

Teamwork



WinCo FOODS

6 states.
75 stores.
13,000 employee-owners.
And counting.

At WinCo, the employees own the business. Together, they share in WinCo's success. As a result, each employee-owner buys in to a culture of teamwork that supports the bottom line.

Back Row: Tim Little, Linda Chandler, and Tina Elliott. Middle Row: Lori Neves, Laura Spelatz, Jonathan Collins, Jorje Millan, and Nicole Frane; Front Row: Junior Hernandez and Tammie Romero.

Holland & Hart is proud to serve clients such as WinCo Foods because our attorneys, like WinCo's employees, share in a culture of partnership, teamwork, and community success.

Holland & Hart is the largest law firm based in the Mountain West with more than 430 attorneys in 15 offices across seven states and Washington, D.C. Visit www.hollandhart.com to learn more about Holland & Hart.

Contact: Greg Gilbert, gsgilbert@hollandhart.com, 702-669-4620
9555 Hillwood Drive, 2nd Floor, Las Vegas, Nevada 89134

HOLLAND & HART LLP
THE LAW OUT WEST



www.hollandhart.com

Tim Lukas, tlukas@hollandhart.com, 775-327-3000
5441 Kietzke Lane, Second Floor, Reno, NV 89511

INDUSTRY FOCUS
Telecommunications



Left To Right

SEATED | **Marilyn Burrows**, Cox Communications • **Cheri Hickman**, Diversified Communications
STANDING | **Jeff Grace**, NetEffect • **Joe Brondon**, Airband • **Frank Yoder**, Advanced Information Systems
Mike Ballard, Towerstream • **Jeff Oberschelp**, CenturyLink

Series Sponsored by

HOLLAND & HART^{LL}
THE LAW OUT WEST



Nevada Business
the decision maker's magazine



Nevada's telecommunications industry has made it a priority to keep up with rapidly changing technologies, from the latest tablet to cloud computing and mergers and acquisitions. Telecommunication professionals have embraced these changes in their industry, while recognizing not all changes are perfect. Recently, executives representing this industry met at the law offices of Holland & Hart in Las Vegas to discuss changing technology and ways to maintain industry growth.

Connie Brennan, publisher of *Nevada Business Magazine*, served as moderator for the event. These monthly meetings are designed to bring leaders together to discuss issues pertinent to their industries. Following is a condensed version of the roundtable discussion.

What is cloud computing and why should businesses utilize it?

Jeff Grace: We tell our clients cloud computing isn't new technology. The increase in usage is because of its reliable, high-speed, low-cost Internet con-

nections and computing resources. It's plugging into the electrical grid.

Jeff Oberschelp: It has two sides. There's computing tech capacity or capability, and hosted applications where you plug into the cloud. The data and software isn't where you are, and you probably pay a service fee for it. More people will be going to hosted environments in the cloud.

Marilyn Burrows: It eliminates the need for small businesses to invest in its own I.T. staff and puts pressure on us, from a network standpoint, to keep producing the bandwidth everybody uses.

Mike Ballard: Consumers and businesses connecting to the cloud need that last mile connection (the final leg of delivering connectivity from a provider to a customer). National statistics show business customers increase their last mile connection by 33-50 percent a year. Every other year the size of the pipe a business needs to connect to the cloud doubles.

Joe Brandon: Data is critical. You have to put in backup systems and make sure it's environmentally controlled. You can look at a decentralized location where your stuff is off-site. It's an operational expense as opposed to a capital expense where you access data storage.

The pendulum swings away from buying new servers and phone systems because voice services are going to VOIP (voiceover internet protocol) and hosting solutions. Customers are migrating toward it.

What are SIP Trunking and VOIP?

Cheri Hickman: Session Initiated Protocol (SIP). It's the newest carrier service available, and it's done over broadband.

Oberschelp: Voiceover Internet Protocol means you can send a call and it goes over the Internet versus the public-switched network.

Grace: There's one high-speed Internet connection coming to your office. Your voice and data are carried over the same line. It's flexible and software based.

Brandon: You go from two pipes, a voice and a data, with the ability to do VOIP and SIP Trunking. We now provide one pipe, an Internet protocol pipe. Across that pipe you can run voice, data and video applications.

Burrows: It allows dynamic circuitry. If you have purchased 100 lines of fixed circuitry you can buy SIP Trunking. If you have 100 phone numbers you can add 100 if you need it in a hurry at a call center, for example.

How do you expect mobile communications and gadgets to evolve?

Burrows: At Cox, it's integrating your home services with mobility. We have entered the mobility business, and we will be in Las Vegas. We're in five markets currently.

Frank Yoder: Video is exploding on the pipelines. Two-way video is the next big thing. You see it with Face Time and Skype.

Grace: Tablet options are predicted to rise 1,000 percent by 2015. Apple cre-

ated a new market with the iPad. Now other cool devices are coming out such as the ASUS Transformer. It's a tablet you can connect to a keyboard.

Ballard: The applications that will be built for businesses on tablets are another thing that will require companies to have a bigger network. Ten years ago I had one cell phone. Today I have four children, four iPhones and an iPad. My 16-year-old daughter borrows my laptop to Skype with friends.

Hickman: I don't have to carry a laptop half of the time. I use my phone to connect to my office and my exchange server.

Oberschelp: Whether it's on a cell phone, computer, tablet or television, people will want to have the same applications everywhere. The 20-somethings and teenagers are driving the consumer applications. It's incumbent on us to make sure that whatever piece of content or application they want is available on any of those four screens.



or insurance issues, but I still have to understand the tip of the iceberg. Clients need to take the same approach with technology. You need to under-

stand a little to make informed decisions. Many times, because technology is complex, business owners and managers take a hands-off approach.

Ballard: The end user organization, especially while we're in this cost-cutting mode in the challenging economic environment we're in, were slow to build redundancies into their systems. Oftentimes you don't learn until you're burned.

Is increased technology lessening the need for an I.T. staff?

Grace: No. There's still a role and a job for the I.T. people, but it's different. I.T. people are traditionally afraid of cloud because it threatens their job. If they're smart about these new technologies they will get more engaged to solve business problems.

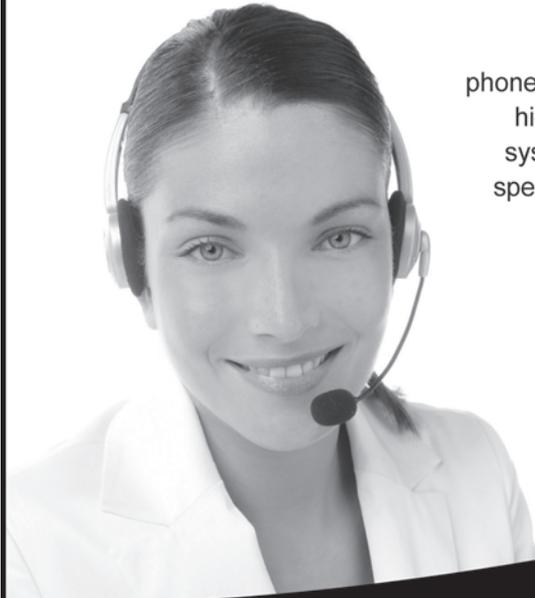
What safeguards are in place to protect communication systems?

Oberschelp: CenturyLink has an IP-based backbone that traverses the U.S. If there's a cut in one part of the backbone it heals and goes elsewhere. Most of the major carriers are set up similarly. You'll lose an end point to a customer if there's a terrorist attack. You won't lose a whole city or a major portion of the network.

Burrows: Cox is the same. We're on that fully redundant IP backbone around the country with multiple carriers providing carriage.

Grace: Where customers or organizations are more at risk is the broadband providers. The end user organizations need to engage more with I.T. providers to assess risk. I'm not an expert in legal

Communicate globally... connect locally.



Excella brings businesses phone service, high-speed DSL, high-bandwidth data, phone systems and more – with the speed and efficiency that only a local company can.

Call today for your phone, data and internet needs.

702.888.2000
excellacom.com



Brondon: Some are cutting the I.T. organizations and moving forward. Other leaders look at I.T. people who can do software development or I.T. development to help billing or marketing platforms. They're shifting away from a support mechanism to a development mechanism. Part of their core business strategy is to bring in that I.T. brain trust to figure out how they can grow their business as opposed to just supporting.

Oberschelp: If an I.T. guy says to the marketing department, 'I can make \$50,000 a month as opposed to costing \$10,000 a month,' the marketing department will take that \$50,000 conversation every day.

Ballard: The I.T. guy will be employed in a service company rather than an enterprise company. Our major I.T. employer 10 years ago was MGM Mirage. In the last year, it has outsourced the majority of the I.T. staff to a Xerox subsidiary and downsized.

How has the industry weathered this economy?

Burrows: We used to build 40,000 new homes a year in Las Vegas. Last year it was less than 3,000. It dramatically changes your business. It changes your operating costs and what you focus on. We think our biggest residential opportunity is to put people back in those empty homes.

Brondon: It changes the way you compete. During periods of growth, you could sustain a good portion of business with people coming into the marketplace. We're not seeing that as much now. There's more competition for a set number of businesses. That's changed the dynamic of how we go to market, focus our resources, and deploy our sales organizations. The economy has shifted from a high growth environment to a stable- to some degree a declining marketplace. We still have to deliver profitability and weather the growth.



Hickman: It's helped me because I've had many competitors go out of business. I purchased one a couple of years ago and I've taken over the customer base of others. I had to streamline the way I did business and take advantage of technology. I have sales representatives working remotely from their phone. I don't have to put a roof over their head. It's like they're in the office.

Oberschelp: Most of us were affected by the capital investment. People that bought large capital gear from us have slowed down. It's picking up again this year. We've gone from selling large gear to selling cloud-based or hosted applications. We've changed our selection of products and the way we deliver them.

Grace: We've had to diversify our client base. Coming into 2009 we were heavy in construction, and now not so much.

Yoder: For large and small businesses, the recession hit and made us rethink and refocus our businesses. The larger companies have a bucket of money, and it has to decide where to spend that bucket. For smaller businesses it's more survivability and it may not have a bucket at all.

Will the industry get more competitive as business increases?

Brondon: You will see more mergers and acquisitions. Competition will increase with different types of businesses coming into our marketplace and playing. The challenge is we will see competition from people we didn't expect.

Hickman: My specialty is phone systems for small and medium-sized businesses. I've joined an organization out of San Diego that took me nationwide. In the past I never would have looked into it. I've reevaluated and truly believe that's the best way to go now.

Ballard: Building a network requires a lot of capital. Those that have access to capital are winning, able to consolidate and bring efficiencies into the system. We built a strong network in Nevada. Our customers are the state, the county, the city, USC, Zappos and high-end customers. To do what these larger companies demand, I need more capital. I couldn't get it locally.

Burrows: The problem is the dollars aren't getting bigger, but the demands for services get more complex. There is more competition to simplify the solution for the customer. Everybody stopped thinking they created all of the solutions. You're better off partnering or acquiring people in the space you're interested in.

Oberschelp: Scale matters. You have to be large enough to have access to capital and take advantage of your scale to reduce costs. Diversify your portfolio. You can't do it on one product anymore. CenturyLink bought Savvis Santa Clara to get into the cloud and datacenter space. We had to deal with Verizon Wireless because we know it's important to have that other screen.

Grace: The level of competition is going to remain because things change so quickly. Facebook, for example, hired a

PR firm to write negative stories about Google. Facebook has some competitive advantages to Google because it knows your gender, location, age and likes.

Does Nevada have **advantages** for **call centers** willing to **relocate**?

Ballard: We had lost it when our home prices went through the roof and people couldn't afford to live here. It has come back. Las Vegas is attractive to call centers because it's a 24-hour town.

Yoder: I have companies in the call center industry and it's having trouble finding people to fill the seats now because it's come back strong. Call centers rebound quickly because the jobs are usually not higher-end paid jobs.

Brondon: You don't hear that there's a tornado warning or eight feet of snow outside. Our weather is fantastic. We have infrastructure for people to get to work if they don't have transportation. There's UNLV and the College of Southern Nevada, where you can recruit.

Burrows: We constantly have around 60 openings that we're recruiting for all the time. It's hard to find the appropriate folks to fill the roles and many of those are in the call centers. 🌿

In Brief

According to the *U.S. Business Trends Report* from Dun & Bradstreet, Nevada has both the highest failure and delinquency rates for businesses in the nation during the 12-month period ending in March of this year. The Q1 delinquency rate is 22.3 percent, which is up from the 18.8 percent of the previous year's same quarter.

CITY NATIONAL BANK

The way up.®



“A City National SBA loan helped my business grow.”

Michael Cachat

President & CEO, JensonUSA

Hear Michael's complete story at cnb.com/thewayup.

Experience the Difference.

Call (775) 461-2517 or (702) 425-7152 or visit cnb.com, to find a business banker near you.

City National Business Banking

Member FDIC

Nevada Industry Excellence

September
2011
Special Report

Nevada *Business Magazine* has partnered with Nevada Industry Excellence to produce a special report in the September issue of the magazine. Nevada Industry Excellence is an organization that focuses on providing Nevada's manufacturing industry with the tools needed to successfully manage growth.



The special report will focus on collaboration and the goal of bringing more quality companies to Nevada. The insert will reach a readership of more than 82,000 in *Nevada Business Magazine* and be reprinted for distribution throughout the year.

The September issue presents a unique opportunity to reach an elite group of business executives. Be a part of this special issue and call *Nevada Business Magazine* today!

Contact us for further details.
Call 702.267.6327
nevadabusiness.com

Nevada Business
the decision maker's **magazine**



Michelle Sherven

Owner
WETLAB: Western Environmental
Testing Laboratory
Sparks, Nevada

Number of Employees: 29
Years in Nevada: 9
Years with Company: 9

QA &A

What do you like most and least about your industry?

I love that my industry leaves so much room for growth and opportunity in an environment as diverse as Nevada's. Our laboratory is in a city environment in Sparks, but we recently opened up a satellite office in Elko, the heart of rural Nevada. There's so much room for innovation in my industry as well. We're constantly improving the technology in our lab to stay on the cutting edge of a very technical and progressive industry. There isn't anything I really dislike about my industry – that's why I'm in it!

What is a little known fact about yourself?

I'm a huge fan of public libraries. I get inside and feel like a kid in a candy store. I can literally spend 10 straight hours inside a library.

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

The best advice I can give anyone in any industry really, is to always look for opportunities. Even if they don't offer an immediate payoff, try to see the big picture. Understand that in any industry the next big thing will come from a progressive-thinking individual who revolutionizes and changes their industry to be more cost-efficient, cutting-edge, and sustainable.

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

That's a tough one. I'd have to say after living in Tahoe for so many years and just falling in love with everything it has to offer, I'd work with the U.S. Forest Service doing any kind of work that allowed me to be engulfed by the natural beauty of the mountains.

What is the best perk of your career?

The best perk is working with people who are passionate about the environment and who work tirelessly to improve our natural resources.

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

That customer service is key to any successful business. You have to make sure that you take constant care of those who you work with and for. I've learned to never overlook a customer or client's input, wants or needs. Take care of those who take care of you!



Fast. Scalable. Local.

Airband's Business Internet and Voice

Internet Access You'll Never Outgrow

Airband Communications, the largest fixed-wireless provider of business data and voice services, has a fast, reliable, and scalable high speed internet solution for businesses of all sizes from SMB to Fortune 1000.

- **2 Mb to GigE Speeds** Flexibility to meet business requirements
- **Ethernet Connectivity** Simple LAN connectivity; Easy to manage
- **Just the Bandwidth You Need** Not restricted to T1 or DS3 increments

Full Suite of VoIP Services

Airband's VoIP services are delivered over our **Private IP Network** where voice traffic is prioritized to ensure enterprise-class Quality of Service and the reliability you demand for your mission-critical communications.

- Hosted PBX
- Efficient, Affordable VoIP/SIP Trunking
- Money Saving Analog Line Replacement Service

If You Need It Fast, Go Wireless

Airband's fixed-wireless network bypasses the local phone & cable company's infrastructure so your service can be installed without long wait times for "local loop" delivery.

"Our auction events are at a time where network failure is not an option. Airband plays an important part of that network redundancy."

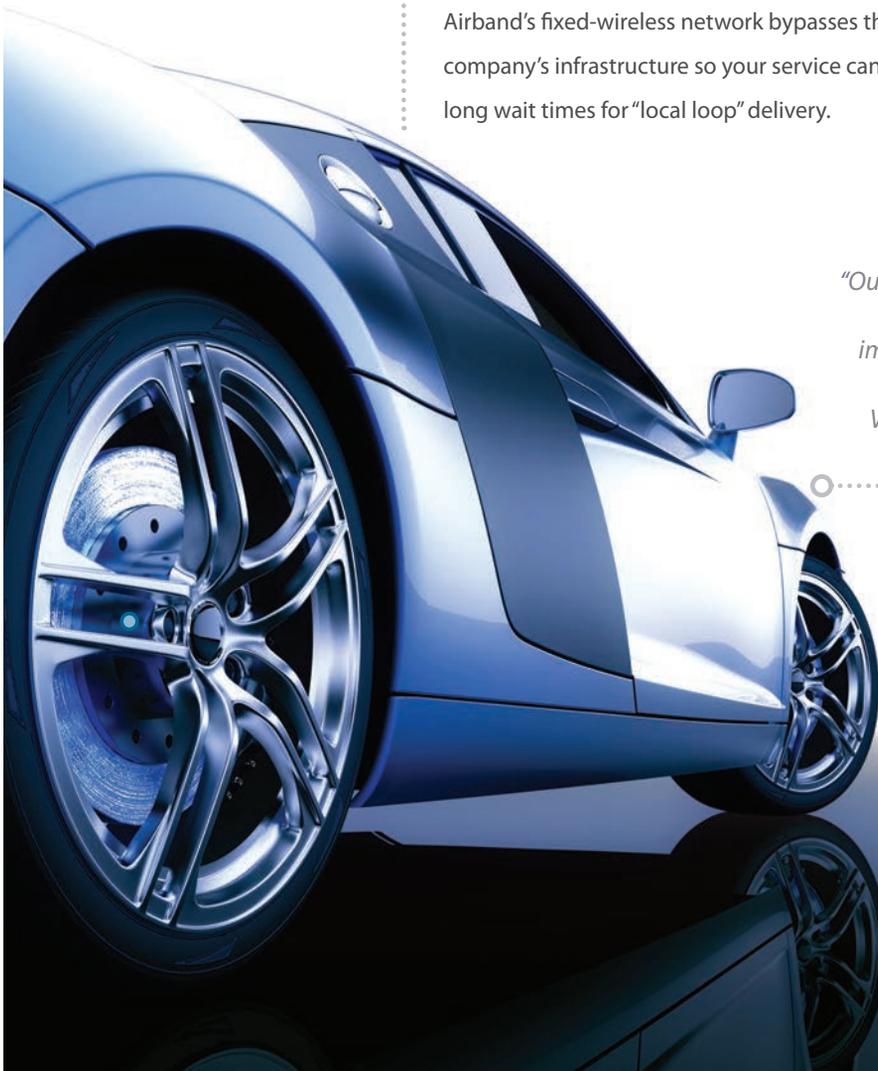
Jason Rose,

Vice President/Operations, Barrett-Jackson

702-478-2474

airband[™]

www.airband.com





Record International Visitation for Las Vegas

According to data garnered primarily from US Department of Commerce research, international visitors now contribute to Las Vegas' bottom line more than ever before. Comprising 18 percent of overall visitation to Las Vegas and 27 percent of tourism revenue in 2010, international visitors have increased in the double digits over the previous year. Visitation from China has been especially marked with increases of 38 percent with data from the US Department of Commerce projecting an additional increase in Chinese visitors of 219 percent by 2015. 🌿

Revolving Loan Program Funds Hydro Projects in Nevada

Nevada Controls, LLC used low-interest loans from the Nevada State Office of Energy's (NSOE) revolving loan program to fund two construction projects in Lander and Nye Counties and are working on a third in Elko County. The projects utilize existing streams to produce hydro power. Just one of the small power plants is expected to generate an estimated 1.2 million kilowatt hours of electricity per year. 🌿

Colbalt Data Centers to Build \$60 million Data Center

Colbalt Data Centers, LLC has announced intentions to build a 60,000 square-foot data center. The company has acquired 2.4 acres in Las Vegas and expects the project to create anywhere from 75 to 100 construction jobs and 30 permanent technology jobs in the area. 🌿

Saint Mary's Partners with First Health

Saint Mary's Health Plans (SMHP) has partnered with First Health to serve as the statewide health plan's national PPO network for use outside of Nevada. The new network is now being offered to all new group PPO plans and, throughout the next year, SMHP will be available to all insured groups at the time of renewal. First Health is a wholly owned subsidiary of Coventry Health Care. 🌿



EXCEEDING

Expectations, Delivering Results

Get your first delivery FREE!*

Free delivery when you open a new account or make a referral. Open a new account to receive one free local, weekday, small package delivery. Referring another business is even better - you and your referral will receive free deliveries!

acceleratedlv.com

5955 S. Procyon Street | Las Vegas, NV 89118

P 702.966.5700 | F 702.966.5714



Summer Review

Taking a look at the complete financial picture

The summer months are an excellent time to perform a review of current strategies for investments and financial plans. It's comparable to halftime during a football game. Look at results from the first half and make the necessary adjustments to win the game. Here are some specific areas to include during a halftime analysis.

Asset Allocation

Many investors forget to rebalance their portfolios on a systematic basis and end up taking on more or less risk than they want. Rebalancing allows an individual to sell the investments that are up and buy more investments that are down. In essence, buy low and sell high.

What's your number?

Is it time to increase or adjust contributions to a retirement plan? Everyone needs to know their number: what they need to accumulate in order to retire. Unfortunately, many people who are planning for retirement don't know their number. The variables involved include how much time until the desired financial independence day, how much has currently been accumulated to date, the assumed rate of return on the assets used for this goal and the amount of income needed to satisfy income objectives. It is not difficult to figure out the number but nuances come in when managing it on an ongoing basis. For some people, taking the time to make the proper adjustments can mean having to work more years than they want to or not.

Risk Management

Summer is also a good time to review insurance coverage. Many people gain from having a review of property and casualty coverages such as automobiles, home, etc. Make an appointment with your agent to ensure you have the proper coverage amounts. Also, discuss the merits of having an umbrella policy to cover unexpected risks and provide protection above other policy limits.

Life and disability income insurance is a must for anyone who has income they want to protect from a long-term disability or premature death. It is critical to have long-term disability income insurance to provide income when the bread-winner is unable to work because of a sickness or injury. Most policies have an option to receive partial benefits to work part-time, but lose some income. When it comes to life insurance, it is most important to make sure

there is the right amount of coverage versus the type of insurance. Term insurance is great for temporary coverage but whole life or universal life insurance is better for people with permanent needs.

Estate Planning

Most people spend a considerable amount of time accumulating money and property so they can enjoy their lives and provide for their loved ones. Estate planning encompasses the accumulation, management, protection and distribution of property in a manner that permits the greatest possible fulfillment of these goals. Estate planning may help ensure the transfer of property to heirs while minimizing financial and emotional cost. Without proper estate planning, a person may die without a will, with an out-of-date will, without proper business succession agreements or without sufficient insurance to protect loved ones and pay expenses.

The result of having an un-planned estate can be significant. In some cases, the wrong beneficiaries end up inheriting the wrong property at the wrong time and precious estate liquidity may be eaten up to pay estate taxes, income taxes and expenses. Survivors can experience greater intra-family bitterness and less financial security at an already traumatic time. By working with an attorney and creating an estate plan that fits specific needs, much of this can be avoided.

Few people realize that, even though they may have a modest estate, their estate may be subject to state and/or federal estate taxes because they own a life insurance policy with a substantial death benefit. This is because life insurance proceeds, while generally not subject to federal income tax, are considered part of your taxable estate and thus potentially subject to estate tax.

A solution to this problem is to, with the help of an estate planning attorney, create a properly formed irrevocable life insurance trust that will purchase a life insurance policy, pay the premiums (via cash gifts), and receive the policy proceeds upon death. A properly drafted life insurance trust may provide liquidity with which to pay expenses of the estate and keep the insurance proceeds from being taxed in the estate.

Other tax planning tools include charitable trusts, dynasty trusts, etc. Visit an attorney to review the estate plan and make sure all bases are covered. 

Jimmy Lee, CFS and managing partner at Strategic Wealth Associates.





ObamaCare will Squeeze Education, Other Needs

Nevada **Medicaid** commitments on track to crowd out alternative priorities

Often lost in the debate over the Patient Protection and Affordable Care Act (PPACA) — the sweeping health care “reform” legislation popularly known as ObamaCare — is the impact it will have on education, public safety and other public services as health insurance subsidies begin to consume a greater share of state spending.

Congressional Democrats claimed, when passing PPACA, that the dramatic expansion of entitlements it entailed would actually lower the federal deficit. They were only able to make this claim, however, because they had intentionally shifted most of the bill’s costs forward into the future — beyond the 10-year window of costs examined by the Congressional Budget Office — and also down upon the states. Indeed, a central component of the plan is to enroll an additional 16 million individuals in state Medicaid programs.

State Medicaid programs are jointly funded by federal and state governments according to a formula determined each year based on a state’s median per-capita income level. States with lower incomes receive a greater share of federal dollars into their Medicaid programs, but in no case does the federal share account for less than 50 percent. In Nevada, federal funding will account for 59.26 percent of Medicaid costs in the 2011-13 budget cycle — an increase from recent years. This leaves state taxpayers directly liable for 40 percent of the program’s costs.

A recent analysis conducted by the Nevada Policy Research Institute shows that, even prior to the passage of PPACA, Medicaid spending in the Silver State was on an unsustainable path. Medicaid cost increases have outpaced the growth in gross state product for more than a decade, as Medicaid has become the fastest-growing expenditure in the state budget. With 268,000 enrollees, 10 percent of the Nevada population is currently enrolled in Medicaid at an average cost of \$4,770 per person. Even without PPACA, by 2023, the number of enrollees is estimated to increase by 112,000, growing to encompass 12 percent of the state population.

PPACA will only exacerbate this growth. First, the program loosens the eligibility requirements for Medicaid from 100 per-

cent to 133 percent of the federal poverty level. As a result, 267,000 newly eligible individuals are expected to enroll in Nevada Medicaid by 2023. While PPACA stipulates that the federal government will pay all the costs of covering this newly eligible population between 2014 and 2016, the level of federal support will taper to 85 percent thereafter and may eventually fall to the standard federal match rate (currently 59.26 percent).

At the same time, the individual mandate provision within the legislation will induce an estimated 104,000 individuals, who were eligible under the old rules but, for whatever reason, elected not to join, to enroll in Medicaid by 2023. There is no provisional federal match rate to help states finance the cost of caring for these individuals. As such, the additional financial burden faced by state taxpayers is even more significant with regard to the “old eligible” population than with the “newly eligible” population.

Combining these two populations, PPACA will expand the number of Medicaid enrollees to nearly 800,000 by 2023.

Under a variety of assumptions regarding the future of federal match rates for the newly eligible population, the legislation will increase state Medicaid costs from \$5.4 billion to \$5.7 billion over the period from 2014 to 2023. When added to the \$11.99 billion that Nevada taxpayers are projected to spend on Medicaid over the same time period without PPACA, the total approaches \$17.7 billion.

With an additional \$5.4 billion being diverted from state coffers by 2023 in order to finance a dramatic expansion of Medicaid, lawmakers will necessarily find themselves with that much less money to spend on education, public safety, economic development and other areas of state spending.

Indeed, PPACA seeks to reorder the priorities of not just Nevada, but all 50 American states.

Under any fair reading of the Ninth and Tenth amendments to the U.S. Constitution, the legislation is, on its face, unconstitutional. 🌿

Geoffrey Lawrence is deputy director of policy at the Nevada Policy Research Institute.

◀ Continued from page 11

Cost of Living

The cost of living in Nevada, calculated for the state's two major metropolitan areas, is not that different from the national average. Higher healthcare and utility costs are offset by lower transporta-

tion and housing costs and higher household incomes. Since the index does not take Nevada's lower tax rate into account, the actual cost of living in Nevada is lower than numbers would indicate.

ACCRA Cost of Living Index - Q1 2011

	Las Vegas MSA	Reno-Sparks MSA	U.S. Average
Grocery Items	\$761	\$861	\$828
Housing	\$264,545	\$242,928	\$285,919
Utilities	4.96%	5.05%	4.87%
Transportation	\$1,061	\$984	\$1,134
Health Care	\$168.72	\$173.95	\$167.32
Misc. Goods & Svcs.	\$20.26	\$19.43	\$26.93
Composite Index	\$100.00	\$80.33	\$92.18

Source: Council for Community and Economic Research. This index measures relative price levels for consumer goods and services in 308 Metropolitan Statistical Areas (MSAs). It does not measure tax burden. The average of costs in each MSA is read as a percentage of the average of all participating places. For example, a score of 103.6% indicates that costs in that MSA are 3.6% higher than the national average.

Selected Prices from ACCRA Cost of Living Index - Q1 2011

	Las Vegas MSA	Reno-Sparks MSA	U.S. Average
Apartment Rent	\$761	\$861	\$828
Home Price	\$264,545	\$242,928	\$285,919
Mortgage Rate	4.96%	5.05%	4.87%
Home P+I	\$1,061	\$984	\$1,134
Energy Costs	\$168.72	\$173.95	\$167.32
Phone	\$20.26	\$19.43	\$26.93
Doctor Visit	\$100.00	\$80.33	\$92.18

Source: Council for Community and Economic Research.

Median Income

	Nevada	U.S. Total
Population living in poverty	17%	20%
Median Annual Income	\$53,964	\$49,945
Participants in Food Stamp Program	13%	15%

Source: The Henry Kaiser Family Foundation, statehealthfacts.org

Crime Rate

According to numbers maintained by the FBI, Nevada is a dangerous place to live, ranking second in its list of violent crimes per 100,000 population, although it seems like a safer place if you're concerned about property crimes like auto theft. Nevadans are also more likely to become victims of identity

theft or other fraud schemes. However, it's important to consider the key phrase: "per 100,000 population." Nevada's official population is only 2.7 million, but the millions of visitors coming through every year increase the number of people actually in the state at any given time.

Nevada's Crime Rate · Reported Crimes per 100,000 population

	Nevada	U.S.	Ranking
Total Violent Crimes	702.2	429.4	2
Murder	5.9	5.0	
Forcible Rape	38.6	28.7	
Robbery	227.8	133.0	
Aggravated Assault	429.8	262.8	
Total Property Crimes	3,055.6	3,036.1	23
Burglary	832.1	716.3	
Larceny/Theft	1,755.1	2,060.9	
Motor Vehicle Theft	468.4	258.8	
Fraud and Identity Theft	519.0	393.0	2
Fraud Complaints	412.9	305.9	2
ID Theft Victims	106.0	86.8	6

Source: Crime in the United States, U.S. Dept. of Justice, Federal Bureau of Investigation, 2009



Healthcare

Similar to Nevada's education statistics, the numbers for healthcare in the Silver State are (and should be) a source of worry for anyone concerned with the state's future. Nevada's children are less likely to be covered by health insurance, more likely to be overweight and less likely to be vaccinated against childhood diseases.

In addition, the federal government ranks Nevada's healthcare quality as weak or very weak in several critical areas of care. Despite the recent opening of new healthcare centers and the industry's efforts towards advancement, the quality of healthcare for the majority of Nevadans remains worse than the national average.

Healthcare Quality Report

	Nevada Average	U.S. Average	NV Ranking
Breast cancer deaths per 100,000 female population	23.2	22.7	26
Colorectal cancer deaths per 100,000 population	18.7	16.8	39
Suicide deaths per 100,000 population	18.3	10.7	47
HIV infection deaths per 100,000 population	3.1	2.6	19
% of hemodialysis patients receiving adequate dialysis	95.1	96.2	36
% of heart failure patients receiving recommended hospital care	95.8	95.3	16
% of pneumonia patients receiving recommended hospital care	87.2	90.4	45
% of children 19-35 months fully vaccinated	70.1	77.7	48

Source: Agency for Healthcare Research and Quality, U.S. Dept. of Health & Human Services, 2010 National Healthcare Quality Report, 2010

Nevada's Health Profile

	Nevada	U.S. Average
Health Spending per Capita	\$4,569	\$5,283
Average Employee Contribution as % of Family Ins. Premium	23.0%	27.0%
Infant Mortality Rate (per 1,000 live births)	6.2%	6.8%
Overweight or Obese Children	34.2%	31.6%
Adults with Disabilities	10.1%	12.1%

Source: The Henry Kaiser Family Foundation, statehealthfacts.org

Nevada's Health Snapshot

(Rated from very weak to very strong)

Types of Care

Preventive measures	very weak
Acute Care	weak
Chronic Care	average

Settings of Care

Home Health Care	very strong
Hospital Care	weak
Nursing Home Care	very weak
Ambulatory Care	weak

Clinical Areas

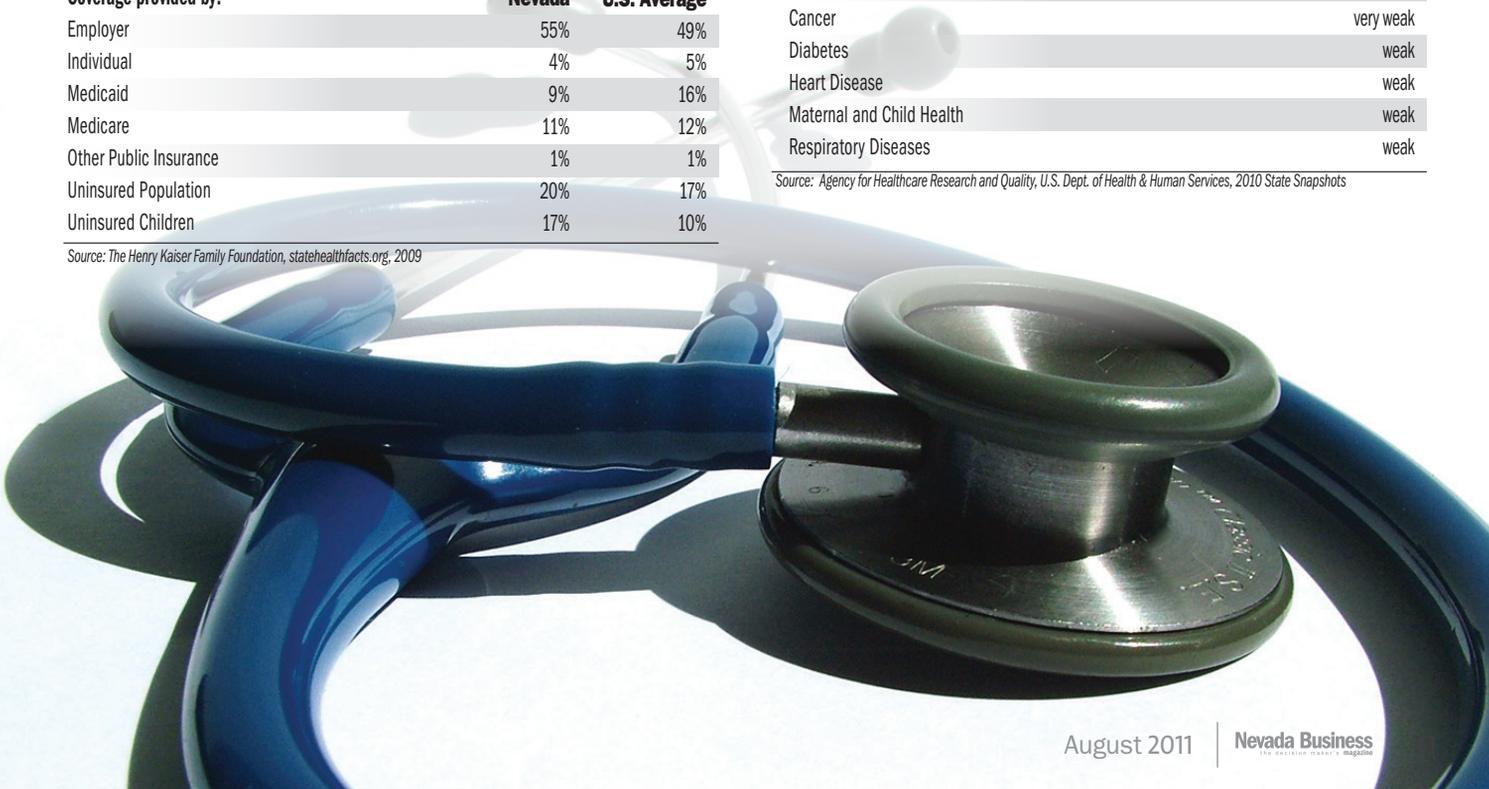
Cancer	very weak
Diabetes	weak
Heart Disease	weak
Maternal and Child Health	weak
Respiratory Diseases	weak

Source: Agency for Healthcare Research and Quality, U.S. Dept. of Health & Human Services, 2010 State Snapshots

Health Insurance Coverage

Coverage provided by:	Nevada	U.S. Average
Employer	55%	49%
Individual	4%	5%
Medicaid	9%	16%
Medicare	11%	12%
Other Public Insurance	1%	1%
Uninsured Population	20%	17%
Uninsured Children	17%	10%

Source: The Henry Kaiser Family Foundation, statehealthfacts.org, 2009



Housing

Nevada's housing market, while having shown some positive signs over the last year, is still declining. The best that can be said of residential prices is that the rate of decline seems to be slowing down. Investors, as well as those looking to buy a family home, have been waiting for the market to

hit bottom, but numbers indicate it hasn't happened yet. The bad news is that Nevada still leads the nation in foreclosure filings in the first quarter of 2011, with a rate of one foreclosure for every 103 homes. The good news is that in the first quarter of 2010 the rate was one in 33.

The Nevada Housing Market

	Time Period		Time Period		% Change
Residential Housing Units Permitted in March	March 2011	511	March 2010	780	-34.5%
Residential Housing Units Permitted - last 12 months	March 2011	5,588	March 2010	7,243	-22.8%
Housing Price Index (Q1 1980 = 100)	Q 1 2011	206.6	Q 1 2010	231.9	-10.9%
Housing Price Index	Q 1 2011	217.5	Q 1 2010	245.9	-11.6%

Source: Applied Analysis Economic Briefing June 2011

National Residential Indicators

Home Price Indices 20 Major Cities April 2011	140.93	Compared to Baseline of Jan. 2000
Home Price Index Las Vegas Metro Area April 2011	97.58	Compared to Baseline of Jan. 2000
U.S. Residential Construction Q1 2011 compared to Q4 2010	-0.5%	
U.S. Existing Home Sales Q1 2011 compared to Q4 2010	-15.4%	
U.S. Delinquency Rates All Mortgages Q1 2011	8.3%	Compared to 10.1% in Q1 2010

Source: Standard & Poor's

Foreclosure Rates - Housing units receiving foreclosure filings

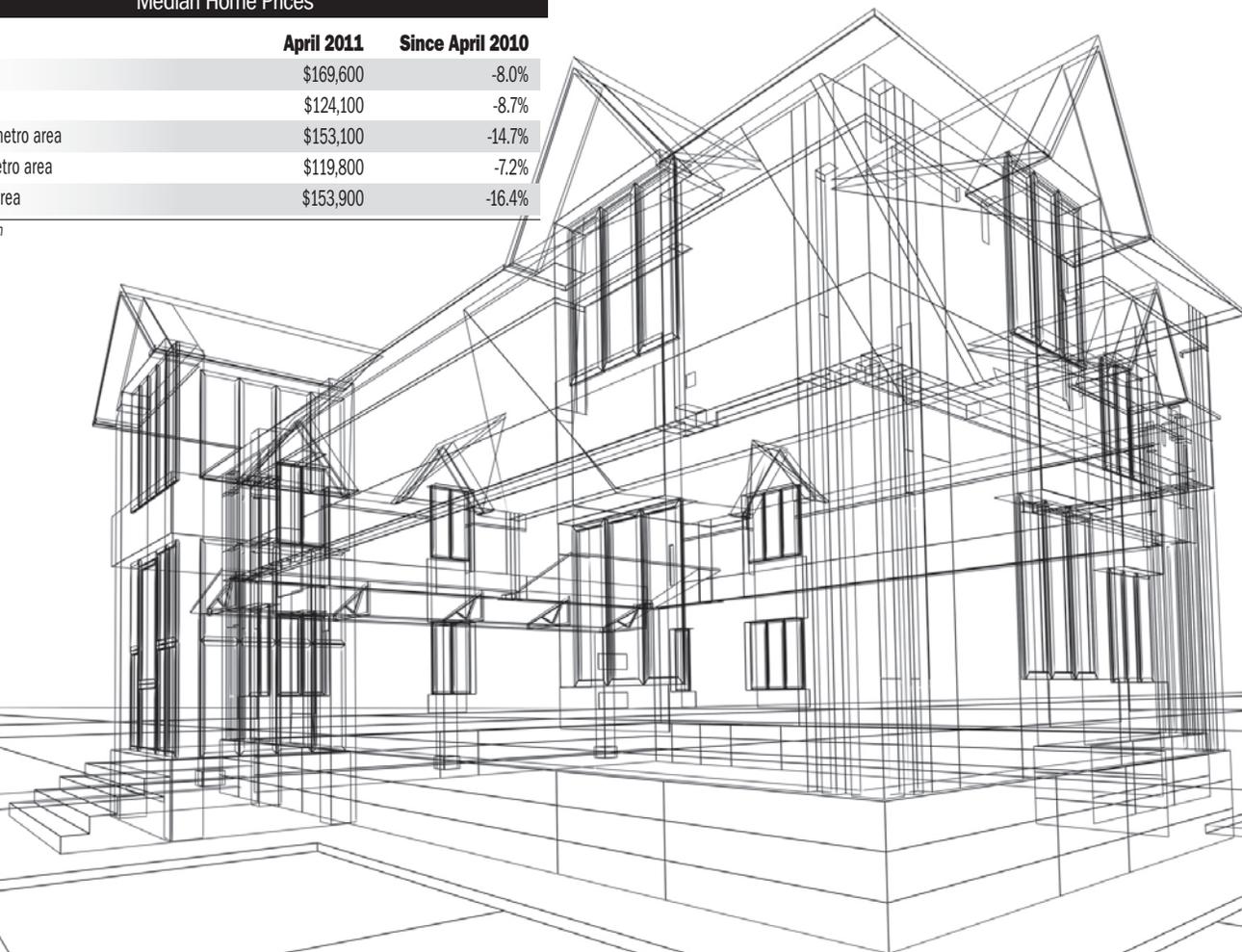
	Rate
National Average	1 in 605
Nevada	1 in 103
Arizona	1 in 210
California	1 in 259
Michigan	1 in 311
Utah	1 in 365

Source: RealtyTrac, May 2011

Median Home Prices

	April 2011	Since April 2010
U.S.	\$169,600	-8.0%
Nevada	\$124,100	-8.7%
Carson City metro area	\$153,100	-14.7%
Las Vegas metro area	\$119,800	-7.2%
Reno metro area	\$153,900	-16.4%

Source: Zillow.com



Employment

Nevada led the nation in unemployment in 2010, although the current rate of 12.1 percent is lower than last year's 14 percent figure. Because so many Nevadans work in the leisure and hospitality field, the downturn in the national economy and the resultant decline in travel and tourism have hit resort states

like Nevada especially hard. Construction-related employment, which was previously a major driver of the economy, has fallen to less than 10 percent of the state workforce as a result of the downturn in both the residential and commercial real estate markets.

Employment

	Nevada	U.S.
Employment (Thousands of Employees)	1,152.7 (May 2011)	129,818 (2010 average)
Average Hourly Earnings	\$19.93 (FY 2010-2011)	\$22.98 (May 2011)

Source: U.S. Bureau of Labor Statistics

Nevada Employment by Industry

Category	Jobs in Thousands	% of Total
Leisure & Hospitality	318.4	28.4%
Retail, Transportation, Utilities	203.6	18.2%
Government	155.5	13.9%
Business & Professional Svcs.	139.5	12.4%
Education & Health Svcs.	105.4	9.4%
Mining, Manufacturing, Construction	103.1	9.2%
Financial Services	48.1	4.3%
Other Services	34.4	3.1%
Information/Telecommunications	12.6	1.1%
Total	1120.6	100.0%

Source: Nevada Dept. of Employment, Training & Rehabilitation, May 2011

Unemployment Rates by State

Rank	State	Rate
1	Nevada	12.1%
2	California	11.7%
3	Rhode Island	10.9%
4	Florida	10.6%
5	Michigan	10.3%
5	Mississippi	10.3%
7	South Carolina	10.0%
8	District of Columbia	9.8%
8	Georgia	9.8%
8	Kentucky	9.8%
	U.S. Average	9.10%

Source: U.S. Bureau of Labor Statistics, May 2011



Business Rankings

Like the rest of the nation, Nevada has faced major challenges over the past few years. Some, like the quality of education and healthcare, have been long-term concerns. Others, like unemployment and the real estate market, are relatively new problems related to the national recession.

However, Nevada remains an attractive place to operate a business, and continues to rank near the top in surveys of business-friendly states because of its tax climate, the cost of doing business relative to its competitors, and its location near major West Coast markets.

Best and Worst States for Business

Rank	State
1	Texas
2	North Carolina
3	Florida
4	Tennessee
5	Georgia
6	Indiana
7	Virginia
8	South Carolina
9	Utah
10	Nevada
46	Michigan
47	New Jersey
48	Illinois
49	New York
50	California

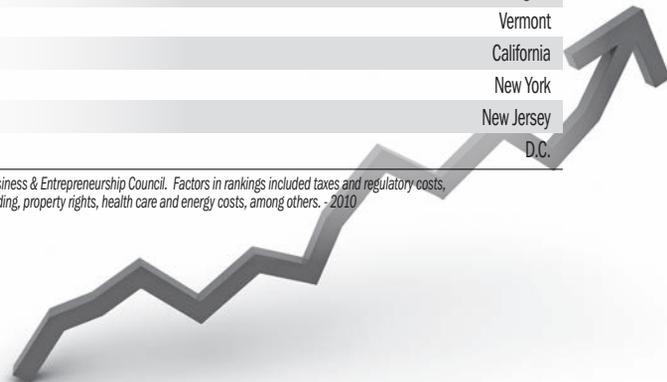
Source: Chief Executive Magazine (May 2011 issue) surveyed a sampling of CEOs in January 2011, asking them to rank the states in three general categories (Taxation/regulation, workforce quality, and living environment) and rank each according to its importance to the respondent.

Best and Worst Small Business Survival Index

Ranked from friendliest to least friendly policy environments for entrepreneurship

Rank	State
1	South Dakota
2	Nevada
3	Texas
4	Wyoming
5	Washington
47	Vermont
48	California
49	New York
50	New Jersey
51	D.C.

Source: Small Business & Entrepreneurship Council. Factors in rankings included taxes and regulatory costs, government spending, property rights, health care and energy costs, among others. -2010



PUBLIC WORKS

By Jeanne Lauf Walpole

The Survivor's Arena

As the economic recession continues to take its toll on the Silver State, it's not exactly business as usual for public works in Nevada. Although individuals who plan and execute these public ventures are gamely trying to meet demand for services, they are finding themselves in a much more competitive environment that requires increased efficiency, but often with a paucity of revenues. As

Randall Walker

Director,
Clark County Department
of Aviation

a result, planners and builders are learning to be more creative in how projects are staged, designed and bid. "We're looking at things from every angle that we can," explains Dan St. John, public works director for Washoe County. "Our revenue streams aren't as predictable and they're down."

www.NevadaBusiness.com

One of Nevada's largest public works projects, McCarran International Airport's Terminal 3 is set to open sometime towards the middle of 2012.

Shrinking revenues have caused a necessary swing from left to right when planning projects. “We were liberal in projecting revenues and now it’s more conservative,” explains Denis Cederburg, director of public works for Clark County. In addition, financial shortfalls have put a dampener on anticipated outcomes. “We’re also adjusting our expectations,” St. John says. Planners and builders have come to realize they frequently don’t have the luxury of building an entire project at one time. “We see more projects that have been broken up into phases,” Cederburg says. And many needed public works projects have simply been put off or shelved indefinitely due to lack of funding.

Competitive Bidding

With private construction still severely stalled, public works projects are attracting record numbers of bidders. “The biggest change [since the recession] is where

you may have seen three to five bidders, now you’ll see 12 to 14,” says Cam Walker, director of business development for McCarthy Building in Las Vegas. “It creates a more competitive environment. Some people may be too competitive just to keep the doors open. This also moves down into the sub contractors.” Even though most contractors have cut back and many others have gone under, those who are still bidding jobs are determined to hold onto their businesses. “These people know how to make a living. They’ve built up a group of people who have expertise. They’re going to try and keep going,” explains John Madole, executive director of the Association of General Contractors (AGC) in Reno.

Although the seemingly cutthroat bidding environment may have negative consequences for some bidders, the flip side is that it can result in savings for the entities that request the bids. “Architects and engineers are realizing what the eco-

nomics environment is like,” Cam Walker says. A lot of work is being done for 65 to 70 cents on the dollar, according to some contractors. “There’s more competition and we’re able to do more with less,” says Cederburg. Even at that cost savings, however, some governmental entities are still not able to go to bid for their projects. “It’s too bad the government can’t take [more] advantage of it,” Madole says.

Despite the capricious nature of funding, work continues on public works projects all around the state. Although not as flamboyant as in the years of record growth, an eclectic variety of new buildings, infrastructure and renovations can be seen in many communities.

The scarcity of money for new construction has also put increased focus on the importance of maintenance and upgrades to existing facilities. “We still have to do the things that have to be done,” St. John explains. “We’re keeping the basics going.”



BE MORE THAN A BUSINESS INTELLIGENCE EXPERT.
BE AN INFLUENTIAL BUSINESS INTELLIGENCE EXPERT.

> **Navigating a successful business can be a lot like flying.**
 Both take the right tools and influence to stay on course.

Regis University’s School of Management does more than position the adult learner for a successful career in business. But it also teaches a rigorous core curriculum that provides the critical thinking and problem-solving skills you need to ethically and effectively shape the future of an organization.

A Regis MBA incorporates sustainable management concepts and practices as applied to real-life business functions. Our class sizes are smaller so you can better learn from expert practitioner faculty and network with other adult professionals. You’ll learn how to prepare for and manage change in the global business landscape, so you can create the optimal flight plan for your organization and adjust your heading toward a destination of influence. **Experience the power of influence.**



BE INFLUENTIAL.

> 1.800.670.8738 > CPS.Regis.edu/beinfluential > **Read more online**

1401 N. Green Valley Pkwy., Henderson | NEVADA · COLORADO · ONLINE

> **Classes Start August 29.**

McCarran's Terminal 3

At a cost of around \$2.4 billion, the Terminal 3 (T3) project at McCarran International Airport is probably the most exciting superstar of public works projects in Southern Nevada. On track to open the middle of next year, the terminal will span nearly 1.9 million square feet over three stories while adding 14 gates along with ticket counters, baggage claim, parking, security checkpoints and retail outlets. Six of T3's gates are designed to handle international flights with the capacity of processing as many as 2,000 travelers per hour and servicing up to five wide body jets simultaneously. In addition to facilitating the increase in foreign flights, T3 is designed to ease overall airport congestion by adding more passenger processing space and facilitating passenger movement to and from Concourse D via an underground tram.

Because of the scope and complexity of the project, T3 has been broken into six construction units which include the early civil package, the central utility plan, the parking garage, the apron improvement package, the roadways package and the T3 building package. Airlines that will call T3 home next year include Alaska, Jet Blue, Sun Country and Virgin America as well as all international carriers that service McCarran.

Although annual passenger numbers are down from a peak of 47 million in 2007 to a projected 42 million next year, the Clark County Department of Aviation (which owns and operates the airport) believes the expansion is needed to improve service and to accommodate future growth. "Customer service levels will be improved," says department director Randall Walker. "From an international standpoint, we're peaked out on capacity." Because the department prides itself on long-range planning, the T3 project was already underway when the economy turned negative. "T3 has been in the master plan for 20 years. We plan a long time out," he says.

Unlike many other public works projects, T3 is a completely self-financed construction project. "We're self-sustaining and don't take money from anywhere else," Randall Walker says. Rather than looking to outside sources for revenue, such as tax dollars, the airport has a fairly dependable pot of money contributed by airlines, concessions and capital bonds.

Although T3 is the most talked about project at the airport, other capital improvements at the facility include new runway status lights, an overhaul of C Concourse, roof replacements at A and B Concourses, additional aircraft parking and a new air cargo center. "We have to maintain a high level of service in the whole airport," Randall Walker explains. "The first and last look [for visitors] to Las Vegas is at McCarran and it needs to be a positive experience."

Other Construction

Aside from completing the parking structure at T3, McCarthy Building is working on a \$20-million renovation of Valley High School and a \$30-million facelift at Clark High School along with the \$49-million expansion of Clark County Water Reclamation District's main facility on Flamingo Road. "It's one of the most advanced waste water systems in Nevada," Cam Walker says. However, due to lack of funding, work has been stalled on the Advanced Clinical Training and Research Center which will consolidate the University of Nevada Health Sciences System programs at the UNLV Shadow Lane Campus when it is eventually built.

Cederburg says that important construction on flood control continues on projects at the Flamingo Wash, Duck Creek Channel and along the Boulder Highway. In addition, Southern Nevada Water Authority continues work on the Lake Mead Intake No. 3 Connector Tunnel and Nevada Energy and Great Basin Transmission forge ahead on the One



Nevada Transmission Line. Public works revenue has also been spent for recreation at Charlie Frias Park, the Laughlin Regional Heritage Greenway Trail Project and at Sunset Regional Park.

Northern Nevada Projects

Although Washoe County has planned public works needs of around \$308 million over the next five years, St. John expresses frustration that not all of the funding is secure. Critical needs include additional court facilities and a new or renovated medical examiners building. The county was creative in delivering a new courtroom in existing space at 75 Court Street in downtown Reno this year, but has had to shelve plans for a new Sparks Justice Court facility. "The project had to come to a screeching halt," St. John says. Other areas of concern include sewer and water treatment plants and flood control projects, according to Madole.

In an effort to maintain existing facilities and to operate more efficiently, Washoe County is conducting energy audits throughout the county. Inspectors are looking at mechanical systems and structures for ways to upgrade in order to realize energy savings. The main branch of the Washoe County Library system, for example, will be the benefactor of a \$1.1-million renovation of its mechanical system. The county is also involved in five environmental improvement projects totaling \$11.5 million at Incline Village, Lake Tahoe. The work, which includes storm water storage, shoulder treatments, erosion control and drainage upgrades, will be completed in 2015. "We're a partner in making sure Tahoe remains blue," St. John explains. The largest project currently in the bid process is for 12 miles of new public roads to be built in Spanish Springs using \$12 million provided by a special assessment of property owners.

One of the most important ongoing facets of public works in any community is the need to maintain pavement. Although

St. John says Washoe County needs around \$7-8 million annually to continue the investment in basic work such as slurry seals and overlays, he says he is concerned that probably only half of that will be available in the immediate future. "We're doing the best we can, but we're losing ground. We're digging ourselves a hole because buildings and roads don't maintain themselves," he says.

Nevada Department of Transportation (NDOT)

While most public works in Nevada have been forced to run lean and mean in the past couple of years, NDOT has managed to escape most of the carnage, at least for now. "So far NDOT hasn't really had any major revenue shortfalls since a majority

IT'S ALL ABOUT PERSPECTIVE

HUTCHISON & STEFFEN
 ATTORNEYS
 A FULL-SERVICE, AV-RATED LAW FIRM

PECCOLE PROFESSIONAL PARK
 10080 WEST ALTA DRIVE, SUITE 200 • LAS VEGAS, NEVADA 89145
 702-385-2500 • FAX 702-385-2086
 HUTCHLEGAL.COM

©2011 HUTCHISON & STEFFEN

of highways funds come from gas taxes,” says Scott Magruder, public information officer for NDOT. “The only two major projects that are a priority, but currently unfunded in the state are the estimated \$400-million Boulder City Bypass and the \$100-million final phase of the Carson City Freeway.” He acknowledges, however, that gas tax revenues will be affected by people driving less and owning more fuel efficient cars. “NDOT is doing everything it can to cut costs without compromising safety or quality of highways. It has been a challenge, but one that every state’s department of transportation is experiencing during these tough economic times.”

It’s pretty much a given that public works projects are important to the quality of life in Nevada’s communities. What isn’t clear is how to continue funding the work as we move forward in uncertain economic times. Magruder says NDOT is exploring public/private partnerships that involve tolling and fees based upon vehicle miles traveled. Others have suggested raising developer fees and gas taxes.

Current NDOT Projects

Southern Nevada

- I-15 Design/Build from Blue Diamond to Tropicana Avenue--\$245 million
- U.S. 95 West Corridor from Rainbow to Ann Road--\$68 million
- U.S. 95 Summerlin--\$26 million
- U.S. 93 Widening Between Boulder City and Hoover Dam Bridge--\$10-15 million
- I-15 Mesquite Roundabout--\$18 million

Northern Nevada

- I-580 Freeway from Mt. Rose Highway to Washoe Valley--\$393 million
- U.S. 395 Northbound from Moana Lane to Spaghetti Bowl--\$31.5 million
- I-580/Meadowood Interchange--\$22 million
- I-80 Design/Build from Robb Drive to Vista Boulevard--\$72 million
- I-80 from Painted Rock Interchange to East of Fernley--\$15 million
- SR 28 from SR 431 to Crystal Bay, Lake Tahoe--\$5.6 million
- U.S. 395 from Minden to Carson City--\$13 million
- Carson City Freeway Phase 2B-1--\$9 million

The only factors we can be certain of is that the debate will go on as public works projects will continue to be needed and revenues will persist in falling short. Regardless of how they might be funded, however, Madole emphasizes the critical importance of these projects to the overall future of the Silver State. “The investment in public works expresses confidence in Nevada’s future and that we’ll deliver a good quality of life,” he says. 

SAY WHAT?

The National Federation of Independent Business (NFIB) has issued a warning to small businesses that give free Wi-Fi access to customers. According to the NFIB, Internet providers will be enforcing anti-piracy rules more stringently and businesses could be at risk if their customers use free Wi-Fi to download copyrighted products.

Connecting businesses for 25 years.

Reach the **82,000** decision makers that read *Nevada Business Magazine*.

Nevada Business
the decision maker's magazine
nevadabusiness.com

Coming in
September

Feature: Security at Work
Building Nevada: Residential
Industry Roundtable: Mining

SPECIAL REPORT:
Nevada Industry Excellence

Be a part of this issue by calling *Nevada Business Magazine* today!
Call **702.735.7003** ext. 6333 to reserve your space!



POGGEMEYER DESIGN GROUP AND CMWORKS YOUR PARTNER IN BUILDING NEVADA

Good design enhances experiences. Great design changes the way we live. It allows us to engage, connect, produce, and inspire like never before. It exceeds expectations and raises the bar for the future.

Great design also makes the most effective use of resources and space to create a truly sustainable environment. For years we have been leveraging our diverse expertise to consider all interrelated systems for long-lasting design solutions that save money and maximize resources.

Our experienced team of engineers, planners, surveyors and construction management professionals work together to provide comprehensive services that span the entire life cycle of your project. We utilize integrated solutions from a variety of disciplines to ensure your project is completed on time, within budget and according to quality standards.

PDG and CMWorks are your partner in building Nevada.



POGGEMEYER DESIGN GROUP

6960 Smoke Ranch Road, Ste 110
Las Vegas, NV 89128
(702) 255-8100



CMWORKS

6960 Smoke Ranch Road, Ste 110
Las Vegas, NV 89128
(702) 256-4335

IS YOUR WEBSITE THE BEST IT CAN BE?

Whether you're interested in having the best looking website within your industry, a custom tailored social media campaign, a custom application developed or just some rock solid online marketing, we can help. MaximoMedia has over 10 years of experience developing custom tailored and goal oriented online marketing solutions.

MAXIMOMEDIA

www.MaximoMedia.com

◀ Continued from page 15

the special purpose 7(a) loans are Express & Pilot Programs, which offer streamlined and expedited loan procedures for particular groups of borrowers, and Rural Business Loans, designed to accommodate the unique loan processing needs of small community/rural-based lenders by simplifying and streamlining the loan application process.

The Power of Relationships

The very first place business owners should turn for financing is to the bank with which they already have a relationship, Charlton and most others agree. "What they should do is sit down with a relationship manager or a lender if they can," and the ability to do that will depend largely on the size of the bank. Community banks are known for being very good at talking with people.

"When you get into some of the larger banks, depending upon the size of the credit you're looking for, you might fall into a little bit of a less personal type of lending," Charlton observes. "Depending upon the savvy of the entrepreneur or owner, they really need to talk to the banker and to someone who has the lending authority. Sometimes, depending upon the bank, you've got to search for that."

Charlton adds that, "a lot of good businesses that have capital are not deploying it themselves for expansion because they don't want to take on more debt. We've actually had clients of ours – like a veterinarian I remember in the northern part of the state two years ago – who have asked us for a loan and we advised them, 'Don't expand, it's the wrong time.' You would think saying no was bad, but that's why you need to know your financial advisor. [The veterinarian] came back and told us, 'Thank you for not giving me that loan.' But that's what you do with relationships."

Indeed, he notes, relationships and not numbers on a spreadsheet are often the key element in financial services.

Unconventional Financing

For early-stage and small startup companies, turning to friends and family and relying on credit cards has "historically across the nation been the most popular way to initiate it," says Bob Goff, founder and chairman of funding provider Sierra Angels, which has been providing funding, coaching and connectivity to entrepreneurs for the last 14 years and a founding member of the Angel Capital Association. "When they've got a qualified business plan that would be attractive to a professional or semi-professional, early-stage investor such as Angel groups, they can submit [it] along with applications for funding to groups like Sierra Angels, the Reno Angels and the Vegas Valley Angels."

SBA's Cadena has a line he uses that normally gets him a chuckle. "I tell folks that if you can't get a bank loan at the end of the day you reach out to FF&E -- family, friends and enemies." Beyond that, Cadena is currently in the process of trying to develop a network of what he calls micro lenders. One with which he is now working is called Prestamos, or Loans. "Hopefully we'll get them funded in the next month." The group will offer loans, most likely, at \$10,000 and below.

In Nevada, Cadena points out, such smaller lenders are a sorely lacking commodity. He praises Texas, New Mexico and California for having what he rates as "very robust alternative-lending groups. In Nevada we really don't; you basically go to either credit unions or banks, and there are underwriting criteria." That said, an unfortunate truth he has discovered is that "sometimes the best thing we can do is tell people that they don't qualify for a loan because that's what got us in this mess in the first place: making loans just for the sake of making loans."

Looking to the Future

"I think we're seeing some improvement," Heritage Bank's Wilmoth says. "Tourism in Vegas is starting to pick up quite a bit. You're starting to see small

businesses coming back. In Northern Nevada we're starting to see businesses wanting to expand."

Wilmoth says his optimism remains "very high" on Northern Nevada and the potential for Nevada as a whole. "Now that we've got our legislative session behind us, taxes seem like they're set now and there is no uncertainty, businesses can start to expand -- and other businesses coming from California can start to migrate our way."

Cadena says that if he knew what the future held he would "be putting my money on it. I'm hoping that we're getting more lenders to loosen up a little bit. They tell me they're looking for viable small businesses."

The reason he moved to Nevada in the first place, Cadena recounts, is that "I figured there was only one way to go, which was up, and I still believe that. I would say we've got no place to go but up, but it's going to be slow." The one thing he says he loves about the people of Nevada is that they are very resilient, "and very creative. They're definitely going to persevere through this economy. So we've got no place to go, again, but up, and I'm hoping that we go up soon."

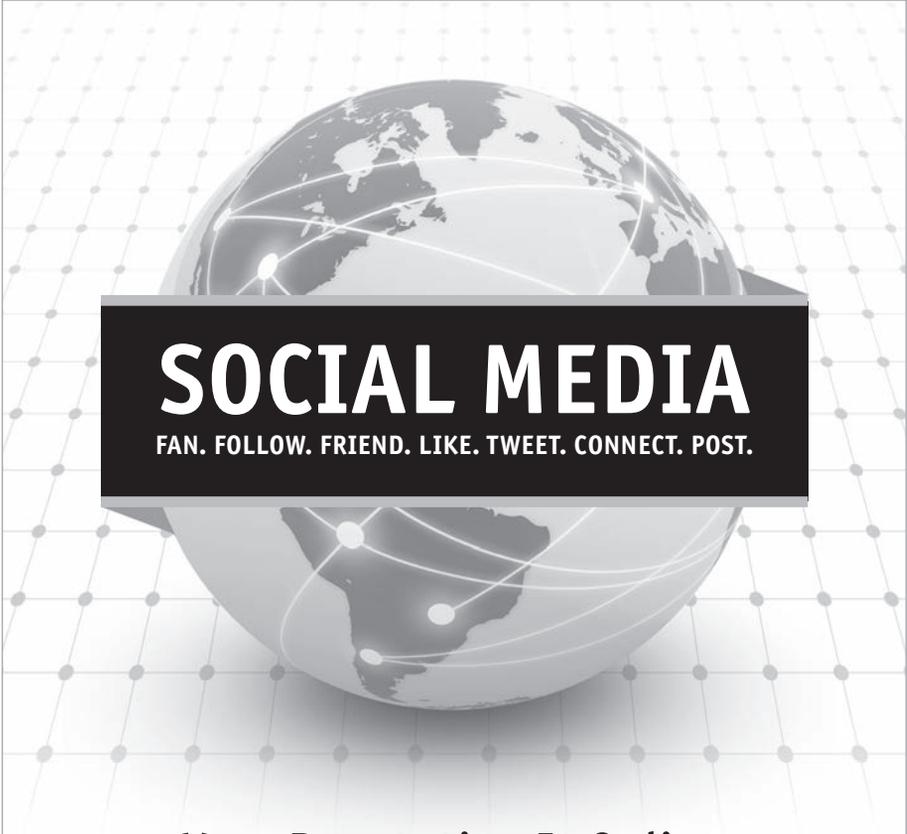
Charlton sees the state of Nevada's economic comeback as taking another three to five years. The state has lost about 195,000 jobs here, he recounts, 70 percent of them in construction and entertainment. "Well, the Strip is starting to hire again; Station Casinos just hired a thousand people, so that's going to be our engine. I always felt that the Strip is the engine, and of course the visitor volume is the fuel for it. And that is slowly coming back."

Charlton, who checks the Convention and Visitors Authority's monthly reports, said he has seen positive things happening since the first of the year. While spending by visitors isn't quite back to previous levels, it is improving. "That obviously helps everybody who supplies the Strip, which is about 60 to 70 percent of our economy. It's going to take the Strip getting back full blown in order to get the suppliers to where they can expand and hire again."

Once more Nevadans get back to work "feeding, helping and supplying our engine on the Strip," Charlton concludes, the stimulus "expands outwardly from there to the consumer consuming again here in Southern Nevada, so that the small strip shopping centers, the retailers, will have somebody spending money again. It's going to take a number of years for that to happen." 

In Brief

According to a recent Rasmussen Report survey of 1,000 likely voters, 54 percent favor repeal of the healthcare law and 52 percent felt that the law will increase the federal deficit. Additionally, since the law's passage in March of last year, the majority of voters have favored repeal of the measure every week except one.



SOCIAL MEDIA

FAN. FOLLOW. FRIEND. LIKE. TWEET. CONNECT. POST.

Your Reputation Is Online Whether You Are Or Not

Responsibly embrace and leverage the use of social media.
Understand the risks. Protect with a policy. Train your employees.

Armstrong Teasdale...The Law Firm to Contact.



**Armstrong
Teasdale**

Las Vegas 702.678.5070
Reno 775.322.7400
armstrongteasdale.com





DealTracker

PROJECTS | SALES | LEASES | LOANS

PROJECTS

Las Vegas, 89109

Retail

Shawmut Design and Construction has been awarded the contract for the Central Michel Richard restaurant located in Caesars Hotel and Casino. The 9,600 SF restaurant will seat 300 and was designed by 2 Scale Interiors. The restaurant is expected to open in September of this year and is located at 3570 Las Vegas Blvd. South.

Las Vegas, 89145

Retail

Westar Architects has completed the \$1 million redesign for the Hotel California Restaurant and Cantina at Boca Park for owner/operator Jimmy Madden. The project took four months to complete and encompasses 8,818 SF allowing for 268 seated guests or 600 guests cocktail style. The project is located at 1050 S. Rampart Blvd.



Designs by Jeff White

Las Vegas, 89145

Retail

Danoski Clutts Building Group has completed work on Designs by Jeff

White in the Tivoli Village at Queensridge. The tenant improvement project began in January of this year and encompasses 2,036 SF. The project was designed by Commercial Design Group and is located at 410 S. Rampart, Suite 160.

Sparks, 89434

Industrial

United Construction Company has been awarded the contract for the 130,000 SF west coast distribution and manufacturing facility, design-build project for NOW Foods. The facility will consist of 70,000 SF of warehousing and distribution, 50,000 SF of manufacturing, 6,000 SF of office and 4,000 SF of cooler/freezer space. NOW Foods expects to pursue USGBC LEED Silver Certification for the project. Phase one represents a projected one-year economic impact to the region of \$1,126,058 and a five-year impact of \$5,630,290. The first phase is expected to be complete in early 2012. The facility will be located at 575 Vista Blvd.

Las Vegas, 89111

Government

McCarthy Building Companies, Inc. has completed construction on the 2.3 million SF Terminal 3 parking structure at McCarran International Airport. The eight-level parking structure will provide an additional 6,000 parking spaces for the new terminal. Construction cost \$121.7 million and began in December of 2008. The parking structure is located east of the current terminals for McCarran International Airport at 5757 Wayne Newton Blvd.

SALES

Henderson, 89052

Office

D & M Anthem LLC purchased 10,069 SF from **The Kelley Family Trust** for \$1,006,900 or \$100 PSF. The buyer was represented by **Tracey Garfinkel-Cutler** of **Windermere Real Estate** and the seller was represented by **Soozi Jones Walker, CCIM, SIOR** and **Bobbi Miracle, CCIM** of **Commercial Executives**. The property is located at 2510 Anthem Village Dr. APN # 190-06-216-025

Henderson, 89052

Office

Christianne Yung purchased a 5,000 SF office property from **Bank Far East National** for \$400,000 or \$80 PSF. The seller was represented by **Perry White, Dan Hashbarger** and **Kyle Matthews** of **Marcus & Millichap**. The property is located at 2653 W. Horizon Ridge Pkwy. APN # 177-25-812-006

Las Vegas, 89107

Office

607 S. Decatur LLC purchased 1,469 SF from **1CB Real Estate Holdings** for \$125,000 or \$85 PSF. The buyer was represented by **Glenn Dulaine, CCIM** of **Realty Executives** and the seller was represented by **Soozi Jones Walker, CCIM, SIOR** and **Bobbi Miracle, CCIM** of **Commercial Executives**. The property is located at 607 S. Decatur. APN # 139-31-310-051

Las Vegas, 89120

Office

KTR Capital Partners purchased the Arrowhead Commerce Center from **EJM Development Company** for \$9,317,687 or \$8 PSF. The center consists of 15 buildings, ranging from 33,000 SF to 158,000 SF and totaling 1.1 million square feet. The property is located at 6155 Sandhill Rd., one mile east of McCarran International Airport.
APN # 161-31-311-006

Las Vegas, 89123

Office

Rock and Trisha Hall purchased 9,537 SF from **Artur Terteblan** for \$790,000 or \$83 PSF. The buyer was represented by **Amy Ogden** of **Commerce Real Estate Solutions** and the seller was represented by **Katie Brase** of **Sun Commercial**. The property is located at 8595 S. Eastern Ave.
APN # 177-14-710-047

Las Vegas, 89130

Office

Holsinger Family Trust has purchased a 1,788 SF office building from **Clark County Credit Union** for \$225,000 or \$126 PSF. The seller was represented by **Perry White** and **Chris Beets** of **Marcus & Millichap**. The property is located at 7435 W. Azure Dr., Suite 150.
APN # 125-27-114-014



Westcliff Plaza

Las Vegas, 89145

Office

Omninet Capital, LLC purchased Westcliff Plaza, a 134,907 SF development from **Trident Pacific Real Estate Group** for \$9,150,000 or \$68 PSF. The buyer and seller were represented by **Dan Vittone, Alan Pekarck** and **Kit Graski** of **Voit Real Estate Services**. The property is located at 201-401 N. Buffalo Dr.
APN # 138-28-819-012 et al

Las Vegas, 89110

Retail

LIGO Investment LLC purchased 7,888 SF from **Linda Darro Zander** for \$1,110,000 or \$139 PSF. The buyer was represented by **Patricia Ruesga** of **Americas Real Estate** and the seller was represented by **Michael Kammerling** and **Patrick Luther** of **Grubb & Ellis**. The property is located at 850 N. Lamb Blvd.
APN # 140-30-701-013

Las Vegas, 89139

Retail

WCSU Inc purchased 2,685 SF from **The Oliver B Avery III Charitable Remainder Trust** for \$1.7 million or \$633 PSF. The buyer was represented by **David Zacharia** of **DZ Realty, LLC** and the seller was represented by **Chris Godino** and **David Lipp, CCIM** of **Grubb & Ellis**. The property is located at 3680 Blue Diamond Rd.
APN # 177-17-110-009

Henderson, 89011

Industrial

Diamond Mountain Distribution purchased 17,800 SF from **Floresco** for \$1.3

million or \$73 PSF. The buyer and seller were both represented by **Chris Lexis, Joe Leavitt** and **Mel Koich** of **Lee & Associates**. The property is located at 7440 Commercial Way.
APN # 178-11-115-007

Las Vegas, 89113

Industrial

Janes Source Properties, LLC purchased 9,990 SF from **PF 1 Buffalo, LLC** for \$674,300 or \$67 PSF. The seller was represented by **Pat Marsh, SIOR** of **Colliers International**. The property is located at 6265 S. Pioneer Way.
APN # 163-34-313-003

Las Vegas, 89118

Industrial

Vegas Fastener Manufacturing purchased 7,064 SF in the Qquendo Centre from **David and Sally Sawyer** for \$38,148 or \$5 PSF. The seller was represented by **Brian Riffel** of **Colliers International**. The property is located at 4011 Oquendo Rd., Suite A.
APN # 162-31-610-003

Formerly
Bank of North
Las Vegas



Valley Bank of Nevada
TRADITION WITH VISION
"The same bank with valley wide services."

*Bringing the Valley Back—
one business at a time.*

**We have
money to lend.**

Start your recovery today!



Valley Wide Courier Service

- ▶ Expertise in Small Business Lending
- ▶ In-house Decisions for Quick Approvals
- ▶ Locally Owned and Operated
- ▶ On-line Banking

Call **259-2658** or visit
www.valleybanknv.com

Member
FDIC



The Best of Las Vegas
2009

Voted Best
Bank of Las
Vegas in 2009

6385 Simmons Street
N. Las Vegas, NV 89031

Las Vegas, 89118

Industrial

Hender West Investments LLC purchased 12,735 SF from **The Belavilas Family Trust** for \$770,000 or \$60 PSF. The buyer was represented by **Jeff Chain** and **Andrew Corwin** of **Millenium Commercial** and the seller was represented by **Bill Walsh** and **Susan Borst**, **CCIM** of **Commerce Real Estate Solutions**. The property is located at 5225 Wynn Rd. APN # 162-30-601-064

Las Vegas, 89118

Industrial

Reno Subdivision One LLC purchased 11,290 SF from **JWD Properties** for \$766,435 or \$68 PSF. The buyer was represented by **Randy Black** of **Land Baron Investments** and the seller was represented **Jeff Barton**, **Richard Luciani** and **Elizabeth Moore** of **Grubb & Ellis**. The property is located at 3550 W. Reno Ave. APN # 162-29-110-008

Las Vegas, 89120

Industrial

John Downey purchased 29,000 SF from **Bank of Nevada** for \$1,750,000 or \$60 PSF. The buyer was represented by **Mel Koich**, **Chris Lexis** and **Joe Levitt** of **Lee & Associates** and the seller was represented by **Mike Su** of **Grubb & Ellis**. The property is located at 3291 E. Patrick Lane. APN # 162-36-714-001

Las Vegas, 89120

Industrial

GDF Group, LLC purchased 27,000 SF from **Wells Fargo Bank** for \$1.9 million or \$70 PSF. The buyer was represented by **Shawn Barashy** of **Lee & Associates**. The property is located 3068 E. Sunset Rd. APN # 162-36-810-022

Henderson, 89014

Multi-Family

Excel Marketing – Peterson Brothers purchased three apartment buildings from **Coastline RE Holdings Corp**. Each building has a total of six units and sold for \$330,000 or \$55,000 per unit. The seller was represented by **Wil Chaffee**, **Paul Chaffee**, **David Baird** and **Brandon Baird** of **Sperry Van Ness Commercial Real Estate Advisors**. The buildings are located at 303, 304 and 306 Eastminister. APN # 179-17-513-002, 009 and 008

Henderson, 89015

Multi-Family

NHO LLC purchased a 28-unit apartment complex from **Coastline RE Holdings Corp** for \$850,000 or \$30,357 per unit. The seller was represented by **Wil Chaffee**, **Paul Chaffee**, **David Baird** and **Brandon Baird** of **Sperry Van Ness Commercial Real Estate Advisors**. The property is located at 800 N. Major. APN # 179-17-502-002

Las Vegas, 89119

Multi-Family

Omninet Newport LP purchased the 240-unit Newport Cove East apartment complex from **Newport Cove East PPTY Owner LLC** for \$11,250,000 or \$46,875 per unit. **Patrick Sauter** of **NAI The Sauter Companies** was the broker for the transaction. The property is located at 5272 Tamarus. APN # 162-26-219-000

Las Vegas, 89117

Vacant Land

First Cup Partners Las Vegas, LLC dba **Dunkin Donuts** purchased 0.63 acres from the **Clark County Credit Union** for \$330,000 or \$12 PSF. The buyer was represented by **Chuck Creigh** of **New Market Advisors** and the seller was represented by **Grant Traub** and **David Grant** of **Colliers International**. The property is located south of the southeast corn of Desert Inn and Hualapai. APN # 163-18-122-010

LEASES

Las Vegas, 89117

Office

Keyon Communications leased 6,500 SF from **The Wilkins Family Trust** for \$424,211 on a five-year lease. The tenant was represented by **Scott Weber** of **Fortis Commercial Advisors** and the landlord was represented by **Soozi Jones Walker**, **CCIM**, **SIOR** and **Bobbi Miracle**, **CCIM** of **Commercial Executives**. The property is located at 7548 W. Sahara Ave. Suite 102. Reported monthly rent is \$1.09 PSF.

Las Vegas, 89117

Office

VZ Academy of Ballroom leased 5,260 SF from **J & M Real Estate Holdings** for \$461,407 on a six-year lease. The landlord was represented by **Soozi Jones Walker**,

CCIM, **SIOR** and **Bobbi Miracle**, **CCIM** of **Commercial Executives**. The property is located at 7207 W. Sahara Ave., Suite 130-140. Reported monthly rent is \$1.22 PSF.

Las Vegas, 89118

Office

Howmedica Osteonics Corp. leased 5,076 SF from **Correre Casa II, LLC** for \$299,248 on a five-year lease. The landlord was represented by **Darren Lemmon** of **CB Richard Ellis**. The property is located at 5905 S. Decatur Blvd. Reported monthly rent is \$0.98 PSF.

Las Vegas, 89134

Office

Brooks Bauer, LLP leased 8,728 SF in Plaza East from **1645 Village Center Circle LLC** for \$936,122 on a 66-month lease. The tenant as represented by **Jayne Cayton** and **Paula Lea** of **CB Richard Ellis** and the landlord was represented by **Randy Broadhead**, **SIOR** of **CB Richard Ellis**. The property is located at 1645 Village Center Cir. Reported monthly rent is \$1.63 PSF.

Las Vegas, 89103

Retail

88 View, LLC leased 6,580 SF from **DLW Development** for \$416,514 on a six-year lease. The tenant was represented by **Bob Miller** of **CB Richard Ellis**. The property is located at 4561 W. Flamingo Rd. Reported monthly rent is \$0.88 PSF.

Las Vegas, 89103

Retail

Ricardo's Mexican Restaurant renewed their lease in the Renaissance West Shopping Center of 8,706 SF from **4001 S. Decatur Holdings LLC** for \$1,703,166 on an eight-year lease. The tenant was represented by **Jack Woodcock**, **CCIM** of **Prudential Americana Realtors** and the landlord was represented by **Jeremy Foley** of **Gaski Commercial Real Estate**. The property is located at 4001 S. Decatur Blvd. Reported monthly rent is \$2.04 PSF.

Henderson, 89011

Industrial

JG Accessories, Inc. leased 5,510 SF from **Sunset Pointe Group, LLC** for \$161,887 on a five-year lease. The tenant and landlord were both represented by **Mel Koich**, **Joe Levitt** and **Chris Lexis** of **Lee & Associates**. The property is located at 557 W. Sunset Rd. Reported monthly rent is \$0.49 PSF.

North Las Vegas, 89032

Industrial

SPGS, Showrig, Inc. leased 48,960 SF in the Coleman Airpark from **107 Percent Group LLC** for \$417,520 on a 30-month lease. The landlord was represented by **Michael De Lew** and **Greg Pancirov** of **Colliers International**. The property is located at 2945 Coleman St., Suites A & B. Reported monthly rent is \$0.28 PSF.

North Las Vegas, 89081

Industrial

Specon, LLC dba **Specchem** leased 24,000 SF from **Melton and Katherine Bacon** for \$389,736 on a five-year lease. The tenant was represented by **Dan Doherty, SIOR** of **Colliers International** and the landlord was represented by **Zavier Wasiak** of **Grubb & Ellis**. The property is located at 3930 Lone Mountain Rd. Reported monthly rent is \$0.27 PSF.

Las Vegas, 89102

Industrial

Las Vegas Collision Inc leased 9,360 SF from **Zimmerman Properties, Inc.** for \$226,707 on a 62-month lease. The tenant was represented by **Bill Walsh** and **Susan Borst, CCIM** of **Commerce Real Estate Solutions** and the landlord was represented by **Perry Muscelli** of **Perry Muscelli, LLC**. The property is located at 3350 Pinks Place. Reported monthly rent is \$0.38 PSF.

Las Vegas, 89113

Industrial

Lyle Kanoa, Jr. dba **ITAT Training Center** leased 6,285 SF in Saddleback Park West from **Post LP** for \$91,186 on a 36.5-month lease. The tenant was represented by **Melanie Higa** of **Rossum Realty Unlimited** and the landlord was represented by **Dan Doherty, SIOR** and **Patti Dillon** of **Colliers International**. The property is located at 6354 Montessori. Reported monthly rent is \$0.40 PSF.

Las Vegas, 89113

Industrial

DRVITA Inc. leased 54,046 SF in the Arroyo South Business Center, Phase I from **EJM Arroyo South I Property LLC** for \$2,286,012 on a seven-year lease. The landlord was represented by **Spencer Pinter** of **Colliers International**. The property is located at 6980 W. Warm Springs Rd., Suite 100. Reported monthly rent is \$0.50 PSF.

Las Vegas, 89115

Industrial

Goodman Distribution, Inc. leased 19,125 SF in the from **NLV Sagebrush LLC** for \$459,000 on a 62-month lease. The tenant was represented by **Susan Borst** of **Commerce Real Estate Solutions** and the landlord was represented by **Dan Doherty, SIOR** of **Colliers International**. The property is located at 464 Calimesa. Reported monthly rent is \$0.39 PSF.

Las Vegas, 89115

Industrial

CenturyLink leased 10,000 SF from **Larry Britz and Dorothy Evans** for \$868,719 on a five-year lease. The tenant was represented by **Pat Marsh, SIOR** of **Colliers International**. The property is located at 4760 Cecil Ave. Reported monthly rent is \$1.45 PSF.

Las Vegas, 89118

Industrial

Ferguson Enterprises, Inc. leased 23,800 SF from **Westgate Land-2, LLC** for \$557,460 on a five-year lease. The tenant was represented by **Tyler Ecklund** of **CB Richard Ellis** and the landlord was represented by **Spencer Pinter** of **Colliers International**.

The property is located at 5480 Procyon St. Reported monthly rent is \$0.39 PSF.

Las Vegas, 89118

Industrial

Fun City Foods leased 13,000 SF from **ProLogis NA3** for \$377,840 on a 68-month lease. The tenant was represented by **Tyler Ecklund, Jeremy Green** and **Gabe Telles** of **CB Richard Ellis**. The property is located at 3555 W. Reno Ave. Reported monthly rent is \$0.43 PSF.

Las Vegas, 89118

Industrial

De Soto Sales leased 9,120 SF from **East-Group Prop.** for \$155,603 on a 38-month lease. The landlord was represented by **Greg Tassi** of **CB Richard Ellis**. The property is located at 5530 S. Arville St. Reported monthly rent is \$0.45 PSF.

Las Vegas, 89120

Industrial

OSA West leased 41,752 SF from **KTR LV II** or \$1,192,787 on a 55-month lease. The landlord was represented by **Spencer Pinter** of **Colliers International**. The property is located at 6275 S. Sandhill. Reported monthly rent is \$0.52 PSF.



Tompkins & Peters CPAs, P.C.

Certified Public Accountants & Advisors

is pleased to announce

Nina J. Gallagher, CPA, MST



has joined our firm as **Senior Tax Manager**. Nina is recognized as an industry leader in the areas of federal, estate, and state income taxation. She is known for providing outstanding tax services to business entities and high wealth individuals. Nina is the current President of the **NV Society of CPAs** and serves on the Board of Directors. She is the current Co-Chair of the **Southwest Tax Conference** and is a recognized public speaker.

Established in 1987, **Tompkins & Peters CPAs, P.C.** offers a full range of Certified Public Accounting & Business Advisory Services to the Las Vegas and Henderson areas. Our commitment to quality service is exemplified by being named one of Nevada's **Top Accounting Firms** three years in a row.

Member: AICPA, NVCPA, NACVA, PCPS

www.TPcpas.com ~ (702) 456-4272

~ 1880 E. Warm Springs Road, Suite 115; Las Vegas, NV 89119 ~



Industrial Summary

Second Quarter 2011

Las Vegas

The Las Vegas Valley industrial market slowed to a level not seen in several years. The vacancy rate edged up slightly to 18 percent as 135,600 square feet of negative net absorption was reported during the second quarter. For comparison purposes, the vacancy rate is up 13 basis points from the previous quarter (Q1 2011) and up 1.8 percentage points from the same period a year ago (Q2 2010).

For 19 consecutive quarters, the industrial market has reported an increasing vacancy rate as approximately 14.7 million square feet of industrial space has been added to the market during the same timeframe. A single build-to-suit project totaling 120,000 square feet remains actively under construction. With no material plans for future development in the near term, future vacancy rate improvements will primarily be sourced to absorption of second-generation space when demand returns.

Pricing in the industrial sector declined marginally on a quarter-over-quarter basis to an average asking rent of \$0.54 per square foot per month during the second quarter of 2011 (down from \$0.55 per square foot). Pricing adjustments continue to take place as supply outstrips demand; rents remain down 6.8 percent from the \$0.58 per square foot per month reported one year ago. Asking prices are 34.3 percent below peak levels reported in mid-2007.

While the vacancy rate has increased for the past several years, the latest period reflects the least amount of negative net absorption without new product being delivered to the market since the downturn began. It is also the first time since late-2008 that positive absorption was reported in a number of submarkets, which was at that time largely attributable to swelling levels of new product coming online. Evidence suggests that the free-fall in occupancies may be subsiding, but volatility will remain as the industrial sector remains fragile.

Reno-Sparks

Toward the end of last year, talk of an economic recovery brought companies out from under their shells to look at space. Following two years of few new deals and many local closures, having real prospects looking at the market is encouraging. The first quarter was a disappointment as hopeful deals were delayed getting signed and the market was surprised with unforeseen closures resulting in negative absorption. This quarter everything came together as anticipated with numerous new large transactions signing and few closures.

There were six large transactions completed this quarter. Large leases for Q2 included Toys R Us (303,000 sf), GSI Commerce (282,500 sf), Excel Logistics (180,456 sf), Ozburn-Hessey Logistics (163,200 sf), Hood EIC/Ebara Corp (162,600 sf) and American Red Cross (125,875 sf). In addition, commitments were made by Urban Outfitters and NOW Foods for build-to-suits of 472,720 sf and 130,000 sf respectively. In total, there were 37 transactions equaling 1,873,847 sf of gross absorption.

The market is headed towards higher rents in the future with falling vacancy. For now, landlords sitting on vacant buildings for a number of months or years are continuing to meet tenants low rent expectations to fill vacancy resulting in low effective rent. Market vacancy stands at 15.1 percent and will need to drop below 13 percent with continued interest before rents firm and head up.

In summary, the market experienced a perfect storm of tenants all signing within a tight period of time. Luckily, deals were inked and not delayed. The third and fourth quarters are not expected to match this quarter's exceptional activity. Baring any new economic crisis, the year should finish with two moderately positive quarters resulting in an overall good year.

2nd quarter 2011

INDUSTRIAL

TOTAL MARKET	LAS VEGAS	RENO
Total Square feet	103,718,202	72,205,225
Vacant Square Feet	18,682,942	10,881,469
Percent Vacant	18.0%	15.1%
New Construction	0	0
Net Absorption	-135,592	458,920
Average Lease sf/mo (nnn)	\$0.54	\$0.350
Under Construction	120,000	0
Planned	125,064	624,595
WAREHOUSE/DISTRIBUTION		
Total Square Feet	66,239,959	41,728,725
Vacant Square Feet	10,882,546	7,900,464
Percent Vacant	16.4%	18.9%
New Construction	0	0
Net Absorption	61,783	1,493,324
Average Lease SF/MO (NNN)	\$0.47	\$0.300
Under Construction	0	0
Planned	0	494,595
INDUSTRIAL/LIGHT INDUSTRIAL/MANUFACTURING		
Total Square Feet	23,151,317	25,789,010
Vacant Square Feet	4,147,508	1,869,383
Percent Vacant	17.9%	7.2%
New Construction	0	0
Net Absorption	-55,212	199,778
Average Lease SF/MO (NNN)	\$0.57	\$0.290
Under Construction	120,000	0
Planned	125,064	130,000
R&D/FLEX		
Total Square Feet	14,326,926	4,687,489
Vacant Square Feet	3,652,888	1,111,622
Percent Vacant	25.5%	23.7%
New Construction	0	0
Net Absorption	-142,163	199,005
Average Lease SF/MO (NNN)	\$0.71	\$0.500
Under Construction	0	0
Planned	0	0

Next Month: OFFICE

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

The pace of U.S. economic growth slowed noticeably in first quarter 2011, with real GDP growth slowing to 1.9 percent at an annualized rate—a considerably weaker pace than the 3.1 percent figure posted in fourth quarter 2010. Providing evidence of continued economic weakness into second quarter, U.S. nonfarm employment rose by only 25,000 jobs (seasonally adjusted) in May and 18,000 jobs in June. As a result of the poor job growth, the U.S. unemployment rate rose to 9.2 percent in June—marking the second straight month of increased unemployment. With weak job growth, falling house prices and high food and energy costs, consumer confidence slipped in both May and June. Real personal consumption spending slipped for the second straight month in May, and retail sales also fell in May. Sales of existing homes slipped in April and May, and sales of new homes fell in May after rising in April. The Kansas City Financial Stress Index edged upward in June but remained below its long-run average, suggesting that the financial headwinds to U.S. economic growth remain subdued. Nonetheless, small businesses report somewhat increased difficulty obtaining loans, which suggests that uncertainty continues to dog investment.

With U.S. consumption spending slowing, the Nevada economy shows signs of slow growth. Visitor volume was up modestly in May compared to a year earlier, but gaming revenues rose sharply as the result of much stronger baccarat play than was seen last May. Sports books also fared better. Taxable sales in April were up by 2.3 percent above a year earlier. From April to May, Nevada employment rose by 1,500 jobs (0.1 percent), and the unemployment rate rose upward from 11.9 percent to 12.1 percent.

The pace of economic growth in Clark County remains slow. Compared to a year earlier, visitor volume was up by 2.9 percent in May. Taxable sales for May were 0.9 percent above those for the same month a year earlier. Residential and commercial construction permits rose in May, but remain at historically low levels. Las Vegas employment fell by 100 jobs in May, and the unemployment rate rose from 12.0 to 12.4 percent.

Washoe County's economic indicators are mostly downbeat. Compared to a year earlier, May visitor volume was down by 2.8 percent and gaming was down by 6.6 percent. Residential construction permits rose in May but remain at historically low levels. Reno-Sparks employment rose by 100 jobs in May, but the unemployment rate ticked up to 11.8 percent as labor-force participation increased.

With the U.S. economy in the doldrums, the continued growth of Nevada's tourism, hospitality and gaming industries depends more heavily on foreign visitors and a continued economic recovery in the West. Nevada's real estate and construction sectors are showing some signs of life.

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	2011M5	000 employees	1,120.6	1,119.1	1,127.5	0.1%	-0.6%	Little Change
Unemployment Rate*	2011M5	%, NSA	12.1	11.9	14.6	0.2%	-2.5%	Small Increase
Taxable Sales	2011M4	\$billion	3.357	3.649	3.283	-8.0%	2.3%	Recent Declines
Gaming Revenue	2011M5	\$million	984.01	806.05	847.14	22.1%	16.2%	Strong Baccarat Play
Passengers	2011M5	passengers	4,020	3,824	3,852	5.1%	4.4%	Up
Gasoline Sales	2011M4	million gallons	88.31	91.47	90.91	-3.4%	-2.9%	Price Effects
Visitor Volume	2011M5	million visitors	4.221	4.212	4.124	0.2%	2.3%	Slowly Improving
Clark County								
Employment	2011M5	000 employees	805.3	805.4	810.9	-0.0%	-0.7%	Slight Decline
Unemployment Rate*	2011M5	%, NSA	12.4	12.0	14.9	0.4%	-2.5%	Noticeable Rise
Taxable Sales	2011M4	\$billion	2.477	2.738	2.499	-9.5%	-0.9%	Down
Gaming Revenue	2011M5	\$million	853.49	682.95	714.64	25.0%	19.4%	Strong Baccarat Play
Residential Permits	2011M5	units permitted	450	377	451	19.4%	-0.2%	Little Activity
Commercial Permits	2011M5	permits	15	9	26	66.7%	-42.3%	Little Activity
Passengers	2011M5	million persons	3,712	3,524	3,536	5.3%	5.0%	Up
Gasoline Sales	2011M4	million gallons	60.77	63.14	63.21	-3.8%	-3.8%	Price Effects
Visitor Volume	2011M5	million visitors	3.646	3.654	3.543	-0.2%	2.9%	Up Over Year Ago
Washoe County								
Employment **	2011M5	000 employees	187.7	187.6	191.8	0.1%	-2.1%	Little Change
Unemployment Rate*	2011M5	%, NSA	11.8	11.7	14.1	0.1%	-2.3%	An Uptick
Taxable Sales	2011M4	\$billion	0.435	0.452	0.395	-3.7%	10.2%	Up Over Year Ago
Gaming Revenue	2011M5	\$million	65.76	64.11	70.43	2.6%	-6.6%	Recent Gains
Residential Permits	2011M5	units permitted	44	38	39	15.8%	12.8%	Little Activity
Commercial Permits	2011M5	permits	10	13	13	-23.1%	-23.1%	Little Activity
Passengers	2011M5	million persons	0.304	0.296	0.312	2.9%	-2.6%	Mixed
Gasoline Sales	2011M4	million gallons	13.30	13.44	13.78	-1.0%	-3.5%	Price Effects
Visitor Volume	2011M5	million visitors	0.374	0.357	0.385	4.7%	-2.8%	Up Recent
United States								
Employment	2011M6	million, SA	131.017	130.999	129.981	0.0%	0.8%	Stalled
Unemployment Rate	2011M6	%, SA	9.2	9.1	9.5	0.1%	-0.3%	An Uptick
Consumer Price Index	2011M5	82-84=100, NSA	224.8	224.4	217.3	0.2%	3.4%	Up Strongly
Core CPI	2011M5	82-84=100, NSA	224.4	223.7	221.0	0.3%	1.5%	Rising
Employment Cost Index	2011Q1	89.06=100, SA	113.2	112.8	111.4	0.4%	1.6%	Modest Gain
Productivity Index	2011Q1	2005=100, SA	112.6	112.4	111.4	0.2%	1.1%	Small Gain
Retail Sales Growth	2011M5	\$billion, SA	387.117	388.049	359.345	-0.2%	7.7%	Recent Slippage
Auto and Truck Sales	2011M6	million, SA	11.41	11.76	11.14	-3.0%	2.4%	Recent Decline
Housing Starts	2011M5	million, SA	0.560	0.541	0.580	3.5%	-3.4%	Recent Gains
Real GDP Growth***	2011Q1	2000\$billion, SA	13,444.3	13,380.7	13,138.8	1.9%	2.3%	Weak Growth
U.S. Dollar	2011M6	97.01=100	95.477	95.487	105.266	-0.0%	-9.3%	Recently Unchanged
Trade Balance	2011M5	\$billion, SA	-50.227	-43.625	-42.166	15.1%	19.1%	Less Favorable
S and P 500	2011M6	monthly close	1,320.64	1,345.20	1,030.71	-1.8%	28.1%	Recent Declines
Real Short-term Rates*	2011M5	%, NSA	-0.13	-0.36	0.30	0.2%	-0.7%	Extremely Low
Treasury Yield Spread	2011M6	%, NSA	2.96	3.13	3.08	-5.4%	-3.9%	Normal

*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 notable Nevada figure do you most admire and why?”

“Governor Kenny Guinn. As many successes as he had throughout his life – personal and professional - he never lost track of where he had come from; he treated everyone with respect. In a time when it is difficult to find true mentors and leaders, Kenny was the definition of class and sincerity.”



Chris Ferrari · President, Ferrari Public Affairs



Michael Boychuck · Owner, COLOR, AMP and PRIMP

George Maloof: “I’ve worked with George more than 10 years, and in that time he’s done so many wonderful things. He’s a genuine person, great business partner and a man of his word. He always makes himself available when others are in need. George has earned my admiration, and will always have it.”

“I most admire Dr. Meena Vohra, the Medical Director of the Children’s Hospital of Nevada at UMC. She has spent the last 25 years in pediatrics and pediatric critical care with the dream of developing a non-profit Children’s Hospital that would care for ALL children. She also has spent the last 20 years teaching residents specializing in the care of children.”



Steve Johnson · Branch Manager, Raymond James Financial Services, Inc.



Connie Brennan · Nevada Business Magazine

“Few Nevadans have contributed more to our state than the late Jim Joyce, a legend in Nevada politics. Often referred to as “The Gentle Giant”, Jim’s voice in Carson City reverberates almost a decade after he passed away. His consensus-building style is sorely missed and needed now more than ever.”

“The most notable Nevada figure has to belong to Ann Margret. Who had a better figure than Ann Margret? When she danced to “Viva Las Vegas” with Elvis she had to at least have doubled the population of our great city.”



Michael Berk · Chief Creative Officer and Executive Producer, Players Network



Robert A. Massi · Owner, Robert A. Massi & Associates

“I have always admired Steve Wynn for his foresight and vision. When it comes to operating in Las Vegas he is a leader rather than a follower. Wynn’s a pragmatic individual who can assess and react in black and white. His ability to envision the ‘end of road’ and make it happen while keeping Las Vegas’ best interests in mind is commendable.”



Temperatures are on the rise, which could mean higher summer energy bills. But having MyAccount can help. Sign up and you can chart your energy use, find simple ways to lower your bill and even conduct an online energy audit. All from your personal computer.

The future of energy. It's right in our backyard. Learn more at NVEnergy.com.



Sean Blankenship, MBA | School of Business
Senior Vice President of Marketing, CODA Automotive

A next-generation MBA program for Nevada's economy.

Start your journey at one of our five Nevada locations.
Find out more at phoenix.edu/nevada



702.638.7279 Las Vegas
775.828.7999 Reno
Las Vegas | Henderson | Northwest | Southwest | Reno

