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Bruce Hendricks
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Property Tax Rebellion

Fighting for Justice

The tax revolt at Lake Tahoe has reached the 10-year mark, with no end in sight. The Village League to Save Incline Assets was formed in December 2002 by a small group of Incline Village and Crystal Bay property owners to protest outrageously high property tax increases. This small group of determined taxpayers has been fighting Washoe County and the State Board of Equalization ever since. Even though they have won six cases in the Nevada Supreme Court, they have only achieved partial victory in their David-and-Goliath battle.

The Nevada Constitution requires "a uniform and equal rate of assessment and taxation," but property tax assessments have been anything but equal for people living close to the lake; and now, for many property owners located throughout the state. Because the state had not provided uniform guidelines for determining property values, like other counties in the state, Washoe County had developed its own system for rating Tahoe parcels, including such intangibles as the view of the lake. For example, Mary Ingemanson, the president of the League, said she was assessed \$80,000 a year in property taxes by Washoe County, while a similar property with the same lake frontage and a larger and newer home was assessed \$18,000 by Douglas County.

After numerous battles with the county that escalated into the courts, Washoe County re-assessed the properties in 2006. The assessor went back to the beginning of the protest, estimating how much the properties should have been assessed for those tax years. The county now had a starting point so it could roll back the tax assessments. But after all these years and several court rulings against it, Washoe County is still fighting to keep the taxpayers' money.

In July 2011, the Nevada Supreme Court ruled that the county had used unconstitutional property assessment methods starting in 2002. The justices tossed out the Washoe County system and ordered the county to issue refunds to 8,700 property tax payers for the 2006 tax year forward. But what was once a \$100,000 debt had ballooned to more than \$43 million due to the wonders of compound interest. About 70 percent of residents have received their refunds, and the rest should be paid by August.

But the group is still fighting to get refunds for tax years 2003, 2004 and 2005, which should total around \$20 million with accrued interest. Interest is still mounting, costing Washoe County thousands of dollars a day for its delaying tactics. The Nevada Supreme Court ruled in favor of some individual taxpayers, who received refunds, and later affirmed that their ruling applied to all the taxpayers who owned lakeshore property in Washoe County, but most of them are still waiting for their money.

In February 2012 another Supreme Court ruling required the State Board of Equalization to hold public hearings on creating a uniform way for all counties to assess property values. The justices blamed the state, not the county, for the Lake Tahoe mess, saying the state hadn't performed its duty of ensuring that county assessors value properties using similar standards.

The State Board held two hearings last fall. In the first one, after hearing the taxpayers' side of the story, the board agreed unanimously that the Washoe County assessments from 2003 to 2005 were incorrect. But as soon as word got out about the board's decision, political pressure must have been brought to bear, because at the next hearing in November, the board reversed itself. It ordered the county assessor to go back and estimate what the value of each property would have been 10 years ago. Even though they had already done a re-assessment in 2006, this allowed the county to stall for another 6 to 12 months. Another meeting of the State Board of Equalization is scheduled for this month. Will the board do its constitutional duty this time and finally grant justice to the Village League?

The injustice of the Tahoe owners is indicative of the property tax system statewide. A fair equitable and reasonable solution must be instituted post haste or assessors throughout Nevada will waste even more taxpayer dollars defending the indefensible.

For a 31-page history of this epic battle, visit NevadaPropertyTaxRevolt.org.



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8

COVER STORY

Wealth of Knowledge

Banking on Nevada



Story by:
Howard Riell

Photo by:
Chris Tucker

Cover:

Standing (L to R)

Bruce Hendricks, Bank of Nevada
Stan Wilmoth, Heritage Bank of Nevada
George W. Smith, Bank of America

Seated (L to R)

Larry Charlton, City National Bank
Bill Uffelman, Nevada Bankers Association

DEPARTMENTS

- 4 **Commentary** · Lyle Brennan
- 22 **Around the State**
- 23 **Face to Face**
Mark Gunderson, MD and Rick Stater
- 24 **Free Market Watch** · Victor Joecks
Following Florida: Why School Choice
Should Top Lawmakers' Education Agenda
- 36 **Commercial RE Report | Industrial**
- 37 **Business Indicators**
- 38 **The Last Word**
What has the greatest potential to
improve Nevada's economy?

FEATURES

- 12 **Getting There** · Jennifer Rachel Baumer
Transportation in Nevada
- 17 **Industry Focus: Media**
- 28 **Building Nevada: Architects & Engineers** · Doresa Banning
Creating Opportunities
- 32 **ReD Report**
Tracking Nevada's Deals

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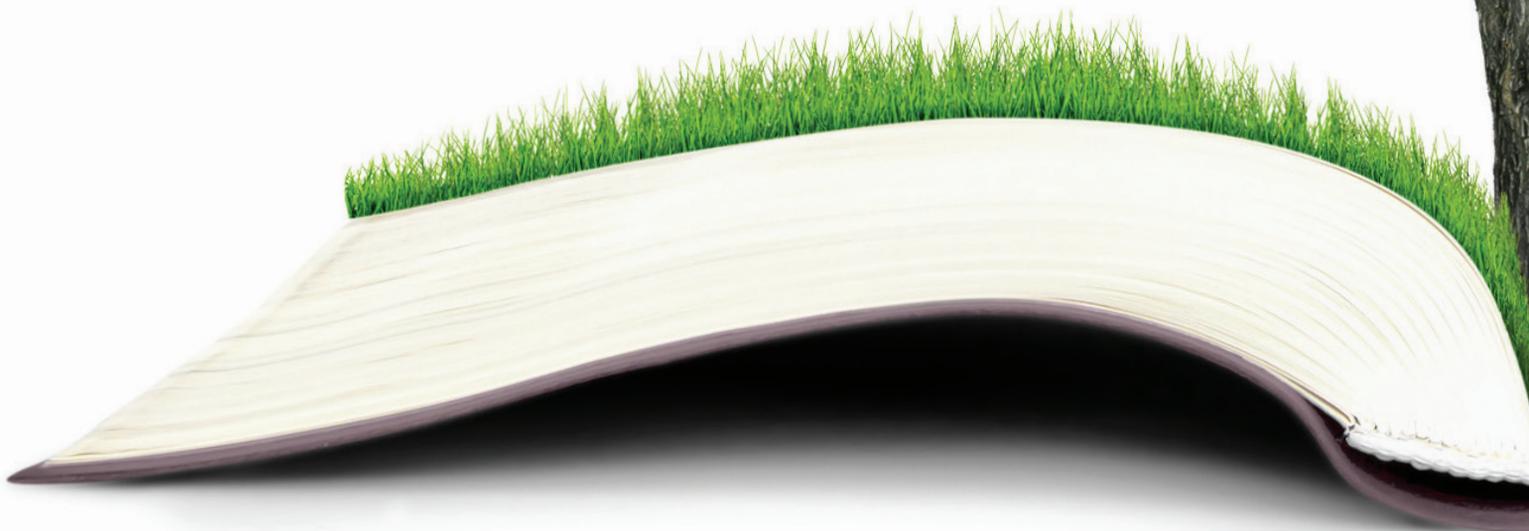


Cover Story

Wealth of Knowledge

Banking on Nevada

By Howard Riell





From federal budget challenges and Dodd-Frank to the housing market, borrowers' shaky confidence and the state of the national economy, Nevada's banking industry has its work cut out for it in 2013.

While top executives remain cautiously optimistic, they are under no illusions about the challenges facing growth over the next 12 months.

"I think we're on the road to recovery," suggests Bruce Hendricks, CEO of Bank of Nevada, "and things are getting better. But it's going to take a while. We just need to continue to see improving trends in our local economy, which will ultimately lead to the creation of jobs, and that's what will get us out of this."

Another factor affecting the banking industry is the uncertainty surrounding the recent fiscal cliff crisis. "A lot of people out there aren't comfortable about making long-term fiscal decisions for their companies, and so that in and of itself needs to get solved," says Larry Charlton, Nevada Regional Executive for City National Bank. Interest rates have also proven a challenge, he adds. "Interest rates are critical as far as how a bank or financial institu-

tion makes money. Financial institutions make more money in a rising interest rate environment, not a static, very low interest rate. What we do as an industry is buy money. We buy it low and sell it high. Right now we're buying it super low and having to sell it super low."

"Overall, the major issue is having qualified customers to lend to," Bill Uffelman, President and CEO of the Nevada Bankers Association, points out. "Qualified loan demand is very slim. That's the biggest difficulty. Banks want to make money, and the interest rates are such that you can't make money on the interest rate spread. You can make money on fees, but banks aren't in business to make money from fees. So it's a bad environment for the banks to be operating in."

"We're all coping with Dodd-Frank," says Hendricks, "and then the phase-in of the new capital requirements with Basel III (a global regulatory standard on bank capital adequacy, stress testing and market liquidity risk agreed upon by the members of the Basel Committee on Banking Supervision in 2010 and 2011 and scheduled to be introduced between 2013 and 2018.). Those are two real critical issues facing the industry, and both regulatory driven. Obviously, our cost of compliance is going up."

“Overall, the local banking industry fared well in 2012 relative to the preceding four years,” reflects Dallas Haun, President and CEO of Nevada State Bank. “We saw very few bank failures, with growth in deposits and greater efficiencies as our industry adapts to the new economic environment.” The Fed continues to promote a low-rate environment, he adds, and intends to keep rates low into 2014. “This will continue to challenge banks’ net interest margins, but on the other hand, this presents a clear opportunity to consumers and businesses alike to reduce their cost of borrowing.”

“Nevada’s banking industry is in a recovery, much like the economic cycle,” says Kirk Clausen, Wells Fargo’s Nevada Region President. “We are seeing strong demand for business lending, in particular small business lending, which should continue this slow growth recovery into the next year. Even with a historically low interest rate environment, the prospects definitely look better than last year.”



Dallas Haun
Nevada State Bank

Slow and Steady

“Generally there is slow and steady improvement, as evidenced by lower levels of non-performing loans that show up as past due and non-accrual items in the banks’ call reports,” explains John G. Sullivan, President of First Security Bank of Nevada. The surge of credit losses has slowed and, except in isolated cases, loans being charged off have slowed.

“The regulatory agencies have shifted their position on building reserves for loan losses from a measurement based on identified losses as of the measurement date to something closer to expected losses over the life of the loan,” Sullivan notes. “What this

means in practical terms is that a bank will record some amounts of loss reserves when the loan is booked. Thus, a loan that closed in December 2012 would have caused the bank to add about \$10,000 to the loan loss reserves in the same quarter.” This approach is a departure of the strict accounting rules, but those rules are being re-evaluated now by a joint group composed of the Financial Accounting Standards Board (FASB) and the regulatory agencies. It is expected that clearer guidance will come out in 2013.”

Many community banks continue to be saddled with problem loans from 2008 to 2010, Sullivan points out. In 2012, significant amounts of those loans have been charged off as banks have tried to “clean up” their balance sheets. As a result of charge offs and building reserves, many smaller community banks were operating at a loss in 2012. “This weakens capital levels, which puts additional pressure on the banks to raise capital. Raising capital is very difficult all across the country, especially in areas that were hard hit by the recession, such as Las Vegas.”

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“Lending is certainly up,” notes George W. Smith, Nevada Market President, Bank of America, “driven by significantly increased demand from small and mid-size companies.” In 2012, Bank of America had a 40 percent increase in new lending just to small businesses; Smith and his colleagues see this same pace, if not better, for 2013 as commercial real estate values remain stable and refinancing is attractive due to low interest rates. “Also, now that the elections are behind us, many companies will get off the sidelines knowing what growth strategies are best for them based on who’s in office now.”

Stan Wilmoth, President and CEO of Heritage Bank of Nevada, sees the amount of liquidity in banks today as their biggest issue. “There is just so much cash out there that needs to be lent out, and not a whole lot of loan demand. Demand for loans in a small community bank, in the C&I (Commercial and industrial) program or real estate, is just not there. A qualified borrower doesn’t want to borrow because he wants to de-leverage; his fear is caused by the uncertainty in Washington, DC. It’s got him paralyzed.”



Kirk Clausen
Wells Fargo

Once lawmakers in Washington have restored some certainty, Wilmoth says, “there’ll be a lot of upside. When we get some strong direction from Washington, small businesses will start to expand. I’m really hopeful for what California could send our way with some of the tax issues they have over there, with Proposition 30 (a sales and income tax increase initiative approved by voters in November).”

The most immediate issue, in Smith’s mind, is the ramifications of the so-called fiscal cliff. “If the issue lingers too long we may be looking at an economic impact that would go the entire year and into 2014. For example, we are seeing some mid-sized companies who are our clients pause activity

and use debt to issue special dividends ahead of possible tax increases.”

Host of Challenges

A number of factors will contribute to making 2013 an interesting one in Nevada’s banking circles. Among them are:

Regs and Laws: “In Nevada, we are working together with several different industries led by Attorney General Cortez Masto to make positive changes to AB 284,” Smith explains. “Nationally, I think the industry is waiting to see what President Obama’s second-term cabinet looks like to gauge the tenor coming out of Washington DC.”

AB 284, a Nevada law that went into effect in October of 2011, was enacted to provide more protection to homeowners and regulate foreclosures. The Bill, among other things, prevents loan officers from “robo-signing” and requires they have personal knowledge of whomever owns the note.

Continues on page 26 ▷

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Getting There

Transportation in Nevada

By Jennifer Rachel Baumer

Nevada is a hub state, with easy access and distribution from both ends of the state to the Western states. Northern Nevada offers access by roadways, railways and an international airport as well as additional airports in surrounding areas. Southern Nevada offers ground access to Los Angeles, Phoenix, Salt Lake City and points south. The state's business friendly tax climate makes it a popular choice for warehousing and distribution and increasingly for internet fulfillment centers, starting with Amazon in Fernley in the north.

As Nevada continues to recover from the economic downturn, keeping product moving in and out of the state and continuing improvements on channels of distribution and modes of transportation is essential to the state's economy.

Economic Impact

Transportation is big business. There are five commercial airports in Nevada, which translates into 313,640 jobs statewide, or nearly \$11.8 billion in payroll, according to a report by Airports Council International

– North America. Those five commercial airports are also responsible for over \$40.5 billion in economic impact. The Reno-Tahoe International Airport creates a \$2 billion annual impact according to a study done by the University of Nevada College of Business.

The Reno airport is also the leader in the U.S. for landing 737s because Southwest Airlines makes up 54 percent of the flights at Reno-Tahoe. Each time a 737 lands at the airport, it is a \$100,000 economic impact for the region when all factors are considered. "All told, in a year's time that's more than \$1 billion in economic impact from 737s alone,"

said Brian Kulpin, vice president of marketing and public affairs, Reno-Tahoe International Airport.

The Reno-Tahoe Airport's \$27 million Gateway Project, which created new security checkpoints and then located the shops and restaurants past security, put 275 local construction workers to work through the contract with Q&D Construction.

In Northern Nevada, the Regional Transportation Commission (RTC) is commissioning a study to look at short-term and long-term job creation and judge the economic impact of road projects. If each construction job is assumed to pay approximately \$80,000 annually, then preserving around 3,500 construction jobs is a significant impact on the local economy. "The real hard thing to grasp is the jobs we're creating on a more permanent basis like an Amazon, where a warehouse takes advantage of the transportation investments. We're trying to get a better analytical grip on those kinds of job creation opportunities," said Lee Gibson, director, Washoe RTC.



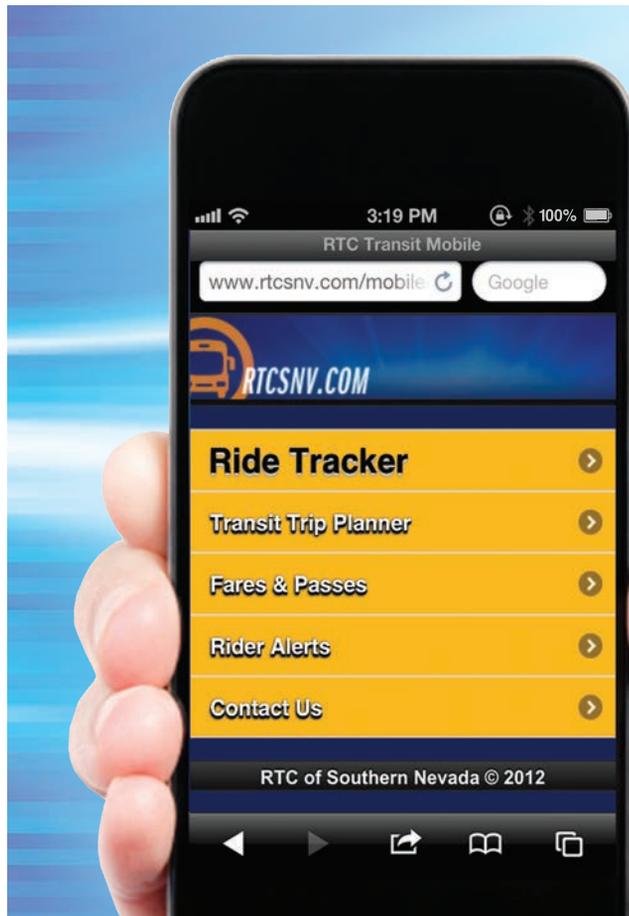
Lee Gibson
Washoe RTC

When the American Recovery and Reinvestment Act (ARRA) money came into Nevada in 2009, some of the funds were used for the Meadowood Mall interchange in Reno, which opened up additional access into an area with large commercial businesses, retail stores and office buildings. Because ARRA funds had to be used for shovel-ready projects, agencies had to own rights of way and have environmental clearances in place, so much of the funding went to local county level projects. In the case of the Meadowood Mall interchange, the project was already planned and funded. The ARRA money meant another \$25 million could be added to the economy and used to expedite other projects.

The stimulus money was meant to create jobs and one economic analysis showed every dollar spent on transportation yielded \$1.52 direct benefits to the local economy, said Nevada Department of Transportation Director, Rudy Malfabon. Direct benefits went to the contractor of the project and indirect to the contractor's employees who spent money in the local economy. Another indirect benefit is opening up access to businesses so people can go to businesses they haven't gone to before and new businesses may choose to locate in areas with improved transportation access.

In Southern Nevada, RTC used ARRA money to fund projects such as the Bonnevillle Transit Center, one of the Valley's primary transportation hubs, and Boulder Highway Express transit.

"We believe [investments in transportation] help businesses work more efficiently and give our region relative location advantages vis a vis other medium-sized cities in the west," said Gibson. Expanding and improving highways makes logistics more efficient in a



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state already considered a transportation/distribution hub. “Businesses get the goods and services they need faster, cheaper and more timely, and I think that’s one of the contributions our transportation investments make to those marketing opportunities.”

Some of the improvements RTC Washoe made in 2012 included widening US 395 (now designated as I-580 because of the spur connecting Reno with Washoe Valley) from Moana Lane to the Spaghetti Bowl and in cooperation with NDOT, widening Moana Lane itself, a business arterial for Reno. The new Meadowood Mall interchange also opens up access to one of Reno’s business corridors.

Other less obvious projects that provide an economic benefit to the state include projects that move the workforce to and from, Project Neon and neighborhood street rehabilitation projects.

Project Neon is a billion-and-a-half dollar NDOT project the agency is trying to split up into phases it can deliver reasonably. The transportation board, headed by the Gover-



Rudy Malfabon
Nevada Department
of Transportation

nor, has approved going forward and developing a request for proposals for the first phases of the project in Southern Nevada. One of the major components of the project will be to connect the US 95 car pool lane with the I-15 express lanes so car pool and Express transit vehicles don’t have to move from the far left lane to the far right to access the off ramp but can have a direct connection between the two freeways, a boon for employees traveling to the resort corridor.

RTC of Southern Nevada is looking into bike programs in Las Vegas, North Las Vegas and Henderson, putting in bike lanes and installing kiosks where visitors can rent bikes and ride through downtown.

In Northern Nevada street rehabilitation projects mean streets are built for pedestrians, bicyclers and cars, not just cars.

On the Ground

The interstate systems – I-80 in Northern Nevada and I-15 in Southern Nevada – carry the bulk of traffic and the freight that moves through Nevada, said Malfabon. “Nevada is a bridge state, which means the freight moves across our state from point A to point B. Some of it comes from Long Beach, Los Angeles, Port of Oakland, and goes through our state.”

Nevada Department of Transportation (NDOT) is responsible for some of the major arterial roadways in the Reno-Sparks area and Las Vegas, Henderson and North Las Vegas. A recipient of federal monies, NDOT partners with both private parties and other transportation agencies such as the Regional Transportation Commissions (RTC).

This year much of the agency’s focus will address pavement conditions on roadways across the state. Overlay projects will smooth out rough roads in Mesquite and the I-80 corridor. Other projects will include giving Clark County \$35 million of federal funds for a \$60 million project with the airport connector and a flyover bridge.

Another NDOT project in partnership with RTC is the Boulder City bypass, the first stage of which includes fencing off the project so desert tortoises are not wandering into the roadways. A nursery will house plants temporarily disturbed during the ground work.

RTC of Southern Nevada is responsible for phase two, the part of the project that goes around Boulder City and up the road to cross the Colorado River, Malfabon said. And RTC is looking into the possibility of making the bypass Nevada’s first toll road.

The advent of a toll road in Nevada would seem at odds with the business friendly approach that should reach out and include independent truck drivers and trucking companies that move through the state. However, when the law that permits a toll road was approved in the 2011 Legislative session, the Governor stipulated a free alternative or ex-

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isting road had to be provided or left open. If the toll road plan goes through, truckers will still have the choice of continuing through the currently available U.S. 93 through town and no restrictions can be placed on that road, such as “no trucks allowed.”

At the local level, the Regional Transportation Commissions North and South are responsible for operating transit systems and doing metro planning. Coordinated planning of roadways and anything NDOT isn't funding falls to RTC with regard to major highways and arterial roads. The RTCs also work with the ITS – Intelligent Transportation Systems, anything to do with technology and traffic management, as well as FAST, the Freeway and Arterial System of Transportation which deals with traffic signals, dynamic message signs and cameras.

RTC of Southern Nevada becomes part of the movement of product through the state in part by moving workforce. “We continue to grow our workforce mobility project, encouraging employees in the dense resort corridor to be aware of the system we've got,” said Tina Quigley, director, Southern Nevada RTC.

RTC is examining the potential for a bus rapid transit system to move workers along Maryland Parkway. They're also the agency studying the possibility of making the Boulder City bypass a toll road.

“This is a pilot program authorized by the last Legislative session,” said Quigley. “It's the only corridor or project currently by statute allowed to be considered for tolling and as a result of the effort, the Legislature may look at other corridors. The revenues would actually be used to fund construction of the project – they'd go right back into paying off [the bypass].”

One of the concerns with the proposed toll is that the route is used for moving

freight. The I-11 project, which the Boulder City Bypass is part of, will connect Las Vegas and Phoenix and will eventually be a corridor from Mexico to Canada, linking trade between Mexico and the Intermountain West. The portion under consideration connects Phoenix with Las Vegas. Studies take into account the feasibility of funding the project and what percentage of the \$350 million project could be funded by tolls.

In the Air

Southern Nevada is home to fewer warehousing and logistics businesses than Northern Nevada, yet McCarran International Airport, which had seen 38,489,433 arriving and departing passengers as of December 28, 2012, handled 188,509,705

Continues on page 25 ▷



Tina Quigley
Southern Nevada RTC



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With the rapidly changing ways the average consumer accesses news, media organizations have had to become remarkably adaptable. Recently, executives representing various media outlets met at the Las Vegas offices of City National Bank to discuss these changes and what the future of media could look like.

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 relevant to their industries. Following is a condensed version of the roundtable discussion.

What challenges are facing the media industry?

Emily Neilson: The biggest issue we face is that little phone that every one of us has in our pocket. It's an opportunity and a challenge; it's the change in consumption.

Tom Axtell: The biggest challenge for us is trying to create business models for the new technologies. More and

more viewing or interactivity is occurring, yet turning them into revenue producing activities, particularly in a non-commercial environment, is a challenge for us.

Lisa Howfield: Our biggest challenge, in this market, is the platforms for which we're distributing. Another challenge is how to create content that has appeal to an up-and-coming market. We always hear that a news audience is comprised of 25 to 54 [year olds], but I think the new 25 to 54 [year old market] is different because of the way they've come up with new technology that's in their hands at all times. Not only do we have to find those distribution points, we also have to find a way to deliver a type of news or content of news that is appealing to that market. It will not only keep our advertisers happy, but also stay true to whatever your stations philosophy is. That's one of the things we're looking at now; how do we provide content to a market that may see news differently than what we're used to.

Jerry McKenna: Our challenge is growing, particularly in this metropolitan area and others like it, which got so hammered in the recession that we're having a hard time getting advertisers

to think about growth. Let's face it, people and businesses had to survive, we priced ourselves to the bottom in our media, how do we grow it back?

How has the addition of online news changed the industry?

Connie Brennan: The way we deliver news and information is changing, although I do believe there will always be a demand for credible news sources. The operative word here is credible.

Neilson: There's a larger appetite for news than there's ever been. It's just how you're receiving it that's different. There is a strong appetite for good content, and there always will be. Luckily with television news, we've been stable since the late 1990's; 58% of people get their news from television every single day.

How do you track your audience?

Axtell: I think 40-years ago they were looking at raw numbers. [Advertisers] wanted to see how many eyeballs or ears did you touch and then they began to ask what are the demographics of that audience. Now, they're trying to define engagement. Are people actually watching you or were they multi-tasking, did they really see it? They're trying to see, if someone clicks through on a webpage, does that show engagement versus someone who just remembers you. The models keep changing and, as each of the different players bring different measurements in, the agencies are playing different measurement schemes against each of the media properties as they're trying to sell their content. There isn't a gold standard, there isn't a broad enough sample for any of it to be true, and a lot of it is judgmental when you're talking about engagement or propensity of a certain demographic to have a certain buying or voting behavior.

Howfield: We don't subscribe to Nielson [Reporting] anymore, because of what we felt was inaccurate measurements, not to mention how much it costs. We're in a new world; there are better ways to get measurements of who's watching TV or whose watching your program.

Neilson: The end result is still 400 homes in Las Vegas that Nielson wires that is our currency. That is the currency for every agency and every large buyer in this market. We get our demographics still from paper dairies that are mailed out four-times a year.

McKenna: It's the same thing in radio.

Neilson: They're trying to shift away from demographics to lifestyle patterns. Adults 25 to 54, that's not a really good buying demographic anymore, instead you want a family with young kids. Those parents may be 50 or 60 with young kids or they may be 30, so I want a family with young kids or I want a family that does outdoor activities, or single only. If we start buying by lifestyle, it will be a much better return for advertisers than 18 to 49 or 25 to 54, because think about how our lives have changed so much. Just the beta generation, what that's done to the 50 plus, that's happening in every single demographic. Until we can get our currency, and agencies to switch to that, it's still exactly the same way it was 30-years ago.

Tom Porterfield: It has to be a technology that's less intrusive on people; do you want someone coming into your house and fiddling with the back of your television set with a screw driver? I don't. Would I say that people are represented equally by the Neilson sample? I don't believe that they are because they pay for that sample, so people might be more inclined to accept Neilson for different reasons than others.

Howfield: We only use Rentrak [reporting] at our station, we don't have Nielson anymore. They have about 22,000 homes that have return pack data. We're looking forward to this kind of change



because they look for lifestyles as well as consumer habits. There's a lot of data out there, by the auto manufactures for example. They say, "We know in your market about how many people are getting ready to buy a Nissan, Toyota or

a Honda in this upcoming year." Being able to cross-reference that information with viewership habits straight from the set-top boxes, it's going to create great tools for us in the future. You need the good information and you need to have it applied to the different platforms that the information is going out to. We have a lot ahead of us; we have to stay on top of things.

Are marketers more strategic with ad placements?

Brennan: I've noticed a shift over the last several years. It used to be that our clients just wanted to buy an ad or they wanted to place a 12-time contract. Now, they want the advertising, website and apps. They also want to tie into events and be able to reach out and touch some of their clients.

McKenna: Multi-level strategic marketing is nothing new. I just think that

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engagement is something new. Advertisers are waking up and saying, how do I engage with that listener or viewer in many different ways. If you don't have the digital resources or the experiential and event resources, you can't really connect in all those different ways for that advertiser's customer. The world today uses media differently than it did five years ago, or even two years ago. There are different ways to engage, I still believe that the strongest way is to reach these people is mass media. Mass media still gets the message out quicker and faster than any other medium that's out there. The savvy advertisers are realizing that there is more than one way to do it. I was fond of saying advertisers don't want to buy spots on the radio stations, what they want is to buy the promotions and we give them the spots. I believe that's true, I don't think that spots, per se, in radio stations really matter half as much as coming up with some kind of way to engage a listener. Advertisers will pay significantly more for that than the other way which was, where's your value added? I'll buy your stuff, but where's your value added?

Cory Cuddeback: With streaming ads, two or three years ago, you couldn't give them away, people didn't care, didn't want them. Now, a third of every buy includes stuff like streaming ads. They want them for free, but they're now requesting it a lot. They're getting that there's other avenues to reach our listeners other than just the on-air.

Is the recession still plaguing the media industry?

Howfield: I only have my own numbers to look at, but I'm feeling a little bit optimistic right now. Any station that goes into the month of January wants

to see how that month is going to do, and right now, it seems to be pacing pretty good. I don't want to get ahead of myself, I don't want to go out and celebrate yet, it just feels better than it has in past Januarys. All of the stations benefited from a strong political season. We had a strong political season in this market, but you can't let that get in the way of you taking a realistic look of what could happen in 2013. We're coming into this year with some pretty realistic budgets in place and right now, I'm feeling pretty good about what I'm seeing. If that's any indicator, I'm going to say it's potentially moving up, but I

"I don't know that you really get an unbiased viewership anymore because they are looking at what you're saying through their filter."

- Tom Axtell

think maybe at a snail's pace, which is okay with us. We can just see a tick up, because I think if we were going to survive at all, we've already made all of the changes we had to, to get through some of the tougher times. Getting through 2008 and 2009, those were some very difficult times in terms of cutting back on staff. We had to make changes that kept the business afloat. It's been really difficult, at least on behalf of our station, it's been a rough time and I'm feeling better about it now.

Brennan: As the only print publication in the room, I can tell you that it hasn't been easy for us either. We'll put about 50 percent of our next year's revenue on our books in the last three months of the year, so we can pretty much project what the year's going to look like. Most of our advertisers are contract advertis-

ers that plan ahead, and our business is up substantially year over year. I'm really optimistic about what this year is going to hold for us.

Porterfield: I'm optimistic about it. It's about consistent growth that's meaningful and not driven by demand. Would my corporate like to see more than four percent growth over non-political advertising? Absolutely, and I think that's really doable, especially in terms of what we're seeing in the first quarter but to believe that this market could sustain, whether it be housing, or media, or anything—is beyond me. I'm interested to see how we get there and hopeful that we stay at a more sustained growth. We are the 40th media market in the country, that's pretty good.

Brennan: As an industry we were the first to feel it. When the recession began, everyone said, "We're in trouble, let's cut the media out, then let's cut the advertising agencies out and then they cut in-house marketing people out." Conversely, I think coming back out of it, we're going to be the first ones to benefit

from the recovery.

Neilson: It definitely feels like it's stabilized, but I think it's really slow growth, just like others in the industry may feel like we're still really susceptible to national forces. If we have something bad happen and tourism drops down, then we lose more jobs. Until the jobs start growing, we're not really going to grow, but we've stabilized, which is a good place too be.

Larry Charlton: California is [also] very important to us, 60 percent of our tourists come from California. We need California to be robust and strong and that really helps Southern Nevada. It's very important. I'm a California-based bank, so I really listen to what's happening over there because that makes this much better; you watch the spend on the Strip go up and that helps.

Is unbiased media a thing of the past?

Howfield: Local newscasts tend to be unbiased. You can take that position if you'd like to, and any station in here would have the right to do that if they wanted to. For the most part, if you sit in on any news meeting, they work really hard to make sure they're just telling the facts of the story and our only agenda is to get an audience. If we immediately begin to take a position, the outcome could be that you alienated 50 percent of your audience. At the local level, I don't know if I'm speaking for everyone in this room, I sit in those news meetings and I see them working really hard to make sure that they're telling the full and complete story without taking a position.

Axtell: If you go and read the verbatim emails from the people that comment

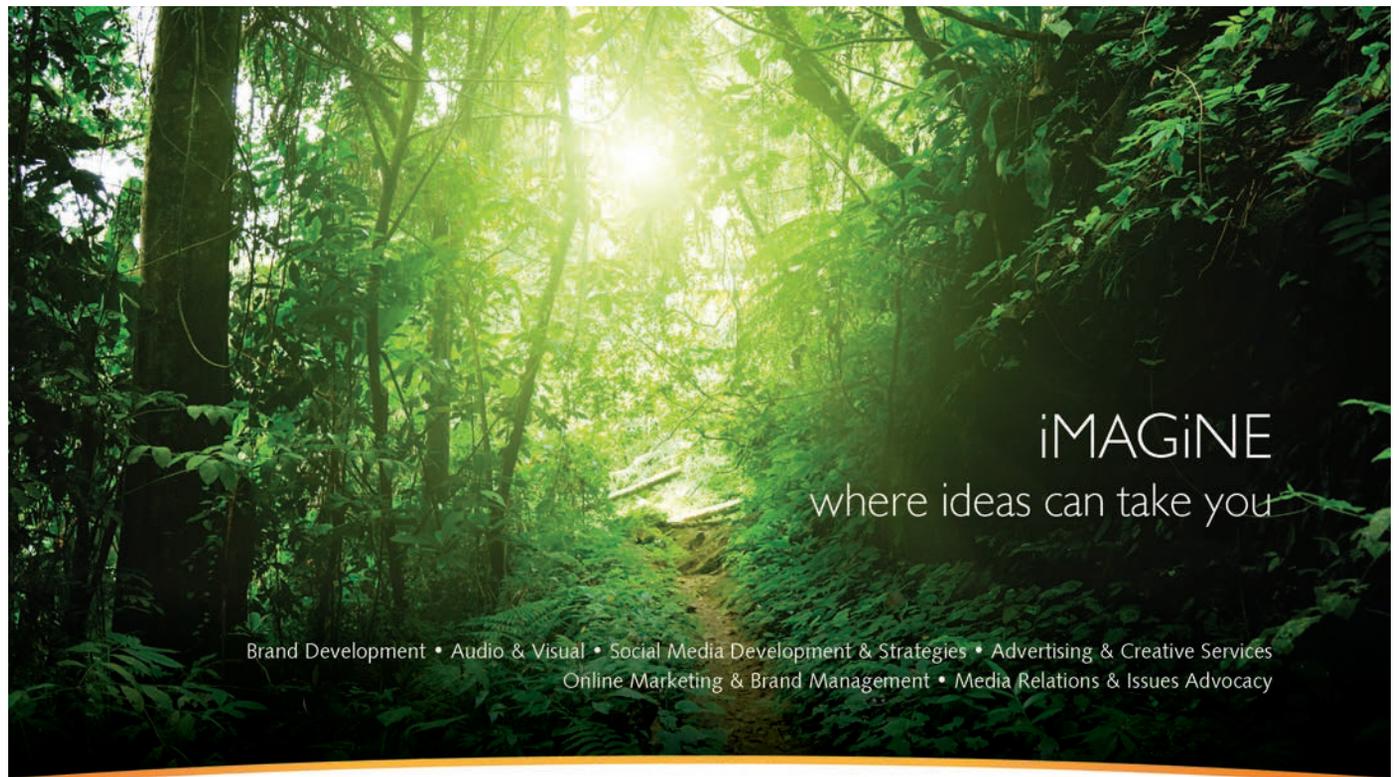


on your news, you can run a story right down the middle. I'll get 10 emails that say we're very conservative and I'll get 10 that say I'm very liberal. It's the percep-

tion of what is said. I don't know that you really get an unbiased viewership anymore because they are looking at what you're saying through their filter. We're better than most because we were a swing state, so that must mean that there are a lot of people who haven't made up their mind about which side they're on yet. Let's hope that continues into 2014. 🌿

SAY WHAT?

According to the American Lung Association's State of Tobacco Control 2013 report, Nevada received an "F" in 2012 for Tobacco Prevention and Control Funding and Cessation. Additionally, Nevada received a "D" in the Cigarette Tax category and a "C" in the Smoke Free Air category.



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Southern Nevada Businesses Expect a Better 2013

According to the Southern Nevada Business Confidence Index, compiled by UNLV's Center for Business and Economic Research, Southern Nevada businesses' expectations are improving. The report found that, after two quarters of declining expectations, the index rose from 101.5 to 106.1 for the first quarter of 2013. The index is based on a survey of Southern Nevada businesses. 🌿

Economic Injury Disaster Loans Available to Nevada Businesses

All Nevada counties are now eligible to apply for economic injury disaster loans from the U.S. Small Business Administration. The loans are to help offset losses caused by the drought which began in September of last year and are open to small, non-farm businesses throughout the Silver State. The Economic Injury Disaster Loans are available up to \$2 million. The deadline for applications is September 9th of this year. 🌿

GOED and DRI Working to Improve Nevada's Growth Strategy

The Governor's Office of Economic Development (GOED) and the Desert Research Institute (DRI) are working with IBM to evaluate the capabilities of big data analytics and advanced research applications in Nevada's higher education system. The program will serve as a basis for a new public/private collaboration to help drive workforce and economic development. DRI's research scientists are using IBM's PureSystems family of systems to analyze, visualize and model environmental data with the goal of improving research capabilities. 🌿

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QA



Mark Gunderson, MD

Medical Director
Age Management Institute

Reno

How did you first get into your profession?

My lifelong interest in fitness, diet, nutrition, supplementation, the process of aging and disease management led me to this field. Previously as an ER physician, I would see these patients literally on their deathbed, and I recognized that there was a significant need for a more preventive approach to treating patients.

What do you like most and least about your industry?

I like the patient contact, absolutely, and also trying to get motivated adults to achieve their health goals. I do wish the pharmaceutical industry would stop putting their own profits over science at times.

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

I like mysteries and solving problems, so a homicide detective would be a very interesting profession to me. Medicine has a little of that, actually, finding the clues and making a diagnosis.

What is a little known fact about yourself?

I'm an amateur astronomer, and really enjoy my unique, 7-inch refractor telescope.

If you were President, what problem or concern would you address first?

We have an obesity crisis, and we need to address it. The government should not be subsidizing bad food, just good food. I would encourage fitness and proper eating- more organic, real food. We are the fattest country in the world, and we have an opportunity to set the example for fitness, nutrition and good health.

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

It wasn't an interest of mine at the time, but I think business courses should be included in medical education. You need to be a businessman as well to run a successful practice.

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

Perhaps the toughest and best lesson to learn is that you do have choices, and you may realize that you have several careers throughout your life. Interests change, and it's very difficult to know what you want to do for the rest of your life when you're in your idealistic 20s. When I was in my 20s, I really loved emergency medicine, but it ended up being more of a stress and didn't allow for balance in my life. So I reinvented myself, found something that I really love, and now I look forward to going to work everyday.



Rick Stater

Plant Manager
Tronox

Henderson

How did you first get into your profession?

[I had an] interest in chemistry and engineering in high school, so I got a Chemical Engineering degree in college.

What do you like most and least about your industry?

Most is the diversity of areas of interest available within this profession and least would be the loss of such businesses in the US.

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

My other interest is in astronomy, as I like to understand just how we got to be in such a great portion of our solar system.

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

First, surround yourself with very talented and driven people, then understand that the cost of business is not always under the control of the industry itself. One must be prepared to adjust as the world around you requires. In addition, you must always be thinking several years out to insure you stay ahead of the competition.

What is the biggest challenge your industry is facing?

Over taxing and regulation.

If you were President, what problem or concern would you address first?

I think the main problem we have today is the reluctance of government to avoid interference with the entrepreneurial spirit of the country. Therefore, establishment of a better tax system and regulatory process that serves the public without driving business away.

What is the best perk of your career?

The ability to have several avenues of growth for myself worldwide, if I choose to travel.

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

The fact that industry is more about people issues than equipment or processes.

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

That you can't solve all the issues in a day, or by yourself, but you must prioritize and delegate to the talented people that surround you.



Following Florida: Why School Choice Should Top Lawmakers' Education Agenda

School choice, not Pre-K, has raised Florida's test scores

In 1998, Florida and Nevada had the exact same score on the National Assessment of Educational Progress (NAEP) test for fourth grade reading. In 1999, however, Florida Gov. Jeb Bush instituted a series of reforms, including corporate tuition scholarships, vouchers, grading schools from A-F, ending social promotion after the third grade, a robust system of charter schools and expanded online learning options.

The results were remarkable. Over the next 12 years, Florida's fourth graders scored approximately two grade levels higher on the same NAEP test. Nevada, which is similar to Florida demographically, only scored about half a grade level higher. These gains were even higher for minority and English-language-learner students whose reading ability increased by up to two-and-a-half grade levels.

Florida and Nevada also increased per-pupil spending by a similar amount during this time period, and even more remarkably, no doubt, in the view of the "we must spend more" crowd, the Sunshine State's inflation-adjusted, per-pupil funding stayed flat or decreased during the first four years of the gains.

As a result of Florida's remarkable progress, researchers descended upon the state. Their studies confirmed that allowing parents to choose the school and school type — whether public, private, online or homeschooling — is best for their children, actually increased academic achievement in the public schools. Competition didn't hinder public schools; it made them better.

Because of Florida's remarkable track record, Gov. Brian Sandoval has made

emulating Florida's education reforms the centerpiece of his education agenda. Going into the 2013 Legislative Session, both Gov. Sandoval and Democratic leaders have expressed verbal support for ending social promotion out of the third grade.

Ending social promotion is an important reform, because until the third grade children learn to read and after the third grade children read to learn. If a child "passes" the third grade but isn't able to read, that child is set up to fail everyday for the rest of his or her academic career, before — demoralized — they may drop out.

While ending social promotion will be a positive for Nevada's students, for the state to achieve Florida-quality gains will require much more.

Because even leftists can no longer deny the remarkable gains Florida children have experienced, liberal politicians are now misrepresenting Florida's record to support a costly program that is a proven failure — pre-Kindergarten schooling.

While Florida did pass a universal pre-K program that was fully implemented in 2005, the earliest those 2005 pre-K students could have taken a fourth-grade NAEP reading test was 2011. And Florida's 2011 fourth grade reading scores actually decreased by a point from 2009.

Clearly, pre-K did not cause Florida's remarkable gains in student achievement.

Additional powerful evidence resides within three federally funded studies of Head Start. Head Start is the federal government's \$8 billion a year pre-K program. The latest study was released in December

2012, and it found, like the two previous studies, that Head Start produced minimal gains for students and those gains had almost entirely disappeared by the third grade.

Florida isn't the only state that's benefiting from school choice programs. While such programs can be structured in numerous ways — including education tax credits, education savings accounts or vouchers — the common feature of all those different programs is that they empower parents with choices. Parents and students receive their proportion of public school funding and then decide among the educational choices available, including private schools, virtual learning or homeschooling.

Today, 21 states and Washington, D.C. have some form of school choice. Unlike what happens when money is poured into a broken system, these programs produce results. School choice raised graduation rates in Washington, D.C., and has increased reading and math scores in North Carolina, Wisconsin, New York and Washington, D.C.

Nevada's children are the biggest losers when intelligent and powerful individuals ignore the real cause of Florida's remarkable education gains.

It's time for Gov. Sandoval to spend some of his political capital and show Nevadans how school choice would improve our education system.

And it's time for legislative leaders to give Nevada's kids the school choice opportunities available for students in Arizona, Indiana, Louisiana and 18 other states. 🌱

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

◀ Continued from page 15

pounds of cargo for the calendar year 2011, and 182,148,776 pounds through November 2012.

McCarran, one of the top 10 busiest airports in the country, features a 200,928-square-foot air cargo center through its partnership with Marnell Properties. The center is located near Terminal 3. Completed in 2012, the 1.9 million-square-foot Terminal 3 is the largest capital improvement project in the history of the airport and cost \$2.4 billion.

In Reno, 114 million pounds of cargo move through the Reno-Tahoe International Airport every year, a vitally important component in moving product through the region, according to Kulpin. A good deal of that product is outbound, the result of fulfillment centers coming to Northern Nevada.



Brian Kulpin
Reno-Tahoe
International Airport

“For years we’ve had Amazon here,” said Kulpin. The combination of ground transportation that can reach most western states in a matter of days, railroads and an airport that regularly lands cargo 747s is attracting fulfillment centers to the area. “Now we have Urban Outfitters and Toys R Us taking advantage of the fact that we have a nexus of transportation here – railroads, I-80 and an airport that can land literally any aircraft that flies.”

The airport is served by FedEx, UPS and DHL, and officials are working hard to bring nonstop cargo flights from China.

Benefits for Chinese cargo carriers include the Reno-Tahoe Airport being located north of San Francisco and further west than LA, so flying Chinese cargo into the Northern Nevada airport could save carriers time and money and send the message that the region is a player in international cargo.

Another benefit for cargo carriers flying into Northern Nevada are the un-congested

roadways. Cargo can wait days to get through customs in Los Angeles, and longer to get out on the road. “Fly into Reno and it’s on the road that day. The only reason to fly cargo is that it’s time sensitive, so we save time and we save money and we are also closer to Asia than San Francisco and Los Angeles, so we save them fuel cost and time for carriers coming in and out of China,” said Kulpin.

Adding Chinese cargo carriers at the Reno-Tahoe Airport could help balance cargo

flights, which currently are more outbound than inbound due to the number of fulfillment centers in Northern Nevada shipping product out.

As a state that relies heavily on tourism and a growing central hub for moving product throughout the West Coast, transportation is vital to Nevada’s economy. Whether moving people or products, in the air or on land, the industry has the ability to make substantial contributions to the state’s recovery. 🌟

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◀ Continued from page 11

Two significant changes are on the immediate horizon, says Sullivan. The Transaction Account Guaranty (TAG) program expired as of December 31, 2012. The program was adopted several years ago as a means to provide for full FDIC coverage on transaction accounts (i.e., non-interest-bearing checking accounts). "This significantly helped smaller banks to keep business accounts and customers that kept over \$250,000 in the bank. Without this extended FDIC coverage, large balance customers would have likely moved their funds from smaller banks to very large too-big-to-fail banks. That would have had disastrous results for America's banking system as the smaller banks would not have had the money to loan to small businesses or households." The program ultimately failed and is in the process of being reconsidered.

With the expiration of TAG, says Sullivan, "the impact to community banks could

"This [low interest rate environment] will continue to challenge banks' net interest margins, but on the other hand, this presents a clear opportunity to consumers and businesses alike to reduce their cost of borrowing."

- Dallas Haun

be quite severe in 2013 if large balance customers start moving their funds to the larger banks. This will not help anyone. The larger banks generally pay lower interest rates on deposits, so the customers -- typically small businesses -- will have less income and the loss of large deposits in smaller community banks will impede their efforts to loan to small businesses. In a worst case scenario, the loss of large deposit balances could cause a smaller bank to fail."

Indeed, adds Haun, until the balance of the Dodd-Frank bill is actually written "we are in a holding pattern."

Foreclosures: Will foreclosures remain a major banking issue in 2013?

"I think they could be," says Wilmoth. "There is that overhang that we can't measure right now, which I think could be a problem." Foreclosures are a much smaller problem today than a year ago, he adds, "because we've had the HARP 2.0 (the Home Affordable

Refinance Program, an initiative from the Federal Housing Finance Agency (FHFA) to assist homeowners whose homes are now worth less than what they owe) coupled with the short sales. Those two things together eliminated some of the overhang."

Until the economic cycle fully recovers, Clausen predicts, foreclosures will continue to be an issue. "However, our strength and stability have enabled us to take a leadership role in Southern Nevada towards addressing the concern." Wells Fargo held a home preservation workshop in Las Vegas to help people find solutions to stay in their homes. The bank has also partnered with the City of Las Vegas and Neighborhood Housing Services of Southern Nevada to address the issue of available home inventory. "Our forgivable grants of up to \$15,000 for homebuyers enabled many people to purchase a home in the City of Las Vegas."

Bank of America has several efforts underway in Nevada to help financially-distressed homeowners, such as reducing their principal balance on properties that are underwater. Through these programs, says Smith, the bank has offered \$208 million in consumer relief to more than 1,800 Nevada homeowners. "We also have three customer assistance centers in Nevada to provide customers help with their mortgages, and have completed 25,000 modifications since the housing crisis began."

Even with a strong arsenal of programs and generous principal forgiveness, however, re-default rates, while better, are still high. Smith says it's because "at this point in the cycle it isn't a lack of programs that is the issue. It's that many customers remain unemployed,

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are still feeling the impacts of the recession and lack the cash flow to sustain a payment, even a modified one.”

The Year Ahead: Customers will have more complex financial needs in the year ahead, says Smith. “They’re telling us they want to bank and invest wherever they choose, want advice and solutions to fit their needs, rewards for doing business with us, and for us to know who they are and take care of them.” Thus, banks need to provide more resources for these needs.

“I think we’ll see continued consolidation within the industry,” says Haun, “particularly in the community banking sector. Low interest rates and lack of loan demand, combined with the new regulatory environment, make it harder for small banks to grow, and some will opt to sell to larger competitors.”

Haun says he and his colleagues remain optimistic that 2013 will be a good year for the community and for his bank. “The housing market continues to show signs of life and most other economic metrics are trending in a positive direction as we approach the new year.” His bank’s consumer loan balances

are at an all-time high, he notes, and it continues to originate tens of millions of dollars in mortgages and other consumer loans. “In fact, this is where we are generally seeing the most activity.”

“I believe that the local economy will continue to recover in a slow and steady pace,” says Sullivan. “The improvement won’t affect all businesses equally, but it will tend to help all businesses as money will circulate a little faster provided that the banks will continue to provide capital resources to businesses emerging from the recession. It is those small businesses that are the backbone of the economy and it is their recovery that will heal the economy and not the large Wall Street traded companies that are still in a retraction mode in an effort to improve earnings efficiencies.”

Clausen believes it is too early to tell what is going to happen on the state and national political fronts. There are, he notes, a number of issues that need to be resolved to help the economy and the banking industry recover. “From a state perspective, we need to watch banking legislation affecting foreclosures very closely during this upcoming session.

Meanwhile, on a Federal government front, the nation re-elected a status-quo government. It should be fascinating to see what effect that has on the banking industry.”

“While one cannot ignore the fact that our state’s economy can be heavily influenced by national politics,” Haun says, “our focus is on the economic health of the state of Nevada. We hope that President Obama and Congress can work together on policies that promote economic growth. This means freeing our small businesses to do what they do best: grow and create jobs. If this happens, the banking industry will be just fine.”

Here’s hoping. 

In Brief

The U.S. Small Business Administration has launched a pilot version of an online marketplace that streamlines the government contracting process. The site, <http://rfpez.sba.gov>, was created to simplify the process for small businesses to find and bid on low-dollar contracts from federal agencies.



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Building Nevada



ARCHITECTS & ENGINEERS

Creating Opportunities

By Doresa Banning

Nevada's architects and engineers particularly were hard hit when the state's residential and commercial real estate activities abruptly stopped and the recession began. Numerous firms downsized their staffs and operations. Economic conditions forced many of these professionals to leave Nevada for available jobs in other states or remain in the Silver State and pursue a different line of work. The remaining companies subsequently struggled to stay afloat.

"Market share for work for all of us shrank. We all got a smaller piece of the pie," said Windom Kimsey, president of the architecture and planning firm, Tate Snyder Kimsey.

Today, five years after the start of the economic slump, a number have survived and some are even growing.

"Today, the firms that are still in business are the ones that are the real deal, consistently doing good work and who know how to run a business," said Brent Wright, CEO of Nevada's Wright Engineers.

Architectural World

Tate Snyder Kimsey (TSK) made it through the recession, albeit leaner as it lost about a third of its staff as a result. Today, it

has four offices in Las Vegas, Reno, Los Angeles and, most recently, Shenzhen, China.

For 50 years, until the recession, the firm specialized in all public works projects, with about half in Clark County. Since the recession, it expanded its market, for instance, to include work for federal agencies and doing multi-family housing projects.

Its biggest change, though, has been adding international work—China. This came about when TSK participated in two U.S. Department of Commerce Gold Key programs, in which the agency facilitates meetings between U.S. businesses and potential partners or clients in a particular foreign country. As a result, today TSK is designing two high rises in China, one with office and residential space and an auto mall, the second, offices topped by a Marriott hotel.

"My ultimate goal is to see us working in multiple countries, as long as it's feasible," Kimsey said.

The types of architecture TSK is creating in China will afford it the experience and qualifications to do the same in the states in the future along with a competitive edge, he added.

TSK also is pursuing a new type of project delivery, public-private partnerships (P3), a proactive approach in which architects and their team of all necessary professionals approach and present a project to a potential client.

"It's creating your own work," Kimsey said. "I think we're going to see a lot more of that."

Newer projects include entering a competition for design of an office building in Shenzhen, a general services facility at the California-Mexico border crossing and a couple of design builds for the Bureau of Reclamation in Boulder City.



Others include modernization of Churchill County high school, a design-build project for Clark County's John F. Miller School, a Gardnerville senior community center and a Chico, Calif., courthouse.

"Being busy is good," Kimsey said. "I'd always like to be busier."

When work on the McCarran International Airport's Terminal 3 wound down and the Las Vegas Convention Center stopped work on its expansion project, Pugsley Simpson Coulter (PSC) felt it. This one-office (Las Vegas) architectural firm went from about 49 employees to the 18 it has now.

Founded in 1968, the firm provides services ranging from pre-design to construction administration.

"We specialize in creating architecture that makes cities better," Simpson said.

PSC has completed numerous community-oriented projects, including schools, churches, libraries, recreation centers and low-income senior housing in addition to office and commercial buildings work, all primarily in southwest U.S.

In addition to Nevada, the firm is licensed in California, Arizona, Utah, Montana and New Mexico, Simpson said, but about 80 percent of current jobs are in the Silver State.

Work has been "pretty steady" for the past two-plus years, and its success rate with jobs bidding has jumped to about 50 from 10 percent, he added.

"Maybe it's because we've been more focused and make the effort to really



Windom Kimsey
Tate Snyder Kimsey Color

know what the project is before going after it," he said.

The firm used the slower times to become efficient in three-dimensional, building information modeling software. The switch to 3D from two-dimensional design is a major shift for the industry, Simpson said.

Management has honed in on where the firm is most successful and where it can serve clients best. It's worked harder at including employees and their input in all business aspects to keep them apprised of PSC's direction and future.

"We feel like we're more efficient, more focused," Simpson said. "We took that downsizing as an opportunity to retool and be ready for what's going to happen."

The firm's newer projects in Clark County include gate remodeling at the McCarran Airport; a private school, church and chapel expansion project for St. Francis of Assisi; expansion of Canyon Ridge Christian Church and a rehabilitation at Rose Warren Elementary. Outside of Nevada, the company is designing a youth sports facility in Mesalero, NM.

PSC has pursued work in Northern Nevada without much success, Simpson said, but continues to try. It is, though, working on an expansion for Lotus Radio Corp. in Reno.

Steven Miles, the founder/operator of Reno-based Miles Architectural Group (MAG) has seen work pick up in the last two years. His firm's niche is custom residential design services, primarily in Nevada and California. In the boom time, he was designing about 30 custom homes per year. Clients encompassed three groups: smaller parties who wanted to build (one-third), spec builders (one-third) and well-off parties (one-third).

With the economic downturn, the load plummeted to about one to three homes per year, and the two groups, spec builders and smaller parties, disappeared. Three years ago, to cut expenses, Miles closed his commercial office and began working from his home instead.

Miles supplemented his income for the past five years serving as an expert witness for Nevada construction defects cases, working for the defense, which he enjoys and still does, he said. One case alone can require up to six months to a year's worth of work.

"That was kind of a little bit of a crutch," he added.

Now, MAG's workload is back up to about four homes per year, 25 percent of which are in Nevada. "I'm not doing nearly what I was doing, but given the work that I do and the manpower I have (two part-time employees), it's plenty," Miles said. "I could probably put on a full-time guy, but I won't. I don't see any promise out there at all."

Currently, he's working on semi-custom homes in an existing development in Somersett, a master-planned community in Northwest Reno. Another project is designing duplexes in downtown Sparks under its new development code.

"That's probably the most exciting one because of the way that it's been taken in by the City of Sparks," Miles said. "They're excited and eager to see it done so they can use it as a model project for the new development standards."

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Engineering Industry

Wright Engineers is one Nevada firm that's increasing both market share and business. It offers civil, structural, mechanical, electrical and plumbing engineering and LEED services. It opened its first office, Las Vegas, in 1998, and its second, Irvine, in 2004. Phoenix followed in 2005 and then Salt Lake City in 2006.

At the start of the recession, the firm boasted 180 employees but over the ensuing year, reduced its workforce to about 40. The firm has also sold the two Las Vegas office buildings it owned, whose total square footage was 36,000. Now its Las Vegas office is about 12,000 square feet.

"We did everything everyone else did to stay in business," Wright said.

Available work in Las Vegas was limited, so Wright Engineers pursued jobs elsewhere. Today, the company has projects in nearly every state, most for clients based in the West, he said. Pre-recession, about 75 to 80 percent of its work was in Nevada; now, it's about 25 to 30 percent.

"The key for us has been to find wherever the cheese was and go there," Wright said.

The firm also expanded the types of work it does, moving away from mostly government projects to primarily private ones, including medical, office and residential developments.

In 2012, it grew 20 percent and is on track to grow 30 to 35 percent this year, Wright said. "It has not been easy, but all the offices are very busy and growing right now," he added.

Growth has resulted from various factors including busier clients and fewer competitors. The firm actively conducts business development, forming relationships where and when possible.

It also provides structural engineering for a proprietary system developed by an Italian company that mitigates soil pollution. It shows the system to architects and developers for use on sites being considered for development. Wright said the system is "far superior" and saves developers more money than the conventional system.

Recent and current Nevada projects for Wright Engineers include providing engineering on new facilities at the Las Vegas Speedway for Exotics Racing School, Desert Behavioral Health Hospital, Silver Hills Health Care, the emergency room expansion at Summerlin Hospital and the new Las Vegas Wet 'n' Wild park. Outside of Nevada, the firm was involved in converting California's Alcatraz Island to solar power and has done numerous projects for Disney, a mixed use development called Station Park in Salt Lake City as well as several projects for Starbucks, Wells Fargo and Trader Joe's.

Currently, Wright Engineers is challenged with internally financing its growth due to lower fees and tighter margins.

"Every time we hire a new engineer, we need a new workstation, software plus the costs associated with that engineer," Wright said. "We won't see a return on that investment until several months down the road."

Finding local qualified engineers to hire also is a struggle. Due to remain-

ing economic uncertainty, the firm is reluctant to hire an out-of-state person and have them relocate to Nevada.

"We're more careful when we hire," Wright said.

Like many architecture firms, some engineering firms, including Wright Engineers, are also updating to 3D modeling systems.

"We've committed to being fully 3D in everything we do by the end of 2013," Wright said.

Looking Forward

The general consensus for the industry is a positive but cautious outlook for the near future. Many share the belief that 2013 will be productive for their firms but are still unsure about how the economies of Nevada and the U.S. will fare.

"We all are optimistic," Simpson said. "We're hoping we've turned the corner." 



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PROJECTS | SALES | LEASES | LOANS

PROJECTS

Las Vegas, 89148 Office

R&O Construction has begun construction to upgrade two vacant office buildings. The office buildings have sat vacant for the past five years. Upon completion, both buildings will be suitable for occupancy. Each of the 17,500 SF buildings are two-stories and are concrete tilt construction. The buildings are owned by Red Rock Capital LLC. The project is located at El Capitan and Patrick Lane.

Las Vegas, 89109 Retail

Forte Specialty Contractors has completed construction on Chef Gordon Ramsay's Flame BurGR restaurant in Planet Hollywood. The restaurant occupies 5,660 SF. The project was completed within 90 days of inception and was finished on time and on budget. The architect of record is **Moser Architectural Studio**. Upon completion, the project

building costs totaled \$3.6 million dollars. The restaurant is located at 3667 S. Las Vegas Boulevard.



VadaTech

Henderson, 89014 Industrial

Burke Construction Group has been retained to build the VadaTech's research, development and manufacturing facility. The project will span over 3.5 acres and will comprise 70,000 SF. The new facility will be home to the VadaTech corporate headquarters. **PGAL Architects** will serve as the architect of record and the project is targeted for LEED Silver Certification. Construction of the building will cost \$11.6 million dollars and is expected to begin this month. The project is located at 198 N. Gibson Road.

SALES

Henderson, 89015 Office

Constantino Noval purchased 15,126 SF from **City National Bank** for \$1.1 million or \$73 PSF. The buyer was represented by **Gloria Levy** of **Gloria Levy Real Estate** and the seller was represented by **Cathy Jones** and **Paul Michika** of **Sun Commercial Real Estate, Inc.** The property is located at 155 S. Water Street.
APN # 179-18-701-002

Las Vegas, 89032 Office

BRI Cheyenne Storage, LLC purchased 5,000 SF from **DCW Properties, LLC** for \$800,000 or \$160 PSF. The seller was represented by **Bryan Houser** and **Doug Albright** of **Albright Callister & Associates, LLC**. The property is located at 2222 W. Cheyenne Avenue.
APN # 139-08-803-009

Henderson, 89074 Office

Brentwood Green Valley, LLC purchased 46,737 SF in the Green Valley Corporate Center from **CCI, LLC** for \$4,850,000 or \$105 PSF. The buyer was represented by **James Wilmot** of **JW Commercial Services** and the seller was represented by **Tom** and **Lizz Stille** of **Colliers International**. The property is located at 901 N. Green Valley Parkway.
APN # 178-19-511-018

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Las Vegas, 89148
Office

TJJC, LLC purchased 10,638 SF from **SA California Group, Inc** for \$450,000 or \$42 PSF. The buyer was represented by **Jeff** and **Mica Berg** of **Sun Commercial Real Estate, Inc** and the seller was represented by **Garrett Toft** of **Voit Commercial**. The property is located at 9340 Martin Avenue. APN # 176-05-115-003

Henderson, 89014
Industrial

T. Danny Tai Revocable Trust purchased 17,500 SF from **Carson Property Management, LLC** for \$1,050,000 or \$60 PSF. The buyer was represented by **Jarrad Katz, CCIM** and **Galit Kimerling** of **NAI Las Vegas** and the seller was represented by **Danielle Steffen** of **Commerce CRG**. The property is located at 7541 Eastgate Road. APN # 178-11-115-024

Pahrump, 89048
Industrial

Affiliated Physical Therapy, LLC purchased 12,000 SF from **City National Bank** for \$680,000 or \$57 PSF. The buyer was represented by **Capri Evans** and **Paula Callahan** of **Realty One Group** and the seller was represented by **Cathy Jones** and **Paul Miachika** of **Sun Commercial Real Estate**. The property is located at 2250 E. Postal Drive. APN # 035-422-38

Las Vegas, 89118
Industrial

6215 Post Road LLC purchased 6,928 in the Post Business Park from **First Southern National Bank** for \$475,000 or \$69 PSF. The buyer was represented by **Randy Black Sr.** of **Diversified Interests** and the seller was represented by **Dan Doherty, SIOR** and **Chris Lane** of **Colliers International**. The property is located at 6215 W. Post Road. APN # 163-35-812-016

Las Vegas, 89130
Industrial

Bob Jepson purchased 8,120 SF from **Kinney Family Trust** for \$365,400 or \$45 PSF. The buyer and seller were both represented by **Bryan Houser** and **Doug Albright** of **Albright Callister & Associates, LLC**. The property is located at 3626/3628 N. Rancho Drive. APN # 138-12-213-046

LEASES

North Las Vegas, 89030
Office

Greater Las Vegas Dialysis LLC leased 9,900 SF from **NLV-ZIM LLC** for \$3,170,652 on a 15-year lease. The tenant was represented by **Bruce Folmer** of **CB Richard Ellis** and the landlord was represented by **Jarrad Katz** of **NAI Las Vegas**. The property is located at 2065 N. Las Vegas Boulevard. Reported monthly rent is \$1.78 PSF.

Henderson, 89052
Office

Women's Specialty Care, LLP leased 5,172 SF in the Seven Hills Business Center from **B&R Receivership, LLC** for \$500,437 on a 65-month lease. The tenant was represented by **Mike Pristow** of **Keller Williams** and the landlord was represented by **Rob Lujan** and **Jason Simon** of **Gatski Commercial**. The property is located at 880 Seven Hills Drive, Suite 140. Reported monthly rent is \$1.49 PSF.

Las Vegas, 89102
Office

Operating Engineers Fund Inc. leased 3,571 SF from **Saucer 5 LP** for \$100,580 on a two-year lease. The tenant was represented by **Miriam Campos-Root, CCIM** of **NAI Las Vegas**. The property is located at 2881 S. Valley View #1. Reported monthly rent is \$1.17 PSF.

Las Vegas, 89117
Office

Roberson, LTD leased 4,800 SF from **The Wilkins Family** for \$160,000 on a 38-month lease. The tenant was represented by **Diane Canada** of **Realty One Group, Inc** and the landlord was represented by **Soozi Jones Walker, CCIM** and **Bobbi Miracle, CCIM** of **Commercial Executives**. The property is located at 7548 W. Sahara Avenue, Suite 101. Reported monthly rent is \$0.88 PSF.

Las Vegas, 89118
Office

RMI Management, LLC leased 13,818 SF in the Decatur Crossings III from **DC3, LLC** for \$915,085 on a 66-month lease. The tenant was represented by **Greg Pancirov** of **Colliers International** and the landlord was represented by **Rob**

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Lujan and Jason Simon of Gatski Commercial. The property is located at 4775 W. Teco Avenue, Suites 135-150. Reported monthly rent is \$1 PSF.

Las Vegas, 89118 Office

Catalyst Lending Incorporated leased 3,701 SF in the Decatur Crossings III from **DC3, LLC** for \$202,454 on a 66-month lease. The tenant was represented by **Darren Hart** of **Commerce Real Estate Solutions** and the landlord was represented by **Rob Lujan** and **Jason Simon** of **Gatski Commercial**. The property is located at 4775 W. Teco Avenue, #130. Reported monthly rent is \$0.83 PSF.

Las Vegas, 89119 Office

Liberum Studios, LLC leased 3,600 SF in the Venture Commerce Center from **Antigone Rahi** for \$138,024 on a 61 month lease. The tenant was represented by **Andre Lereu** of **Strategic Realty** and the landlord was represented by **Miriam Campos-Root, CCIM** of **NAI Las Vegas**. The property is located at 6745 S. Eastern Avenue. Reported monthly rent is \$0.63 PSF.

Las Vegas, 89109 Retail

Firefly Partners, LLC leased 11,379 SF from **Benchmark Enterprises, LLC** for \$1,869,487 on a 5-year lease. The tenant was represented by **Jarrad Katz, CCIM** of **NAI Las Vegas** and the landlord was represented by **Kent Clifford** of **Clifford Commercial**. The property is located at 3834 Paradise Road. Reported monthly rent is \$2.74 PSF.

Las Vegas, 89117 Retail

Fred Astaire Dance Studio leased 3,600 SF from **CML-NV FT. AR, LLC** for \$216,000 on a 36-month lease. The landlord was represented by **Jason Otter** and **Chris Richardson, CCIM** of **The Equity Group**. The property is located at 4160 S. Fort Apache Suite C & D. Reported monthly rent is \$1.66 PSF.

Las Vegas, 89121 Retail

Citi Trends leased 10,848 SF from **Tropec, LLC** for \$3million on a five-year lease. The tenant was represented by **Dan Adamson** of **R.O.I. Commercial Real Estate, Inc.** and the landlord was represented by **Joe Bonifatto** of **Colliers International**. The property is located at 3365 E. Tropicana Avenue. Reported monthly rent is \$4.60 PSF.

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Industrial Summary

Fourth Quarter 2012

Las Vegas

With no completions during the quarter, the industrial market witnessed some increased demand, reporting approximately 32,000 square feet of positive net absorption. However, for the year, absorption remained negative with 243,700 square feet of net move-outs.

Average asking rates remained flat at \$0.51 per square foot per month for the fourth consecutive quarter. Pricing remains down compared to a year ago, but the pace of year-over-year contraction is starting to slow, with the fourth quarter of 2012 down a modest 1.9 percent when compared to the fourth quarter of 2011.

The amount of space actively under construction increased to 875,000 square feet in the fourth quarter of 2012, the highest it has been since the third quarter of 2008. The majority of the space under development (755,000 square feet) is located in the Southwest submarket. Approximately 711,600 square feet remains planned, including a new FedEx facility at the South 15 Airport Center in Henderson and a Switch location in North Las Vegas.

Industrial construction activity only recently picked up, which followed limited completions during the last three years. During the entirety of 2012, only 65,000 square feet completed construction, which was sourced to the Gowan Industrial Center that came online in the second quarter of 2012. With five projects currently actively under construction, the amount of space expected to be added to the market in 2013 will far outpace the weak performance of 2012.

Reno-Sparks

The fourth quarter and full year 2012 ended with some respectable numbers. Net absorption was positive for Q4 at 275,368 square feet and the year ended positive at 691,636 square feet. This resulted in yet another decline in the vacancy rate ending at 13.56 percent (including sublease space) down from 14.65 percent, more than a full percentage point over the year. Vacancy is 11.8 percent when excluding sublease space. The activity levels still remain below average but overall the market seems stable. There was no new construction in 2012 and with class 'A' inventory waning, rates stabilizing and even rising there have been some rumblings.

The majority of square footage was in the distribution sector with the majority of transactions in the flex/service sector (80). Total gross absorption for the quarter was 881,779 square feet and 4,030,809 square feet for the year, the highest since 2007 but far off the 6M square foot years. There were 39 transactions for Q4 and 147 for the year. The average deal was 27,052 square feet.

Rental rates are stable and with but a few exceptions, the days of "giveaway" deals appear over. Expect upward pressure on rates for class 'A' space in 2013. With the election and fiscal cliff behind us the business world seems to be moving forward, albeit cautiously. Moving through Q1 2013 unscathed by move outs and with continued brisk inquiries from California will bring a pleasant change and make 2013 the best year since the recession.

4th Quarter 2012

INDUSTRIAL

TOTAL MARKET	LAS VEGAS	RENO
Total Square feet	105,061,148	72,836,840
Vacant Square Feet	19,208,822	9,857,343
Percent Vacant	18.3%	13.53%
New Construction	0	0
Net Absorption	32,039	275,368
Average Lease sf/mo (nnn)	\$0.51	\$0.359
Under Construction	875,000	0
Planned	711,566	0
WAREHOUSE/DISTRIBUTION		
Total Square Feet	66,689,097	42,223,320
Vacant Square Feet	11,231,714	6,511,204
Percent Vacant	16.8%	15.42%
New Construction	0	0
Net Absorption	74,355	496,983
Average Lease SF/MO (NNN)	\$0.46	\$0.291
Under Construction	745,000	0
Planned	651,502	0
INDUSTRIAL/LIGHT INDUSTRIAL/MANUFACTURING		
Total Square Feet	23,891,935	25,919,010
Vacant Square Feet	4,533,617	2,165,446
Percent Vacant	19.0%	8.35%
New Construction	0	0
Net Absorption	(131,200)	129,110
Average Lease SF/MO (NNN)	\$0.51	\$0.284
Under Construction	130,000	0
Planned	60,064	0
R&D/FLEX		
Total Square Feet	14,480,116	4,694,509
Vacant Square Feet	3,443,491	1,180,693
Percent Vacant	23.8%	25.15%
New Construction	0	0
Net Absorption	88,884	255,686
Average Lease SF/MO (NNN)	\$0.67	\$0.501
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 U.S. economy is showing signs of moderate improvement. Revised estimates of U.S. real GDP for third quarter 2012 show an annualized growth rate of 3.1 percent, up from the previous estimate of 2.0 percent.

Most of the revision can be attributed to a higher rate of inventory accumulation than previously estimated. Although real GDP growth was higher than the tepid 1.3 percent growth rate for second quarter, the third quarter rate is still below the average growth rate of 3.4 percent the U.S. economy experienced from 1947 to 2007. Growth in U.S. real GDP during third quarter 2012 was driven by increases in personal consumption expenditures, federal government spending, net exports, and residential investment. Nonresidential fixed investment made negative contributions. U.S. nonfarm employment continues to rise, gaining 155,000 jobs from November to December. The unemployment rate held steady at 7.8 percent in the same period. Housing starts are up substantially year-over-year, and housing prices continue to rise. Auto/truck and retail sales increased for November. Recently, consumer sentiment and consumer confidence have decreased significantly.

The Nevada economy evidenced mostly positive signs for November. Seasonally adjusted, statewide employment increased by 9,200 jobs (0.8 percent) from October to November. The Nevada unemployment rate decreased from 11.5 percent to 10.8 percent. Visitor volume was 1.4 percent higher in November than a year earlier. Taxable sales continue to show strong growth, up 4.4 percent from last year. Gaming revenue did not have a strong month and was down 11.1 percent from November 2011.

For Clark County, seasonally adjusted employment increased from October to November by 1,900 jobs. The Las Vegas unemployment rate declined, from 11.3 percent in October to 10.9 percent in November. Total passengers at McCarran Airport were down 0.2 percent from a year earlier. Compared to a year ago, November visitor volume was up by 1.9 percent. Gaming revenue was 13.0 percent lower in November than a year earlier. Clark County's taxable sales for October were 5.2 percent above those from a year earlier. Residential construction permits decreased slightly from October to November. Commercial construction permits remained at a low level.

Washoe County had mixed signals for the most recent data. Seasonally adjusted, Reno-Sparks' employment increased by 2,700 jobs (1.4 percent) from October to November. The seasonally adjusted Reno-Sparks unemployment rate declined slightly, from 11.3 in October to 10.8 in November. Compared to a year earlier, November visitor volume and total passengers were down by 3.8 and 4.4 percent, respectively. Gaming revenues for November were 3.1 percent below the same period a year earlier. Residential construction permits increased slightly in November, while commercial construction permits remained low.

Ryan T. Kennelly

UNLV Center for Business and Economic Research

	DATE	UNITS	DATA			GROWTH		COMMENTS
			LATEST	PREVIOUS	YEAR AGO	RECENT	YEAR AGO	
Nevada								
Employment	2012M11	000s, SA	1,148.2	1,139.0	1,134.5	0.8%	1.2%	Up Over Year Ago
Unemployment Rate*	2012M11	%, SA	10.8	11.5	13.2	-0.7%	-2.4%	Reduced
Taxable Sales	2012M10	\$billion	3.670	3.734	3.516	-1.7%	4.4%	Up Over Year Ago
Gaming Revenue	2012M11	\$million	782.63	978.81	880.14	-20.0%	-11.1%	Down from Year Ago
Passengers	2012M11	million persons	3.606	4.016	3.644	-10.2%	-1.0%	Down from Year Ago
Gasoline Sales	2012M10	million gallons	93.26	88.33	90.82	5.6%	2.7%	Up Over Year Ago
Visitor Volume	2012M11	million persons	3.797	4.348	3.743	-12.7%	1.4%	Up Over Year Ago
Clark County								
Employment	2012M11	000s, SA	819.9	818.0	813.9	0.2%	0.7%	Up Over Year Ago
Unemployment Rate*	2012M11	%, Smoothed SA	10.9	11.3	13.5	-0.4%	-2.6%	Reduced
Taxable Sales	2012M10	\$billion	2.656	2.694	2.524	-1.4%	5.2%	Up Over Year Ago
Gaming Revenue	2012M11	\$million	671.61	859.88	771.88	-21.9%	-13.0%	Down from Year Ago
Residential Permits	2012M11	units permitted	531	595	289	-10.8%	83.7%	Up Over Year Ago
Commercial Permits	2012M11	permits	21	14	13	50.0%	61.5%	Low and Volatile
Passengers	2012M11	million persons	3.311	3.687	3.319	-10.2%	-0.2%	Down from Year Ago
Gasoline Sales	2012M10	million gallons	64.04	59.50	61.58	7.6%	4.0%	Up Over Year Ago
Visitor Volume	2012M11	million persons	3.325	3.777	3.262	-12.0%	1.9%	Up Over Year Ago
Washoe County								
Employment **	2012M11	000s, SA	192.6	189.9	189.8	1.4%	1.5%	Up Over Year Ago
Unemployment Rate*	2012M11	%, Smoothed SA	10.8	11.3	12.4	-0.5%	-1.6%	Reduced
Taxable Sales	2012M10	\$billion	0.465	0.489	0.475	-4.9%	-2.0%	Down from Year Ago
Gaming Revenue	2012M11	\$million	51.85	59.02	53.51	-12.2%	-3.1%	Down from Year Ago
Residential Permits	2012M11	units permitted	70	60	59	16.7%	18.6%	Up Over Year Ago
Commercial Permits	2012M11	permits	9	20	11	-55.0%	-18.2%	Low and Volatile
Passengers	2012M11	million persons	0.248	0.277	0.259	-10.5%	-4.4%	Down from Year Ago
Gasoline Sales	2012M10	million gallons	13.95	13.80	14.19	1.1%	-1.7%	Down from Year Ago
Visitor Volume	2012M11	million persons	0.291	0.364	0.303	-19.9%	-3.8%	Down from Year Ago
United States								
Employment	2012M12	million, SA	134.021	133.866	132.186	0.1%	1.4%	Slow Growth
Unemployment Rate	2012M12	%, SA	7.8	7.8	8.5	0.0%	-0.7%	Holding Steady
Consumer Price Index	2012M11	82-84=100, SA	231.0	231.8	227.0	-0.3%	1.8%	Down Moderately
Core CPI	2012M12	82-84=100, SA	231.3	231.0	226.9	0.1%	1.9%	Up Moderately
Employment Cost Index	2012Q3	89.06=100, SA	116.3	115.8	114.2	0.4%	1.8%	Up Moderately
Productivity Index	2012Q3	2005=100, SA	111.7	111.0	109.9	0.6%	1.6%	Up Moderately
Retail Sales Growth	2012M11	\$billion, SA	412.4	411.3	397.7	0.3%	3.7%	Up Over Year Ago
Auto and Truck Sales	2012M11	million, SA	15.48	14.23	13.51	8.8%	14.6%	Up Strongly
Housing Starts	2012M11	million, SA	0.861	0.888	0.708	-3.0%	21.6%	Up Over Year Ago
Real GDP Growth***	2012Q3	2005\$billion, SA	13,652.5	13,548.5	13,306.9	3.1%	2.6%	Up Moderately
U.S. Dollar	2012M12	97.01=100	98.997	99.586	100.451	-0.6%	-1.4%	Down from Year Ago
Trade Balance	2012M11	\$billion, SA	-48.731	-42.064	-48.835	15.8%	-0.2%	Year-Over-Year Deficit Decrease
S and P 500	2012M12	monthly close	1,426.19	1,416.18	1,257.60	0.7%	13.4%	Up Strongly
Real Short-term Rates*	2012M11	%, NSA	-3.01	-3.00	-3.19	-0.0%	0.2%	More Negative Recently
Treasury Yield Spread	2012M12	%, NSA	1.65	1.56	1.97	0.09%	-0.32%	Widened Recently

*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 System.

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

What has the greatest potential to improve Nevada's economy?

“Quality education and healthcare are key to the diversification of our employment base, which will bring businesses and individuals to Southern Nevada and positively impact our economy.”



Joselyn Cousins · Vice President, Community Development, United Way of Southern Nevada



Buster Neel · Senior Vice President for Finance and Administration, Nevada State College

“An increasingly educated workforce provides the greatest opportunity to find creative solutions for Nevada’s economic challenges. As individuals discover and develop their own unique abilities and skills, they in turn positively impact other individuals and society as a whole.”

“Not a single event or government program will solve Nevada’s economic problems, but understanding the drivers of an economy will: capital formation, a business friendly environment and government understanding that taxpayers are not an unlimited source of funds and capital.”



Bill Spohrer, SPHR, CLM · Director of Administration, Jolley Urga Wirth Woodbury & Standish Attorneys at Law



Jon Goldberg · Owner, CJ's Italian Ice and Custard

“I think that increasing the support of small businesses rather than big box stores will help increase Nevada’s economy.”

“Nevada’s tourism economy is tightly linked to the national economy and Nevada’s economy will improve as does the national economy. Allowing the glut of ‘underwater’ residential properties to turn over to new owners will have a strong stabilizing effect in our local economy.”



Matthew Saltzman · Shareholder, Kolesar & Leatham



Elizabeth Trosper · Principal, Trosper Communications, LLC

“We, as a community, have the greatest potential to improve Nevada’s economy. Our perseverance, hard work, and strategic economic planning and development will allow us to see greater days ahead. I believe in us.”



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