Nevada Business

the decision maker's magazine

The Road Ahead

Banking In Nevada

Marketing & Social Media

Builders & Developers

SPECIAL REPORT **Henderson**

$4.95 | April 2010

www.NevadaBusiness.com

Why is the Tail Wagging the Dog?

Public Employees as Lawmakers

"The powers of the Government of the State of Nevada shall be divided into three separate departments,—the Legislative,—the Executive and the Judicial; and no persons charged with the exercise of powers properly belonging to one of these departments shall exercise any functions, appertaining to either of the others, except in the cases expressly directed or permitted in this constitution."

Article 3, Section 1 of the Nevada Constitution

The founding fathers of our country established the "separation of powers' system to give each department of government the ability to keep the others in check. When Nevadans established their state Constitution, they wisely followed the federal model. While not explicitly stated, the intention was to avoid any conflicts of interests that may arise by citizens serving dual roles in government.

In 1971 Attorney General Robert List, overturning more than a century of precedent, stated that school teachers could serve in the Legislature as long as they did so while on a leave of absence from teaching. In the following years, more attorney generals supported and expanded the position that public employees could serve in the legislature.

It could be argued that public employees are not serving in either the Executive or Judicial branch and should be allowed to maintain a job with state government and serve in the Legislature. The problem with this argument is self evident, and history has proven that there are inherent conflicts for interest with the current system.

We now face a situation which the same people who are tax consumers as public employees are also the ones deciding how much to tax, what to tax, who to tax and how that tax money will be spent. For example, John Oceguera, Majority Floor Leader in the Assembly, is assistant chief of the North Las Vegas Fire Department; Sheila Leslie works for the court system; Kelvin Atkinson and Kathy McClain work for Clark County; Ruben Kihuen and Paul Aizley are employed by the university system, and Melissa Woodbury is a teacher in the Clark County School District.

Consider this scenario: an employee is suddenly given the power to decide his own salary, benefits and working conditions, and his boss has no control over the outcome. An honest employee will try to come up with a fair compensation package, but it's pretty much guaranteed to include more money, more benefits, more job security and fewer restrictions. It's easy to see how letting public employees make the laws leads to bigger government and chronic overspending.

The current system by its very nature creates conflicts of interest – for example, a university employee voting to approve the higher education budget, or a highway department worker voting on road construction bills. A public employee who sits in the Legislature is in effect acting as a lobbyist for the government agency that provides his salary, in direct opposition to the people who put up the tax money to fund that salary.

There is also the question of double-dipping, where lawmakers who work in government jobs draw two public salaries at the same time. Even if they take unpaid leave from their regular jobs, they may continue to accrue seniority under both the legislative retirement plan and the Public Employees Retirement System.

Now that the separation of powers clause has been effectively thrown out, there is nothing to balance the bureaucrats' natural urge to get a larger share of the state budget, to boost their salaries and benefits, and to squeeze out the competition, which in many cases is private enterprise. Remember when a person holding government office was called a "public servant"? When the tax consumers are also making the laws, we taxpayers are the ones doing the serving. Perhaps, it's time for a change.

Lyle E. Brennan
Publisher

COMMENTS
lyle@nevadabusiness.com

Nevada Business
the decision maker's magazine

Volume 25 · No. 4

A division of Business Link, LLC

Publisher
Lyle E. Brennan · lyle@nevadabusiness.com

Publisher / CEO
Connie Brennan · connie@nevadabusiness.com

Managing Editor
Tarah Figueroa · tarah@nevadabusiness.com

Art Director
Chris Tucker · ctucker@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
Doresa Banning · Adam Candee · John Krofton
Geoffrey Lawrence · Terry McConnell · Jennifer Morss
Dale Rycraft · Patty Wade · Jeanne Lauf Wapole

Advertising / Sales
Dawn Perkins · dawn@nevadabusiness.com
Joy Crossman · joy@nevadabusiness.com

Subscriptions
subscribers@nevadabusiness.com

Reprints
For more info call (800) 259-0470

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

Web Site: nevadabusiness.com
TopRank Nevada: topranknevada.com

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 with one additional issue each year. Subscription rate is $44.00 per year. Special order single-copy price is $7.50. **TopRank Nevada – Annual Statewide Book of Lists**, a compilation of lists which have appeared in **Nevada Business Magazine** over the past 12 months, is published on an annual basis.

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.

Contents

COVER STORY

The Road Ahead

Banking on Nevada

By Adam Candee

Pictured on Cover (left to right): Larry Charlton, City National Bank, Kathy Phillips, Nevada Commerce Bank, Bill Martin, Service 1st Bank of Nevada

SPECIAL REPORT

Henderson

Nevada's second largest city, Henderson is striving to provide an atmosphere that encourages new businesses to relocate and grow.

DEPARTMENTS

FEATURES

Charlie Nguyen, Director - Southern Nevada Campus

Harnessing
Optimism, Creativity and Ingenuity

"Still the question recurs 'can we do better?' The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty and we must rise with the occasion. As our case is new, so we must think anew and act anew."

Abraham Lincoln

Exemplary school principals, who are also faculty for the College of Education, University of Phoenix, Las Vegas campus contributed to this article and are the inspiration for our opinion: Mr. Robert Gerye (top) of Spring Valley High School, Ms. Danielle Miller (middle) at Thurman White Middle School, Dr. Robert A. Bennett (bottom) of Kay Carl Elementary School and Dr. Carrie Larson-Buck (not pictured) of C.T. Sewell Elementary School. Their ingenuity and creativity spark our optimism.

702.638.7279

The state of Nevada has to face a hard fact. Education rankings have been in the basement for a long time and most importantly during good times. No matter how student achievement is measured, we are almost dead last in the nation. Good times did not result in good scores, at least not enough to raise our ranking.

Aside from funding, there are other factors related to our children's performance that are already at work within some of our schools. Much like our business community, our schools are also utilizing sound management principles that include optimism, creativity and ingenuity. The famed management guru Dr. Peter Drucker once said: Good managers do things right; good leaders do the right thing. Leading education takes creativity and ingenuity. And a positive belief in the future.

For instance: Spring Valley High School opened with the philosophy that all students would be prepared for post-secondary education of some sort. At the end of five years and with a student population demographic that reflects the Las Vegas Valley, 82% of Spring Valley High School students go on to some form of post-secondary education, and ALL sub-groups graduate at the same rate with no gap. The innovative "Smaller Learning Communities" structure of the school whereby the school has been broken into three smaller schools, all with their unique administrators, teachers and counselors, has worked in that students have been focused on graduation and beyond and receive vital support.

Optimism, creativity and ingenuity are also the guiding principles at C. T. Sewell Elementary School. Sewell is an "empowerment" school which allows a building principal and staff to manage the school as if it were a family business. There are site based management procedures wherein the teachers, led by the principal and assistant principal, exercise autonomy over budgeting, staffing, and governance, free from some district bureaucratic controls. Each grade level has a leader-teacher who is a volunteer and is not paid extra. These teacher-leaders work with the other teachers to find ways to enrich instruction and the curriculum for student achievement for that grade. The staff is "empowered" to find creative solutions to achievement gaps. It is no wonder this school and principal have earned several achievement awards in the past several years.

At Thurman White Middle School, Principal Danielle Miller inherited a school that had been underachieving for four straight years. The federal No Child Left Behind Act mandates that schools make adequate yearly progress (AYP) based on a standards-based curriculum and standardized testing. By using her consistent optimism with her staff and with the support of the district and parents, she instituted more accelerated classes with a rigorous curriculum, increased positive teacher and student relationships, and set higher expectations of the teachers and children. The result of her ingenuity and creativity is that for the last two years, this middle school has achieved adequate yearly progress as mandated by the government. The students, parents and staff at White MS have been chosen as one of the new Empowerment schools for their efforts in student achievement and community building.

In our three examples, we can see these successes are not about money. They are about people who work hard and have high expectations of themselves. They are professionals who can work collaboratively and creatively and do not allow the naysayers to detract them from their firm belief in their profession and in children.

It comes as no surprise that these three educational leaders are a success on our university classrooms as well. They are leaders of three University of Phoenix licensed-related degree programs and make the courses realistic in the evenings to our students by using this same ingenuity and creativity.

Once we stop wringing our hands and drop our fixation on funding and instead look for these leadership traits and spread them, we can recover and the children will benefit. And so will Nevada's workforce in years to come. We must think past graduation and keep our eye on the ever changing horizon. The children we teach in the Clark County School District are the workforce and leaders of tomorrow. Our business community understands that.

Our current economic recession has hit this country hard and especially here in Nevada. But we can rise to the occasion by speaking to our children, their parents, and residents of Nevada with optimism about how our own ingenuity and creativity is making a positive impact on the lives of the children whose minds and welfare we are all entrusted with.

University of Phoenix®
Las Vegas Campus

By: Charlie Nguyen, Campus Director, University of Phoenix-Las Vegas and Ray Garubo, Chairman, College of Education-Las Vegas Campus

The Road Ahead

Banking In Nevada

By Adam Candee

Nearing the end of a long, tough road is never easy. The banking industry in Nevada is crossing its proverbial fingers that the road Nevada's economy has been on will soon get easier. The hope that the tough parts of the journey are almost over is what's keeping bankers driving forward.

Politicians beg bankers to lend more and to do it right this moment while regulators insist on reducing risk in who receives a loan. Nervous business leaders want them to free up capital to get the economy moving, but no room exists for further error when banks still hold a significant amount of bad assets threatening to blow down the house. Angry Nevadans blame bankers for causing a big part of the economic mess, yet some struggling banks never made the types of bad decisions that others did to bring on today's crisis.

Bankers want to help fix a situation that jeopardizes at best their profitability and at worst their existence. Sometimes they can, other times they can't. Despite the perils of navigating these challenges, Nevada's bankers remain hopeful about their future.

"We are guardedly optimistic that we are nearing the end of this cycle," said Kathy Phillips, President and CEO of Nevada Commerce Bank. "We would love to help businesses grow and prosper, and therefore create job opportunities."

Stretching back roughly two years to the present day, this cycle places enormous stress upon banks as more consumers and businesses struggle to pay on loans, particularly residential real estate loans to the major lenders, commercial real estate loans to community banks and consumer loans to the credit unions.

In this time, Nevada's banks have slashed dozens of jobs. Seven banks and four credit unions have failed, the most recent occurring at the end of February when the Nevada Financial Institutions Division closed Carson River Community Bank in Carson City. That failure cost the Federal Deposit Insurance Corporation (FDIC) about $7.9 million, and Heritage Bank of Nevada in Reno took over the bulk of Carson River's deposits.

The other six bank failures include: Silver State Bank; Washington Mutual; Community Bank of Nevada and Security Savings Bank in Southern Nevada; First National Bank of Nevada in Reno; and Great Basin Bank of Nevada in Elko. Cumorah Credit Union, Clearstar Financial Credit Union, Ensign Federal Credit Union and Community One Federal Credit Union were shuttered over the past two years by the National Credit Union Administration (NCUA).

"No Southern Nevada banks were profitable in 2009," said Bill Martin, vice chairman and CEO of Service 1st Bank of Nevada. "Obviously, some are in a more weakended condition than others and, for the most part, lent funds on the same terms that have been considered prudent as long as I've been banking, only to see real estate values now plummet far below those acceptable lending criteria of prior years."

The closed banks shared some problems, said Greg Hernandez of the FDIC.

"Commercial real estate and acquisition development and construction loan portfolios have been weighing down a lot of these banks," Hernandez said, calling those reasons a "general string as a common reason for failure."

That witches' brew ails every industry in Nevada, but some feel the chilling effect it creates within the banking world is unique.

"The banking industry is not like any other industry," said Jeremy Aguero, principal

analyst with Applied Analysis, a Las Vegas-based advisory services firm. "They're very pensive."

Some bankers disagree with that characterization, pointing to efforts in rewriting mortgages, backing government projects, supporting community development efforts and seeking out new loan applications as proof that they remain aggressive.

"The lending landscape is positive for us as our new loan production has increased, albeit at a slower pace," said Larry Charlton, Nevada regional executive for City National Bank. "We expect the return to normalcy for Nevada to lag behind the rest of the national economy. The crisis here was created by the residential market initially and normalcy won't return until that issue is resolved."

"We're bullish on Nevada," said Kirk Clausen, Regional President in Nevada for Wells Fargo. "I've been here since 1996. This is my adopted home and I just love it here. I see it in the community, in business leaders – it's a resilient group. We've got it better than sometimes what the chitchat in the marketplace would lead you to believe."

Dallas Haun, President and CEO of Nevada State Bank, noted that his institution funded 4,256 new loans – an increase of more than 600 over the previous year – totaling $223 million in 2009, nearly half of which went to consumers and small businesses. That compares with 3,654 loans worth $514 million in 2008 and 5,027 loans worth $774 million in 2007.

"Those are new fundings and it's not easy," Haun said. "We're spending more time, money and focus than ever to generate more applications, but it's difficult. There's a high percentage of declination because of the position people find themselves in. All banks are keenly motivated to generate loan growth."

In figures like those cited by Haun, Aguero sees a shift in focus for banks.

"I think it's a holding pattern because financial institutions are not in the business of lending to projects that are risky and today, in Southern Nevada, every project is risky," Aguero said.

"It's not about investment anymore. Now, the conversations are largely around restructuring - how do we build the expectation that tomorrow is better than today?"

The ensuing questions might be: how far off is tomorrow and what will 'better' look like when tomorrow arrives? There appears to still be some pain left to endure.

Seventeen banks registered in Nevada showed troubled-asset ratios of at least double the national median of 14.5 – and in many cases, much more than that – in December 2009. Troubled-asset ratio measures a bank's capital and loan-loss reserves against the amount of loans it holds that are more than 90 days past due, those loans not generating interest for the bank and bank-owned real estate.

Community banks comprise the majority of Nevada's chartered institutions, and their largest burden comes from bad commercial real estate loans. While residential foreclosures finally slowed in February, the

Continues on page 22 ▷

Social Media & Marketing

By Doresa Banning

When Nevada business owner Scott Dunseath attends community events to support his apparel shop, Reno eNVy, he photographs, on his iPhone, people wearing his brand, then simultaneously sends it, via one text message, to the company Web site, Facebook (2,241 fans) and Twitter (1,010 followers). He recently spread the word about a store sale via social media, and revenue that day was the highest ever. He advertises on Facebook for $5 a day, which yields him 15,000 to 20,000 impressions daily. Customers frequently send him photos, which end up on the store's photo-sharing account at Flickr. Dunseath, 42, uses social media marketing to expose Reno eNVy with the hope of becoming Nevada's signature brand. While daunting at first, social media now for him is easy, fun and beneficial to his business, he said. "Without question, it has gotten people into the store," he added.

Like Reno eNVy, Nevada businesses can benefit from incorporating social media into overall marketing campaigns.

"We're talking about new opportunities to generate revenue and relationships with audiences," said Marilyn Crawford, CEO of Windsor PTM, an interactive and integrative media technology company in Las Vegas. "It can massively affect the reputation, branding, sales and promotion of any person and any item that's out there."

"Social marketing has now become mainstream," adds Mark Cenicola, president and CEO of Cenicola-Helvin Enterprises, Inc. "Social maketing is certainly an area that businesses will need to investigate as part of their overall marketing strategy."

Online v. Offline Marketing

Social media are online venues for interaction, collaboration and feedback. Social media marketing is the use of those outlets for communications, oftentimes one to one, connecting people to people, and people to content. "It is the evolved version of offline marketing, sometimes referred to as traditional marketing—print, radio, television, which tends to be a one-too-many type of communication that links people and information," said David LaPlante, senior vice-president of sales and marketing for One to One In-

teractive, a company with a Reno office that provides digital marketing solutions for brands, agencies and publishers.

Regardless, offline marketing still has a place and purpose today, as a component that's integrated with social media marketing efforts. When opening a new store, for example, the mix would probably be some radio, television, print advertising and online marketing.

"You'll find that traditional media will continue to thrive in the social Media and Web 2.0 era," said Cenicola. "But, I think you'll find magazines that offer timeless content instead of news will perform the best."

"One drives eyeballs and bodies from one place to another. What we have now is transmedia, brand or story narratives that exist across multiple channels, which consumers are capable and willing to engage in," LaPlante said.

For maximum exposure and effectiveness, a company's offline marketing efforts should reference the online campaign, said Max Aceituno, principal of MaximoMedia Inc., a Las Vegas-based online marketing, advertising and Web design firm. For example, a television ad for a company might mention its presence on Facebook and include its Web site address.

"Online social-enabling and other newer technologies provide numerous channels for delivering a marketing message, along with direct access to consumers and niche markets," said Betsy McDonald, public relations director of The Bauserman Group, a Reno-based advertising and public relations agency.

"Among others, the technologies let you deliver a message immediately, extend its reach around the world, contact a large consolidated group rather than a fragmented one, target individuals with personal advertising, and modify communications in real time," Crawford said. "They also allow you, in real time, to provide immediate feedback, track your online advertising and evaluate their impact. And all of it can be done at little to no monetary cost. Now you have an opportunity to take those media buys directly to the consumer's mind, home, cell phone and Internet. It blows behavioral marketing and so–called tactics out of the water," she added

Why Bother?

Social media marketing gives companies a voice online. Using the available tools, business leaders can interact personally with customers, and learn about and better understand them. They can offer them valuable content, keep them informed, solidify existing customer relationships and reach out to potential ones. Additionally, they can groom a younger audience that eventually may need their products or services.

Social media marketing allows people to share, communicate and collaborate with a business. This is important because, today, consumers are in control of a company's brand, not the company, LaPlante said. Even if a business isn't on the Internet, its customers are, and they likely are talking about its products or service. Interaction with those who are paying attention allows them to better comprehend a company's products or services, and brand— the emotional and psychological relationship it has with customers.

"A brand lives in a person's heart, not so much their head," LaPlante added. "When people are emotionally engaged, they're motivated to do things."

Once there is a brand-loyal audience, it will do a lot of marketing for a company.

"Social media marketing helps to move potential customers through the purchase funnel, from awareness to consideration to conversion, the final point being when they actually buy a product or service," said Flip Wright, vice-president and director of strategy and planning at The Glenn Group, a Nevada marketing and communications agency.

Continues on page 44 ▷

INDUSTRY FOCUS

Utilities

Left To Right

Michael Yackira, NV Energy • **Pat Mulroy**, Southern Nevada Water Authority
Jeff Shaw, Southwest Gas • **Anne-Marie Cuneo**, Public Utilities Commission

Nevada's utilities are facing increased pressure in both the financial and competitive realms due to the economy and the emergence of alternative energy in the state. While the lower price of natural gas has certainly helped, Nevada's utilities are finding that customer's expectations are far different than the realities they are facing. Recently, executives representing Nevada's utilities met at the law offices of Holland & Hart in Las Vegas to discuss some of the issues each of them face.

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 organizations. Following is a condensed version of the roundtable discussion.

Q How have your **organizations** been **affected** by the **economy**?

Jeff Shaw: We've had tremendous growth, especially during the 90's and early 2000's. That growth has come to a screeching halt. Mostly towards the latter part of 2007, into 2008 and clearly last year. We have, of course, disclosed those changes in our annual reports to shareholders and to the commissions that we work with. One of the interesting things about our business is over time, people have naturally used less and less natural gas. In fact, if you look at our industry, we have seen a 20-year history of declining average usage by customers. The reasons for that would be better housing envelopes and replacement of appliances with more energy-efficient appliances. Unlike the electric utility which has every appliance known to man that keeps getting added, we don't. We have your basic appliances, cooking, clothes drying, space heating, hot water and maybe a pool heater or a barbecue. Because of the number of foreclosures and short sales, we are seeing a larger number of inactive reads. That being said, the price of houses has declined and, as a result, we are starting to see more homes selling. The question is: Are they going to be inhabited or is it just an investor that has purchased the home? We will have to see how that all plays out. It is impacting our business though. We are seeing a lower margin as a result of not having customers in those homes. We will go to great lengths to make payment arrangements to keep the customer in the home.

Michael Yackira: We are experiencing the same thing. Normally, we have about 4 percent of the homes we would consider to be inactive meters. What we mean by that is it is primarily second homes. Right now, it's about 7 percent, so it has gone up. It might not have gone up as dramatically as some people think. The rest of the homes, the 93 percent of the homes, are using less energy and we assume that has been affected by the economy.

Pat Mulroy: The biggest challenge is having to go through a drought during the worst economic times in the world. No water, no money, it's not a good situation. When we talk about how much less water people are using, we know it is a function of both the down economy and conservation, and we won't be able to disaggregate how much of this is the economy until we start coming out of it at the other end. The net effects of that has plummeted water sales. We are down another 7 percent in this fiscal year. Connection charges have all but disappeared and we are dealing with foreclosures left and right. We are giving our customers every payment stretch opportunity we possibly can. If they have a leak, we have a meet-them-halfway program. We are giving people payment plans and options and stretching out their payments as best we can.

Q How **effective** are **conservation efforts**?

Shaw: We have programs to encourage conservation. What we have striven for is a rate design that does not punish us for encouraging conservation. If you think about it, if your rates are determined based upon the volume of gas that flows through the pipe, if your usage is declining, that alone can drive you in for a rate case because you are not getting as much margin because the volume is going down. What we have advocated for is a decoupled rate structure along with programs that we are willing to do to encourage conservation. The biggest portion of your bill on a per unit basis is the cost of natural gas. We want to encourage you to use less of that, at the same time being able to have some mechanism in place through rate design that allows us to recover the cost of operations which are largely fixed. It's

similar to cable or garbage. I can put my garbage out twice a week or I can put it out once a week, but the infrastructure of that truck coming around twice a week is still there whether I do it or not and the cost they bear is still there. Similarly, if I use a lot of gas or a little gas, the cost of that infrastructure is still in place and doesn't vary. That's the general idea we are trying to convey. In the last general rate case in Nevada, we received a decoupled rate structure. Now we are in a position to aggressively encourage conservation to help customers use less gas and we are protected so we are not going to hurt financially. You never want to be in a position where you have a conflict.

Yackira: As a whole, over the past five years, the industry has been more focused on conservation. There wasn't a really big push when electric prices were low and there were mechanisms in place to provide incentives for companies to reduce consumption. There are very few businesses that would say, we want you to use less of our product. There has to be an incentive mechanism in place to provide that alignment of what the customer deserves in terms of lower bills and what the shareholder deserves in terms of the investment they have made. We have had good success in our conservation program. Last year, for example, we reduced consumption by about 1.4 percent of total energy demand. We are really ahead. The average is about a half of a percent or less in the nation. I don't want to pat ourselves on the back, but with the support of the Public Utilities Commission (PUC) and the way we have jointly worked on this together, it's a real opportunity for our customers. In 2002, our company invested $2 million annually in energy conservation. In the past two years, we've invested $60 million a year. It has become more important to us. If you look at what our energy strategy is, the first piece of that strategy is energy conservation because what is good for the environment is good for our customers. It means we don't have to build as many power plants.

Mulroy: When we talk about how much less water people are using, we know it is a function of both the down economy and conservation and we won't be able to disaggregate

how much of this is conservation and how much is the economy. The net effects of that has plummeted water sales. We are down another 7 percent in this fiscal year.

Yackira: They have done an incredible job, I don't think there is anybody else in the nation that compares to what the Las Vegas Valley Water District has done in conservation.

Mulroy: Much to my finance director's chagrin. You talk to anyone in the country, when it comes to climate change, we are at ground zero. We are the driest desert in the United States, we are completely landlocked, we have no ocean in our territory, we have no agricultural buffer that you can buy water rights from and transfer to urban use. We are ground zero on a river system that has been really stressed. But, there are solutions.

What **role** does the **Public Utilities Commission** play in **conservation**?

Anne-Marie Cuneo: When a regulated utility, either Southwest Gas, NV Energy or a small water company has a conservation program they would like to put into place, there

is not a financial incentive to do that. They are saying, please don't buy my products. There needs to be some recognition of that. So, they will file an application with the PUC and we have a whole team of economists and CPA's and financial analysts, engineers who will look through the plan, make recommendations and changes, and eventually, the Commission will approve what they think is reasonable to accomplish a given goal. We've worked really hard to create an effective demand-sized management program with NV Energy. We've been working on this for years in little increments and we will tweak programs as they go, but it's a long-term approach. You have to be willing to sacrifice in the short-term in order to get the long-term goal. It's really hard to do that sometimes, but you have to be willing to look for and see that there is a light at the end of the tunnel and this is what you are headed towards.

What effect does renewable energy have on your companies?

Yackira: It's clear that renewable energy is not just a passing fad. I think with additional investment in renewable technologies, prices are going to come down. We were one of the first states in the nation to recognize the importance of renewable energy. As a company, we recognized it well before it was required by law. In 1986, my company entered into its first contract with geothermal power in Northern Nevada. Before it was a statute, before it was vogue, we realized the importance of renewable energy in the mix of the generation of energy products that we have. I don't see that as a threat, necessarily. In fact, I see it as an opportunity for us. I think that what I would not want to happen is that there be a middleman between us and our customers. If the customer's desire is to have solar or wind energy, we can be the providers for that for our customers. There are a lot of things we are thinking about that could position us well with our customers so they see us as the provider of any form of energy that they like. If they want wind power, solar power, plain ol' normal generation or reduced consumption, we will provide them choice through different bundles of products we offer so they know they have control of their bill and their energy use. I say that in a grand sense. I don't mean that as dramatically as it sounds because so much of the cost of electricity has to do with things that we don't control, namely the price of fuel. If natural gas becomes less abundant, the price of natural gas goes up, the price of electricity goes up. We make no more money and our customers are really upset. That's a bad place to be.

> *"You can't, with renewable energy, make a big enough dent in this country to do what people expect."*
>
> *- Jeff Shaw*

Shaw: One of the things that I think everybody needs to understand is that you have renewable portfolio standards that are being discussed and they are fine. But, the reality is, when you take a look at the energy consumption in this country, you can't go to the levels that are being discussed pragmatically. Natural gas is going to have to be a significant part of the equation, very significant. You can't, with renewable energy, make a big enough dent in this country to do what people expect. I'm glad to hear that the costs are coming down, but I have seen data that has shown if you consider the amount of coal energy that is being generated in the country and you see the amount of natural gas energy that is being generated in this industry, it's not possible to get easily by these standards that are being battered about by politicians. You really need to talk to the people who are in the industry, because natural gas is going to play a big role. Fortunately, as long as there are no new Federal laws introduced that would restrict the production of natural gas, you have a long-term supply to bridge you to whatever alternative energy source there may be. I think people need to understand, we place a huge demand on energy in this country and to all of a sudden go completely to renewable generation to provide for that demand is not practical, it can't happen.

Does Nevada have the potential to be the alternative energy capital of the United States?

Cuneo: There is a lot of enthusiasm, and I appreciate that. But, the fact of the matter is, there is a lot of work that goes into developing and creating an industry and that is what they are trying to do. There is a lot of competing interests in the renewable industry. We are making some progress. There is a lot of work to be done, but, for those that think it is a rush to the West, get rich scheme, it is not necessarily.

Yackira: I think Nevada has on a per capita basis more renewable potential than any state in the United States. But some people think solar power is free because the sun is free. Well, we have two problems with that. One is the capital associated with capturing that sunlight and either creating it directly into electricity through those panels that are on roofs or concentrating sunlight using mirrors. But, when the sun is not shining, the lights still have to be on.

Shaw: That's where we step in and provide natural gas. Natural gas will need to be a backup in a lot of these renewable projects. You have to have a backup because the sun doesn't always shine and the wind doesn't al-

ways blow, but people always expect power.

Yackira: In Las Vegas in the nighttime, when it is 90 degrees, you have to something other than renewable energy to provide that electricity. There could be a breakthrough in storage technology. That is possible, which would make these forms of renewable energy more 24/7 like a normal power plant, but that comes with a cost. We are going to be testing that. We just filed something with the PUC asking for approval of 100 megawatts, which is a very large scale test of this. The test will be to see if you can have a power plant that uses solar as its fuel medium. As the sun starts degrading, about four o'clock in the afternoon, the efficiency of the plants go down. You could have stored capacity continuing through the peak hours. That would be obviously very beneficial in terms of making solar more 24/7.

Cuneo: Even that plant, it only extends it a couple hours, right?

Yackira: It will extend it to probably about eight or nine o'clock at night.

Cuneo: Which is about two hours past when your output really drops. You are only getting two hours worth of electricity that you didn't have.

Shaw: Then there is the issue of where your population center is and where you are going to be generating the energy. You have to transmit, not just store that energy. It's going to be a big issue for the large population centers in the country. That's why coal plants are so prevalent back east. How do you get enough renewably-generated electricity to the places you need them will be a real interesting challenge to address.

Cuneo: Nevada has the luxury of having a lot of geothermals, but it doesn't happen to be located where our population center is. It's located in the Northern part of the state and the population center is in the South. So, NV Energy has proposed a transmission line to help bring some of those renewable from North to South in order to fulfill their renewable portfolio standards.

Shaw: It takes a lot of land to generate enough solar to replace one of the plants that it uses right now here in this valley to run the electricity needs of Las Vegas.

Yackira: The rule of thumb is about ten acres for one megawatt.

Cuneo: A megawatt would account for about 1,000 homes in the North and 600 homes in the South.

Q How has **lower natural gas** prices affected this **industry**?

Shaw: The good news is gas prices have come down. The bad news is getting natural gas is one of the most volatile commodities there is. It doesn't only impact our company, it impacts the electric company in a huge way as well.

Cuneo: Although, that is a plus for the recession. Since usage is down, the supply is going to remain more stable and therefore,

the volatility should defuse a little. There is always a silver lining, right?

Yackira: Certainly in terms of our businesses, that is a huge help. This is good news for our customers and hopefully, it will be good news in the long run as well. If you're looking at the overall economy of the nation where there has been demand destruction that will never come back, chemical plants that now go overseas because the price of natural gas was too high and labor was too and if you add it all up, it is cheaper to go overseas. That will never come back.

What can **customers expect** in the **next year** as it relates to the **cost** of **utilities**?

Yackira: The cost of electricity is going to come down because natural gas prices are down. The way we have financially hedged our gas purchases, we do it over a period of time. So, as the price is going up, you are not seeing that price rate as rapidly. If the price is coming down, you won't see that price decline as rapidly. If the price [of natural gas] stays about where it is, then the price of electricity will be coming down. We filed for four consecutive rate declines in Northern Nevada.

Shaw: The last rate decision was reached in October [2009] and the new rates became effective November 1st. That was after five years of being out of any rate case and the rate on increase was far less than the rate of inflation during those five years. We were able to point to a number of cost control measures that we can do in order to keep that rate increase as small as possible. There is a price at which people will produce and a price in which they won't. Generally speaking, rate cases happen anywhere between three and five years, depending on the external factors. Similar to NV Energy, we buy our gas at a 50 percent hedge and 50 percent floating. We've found that over time, you can show any chart you want to in terms of the price of natural gas and we are in the middle. We dampened the volatility. We can't time the market any more than you and I can buy a stock and try to time it. You really want a dollar cost average and you want to fix some and float some so you can take advantage of both situations. It has worked extremely well for us, but we make no money on the cost of natural gas and there is the bigger component of the cost of energy that customer pays.

Mulroy: We try very hard to make our increases very small and step into them. The board just approved a two-year rate increase. We have a capital fund that is funded by three components, the regional connection charge, a regional water rate and the quarter cent sales tax. The regional connection charge went from an annual collection of $188 million a year to $14 million in a twelve-month period. It just fell off the cliff. Because of the success of conservation, the water use has gone down, so water revenues are down. The irony here is that despite the dip in sales tax revenues, it is our most stable revenue source right now. They have raised the regional water rate by a dime this year and then in January of 2011, it will go up another ten cents per thousand. The water district also raised the service charge, in order to stabilize its declining revenues. We needed something that was stable revenue that wasn't tied to consumption in order to offset the effects of conservation. We don't have that commodity cost. The resource itself has no cost to it. That changes instantly when you deal with desalted water, ocean water. There, your capital costs pales to your annual operating costs and it is an enormous power consumer. Your operation costs are driven extremely by power consumption. There are those that have suggested that instead of building the intake project, we build a desalter and then deliver it over land to Southern Nevada because Lake Mead will have dropped to a point where you can't exchange anything. We did a cost estimate of what that

would cost. The power bill alone is $400 million a year. So, it becomes extremely uneconomical.

Cuneo: When we design rates, we try to put as much of your fixed cost component in the fixed cost component of the rates. We try to put fixed cost as fixed cost, variable cost as variable cost. But, customers have a hard time understanding that it really costs $36 just to have the ability to buy power. It's hard to swallow.

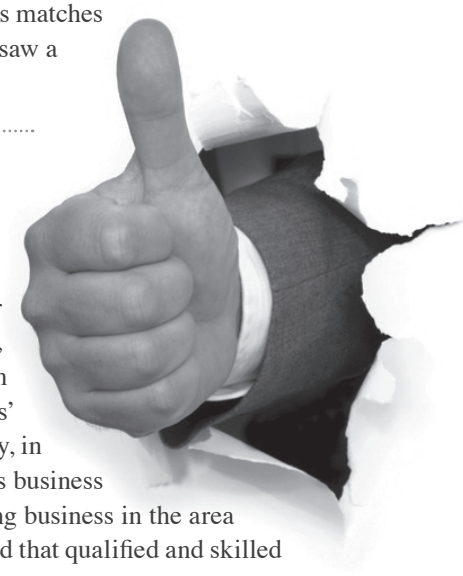
Mulroy: For us, it's different. The board made a decision in the mid-90's to take all of those fixed costs in order to promote conservation and load them into the commodity charge in four tiers. So, the person who actually pays for their cost of service is buying at the third tier. The second and first tier are fully subsidized by the fourth tier. In order to start uncoupling that, we are raising the service charge by a minimal $2 because we knew it was a rough economy.

Will we **no longer** be able to use **Lake Mead** as a **water resource** in the **near future**?

Mulroy: That's like asking me to predict the weather. I have been pounding on the Bureau of Reclamation saying I'm really sick and tired of probabilities. To me, it's like placing bets on the Super Bowl, taking odds. I think there is a fundamental shift in climate that is happening. For us, it's an adaptation issue. We really have to assume that the worst is possible. If we were simply to continue on our hydrology of about 68 percent normal runoff, then we will lose our upper intake by the end of 2012, beginning of 2013. We will be around 1,025 ft, which is that critical elevation in Lake Mead by 2013 or 2014. You have to remember, Lake Mead is a V, the further you go down, the faster the rate of decline is. That's why we are pushing with everything we have to keep that in-state project in our resource plan and have it permitted and approved, sitting on a shelf where we can go to design and construction the minute we need it because we don't know. It's completely unknown to us. The challenge is having to react to conditions. Ten years ago, we never would have assumed we would be building a third intake [at Lake Mead]. That just fell in our laps out of nowhere. That is not predicated on growth. That is not predicated on the economy. That is predicated on dwindling supplies. When you take that and you lop it onto an already aggressive capital plan, it becomes very difficult to manage. We as a people react to water differently than we react to any other resource. You can mine the gold, take the gas, take the oil, sell it, ship, do whatever you want with it. Touch that water supply and we go crazy. We go absolutely crazy.

Construction Costs Expected to Remain Stagnant in 2010

According to construction consultant Rider Levett Bucknall, a national average decrease in construction costs of approximately 0.5% from the previous quarter indicates construction costs should see little to no inflation this year. In 2009 construction costs were down by 7.3 percent comparatively. Las Vegas matches the national average from the previous quarter but saw a 8.5 percent decrease in 2009.



Northern Nevada Business Leaders Optimistic for 2010

According to a survey conducted by the Center for Regional Studies at the University of Nevada, Reno College of Business, 36 percent of Northern Nevada's business leaders anticipate their firms' revenue to increase over the next year. Surprisingly, in the same survey, only 11 percent said that Nevada's business tax advantage was what they most liked about doing business in the area and despite the economy, many business leaders find that qualified and skilled employees are still a challenge to find.

U.S. DOE Offers $1.37 Billion to BrightSource Energy for Ivanpah Project

The United States Department of Energy has offered nearly $1.4 billion in loan guarantees to BrightSource Energy, Inc. to support the financing of the Ivanpah Solar Electric Generating System. When constructed, this will be the world's largest solar energy project and will nearly double the amount of solar thermal electricity produced in the U.S. today. Additionally, the project will produce enough energy to power 140,000 homes.

Southern Nevada Short Sales Increasing and Foreclosures Decreasing

A positive development for the Southern Nevada residential market, short sales increased to 22 percent in February from 21.1 percent in January. Additionally, bank-owned homes decreased in February to 53 percent from 57.4 percent in January. According to Rick Shelton, president of GLVAR, lenders are becoming more willing to work with homeowners and work out short sales as an alternative to foreclosing.

Source: *Greater Las Vegas Association of Realtors (GLVAR)*

Patty Wade

President/Owner/Founder
Wade Development Company, Inc.
and Wade Consulting Group, LLC
Reno/Las Vegas, Nevada

Number of Employees: 10
Years in Nevada: 18
Years with Company: 22

Q&A

What inspired you to get into your industry?
My partner Joe Wade was a prominent real estate attorney in Newport Beach and I guess I caught the bug being around him and all the intriguing deals—I've always been a deal junkie! I also wanted to do something entrepreneurial where I could call the shots and I didn't have to travel 300+ days a year as National Director of Sales/ Marketing for a large medical company. Finally, I wanted to have a family which is tough to do when you are always traveling.

How do you encourage growth and development within your business?
From day one we have always had our eyes out for expansion opportunities that pencil and, when they do make sense, we've been able to find a way to finance and entitle them; we highly encourage our employees to bring forward their unique ideas for new ventures which often prove very worthwhile; and we also spend a lot of time networking across the state and in DC--ranging from land owners to the highest ranking political leaders.

What is your biggest business challenge?
Currently, our biggest business challenge on the development front is the elongated depressed real estate and financial markets and certainly the resulting lack of sales on both residential and commercial properties. My personal biggest challenge is finding enough hours in each day for all the things I need/want to accomplish while also being a good single mom.

If you could say one thing to the next generation, what would it be?
It's hard to choose between "the harder you work-the luckier you get" and "always follow your dreams and believe in yourself regardless of what others may say or the obstacles you may face".

What do you anticipate for the future of development in Nevada?
I expect things to remain slow for another 18-24 months in returning to the healthy level we Nevadans have grown to expect, but there will certainly still be opportunities available in all real estate sectors in the interim where you can make a decent living... just not a killing like in the hay days.

◁ Continued from page 11

commercial real estate market still searches for a bottom. Aguero said there is a seven-year inventory of unoccupied office space in Southern Nevada.

"I don't know how many times I've heard it from financial clients, even stuff where we thought there's no way there'd be a problem, it's a problem," Aguero said.

The other side of the loan presents major challenges for banks, though, as potential borrowers struggle with credit wrecked by past-due mortgages, unpaid bills and various other factors. Nevadans hold the lowest average credit score of any state in the country at 668 on the FICO scale, according to a November 2009 report by credit reporting agency Experian.

"The ability to borrow today is about the same as last year," said Bruce Hendricks, President and CEO of Bank of Nevada. "The key issue is that the financial condition of many borrowers – their cash flow and their assets' value, primarily real estate – has declined, in some cases significantly."

Bankers feel the growing legend of the impossibility of getting a loan far outpaces the reality of the situation, though. Part of the problem is a weakened demand for credit from the best potential borrowers, who are wary of taking on debt in an unsettled economy.

"One of these myths that a lot of people had out there is that banks stopped lending," said Gary Kishner of JP Morgan Chase, which took over Washington Mutual's presence in Nevada. "It really is a myth. Banks didn't stop lending. They tightened up what they were doing. They're taking closer looks at loans and making smart decisions when they lend."

For those trying to save their homes or start a new business, though, it appears difficult to see the difference in slowing the pace of loans rather than stopping them altogether. The days of easy – and for less responsible banks and lenders, unsound – credit that Nevadans and their companies once enjoyed vanished in the crisis that stormed financial institutions.

It's no surprise, then, that resentment follows, especially for people who made sound decisions and still watched their credit scores plummet through no fault of their own. Nevada's bankers sense that frustration. In fact, many feel it just as strongly.

"It is more difficult for businesses to go through the underwriting process," Phillips said. "It is a much more time-consuming and sometime tedious process for both the bank and the client.

"No one can possibly think this is fun. We apologize for having to be such a pain. The regulatory environment is difficult to navigate and sadly, clients are feeling pain. I can't begin to express our gratitude for our clients' loyalty. We know that we are very lucky to be able to do business with people who show such great fortitude and integrity."

Levels of frustration about the intrusion of regulation vary among Nevada bankers, from exhaustion with the process to grudging acceptance of its necessity.

"I think the regulatory environment today is no different in Nevada than pretty much the rest of the country," Hendricks said. "Given the banking industry and the economy, it's more demanding everywhere. Regulators have a lot of pressure too. It's a difficult job."

Nevada Financial Institutions Commissioner George Burns runs the division regulating the state's banks, credit unions and payday loan outfits, and he acknowledges just how difficult the job became as more banks have found themselves in serious trouble over the past couple of years. Bankers feeling like they receive more scrutiny than in the past are exactly right, as Burns' division stepped up oversight in conjunction with the Federal Reserve and FDIC.

"It used to be every 18 to 24 months for our normal examination cycles," Burns said. "Now, the typical cycles here are six to 12 months. That's stretched our resources extremely."

Continues on page 41 ▷

◁ Continued from page 24

State legislators responded to Burns' request for help by adding 10 examiners during the last session, bringing the total to 30 on staff, but the division lost the equivalent of two of those employees to the furlough plan for state employees implemented during February's special session.

Burns recognizes the irritation of bankers who are not used a higher level of examination or pressure to minimize risk in lending, but feels his examiners are finally being allowed to do their job the right way because of the well-publicized struggles of financial institutions from Wall Street to Main Street.

"From a regulatory point of view, we were sort of caught in the middle of that previously, there was not the political will to allow regulators to insist upon the funding of banking," Burns said. "Now there is, to a certain degree, the political will to do that. It is a standard that most of our bankers in Nevada have never had to meet before. It's like trying to be the responsible parent."

Burns detailed what his examiners are asking of financial institutions.

"We are asking them to lower their risk profile," Burns said. "Under the current circumstances, that risk has to be reduced to something that is more reasonable. Their underwriting standards, reasonable concern to the types of loans they carry – they find that contradictory to politically being asked to make more loans."

From President Barack Obama on down, politicians publicly press banks to loan more. Many stand in a financial position to do so – Bank of America, Wells Fargo and JP Morgan Chase had a combined $246 billion in unused home equity lines of credit at the end of the year, according to one recent national study – but face pressure from regulators to be cautious in how they lend, as well as softened public demand from creditworthy borrowers.

"The government says, 'lend more, lend more," Clausen said. "And the regulators say, 'be careful, be careful.' Oftentimes, the banker is caught in the middle."

No painless answers exist to an overall situation Haun said "is going to take a couple of years to clear up. That said, I do think the

industry in general will survive functioning more efficiently, functioning smarter," he added. "History has shown that these times cause us all to think of ways to run our businesses smarter and take better care of our clients."

Aguero cited his client, Nevada State Bank, as an example of a bank taking appropriate steps to return to normalcy. He said the bank took a proactive approach to addressing potential problems on the horizon in commercial real estate and accepted the realities of the falling Nevada real estate market for what it was.

"That is the model that needs to be followed," Aguero said. "The faster that we accept reality, the faster we accept that what we see today probably looks a lot more like normal than what we saw in 2007. We sort of have to take our lumps. We still see a lot of not only owners of properties, but financial institutions, that are not ready to accept the pricing."

That approach looks more plausible for Nevada State Bank, which operates with the resources of its parent, Zions. Community banks – many of which Burns cautions are only beginning to see the rotten fruit of bad commercial real estate loans falling from the tree – do not always operate from a similar position of opportunity.

"Banks in Southern Nevada are struggling with declining real estate values, which affect our loan portfolios and ultimately profitability," Phillips said. "Bankers are community-minded and are frustrated that our hands are tied when it comes to making real estate loans. It is difficult to underwrite a loan when real estate values could and have been declining drastically."

"Clearly the slower pace for Nevada's recovery hampers the financial segment's recovery as interest income is what most banks depend on for the majority of their revenue," adds Charlton.

"It's an old expression that is true - banks are the economic engine of communities," adds Martin. "Banks lend to all industries, and when problems hit those industries, and the local economy, they are reflected in the banks' portfolio."

Hope remains high, though, that bankers will do their part to contribute to a turnaround. Many feel a responsibility to their community to do just that.

"I know all the bankers feel that way," Haun said. "You can talk to any of the CEOs of the banks around town and they all feel the responsibility to help their customers."

"I think our role is to be as engaged as possible, and use our experience to find solutions, not make decisions that are overly reactive or short-sighted," Hendricks said. "As bankers, I believe we have a corporate responsibility to assist to the fullest extent possible in contributing to moving the economy forward."

"Local banks want to be part of the solution," Phillips said. "We want to help businesses and consumers by being able to respond with solutions that make sense in the short term and the long term. Nevadans have been very loyal to us and we would like to reciprocate by helping our community."

Clausen sums up the situation, "Despite all the palpable and quite understandable anger that exists over why we all have suffered as long and deeply as we have, a solution must start somewhere and local banks can play a major role.

"In the end, in spite of all the finger pointing that goes on, everyone needs to share some of the blame on this," Clausen added. "Lender accountability, issues with what went on on Wall Street, politics – everyone has their finger on this one a little bit. Let's forget about who's to blame and let's just fix the darn thing."

In Brief

The Nevada State Office of Energy will administer a Nevada Appliance Rebate Program beginning April 17th. The $2,495,000 program is being funded by the American Recovery and Reinvestment Act (ARRA) and offers a rebate to anyone that purchases an Energy Star qualified appliance.

Social Media Tools

Blog Publishing:
WordPress, Blogger.com

Microblogging Sites:
Twitter, Posterous, Tumblr

Social Networking Sites:
Facebook, MySpace, LinkedIn, Eons

Social Bookmarking Sites:
Digg, Delicious, Reddit

Collaborative Media:
Wikis, Google Wave

Geotagging Sites:
FourSquare, SmugMug, Everytrail

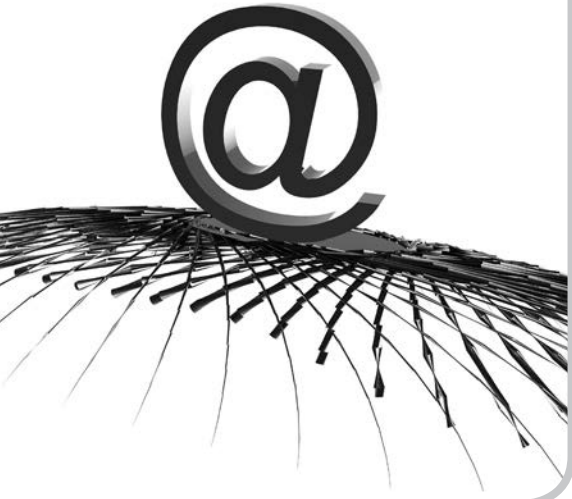
Review Sites:
Yelp, TripAdvisor

Video Sites:
YouTube, Hulu, Metacafe

Photo Sharing Sites:
Flickr, Picasa, Zoomr, Photobucket

Social Media Monitoring:
Radian6

Global Content Distribution:
FUNN Networks (up and coming)



◁ Continued from page 13

Online marketing allows for competition with similar companies, big and small. It maximizes a company's rankings on search engines. The more online mentions of a business and clicks on its Web site, the better the search engine placement. With Google now indexing social content, Wright said, companies that don't generate any, likely will rank lower eventually than those that do.

"If you are willing to put in the work and have a relationship with your online audience, you're going to elicit a positive reaction which, bottom line, results in sales for your company," said Amber Stidham, director of strategic planning at Imagine Marketing, a Las Vegas-based marketing company.

Unlike offline marketing, some types of social media marketing allow a business to measure results. For instance, a business can track the traffic between a Web site and social networking site. Web site analyzing programs, such as Google Analytics, provide all kinds of data about your site, including how many people are visiting it, where they're located geographically and how much time they're spending on it. By offering coupons or discounts on a single social networking site and requiring customers to mention where they saw the promotion to use them, it's possible to track the number of redemptions and gain an idea of how effective a particular social media tool is.

"It is easier to track the marketing effectiveness of online campaigns versus traditional," Aceituno said.

A potential downside to online marketing is the time that it takes to do it well, and that means keeping the audience engaged and interested. It varies depending on a particular campaign, but could, for example, require regularly changing the content on a Web site and routinely posting to social networks. Ideally, a business should post every day and, at the least, once a week, Aceituno said.

"You want to do it right," he added. "Otherwise, you're wasting time. You can't post once a month and expect the world out of your campaign."

One way to save some time is to use an online service, like Ping.fm or HootSuite, that allows someone to manage multiple social media platforms. Another option is to hire an outside firm, to market via social media.

"It's a long-term commitment," Stidham said. "Success doesn't happen overnight."

Cenicola also cautions social media users that rely only on social media, "One thing that gets overlooked is the inherent need of people to be physically close with each other, not just connected via airwaves and wires. The more people rely on social media, the less they condition their non-verbal communication skills."

Taking the Plunge

A social media marketing campaign should be tailored to a company. An example is some of the ski resorts around Northern Nevada mobile texting snow reports to patrons who want to receive them.

A campaign also requires some homework before it's launched. McDonald suggests a business determine the goals in pursuing online marketing and what a company can gain from it. A business shouldn't engage in social marketing just because "everyone else" is, that's not a good enough reason. Further, if it doesn't lead to a beneficial end result, it likely isn't ideal for business at this time. For some companies, LaPlante said, it's more critical for the people who comprise the business to be socially engaged rather than the company itself.

"The problem with a lot of social media marketing is that everybody thinks if they get involved, they're going to have success," Aceituno said. "It boils down to whether or not people will be interested in what you have to offer."

If, however, there are plans to move forward with social media marketing or tweak existing efforts, start by listening to what people are saying online and in

public about the company. Ask others what they hear. Go to places where the company might be discussed, and listen. There may be nothing to hear, which makes it seem as though the company doesn't exist. Alternatively, the brand a company is pursuing may have a different perception publicly. In either instance, work to change it and use social media tools to do so.

Pinpoint the brand. What emotions do company executives desire to evoke in its consumers? How should customers feel about the company, that it's reliable, trustworthy, dependable, speedy, creative or intelligent?

Define and get to know the audience, including their age range, likes, dislikes and quirks, so there is effective communication. For instance, if target consumers are today's youth, phone calls won't reach them as well as texting them will.

Of the many messages a company can deliver to its audience, pick one that reinforces the brand. Think about how that message might best be delivered and received by a target audience. It may be YouTube, a blog, podcasts, a series of tweets or something else. Get creative.

Determine the ultimate goal from social marketing and set measurable goals.

Choose one or two social media tools that allows for the best reach to the target audience, relays narrative and meets objectives. Maybe a company utilizes LinkedIn to reach older businesspeople, Eons to target baby boomers or MySpace to reach music lovers. "Start small, and add it in," McDonald advised.

Ensure the Web site is easy to navigate and allows visitors to leave comments and easily get in touch with the company. On the Web site, mention and link to chosen social media outlets, and vice versa. The longer people spend on a Web site, the more brand exposure they get, Aceituno said.

If multiple people, whether in-house or the general public, are able to access and post comments on a business' social networking sites, designate someone within the company to be the administrator, Stidham suggested. Their job should be to monitor the site daily, readily interact with customers and manage the brand.

Finally, remember that communications need, at least occasionally, to honor customers.

"What consistently impress me are brands that are able to make the transition and stop talking about themselves all the time and, instead, recognize and talk about their customers," LaPlante said. "Use these new channels of engagement to not only enhance that, but also to extend it. What you're really giving people is self-actualization."

Creating a social media marketing plan and strategically implementing it may seem difficult, but they aren't, Crawford said.

"Once a company chooses to do it, once a chief executive officer chooses to embrace it, once his executive team chooses to understand it," she adds, "it will bring more revenue and new business to the table."

SAY WHAT?

According to a report from the Brookings Institution, Nevada is last in per-capita federal funding for state programs such as health, education and transportation in the United States. The report stated that, compared to the average $1,469 the rest of the nation received, Nevada received $742 per person during fiscal year 2008 from the federal government for these programs.

Band-aids Don't Fix Broken Bones

Special session's **budget issues** will resonate in 2011

If anything became clear in the recently concluded 26th Special Session of the Nevada Legislature, it is that during the 2011 regular session debate will center around one highly contentious issue: taxes.

During the 2009 regular session, lawmakers were able to lean on federal stimulus funds and a variety of new taxes — on the order of $1 billion — in order to once more evade the need for fundamental fiscal reform. The 26th Special Session saw lawmakers again apply a patchwork of band-aids to the budget they passed 10 months earlier, including: $314 million in spending reductions, $197 million taken from secondary state accounts, $117 million in new revenues and fee increases, $105 million in federal funds and a variety of fund transfers and other accounting gimmicks.

Apart from the specific provisions passed during the special session, the broader story is the continuing need for fiscal reform and what that reform should look like. Current legislative leadership appears to agree that fiscal reform should be the center of attention, but has, so far, placed all focus on the revenue side and none on spending controls. Senate Majority Leader Steven Horsford has proclaimed, "Revenue reform is at the top of the agenda for 2011. It is THE agenda."

Indeed, Horsford and his colleagues on the Interim Finance Committee have already begun work on "the revenue side." They commissioned a comprehensive study of the state revenue structure from Moody's Analytics and explicitly directed that it "review proposals for broad-based business taxes." That study and its predetermined recommendation will be used disingenuously by some lawmakers as the academic rationale for levying a new corporate income tax or gross-receipts tax on businesses. As Horsford made clear in his recent response to Governor Gibbons' State of the State address, he wants to "ensure all businesses, banks and big corporations, pay their fair share."

From all indications, it appears that Horsford's drive for "revenue reform" is less rooted in concern for tax equity or stability and more the result of a simple desire for additional loot. Why else would Interim Finance have directed Moody's to consider, in its recommendations for new taxes, recommendations for additional spending from a new stakeholders group composed primarily of tax-dollar recipients?

What the recently concluded special session should have made clear is that the state can't solve its problems simply through "revenue reform." Lawmakers should devote the 2011 session to comprehensive fiscal reforms that include the spending side.

The shortfall between expected revenues and planned spending that the special session was called to address resulted primarily from unsustainable spending increases over the past six years. If legislators had maintained inflation-adjusted, per-capita spending levels from the 2003-05 budget cycle, they would have crafted a $5.3 billion budget for the current cycle and they would have faced no shortfall. Instead, lawmakers increased inflation-adjusted, per-capita spending by 31 percent between the 2003-05 budget and that of 2009-11. Indeed, despite spending cuts made this special session, spending will still increase by 25 percent. Clearly, it is lawmakers' new spending over the past six years that has led the state into fiscal distress.

There is little doubt that if lawmakers remain free to unrestrainedly increase spending at such alarming rates over such short time spans, the state will always face fiscal turmoil — no matter how the revenue base is structured. Very basic arithmetic dictates that Nevada will inevitably face shortfalls when lawmakers spend beyond revenues — regardless of their relative sizes. This special session is yet another testament to this fact.

Heading into the 2011 session, responsible elected representatives will want the focus to be on reforms that restrain future spending growth and prevent such ugliness from reoccurring. A Tax and Spending Control-like provision that would limit the growth in spending to inflation plus population growth should be a key element in any comprehensive "fiscal reform."

Without such a cornerstone, the more narrow vision that focuses exclusively on revenues will never be adequate to prevent future crises.

Geoffrey Lawrence is a fiscal policy analyst at the Nevada Policy Research Institute.

Stimulus Dollars

A Contractor's **Friend** or **Foe**?

Contractors should beware of strings attached to stimulus funds from the American Reinvestment and Recovery Act (ARRA). Construction projects funded in whole or in part by stimulus dollars must comply with requirements established by ARRA.

Buy American

ARRA limits the use of stimulus funds to projects for the construction, alteration, maintenance or repair of public buildings or works that only use, with limited exceptions, iron, steel and manufactured goods produced in the United States. To ensure bidders comply with this requirement, bid packages for projects using stimulus funds may include a "Buy American Certification" and a "Buy American Designation of Equipment and Material Manufacturers List." Some state and local governments and their agencies are so concerned about compliance with this requirement that they have even included on the face of their Buy American bid documents a statement that if the bidder does not fill in all of the spaces therein "the bid will be deemed non-responsive and rejected."

Davis Bacon Act

Davis-Bacon applies to all contracts over $2,000 to which the federal government is a party. ARRA has expanded Davis-Bacon to apply to contracts with state, local and private parties who receive federal stimulus funds. The most significant provision of the Act is the requirement that all contractors pay their employees at least the prevailing wage. However, the prevailing wage is not the only Davis Bacon requirement. It also requires prime contractors to pay certain fringe benefits, pay on-site workers at least weekly, and post the wage scale on the site. Additionally, the payroll must contain a "Statement of Compliance" signed by the contractor or agent who pays or supervises the payment of the employees under the contract.

If a subcontractor fails to comply with the Act, the government may cancel the prime contract and have the work completed by another contractor. The government then may hold the prime contractor responsible for the cost of completing the project, including any additional costs incurred as a result of changing contractors. As an additional sanction, contractors or subcontractors found to have disregarded their obligations to their employees, or to have committed aggravated or willful violations may be barred from future government contracts for up to three years.

False Claims Act

The federal False Claims Act also applies to stimulus funds received by contractors. Since its enactment during the Civil War, the False Claims Act has grown in importance and use. In fact, thanks to a recent amendment, the False Claims Act now applies to a broader spectrum of contractors than ever before, including all contractors and subcontractors that receive federal stimulus funds.

Submitting inflated invoices is just one way contractors can get into trouble under this amended law. The law also penalizes contractors who submit false or inaccurate claims to be paid for by the federal government, make a false statement in connection with a false claim or engage in an agreement with others to participate in a violation of the law. The penalties for breaking the False Claims Act are severe, including triple damages and fines of between $5,000 and $10,000 for each violation. Additionally, the amended law encourages reporting of false claims by granting whistleblowers the right to receive a significant portion of the funds recovered.

Be Vigilant or Face the Consequences

Given the severity of the consequences, contractors should be vigilant in protecting themselves. When preparing bids for stimulus fund projects, contractors should only use pricing for goods produced in the United States.

Additionally, contractors need to find out the prevailing wages and fringe benefits applicable to a project. The U.S. Department of Labor determines the prevailing wage for a given geographic area.

Make sure all prime contracts and subcontracts comply with the Davis-Bacon Act. Perform spot checks on site to ensure wages are posted as required and subcontractors are paying employees the prevailing wages and required benefits, or ask subcontractors to provide evidence of their compliance.

Familiarize yourself with the False Claim Act and take action to ensure compliance, including avoiding the submission of any inaccurate claim.

Finally, learn about the many other laws applicable to government contractors, and institute procedures to comply with them. Taking these steps will help protect you and your subcontractors from inadvertent violations of these laws.

Dale Rycraft and John Krofton are attorneys with Fennemore Craig

Jennifer Morss
Executive Director
AFAN

The 3 C's of Fundraising in a Challenging Economy

Today's hard economic times are challenging the fundraising efforts of many non-profit 501c3 organizations. While it is a time that requires greater efforts, it is not impossible to reach an organization's development goals in enhancing the mission of the organization. The 3 C's are a valuable tool in formulating development strategy in the current market. They are: cultivation, creativity and convenience.

1 Cultivation.

Done well, cultivation sets the stage for easy and successful "asks". Cultivation is what makes solicitation possible. It covers all communication and contact with prospective donors from newsletters and annual reports to special events and presentations. Successful cultivation is not haphazard...but carefully planned and strategized. The key to fundraising is to maintain and develop an existing donor base, while cultivating and securing new donors. Previous donors may be unable to donate at their previous levels. A gift at any monetary level, even a reduced level, is still a valued gift and an opportunity to continue cultivating a donor relationship. As the economy improves and the unemployment rate drops, it's essential for organizations to have relationships to ensure they are at the top of the list when donors resume giving.

2 Creativity.

Secondly, be creative. Today, donors are more likely to engage in activities that are fun, innovative and highlight the creativity of the organization they are supporting. Fundraising dinners are abundantly available to donors. Yet, more creative product marketing, social marketing campaigns, casual social events and family fun community events are less abundantly available and face less competition with other similar events. Also, be willing to adjust the time of events to more non-traditional times. For example, by hosting a Saturday night event at 6pm, an agency may be competing with a dozen other events. In being open to alternate days and times, an event may face less competition in attendance and market saturation. Simply, don't do and copy what's being done at every other organization. Take time to observe the success of other organizations and learn from their challenges.

3 Convenience.

The third C is Convenience. Donors enjoy, and are more likely to give to a charity that offers a convenient donation process. Convenience can be described as availability of the donation process or offering a multitude of donation opportunities throughout the year. If prospective donors are not currently able to donate to an organization online, call the web designers and activate online donation capabilities. Additionally, many social networking sites offer "causes" sites for non-profit organizations to fundraise directly through their sites. Lastly, accepting all forms of gifts from credit cards to stocks can ease the process of making those vitally important donations to an organization. Check every process. Try donating to the organization in every manner available to give a gift. Is it easy or time consuming? Is it more challenging than fundraising in the current economy?

In closing, this is not the time to sit back and wait for donations. Nor is it the time to simply excuse fundraising efforts, because it is too difficult. Organizations can, through the 3 C's, work smarter not harder and be successful in reaching their fundraising goals, even in these challenging times. This is the time to cultivate existing and new relationships, be creative in development and marketing strategies, and check the convenience of the process of receiving gifts.

New Ruling for Attorneys Aims to Fill Gap in Legal Aid Funding in Nevada

According to the Nevada State Bar's Access to Justice Commission, the need for legal services by disadvantaged Nevadans is continuing to rise dramatically due to the challenging economy. As Nevada Supreme Court Justice Hardesty, co-chair of the Access to Justice Commission recently noted, "Statewide, there is one legal aid attorney for about every 5,000 people in poverty. Only two out of 10 qualifying people in need in Nevada can be helped with current resources."

Much of the funding for legal aid needs comes from interest earned on accounts that lawyers hold in trust for their clients, known as IOLTA (interest on lawyers trust accounts). Programs funded by IOLTA are responsible for providing help to those in need of civil legal aid, such as victims of domestic violence, children in need of protection by the court system, seniors, victims of fraud and those in need of bankruptcy protection and relief from foreclosure.

In 2008, the Access to Justice Commission asked banks to step up and increase the interest they pay on IOLTA accounts. Bank of Nevada was one of the first to respond, offering a special higher interest rate on its IOLTA accounts. This year, the Nevada Supreme Court further strengthened the resolve to help ensure that lawyers place IOLTA funds with banks that offer higher interest rates, with a rule change that went into effect in January.

The new rule provisions require Nevada lawyers to create or maintain their IOLTA accounts only at financial institutions which, in addition to other minimum qualifications (in amended SCR 217, subsection 1), offer interest rates tied to one of the three indices set forth in subsection 2 or a flat interest rate approved by the Access to Justice Commission. The rate was set at 1.2 percent by the Access to Justice Commission.

With this new amended ruling, Nevada lawyers are able to make a greater difference in their communities by placing their IOLTA accounts with banks that offer the highest interest rates. The higher level of funding that becomes available, the greater the contributions to legal aid for those in need without taxing the public, and at no cost to lawyers.

As an example, the Legal Aid Center of Southern Nevada (LACSN) operates Nevada's largest pro bono program. Last year, LACSN helped 18,000 families, a significant increase since 2008. The Center is the only program in Clark County that represents foster care children in the courts, but only has funding to represent half of the children. The organization currently has approximately 1,000 open cases with attorneys in Clark County, with a large portion of funding coming from the IOLTA program. IOLTA interest also provides much-needed funding to the five other full-time civil legal aid programs in Nevada: Nevada Legal Services, City of Las Vegas Senior Citizens Law Project, Washoe Legal Services, Volunteer Attorneys for Rural Nevadans, and the Washoe County Senior Law Project.

"The banks that are most active in the legal community and that stepped up to offer high IOLTA interest rates have been a critical component in the success of legal aid services in the past year, said Justice Hardesty. "The support of these IOLTA account programs with higher interest rates will remain vital moving forward," he continued.

> "The support of these IOLTA account programs with higher interest rates will remain vital moving forward."

The Access to Justice Commission was created to assess current and future needs for civil legal services for persons of limited means in Nevada, develop statewide policies designed to support and improve the delivery of legal services, and improve self-help services and opportunities for proper person litigants and increase pro bono activities.

Attorneys and law firms seeking more information on how they can contribute to legal aid programs may contact Kristina Marzec at the Access to Justice Commission at 702-317-1404 or kristinam@nvbar.org.

Terry McConnell is a member of Bank of Nevada's JURIS Banking Team

BUILDERS & DEVELOPERS

By Jeanne Lauf Walpole

Retreat or Advance?

Like a bad dream that never seems to end, the economic outlook for builders and developers continue to remain in a slump that challenges even the best of the state's entrepreneurs. "The construction industry in Nevada is experiencing depression-like conditions with construction unemployment at 28 percent and rising," said Kevin Burke, president and CEO of Burke & Associates, Inc. Although a small number of enterprising business people have found niche opportunities in these hard times, none can ignore the lack of solid indicators that could signal a substantial turn-around in the very near future. "Our market was well-placed to take advantage of the boom from 2004 to 2007. The exuberant level of demand caused business and developers to respond," says Brian Gordon, principal at Applied Analysis. "The music stopped in 2008. Some projects moved forward, but now we're well down

Kevin Burke

President and CEO,
Burke & Associates, Inc.

the path of a downturn." As developers search for signs of an economic uptick, they also reflect on the possible role that the mere perception of poor economics might play in the market.

"To date Las Vegas is weathering the marketplace poorly," explains Joe DeSimone, broker and owner of First Federal Realty DeSimone. "There's a lack of confidence for lenders, developers and appraisers."

"The irony is that the transition from a depression into a recession will actually feel like growth," adds Burke.

Although Jeff LaPour, president and CEO of LaPour development company, sees hope in small gains that have been reported in visitor volume and DeSimone says he senses an increase in commercial activity, unfortunately statistics continue to paint a rather bleak picture of the economy. With 13 percent unemployment, the Silver State holds firm to its unwelcome high ranking in joblessness, according to recent figures provided by the Nevada Department of Employment, Training and Rehabilitation (DETR). Unemployment in the Reno-Sparks area is 13.5 percent while both the Carson City and Las Vegas areas are reported at 13.8 percent. As if these figures are not high enough, the real number of jobless workers is considered to be more since not everyone is included in the DETR statistics. In addition, Nevada has also reported a rate of underemployment that exceeds 19 percent.

More bleak news comes from the overall flat growth Southern Nevada is experiencing. "Around 4,000 to 5,000 people are still moving in {every month}, but the same number are leaving," Gordon says. "The population has been stagnant."

With growth the engine that fueled the boom, it's no wonder then that the economy is in trouble. "The state has always relied on the growth of gaming, but now there's a slowdown in it," says Brad Schnepf, president of Marnell Properties.

Record High Vacancy Rates

In addition to unemployment and growth rates, builders and developers are especially cognizant of industrial, office and retail market performance as well as vacant land transactions. The demand for industrial space has continued to decrease with a negative net absorption of around 3.8 million square feet last year, according to Applied Analysis. This represents the first time in recent memory when more space was vacated than was moved into. The industrial inventory is around 103 million square feet with an average price per square foot of about 63 cents. The vacancy rate of 13.7 percent is a huge jump from 3.3 percent in 2005. For those few businesses who are looking for industrial space, a plethora of inventory awaits them, all offered at very attractive rates. With such a large amount of existing inventory, new construction is almost nonexistent. "I don't believe there are very many projects in the pipeline," Schnepf says.

With the Las Vegas Valley office market reporting its worst year on record, Gordon

doesn't expect much development in this sector for the next couple of years. Net absorption for last year was a negative 1.9 million square feet and the vacancy rate was around 23 percent, according to Applied Analysis. The retail market was also bleak, with a negative net absorption of around 70,000 square feet and a vacancy rate of 10 percent for last year. Although vacant land transactions were up by about 32 percent last year from the previous year (1,600 acres changed hands), these sales represent only a small fraction of what was sold during 2004. Gordon cautions investors from drawing conclusions about these figures because they don't necessarily indicate a widespread trend for economic improvement. "Development is on the sidelines," LaPour says. "There's no demand for new product."

Bright Spots

Amidst the doom and gloom, however, are some notable exceptions to the rule. DeSimone and a group of about 15 investors he describes as "established and prudent" have focused their efforts on building office buildings for professionals such as doctors, attorneys, Realtors and accountants. "It makes sense to buy an owner-occupied building," he explains. "It's a hedge against making less income." One of the group's current projects is Horizon Ridge Professional Park with 60,000 square feet, built for around $12 million. With so much vacant inventory already available, however, the obvious question is how it can be successful in an already over-saturated market.

DeSimone is confident that his group's approach will result in financially sound development that will be attractive to buyers. "My firm is going to be part of the solution, not part of the problem," he emphasizes.

Stating that "this is a period of opportunity," LaPour says his firm is concentrating on leasing and managing the portfolio it already owns along with buying existing properties. Because purchase prices are less than the cost of reproduction, in many cases, it often makes good sense to buy existing projects. Emphasizing that real estate is normally cyclical, LaPour says it's a time for companies to refocus. "Most development companies are looking to reinvent," he says. "It's a period of adjustment to values, expectations and business philosophies."

Schnepf agrees that in today's marketplace, business people need to sit back and reflect on their realities. "It's time to rebuild and a time to analyze your strong and weak points. Then you can reinvent yourself from your strong points," he explains.

With its groundbreaking ceremony last year for the Marnell Air Cargo Center, Marnell Properties continues to be bullish about development surrounding McCarran International Airport. Set on around 19 acres adjacent to the airport's Terminal 3 project, the $29-million facility will service FedEX, UPS and Southwest Airlines, among others, when it's put into operation next year. The new center joins other neighboring Marnell projects which include McCarran Marketplace, Marnell Airport Center and Marnell Corporate Center. "Business is still good around the airport," Schnepf says.

Of course the granddaddy of development is the MGM Mirage CityCenter which opened most of its doors last December. It's hoped by many that this $8.5 billion megaplex will revitalize the sagging leisure economy in Las Vegas. Although it has provided much needed work for around 12,000 employees, the jury is still out in these early months as to how well the project will be able to perform in such difficult economic times. "It's too early to see if it's creating the level of demand needed for the investment," Gordon says. Everyone agrees, however, that CityCenter goes a long ways toward perpetuating the image of Las Vegas as a must-see destination. "There's nothing like it in the world. It's a bright spot for Las Vegas," Gordon says. Also on the plus side for the project are the people in charge, according to DeSimone. "If I were the lender I would consider there's an exceptional management team," he says. "If they have staying power, they'll be fine."

What's Needed

As developers continue to monitor economic indicators for signs of recovery, they remain frustrated that what's most needed to turn things around doesn't seem to be happening--at least not yet. "Job growth is essential," Gordon emphasizes. Schnepf looks to small business development for stimulation. "The business world is not expanding. What has to get better is that small business needs to recover," he says. He also suggests public/private collaborations with business and economic development entities that could target new industries for the area. "This is a time of diversification," he explains. Gordon agrees it's essential to look outside the leisure and construction sectors for possible business expansion. "Education and healthcare services are growing," he says. Other potential industries to focus on include movies, manufacturing, renewable energy and gaming technologies along with multi-use sports facilities which have been suggested as future projects.

Despite the present weak economy in Southern Nevada, however, developers continue to be bullish on their hometown. They emphasize that the Las Vegas Valley hasn't changed and will continue to attract visitors and new residents. "People need a place to do business and it's an exceptional place to live," DeSimone says.

LaPour views the situation as a temporary downturn in the ups and downs of the market. "It's a short-term problem in the grand scheme of things. The long-term prospects are very, very bright. Growth will return and the market will stabilize," he says.

Burke is reminded of how important diversification is, "Ten years from now, we will look back on this as a painful but momentary time. Certainly a lesson that all business have learned is that diversification, whether it be via market diversification and/or geographic diversification is vital to provide a certain level of insulation to the cyclical swings in the market."

NEVADA RED REPORT™
REAL ESTATE & DEVELOPMENT

DealTracker

PROJECTS | SALES | LEASES | LOANS

PROJECTS

Las Vegas, 89102
Mixed-Use

The Smith Center for the Performing Arts, a public/private partnership recently topped out. The 4.75 acre cultural complex will be home to the 2,050-seat Reynolds Hall and the Boman Pavilion. The project broke ground in May of last year and is expected to open in the Spring of 2012. In addition to the **City of Las Vegas** other partners for the project include, **David M. Schwarz Architects, Fisher Dachs Associates, HKS Architects Inc, Akustiks, MSA Engineering Consultants, Martin & Martin Civil Engineers and Surveyors** and **HMA Consulting** to name a few. The project is located in Symphony Park at 241 W. Charleston Blvd. Suite 111.

Misura in the Monte Carlo Resort & Casino

Las Vegas, 89109
Retail

Danoski Clutts Building Group has completed the 2,075 SF Misura store in the Monte Carlo Resort & Casino. The second generation tenant improvement cost approximately $300,000 to build. Sub-contractors for the project included **Century Electric, Vergith Contracting** and **Theming and Millwork Concepts**. The store is located at 3600 Las Vegas Blvd. South.

Pahrump, 89048
Government

SH Architecture has completed schematic design for the Pahrump Valley High School and Career Technical Academy. The 212,000 SF facility includes a combination of core academic classrooms and specialized technical career learning environments. The school will feature a geothermal ground source HVAC system and high efficiency lighting systems. The facility is expected to start receiving students in 2012.

SALES

Reno, 89511
Mixed-Use

Launching Pad, Inc. purchased three buildings totaling 8,099 SF from **The Macaluso Family** for $400,000 or $49 PSF. The seller was represented by **Brad Elgin** of **Stark & Associates**. The property is located at 7400 S. Virginia St.
APN # 025-330-03

Reno, 89521
Office

Global Intrapreneur, LLC purchased 5,507 SF from **Reece Family Living Trust** for $500,000 or $91 PSF. The buyer was represented by **Rod Cogburn** and **Kent Whelan** of **Coldwell Banker Commercial, Clay & Associates**. The property is located at 8985 Double Diamond Pkwy., Suite B8.
APN # 163-21-19

North Las Vegas, 89032
Retail

Melvin Steinberg purchased 17,786 SF from **Pin Holdings, LP** for $765,000 or $43 PSF. The seller was represented by **CB Richard Ellis' Christina Roush, Charles Moore** and **Marlene Fujita**. The property is located at 417-433 S. Martin Luther King Blvd.

Henderson, 89052
Retail

Fresh & Easy Neighborhood Market, Inc. purchased 13,969 SF from **City National Bank** for $3.3 million or $236 PSF. The seller was represented by **CB Richard Ellis' Christina Roush, Charles Moore** and **Marlene Fujita**. The property is located on the northwest corner of Eastern Ave. and Pecos Ridge Pkwy. at 11281 S. Eastern Ave.
APN # 177-36-812-003

Las Vegas, 89113
Industrial

Edward and Frances Kuchar purchased a 23,517 SF property from **Southwest USA Bank** for $2 million or $85 PSF. The buyer was represented by **Dan Doherty, SIOR** and **Patti Dillon** of **Colliers International** and the seller was represented by **Matthew Brady** of **Acres Commercial Real Estate**. The property is located at 6385 Montessouri St.
APN # 163-34-810-011

Las Vegas, 89115
Industrial

The Illia Family Living Trust purchased a 4,800 SF industrial property from **Rocklin, LLC** for $300,000 or $63 PSF. The buyer was represented by **Vince Illia** of **Win Win Realty** and the seller was represented by **Michael De Lew, SIOR** and **Greg Pancirov, SIOR** of **Colliers International**. The property is located at 2854 Marco St.
APN # 140-17-612-022

Las Vegas, 89118
Industrial

York Decatur Crossing, LLC purchased Decatur Crossing II, a 140,596 SF industrial park from **LaPour D.C. Two, LLC** for $17,750,000 or $126 PSF. The buyer was represented by **Jay Heller** and **Brian Heller** of **Heller Companies** and the seller was represented by **Michael De Lew, SIOR** of **Colliers International**. The property is located at 6420, 6450 and 6480 S. Cameron St.
APN # 162-31-401-033 et al

Las Vegas, 89119
Industrial

Woolf Family Trust purchased an 11,513 SF building from **GMB Realty, LLC** for $1.5 million or $130 PSF. The seller was represented by **Chris Beets** and **Tony Stack** of **Marcus & Millichap**. The property is located at 313 Pilot Rd.
APN # 177-04-510-016

Las Vegas, 89120
Industrial

Sun Cat Skylights purchased 1,500 SF from **Emerald Business Park, LLC** for $155,000 or $103 PSF. The buyer was represented by **Amy Ogden** of **Prudential | IPG Commercial Real Estate** and the seller was represented by **Art Farmanali, SIOR, Cassie Catania** and **Danielle Steffen** of **Prudential | IPG Commercial Real Estate**. The property is located at 5965 Harrison Dr., Suite 3.
APN # 162-36-211-016

Carson City, 89701
Industrial

CBERT, LLC purchased 16,448 SF from **Quigley Invesment Company** for $409,950 or $25 PSF. The seller was represented by **Nicholas Maerz** of **Coldwell Banker Commercial, Clay & Associates**. The property is located at 3355 S. Carson St.
APN # 009-112-22

Carson City, 89706
Industrial

Arlen K. Bean purchased a 6,000 SF property from **Bob Guthery** for $325,000 or $54 PSF. The buyer was represented by **Bob Schrimpf** of **Stark & Associates** and the seller was represented by **Brad Elgin** of Stark & Associates. The property is located at 4770 Convair Dr.
APN # 005-072-21

LEASES

Las Vegas, 89113
Office

Switch Communications Group, Inc. leased 10,755 SF in the Beltway Business Park from **KB Home Nevada, Inc.** for $72,883.14 on an eight-month lease. The landlord was represented by **Chuck Witters, SIOR** and **Kris Watier** of **Lee & Associates**. The property is located at 5605 Badura Ave. Reported monthly rent is $0.85 PSF.

Las Vegas, 89139
Office

Camden Tradeshow & Event Furnishings leased 6,250 SF from **Blue Diamond business Center – Bldg. G, LLC** for $92,876 on a 39-month lease. The landlord was represented by **Karolina Janik** of **CB Richard Ellis**. The property is located at 8050 Arville St. Reported monthly rent is $0.38 PSF.

Las Vegas, 89147
Office

McNair & Associates and **1st Interstate Bancard Corp.** leased 5,962 SF from **Mer Soliel, LLC** for $471,489.37 on a 63-month lease. The landlord was represented by **Adam Ballner** of **Prudential | IPG Commercial Real Estate**. The property is located at 4015 S. El Capitan Way. Reported monthly rent is $1.26 PSF.

Henderson, 89014
Retail

Euphoria Salon & Day Spa leased 9,000 SF in the Galleria Commons from **Centro GA Galleria, LLC** for $1,731,240 on a 10-year lease. The tenant was represented by **Nelson Tressler** of **Grubb & Ellis | Las Vegas**. The property is located at 500 N. Stephanie St., Suites 6 and 7. Reported monthly rent is $1.60 PSF.

Las Vegas, 89102
Retail

Joeker, LLC dba **HobbyTown, USA** leased 4,000 SF from **McLaren Las Vegas, LP** for $828,000 on a 10-year lease. The landlord was represented by **David Grant** of **Colliers International**. The property is located at 4590 W. Sahara Ave., Suite 103. Reported monthly rent is $1.73 PSF.

Las Vegas, 89102
Retail

JP Morgan Chase Bank, N.A. leased a 0.92 acre retail pad from **PK Sale, LLC** for $3,364,725 on a 20-year lease. The landlord was represented by **Scot Marker** of **Colliers International**. The property is located at 2520 S. Decatur Blvd. Reported monthly rent is $0.35 PSF.

Las Vegas, 89139
Retail

Cox Communications Las Vegas, Inc. leased 3,033 SF from **Blue Diamond Crossing, LLC** for $515,003 on a five-year lease. The tenant was represented by **Christina Strickland** of **CB Richard Ellis**. The property is located at 4072 Blue Diamond Rd. Reported monthly rent is $2.83 PSF.

Las Vegas, 89183
Retail

CR Buns Bar and Grill leased 4,608 SF in the Silverado Ranch Village from **Empress Group, LLC** for $645,957 on a seven-year lease. The tenant was represented by **Jessica Aiken** of **More Realty Group** and the landlord was represented by **Nelson Tressler** and **Matthew Haugh** of **Grubb & Ellis | Las Vegas**. The property is located at 467 E. Silverado Ranch Blvd., Suite 100. Reported monthly rent is $1.67 PSF.

Henderson, 89011
Industrial

Laser Pros International leased 11,067 SF of tilt-up space from **Unit Chemical Corporation** for $54,000 on a one-year lease. The tenant was represented by **Re/Max Millennium** and the landlord was represented by **Dean Willmore, SIOR** and **Amy Ogden** of **Prudential | IPG Commercial Real Estate**. The property is located at 7481 Eastgate Road. Reported monthly rent is $0.41 PSF.

Henderson, 89011
Industrial

Frehner Construction leased 5,106 SF from **Ten Buildings A13213, LLC** for $36,768 on a 16-month lease. The tenant and landlord were both represented by **Dean Willmore, SIOR** and **Amy Ogden** of **Prudential | IPG Commercial Real Estate**. The property is located at 1051 Olsen St., Suite 3811. Reported monthly rent is $0.45 PSF.

Las Vegas, 89118
Industrial

Auto Buyline Systems leased 28,432 SF from **Familian Realty Group** for $156,948 on a one-year lease. The tenant was represented by **Amy Ogden** and **Dean Willmore, SIOR** of **Prudential | IPG Commercial Real Estate**. The property is located at 3550 W. Teco Avenue. Reported monthly rent is $0.46 PSF.

Las Vegas, 89118
Industrial

International MMA Fight Club, LLC leased 8,885 SF in the Oquendo Industrial Park from **Kanpur Wausau Investments, LLC** for $293,226 on a five-year lease. The tenant was represented by **Lauren Brouillet** of **Grubb & Ellis | Las Vegas** and the landlord was represented by **Laura Hart** and **Art Farmanali, SIOR** of **Prudential | IPG Commercial Real Estate**. The property is located at 5137 Oquendo Rd. Reported monthly rent is $0.55 PSF.

Las Vegas, 89120
Industrial

Water Tec of Tucson leased 5,664 SF from **PFRS Patrick Center Corp.** for $100,932.48 on a three-year lease. The tenant and landlord were both represented by **Shawn Barashy** and **David Evenhouse** of **Lee & Associates**. Additionally, **Beacon Distribution** leased 23,396 SF from **PFRS Patrick Center Corp.** for $63,169.20 on a six-month lease. Beacon Distribution was represented by **Hayim Mizrachi, Jarrad Katz** and **Gina Gamble** of **Prudential | IPG Commercial Real Estate** in the transaction. The properties are located at 6231 McLeod. Reported monthly rents are $0.50 PSF and $0.45 PSF, respectively.

Las Vegas, 89128
Industrial

Bobby and Shelly Fleming leased 9,557 SF in Brookhollow from **Koll/Broookhollow, LLC** for $131,886 on a 28-month lease. The tenant was represented by **Brian Sorrentino** of **ROI Commercial** and the landlord was represented by **Desiree Crisp** and **Bob Hawkins** of **Commerce CRG, Cushman & Wakefield**. The property is located at 7340 Smoke Ranch Rd., Building D & E. Reported monthly rent is $0.50 PSF.

Las Vegas, 89139
Industrial

Hotel Furniture Liquidators leased 56,250 SF from **Pacifica Blue Diamond V, LLC** for $1,431,098 on a 66-month lease. The landlord was represented by **Karolina Janik** of **CB Richard Ellis**. The property is located at 4120 W. Windmill Lane. Reported monthly rent is $0.39 PSF.

LOANS

Reno,
Office

Tony Castrignano of **Sky Mesa Capital** provided financing for two loans through Symetra for three multi-tenant office buildings consisting of 27,734 SF for 6490 McCarran D1 & D2, LLC and 6490 McCarran F, LLC. Each loan carries a 7.25 percent fixed interest rate for ten years, based on a 25 years amortization and a 65 percent loan-to-value.

Post your deals at
www.theReDreport.com

Register Today | www.*TopRankNevada*.com

Commercial Real Estate Companies

**Ranked by Number of Commercial Brokers in Nevada.*

RANK	Company Address	Website Phone	Nevada Brokers*	Offices Established	Nevada Executive Title	Services
1	**Colliers International** 3960 Howard Hughes Parkway, Suite 150, Las Vegas, NV 89169 10765 Double R Boulevard, Suite 100, Reno, NV 89521	colliers.com 702.735.5700 775.823.9666	48	2 1999	Michael Mixer Tim Ruffin Managing Partners	Office, Industrial, Land, Retail, Resort & Gaming, Tenant Representation, Investment Services, Property Management
2	**CB Richard Ellis** 3993 Howard Hughes Parkway, Suite 700, Las Vegas, NV 89169 6980 Sierra Center Parkway, Reno, NV 89511	cbre.com 702.369.4800 775.356.6118	46	2 1981	Patricia Nooney Grant Sims Managing Directors	Industrial, Land, Office, Retail; Asset Services, Capital Markets, Valuation & Advisory Services
3	**Grubb & Ellis** 3930 Howard Hughes Pkwy, Suite 180, Las Vegas, NV 89169 985 Damonte Ranch Pkwy, Suite 320, Reno, NV 89521	grubb-ellis.com 702.733.7500 775.332.2800	40	2 2000	Joseph Kupiec John Pinjuv Managing Directors	Services for Individual Investors, Institutional Investors, Tenant and Owner-Occupiers
4	**NAI Alliance / NAI Las Vegas** 6995 Sierra Center Parkway, Suite 100 Reno NV 89511 840 Grier Drive, Suite 340 Las Vegas NV 89119	naiglobal.com 775.336.4600 702.796.8888	35	2 2005	Art Carll Managing Director	Industrial, Investment, Land, Multi-Family, Office, Retail, Hospitality
5	**Marcus & Millichap** 3993 Howard Hughes Parkway, Suite 300, Las Vegas, NV 89169	marcusmillichap.com 702.215.7100	24	2 1997	John Vorsheck Regional Manager	Investment Sales, Financing, Research, Advisory Services
6	**Commerce Real Estate Solutions** 3800 Howard Hughes Parkway, Suite 1200, Las Vegas, NV 89169	comre.com 702.796.7900	23	1 1979	Mike Hillis Managing Broker	Office, Industrial, Retail, Investment, Land, Property and Construction Management, Information Services
7	**Coldwell Banker Commercial** 294 East Moana Lane, Suite B27, Reno, NV 89502 5502 South Fort Apache Road, Suite 110, Las Vegas, NV 89148	cbcworldwide.com 775.829.5900 702.737.8000	22	3 1995	Charles Clay Tom Naseef Managing Brokers	Acquisition, Disposition, Construction and Project Management, Site Analysis, Relocation
8	**Lee & Associates** 5655 Badura Avenue, Suite 150, Las Vegas, NV 89118 5474 Longley Lane, Suite 100, Reno, NV 89511	lee-associates.com 702.739.6222 775.851.5300	21	2 1992	Steve Spelman President	Industrial, Office, Retail, Multi-Family, Investment, Market Knowledge
9	**Prudential Commercial Real Estate** 127 East Warm Springs Road, Las Vegas, NV 89119	prucrelv.com 702.363.7600	19	1 1993	Cassie Catania Managing Broker	Buyer, Tenant, Seller, Landlord Representation, Site Selection, Marketing, Developer Consulting, Appraisal Services
10	**Sperry Van Ness** 5585 Kietzke Lane, Reno, NV 89511 8275 South Eastern Avenue, Suite 200-232, Las Vegas, NV 89123	svn.com 775.825.3330 702.851.9000	18	5 1974	Tom Johnson David Baird Managing Directors	Retail, Office, Industrial, Self Storage, Land, Multi-Family, Leasing and Auctions

Title Companies

**Ranked by Number of Employees in Nevada.*

RANK	Company Address	Website Phone	Nevada Employees	# of Offices Established	Nevada Principal Title	Services
1	**Ticor Title Insurance** 8290 West Sahara Avenue, Suite 245, Las Vegas, NV 89117 5441 Kietzke Lane, Suite 100, Reno, NV 89511	ticortitle.com 702.932.0777 775.324.7400	135	7 2002	Diana Steiner State President	Title, Escrow and Settlement Services, Title Information Services
2	**Nevada Title Company** 2500 North Buffalo Drive, Suite 150, Las Vegas, NV 89128	nevadatitle.com 702.251.5000	100	5 1979	Jeffrey Harris President	Title, Escrow, Trustee, Foreclosure and Installment Collection Services
3	**Stewart Title of Nevada** 376 East Warm Springs Road, Suite 190, Las Vegas, NV 89119 1070 Caughlin Crossing, Reno, NV 89519	stewartnevada.com 702.697.3700 775.746.1100	77	5 1968	Nikki Wilcox VP - Western US	Title, Escrow, Real Estate Information Services
4	**Western Title Company** 241 Ridge Street, Reno, NV 89501	westerntitle.net 775.332.7100	55	8 1902	Donald Allen Chairman of the Board	Title, Escrow, Foreclosure Service, Installment Collections
5	**Lawyers Title** 3980 Howard Hughes Pkwy, Suite 100, Las Vegas, NV 89169	ltic.com 702.385.4141	54	4 1986	Brien Pidgeon State Manager	Title, Escrow, Real Estate Information, Attorney Services
6	**Equity Title of Nevada** 4040 South Eastern Avenue, Suite 130, Las Vegas, NV 89119	equitynv.com 702.432.1111	50	3 2001	Lane Gidney President / CEO	Title Insurance, Escrow Services
7	**Chicago Title** 2370 Corporate Circle, Suite 100, Henderson, NV 89074	chicagotitle.com 702.407.8894	47	4 2000	James Bennett President	Title, Escrow and Closing Services, Underwriting
8	**Fidelity National Title** 500 North Rainbow Blvd, Suite 100, Las Vegas, NV 89107	fntic.com 702.877.3003	40	4 1991	Ian Sweintson President	Title Insurance, Underwriting, Escrow, Closing and Real Estate Information
9	**Noble Title** 4670 South Fort Apache Road, Suite 180, Las Vegas, NV 89147	nobletitle.us 702.212.5500	34	1 2007	Charles Clawson President	Title, Escrow, Property Profiles, Farm Reports
10	**Old Republic Title Company** 8650 West Tropicana, Suite A203, Las Vegas, NV 89147	oldrepublictitle.com 702.362.0212	30	5 1990	Randy Martorano State Manager	Title Insurance, Credit Reporting, Appraisals, Default Management Services

A more comprehensive listing will be published in Nevada Business Magazine's annual directory.

Property Managment

*Ranked by Number of Property Managers in Nevada.

RANK	Company Address	Website Phone	Nevada Property Managers*	# of Offices Established	Nevada Principal Title	Services
1	**Advanced Property Management Group** 2775 South Rainbow Boulevard, Suite 101C, Las Vegas, NV 89146	amgnevada.com 702.699.9261	12	1 2006	Bret Holmes President	Advanced Property Management, Financial and Accounting, and Asset Management
2a	**CB Richard Ellis** 3993 Howard Hughes Parkway, Suite 700, Las Vegas, NV 89169 6980 Sierra Center Parkway, Reno, NV 89511	cbre.com 702.369.4800 775.356.6118	10	2 1981	Meaghan Levy Iris Andre Directors of Asset Services	Asset Services, Brokerage Services, Capital Markets, Valuation & Advisory Services
2b	**Gatski Commercial** 4755 Dean Martin Drive, Las Vegas, NV 89103	gatskicommercial.com 702.221.8226	10	1 1996	Frank Gatski CEO	Tenant Relations, Retention efforts, Insurance, Marketing, Financial Affairs, Landscaping, Maintenance
4	**The Ribeiro Companies** 195 East Reno Avenue, Suite A, Las Vegas, NV 89119 6490 South McCarran Boulevard, Reno, NV 89509	ribeirocorp.com 702.798.1133 775.825.7979	7	2 1965	Margie Campobasso Erin Riccio Property Mgmt. Directors	Property Management, Landscaping, Maintenance, General Contracting
5	**H&L Realty & Management Company** 720 South Fourth Street, Suite 201, Las Vegas, NV 89101	hlrealty.com 702.385.5611	6	1 1977	Barbara Holland President / CEO	Property Management for Office, Industrial, Retail, Multi-Family, PUD Association, Homeowner Associations
6a	**Landry & Associates** 7235 Bermuda Rd Ste A, Las Vegas NV 89119	N/A 702.837.5880	5	1 1999	Marge Landry President	Property Management Services Including Maintenance, Finance and Accounting, and Construction
6b	**MDL Group** 3065 South Jones Boulevard, Suite 201, Las Vegas, NV 89146	mdlgroup.com 702.388.1800	5	1 1989	Carol Ong President	Tenant Retention, Vendor Services, Financial Services, Annual Budgets, Commercial Brokerage Services
6c	**The Equity Group** 8367 W Flamingo Rd, Suite 201, Las Vegas, NV 89147	teglv.com 702.796.5500	5	1 1980	Barbara M. Barron President	Management, Development, Brokerage, Consulting, Investments, Construction
9a	**Colliers International** 3960 Howard Hughes Parkway, Suite 150, Las Vegas, NV 89169 10765 Double R Boulevard, Suite 100, Reno, NV 89521	colliers.com 702.735.5700 775.823.9666	4	2 1999	Michael Mixer Tim Ruffin Managing Partners	Full Service Property Management for All Property Types, Brokerage Services
9b	**Commerce Real Estate Solutions** 3800 Howard Hughes Parkway, Suite 1200, Las Vegas, NV 89169	comre.com 702.796.7900	4	1 2001	David Jewkes Senior Property Manager	Property and Construction Management, Information Services, Brokerage Services
9c	**Grubb & Ellis** 3930 Howard Hughes Pkwy, Suite 180, Las Vegas, NV 89169	grubb-ellis.com 702.733.7500	4	2 2000	Deborah Sinclair Director of Property Management	Property Management Supervision, Lease Supervision, Analysis, Long-term Investment Strategies, Due Diligence

Retail Summary

Fourth Quarter 2009

Las Vegas

During the fourth quarter of 2009, the Las Vegas commercial retail market remained stressed. Vacancies remained elevated while declines in average asking rents continued to accelerate. Vacancies during the fourth quarter of 2009 were 10.0 percent of inventory and compared to the prior year (Q4 2008) vacancies remain up 2.5 points from 7.5 percent. For comparison purposes, the historical 10-year average vacancy rate in anchored retail centers is 4.5 percent, well below current levels. As vacancies remain elevated, average asking rents continued to downshift during the fourth quarter. The average price per square foot per month fell to $1.84, a 13.6-percent decrease from $2.13 witnessed just one year ago.

By the end of 2009, the retail market reported 51.8 million square feet of inventory, consistent with the preceding quarter (Q3 2009) as no material projects completed construction during the past three months. For the year, the market added 1.3 million square feet of inventory, the lowest reported annual total since 2005. During the fourth quarter of 2009, the retail market reported negative net absorption of 49,900 square feet, suggesting more tenants moved out than moved in. During the entirety of 2009, the market reported negative net absorption of 71,300 square feet. Not unlike other sectors of the market, the past year reflects the first time annual absorption turned negative since we began tracking the market in the early 1990s.

Projects that remain actively under construction totaled approximately 809,800 square feet and include a Lowe's-anchored center in the northwest and Tivoli Village at Queensridge. Plans for 6.7 million square feet remain on the drawing board.

Reno-Sparks

The retail market in Northern Nevada, like most of the Nation, continued to show softness. Overall vacancy rates ticked up throughout the year and ended at another all-time high of 16.37% compared to 2008's year-end figure of 14.05%. Of the 15.4 million square feet of retail space tracked by Colliers, line-shops were the most challenging, especially in unanchored centers, with 1.7 million square feet available. This represents approximately 500 storefronts that have gone dark or have never been leased, being caught in the downturn. The year recorded 18 anchor spaces over 25,000 square feet and 16 junior anchor spaces from 10,000 to 24,999 square feet, representing 1.3 million square feet of space on the market. The good news of the year was the opening of 308,000 square feet in Legends at Sparks Marina and the 63,000 square foot expansion of Shopper's Square. These projects pushed the net absorption numbers up to 126,000 square feet compared to the negative 60,000 square feet recorded in the fourth quarter of 2009. Christmas sales also brought a bit of holiday cheer. Same store sales for the month of December rose 2.8% over December 2008. This was the strongest monthly sales gain since April 2008. Tenants in the Reno trade area that posted noteworthy gains include TJ Maxx, Ross, Costco, Marshall's, GameStop and Dollar Tree.

A top priority for landlords and brokers alike is holding onto current tenants. If there is a common mantra for 2009 and 2010, it would be to "hold on to your tenants and work with those with a viable business model". There are fewer and fewer users to back-fill empty spaces and it is not cheap for landlords.

RETAIL

4th quarter 2009

TOTAL MARKET	Las Vegas	Reno
Total Square feet	51,811,333	15,406,130
Vacant Square Feet	5,197,196	2,521,640
Percent Vacant	10.0%	16.37%
New Construction	" - "	0
Net Absorption	-49,902	-60,377
Average Lease sf/mo (nnn)	$1.84	$1.79
Under Construction	809,760	225,000
Planned	6,654,239	793,084
POWER CENTERS		
Total Square Feet	19,003,486	4,492,642
Vacant Square Feet	1,253,420	723,550
Percent Vacant	6.6%	16.11%
New Construction	" - "	0
Net Absorption	9,904	-36,890
Average Lease SF/MO (NNN)	$1.95	$1.03
Under Construction	0	225,000
Planned	3,287,472	614,300
COMMUNITY CENTERS		
Total Square Feet	12,897,387	2,892,634
Vacant Square Feet	1,330,063	661,123
Percent Vacant	10.3%	22.86%
New Construction	" - "	0
Net Absorption	134,460	4,287
Average Lease SF/MO (NNN)	$1.99	$1.47
Under Construction	708,210	0
Planned	2,011,555	0
NEIGHBORHOOD CENTERS		
Total Square Feet	19,910,460	2,987,494
Vacant Square Feet	2,613,713	295,577
Percent Vacant	13.1%	9.89%
New Construction	" - "	0
Net Absorption	-194,266	-66,782
Average Lease SF/MO (NNN)	$1.72	$1.60
Under Construction	101,550	0
Planned	1,355,212	0

Next Month: INDUSTRIAL

ABREVIATION 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 Colliers International Reno

After four straight quarters of decline following the financial crash of October 2008, US gross domestic product (GDP) growth finally moved into positive territory in the 3rd quarter of 2009. GDP grew at an annual rate of 2.2 percent that quarter with much of the growth attributable to government spending linked to the federal fiscal stimulus package. The US economy expanded again in the 4th quarter, growing at a robust annual rate of 5.7 percent. The 4th-quarter expansion was in some sense healthier because it involved much-needed growth in the manufacturing sector as firms re-established inventories that they had let languish throughout much of 2009. Still, this remains a jobless recovery, with the US unemployment rate at 9.7 percent, up from 7.6 percent a year ago.

The Nevada economy is severely lagging the US recovery. The Nevada unemployment rate stands at 12.8 percent, up significantly from the 11.8 percent observed in November. The number of visitors to the state is essentially flat, growing a scant 0.7 percent in the past year. The state's budget picture is particularly bleak with taxable sales down by 6.6 percent over the year and gaming revenue down 3.2 percent over the same period.

The deepest recession since the Great Depression continued to wreak havoc on the Southern Nevada economy in December 2009. This is because our two primary economic engines—construction and tourism—were disproportionately impacted by the US recession. The run-up in house prices was much larger in Southern Nevada in 2003-2006 than it was in much of the US and consequently, the subsequent decline in prices was large as well. Moreover, Southern Nevadans are credited for a disproportionately high number of high-risk loans, so that the local housing market continues to suffer from exceedingly high foreclosure rates. Excess capacity, in both the residential and commercial real-estate markets, means there is little incentive for homebuilders to begin new developments. As a result, the construction sector has virtually collapsed.

Much of the US recession is linked to a drop in consumer spending resulting from the cuts in discretionary income that occurred as home prices declined in many regions of the US. As the bubble burst, households tightened their budgets and cut back on travel and nonessential retail spending. This caused double-digit drops in gaming revenue and taxable sales well into 2009 in Southern Nevada. Only recently has gaming revenue begun to show any sign of recovery. Still, the modest month-over-month increases in gaming revenue observed in November and December 2009 revealed growth from a level far below the peak economic activity of 2007. Taxable sales continue to suffer in Southern Nevada, falling from a high of $3.49 billion in December 2007 to a current value of $2.66 billion. Taken together, the dramatic drop in taxable sales and gaming revenues since 2007 has placed severe fiscal stress on Clark County and the State of Nevada.

Mary Riddel, PhD
UNLV Center for Business and Economic Research

			DATA			GROWTH		
Nevada	DATE	UNITS	LATEST	PREVIOUS	YEAR AGO	RECENT	YEAR AGO	COMMENTS
Employment	2009M12	000 employees	1,160.9	1,173.4	1,241.6	-1.1%	-6.5%	Weak
Unemployment Rate	2009M12	%, NSA	12.8	11.8	8.7	8.5%	47.1%	Increasing
Taxable Sales	2009M12	$billion	3.656	3.017	3.916	21.2%	-6.6%	Low Levels
Gaming Revenue	2009M12	$million	859.26	873.18	888.05	-1.6%	-3.2%	Down
Passengers	2009M12	passengers	3.436	3.566	3.517	-3.6%	-2.3%	Down
Gasoline Sales	2009M12	million gallons	90.36	85.41	92.26	5.8%	-2.1%	Up Recent
Visitor Volume	2009M12	million visitors	3.502	3.638	3.478	-3.7%	0.7%	Flat Year Ago
Clark County								
Employment	2009M12	000 employees	833.0	842.8	899.7	-1.2%	-7.4%	Very Weak
Unemployment Rate	2009M12	%, NSA	13.1	12.1	8.7	8.3%	50.6%	Increasing
Taxable Sales	2009M12	$billion	2.659	2.258	2.904	17.8%	-8.4%	Low Levels
Gaming Revenue	2009M12	$million	753.17	750.80	771.80	0.3%	-2.4%	Flat Recent
Residential Permits	2010M1	units permitted	495	382	206	29.6%	140.3%	Slow
Commercial Permits	2010M1	permits	28	17	15	64.7%	86.7%	Slow
Passengers	2009M12	million persons	3.097	3.235	3.164	-4.2%	-2.1%	Down
Gasoline Sales	2009M12	million gallons	62.44	58.99	63.62	5.8%	-1.9%	Up Recent
Visitor Volume	2009M12	million visitors	3.001	3.157	2.996	-5.0%	0.1%	Flat Year Ago
Washoe County								
Employment *	2009M12	000 employees	196.3	197.9	209.6	-0.8%	-6.3%	Weak
Unemployment Rate *	2009M12	%, NSA	12.7	11.4	8.8	11.4%	44.3%	Increasing
Taxable Sales	2009M12	$billion	0.517	0.399	0.567	29.7%	-8.9%	Low Levels
Gaming Revenue	2009M12	$million	53.42	65.34	59.87	-18.2%	-10.8%	Down
Residential Permits	2010M1	units permitted	40	72	38	-44.4%	5.3%	Slow
Commercial Permits	2010M1	permits	6	6	8	0.0%	-25.0%	Slow
Passengers	2009M12	million persons	0.294	0.268	0.310	9.8%	-5.0%	Up Recent
Gasoline Sales	2009M12	million gallons	14.44	13.63	14.26	5.9%	1.2%	Up
Visitor Volume	2009M12	million visitors	0.334	0.307	0.316	8.8%	5.8%	Up
United States								
Employment	2010M1	million, SA	129.527	129.547	133.549	-0.0%	-3.0%	Weak
Unemployment Rate	2010M1	%, SA	9.7	10.0	7.6	-3.0%	27.6%	Down Recent
Consumer Price Index	2010M1	82-84=100, NSA	216.7	215.9	211.1	0.3%	2.6%	Up Year Ago
Core CPI	2010M1	82-84=100, NSA	220.1	220.0	216.7	0.0%	1.6%	Flat Recent
Employment Cost Index	2009Q4	89.06=100, SA	111.0	110.5	109.6	0.5%	1.3%	Modest Drag
Productivity Index	2009Q4	92=100, SA	151.7	149.3	144.2	1.6%	5.2%	A Bright Spot
Retail Sales Growth	2010M1	$billion, SA	355.777	354.085	339.778	0.5%	4.7%	Up
Auto and Truck Sales	2010M1	million, SA	10.76	11.20	9.59	-4.0%	12.2%	Up Year Ago
Housing Starts	2010M1	million, SA	0.591	0.575	0.488	2.8%	21.1%	Up
GDP Growth	2009Q4	2000$billion, SAAR	13,155.0	12,973.0	13,141.9	5.6%	0.4%	Up
U.S. Dollar	2010M01	97.01=100	102.135	101.754	109.100	0.4%	-6.4%	Weak
Trade Balance	2009M12	$billion, SA	-40.181	-36.387	-41.858	10.4%	-4.0%	Up Recent
S&P 500	2010M01	monthly close	1,073.87	1,115.10	825.88	-3.7%	30.0%	Down Recent
Real Short-Term Rates	2010M1	%, NSA	-0.28	0.23	-0.31	-221.7%	-9.7%	Stimulative
Treasury Yield Spread	2010M1	%, NSA	3.67	3.54	2.39	3.7%	53.6%	Stimulative

*Reflects the Reno-Sparks MSA which includes Washoe and Storey Counties

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.

What is your favorite gadget?

"My favorite gadget is one I don't yet have. The iPad is going to be a revolutionary learning device for school age children. It's on my wish list of items to have, not just for me, but in time will be great for our soon to be born baby girl!"

Mark Cenicola · President & CEO, Cenicola-Helvin Enterprises, Inc.

Seaton Curran · Intellectual Property Attorney, Armstrong Teasdale, LLP

"My favorite online gadget is Google Patents. It's a free tool for a quick search of patents and published patent applications. It's great for would-be inventors to use in getting a general idea of how crowded the market space for their invention might be."

"The car remote. There is a hack that allows you to boost the signal by 50 feet. They say necessity is the mother of invention. Well, my mind is sometimes a little forgetful and I work far enough from the car park to see my car but not lock/unlock it without walking out of the building. And this became a pain if I hadn't remembered to lock the car."

Mark Rouleau · Manager / Systems Engineer, Itech Las Vegas

Casey Strachan · VP Creative Services, KPS3 Marketing

"My new Blu-ray DVD player. It replaced my DVD/CD player and makes movies so crisp and nice. The unit also allows you to download Internet TV and thousands of movies. Movies are recognized immediately in the Blu-ray, then I'm ready to watch great movies or quickly delete a movie if it appears less than good. I'm lovin' it!"

"Google voice. It allows me to receive all my phone calls, transcribes my voicemails then emails them to me. I can access it and make free calls with it through my iPhone. It also let me pick out my own phone number and as a result. I got a great number to market myself."

Chris Richardson · Broker/Salesperson, Prominent Realty

Max Aceitun · President, MaximoMedia

"The iPhone. I think it's the best invention in the last ten years. You can do so much with it, it's portable, the things you can do with it are endless. I love it."

Fits your budget, meets your needs.

Quality and affordability have arrived in southern Nevada. A new health plan, offering HMO products that are small on out-of-pocket costs and big on freedom. Coverage at all area hospitals, an exceptional physician network, streamlined referrals, global coverage, and the assistance of our exuberant member-service specialists. Come on, it's time to join.

Saint Mary's Health Plans
A member of CHW

Ask your broker, or call 1-888-840-9080.
saintmaryshealthplans.com

Alive with possibilities.