

# Nevada Business

THE BUSINESS MAKER'S magazine

## HEART & Soul

NEVADA'S  
DOWNTOWNS

p8

CREDIT UNIONS p12

TRANSPORTATION p21

LEGISLATIVE  
REVIEW p28

ARCHITECTS  
& ENGINEERS p36

*Mayor Carolyn Goodman,  
City of Las Vegas &  
Mayor Hillary Schieve,  
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# Who is Ben Carson? Is This Guy a Real Deal?

Everyone knows who Hillary Clinton is and most of us know something about many of the Republican nominees running for President. But, do you know who Ben Carson is? As I began learning about him, I asked a number of people if they had ever heard of him. Most say they haven't. Yet, at the time of this writing, National Election Polls have Ben Carson rated in the top five presidential nominees being electable by republican-leaning voters.

So, who is this guy? At a glance, this man is black, handsome, middle-aged, soft-spoken and articulate. I first heard about Dr. Ben Carson a year ago when I was told he was a speaker at the 2013 National Prayer Breakfast. If you haven't heard the speech he gave, you owe it to yourself to check it out; it's on YouTube: "Dr Ben Carson Prayer Breakfast Speech With President Obama FULL". At the breakfast, Ben was seated on one side of the podium between Vice President Biden and Senator Schumer of New York, while President Obama was seated on the other side between his wife and Senator Sessions of Alabama. The video begins with Ben Carson being introduced as a God-Fearing, distinguished man of science and healing; and the director of pediatric neurosurgery of John Hopkins Hospital. As he speaks, Dr. Carson, now with only one seat separating himself from the President, lambasted the direction America is heading and warned about the perils of "moral decay and fiscal irresponsibility" that our nation is facing. He totally denounced the practice of political correctness, or as he called it "PC".

He said, "PC is dangerous ... In this country, one of the founding principles was freedom of thought and freedom of expression. PC puts a muzzle on people ... We have imposed upon people restrictions on what they can say, on what they can think. And the media is the largest proponent of this, crucifying people who say things really quite innocently."

This man publically spoke out on a controversial subject surrounded by unfriendly opponents, in a sincere manner, with honesty, kindness and firmness. He spoke about the moral decline of our country with those leading its decline. Dr. Carson's position and vision are a breath of fresh air for all us who are suffocating due to the ravenous and toxic fumes that are covering this country as it descends.

Needless to say, this YouTube video went viral with millions of people talking about it. Shortly thereafter, ordinary people started sending Dr. Ben Carson small donations along with correspondence urging him to run for President. *The Wall Street Journal* wrote an article titled "Ben Carson for President." While not committed to run at that time, Ben penned a book titled "One Nation: What We Can All Do to Save America's Future." The book is fantastic and is an inspiring piece of work. Some chapter titles include: Political Correctness, Elitism, Bigotry, Enslaving our Children - Don't Sell the Future and Take Courage.

As I continue to keep my eye on Ben and hope he is the real deal, I ask myself if he can offer this country hope again, hope that we can again be the country our forefathers worked and died for. Can we again be the country where anyone can aspire and attain the American Dream? And, just as importantly, does he have a chance to win the election? My answer is probably typical of those who watch and study this crazy over-populated Republican race to the presidential primary. I don't think he has a snow ball's chance, **unless** we are bestowed with a miracle. This country needs a miracle to stop our freefall into the abyss.

**Call to Action:** Find out for yourself about Dr. Ben Carson. Check him out on YouTube and google him. If you believe he is the real deal, share him with your business contacts, family and friends. We need to get passionate about what we say we believe in.

It's my prayer that you seek Truth, accept and know God, the Creator and the true and only Miracle Maker. All things are possible for the Miracle Maker; He knows exactly what we need. Pray for a miracle.

Want to see a great inspirational family movie? "Gifted Hands: The Ben Carson Story" is a 2009 TV movie starring Cuba Gooding Jr. Inspired by his mother to never give up, Detroit native Ben Carson (played by Cuba) overcomes poverty and prejudice to become a famous, world-class neurosurgeon.



**Lyle E. Brennan**  
Publisher

**COMMENTS**  
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### By Whose Authority?

For more information on my Commentary and to see some of my backup research, or if you wonder why I take the position I take, go to [www.LyleBrennan.com](http://www.LyleBrennan.com).

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**ON THE COVER:**

Left:  
**Mayor Carolyn Goodman**  
City of Las Vegas

Right:  
**Mayor Hillary Schieve**  
City of Reno

**PHOTO BY:**  
Chris Tucker

**8**

**COVER**

Heart & Soul:  
Nevada's Downtowns  
*by Doresa Banning*

**12**

**FEATURE**

Let's Get Personal  
Credit Unions in Nevada  
*by Jeanne Lauf Walpole*

**21**

**INDUSTRY FOCUS**

Transportation

**28**

**BUSINESS FIRST**

Legislative Review  
*by Tarah Richardson*

**36**

**BUILDING NEVADA**

Industry Blueprint:  
The New Normal for Architects and Engineers  
*by Jennifer Rachel Baumer*

**42**

**RED REPORT**

Tracking Nevada's Deals

DEPARTMENTS

**4**

**Commentary**

*by Lyle Brennan*

**18**

**Face to Face**

*Terri Lightfoot, Bryce Clutts, Ann Simmons Nicholson*

**19**

**Around the State**

**27**

**Free Market Watch**

The Choice Union Members  
Don't Know They Have  
*by Victor Joecks*

**44**

**Commercial RE Report**

Industrial

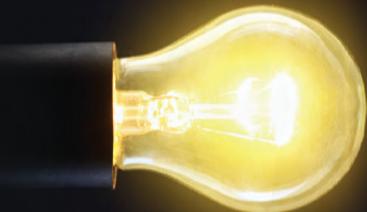
**45**

**Business Indicators**

**46**

**The Last Word**

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>> Cover Story

# HEART & *Soul*:

NEVADA'S DOWNTOWNS

*By Doresa Banning*





**DOWNTOWN** areas, the core of every city, should provide a central gathering place for all residents and attract visitors and businesses as well. However, Nevada's major metropolitan spots haven't yet achieved that to the degree desired according to experts. Most development and redevelopment momentum stalled during the recession. Today, however, several Nevada cities, along with private investors and developers, have resumed efforts, and slow transformations of downtowns are occurring throughout the Silver State.

"Most hearts of cities that have become so sad over the past years and made worse by the recession have been finding themselves ignited by an energy, [people wanting] to come back and connect with each other downtown," said Carolyn Goodman, mayor, City of Las Vegas.

"It's changing so dramatically because gaming has changed. Gaming is still extremely important, but it's also important to diversify," added Hillary Schieve, mayor, City of Reno.

Also, businesses are increasingly relocating to and opening in downtowns nationwide, according to a survey report, *Core Values: Why American Companies are Moving Downtown*, by Washington, D.C.-based Smart Growth America, a nationwide coalition that advocates for a better way to build and maintain our towns and cities. The purpose of the coalition is to centralize operations, attract and retain talented workers, develop brand identity and company culture, foster collaboration, be near customers and business partners and achieve triple bottom line (social, financial and environmental) results.

## Common Goals

Because major cities want people living in their downtowns, the building of affordable residences is a focus for those in need. Office space, retailers and other businesses to support those residents are another priority and typically follow naturally. Cities are also striving to establish and

develop arts, sports and healthcare components in their downtowns and, more than ever, are accommodating millennials and their interests. Achieving these multi-faceted efforts, however, takes time.

"Downtown redevelopment and any revitalization effort in a community is not an overnight process. You have to coordinate multiple stakeholders and partners to make a vision become a reality," said Barbra Coffee, director of economic development/redevelopment, City of Henderson.

## Las Vegas

Along with its well-known Strip, Las Vegas' downtown now boasts new residential high rises along with major attractions, including The Mob Museum, The Smith Center and the World Market Center. The area continues to evolve.

"We're always reinventing ourselves, but the difference is now the energy is downtown," Mayor Goodman said.

One to three new businesses have been opening each week in downtown, she added. The Downtown Project (DTP), a \$350 million investment in revitalizing downtown Las Vegas, is responsible for much of it.

"What we've tried to do is build something that is as applicable to locals, if not more so, as tourists," said Mark Rowland, community actualizer, Downtown Project.

The DTP, which spans 62 acres in Fremont East, funds and partners with start-up businesses, 150 of them since its January 2012 inception. It also owns and operates entities, including Gold Spike, with a boutique hotel and enormous recreational space, The Market, an urban grocery and 9th Bridge preschool and elementary school. Additionally, DTP is the landlord of the Container Park which hosts the Life is Beautiful music and arts festival.

"I think [DTP] still has a long way to go before we say, 'yes, we've done what we set out to achieve,'" Rowland said.

“Pawn Stars” Rick Harrison, owner of Las Vegas’ Gold & Silver Pawn Shop, has announced plans for Pawn Star Plaza, a modular restaurant and retail center that resembles a Rubik’s cube.

The Modern, a 50,000-square-foot art museum, was proposed for the 18b Las Vegas Arts District. The area features galleries, restaurants, clothing and other shops, businesses, a performing arts venue, First Fridays and other events.

“It’s another dimension to the downtown component of culture,” said Marc Abelman, president of 18b Las Vegas Arts District. “That’s really an important part for quality of life for Vegas locals and people who are traveling.”

With the Las Vegas Convention and Visitors Authority, the city is deciding the next or concurrent use of the Cashman Field complex and considering ideas for Symphony Park. “Interest in investment [in downtown]

is coming in from around the world,” Goodman said. Overall, work to make Las Vegas a world-class city is ongoing. “What you can see here in our city is just continued excitement, continued future innovation and moving the city forward,” Goodman added.

## Henderson

Downtown Henderson is best known for its main street. Water Street, lined with palm trees and piped-in music, is where city government and civic business occur. It’s where numerous community events take place throughout the year, such as the Super Run Car Show, Heritage Parade & Festival, Mother’s Day Art Festival and WinterFest.

“It’s a best kept secret,” said Mayor Pro-Tem Debra March, City of Henderson. “It is very authentic. It’s 60 years old.”

The current vision for the Water Street District is to augment the physical environment, develop complete streets and expand



Mayor Pro-Tem Debra March

City of Henderson

walkability. “We need more people downtown,” Coffee said. “We are trying to get mid-scale, midrise residential units in downtown.”

The many proposed projects include a 133-unit residential-above-retail, mixed-use complex near Water and Victory streets. Recent successes include Southend on Water, a mixed-use development project with first floor retail, second floor office space and adjacent residential units. Construction is slated for late summer. Also breaking ground this summer is a 6,000-square-foot microbrewery, the Lovelady Brewing Co.

To foster an entrepreneurial spirit, the city has launched quarterly meetings for



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entrepreneurs and small businesses to help draw companies and office space to the heart of the city.

The city is reviewing proposals to renovate and double the space of the aging, 13,000-square-foot Henderson Convention Center and add an on-site, non-gaming, 150-room hotel. "There are some exciting things that are happening," March said. "A lot of interest has been piqued in downtown."

Henderson will continue supporting the existing downtown businesses by improving the streetscape, lighting and sidewalks on Water's cross streets and attracting private investment in downtown, Coffee said.

"We're here to breathe new life into downtown so that it flourishes and radiates outward to the residential areas and beyond," she added.

## Reno

Traditionally, downtown Reno has been known for its Virginia Street arch that reads, "The Biggest Little City in the World," but that may change as the city caters more to millennials, said Mayor Hillary Schieve. "We're working to make downtown progressive and relevant," she added.

Discussions are ongoing about merging downtown Reno with the University of Nevada, Reno, which is located at its cusp, thereby furthering students living and working in downtown. Projects to convert some of the region's older vacant buildings into housing units are underway.

Bentar Development has begun renovating the long-shuttered Kings Inn into 100-plus apartment units. The Siegel Group, a commercial real estate developer, also turned the former Nevadan building into Siegel Suites Nevadan, studio apartments with retail and office space. It plans to refurbish the former Virginian hotel building the same way.

Complementing those efforts, the City of Reno established a \$1 million fund for its Blight Reduction Initiative, hoping to ulti-

mately spur redevelopment. It is considering options for the ReTRAC Train Trench Cover, such as a dog park with public art pieces, along with ideas for the Tessera District in northeast downtown.

Reno recently purchased the Burning Man "Believe" sculpture for \$70,000. The structure will be placed at the plaza at South Virginia and Fourth Streets and the city is considering adding a splash park there as

well. Also in progress is the Virginia Street Bridge Project, replacing the worn structure to improve flood control, safety and walkability. Along with the Regional Transportation Commission, the city is contemplating additional transportation through and around downtown, perhaps a trolley and/or bike share.

CONTINUES ON PAGE 40 ▶

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# LET'S GET PERSONAL:

## CREDIT UNIONS IN NEVADA

*By Jeanne Lauf Walpole*

**ALTHOUGH** many financial institutions struggled during the recent economic downturn, credit unions in general fared somewhat better.

“The credit union industry weathered the recession pretty well, but in Nevada some merged out of existence. The credit unions that are left are much stronger and are thriving now,” said Andy Hunter, president and CEO of Silver State Schools Credit Union. Hunter attributes the success of credit unions to the perception of the industry amongst customers.

In addition, through the recession many credit unions were able to increase their customer bases. “We had member growth during the recession,” said Dennis Flannigan, president and CEO of Great Basin Federal Credit Union. “Credit Unions never took TARP funds so we were the ones wearing the white hats.”

The Troubled Asset Relief Program (TARP) of 2008 gave the U.S. Treasury purchasing power of \$700 billion to buy illiquid mortgage-backed securities and other assets from key institutions in an attempt to restore liquidity to the money markets and reduce potential losses to those institutions. However well-intentioned the program might have been, it produced unintended consequences for many participants. A study conducted by the Board of Governors of the Federal Reserve System found that, relative to non-TARP banks, the risk of loan originations



Andy  
**Hunter**  
Silver State Credit Union

increased at large banks, but decreased at small TARP banks, for example.

## History of Credit Unions

Most people know what a bank is, but if you’ve never been a member of a credit union, you might be hard-pressed to define exactly what it is.

“People still don’t understand what credit unions are. It’s market awareness,” Flannigan said. Springing up in Europe in the 1850s, credit unions reached out to unserved and underserved populations that were not able to afford the services of traditional financial institutions. By

banding together as members of not-for-profit financial cooperatives, poorer, urban and rural communities were able to receive many of the same services available at banks, at a lower cost and risk.

Established in 1908 to serve French-speaking immigrants from Canada, St. Mary’s Bank of Manchester, NH, holds the distinction of being the first credit union in the United States. As the cooperative movement grew across the country, many unions were founded on an employer-based bond of association, a tradition that continues today. Silver State boasts 55,000 members, all of whom work in some capacity in the field of education or are family members of someone who does. On the other hand, Great Basin is a community-based credit union of 16,000 members whose only criteria for membership is to live and/or work in Washoe County.



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Along with employment or geographical location, other common bonds for credit union membership include school attendance, church membership or organizational affiliation. Today around 100 million people are members of about 7,000 credit unions across the country.

One of Nevada's larger credit unions, the Clark County Credit Union (CCCU) is preparing for the future as it transitions in a new president and CEO, Matt Kershaw. Kershaw will replace long-time CEO Wayne Tew. CCCU has 35,455 members and assets of \$572 million. The credit union is comprised of members from select employers including Clark County, City of Henderson and City of Las Vegas.

**“The big picture is that we have to provide good value to our membership. We need to do more to attract the young people who will be the borrowers of the future.”**

**— Andy Hunter**  
Silver State Credit Union

personal service to their customers. “We’re not-for-profit so we should be able to be better than our competitors,” Hunter said. Credit unions can also offer higher rates on savings accounts and lower rates on loans and credit cards. As costs rise, some account holders at banks have had to adjust to higher minimum balance requirements, while many credit unions have no minimums at all. Some credit unions have

### **Advantages and Disadvantages**

In comparing credit unions with other financial institutions, it’s easy to see they have both positives and negatives. With a mission of providing members with affordable financial services, credit unions are in a position of being able to offer

also made great strides in making ATM access more convenient for their members by joining the CO-OP ATM network of unions which provides access to around 30,000 cash machines around the country.

Along with the perks come the downsides, however. Although membership



seems to be fairly broad-based, credit unions still have limited eligibility. In addition, credit unions are focused on keeping costs down and so are less likely to load up accounts with attractive bells and whistles, which is common in traditional banking. And even though some credit unions provide access to CO-OP ATM, not all do. Even with the CO-OP, it doesn't provide the widespread access to ready cash that many banks offer.

## Competition

In today's fast-paced world of money management, credit unions are finding that they have to be extremely nimble and up-to-date as they face competition from other financial institutions, as well as from non-financial competitors.

"The landscape is very competitive with lots of choices for people. We think that the credit union is the best choice and that



John B.  
**Lund**

America First Credit Union

consumers are better off with more choices," said John Lund, president and CEO of America First Credit Union, which is twelfth largest in assets and seventh largest in membership of all U.S. credit unions. "Everybody wants to issue credit cards today. The margins are very tight which is very challenging," he said.

In addition to muscling in on the credit card business, non-financial entities are also eyeing the financial transaction pie as a delectable dessert just waiting to be gobbled up. "Everybody wants to control the transactions, how you pay your bills and how you buy things," Lund said.

Do you write a check, use a debit or credit card or use an app on your phone to make purchases? Billions of dollars in revenue are at stake and credit unions are forced to compete not only with large financial institutions, but also business giants like Google, Apple and Walmart. "Whoever owns the transaction capability has a chance of a more complete [customer] relationship," Lund said.

As with most aspects of our lives, technology is at the forefront of many of the sweeping changes taking place in the world of finance. "It's moving more and more to technology," Lund said. "We were the second credit union to offer Apple Pay. We also have touchless cards. We have Card Guard where a member has complete control over when their cards will or will not work. They can turn them off and on at will and customize them to certain situations," he said. Recent figures from cybersecurity experts show that 28



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percent of all hacking takes place at the financial transaction point. Thus Card Guard and programs like it are becoming increasingly vital as credit unions work to secure the accounts of customers.

## Changing Member Base

As many financial institutions recognize that their customer or member base

is aging, competition has heated up to attract the next generation. “Younger people are the most sought after since they’re at the point of choosing a financial institution,” Flannigan said. Appealing to them via technology is critical. “Now a lot of people out there are non-banked. They’re using things like PayPal,” he added.

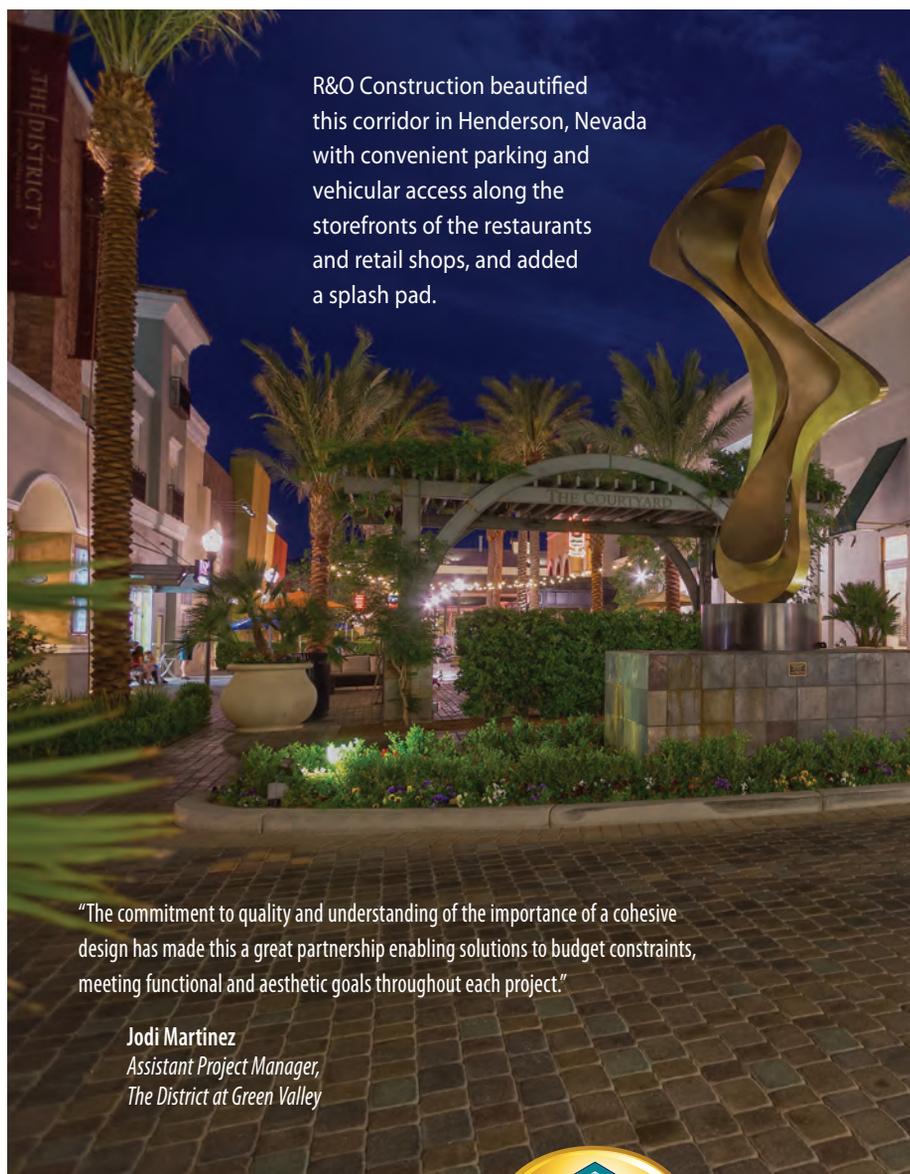
Those who are credit union members, however, increasingly use mobile devices to do their banking transactions. “We do loans and sign documents via phones. We’re seeing a decline in branch usage,” Flannigan said. About 90 percent of all transactions at Great Basin are done via mobile technology rather than traditional banking methods.

Lund added that America First puts a lot of concerted effort into reaching out to younger generations. “We have a real good growth of young people. We’re involved in social media and we employ a lot of young people,” he said. “We also offer a lot of free services such as regular Shred It Days, financial planning seminars and consumer counseling.” The organization is geared to provide a personal relationship for customers. “They really want a complete relationship so we keep it simple for them,” Lund adds.

## Regulations

Although credit union executives acknowledge that regulation of the financial industry is essential, they say they also fear that overzealous government action can be harmful. “It feels like the level of regulation is ever increasing. In general, regulation is necessary, but it can be overdone,” Hunter said. Of particular concern are some actions of the Consumer Finance Practices Bureau (CFPB), an independent agency of the federal government that was authorized by the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010. New disclosure practices for mortgages coming from this agency are concerning as there is some fear they could make the lending process more problematic.

On the positive side for financial institutions is new regulations that requires merchants to have machines that will read chip credit cards. This is expected to cut down on the amount of card fraud at point of purchase.



R&O Construction beautified this corridor in Henderson, Nevada with convenient parking and vehicular access along the storefronts of the restaurants and retail shops, and added a splash pad.

“The commitment to quality and understanding of the importance of a cohesive design has made this a great partnership enabling solutions to budget constraints, meeting functional and aesthetic goals throughout each project.”

Jodi Martinez  
Assistant Project Manager,  
The District at Green Valley

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## Dennis Flannigan

Great Basin  
Federal Credit Union

### The Future

Despite cybersecurity threats, increased competition, constantly evolving technology and new regulations, decision makers in the credit union industry are bullish about the future. They believe that their ace in the hole continues to be their ability to emphasize personal service and relationships. Remaining fleet of foot to the ever changing playing field will also help them to retain and grow market share.

“The big picture is that we have to provide good value to our membership. We’re very optimistic about the future. All our data seems to support good performance,” Hunter said.

In talking about the success America First has enjoyed over the years and its outlook going forward, Lund emphasizes the critical role that employees play in it. “It takes good people. I can’t be successful without great people who love serving other people. We’re really in the people business,” he added. 

### IN BRIEF

*According to a recent survey paid for by the Clean Energy Project and conducted by The Tarrance Group, 75 percent of likely Nevada voters support the development of clean energy in the state. In addition, 73 percent think that Nevada does not rely enough on renewable sources of energy and 92 percent of those polled are in favor of allowing homeowners to buy and install their own solar panels for energy production.*



**TERRI LIGHTFOOT**

CEO and Executive Director  
Nevada Health Partners and  
Nevada Business Group on Health

**RENO**

**HOW DID YOU FIRST GET INTO YOUR PROFESSION?**

My first job in healthcare was a receptionist when people still paid their doctors with cash ... or chickens. I left healthcare for the early part of my career and returned as a healthcare lobbyist in 1990 which led to opening a practice management company in Las Vegas, working in pharmacy benefit management and now having the most complicated, best job ever.

**WHAT IS YOUR PET PEEVE?**

Mean people – I never understand what it is they really hope to gain through their behavior.

**WHAT IS A LITTLE KNOWN FACT ABOUT YOURSELF?**

I am a speed addict (not that kind) horses, motorcycles, boats, cars, jets. Love it!

**WHAT WAS THE TOUGHEST LESSON YOU'VE LEARNED IN YOUR CAREER?**

Acceptance. I am so passionate about my career and responsibility to others that I sometimes find it difficult to march to the beat of another's drummer.



**BRYCE CLUTTS**

President  
DC Building Group

**LAS VEGAS**

**WHAT DO YOU WANT YOUR LEGACY TO BE?**

That I loved God, my wife and children before anything else.

**WHAT IS YOUR PET PEEVE?**

Lack of accountability. Not doing what you said you were going to do.

**WHAT IS A LITTLE KNOWN FACT ABOUT YOURSELF?**

I am the youngest President of the Las Vegas Chapter of the AGC (Associated General Contractors) in its 27 year history.

**IF YOU COULD HAVE COINED A SINGLE PHRASE OF WISDOM, WHAT WOULD IT BE?**

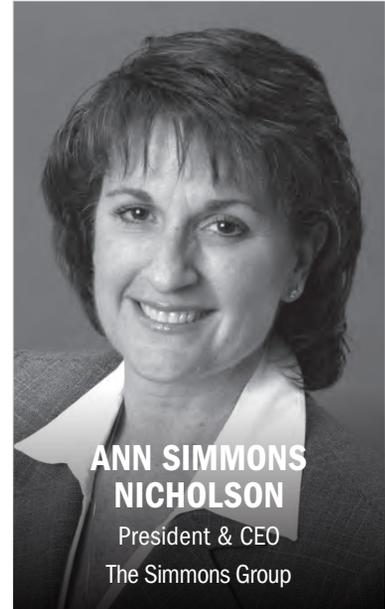
"Success is not a result of spontaneous combustion, you must set yourself on fire."

**WHAT DO YOU WISH YOU WOULD HAVE LEARNED AT THE BEGINNING OF YOUR CAREER?**

How important my faith is.

**WHAT WAS THE TOUGHEST LESSON YOU'VE LEARNED IN YOUR CAREER?**

That recessions happen and that you must be prepared for those rainy days.



**ANN SIMMONS NICHOLSON**

President & CEO  
The Simmons Group

**LAS VEGAS**

**HOW DID YOU FIRST GET INTO YOUR PROFESSION?**

I was working as director of operations for a fast food chain. The position responsibilities were divided up and I was given my choice. I choose HR and training and development.

**WHAT BUSINESS ADVICE WOULD YOU GIVE SOMEONE JUST STARTING IN YOUR INDUSTRY?**

Find a way to suspend your judgement. Recognize that there are many generations working in your workplace.

**IF YOU COULD BE ANY FICTIONAL CHARACTER, WHO WOULD YOU BE AND WHY?**

George Bailey from "It's A Wonderful Life". To be able to have an awareness of the good things that may have come from interaction with others in my life.

**IF YOU COULD HAVE COINED A SINGLE PHRASE OF WISDOM, WHAT WOULD IT BE?**

"A mind once stretched by a new idea, never regains its original shape."

**WHAT IS YOUR PET PEEVE?**

Inconsiderate people.

## Reno Ranks Among Best Cities for Recreation

WalletHub, a personal finance website, recently conducted an in-depth analysis of this year's best and worst cities for recreation. The study found that, of the 100 largest cities, Reno ranked 10th for best cities for recreation. The study looked at cities across 27 key metrics and the data set included figures such as parkland acreage, the number of attractions and the average movie cost. Conversely, North Las Vegas, ranked among the worst cities for recreation, coming in 94th out of a hundred. 🌿

## Majestic Realty Named Developer of the Year

NAIOP, the Commercial Real Estate Association, has named Majestic Realty Co. as the 2015 Developer of the Year which is the association's highest honor. Majestic is the largest privately-held industrial developer in the nation and, in the last year, added six million square feet to its ownership portfolio of 78 million square feet. 🌿

## UNSOM Partners with Aurora Diagnostics Western Pathology

The University of Nevada School of Medicine has partnered with Aurora Diagnostics, an independent specialized laboratory company focused on anatomic pathology. The public-private partnership is designed to enrich learning opportunities for students at the school while enhancing the anatomic pathology services available to Northern Nevada and to serve as a platform for future clinical research partnerships. 🌿

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# Industry Focus



## Transportation

**LEFT TO RIGHT ▶** **Connie Brennan**, Nevada Business Magazine · **Paul Enos**, Nevada Trucking Association · **Andrew MacKay**, Nevada Transportation Authority  
**Curtis Myles**, Las Vegas Monorail · **Marilyn Mora**, Reno Tahoe Airport Authority · **John Hester**, Tahoe Metropolitan Planning Organization · **Lee Gibson**, RTC Washoe  
**Patrick Pittenger**, Carson City Public Works · **Paul Schneider**, Federal Highway Administration · **Bill Hoffman**, Nevada Department of Transportation  
**Tina Quigley**, RTC Southern Nevada · **Joe Miller**, Fisher Industries/I-II Bypass · **Carl Hasty**, Tahoe Transportation District

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to have the best workforce we can possibly get, and it has to be local. That's what we're striving for.

**ANDY MACKAY:** We're the agency that is going to be responsible for regulating transportation network companies like Uber. In my world, everything is living and breathing and starts and stops with Uber right now as you can imagine. Uber, Lyft, Sidecar, you name it. I think more globally how that affects all of us is how we fund. We're getting less bang for our buck. It's just the nature of the beast. So funding and then tier point technology. Moving an archaic industry into something that's more the 21st century.

**BILL HOFFMAN:** The biggest challenge I see at NDOT right now is to try to keep transportation at the same growth rate or ahead of this economic development tsunami that we hear about coming to Nevada.

## HOW ARE YOU FUNDED?

**MORA:** Funding on a national basis through the federal aviation administration in terms of the money available for the airport improvement program [is a challenge]. It's a static number that we're looking at and we want the ability for airports to raise the passenger facility charge (PFC), which is a fee on your ticket so the users of airport systems pay for facility improvements. We need to see that PFC increase because it's worth a whole lot less than the \$4.50 that was put out a number of years ago. That gives us the opportunity to really do our local improvement and that's how we've done consolidation of our check points. From a federal perspective, that is a challenge in terms of funding.

**GIBSON:** There are also challenges on the public transportation side. We're operating on 2003 and 2004 sales tax revenues on 2015 costs to run a public transportation system. We just had a blue ribbon committee look at the question of public transportation. They don't want to see anymore services

Nevada's transportation industry has seen a fair share of ups and downs in the the past several years. Working around funding issues while trying to educate the public on their needs, industry leaders have a myriad of challenges to overcome. Recently, transportation executives met at the offices of the Regional Transportation Commission – Washoe in Reno to discuss those challenges.

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

## WHAT IS YOUR BIGGEST CHALLENGE?

**MARILY MORA:** Having lost a third of our passengers in recent years, rebuilding our air services is our number one priority for Reno/Tahoe Airport Authority. We believe you have to have the community support new air service. We're very excited about the growth of jobs in Northern Nevada because that will certainly drive air service.

**LEE GIBSON:** Our biggest challenge is funding, financing, and project delivery. We have to figure out a way to deliver projects, not so much cheaper, but cost efficient. We've got to figure out a way to deliver projects quickly.

**JOHN HESTER:** [Our challenge is creating] policy to keep up with technology. We're seeing some major changes in technology starting to emerge and new policies aren't always with them.

**PAUL SCHNEIDER:** Its determining the mix of transportation solutions that we're going to apply. Given the different goals that we've got like safety, public health and economic development, within the constraint, we have to make very tough choices constantly.

**TINA QUIGLEY:** There's a lack of conversation related to the nexus between transportation infrastructure and economic development. We feel like we need roads. Our roads are battered and we need more roads. But we're not that great at communicating to the community and the world. Why?

**JOE MILLER:** Our biggest thing right now, since we just got the I-11 Phase 1 with NDOT, an \$83 million job, is hiring local workforce. That's our number one thing – we want to hire locals. But the workforce right now is hard to get the most qualified people, to train them,

cut. They want to see service for seniors and they're challenging my board to consider a ballot question in 2016 or 2018 for an eighth of a cent sales tax [increase]. We've got to figure out a way, at least in Northern Nevada, to look at these public transportation investments, not from the standpoint of social service, but from a standpoint of a major transportation investment. Public transportation funding has got to be on the table at some point.

**PAUL ENOS:** Let's talk about Las Vegas for a second. If Las Vegas doesn't have I-15, which we didn't have for a couple of weeks, the floods washed the road away, that cuts a lifeline to Las Vegas off. If we don't have federal involvement in some of these areas, we are taking these little links out of the supply chain and we are making it more difficult to move our freight and move our people. We are putting these barriers up.

**CURTIS MYLES:** Private industry can bring a lot to the table. A lot of private partnership-type programs were theorized to incentivize private entities to get involved. But, really what it does is incentivize private entities to go in, take what they can get, and get out.

**CARL HASTY:** We're going to need [financing] from all sources because there isn't going to be one giant federal delivery. I don't think the feds are going away, nor should they, especially when it comes to interstate, but if we don't also address this at the state level and the local level like many communities have, like Denver or Utah, we're not going to go very far. We're going to need it all. We all need to be working together.

**ENOS:** We need to do the hard thing, but the smartest thing, and that's raise the fuel tax.

**HASTY:** We are not doing the job about educating the constituent out there. The only thing stopping our politicians from pulling the trigger is we don't have enough of the public that's telling them to do it.

**PATRICK PITTENGER:** One moment on funding for us non-Washoe, non-Clark folks. I know there's not that many of us, but we don't have fuel tax indexing. It hasn't gone up on any level



since 1997. We have worked with the Nevada Department of Transportation (NDOT) through agreements we all agreed to, but we have 20 more miles of the biggest roads in town that we now have to pay for. We have less gallons of gas sold than we did in 2007, our roads have not been maintained properly for years, and the condition of them is going downhill. So it's really basic math for us. We have more roads, we have older roads, and we have less money. Period. The gas tax vote that is next November is our one lifeline out there.

**MYLES:** The fuel tax is an extremely good thing because between here and where we need to be, there's nothing if there's no fuel tax. What we have to try to educate the public about is that we want them to go to the ballot and do this because it gets us to this next thing. If you don't do this, you don't get to the next thing.

## HOW DO YOU DECIDE WHERE TO SPEND YOUR MONEY?

**HOFFMAN:** Trying to decide which area of highway infrastructure to spend your money on is very challenging. We understand busi-

ness and economic development is huge, especially as we're climbing out of the recession right now. But, how can NDOT or anybody else start economic development or complete streets and things like that? How do we go through the planning process to figure out what we need to spend our money on when you're considering safety?

**PITTENGER:** We're talking about, on a very specific point, making decisions. We have such limited resources, the pie is so small, that I've got a developing intersection safety issue that I want to address, but if I want to do that, I have to cancel other projects. Period.

**SCHNEIDER:** The whole planning process is so incredibly complicated, it's not even funny. Right now you have existing infrastructure that takes a lot of money to maintain. You have to decide how much and what level of maintenance you're going to invest in the current roadways. You'd like to keep it at this level but it costs a lot. You have to make decisions on optimizing the performance of the transportation system, putting in meters, putting in bus lines, all those operations. Then you've got these rules where you want to make it as safe as possible, but we also have to improve the economic situation. If we poured every bit of money we could into safety, we could bring down fatalities and injuries tremendously. But, you can't just say that's all we're going to do. We can't say we're going to have it so safe, but the roads are operating at five miles per hour.

**GIBSON:** You're coming back to what I'm really concerned about. If you have fuel index taxes, you've been blessed. You're going to get your index fuel tax but what happens with index fuel taxes is you're going to build a lot of roads. That brings the requirement to operate and maintain those roads. We have very limited statutory and constitutional limitations on gas taxes, and to some extent, sales taxes. How are we going to fund our operations and maintenance programs, our highways and public transportation systems, and make all that work?

## HOW FAR ALONG IS INTERSTATE 11?

**QUIGLEY:** It's under construction right now. It's a really interesting project in that it's local money. The RTC Southern Nevada is building twelve and a half miles of it. And then NDOT and Fisher are building two and a half miles of it. That in itself makes it very unique. The fact that its fully funded and it's under construction gives a sense of commitment that Las Vegas and NDOT have to the public. But what's interesting too is that Arizona has a very firm commitment to it as well. We want to see that freight movement go from Mexico, Tucson, Phoenix and Las Vegas and they are doing all that they can. They have a strong proponent group for that, recognizing the economic activity and diversification. I have been surprised by the amount of private sector businesses and the chambers that got

involved. That's one of their number one priorities - advancing that corridor.

**MILLER:** This project will have more of an economic impact than just creating jobs to build it. We're building something that will impact generations to come; I-11 will allow for increased commerce between two major metropolitan areas that will continue to boost our economy long after the concrete is poured. This project is much bigger than Fisher or NDOT or the RTC, we're building Southern Nevada's future.

**HOFFMAN:** NDOT goes on our county tours and our local conservation tours every summer. For the last two years, it doesn't matter which county you're in, their first question is, "What's I-11? What's going on? Where is it going?"

**QUIGLEY:** It might be because there seems to be an understanding between the nexus of transportation and economic development for that project.

## HOW DOES ENGAGEMENT DIFFER ACROSS THE STATE?

**GIBSON:** We have a lot of public engagement [in Washoe]. Having lived in Southern Nevada, it's pretty different.

**QUIGLEY:** There's a different culture between the two. When you move to Northern Nevada, you know that this is your home. In Southern Nevada, we've been a culture of transiency. Most of us, and I'm guilty of this as well, moved there in the early 90s thinking we were only going to stay there for a couple years. That's a different cultural psyche - the amount of time and energy that you're willing to invest in your community is very different when you know you're going to live there forever versus thinking you're just building your resume. But the thing is, 25 years later, I'm still here.

## DRIVING PROGRESS FOR SOUTHERN NEVADA

The Regional Transportation Commission of Southern Nevada (RTC) specializes in mass transit, traffic management, road safety programs, ride sharing, cycling initiatives, streets and highway projects, and more. Our goal is to get you there, and our passion is what moves you.

To find out more about what drives us, visit [rtcsonv.com](http://rtcsonv.com).

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**MYLES:** It's a different mindset than Northern Nevada. Entirely different; the attitude is just different. We think about Las Vegas differently as a community. We could never do that because people are just not that engaged.

## HOW DO YOU EDUCATE THE PUBLIC ON THE NEEDS OF THIS INDUSTRY?

**ENOS:** The fuel tax is unpopular and it's insane that it is because it's the most efficient mechanism we have to take care of our highways. For every dollar we collect in fuel tax, it cost three cents. That means 97 cents goes back to the roads. That's how we need to start educating people. We need to say this is the best way to go.

**PITTENGER:** To address the public input, that tax that you talk about - the 1997, five cent gas

tax - that is still news for us. To this day, as we start talking about the fuel indexing, everyone remembers 1997 and says, "You just did it. It was only 18 years ago. Don't you have plenty of money?"

**MACKAY:** You can sell it to the populace. RTC Washoe did it at the peak of the recession. We had unemployment at 14 percent, or whatever it was in Washoe County and [they said] pay some now or pay a hell of a lot later. That's how you educate the populace.

**HASTY:** We have an opportunity here with what Washoe's done and what Southern Nevada has done, with what this legislature has done. We're not being smart enough to educate the public out there with the right kind of messaging and we're not investing the kind of money and energy that it's going to require in order to really move the whole state. I think that's our opportunity and that's where we need to go. That's what we have an opportunity to do, if a table like this and others would really start to

work together and harmonize. We're not starting from zero, the economy is starting to come back, so now what are we going to do when we have all this transportation in play to keep it moving.

**ENOS:** The challenge is also trying to compete with all the other priorities of government with finite resources. When you go out and do a poll, transportation is most important to about 3 percent of the people. It's always a very, very low number. It's just something people expect and take for granted until it's not there. We need to look at air, we need to look at rail, we need to look at how it all fits together as a global system.

**MYLES:** That's a difficult thing to get a general populace to understand. There's a very complex system. And you start moving things on one side and it pushes the other side, so you have to be moving things collectively to move ahead or move up. People don't understand that. It's very complex. 



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Azul Services is a long-time Las Vegas Valley managed services provider focused on delivering business value to its clients. Azul is upgrading all its existing and new customers from Windows Server 2003.

This version of Microsoft's operating system will no longer be supported by Microsoft as of July 15, 2015. Any company using it will be exposed to serious legal, technical, and operational risks.

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# THE CHOICE UNION MEMBERS DON'T KNOW THEY HAVE

## WHY EMPLOYEE FREEDOM SCARES UNION BOSSES

*Victor Joecks is executive vice president of the Nevada Policy Research Institute, a non-partisan, free-market think tank*

Have you ever bought a new washer and dryer only to discover that the store down the street sold the same set for \$750 less?

It's a frustrating experience to find out that you had better options than the ones you knew about.

This is the situation that tens of thousands of Nevada union members unknowingly find themselves in.

According to the Bureau of Labor Statistics (BLS), there were 169,000 union members in Nevada in 2014. As a right-to-work state, where union membership is optional and not required as a condition of employment, every employee covered by a union contract in Nevada has the option to join or not join a union.

The BLS estimates that 23,000 employees in Nevada are covered by a union contract but are not members of the union. That estimate seems low, since public records requests made by the Nevada Policy Research Institute show there are over 16,000 school district employees who aren't union members. For the moment, though, let's assume it's accurate.

An 85-plus percent rate of unionization would be impressive, but there's something those statistics don't measure — satisfaction. Are employees in the union because they support it, its personnel and its politics? Or are they union members because they don't know an alternative exists?

Thanks to National Employee Freedom Week (NEFW), a nationwide coalition of over 90 groups that's spearheaded by the Nevada Policy Research Institute, we have an answer.

NEFW conducted a 2015 poll of Nevada union households and asked if they were aware that they can opt out of union membership without losing their job or facing any other penalty. Over 27 percent of those in union households said they were not aware of that fact.

That's over 46,000 union members who simply don't know that union membership is optional. It suggests — assuming average dues of \$750 a year — that over \$35 million in dues is going to union officials from members unaware that they have a choice.

Imagine if a survey found that 27 percent of Walmart customers had somehow been kept from knowing they could also shop at competitors — such as Target and Amazon. There would be outrage and accusations that Walmart was perpetrating a monopoly. Walmart would go into crisis mode, brainstorming 24 hours a day on how to convince customers to stay, now they knew they had options.

Many unions, however, are more fixated on flexing their political muscles than serving their members.

So do many union employees want out? Absolutely. According to 2013 NEFW poll, 31.1 percent of those in Nevada union households said they would opt out of membership in a labor union if they could do so without losing their job or any other penalty.

While the reason each individual wants to drop union membership varies, some themes are common. Many members, for example, believe they can put their money to better use than paying union officials.

Others don't want their contributions supporting campaigns for higher taxes, abortion on demand and other agendas they don't support — like when the Nevada State Education Association spent over \$2 million promoting the failed Question 3 ballot initiative. Or when, this July, the Clark County Education Association filed a lawsuit seeking to reinstate teachers fired for poor performance. Still others simply think unions should not be paid for poor customer service.

Every business faces the challenge of pleasing and keeping its customers, and unions, now more than ever, face that same challenge. Efforts like National Employee Freedom Week remind union members that they, too, have options. As customers, they still have the freedom to use their money as they see fit.

Realistically, unions that continue to ignore their customers and instead prioritize highly political agendas can only expect one thing: That their members will continue to walk away. 

# LEGISLATIVE REVIEW



## EVENT SPEAKERS



**John Guedry**  
Bank of Nevada



**Ben Kieckhefer**  
Nevada Senate



**Marilyn Kirkpatrick**  
Nevada Assembly



**Nick Rossi**  
L/P Insurance



**Scott Scherer**  
Holland & Hart

*by Tarah Richardson*

The last legislative session in Nevada was one of the most productive the state has seen in recent years. Love it or hate it, there is no denying the outcomes of that productivity and the work of the 78th Session will be discussed for years to come. With around 1,000 registered lobbyists and as many bills passed, 20 freshmen lawmakers and the state's largest tax increase, legislators had their

work cut out for them. With that in mind, a panel of experts recently gathered for a breakfast seminar and answered a host of questions related to the 2015 session.

The panel discussion, which was held in mid-July, was moderated by Connie Brennan, publisher and CEO of *Nevada Business Magazine*. The breakfast was hosted by the magazine along with sponsors Bank of Nevada, Holland & Hart and L/P Insurance Services. Panel-

ists included John Guedry, CEO of Bank of Nevada; Nick Rossi, president of L/P Insurance Services; Senator Ben Kieckhefer, assistant majority leader; Speaker of the Nevada Assembly, Marilyn Kirkpatrick and Scott Scherer, a partner with Holland & Hart.

With insights ranging from specific business industries to an insider look of the most recent session, this panel was comprised of executives and elected of-



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ficials that were able to give a 360 degree overview of what passed, what didn't and what Nevada business leaders can expect in the future.

"This is going to be a session that is looked back upon as one that contained a great number of successes, particularly for business," said Kieckhefer. "We were able to move significant pieces of legislation through the process, on to the Governor's desk and have him sign those that positively impact the state and will for a long time. We successfully addressed many issues regarding economic development and our incentive packages that we provide to businesses both expanding and moving into our state. We addressed issues in the construction industry, which is still one of the hardest hit industries coming out of the recession. We fundamentally touched on how we fund education."

"Overall it was a good session to change Nevada from where we've been and to move forward to ensure that we continue to grow, have the economic drivers we need and have the workforce for our children's future," added Kirkpatrick.

## A Whale of a Problem

Taxes were the topic at the forefront of many business-owner's minds this past session. After a far-reaching budget and tax plan was initially proposed by Governor Sandoval, results across the state were mixed. From conservative business voices, concerned over how a tax increase would effect the economy as businesses struggle to recover, to education proponents touting the need for more funding to Nevada's much maligned education system, debates were loud with both sides producing arguments with, at least some, merit.

"The general consensus in the business industry was that it was important we fund education and make sure we've got a workforce that helps us diversify our economy," explained Guedry. "We also want to make sure we have a balance between that and how we tax businesses to ensure that businesses want to continue to come and expand here." It's clear legislators had a tough battle on both sides of the fence and their solution was Senate Bill (SB) 483.

The most comprehensive tax package passed in the history of the Silver State, SB 483 covered everything from taxes scheduled to sunset to the commerce tax and an increase on the cigarette tax. "The big tax bill, SB 483, kind of rolled everything into one," said Scherer.

Among other changes, the bill increased the cigarette tax by \$1.00 per pack and made the sunset taxes permanent. The bill is expected to raise \$1.1 billion to fund the \$7.3 billion general fund, a number which includes approximately \$600 million of sunset taxes.

Kieckhefer explained that, "the number that keeps getting thrown around in terms of the size of the tax increase, a big chunk of that is the sunset taxes that are already being used to fund state government."

## Sunsets

A primary element of the tax bill included the 0.35 percent sales tax which was set to sunset but made permanent. In addition, the modified business tax was made permanent and then modified by the bill and the business license fee was increased slightly.

Scherer explained that, "the net effect with the modified business tax, or the payroll tax, was there used to be an exemption for the first \$85,000 in a quarter. That exemption has been lowered to \$50,000 in a quarter. The rate under the old sunset bill was 1.17 percent for most businesses with payroll above \$85,000 and is now 1.475 percent above \$50,000 in a quarter."

"A part of this whole discussion was how to spread out some of the burden and ensure more people were making an investment into the state infrastructure," said Kieckhefer. "The reduction to \$50,000 catches a few more people. The increase in the filings for corporations and the business license fee for corporations catches more people."



The changes to the business license fees included making permanent, for most business entities, the \$200 annual filing fee. This is exclusive of corporations whose business license fee increased to \$500 annually in the bill. In addition, the annual filing fee for all business went up by \$25.

“If you’re a corporation it will be significant,” said Scherer. “If you’re an LLC or limited partnership, it’s going to be basically the same. The corporations got hit the hardest there. It’s an annual fee, not a huge number. If you’re in business, the ones that have the revenue coming in are going to be impacted the most.”

In regards to making those taxes permanent, Kieckhefer said, “When we went into this session, we realized what the Governor addressed in the ‘State of the State’ is that these have become part of our operating budget. They are keeping us where we are right now and we’re deceiving ourselves if we believe they are going to sunset.”

## Commerce

Added to SB 483 through an amendment and a variation of the Governor’s

originally proposed tax bill, the commerce tax applies to businesses that have \$4 million or more of Nevada gross revenue. The tax raises concern for business leaders who view it as another iteration of the recently defeated margin tax or as a gross receipts tax.

“As a business, one that is the fastest growing agency in the state of Nevada and payroll intensive in Las Vegas, Reno and Elko over the last three and a half years, we’re digesting the commerce tax and a 30 percent increase in the payroll tax,” said Rossi. “We’re balancing that against a recognition that one of the most important investments a state can make in its future is in the hearts and souls and successes of those in our state who are under 18. That is a big project and I think everybody in this room will be intensely evaluating that.”

Guedry added that he was concerned with the industry classifications in the bill and how that will effect business. “It was the most effective session I’ve seen, he said. “But, I think in this respect, I’d like to see us continue to focus on what would be a suitable replacement for that tax that would give the state the revenue

it needs to fund these much needed services and not have a risk of businesses outside the state refusing to come here because they’re not sure where that tax is going to go.”

Identifying 26 industry classifications and an additional catch-all classification, the commerce tax kicks in after the \$4 million threshold is met and is then based on a business’ revenue. Kirkpatrick cautions against knee-jerk reactions to this tax, explaining that legislators, as opposed to ballot measures, can more easily make necessary adaptations as the need arises.

“There’s no perfect tax,” she said. “There’s always unintended consequences. That is the beauty of the legislature. It’s one of the reasons we ensured it was a whole year away, so it wasn’t in our existing budget for 2016 and we had time to adjust. I would caution folks, any time you go to the ballot, it ties the hands of the legislature. Whether you agree or disagree with it, it ties the hands of the legislature and then we’re stuck with whatever the voters decided. We have to be very careful when we do that because then, there is no option.”



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“Let’s be responsible about how we raise taxes,” said Guedry. “Make sure it’s transparent, make sure it’s fair and broad-based and we are attracting businesses into the state.”

## Construction

While the tax bill was certainly a hot topic coming out of the last session, also much discussed were the changes made to the construction industry. Assembly Bill (AB) 125, in particular, is expected to have a significant impact on the industry. The bill modifies the previously enacted Chapter 40 as it relates to construction defect.

“As an insurance professional that’s been involved in the arena for several decades, I’m cautiously optimistic about this,” said Rossi. “I’m optimistic because I think the legislature did very good work in addressing, head-on, some of the defects in Chapter 40 construction defect legislation. I’m cautious because you never know what’s in a law, particularly in the insurance arena, until it gets litigated. At this juncture we’ve got some really good foundational support on the language of this law.”

According to Rossi, AB 125 did a number of things to clarify defect law for Nevada. The bill tightened definitions and made it more difficult to classify certain claims, such as peeling paint on an eight year-old house, as defect. Another change, attorney fees were eliminated as their own private category of recovery and the statute of repose was reduced from 10 years to six. One final piece of AB 125 Rossi mentioned was that the bill mandates that a homeowner cannot bring a defect notice without first submitting the claim to a warranty insurer and having that insurer deny the claim.

“I was really impressed that there is some strength in homeowner warranty language in this bill,” said Rossi. “I have my fingers crossed that the Nevada Supreme Court, when it eventually gets there, will uphold this language.”

Kirkpatrick, along with her fellow assembly members, worked with the South-



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ern Nevada Homebuilder's Association to pass AB 125. "For a year and a half, we recognized that it was a problem," she said. "In a bi-partisan manner business, general contractors, sub-contractors, lawyers, insurance folks and many legislators worked to insure the issue was addressed. That's why that bill passed, a lot of the ground work was done early on."

Kieckhefer added that this session brought about more investment for construction around the state as well. "One of the primary things the state did as it related to the construction industry is invest," he said. "We're starting to see some of the fruits of those efforts in past legislative sessions that are putting more dollars into the infrastructure in our state, which is obviously a direct help to the construction industry. In addition, the construction defect can't really be understated in terms of its importance."



He added that the new legislation will, "allow local builders back into the marketplace because they no longer have to be so afraid of the blood money they're going to have to pay on construction defect claims. It's going to allow your smaller Nevada-based homebuilders to thrive in our state, which is great for all of us."

## Education

Ever a hot-topic in Nevada due to the state's low scores in national rankings, education was a big talking point in the last session. On the one hand, legislators searched for a way to fund the industry and hope to have done so through SB 483. On the other hand, legislators had to address accountability within the schools as well as performance issues.

"When I think about what we've done with education this session, it breaks down into three categories," said Kieckhefer. "It's about choice, reform and investment."

"We put dollars specifically to class size reduction," said Kirkpatrick. "From my perspective, it's been a long time coming trying to get that funding to go back to the kids in the classroom to ensure they're getting the tools they need."

"The dollars are more accountable," said Guedry. "They're going to specific

programs that have a prudent track record and they're going to expand on that successful track record.

In addition to more targeted funding of education, legislators worked to provide a way to evaluate school administrators and teachers. Guedry added that there are, "also some other accountability measures that are important. One of those is failing schools will get taken over by the state superintendent's office and they can be reassigned to a charger school operator."

"A good administrator should have no issues; a bad administrator should not be in that classroom," said Kirkparick. "The funding going to specific resources was one of the biggest changes that many folks are not happy with. But, we can ensure that the kids will see the fruits of that with administrators having to go back and re-apply for their jobs after about five years."

Added to these measures was the school choice legislation which allows parents to redirect some funds into education savings accounts (ESA). Those ESA dollars can then be used at Nevada schools, including private schools. The funds give Nevada parents over \$5,000 annually to work with and money left over after the student's graduation can be put towards college.

All in all, it's clear that legislators going into the 78th Session were playing for keeps. Keeping Nevadans in mind and striving to provide equitable solutions to an array of issues the Silver State faces as it finds its way out of the recession, lawmakers had no shortage of challenges to address. However, agree or not with the results of this session, there is no denying the productivity and solutions-orientated performances of Nevada legislators in 2015.

"I didn't see our state having the ability to grow and get back on our feet if we didn't do something," said Kirkpatrick. 🌱



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## John B. Lund

John B. Lund is President/CEO of America First Credit Union, with 113 branches in Utah and Nevada. America First, founded in 1939, is the nation's seventh largest credit union in terms of members, with more than 707,000, and the 12th most substantial in assets with over \$6.9 billion.

He began his senior management tenure at America First in 1990. In 1997, he was promoted to Executive Vice President. John was named President/CEO in September 2012 after 37 years of service.

He earned a Bachelor's of Science in Business Management from Weber State University, as well as a Master's in Business Administration. He graduated with honors from Western Credit Union National Association Management School and completed the Credit Union Executives Society Certified Chief Executive Program.

John and his wife, Julie, reside in Huntsville, Utah. They have three children and four grandchildren.

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# INDUSTRY BLUEPRINT

## THE NEW NORMAL FOR ARCHITECTS AND ENGINEERS

*By Jennifer Rachel Baumer*

**THE** construction industry is still rebuilding after the recession. One of the hardest hit industries, construction employment declined nationally by 13.7 percent during the downturn, according to the U.S. Bureau of Labor Statistics.

“In Las Vegas, construction didn’t really slow down,” said Robert Finnegan, PE, Finnegan Erickson Associates (FEA). “It stopped.” That stoppage included the architecture and engineering sector, which continues to recover, somewhat uncertainly.

“There’s been a resurgence. It started to become healthy about two years ago and it’s continued to get better,” said Finnegan. “The construction industry in Las Vegas has always seemed like when one person starts building, it becomes infectious and other buildings follow. We’re seeing a little more activity.”

Resorts World, being built on the old Eche-lon site, is one of the first ground-up projects in several years. FEA is one of the contractors on the project, which is putting 30,000 construction workers back to work in Southern Nevada.

“Many projects that were stalled in the recession are coming back to life, with a refined purpose and focus,” said Beth Campbell, AIA, LEED AP, principal, Gensler Nevada. Calling clients “cautiously aggressive,” Campbell reported seeing more time spent on due diligence – those people involved in new projects

want to understand the market drivers and the experience the development wants to create.

### A Challenged Industry

There are a number of challenges to getting projects underway, one being the ability of clients to attain financing. “There are a lot of proposals out but financing has to come to the table, and that’s the biggest challenge for clients,” said Ed Vance, FAIA, NCARB, CEO and founder, Ed Vance & Associates.

A second challenge is finding the right talent in today’s tight market, Campbell said. Many architects and engineers left the state looking for work during the downturn, and she’s only seen a moderate number return; others left the field altogether. “As the project load is increasing, finding great talent has gotten tougher,” she said.

This is a turn-around from the recession years, when firms downsized hard, sought work out of state (or even out of the country) or just plain folded up shop. National firms

with branches in Nevada sometimes went somewhere else, went home or went out of business. “We know of quite a few firms that left town, some of them bigger firms, and we haven’t seen them return,” said Finnegan. “It’s great for guys who stayed here, but we’re certainly anticipating they’re going to be coming back. These were big national firms that had offices here – they left during the recession, just closed up and let everyone go.”

Then again, firms from other parts of the country have historically struggled in Nevada, said Steve Schiller, S.E., president, John A. Martin & Associates of Nevada (JAMA). “It’s a special market. What differentiates us is scale and schedules.” For example, Nevada is accustomed to projects done on a much larger scale than would be seen outside of a resort community – to Nevada construction, a 2,500-room tower is normal. To the rest of the world, 1,200 rooms is big. Our parking garages hold 2,500 cars; typical elsewhere is 600.

“The schedules we work with in Las Vegas are much more compressed than is typical,” added Schiller. “It’s the fast track nature of projects where design is going on concurrently with construction and construction starts before design is complete. You have to figure out how to work in that environment and anticipate owner requirements and contractor



Steve  
Schiller

John A. Martin  
& Associates of Nevada

preferences as well as coordinating with architects and other [professionals].”

While not all national firms can work here, not all local firms stayed here during the recession. Forty percent of Gensler’s projects are still outside the state. Kimsey’s firm works with Chinese architects in the U.S. and also works on projects in China. JAMA projects include Crown Towers in Sydney, Australia.

## Staying Lean

So is there enough work in Nevada to keep everybody busy? Will firms that left return? According to George Ghusn, Jr., president, BJB Architecture + Engineering, there seems to be a fair amount of work – enough to keep BJB and its competitors busy. However, he said there’s not necessarily enough backlog of work to invest in hiring new employees. There’s work in the pipeline, but it’s keeping firms steady, not growing.

Downsizing remains the watchword. BJB had 49 employees when the recession started,



George Ghusn, Jr.

BJB Architecture + Engineering

and has nine today. JAMA dropped from 65 in structural engineering and 55 in civil to only nine on structural and completely sold the assets of the civil engineering side of the business.

Firms may not be staffing back up because increased efficiency means there is no need. “We’re getting done with nine people what we used to do with 20,” said Ghusn. “When the downturn came, it forced us all to do more with less. We really started to get all the productivity gains out of the software and investments we’d made in computers. Once you get into that mode where you’ve increased your productivity per person, you don’t need to hire people – if you get too busy at some point, you work overtime, then come back down to that normal again.”

It’s a leaner, more efficient, smaller industry in 2015, and while national firms may not be returning to stay, it’s not all local firms doing the work. When big projects like Tesla come to Nevada, said Ghusn, they’re not hiring local firms to do their design work, they’re bringing their own. It’s the same for construction work, in part because there may not be enough local labor. Another reason may be because principals on big projects make deals with giant national companies that send their employees wherever needed.

## Nearing a New Normal

It would be a mistake to say the construction industry has come out of the recession, at least on the design and engineering side, said Windom Kimsey, FAIA, LEED AP, president



Windom Kimsey

Tate Snyder Kimsey Architects

and CEO, Tate Snyder Kimsey Architects. “Everyone contracted the size of their companies. I think if they’re expanding now or adding employees, they’re doing it very judiciously and very slowly and carefully. There were a good number of people in the business who, when it contracted, left the state or lost their jobs. So as things expand slowly – and I mean very slowly – the pressure is going to be finding qualified people,” he said.

As firms downsized, like the one that dropped from 220 people pre-recession to half a dozen in 2015, it has changed the market significantly, explained Kimsey. This change has to do in part with the cyclical nature of the industry. Architecture and engineering firms don’t necessarily wait for the next big project while fully staffed. A firm is more likely to keep its core team and look for full staffing when a big project comes their way. In today’s economic environment, that business model may limit what jobs company principals can pursue – without being fully staffed, they may not have a fast enough turn-around time to take on something really large.

On a positive note, Nevada’s pool of talented employees hasn’t dried up completely. There are still talented people to be hired. FEA has been increasing staff and expects to continue growing in the next year. The company kept its office space and has room to grow by another 30 percent, which Finnegan indicates may be the minimum. The University system is producing educated and talented if untrained architects and engineers. As housing prices stabilize and people move into Southern Nevada, FEA is finding both new talent moving in and some who moved away beginning to return.

Different parts of the construction industry have different economic indicators. Tate Snyder Kimsey does public works projects, which currently isn’t a sector with a big budget. County school districts are starting to design projects, though not all those projects are funded; still, they are an indication the market is recovering.

“There’s not necessarily the money for new design and construction, it’s still very



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## Lori Haney

Senior Vice President  
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Lori Haney manages City National’s Carson City Branch and also serves as the bank’s northern Nevada group manager. Haney is a 32-year veteran of the banking industry and has worked the majority of her career in the Carson City and Carson Valley areas. Prior to joining City National in 1999 through its predecessor, Business Bank of Nevada, Haney worked for Pioneer Citizens Bank and First Interstate Bank where she began her banking career in 1983. Haney is a graduate of the University of Nevada, Reno, where she earned a Bachelor of Science degree in Accounting.

She is also a graduate of the Pacific Coast School of Banking in Seattle, Washington, and has earned a Certified Financial Planner designation. Haney serves on the board of the Boys and Girls Club of Western Nevada, Rotary Club of Carson City Foundation, and Carson Tahoe LTAC. She is also a member of NNDA, Rotary Club of Carson City, and Nevada Business Connections.

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competitive and there's not a lot of it yet, so I use that as my gauge of how we're doing on the public side," said Kimsey. "You build a new casino and you get new employees who move here. You have to have a new school, and [new residents] put pressure on other parts of the system they might use, a new police station, a new fire station, those sorts of things. You can track that to see how things are going."

Tourism is another indicator of how the construction industry is faring. "We think the market will continue to grow, and using tourism as an indicator, the tourism numbers are very healthy. We think we're going to continue to see resorts revamp and remodel as well as [create] major additions, everything from convention space to making existing properties more upscale," said Finnegan.

"As far as ground-up projects go, not only are we starting on the first (Resorts World), but the rumor mill is extremely active – there's a lot of chatter and the idea that two more [resorts] may be coming to Vegas, so I feel good about it. We're looking to grow our business along with this trend," he added.

## Deadlines and Bottom Lines

Regulatory agencies also downsized during the recession, and viewpoints are mixed as to the result of that downsizing. Some feel that departments, like plan review, are better sized for the amount of work they currently have than they would have been if they hadn't downsized. They also contend that there haven't been any problems with the timelines.

"The building departments in Clark County have always been really good at forecasting work and looking at how permits start to rise, so they've always been a very efficient department, able to handle a lot of load," said Finnegan. "We think they're gearing up, and that seems like a good economic indicator."

Vance finds regulatory agencies a little stretched. Since most government agencies downsized, now that they're getting busy, wait times are a little longer for review. While



Robert  
**Finnegan**

Finnegan Erickson Associates

most are trying to deal with the increasing work load, time is money, and longer review times impact a firm's bottom line.

There is hope regulatory agencies will continue to be stretched, or even be forced to staff up, as the industry improves. Vance said he's looking forward to the day when there's too much work and not enough people to do it. "We pray for those days, but right now we're running lean and mean. There's steady work coming in and we're working everybody a little extra hard," he said. He added that his firm prefers overtime to being too overstaffed for the workload.

"The construction industry is by nature, on national average, 25 percent of GDP," said

Vance. "When we're building, we're not only stoking the economic engine but creating jobs and putting manufacturing positions in place. Those are the things that, when we're busy, the contractors are busy, the suppliers get busy, manufacturers of those suppliers get busy. It's a snowball effect."

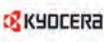
"I don't think we'll ever get back to the point we were in 2005, 2006," said Schiller. "That was an unsustainable level of growth. But, I think that we will see something that is much more active than what we see right now and at a pretty good level. Typically what we see is, after the resorts are built, and it takes approximately two years for everything else to catch up with new jobs created, the outlying commercial and residential properties have a lag behind the resorts but they catch up a couple years after. Once things start flowing and the cycle gets going again, I think it will be positive for the whole area." 

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◀ CONTINUED FROM PAGE 11

Numerous investors are supporting development downtown. In the basement of the former Woolworth's building, a group opened Shelter, a bar and grill/boutique bowling alley. Entrepreneurs continue to launch businesses in Startup Row on First Street.

"Big changes are on the way," Schieve said. "This is a very exciting time to live in Reno."

### Carson City

With Carson City being Nevada's capital, downtown is famous for being the locale of the state government, including the capitol, the state supreme court and the attorney general's office. Carson Street, downtown's main thoroughfare, spans seven blocks from Fifth Street to Highway 50.

For the city, its downtown is getting a facelift. With the current funded plan, the



Mayor Bob Crowell

City of Carson City

four lanes of Carson Street will be reduced to three. Sidewalks will be widened and streetscapes will be enhanced. Corridor entries will be adorned with new landscaping and signs. Work should begin next year.

Further, across the street from the capitol, Third Street will be closed to traffic and a pedestrian-friendly plaza developed there with an amphitheater and a water attraction for community events.

"Downtown Carson City is the face of the state," said Mayor Bob Crowell. "We want to have a good appearance when people come here. Also, we need a reason for people to want to come downtown."

As for private investment in downtown, an Illinois-based developer, MacCompany's, has proposed Capitol Mall North, which is under city government review. The project would include two parking garages, office structures, retail space, a Hyatt hotel and a technology conference center.

The Hop and Mae Adams Foundation, which is dedicated to the betterment of Carson City, is busy resurrecting old buildings. It plans to convert the former two-story CitiBank building into a three-level, mixed-use structure. The concept for another building is a teen coffee shop. The former Stewart Title building was renovated by the foundation into an entrepreneurial center/business incubator called Adams Hub.

"The idea is to make the community amenable for not only retirees but, also, young millennials wanting to come here, live here and raise a family where they can feel safe," Crowell added.

### Sparks

Downtown Sparks, the area including and around Victorian Square, is heralded for its major community events, including Hot August Nights, the Nugget Rib Cook-Off, Star Spangled Sparks and Hometowne Christmas Parade. A new one is Pumpkin Palooza in October, and the City always is looking to add more, said Mayor Geno Martini.

Transforming Sparks' downtown, next to Interstate 80, is a work in progress. The current strategy is to achieve a critical mass of people living and some working there, which means additional residences must be constructed.

"That would help kick start more economic development, feed existing businesses and vendors and create some new ones," Martini said. "That's what we've been lacking."



Mayor Geno Martini

City of Sparks



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Headway is being made in this regard. The Siegel Group purchased and revamped the Nugget Motor Lodge into Siegel Suites Sparks, a mixed-use facility containing flexible-stay apartments and retail. Also underway is Reno's Silverwing Development, a commercial, residential and land developer, plans to start construction in September of Fountainhouse, a cluster of 10 multi-story, mixed-use buildings containing 220 apartments and restaurant/retail space. In addition, GreenStreet Communities, a Reno-based multi-family development company, is slated to renovate the Silver Club Hotel into 98 apartment units.

A non-profit organization comprised of Sparks businesspeople, 39 North Downtown —named after the latitude of the city— is connecting businesses to spur economic development. Among other efforts, it organizes and holds events downtown, including the Marketplace, a Thursday night, summer farmers' market.

"I can't say how excited I am to finally see some things that are going to happen down there, and they're good things," Martini said.

## Elko

Elko's downtown, the main focus of which is Idaho Street, is best known for community socializing and partying. The biggest event there is The Motorcycle Jamboree. Additionally, parades snake through downtown, and the Downtown Business Association holds wine walks, monthly or quarterly, depending on the time of year.

The current vision for downtown is to improve it, as infrastructure and several outdated buildings, some shuttered, need updating, said Mayor Chris Johnson. Two studies have been completed of how best to beautify the streetscape, particularly in the corridor with the railroad tracks. The City of Elko now needs to decide how much capital to spend and how to fund the work. It also has been working on establishing an overlay code, which would make it easier to renovate and get old buildings up to code to compete with new construction.



Mayor Chris  
**Johnson**  
City of Elko

"We're working as a community to figure out what is the best mix to keep downtown looking vibrant," Johnson added. "A lot of efforts are going into it. We certainly are all focused on doing what we can to keep Elko at its best."

With a recent grant, the city is adding sidewalks and American Disabilities Act-compliant curbs. A committee is working on fundraising and planning for Elko's 100th anniversary in 2017. Some buildings are being remodeled using private funds.

The state is also assisting Elko in sprucing up downtown. With federal

funds, the Nevada Department of Transportation, as part of the Elko Urban Improvement Project, is installing along the entryways into town landscaping, historical landmarks pertaining to Elko's past, new asphalt and curbed sidewalks.

Johnson said that a new trend is people moving into downtown. A developer recently remodeled a building on Idaho Street into apartments, and the units filled in no time, without advertising required.

"That's a big demand," Johnson said. "That's one of the plans to revitalize downtown, to just get more people there."

As Nevada's cities concentrate on further developing downtowns, Mayor Crowell, perhaps, explains why best - "It boils down to one phrase: If you have a strong heart of your community, the rest of your community comes along as well," he said.

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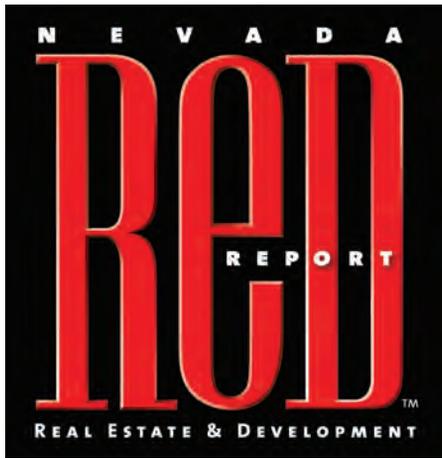
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E

### Sale, Retail

**ADDRESS** 4741 E. Charleston Blvd., 89104

**BUYER** H&J Goldman Properties, LLC

**SELLER** 4741 Charleston Acquisition, LLC

**DETAILS** 4,600 SF; \$662,644

**APN** 161-05-510-007

**BUYER'S REP** Neil Dela Cruz and Hillary Steinberg of MDL Group

**SELLER'S REP** Ben Millis and Chris Beets of Newmark Grubb Knight Frank

### Lease, Industrial

**ADDRESS** 2542 Abels Ln., 89115

**TENANT** Machining Specialist, Inc.

**LANDLORD** BDG II & Dean V. Bordigiono Trust

**DETAILS** 8,870 SF; \$121,322 for 3 years

**TENANT'S REP** Michael Brazill of Sun

Commercial Real Estate, Inc.

**LANDLORD'S REP** Voit Commercial Real Estate Services

H

### Project, Industrial

**ADDRESS** NEC W. Lake Mead Dr. & Eastgate Rd., 89015

**CONTRACTOR OF RECORD** Panattoni Development Company

**DETAILS** Construction is underway for the Henderson Freeways Crossing project headed by the Panattoni Development Company. When completed in March of 2016, the industrial business park will include six buildings with corresponding parking lots totaling 452,710 SF. The estimated cost for the project is \$35 million.

### Sale, Retail

**ADDRESS** 2501-2651 N. Green Valley, 89014

**BUYER** American General Life & Accident (AIG)

**SELLER** 2625 GV, LLC

**DETAILS** 109,630 SF; \$5.5 million

**APN** 178-06-512-004

**SELLER'S REP** Geoffrey West and Michael Dunn of Cushman & Wakefield | Commerce

### Lease, Office

**ADDRESS** 181 North Arroyo Grande, 89074

**TENANT** M.E.P. CAD

**LANDLORD** The Samrose Center

**DETAILS** 6,728 SF; \$302,000 for 39 months

**TENANT'S REP** Marc Magliarditi and Jaccon Brooks of The Equity Group

**LANDLORD'S REP** Kris Watier and Brian Seibold of Avison Young

N

### Sale, Retail

**ADDRESS** 6436-6592 N. Decatur Blvd., 89131

**BUYER** Cornerstone Capital

**SELLER** Eagle Crossroads Center 2, LLC

**DETAILS** 148,791 SF; \$52 million

**APN** 125-24-811-002

**SELLER'S REP** Jeff Mitchell of Virtus Commercial and Michael Hackett of DTZ



Mayan Plaza - 1700 Alta Dr.

### Sale, Multi-Family

**ADDRESS** 1700 Alta Dr., 89106

**BUYER** FF Realty II, LLC

**SELLER** 1700 Alta, LLC

**DETAILS** 316 units; \$23,050,000

**APN** 139-33-202-001

**BUYER REP** Devin Lee, CCIM and Patrick Sauter of NAI Vegas' Sauter Multifamily Group

### Sale, Multi-Family

**ADDRESS** 3417 E. Cheyenne Ave., 89030

**BUYER** Las Vegas Residential Properties, LLC

**SELLER** Parkwood Apartments, LLC

**DETAILS** 160 units; \$7,760,000

**APN** 139-13-502-001

**REP** Art Carl and Patrick Sauter of NAI Vegas' Sauter Multi-family Group

### Lease, Office

**ADDRESS** 720 Rancho del Norte, 89031

**TENANT** Montessori Method

**LANDLORD** ZB & H Properties, LLC

**DETAILS** 10,675 SF; \$563,640 for 66 months

**LANDLORD'S REP** Matt Feustel and Jakke Farley of Virtus Commercial

S

### Sale, Retail

**ADDRESS** 2797 S. Maryland Pkwy., 89109

**BUYER** Jahan Moslehi

**SELLER** MLCFC 2007-7 Maryland Parkway, LLC

**DETAILS** 75,999 SF; \$6,750,000

**APN** 162-10-601-004

**SELLER'S REP** Joseph Bonifatto of Colliers International

### Sale, Retail

**ADDRESS** 415-535 E. Windmill Ln., 89123

**BUYER** Citywest Investments Join Venture

**SELLER** Donahue Schriber Realty, LP

**DETAILS** 109,838 SF; \$23.4 million

**APN** 177-15-121-002

**BUYER'S REP** Chris Emanuel and Jeff Mitchell of Virtus Commercial

**SELLER'S REP** Michael Hackett and Ryan Schubert of DTZ

### Sale, Multi-Family

**ADDRESS** 4350 Boulder Hwy., 89121

**BUYER** The Bascom Group, LLC

**SELLER** BPLV, LLC

**DETAILS** 183 units; \$10,350,000

**APN** 161-17-201-001

**SELLER'S REP** Doug Schuster and Curt Allsop of Newmark Grubb Knight Frank

### Sale, Land

**ADDRESS** 5800 S. Eastern Ave., 89119

**BUYER** Eastern Russell 70, LLC

**SELLER** Seifert Investments

**DETAILS** 5.4 acres; \$1,901,786

**APN** 162-35-513-006

**BUYER'S REP** Jarrad Katz, CCIM, SIOR and Galit Kimerling of MDL Group

SW

### Sale, Office

**ADDRESS** 6040 S. Jones Blvd., 89118

**BUYER** George 2004 Trust

**SELLER** Better Business Bureau of Southern Nevada

**DETAILS** 4,995 SF; \$1 million

**APN** 163-36-210-003

**BUYER'S REP** Gino Vincent of The Equity Group

**SELLER'S REP** Kevin M. Buckley and Colleen McDonald of First Real Estate Companies

### Sale, Industrial

**ADDRESS** 5965-2 Wigwam Ave., 89139

**BUYER** VLE Holdings, LLC

**SELLER** MCA Wigwam, LLC

**DETAILS** 7,297 SF; \$875,640

**APN** 176-13-301-012

**BUYER'S REP** Dan Doherty, SIOR and Susan Borst, CCIM of Colliers International

**SELLER'S REP** Eric Molfetta of Colliers International

WC

**Sale, Retail**

**ADDRESS** 2450 Oddie Blvd., 89431  
**BUYER** Perfect Climate Storage, LLC  
**SELLER** Lowes HIW Inc.  
**DETAILS** 192,240 SF; \$2.9 million  
**APN** 026-284-27

**Sale, Industrial**

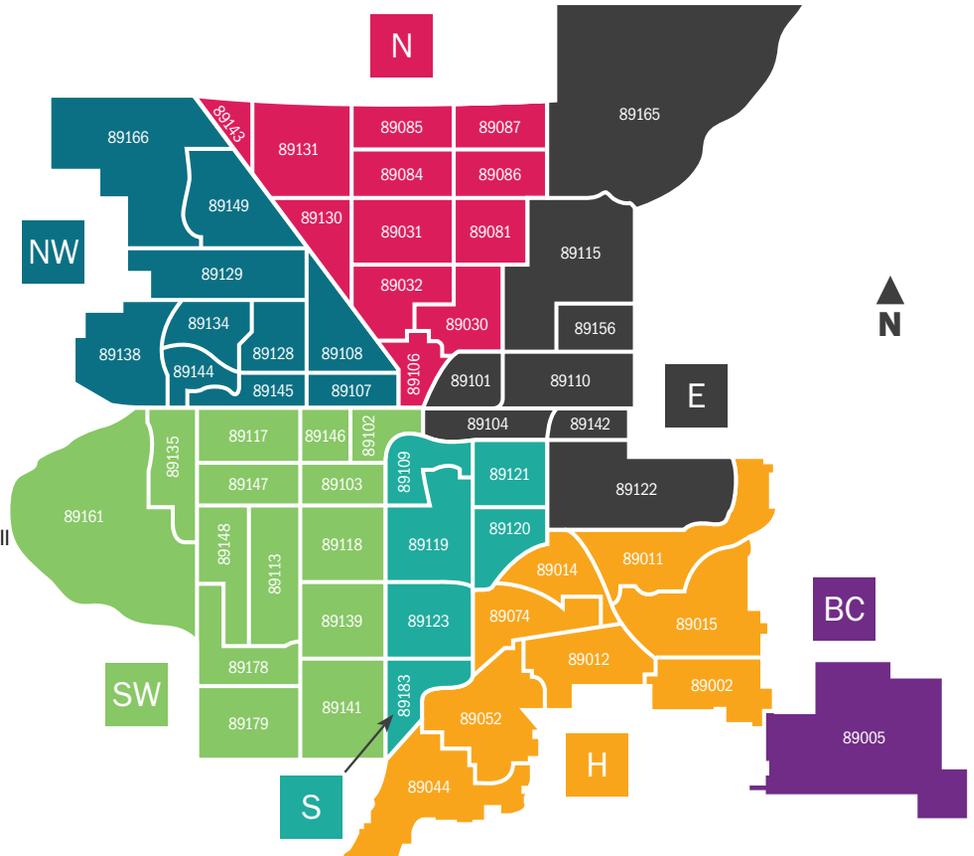
**ADDRESS** 593 Overmyer Rd., 89431  
**BUYER** Wilkinson Trust  
**SELLER** Altamont Corporation  
**DETAILS** 11,402 SF; \$1,075,000  
**APN** 034-258-09

**Sale, Industrial**

**ADDRESS** 150 Glendale Ave., 89431  
**BUYER** Dermody Family Limited Partnership II  
**SELLER** Wood Enterprises, Inc.  
**DETAILS** 16,000 SF; \$2,200,000  
**APN** 032-311-10

**Sale, Hotel**

**ADDRESS** 1 Lake St., 89501  
**BUYER** HMRN, LLC  
**SELLER** Grand Siena, LLC  
**DETAILS** 209,748 SF; \$7,800,000  
**APN** 011-122-09



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# INDUSTRIAL SUMMARY

## SECOND QUARTER 2015

### SOUTHERN NEVADA

The overall vacancy rate for the Las Vegas Valley Industrial market in the second quarter was 6.2 percent, a drop of 0.5 points, from 6.7 percent in the first quarter of 2015. This decline equates to ten straight quarters of declining industrial vacancies. The strong growth in demand for industrial space, paired with resurgent construction and industrial employment, shows that the Valley's industrial sector is once again going strong. Completions for Q2 were 464,203 square feet, in one project. The completed project is the Las Vegas Corporate Center No. 19 warehouse/distribution building in the North Las Vegas submarket. This brought the Valley's industrial-base up to 108.7 million square feet.

Net absorption remained positive for the quarter with 948,800 square feet of space. On a year-over-year basis, net absorption was 4.3 million square feet. By sub-type, warehouse/distribution led the way with 1.9 million square feet. Light distribution posted 1.1 million square feet, followed by light industrial with 676,600 square feet. Every sub-type in the Valley's industrial market posted year-over-year gains in net absorption.

Space under construction in Q2 was 3.5 million square feet. Fourteen projects comprised this space, including several large projects of more than 400,000 square feet: Pauls Corporation Industrial Buildings (443,000 square feet), Henderson Freeway Crossing (455,000 square feet), Jones Corporate Park (416,000 square feet), Blue Diamond Business Center Buildings #6 and #10 (430,000 and 495,000 square feet, respectively) and Switch's Supernap #9 (575,000 square feet).

### NORTHERN NEVADA

The second quarter of 2015 saw an increase in the vacancy rate for the Northern Nevada market. This was largely due to over a million square feet of new product being completed, including the 700,000 square foot Petco building in North Reno completed by Pannattoni.

There was strong leasing activity, however with the addition of new product, the market is showing a negative absorption, going from 8.3 percent in the first quarter, to 9.2 percent in Q2. Speculative building and new product are positives to market conditions, expect to see rents strengthen throughout the year.

Tesla and Switch are both underway on major facilities in the Tahoe Reno Industrial Center. In the Sparks submarket, there was strong leasing activity with the retailer Patagonia leasing 79,200 square feet on Spice Islands Drive, and the third party logistics company Fidelitone, leasing an additional 95,200 square feet on Southern Way. Both of these leases were expansions, which signals further strength in the market and companies expanding their investment in the region.

New construction has been largely geared towards Class A distribution over 100,000 square feet, but expect to see developers speculatively building smaller industrial facilities in Q3 and Q4 of this year. Lastly, Dermody Properties sold the newly constructed Amazon distribution center on N. Virginia to Clarion Partners for \$45,250,000 or \$73 per square foot.

## INDUSTRIAL SECOND QUARTER

TOTAL MARKET	LAS VEGAS	RENO
Total Square feet	108717347	76,148,889
Vacant Square Feet	6728398	6,947,399
Percent Vacant	6.20%	9.12%
New Construction	464203	1,266,600
Net Absorption	948816	-454,462
Average Lease sf/mo (nnn)	\$0.66	\$0.375
Under Construction	3511264	5,809,000
Planned	2416611	7,324,710
<b>WAREHOUSE/DISTRIBUTION</b>		
Total Square Feet	46948449	45,425,130
Vacant Square Feet	2416067	5,461,654
Percent Vacant	5.10%	12.02%
New Construction	464203	1,266,600
Net Absorption	589367	647,583
Average Lease SF/MO (NNN)	\$0.51	\$0.319
Under Construction	3293264	4,609,000
Planned	2416611	2,913,710
<b>INDUSTRIAL/LIGHT INDUSTRIAL/MANUFACTURING</b>		
Total Square Feet	30109286	26,029,250
Vacant Square Feet	1487190	516,491
Percent Vacant	4.90%	1.98%
New Construction	0	0
Net Absorption	133287	63,808
Average Lease SF/MO (NNN)	\$0.66	\$0.253
Under Construction	218000	1,200,000
Planned	0	4,000,000
<b>R&amp;D/FLEX</b>		
Total Square Feet	5885765	4,694,509
Vacant Square Feet	792680	969,254
Percent Vacant	13.50%	20.65%
New Construction	0	0
Net Absorption	101814	102,980
Average Lease SF/MO (NNN)	\$1.00	\$0.552
Under Construction	0	0
Planned	0	411,000

### NEXT MONTH: OFFICE

#### ABBREVIATION KEY

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

Southern Nevada analysis and statistics compiled by RCG Economics, Northern Nevada analysis and statistics compiled by Dickson Commercial Group.

The “third” estimate for first quarter 2015 shows U.S. real gross domestic product decreasing at an annualized rate of 0.2 percent, higher than the negative 0.7 percent growth previously reported in the “second” estimate. The revision consisted of a smaller decrease of exports and a larger increase in personal consumption expenditures. Federal government spending, changes in private inventories and residential investment made positive contributions. Non-residential fixed investment, net exports and state and local government spending made negative contributions. U.S. non-farm employment experienced gains in June, adding 223,000 jobs over May. The unemployment rate fell from 5.5 percent to 5.3 percent, its lowest level since 2008. Housing starts were up year-over-year, and housing prices experienced a slight increase. Auto/truck sales and retail sales remained above their level from last year. Consumer confidence and consumer sentiment rose for the most recent data. In addition, while oil prices have experienced recent increases, they remain at their lowest levels since the recession.

The Nevada economy evidenced positive signals with the most recent data. Seasonally adjusted, statewide employment increased by 8,000 jobs from April to May, and it was up 3.4 percent year-over-year. The Nevada unemployment rate fell from 7.1 percent to 7.0 percent. Taxable sales continued to show year-over-year growth, up 5.5 percent. Total air passengers were up 3.9 percent over the same time period. Gaming revenue experienced substantial gains for the month and was up 3.3 percent from May 2014.

For Clark County, seasonally adjusted employment rose from April to May by 800 jobs and was up 2.6 percent year-over-year. The Las Vegas unemployment rate fell from 7.3 percent to 6.9 percent. Total passengers at McCarran Airport were up 5.7 percent from a year earlier. May visitor volume was up 4.2 percent from a year ago. Gaming revenue was 3.4 percent higher than in May 2014. Clark County’s taxable sales for April were 6.8 percent above those of a year earlier.

The most recent data also show mostly positive signals for Washoe County. Seasonally adjusted, Reno-Sparks’ employment increased from April to May by 400 jobs and was up over a year ago, by 3.1 percent. The seasonally adjusted Reno-Sparks unemployment rate fell from 6.7 percent to 6.3 percent. Compared to a year earlier, May visitor volume was down 1.8 percent. Total air passengers were down 1.9 percent from May 2014. Gaming revenues for May were up 2.4 percent from a year earlier.

The U.S. economy contracted during the first quarter of 2015, marking the second straight year with a first quarter decline. In first quarter 2014, U.S. real gross domestic product fell by a 2.1 percent annualized rate. Consumer spending remains strong, although some aspects of the housing market are no longer improving.

Ryan T. Kennelly

UNLV Center for Business and Economic Research

**NEVADA**

	DATE	UNITS	DATA			GROWTH		COMMENTS
			LATEST	PREVIOUS	YEAR AGO	RECENT	YEAR AGO	
Employment	2015M05	000s, SA	1254.3	1246.3	1212.8	0.6%	3.4%	Up Over Year Ago
Unemployment Rate*	2015M05	%, SA	7.0	7.1	7.9	-0.1%	-0.9%	Reduced
Taxable Sales	2015M04	\$billion	4.117	4.549	3.903	-9.5%	5.5%	Up Over Year Ago
Gaming Revenue	2015M05	\$million	1003.55	898.01	971.22	11.8%	3.3%	Up Over Year Ago
Passengers	2015M03	million persons	4.079	4.182	3.927	-2.5%	3.9%	Up Over Year Ago
Gasoline Sales	2015M04	million gallons	94.48	97.63	91.54	-3.2%	3.2%	Up Over Year Ago

Visitor Volume

**CLARK COUNTY**

Employment	2015M05	000s, SA	903.3	902.5	880.4	0.1%	2.6%	Up Over Year Ago
Unemployment Rate*	2015M05	%, Smoothed SA	6.9	7.3	8.0	-0.4%	-1.1%	Reduced
Taxable Sales	2015M04	\$billion	3.112	3.411	2.913	-8.8%	6.8%	Up Over Year Ago
Gaming Revenue	2015M05	\$million	870.05	783.29	841.60	11.1%	3.4%	Up Over Year Ago
Residential Permits	2015M05	units permitted	1165	786	895	48.2%	30.2%	Up Strongly
Commercial Permits	2015M05	permits	22	29	20	-24.1%	10.0%	Low and Volatile
Passengers	2015M05	million persons	3.992	3.770	3.778	5.9%	5.7%	Up Over Year Ago
Gasoline Sales	2015M04	million gallons	65.42	67.82	63.77	-3.5%	2.6%	Up Over Year Ago
Visitor Volume	2015M05	million persons	4.012	3.816	3.848	5.1%	4.2%	Up Over Year Ago

**WASHOE COUNTY**

Employment **	2015M05	000s, SA	208.4	208.0	202.1	0.2%	3.1%	Up Over Year Ago
Unemployment Rate*	2015M05	%, Smoothed SA	6.3	6.7	7.6	-0.4%	-1.3%	Reduced
Taxable Sales	2015M04	\$billion	0.523	0.610	0.503	-14.3%	4.0%	Up Over Year Ago
Gaming Revenue	2015M05	\$million	70.63	57.40	68.96	23.1%	2.4%	Up Over Year Ago
Residential Permits	2015M05	units permitted	306	287	188	6.6%	62.8%	Up Strongly
Commercial Permits	2015M05	permits	19	21	19	-9.5%	0.0%	Low and Volatile
Passengers	2015M05	million persons	0.277	0.257	0.282	7.8%	-1.9%	Down From Year Ago
Gasoline Sales	2015M04	million gallons	14.03	14.22	13.34	-1.3%	5.2%	Up Over Year Ago
Visitor Volume	2015M05	million persons	0.403	0.364	0.410	10.4%	-1.8%	Down From Year Ago

**UNITED STATES**

Employment	2015M06	million, SA	141.842	141.619	138.907	0.2%	2.1%	Up Over Year Ago
Unemployment Rate	2015M06	%, SA	5.3	5.5	6.1	-0.2%	-0.8%	Reduced
Consumer Price Index	2015M05	82-84=100, SA	237.0	236.0	237.0	0.4%	0.0%	Relatively Constant
Core CPI	2015M05	82-84=100, SA	241.8	241.4	237.7	0.1%	1.7%	Up Moderately
Employment Cost Index	2015Q1	05.12=100, SA	122.6	121.7	119.4	0.7%	2.7%	Up Over Year Ago
Productivity Index	2015Q1	2009=100, SA	105.3	106.2	105.1	-0.8%	0.2%	Relatively Constant
Retail Sales Growth	2015M05	\$billion, SA	444.9	439.6	433.4	1.2%	2.7%	Up Over Year Ago
Auto and Truck Sales	2015M05	million, SA	17.72	16.46	16.67	7.6%	6.3%	Up Over Year Ago
Housing Starts	2015M05	million, SA	1.036	1.165	0.986	-11.1%	5.1%	Up Over Year Ago
Real GDP Growth***	2015Q1	2009\$billion, SA	16,287.7	16,294.7	15,831.7	-0.2%	2.9%	Recent Decrease
U.S. Dollar	2015M06	97.01=100	115.126	114.228	102.375	0.8%	12.5%	Up Strongly
Trade Balance	2015M05	\$billion, SA	-41.871	-40.698	-42.070	2.9%	-0.5%	Year-Over-Year Deficit Decrease
S and P 500	2015M05	monthly close	2116.10	2085.51	1923.57	1.5%	10.0%	Up Strongly
Real Short-term Rates*	2015M05	%, NSA	-2.78	-2.58	-3.27	-0.20%	0.49%	Year-Over-Year Increase
Treasury Yield Spread	2015M05	%, NSA	2.18	1.92	2.53	0.26%	-0.35%	Down From Year Ago

\*Growth data represent change in the percentage rate, \*\*Reflects the Reno-Sparks MSA which includes Washoe and Storey Counties, \*\*\*Recent growth is an annualized rate Sources: Nevada Department of Taxation; Nevada Department of Employment, Training, and Rehabilitation; UNR Bureau of Business and Economic Research; UNLV Center for Business and Economic Research; McCarran International Airport; Reno/Tahoe International Airport; Las Vegas Convention and Visitors Authority; Reno-Sparks Convention and Visitors Authority; U.S. Department of Commerce; U.S. Bureau of Labor Statistics; U.S. Census Bureau; U.S. Federal Reserve System.

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

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**Kathy O’Grady Watkins** | Partner, Sutton Watkins Advertising & Marketing, Inc.

“Make someone else’s life better by what you do.”

**Matthew T. Dushoff, Esq.** | Shareholder Kolesar & Leatham

“Be a productive member of society that inspires and is an example to younger generations, to live a healthy lifestyle and most importantly, be the absolute best mother, spouse and businesswoman I can possibly be.”

**Terrin Hicks** | Sales Executive L/P Insurance Services, Inc.



## What is your personal mission statement?



**Amy C. Wiles** | VP of Development Las Vegas Philharmonic

“My personal mission statement is to always be a positive role model for my two teen daughters by acting with kindness, respect, gratitude, strength and professionalism -- and to make time for music each day, of course!”



**Mark McKibben** | VP, Senior Loan Officer, Heritage Bank of Nevada

“‘We are what we repeatedly do. Excellence, then, is not an act, but a habit,’ as Aristotle famously said. I try to focus on those small, daily, consistent efforts that add up over time.”



**Cassandra Johnson** | Senior VP Director of Sales, Nevada State Bank

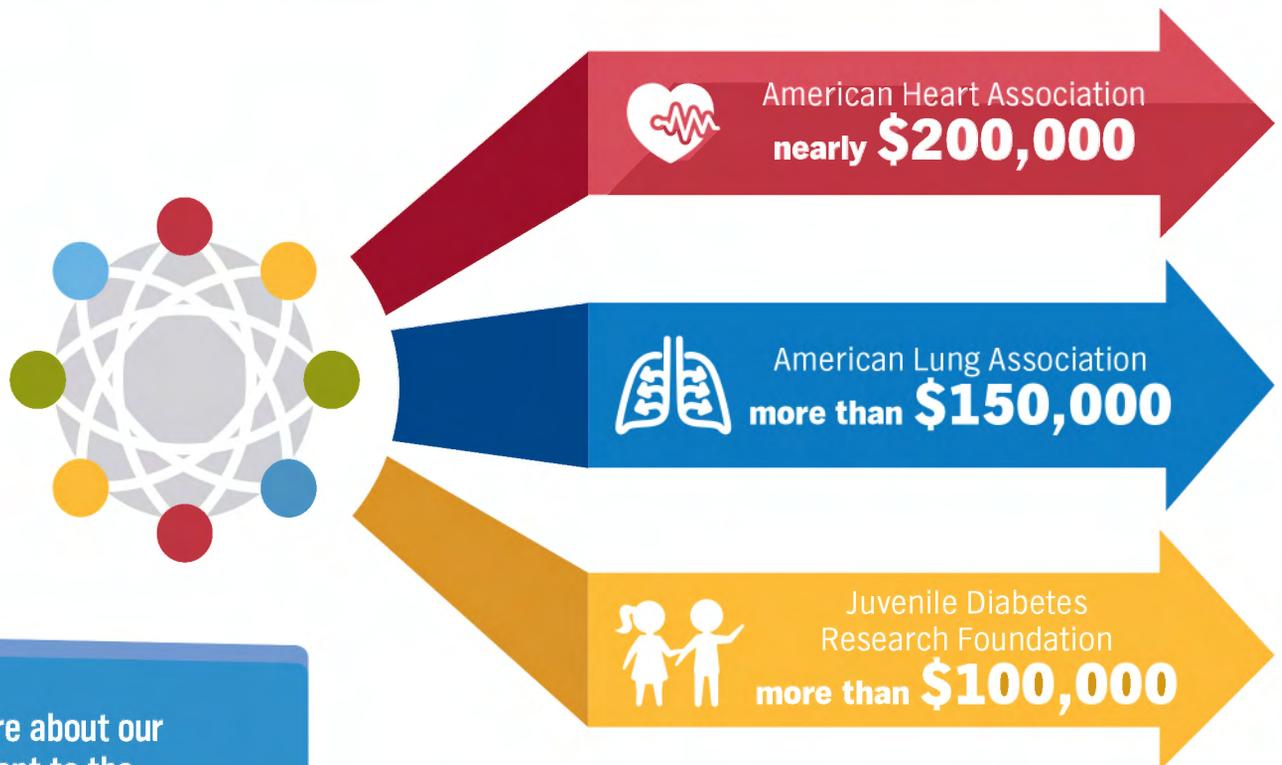
“I strive to be fair and motivate people to achieve their highest level of potential. Being a mentor is an honor. If I can help one person reach their goal, I have made a memorable contribution.”

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\*These figures represent 2013-2014 giving

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