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## BREAKING BARRIERS IN THE SILVER STATE:

MINORITY-OWNED  
BUSINESSES IN NEVADA

## EMPLOYEE RETENTION

Turning the Tables on Turnover

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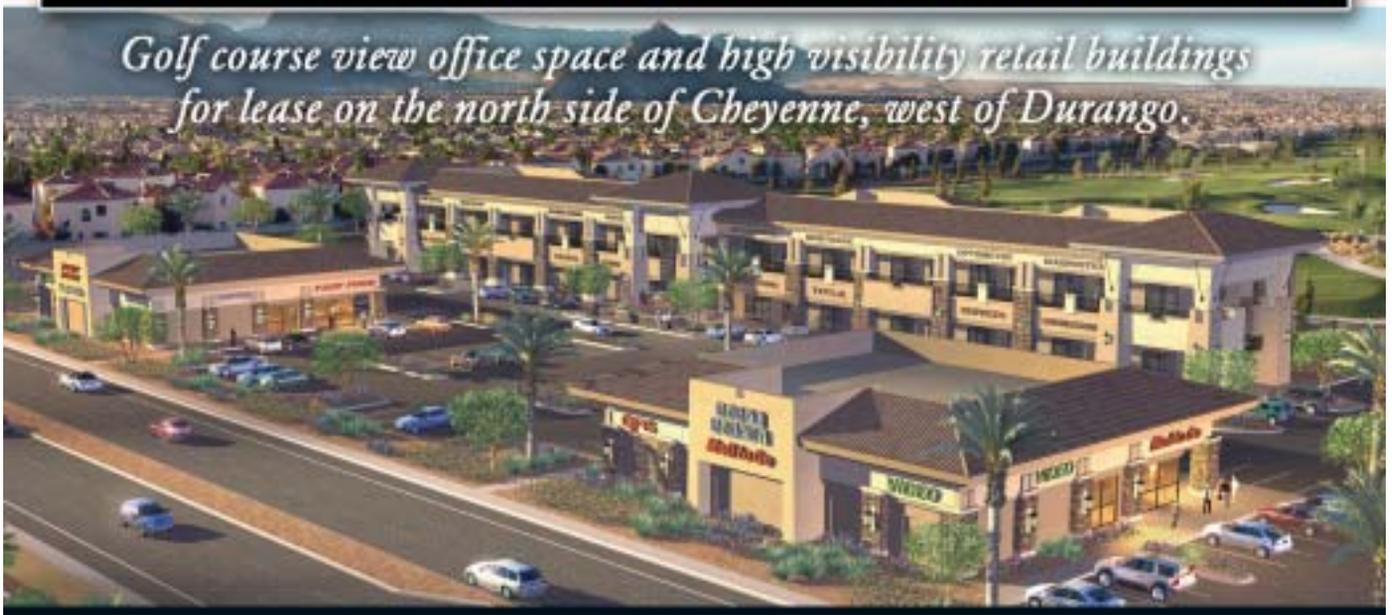
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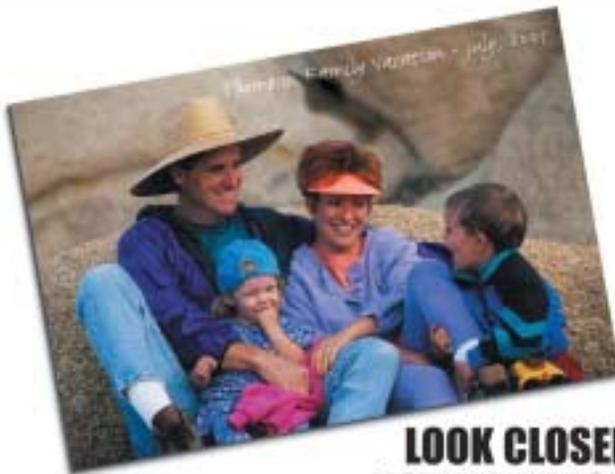
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**B** LYLE E. BRENNAN  
Publisher

# Reid Rises to the Top, Nevada Sinks to the Bottom

In previous issues, I promised to keep our readers updated on how Harry Reid is performing. After serving more than a year as Senate Minority Leader, it's time for a report card to see how well Reid has been representing the interests of the Nevada voters who elected him. After looking at his record, I have to say that Reid needs some remedial education.

Some folks may ask how such a liberal Democrat got elected from a red state like Nevada in the first place. I think voters were originally attracted to Reid because he stressed his small-town upbringing and seemed like a good old boy in the Western frontier tradition. But after spending so many years in Washington, Reid seems to have forgotten his Nevada roots. Sounds like a bad Western movie: the squeaky-clean sheriff gets sent to clean up Dodge City's red light district and ends up running the place.

Reid continues to make political points because people assume his seniority and high-level position enable him to get perks for Nevada – presumably in the form of federal dollars. A report released in January should dispel that notion in a hurry. It showed that Nevada was dead last in the nation for the amount of federal dollars spent in our state on a per capita basis. For the full text of the report, which was issued by the U.S. Census Bureau, go to: [www.census.gov/prod/2005pubs/cffr-04.pdf](http://www.census.gov/prod/2005pubs/cffr-04.pdf).

On page 56 of this 110-page document, you'll see that the federal government spent \$5,469 per person in Nevada during 2004. Compare that to No. 1 Alaska at \$12,886 per person. That probably included payments for the oil pipeline, so we'll go to the next states, Virginia, at \$12,150 per person and Maryland at \$11,645. No oil money there. Considering that the government owns well over 80 percent of Nevada's land and that there are several major defense/homeland security installa-

tions here, how did we end up at the end of the line when it came time to distribute federal grants and contracts? Maybe Reid should spend a little less time championing liberal causes and a lot more time looking out for his own state.

But, surely Reid must have done some good for his state. Maybe he was influential in making sure that Las Vegas got sufficient Homeland Security funds to protect the 50 million tourists that visit each year. A terrorist incident here could cripple the entire state's economy.

But, once again Reid failed to represent Nevada. Las Vegas and 10 other cities originally designated to be potential "high threat" targets for terrorist attacks were dropped from the list – an exclusion that could jeopardize millions in federal funding. An outraged Clark County Sheriff Bill Young called for Homeland Security Secretary Michael Chertoff to resign. I don't think it's Chernoff's fault. We shouldn't expect him to be out there fighting for Nevada's interests. That should be Harry Reid's job.

Maybe we're being too hard on Harry. After all, he's been busy in his role as Senate Minority Leader. How has he been spending his time? The first thing he did after assuming his lofty position was to set up what he called a "war room" to promote the Democrats' positions and fight any Republican initiatives. Reid and his cronies next used a filibuster to delay a vote on President Bush's judicial nominees, a tactic that almost brought the entire Congress to a halt. He spent time fighting to kill the Patriot Act. Lately, he's been traveling the country making speeches on behalf of the Democrats. Do any of these activities help the citizens of Nevada? Not in my book.

Now Reid will be spending time trying to defend himself against charges of influence peddling. Lobbyist Jack Abramoff pleaded guilty in January to conspiracy,

tax evasion and fraud, saying he raised campaign money, paid for trips and gave gifts to lawmakers "in exchange for certain official acts." Charges against Abramoff included bribing members of Congress, defrauding American Indian clients and evading taxes.

Although Reid insists he performed no "official acts" for Abramoff, he admits to receiving thousands of dollars in contributions from Abramoff's associates at his lobbying firm, as well as from Indian tribes that were Abramoff clients. More than 60 lawmakers have announced they are refunding contributions they received from Abramoff or donating the money to charity – but not Reid, who received the contributions while serving on the Senate Indian Affairs Committee.

Reid has been relentless in criticizing Republicans for receiving tainted money, but the facts show the lobbyist and the Indian tribes associated with him contributed \$2.9 million to Republicans and \$1.5 million to Democrats in the past five years. So, even though Republicans received more money, there were plenty of Democrats, including Reid, who also benefited.

Representing the Democrat party is a big job, but it was not the job Reid was elected to perform. Nevada voters chose him to support their interests in Washington. I agree with Paul Adams, chairman of the Nevada Republican Party, who recently said, "Harry Reid might claim to be a Nevada resident, but he represents Washington, D.C. values, not the interests of the conservative Western states."

It's not too late, Harry. Remember the lesson Tom Daschle learned the hard way – it may be exciting and prestigious to be the point man for a major political party, but it's the voters of your own state who elect you. 

COMMENTS? email: [lyle@nbj.com](mailto:lyle@nbj.com)



Tim Wong, president and CEO of Arcata Associates, Inc., is one of many minority business owners who gave us their insights on doing business in the Silver State.

Photo: Opulence Studios

## Building Nevada



The market for luxury custom homes shows no sign of slowing down. Find out who's building multi-million dollar homes and who's buying them.

Photo: Opulence Studios

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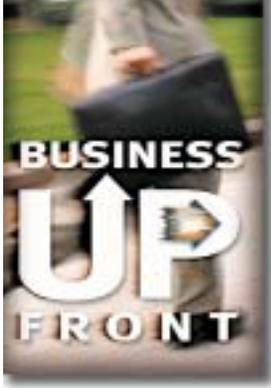
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## NEVADA SEES ROBUST JOB MARKET

Nevada employers expect to hire at a brisk pace during the first quarter of 2006, according to the Manpower Employment Outlook Survey. From January to March, 40 percent of the companies interviewed plan to hire more employees, while only 3 percent expect to reduce their payrolls, according to Manpower spokesperson Jim Andres. Another 55 percent expect to maintain their current staff levels. For the coming quarter, job prospects appear best in construction, education, transportation/public utilities, wholesale/retail trade, finance/insurance/real estate and services. The national results of the Manpower Employment Outlook Survey reveal that 23 percent of U.S. employers anticipate an increase in hiring activity for the first quarter of 2006, while 10 percent expect to decrease staff levels. Sixty-one percent of employers surveyed foresee no change in hiring plans, while 6 percent are unsure of their staffing needs.

### HOW TO GET MORE THAN YOU EXPECT IN 2006



Graham Communications, a marketing services and sales consulting firm, offers the following advice to make 2006 a profitable and productive year:

- Focus on saving money for customers – Come up with solutions that reduce costs without compromising quality. If it isn't necessary or correct, don't let them buy it.
- Be the consultant – Know your customer's business so you can offer workable options, which may or may not be related to what you sell.
- Offer ways to save time – Develop a schedule for all types of planned contacts (phone conferences, direct mail, email and in-person).
- Focus on differentiation – Avoid having anything you sell be perceived as a commodity.
- Keep the CEO out of marketing – CEOs tend to view everything through company eyes and have a difficult time thinking like a customer. Make sure you have a capable marketer available to help the CEO understand the role of marketing.
- Don't get distracted – New, exciting ideas can be dangerous if they distract from getting the job done.
- Avoid overload – Tantalize customers and prospects with one benefit, one concept or one opportunity at a time.
- Persistence is power – Decisions are delayed and often drawn out over months, so be there when a prospect is ready to buy.
- Business isn't warfare – It's less about beating the competitor and more about getting and keeping customers.

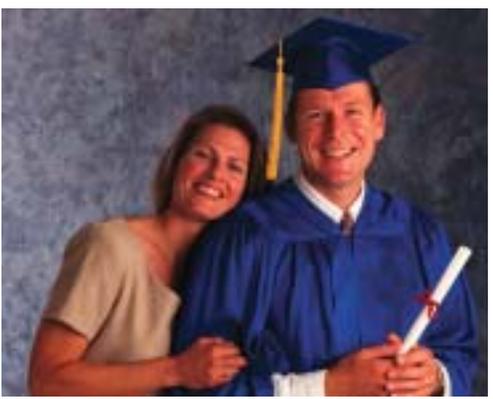
### EMPLOYMENT OUTLOOK SURVEY 1ST QUARTER 2006

The following table shows the percentage of employers in the state of Nevada who plan to change or maintain the size of their workforce during the indicated time period.

	INCREASE	NO CHANGE	DECREASE	DON'T KNOW	NET(INC-DEC)
LAS VEGAS	37%	63%	0%	0%	37%
RENO	43%	47%	7%	3%	36%
STATE AVERAGE: NEVADA	40%	55%	3%	2%	37%

## REPORT LINKS EDUCATION AND INCOME

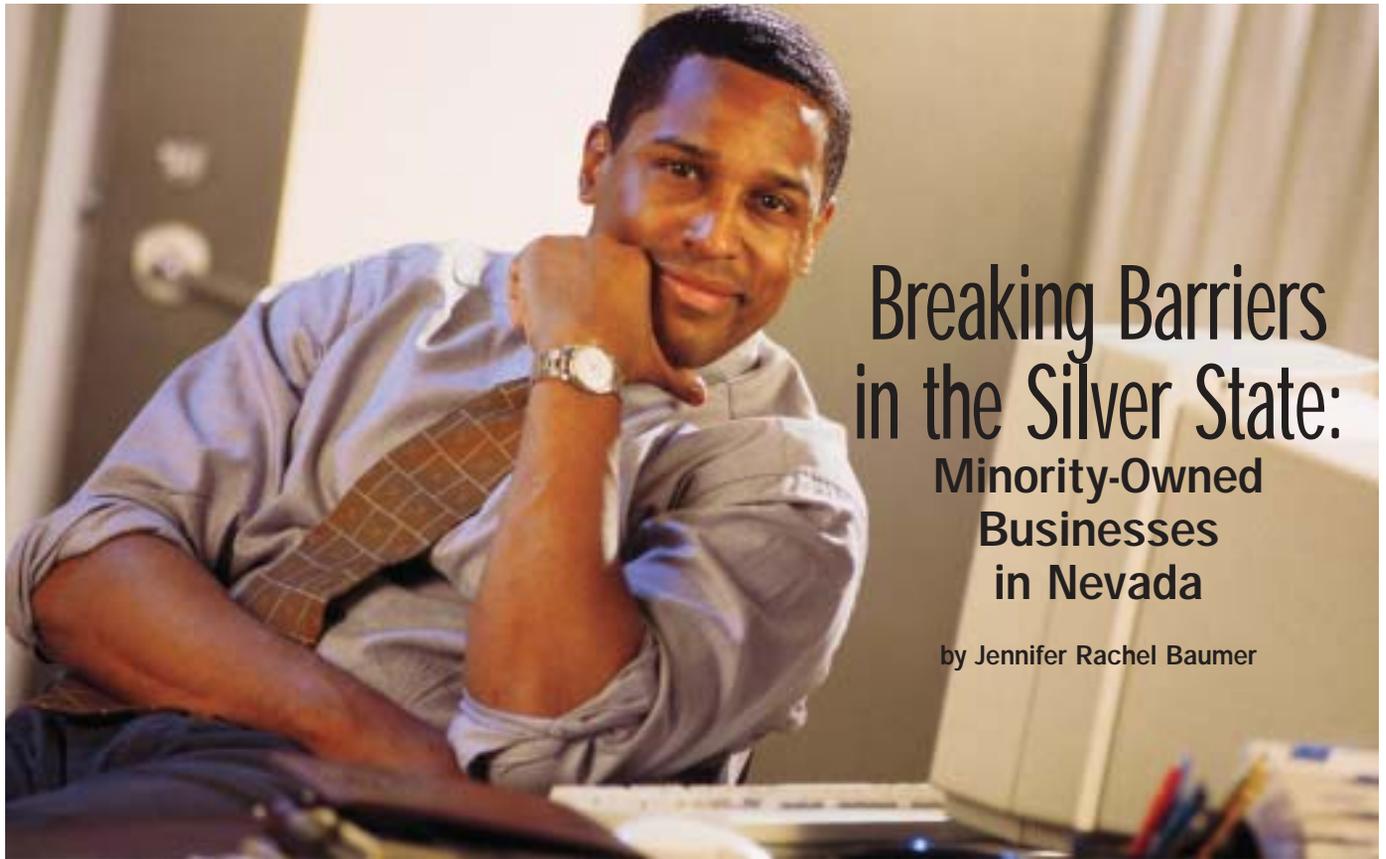
The proportion of U.S. workers with high school diplomas and college degrees will decrease and the personal income of Americans will decline over the next 15 years, according to a report by the National Center for Public Policy and Higher Education. The drop in the average level of education is due to large increases in segments of America's young population without a high school diploma or college degree, combined with the retirement of baby boomers, the most highly educated generation in U.S. history.



The report also identified:

- A drop in the average educational level of the workforce would decrease the nation's tax base. Personal income per capita is projected to decline from \$21,591 in 2000 to \$21,196 in 2020, a drop of 2 percent.
- The U.S. has not kept pace with other developed countries in increasing the education of its workforce; the young population in this country is not as well-positioned as their counterparts in other nations to compete for high-skilled jobs.
- If states are able to close the educational gaps among racial/ethnic groups in this country, then the percentage of working-age Americans earning a bachelor's degree is projected to jump from 17 percent in 2000 to 24 percent in 2020, and total personal income of the U.S. is expected to increase by \$425 billion.

"Education is one of the most effective ways for individuals, communities, states and the country to improve our social and economic future," said Patrick Callan, president of the National Center. "Given the changing global marketplace, the high school diploma is no longer enough for people seeking good jobs or for the country to protect our standard of living."



# Breaking Barriers in the Silver State: Minority-Owned Businesses in Nevada

by Jennifer Rachel Baumer

Imagine wanting to start up your own business in a new place. Working through regulatory and government licensing procedures is hard enough, but imagine that in addition to new procedures, you have to learn a whole new language. Imagine discussing business with a potential new client by phone, only to have him react with shock when you meet in person and he sees the color of your skin.

Minority business owners face these challenges whether they're African American, Hispanic or Asian and whether their business is related to their ethnicity or not. It's one more obstacle on the way to doing business. In 1997 Nevada listed 6,600 Hispanic-owned businesses, 2,800 owned by African Americans, 5,000 Asian-owned and 1,200 owned by American Indians. (Source: *SBA Small Business Profile, 2004.*)

Minority business owners face the same challenges every business owner faces: competition, available workforce, too much or too little growth, financing. When it comes to specialized needs, ethnic chambers of commerce exist to help level the playing field and to answer some of the most obvious challenges. This ensures that when we say, "I think we're speaking the same language here," we really are.

## DREAMING IN ENGLISH

Carmen and Miguel Castillo own Greenbrae Cleaners in Sparks. As immigrants to the U.S., one of their biggest challenges was learning English. "We came to this country in 1999 and now we are homeowners and business owners," said Carmen Castillo. "We're just trying to keep up a good attitude and keep studying the language. That was a challenge and it still is, because we need to learn more."

Miguel Castillo started working in a dry cleaning business 13 years ago. He liked the environment enough that when a job opening came up, Carmen joined him. Eventually one of their co-workers became an owner and when she decided to sell two years ago, the Castillos bought the business.

Working their way through the complexities of both owning a business and learning a new language, they joined the Hispanic Chamber of Commerce, which Castillo calls her comfort zone. The chamber helped her buy the business and navigate the licensing requirements. Along the way the Castillos attended all the classes and meetings possible and continued learning English. One day the two were surprised to discover they had begun to dream in English rather than Spanish.

The Castillos' business is growing steadily – slowly enough that they can assimilate the information they need and quickly enough that they describe their days as "rush, rush, rush." The customers keep coming and the two report they haven't really encountered discrimination.

## BREAKING DOWN BARRIERS

Marcel Fernando Schaerer works with language barriers all the time. In his company, International Professional Development Services, he and his wife Sylvia work to address communications in the workplace – specifically, focusing on language issues, cultural differences and human resource-related training. As a small business owner, minority business owner and as someone who works with minorities in the workforce, Schaerer has seen far more barriers against minorities in business – such as language barriers – than actual discrimination.

Aracelica Parades said if she has experienced discrimination, she hasn't noticed. Likely she doesn't have time. With her husband, Julio Roberto Parades, she owns four Hispanic grocery stores called Super Mercado del Pueblo, which serve Southern Nevada from locations in Las Vegas and

North Las Vegas. Operating since 1994, the obstacles she's had to overcome as a minority business owner are no different than those faced by anyone else – a lack of time and the need to work 12 to 14 hours a day, seven days a week to make it work.

What Parades has experienced is the language barrier. "We came to this country in the '70s and didn't know one word of English," she said. "There's probably some language barrier even now because my first language is Spanish. I know English well, but there are some words I still don't understand. That's been an obstacle, but one I've obviously overcome, because I'm here now, regardless of what I've had to face." Parades said her greatest challenge is managing 300 employees in four locations.

The Parades are members of the Latin Chamber of Commerce and started the Del Pueblo Foundation to help needy children in the Las Vegas Hispanic population. Parades said she doesn't have time to worry about discrimination and isn't going to let it bother her. "I just go on," she explained. "In Las Vegas, everyone does their own thing. I do my own thing and if somebody likes it, good; if they don't, they don't."

Just off the Las Vegas Strip, Especially for You Gifts is making in-roads with the MGM Mirage group of casinos, creating gifts for the gaming giant's holiday parties. A woman-owned small business that's also minority owned – president Debra Harris is African American – the company is facing the usual day-to-day challenges of small business.

"Just getting our name out there," said Harris. "Letting people know we exist, and not succumbing to temptation to join every networking group." She has joined the Nevada Minority Business Council (NMBC) and the Las Vegas and Henderson Chambers of Commerce.

Harris hasn't experienced discrimination in Southern Nevada – she said people in Las Vegas are friendly and very willing to do business as long as the company provides a great service. However, she did experience prejudice in Chicago. Working by phone with a potential client to produce some very high-end gifts for the client company's holiday party, when they finally met in person, the client was stunned.

"She didn't know I was a minority businesswoman and she was staggered, you

could tell," Harris recalled. "I told her, 'If you're okay, I'm okay,' but she was so shocked." Especially for You Gifts completed the holiday gift project and went on to establish a long-term relationship with the client's company, but only, Harris believes, because she had successfully done business with the company over the course of several years.

Tim Wong is president and CEO of Arcata Associates, Inc., a company that provides engineering services, information

technology and multimedia services for government agencies and commercial companies. Founded 26 years ago in Northern California by Wong's father, Arcata moved to Las Vegas in 1987 because a large percentage of its work supported the Air Warfare Center at Nellis Air Force Base. It also has personnel stationed at the Dryden Flight Research Center at Edwards Air Force Base in California, and was involved in the landing of the space shuttle there last year.

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Wong helped recreate the company in 1993. At the time, 75 percent of its revenue base was tied into one contract, which was up for renewal against several competitors. Arcata, which had worked primarily in air warfare, needed to look beyond Department of Defense contracts. Today the firm operates out of 11 states and a number of NASA centers, naval facilities and support companies that relate to its air warfare expertise.

Operating a small business and a minority-owned business means Arcata can compete for government procurement contracts, but also has led to incidents of discrimination. "When my father started the company 26 years ago, very few minority contractors performed technical work for the federal government," Wong explained. "He faced overt discrimination because there was doubt that a minority-owned company could perform up to the required standards."

Wong said Arcata and other minority contractors have proved the quality of their work, and today the prejudice he faces is more a question of ethnicity than of skills. "The concern is because I'm Chinese, there may be a desire to give information to the People's Republic of China, which never has been done or ever would be done," said Wong. "It's just strange that my ethnic background would raise questions about my allegiance to the United States, especially since I was born here, and so were both my parents."

Being a small business in the world of government contracts is challenging on its own. "We do not have the luxury of having a bad day," said Wong. While large corporations can make mistakes and continue their relationships with the government, he said one slip-up could cause a small business like Arcata to be forever barred from doing business with the U.S. government.

### **LEVELING THE PLAYING FIELD**

Discrimination isn't always obvious. Wong can't say for certain whether he's ever lost a contract because of his ethnic background, but he's had people question whether he's a security risk, and he finds it disconcerting.

Sometimes, however, discrimination opens unexpected doors. "Some business owners are displaced entrepreneurs," said Debra Baez, managing partner of Baez

Design, a graphic design firm she owns with her husband, Anon Baez. "It's almost as if they are forced to go into business for themselves because they can't get promotions at their job. I know my husband would have rather fallen into a great job as an art director, but he was forced to start his own business and pull himself up by the bootstraps."

Debra and Anon Baez have worked together for 24 years, originally in New York City and rural New York state, and for the last seven years in Nevada. Debra Baez became involved as a mentor to Hispanic teens and small women-owned and minority-owned businesses, and became even more involved after learning that in Las Vegas, 79 percent of the Hispanic population speaks only Spanish. Baez wants to help, and she wants to be involved. While she's witnessed much less blatant discrimination in Southern Nevada than she did in New York, she said Las Vegas is such a small business community that, "Messing up once with a client means you might as well leave town and start over somewhere else." She wants to help minorities learn to interact in the business community in a professional manner, from image to business card to presentation. And because both the Latin Chamber of Commerce and NMBC helped Baez Design along the way, she's involved with both organizations.

### **ORGANIZATIONS PROVIDE SUPPORT**

The Nevada Minority Business Council in Southern Nevada works to foster a thriving business community. Healthy business climates within minority communities translate into healthy economics throughout the community at large – more jobs, more tax benefits and opportunities for business expansion. Along with individual ethnic chambers of commerce, NMPC helps minority business owners come up with what they need, whether it's introductions to buyers and clients or certification as a minority-owned or disadvantaged company, which can help small businesses bid on government procurement contracts and other opportunities.

Minority chambers of commerce can help with networking, referrals, financial concerns and eliminating the language barrier. Carmen Castillo credits the Hispanic Chamber of Commerce in Northern Nevada with helping her along the way,

with classes and information on owning a business, learning English and filling out business licensing applications.

For Debra Harris, NMBC's Minority Business Opportunity Day has helped enormously. The event allows business owners to set appointments with a number of major corporate players in Southern Nevada – appointments they might not have been able to get otherwise. "We were able to sit down for 10 or 15 minutes with the buyers and purchasing agents of major companies, including the MGM Mirage group of casinos, Nevada Power Company and Boyd Gaming, among others," said Harris.

Erick Sanchez, president of General Design & Construction, is a member of the Latin Chamber of Commerce, part of its Business Development Committee, and involved with NMBC. Sanchez is a native Las Vegas who started his company in 1996, so he already has ties to the community. NMBC helped him obtain certification as a minority-owned business and a disadvantaged business. "That's created opportunities for us, opening the doors to larger companies that we may not have been able to just call up," said Sanchez. "We wouldn't know who to cold-call at Harrah's or MGM Mirage or Clark County government and say, 'We're a general contractor and project manager. Can we do business with you?' I don't believe those opportunities are so easily available without the organizations we've joined."

General Design & Construction is a general contracting and project management firm working in Southern Nevada, chiefly within the hospitality industry. They have the same challenges all construction firms in Southern Nevada are facing – finding employees, not growing so fast that they leave quality behind, choosing the best of the opportunities that come their way, and finding good, dependable sub-contractors.

"Once you do that and you're working in the hospitality industry, you're still facing change," said Sanchez. "We're constantly finding that our large corporate clients are changing, such as when Harrah's bought Caesars and MGM bought Mandalay. When this happens, it's like you almost have to reinvent yourself with that company. Through it all, our clients have welcomed the opportunity to work with a minority-owned business."

That's where the minority councils help out; not with handouts or special favors, Sanchez said, but with opportunities, a chance to bid on projects. Relationships help. So do organizations.

Crear Creative Group, a full-service advertising, marketing and PR firm, is another minority-owned business that's received certification. Crear Creative's African American president, Cedric Crear, also joined the Urban Chamber of Commerce and the AIGA (American Institute of Graphic Arts). Born and raised in Las Vegas, Crear said the biggest challenge facing his firm is the rate at which it is growing. He said success depends on a solid business plan, solid accounts and the relationships formed in organizations.

The minority business organizations are all about leveling the playing field and creating opportunities. "If it helps us get work, great. But we want the work because we feel we're the best in the business, not as a minority-owned business. My experience is from doing major work in town," said Larry England, president of Pueblo Tribe LLC, a construction sub-contractor in Southern Nevada that does lath, plaster, metal studs, drywall, painting and taping. "I want them to recognize me not as a minority, but as Larry England, the guy with the experience."

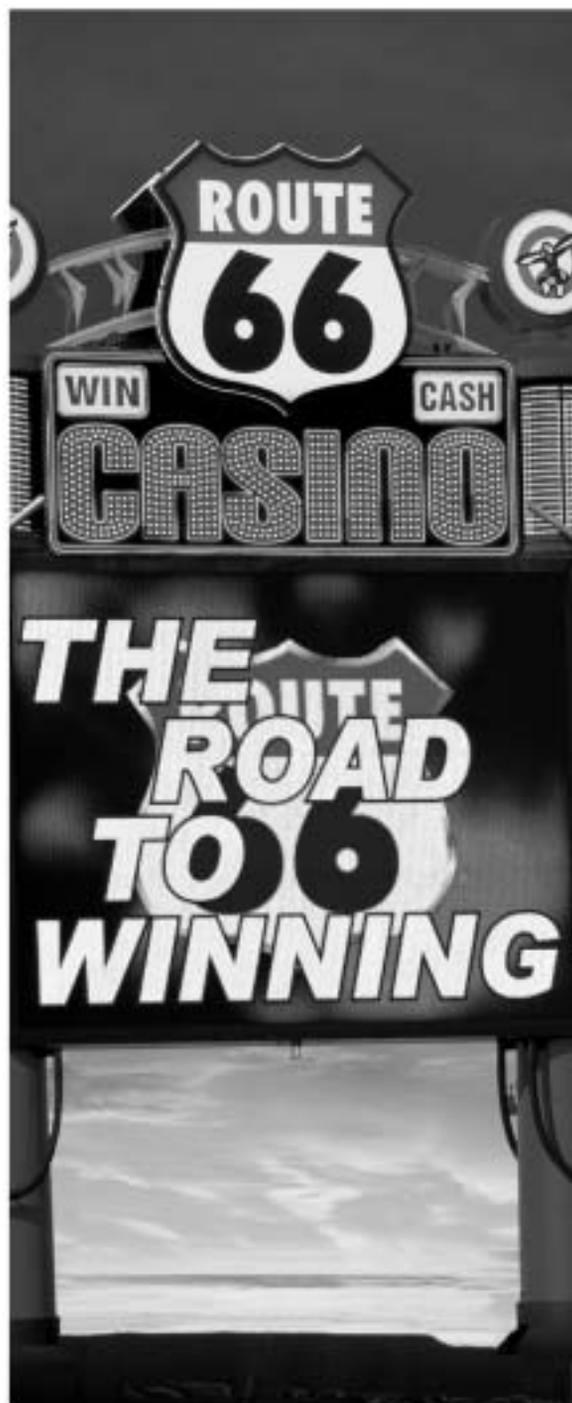
England worked with NMBC to complete the certification process as a minority-owned, disadvantaged business and is registered with the Bureau of Indian Affairs. "With the Minority Council, you go through a rigorous application process, which weeds out companies trying to get certified who aren't running their own business, but acting as a front for somebody else to pull in work through the minority sector. It creates peace of mind for people knowing they're hiring certified minority-owned businesses."

England said he has experienced discrimination when fighting against the image of a minority contractor as "two guys working out of the back of a pickup with their office in a garage." He said, "It's the biggest stereotype and unfortunately is the truth in many cases." That's why he sought certification for his company. While he has faced that type of

discrimination, it's not stopping him. "I'd say yes, I've seen it, but discrimination comes in many different forms and I probably face it daily. But I don't go hide in the closet - I call it, on the spot. If you come across it, you should be forceful and put your foot down. If you get knocked down, get up. If you can't handle it, you shouldn't be a minority contractor - that's a part of life."

"I think diversity initiatives in larger companies, as well as the support system

of business groups, present a great opportunity for our company and other companies like ours that are owned by minorities or women or veterans or disadvantaged people," said Sanchez. "It's creating a great business community and many opportunities. Our clients, like hotel companies and governments, have customers from all races and walks of life, so I think it's great they're recognizing they want to work with all types of people and create opportunities for them across the board." ❁



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# Employee Retention

## Turning the Tables on Turnover

by Doresa Banning

It is a frustrating problem that all companies face, but it impacts some more than others. It affects their bottom line and often causes them to lose business. It is magnified in Nevada and is predicted to worsen.

It is employee turnover.

In today's business world and Nevada's economy, companies must make concerted efforts to retain their employees. "It's a matter of survival," said Greg DeSart, president of Las Vegas-based Geotechnical & Environmental Services, Inc. (GES). "A company that successfully retains employees is a company that's going to be successful and survive."

Employers who successfully retain employees proactively work to keep their staff happy and minimize turnover. "People are a company's most important asset," said Casey Shields, business development representative for the legal placement division of Volt Services Group, a staffing company. "Employees drive a firm's initiatives and produce its revenue." Employee turnover in Nevada is greater than in many other states because Nevada is growing so rapidly, while the unemployment rate remains low because numerous new job opportunities continue to arise. "People come here for that forty-niners

feeling; they want to achieve and grow and they're constantly looking for what's ahead on the horizon," said Doug Geinzer, president of Recruiting Nevada, which operates a network of employment Web sites.

Workers today have different attitudes than those held 30 years ago. Today, staying at a job for two to three years is the norm, whereas in the past, people spent their entire careers at one company. Today's world moves at a faster pace, too. "People get bored easily and frustrated, and their first impulse is to leave that situation," Shields said. "People tend to give themselves raises by going from one company to another."

*"People tend to give themselves raises by going from one company to another."*

An upcoming demographic shift will amplify the problem. In the future, companies will have a shrinking work force from which to draw employees: 44 million gen-Xers versus 78 million baby boomers. All the available positions won't be filled.

"Employee retention will be even more important," said Doug Beckley, chief executive officer of The Beckley Group, a firm providing customized training and management consulting. "You'll have to work harder to hire better and treat your employees well."

### WHY BOTHER?

Employee retention first and foremost saves companies money. "The cost of replacement is much higher than that of retention," Geinzer said. Experts estimate the cumulative cost of replacing an employee to be anywhere from 30 to 100 percent of his or her annual salary. If a company loses an employee with a \$50,000 salary, it will spend between \$15,000 and \$50,000 to replace that person.

Those costs include time and money spent on administrative functions related to termination, advertising, screening applicants, verifying credentials, checking references, interviewing, hiring, training

and dissemination of information to new hires. Companies often spend money on separation/severance pay, increases in unemployment compensation and – for replacement employees – travel/moving expenses and medical exams.

Less obvious costs result from decreased productivity, lost knowledge, decreased morale among co-workers and frustrated customers, which can result in lost business. Retaining employees ensures consistency and continuity within a company. Morale and customer service remain constant and productivity does not suffer. “Oftentimes, the full impact of a person leaving isn’t felt until months later,” Shields noted.

“Turnover breeds turnover,” said Katie Weigel, branch manager for Robert Half International Inc., a staffing firm. “If people feel that their peers are not committed, they are less likely to be committed themselves.”

For GES, employee retention is so important that retaining the best people is part of the company’s three-pronged business approach, along with meeting customers’ needs and making a reasonable profit.

#### STRATEGIES

“Companies typically are aware that turnover is a problem, but they’re usually unaware of how to fix it,” Beckley said. “It begins with hiring. Oftentimes when you have a problem with turnover, it really can be traced back to a bad hire to begin with.”

For whatever reason, managers and owners often shorten the hiring process, accepting the first qualified person who applies, rather than taking the time to find a strong job match. “The paradox is that when they shortcut the process, they’re back doing the same process months later,” Beckley said.

Experts agree employers need to spend more time on the front end of screening and assessing. They need to take a hard look at the job requirements and scrutinize each applicant’s personality, experience and skills to find the person who best fits the position. For example, an applicant who prefers working at a slower pace will not do well in a fast-paced environment. Additionally, it’s essential that the person enjoy the type of work he or she will be doing. Employers can utilize assessment tests to aid in the process.



Tests can measure applicants’ character, personality and competency. “If managers are doing a good job of interviewing when applicants come in, they’re going to know what makes each candidate tick,” said Weigel.

In addition, employers need to empower their employees, making them feel and act like partners in the business. There are various ways of achieving this:

- Control less and coach more. Provide resources, direction and training to get employees to a point where they can participate in setting goals, solving problems and making decisions. “When they’re at that state of empowerment, they’re creating their own work environment,” Beckley said.

- Share information with employees. “People need to be clear about what’s happening,” Weigel said.
- Make employees feel like they’re part of a team. “When people feel like they’re a part or they belong to something, they tend to work harder, try harder and stay longer,” Shields said.
- Provide a comfortable, friendly environment. Promote group activities, such as lunches, competitions, barbecues, etc. to build rapport among the staff. “Make it a place that people want to get up and go to every day,” Weigel said.
- Challenge employees. Find out what workers are capable of and give them as much responsibility and challenge as is reasonable. Encourage them to acquire new skills and training and to advance. “Under-utilizing people is a huge mistake companies make,” Beckley said.
- Know what motivates your employees and give it to them. For most, it may be recognition that they’re making a difference. Recognition can be accomplished with rewards or something as simple as a pat on the back. “A simple thank you and a showing of gratitude goes a long, long distance,” Geinzer said.

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- Other employees may prefer benefits and perks, which should complement competitive wages. They may range from health benefits to babysitting services. Some employees want flexible schedules, cash bonuses or more time off. Even non-traditional perks are a good idea, such as allowing employees to bring their dogs to work or having an on-site concierge who handles personal tasks for employees. "Extra perks and benefits are essential," Beckley said. "The important thing to remember with those kinds of non-monetary rewards is to make sure they are what your employees want."

- Get employee feedback. This can be done through suggestion boxes, surveys, exit interviews, employee reviews or less formal methods. "Employees have to feel comfortable communicating upward about issues," Shields said.

Surveys should ask what employees like and dislike about the company, what they would change if they could, what kinds of benefits they want, and more. Exit interviews should determine why a person is leaving and whether he or she would recommend the company to

*"A company that successfully retains employees is a company that's going to be successful and survive."*

someone else. "If you take the time to look at your employees as peers rather than in a dictatorial manner, you will understand their driving factors and what makes them happy," Geinzer said.

- Listen to employees and act on their input. When employees see leadership listening to them, they feel important.

- Create new ways to retain employees. For example, GES has created a program in which it selects entry-level people, trains them for three months in-house and selects for hire only the ones who demonstrate leadership ability, integrity and skill. Hired employees tend to be enthusiastic and more loyal. "Instead of getting one or

two applicants, we get 50 or 100 applicants," DeSart said. "We then have the luxury of having a choice. We hire the people who have a great attitude and fit in."

- Have a succession plan in place for key positions. Don't wait until a key employee leaves to figure out how to handle it. Plan ahead.

#### WHAT SUCCESSFUL RETENTION SAYS

"If a company's turnover is above average for its industry, it usually means deeper and more significant problems exist within, such as bad leadership or a hostile or unpleasant work environment," Beckley said.

When businesses successfully retain their employees, it typically suggests the company-employee relationship is strong, company performance is better than average, leadership is asking questions, listening and implementing solutions and the company is a preferred place to work.

"The better place it is to work, the easier it becomes over time to bring in more people when needed," said Tina Grefrath, manager for Nevada JobConnect, which provides workforce development services. 

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by Johanna Schmidt

## Software Asset Management *Cut Costs and Protect Your Organization*

**W**hen businesses acquire new software, they tend to load the applications on their individual computers or their central servers, begin using them and then try to measure how much they're saving in time or costs. But according to a major technology research firm, businesses tend to overlook steps that can reduce their overall expenses, optimize their investments and keep them out of legal trouble.

According to Patricia Adams, research director at Gartner, Inc., business owners who systematically keep track of the way their software is being used can slash their technology costs by almost 30 percent in the first year, plus an additional 5 percent to 10 percent each year after that.

The manner in which that tracking occurs and the ways a company controls access and deployment of its software are called Software Asset Management, or SAM. If you're a business executive, you can carry out this process by taking a few important measures to ensure that you know what software you own, the status of your software licensing and the policies that will protect these assets.

Companies across the United States have reported a wide range of benefits after implementing a software asset management program. They're saving time and gaining peace of mind because they're able to focus on their most important technology needs without having to exert nearly as much effort worrying about computer viruses, the latest "patches" or applications that haven't been updated. They're also able to determine



which software is helping them the most. And once they've made sure that all their software is legal and licensed, they have access to help desks and other resources for assistance in troubleshooting problems – an opportunity they don't have when unauthorized software is used.

### The Software Asset Management Process

To implement SAM within your organization, you should first review company-wide policies and procedures for software use. Ensure that your employees understand how and when to order software, how and where it should be deployed, proper software usage and software recovery techniques.

Second, establish business process rules and goals based on the policies you developed, so you can determine the kind of measurement tools you need to evaluate the status of your software.

Then, choose a software-inventory tool that fits into your business-process objectives and perform a software inventory. This should determine: what software is installed on your company's PCs, workstations and servers; who is using each asset; and where they reside. You can also conduct this inventory manually, but a software tool will scan your network automatically and provide a substantive report.

Additionally, match your installed software with the software licenses you have purchased. In this way, you can tell if you have unused licenses that may be of benefit to others in your organization, or if you are subject to legal action or additional fees because you haven't bought a license for a particular piece of software.

As a final step, it's important to develop an ongoing plan. Use your inventory as a baseline and establish a plan for ongoing software management as you move forward. Instituting the right policies from the time you consider software acquisition, all the way through its deployment, use and retirement can provide peace of mind and greater security for your technology.

Take the time to care for your software infrastructure, and it will unlock greater profitability and security for your company. 

*Johanna Schmidt is software asset management - engagement manager at Microsoft Corp. in Reno.*

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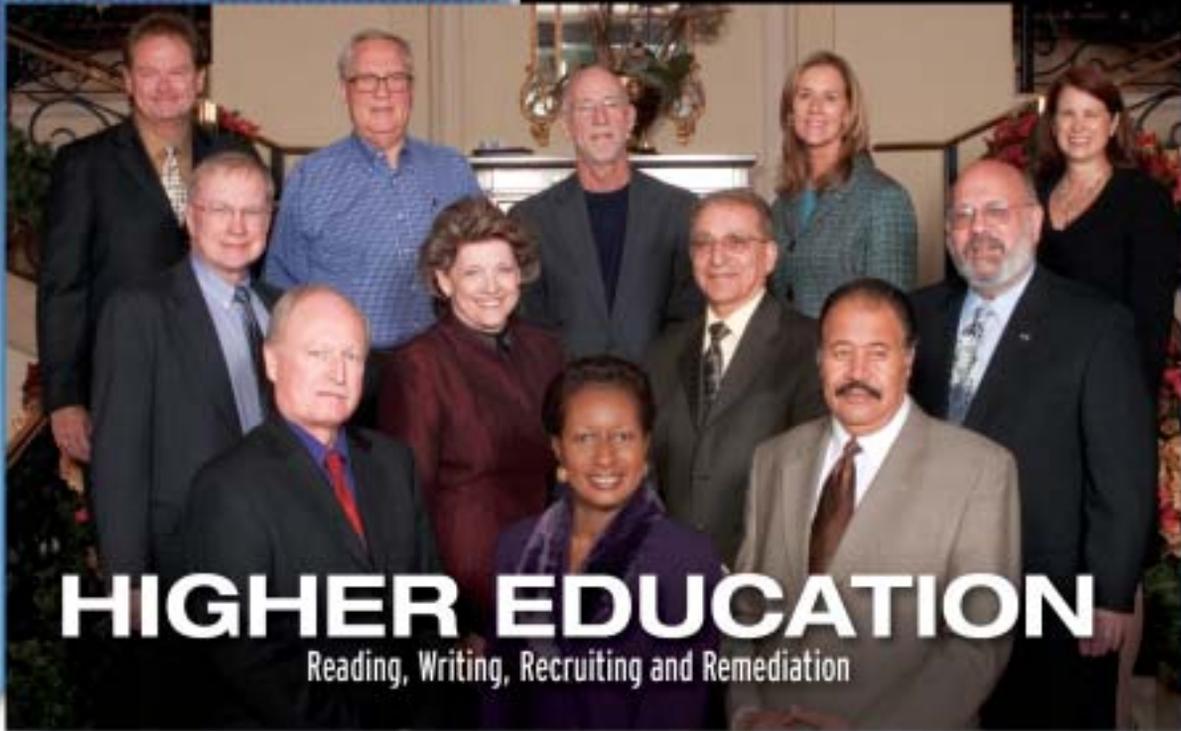
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# INDUSTRY FOCUS



## HIGHER EDUCATION

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As part of its monthly Industry Outlook Series, *Nevada Business Journal* recently brought college-level educators together to discuss the status of education in Nevada and the challenges it is facing. They confronted concerns such as managing growth in higher education, attracting new faculty members to the state, bridging the gap between primary and secondary schools and the universities, efforts to provide an educated workforce and the changing future of Nevada higher education. Connie Brennan, publisher of *Nevada Business Journal*, served as moderator for the roundtable discussion, which was held at The Stirling Club in Las Vegas. Following is a condensed version, beginning with introductions.

**Charlotte Bentley:** National University, is a not-for-profit institution formed about 35 years ago, focusing on the adult learner, with accelerated classes. The school has expanded in the last few years, moving to Hawaii and Nevada, and soon Arizona. We have online and distance education, as well as instruction in the classroom. We're hiring full-time faculty and staff now and will

open in January. Our biggest challenge is finding a director of nursing. Currently, we offer pre-nursing classes, and we will eventually add several of the nursing programs we already have in California, but Nevada law requires we have a director of nursing before we can do that.

**John McDonald:** I'm the dean of the University of Nevada School of Medicine. We have our undergraduate two-year campus in Reno. After completing that, students divide their time between Reno and Las Vegas, where we have a major presence at University Medical Center. Our challenge is accommodating the need for healthcare providers, based on our rapid influx of population and aging of the population. We are partnering with UNLV to start an academic medical center complex that will incorporate physician training, nursing, public health and multidisciplinary medicine. We received a \$17 million award to fund biomedical/technological research across the state with UNLV, Nevada Cancer Institute, DRI and the University of Nevada School of Medicine.

#### FIRST ROW (LEFT TO RIGHT):

John McDonald University of Nevada School of Medicine

LaShung Willis DeVry Institute

John Gardner II Desert Research Institute

#### SECOND ROW (LEFT TO RIGHT):

Dr. Fred Maryanski Nevada State College

Charlotte Bentley National University

Harry Rosenberg University of Southern Nevada

Mitchell Forman Touro University

#### THIRD ROW (LEFT TO RIGHT):

Steve Brooks Art Institute of Las Vegas

Jim Rogers Nevada System of Higher Education

Keith Evans Regis University

Lisa Ackerman University of Phoenix

Debra March Lied Institute for Real Estate UNLV

Photo: Opulence Studios, Inc.



**John Gardner:** Desert Research Institute (DRI) is unique in the fact that our faculty members are not tenured; they must bring in their own salaries [in the form of grants and contracts]. Their work is recognized internationally across the research community. We benefit the university system because our faculty teaches at both campuses in environmental subjects. We have projects in Ghana and other parts of the world that not only improve the quality of life, but also the quality of science. We have two campuses, one in Las Vegas and one in Reno, and two campus outlets in Henderson and Steamboat Springs, Colo.

**LaShung Willis:** I'm the dean for DeVry University. We have over 75 campuses nationwide. We started as a technical school, but today we offer every kind of program, including business management, health-care and technology. DeVry has rolled out all of its degree programs in Nevada, enabling students to start at the associate's level and accelerate all the way into the master's program. One of our associate programs, Electronic Computer Technology, is linked with the Cisco academies. DeVry offers students who graduate from the Cisco academies a \$1,200 scholarship to continue their programs of study through DeVry. One of our challenges is getting students interested in higher education because there are many opportunities for employment here that don't require a degree. But we are determined to help build the skills required for the future workforce of Nevada.

**Jim Rogers:** I'm the chancellor of the Nevada System of Higher Education. We have eight institutions – two universities, four community colleges, Nevada State College and DRI – with more than 100,000 students. Twelve years ago we had 30,000 students, so we're growing rapidly. In the next four or five months we should have a general plan out to the community on what we're going to do about the Academic Medical Center. We have decided we are not going to be timid in what we want, so we're going to make every attempt to educate legislators so they will know what we want and why we want it, what we expect from them and what we expect to give them during the next session. We are trying to develop relationships with the school districts throughout the state so we can lobby for things together. We're in a very important discussion about raising admission

standards. We're bothered by grade inflation. We have very serious problems. Fortunately, we are in a city (Las Vegas) that, literally, is awash with money, and I think we're going to have access to that money in the next legislative session. So you may see requests for a medical center that exceeds a quarter of a billion dollars, and we think we have a good shot at getting that money.

**Debra March:** I'm the director of the Lied Institute of Real Estate Studies [at UNLV]. We offer a bachelor's degree in real estate finance and provide research opportunities for the active adult in executive education. The research we're involved with has to do with the workforce, planning and growth-related issues in our community. We are committed to building a creative community here in Southern Nevada, a tolerant community that supports business and creates opportunities for people to live and be part of this community. We have some challenges, but I'm proud to be a part of the solution as well.

**Harry Rosenberg:** I'm the founding president of the University of Southern Nevada. It was incorporated in the state of Nevada as a private, not-for-profit independent institution. The University of Southern Nevada started as the Nevada College of Pharmacy and is accredited through the Accreditation Counsel on Pharmacy Education. We have also started an MBA program targeted towards health-care practitioners who wish to enhance their credentials. We have the faculty and administration facilities needed to start a nursing program next year. We have a very limited, focused mission: to prepare competent healthcare practitioners.

**Steve Brooks:** The Art Institute of Las Vegas is a creative arts college. The creative arts include interior design, graphic design, animation, game art and the field of culinary arts, offered at bachelor's and associate's degree levels. Our biggest challenge is being able to supply and find the teaching talent to bring into our market. Bringing people to Nevada is an issue unless they come from California. If they come from the Midwest, the cost of living becomes an issue and a factor in bringing talent to the table.

**Keith Evans:** Regis University has two campuses, in Henderson and in Summerlin. Regis is a satellite operation of Regis University in Denver, a Jesuit school that, in

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the early '70s, began offering adult accelerated education. We offer bachelor's and master's programs in liberal arts, business and family therapy. Our biggest challenge is to be known for what we are. We have a limited mission and we're not for everybody, but we can provide solutions for a lot of people. We just have the ongoing challenge of getting the word out and working with businesses and organizations to create educational opportunities in which tuition reimbursement would help people get degrees. We foster the notion that people can continue their lives with work and family while getting an education in the accelerated evening programs we offer.

**Dr. Fred Maryanski:** Nevada State College is entering its fourth year of operation. We are the public middle-tier institution offering bachelor's degrees. Our largest programs are nursing, teaching, business psychology and law enforcement. Our biggest challenge is building out our campus to respond to the need for higher education in Southern Nevada.

**Lisa Ackerman:** I'm with University of Phoenix. We have 300,000 students nationwide, 3,000 students in Las Vegas and 700 in Reno. The goal is to remove the barriers to higher education for working adults through a flexible schedule that offers classes in the evening. We focus on the competencies of oral and written communication, team building, critical thinking and problem solving that business leaders are looking for in successful employees. It is our goal to enrich and build the existing workforce instead of building the youth into the workforce. We offer degrees in management, accounting, information technology, criminal justice, human services, counseling and education. Our challenge is that education isn't perceived as something that's heavily needed in a lot of businesses. That's now changing, and together we can help make a difference.

**Mitchell Forman:** I'm the founding dean of Touro University in Nevada. It is a private not-for-profit organization with a College of Osteopathic Medicine and a master's level physician assistant studies program. This year we began a college of Health and Human Services with an entry-level master's program in nursing, a master's occupational therapy program and

## Safety Training Classes

**Las Vegas** - Classes held at 1301 N. Green Valley Parkway, Suite 200, Henderson, NV 89074. Register by calling us at 702-486-9144.

### OSHA Injury & Illness Recordkeeping: "OSHA 300 Log"

February 9, 9 a.m. - 12:30 p.m. - The presentation covers employer injury and illness recordkeeping requirements. The discussion includes: OSHA's basic recordkeeping requirements, injury and illness recordkeeping criteria, recordable and non-recordable injury and illness determination, recordkeeping forms and their maintenance, and posting requirements.

### Patógenos Transmitidos Por Medio De La Sangre (Bloodborne Pathogens Awareness in SPANISH)

February 15, 1:30 p.m. - 4:30 p.m. - This class is taught in Spanish and provides an overview of the OSHA Bloodborne Pathogens Standard. Topics include: bloodborne diseases, blood and body fluid exposures in the workplace, exposure control plans, universal precautions, personal protective clothing and equipment, vaccination considerations, and safe work practices.

**Reno** - Classes held at 4600 Kietzke Lane, Suite E-144, Reno, NV 89502. Register by calling 775-824-4632 or 775-824-4630.

### Behavior Based Safety and You!

February 9 and February 16, 1 p.m. - 5 p.m. Each Day - This two segment class focuses on a proactive approach to reducing workplace accidents and near miss incidents. Attendance of both class segments is required for course completion.

### Scaffolding Regulatory Review

February 21, 1:30 p.m. - 4:30 p.m. - This program reviews the Construction Scaffold Regulations and new standard format. The emphasis will be on supported scaffolds with some specifics on suspended scaffold changes. The program ends with a discussion on the training requirements.

**Elko** - Classes held at Great Basin College at 1500 College Parkway, Elko, NV 89801. Register by calling 775-778-3312 or 877-4SAFENV.

### Excavation Regulatory Review

February 8, 8:30 a.m. - 11:30 a.m. - This program provides attendees with a general overview of the requirements of OSHA's Excavation standard. The topics covered include basic soil mechanics, competent and qualified persons, soil classification, general requirements for excavations, protective systems, and inspection requirements.

For more information call 877-4SAFENV.



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three education programs, one of which is an autism program for teachers. Our interest is addressing the disparity in health-care in this state through partnerships and collaborative efforts. The Southern Nevada area is ideal if you look at its infrastructure from the standpoint of the hospitals. The private, for-profit hospitals run occupancy consistently above 100 percent. It's a great place to educate students, residents and fellows and we hope to have a future partnership with the University of Nevada School of Medicine.

**THE CHALLENGE OF GROWTH**

**Connie Brennan, Nevada Business Journal:** Chancellor Rogers, how does the university system manage growth?

**Rogers:** We have a tremendous capacity problem. We don't have room for the current students and we don't have room to grow. I'm very concerned about the quality of our students. Our medical school, law school and graduate programs in the universities are very good, but our undergraduate programs leave a lot to be desired, because for all intents and purposes, we have an open admissions policy. If you can breathe, we will probably let you into school. Of the freshmen enrolling with a 2.5 grade point average, 40 percent never become sophomores and only 11 percent ever graduate. So it's hard to explain to taxpayers who may feel they are feeding a dead horse. A lot of people think we should have open admission to the universities, but they ignore the fact that we have Nevada State College and the community colleges. So we have some real problems. Our universities need to be first-class institutions. In order to get there, we need more private support, but we can't get the private support until we are first class. So which comes first, the chicken or the egg? It's a real problem for us. We're going to have to sell a lot of good faith to the private sector. The law school is a great example. It has the highest initial ranking of any law school in the history of the American Bar Association; various universities were shocked when the initial ranking came out as 82 out of 240 law schools. There are pockets of excellence in the system that we're going to develop, but I'm not sure that growth in enrollment is the answer at this point at UNLV and UNR. They may shrink in

numbers, while Nevada State College and the community colleges rapidly grow.

**March:** Do you think using financial resources to hire key faculty members who are leaders in their areas of study would attract more quality students from outside Nevada?

**Rogers:** The law school has 40 percent of its faculty on supplemental pay from outside sources, and it would not surprise me if in the next five years, 100 percent of the faculty of the law school goes on supplemental pay. We've never had any problem with recruiting people to Las Vegas for the law school. The medical school is going to find that to be true as well, and there's going to be supplemental pay from outside sources. We've asked the Legislature to continue to deliver an adequate amount of money, because you can't go to a donor and say, "If you put it in the front door, the Legislature will take it out the back door." So we've told legislators if they stabilize our state funding, we'll raise the private money. We have a first-class economy and a third-class culture. The first-class economy has decided that it wants to be part of a first-class culture, and we have



the money here to do that. We have a lot of billionaires in this town. You can go to people like Brian Greenspun, and get him to write a check out of petty cash for \$50 million – and believe me, Brian can do that. Or you go to Bill Boyd, and tell him he needs to raise his commitment to the law school from \$7 million to \$32 million to make it easier for me to sell the naming of the business school. And Bill did that at the end of last year. The Fertittas have been wonderful too.

**Brennan:** Is money the solution?

**Rogers:** Money's the solution to everything.

**Brennan:** There's talk about raising

admission standards within the university system.

**Rogers:** If we raise the admission standards, the president of Princeton is not going to lose a lot of sleep because we're coming up behind him. We rank in the bottom quarter of universities in this country, so we've got to go a long way to even become mediocre. In this state, we educate the bottom 60 percent of the population because the top 40 percent go elsewhere and we lose them forever. Are we building an elite school? No, this is just self-preservation. We should build a school that is at least good enough to keep the best students here. One way to do that is to buy



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the students, by saying that we'll pay their tuition for all three years, pay their travel, and give them a signing bonus of \$5,000. Scholarships are designed to recruit and keep the best students here. Secondly, they help the student. Private donors are going to have to put up the money and they're starting to understand that. We have tremendous support at the law school, and we'll have tremendous support in all of the smaller colleges because they're easier. This helps our student body to go forward and it helps our faculty.

**March:** We have a tremendous international community; we're attracting people from all over the world. We have a lot of potential and opportunity here to be so much more if we're strategic in our approach to attracting students, providing scholarship support and paying faculty. We have to change the complexion of the faculty program and what the community or the university offers.

**Rogers:** We have to change our marketing and go out and hustle bucks from the people in the community who have the money.



**RECRUITING FACULTY**

**Brennan:** The majority of you said that you have problems recruiting faculty. Is this a universal issue?

**Bentley:** It depends upon the area. A professor from UNLV recently said that one-third of the people moving into Southern Nevada are retirees. Retirees aren't a good target audience for any of us seeking students, but they can be a good source for adjuncts and part-time instructors. A lot of people retiring to Nevada are the early baby boomer retirees wanting to be involved in the community. A lot of retirees want to be teachers, so recruiting has only been difficult for specific targeted areas.

**Rosenberg:** Several issues are involved in recruiting. Jim [Rogers] is right – sometimes it's a matter of dollars. A lot of annual surveys of salaries are based on individuals with a certain number of years of experience, and you need to be competitive nationally. We typically hire at least at the 75th percentile and sometimes even higher. But it's no good trying to hire a faculty member of a certain stature if the institution doesn't have a reputation as an excellent establishment. If you can convince faculty candidates you're committed to quality, they'll come here.

**Gardner:** That's one advantage DRI has. Because we have a reputation of being a quality institute, when we bring visitors here from around the country, they really want to be part of us. All of you benefit from that, because the science programs at the universities have our faculty teaching there. We receive only 1 percent of the Nevada system budget, but with our grants and contracts, we give directly to the whole system because of our faculty, our staff and our reputation. When you say you want a quality product, you have to have a quality faculty. When people come here, they want to be attached to something of quality. If it's not quality, there's no money in it.

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**Rogers:** There are other issues in addition to money. We have people classified as part-time faculty who are working 80 hours a week, and professors who are only covered by health insurance when school is in session. We're going to have to look at these issues. As tough as the Legislature supposedly has been on us, we received almost everything we asked for last time because we went up there as one institution rather than eight. We didn't fight and we educated them ahead of time with the truth – it's just amazing how effective the truth is. We have a system that has spent too much time trying to grab territories – whether UNR got this, UNLV got this or if Community College got that. The first 10 months I was there, I never heard the words "student" or "professor." I'm there to help the students, but the system has not understood that. The individual institutions are "territory grabbers" like I've never seen.

**Forman:** Contrary to some of the things voiced about becoming involved with established centers of excellence, one of the things I've noted is that there's an attitude in Nevada of being a pioneer. I left an established program and many faculty members came with me because they felt they could have a significant impact on a new, potentially growing operation. The potential for growth and partnering with people who have been successful is what has attracted some of our faculty who had become stagnant at other institutions. They're part of a large organization and the opportunities for them to grow at those places may be limited. The benefits of moving into a community such as ours are the opportunities and the pioneering spirit.

**Brennan:** How does the increasing cost of living affect faculty recruitment?

**March:** As recently as a year ago, 75 percent of the contracts offered to possible faculty coming to UNLV were accepted. This past year, less than 50 percent of the contracts offered were accepted, the reason being because of the affordability of housing in the community. We have money issues, whether it's the salary we're offering or the ability to afford housing here. We need to be looking at those issues as important concerns for how we make people welcome in our community.

**Maryanski:** It's an issue if you're hiring people who are new in their career and not from a place where they own a house with



equity. There must be a way of supplementing money or providing them with affordable housing on a three- to five-year basis in order for them to become established.

**McDonald:** The issues relevant to health-care education are affordable housing and a labor market that's below the college professor level. Communities can work to redevelop areas where the need is the greatest so people can afford to live. These are wonderful opportunities for some public/private partnerships.

**March:** The Clark County School District used to attract teachers to the community in the past by saying, "Come to Las Vegas; housing is affordable." Now they're saying, "Come to Las Vegas; we'll find you a roommate." If candidates have an option between Las Vegas and another community, they will choose the other community, where they can afford to buy a home.

**BRIDGING THE GAP**

**Brennan:** I want to touch on bridging the gap between K-12 and the university system. Dr. Carol Harter of UNLV has attended previous roundtable discussions and expressed her concern about the quantity of graduates coming out of Nevada's high schools, with many of them having to take remedial classes when they get to college. Is that a problem that seems to be getting worse?

**Rogers:** Grade inflation is a big problem for us, in part because kids want that 3.0 GPA to get the Millennium Scholarship. Another related problem is that students are taking easy classes instead of more challenging ones in order to keep their grades up. Then they get to the university level and have to be remediated. Because remediation works with almost 100 percent of students, we know they are capable of learning, which shows that we're being conned. I told the school districts that it will come down to a hard lesson for them: not only will we refuse to remediate these students – we're not going to let them in at all if they haven't taken the challenging classes they should have. It doesn't take a Rhodes scholar to figure these solutions out, but they haven't been done before because Nevada's university system has never had a relationship with the K-12 system. Now people from the university system meet at least twice a week with trustees from the Clark County and Washoe County school districts to try to develop some sort of relationship and stop this foolishness.

**Rosenberg:** Education in the United States, including universities, has been grade-based, not competency-based. There's no reason for a high school

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student to be promoted without knowing math and English. It's all inflation. They don't understand the fundamentals. The university should be given a transcript that shows, not a grade point average, but a definition of what that student can and cannot do.

**Rogers:** We all do a great disservice to the student. He's got a 3.0 GPA, but put the kid in a college class and he blows out. We make the students believe they're really "B" students, and the truth of the matter is they're probably "D" students because they haven't taken any difficult classes.

**Bentley:** A lot of the Millennium Scholarship students don't even score high enough on the SATs to go into regular classes. They have to take the pre-math and pre-English classes.

**Rogers:** We remediate 35 percent of the Millennium scholars.

**Willis:** When students take the CPT (College Placement Test), they bomb it, and then they look at us like, "What's wrong with your school?"

**McDonald:** We need to take this argument out of the classroom and the schools and push it back onto the kids and the parents. I would send every parent in the state of Nevada an e-mail when the grades came out to tell them what this grade-point average would earn the students if they maintain it when they graduate and apply to UNR and UNLV. I think we have to be a little more inventive about the way we get people involved.

**Bentley:** Yes, but you'd still have the problem of grade inflation.

**Rogers:** Last year, if you had a 3.0 GPA graduating from high school in Las Vegas, you were in the bottom half of your class. 

# Building Nevada



## CONSTRUCTING NEVADA'S MANSIONS

WHAT'S HOT IN THE CUSTOM HOME MARKET?

It takes a large, diversified team to build a 20,000-square-foot house. Shown at the Lake Las Vegas project are: Steve Arrington, superintendent; Cheryl Davis of Cheryl Davis & Associates, listing agent; Eric Hofele, RBM Construction, general contractor; Bill Hileman, DHI Contracting, interior finishes; and Sonny Narviez Wesley, Northwest Masonry.

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# CONSTRUCTING NEVADA'S MANSIONS

*What's Hot in the Custom Home Market?*

BY KATHLEEN FOLEY



“Five or six years ago, any house costing more than \$500,000 could be called a luxury home, two years ago it would be anything more than \$1 million, but today, when a tract home on a golf course costs more than \$1 million, the luxury custom home market starts at \$1.5 million to \$2 million,” said Ken Lowman, broker/owner of Luxury Homes of Las Vegas. Apparently, the upper end of the market is only limited by home buyers’ imagination.

At the end of 2005, 173 homes in the Las Vegas area were listed on the MLS for more than \$2 million, with seven homes priced at more than \$10 million. Last year, 85 homes priced at more than \$2 million were sold. The most expensive home on the Las Vegas market at year-end 2005 was a \$17 million, 22,000-square-foot estate in Queensridge owned by strip-club owner Michael Galardi.

In Northern Nevada, the most expensive custom homes are found in the communities surrounding Lake Tahoe, including one home in Incline Village listed for \$15.95 million and another in Glenbrook for \$14.5 million. However, many high-end custom homes are being built in the Reno, Sparks and Carson areas as well. According to the Northern Nevada Regional MLS, which includes information on most of Northern Nevada but not all of Lake Tahoe, 42 homes listed for \$2 million or more were sold in 2005, with an average sales price of nearly \$3,277,000. The regional MLS recently showed 105 listings for homes costing more than \$2 million.

Steve Arrington is so confident about the strength of the Southern Nevada market that he’s building a 19,800-square-foot house at Lake Las Vegas – not for a client, but on spec. Located in the private enclave of South Shore overlooking Celine Dion’s home, it is listed for \$12.9 million. Arrington envisions the house will be used as a family compound or a corporate retreat. It has 10 bedroom suites, each with its own bath. The home features plumbing in 28 locations, including baths, kitchens and bars.

“We originally planned to build 9,000 square feet on one level, but we realized that for a little more money we could add a lower walk-out level and capture spectacular views,” said Arrington. The resulting house now contains 26,000 square feet under roof, which includes patios and decks. Working with architect Robert De Leon, Arrington raised the building pad a full seven feet to get uninterrupted vistas on three sides, which involved putting in 1,200 feet of retaining walls.

According to Lowman, the base budget for a home in the \$2 million-plus price range is about \$300 per square foot, in addition to the cost of the lot. “The majority of buyers want a big home, and the lot must be big in order to accommodate the house,” he noted. “Some lots are 1/2 acre, some are now 2/3 acre. Five or six years ago, a golf course lot with a view cost \$300,000. Now that same lot would cost \$750,000.”

Although some people want the prestige of showing off huge homes, which are often used for business purposes as well as for living quarters, most buyers in the

luxury home market are more concerned with quality than size. James Beasley, president and CEO of Beasley and DeVarrean Sotheby’s International Realty in Las Vegas, noted, “Location, quality of construction and amenities are more important in today’s market than size. We have some huge estates listed, but a buyer may be just as happy with a luxury penthouse.”

The quality of homes has gone up in the last six or seven years, according to the real estate experts interviewed. “It used to be that size was all that mattered,” said Lowman. “Now quality and amenities are more important than size. This trend helps explain the popularity of high-rise luxury condos, which can cost upwards of \$500 to \$600 a square foot at prime locations.”

George Trowbridge of George K. Trowbridge, Architect in Reno said many of the custom homes he designs are in the 3,000-square-foot to 3,500-square-foot range, although his firm designed one home that was 13,000 square feet. “The average custom home we design is about 5,000 square feet,” he said. “People are looking for low maintenance, not a big castle they have to clean and heat.”

Most of the high-end custom homes being built today are in guard-gated communities, usually featuring a golf course. Jack Raftery, owner of Raftery and Associates, a Southern Nevada builder specializing in high-end custom homes, noted that fewer golf courses are being built because of escalating land prices and water restrictions, so communities anchored by golf courses will become more rare as time goes by.

In Northern Nevada, the majority of multi-million-dollar custom homes outside Lake Tahoe are in master-planned communities such as Montreux, Arrow-Creek, Caughlin Ranch and Somerset. In Southern Nevada, popular areas include Spanish Trail and Spanish Hills in southwest Las Vegas, Seven Hills, Anthem and MacDonald Highlands in Henderson, and several communities in western Las Vegas and Summerlin, including Canyon Gate, Red Rock Country Club, TPC Summerlin, The Ridges and The Promontory. Lake Las Vegas, a resort community located 17 miles east of Las Vegas, is becoming increasingly popular.

### WHO'S BUYING?

Beasley said his company's demographic is baby boomers with disposable income. "They don't see these places as trophy homes to show off," he said. "They justify paying the high price by looking at the home as an investment. People are spending more and more time at home and they want value and security for their family, as well as convenience."

Many buyers of luxury homes have residences in other places. Beasley said, "Once they see the tax advantages of owning real estate in Nevada, their Nevada home almost always becomes their primary residence. There has been a lot of interest from Florida buyers in the last half of 2005 because of the hurricane danger there."

Although most of his clients are locals, Robert Gurnea, president of Gurnea Construction in Reno, said some high-end homes are being built for refugees from the East Coast, Texas and the Midwest, who come to Northern Nevada for the mild weather and outdoor activities such as boating and skiing. Troy Means, a partner in HomeCrafters, which has built more than 25 multi-million dollar homes in the Reno area, said the vast majority of his clients are empty-nesters or retirees, mostly from California, although he does see an increasing number of younger professionals building homes for their families.

Trowbridge said about half the homes he designs are for clients moving here from outside Nevada, mainly from northern California. Because they anticipate visits from friends and family, they often ask for guest quarters or bedroom suites. In addition to a bedroom and attached

bath, these suites may have a kitchenette and a sitting room with a fireplace.

Lowman agreed that the average buyer of high-end custom homes is a baby boomer who is either a successful business owner or very top-level executive. "Some have owned their own business for more than 30 years, and have bought and sold seven or eight homes previously," he noted.

Another category of buyer for Southern Nevada luxury homes is the celebrity, either in entertainment or sports. Considerable interest also comes from foreigners who are attracted to the worldwide mystique of Las Vegas. Arrington said he started receiving inquiries from both celebrities and foreigners since word got out about his über-mansion, and building plans have been sent to six different countries.

A buyer of a multi-million dollar home will often pay cash for it rather than getting a mortgage. Gurnea said, "I can think of only three clients who've had to go to the bank to get a mortgage. Everybody else paid cash." Means added that interest rates and loan packages have enabled some people who may not have qualified before to build a luxury home.

### FEATURES: THE SKY'S THE LIMIT

"At this level of wealth, people are very particular," said Rick Sellers of Carpenter Sellers Architects in Las Vegas. "They know exactly what they want and are willing to pay for it." This often involves custom features. One man who was an avid



hunter constructed a separate 4,000-square-foot structure to hold all his stuffed and mounted hunting trophies, with special lighting and climate controls. "It was almost like building a natural history museum," Sellers remarked. Other unique features his firm has designed include a bowling alley and an underground shooting range.

Chuck Kelley of Carlin Williams Architect in Reno said clients have requested full-sized gymnasiums, oversized garages for their RVs and extravagant home theaters.

"If somebody wants it and can afford it, more power to them. We'll make it happen," he said.

More often than not, buyers in this price range will choose a unique configuration for their home, he said, with the site often dictating the layout of the house. Many high-end Reno homes are located in the foothills, Kelley noted, not only because land in the valley is getting scarcer, but also to take advantage of city views. A steeply sloped lot may require special grading to make a flat building pad, but it may also make sense to build the house on several levels or to put in a walk-out basement. This lessens the expense of leveling the lot and also allows the homeowner to take advantage of views.

"Custom homes today are very different from 10 years ago," said Raftery, who has built more than 25 houses in Southern Nevada costing in excess of \$1.5 million each. "They take longer to build because they're more complicated. There are more high-tech features. The finish packages are more intricate and require more time to install. The homeowner may want a copper roof, real stone finishes on the outside of the home and stone or marble finishes inside as well. Smooth drywall finish is popular now, and it takes longer to do that than the standard treatment."

Sellers pointed out that wealthy people often use their homes for entertaining clients or business associates. This necessitates large dining areas, furniture that can be arranged and re-arranged for large gatherings, and catering kitchens located next to the garage so outside caterers can take food out of their trucks and prepare it without having to access the main kitchen.

Gurnea said, "People used to budget \$10,000 for kitchen appliances, now it's

more like \$30,000 or \$40,000. Home buyers will pay \$110 each for decorative tiles to put in their backsplashes.” To accommodate large dinner parties, kitchens have warming trays, refrigerated drawers, wine storage areas and multiple food-preparation areas.

Most luxury homes would be considered “smart houses.” Electronics are playing a larger role every year, said Sellers, who pointed out that four or five years ago, “smart house” technology wasn’t very user-friendly, but now it’s much easier to use. The homeowner can control the system from a touch-screen panel, and in some cases it can be accessed remotely through the Internet.

High-tech features include computerized, programmable lighting, high-end audio/visual equipment, customized climate controls and surveillance technology, which may include security cameras both inside and outside the house. Security is especially important because wealthy people are often traveling, either on business or to their other homes. While no one is home, surveillance and security cameras help protect the house and its contents. According to Sellers, one of the challenges architects face is designing a home that is secure without making it look like a fortress.

Other popular features are wine cellars, home theaters, steam showers and large (sometimes two-story) walk-in closets. The smallest details can be upgraded and customized – everything from faucets and doorknobs to light switches and bathroom fixtures. “Many buyers request upgraded windows – wood with aluminum cladding – which cost five times as much as ordinary windows,” said Gurnea. Natural materials, such as travertine, limestone,



exotic woods, glass and metal finishes are popular, as well as nano-walls – floor-to-ceiling glass partition walls that disappear when they slide open.

A seamless indoor/outdoor environment makes a large home seem even larger, and buyers of custom homes are not hesitant about spending money on landscaping and pools. “People coming here from other places often want to re-create what they had at home,” said Sellers. “By substituting plants and trees that look similar to what they had at home, but that can survive in our climate, we can create almost any customized outside environment, from pine forest to jungle.”

Means said the climate in Northern Nevada has made certain amenities especially popular there. Hydronic heat, which circulates hot water through pipes in concrete floors, can keep interior floors warm enough for bare feet in winter and can melt snow on patios and outside courtyards. To take advantage of the mild weather, many high-end homes in the Reno area are centered around an exterior courtyard with a built-in barbeque, lush landscaping and water features.

“Spas have always been popular [in Northern Nevada],” said Gurnea, “but with the influx of Californians moving here, we see more requests for swimming pools, since these people grew up in houses with pools.” Other amenities include outdoor kitchens and firepits, which can allow people to spend more time outside on cool spring and fall evenings.

### RISING PRICES AFFECT CONSTRUCTION COSTS

“Your million dollars just doesn’t go as far as it used to,” remarked Sellers. “For \$225 per square foot, you could get a ‘serious house’ not so long ago. Now it’s between \$400 and \$500 per square foot, and some luxury homes may run more than \$1,000 per square foot, depending on the owners’ choices for upgrades.” In Reno, Trowbridge said, “I haven’t built anything under \$200 per square foot recently, and costs can easily run into the \$400-per-square-foot range.”

Costs for materials have been rising throughout all segments of the construction market, especially in such staple commodities as steel, concrete and lumber. Raftery noted that the rising cost of

petroleum bumped up the prices of most goods, even if they aren’t petroleum-based, because shipping costs are affected by the price of gasoline.

“Costs for lumber, iron and concrete have increased the cost of building a custom home between \$5 and \$10 per square foot over the last couple of years,” noted Means. “Insurance costs are also a factor.”

Arrington, who started building his Lake Las Vegas custom home almost two years ago, said, “Some of the trades have honored their pricing agreements with us, but others haven’t. If subcontractors didn’t lock in prices from their suppliers, they’re paying a lot more, especially for concrete. Plumbing supplies and electrical wire have also been high. Quality stone and marble have risen as well. The good news is that the market is still strong and is allowing builders a reasonable profit margin.”

Gurnea remarked, “Cement has gone up 30 percent in the last two years, dry-wall has increased 250 percent and steel posts and I-beams have gone up 300 percent. In January of this year, stucco went up another 7 percent, and the price of insulation and cement also increased. Labor costs over the past year have been increasing due to the shortage of skilled workers in all the building trades. People are demanding more money, and they’re getting it.”

Prices for custom home lots are also rising, due to a scarcity of land. The Lake Las Vegas lot on which Arrington is building sold for \$525,000 in 1995. It’s now valued between \$1.5 million and \$2 million. A half-acre custom home lot in one of Reno’s master-planned communities will now cost at least \$350,000 and can reach \$500,000.



**MARKET EXPECTED  
TO REMAIN STRONG**

Luxury custom homes don't appreciate as fast as other properties, percentage-wise, but they are also not prone to sudden drops in value, according to Beasley, who said the market for these high-end homes remains relatively stable from year to year with no wild swings, either up or down. "Right now, I would say it's a borderline seller's market," he said.

Although predictions of a "housing bubble" have made headlines recently, it doesn't seem likely this market segment will be affected. "I haven't felt any slow-down," said Raftery. "Interest rates are still relatively low nationally. They haven't risen enough to throw water on the fire."

Gurnea agreed. "I don't see any slow-down," he said. "In fact, I'm doing my first spec home since 1992. It's a 5,200-square-foot home in the gated community of Lakeridge Shores on a 1/2-acre island in a manmade lake."



Means noted, "The market in high-end custom homes [in Reno] is strong. Due to rising land costs, you might see a little downsizing in lot sizes, and there has been movement out into outlying areas." Trowbridge agreed, "We haven't seen a slow-down. There will be a premium on custom lots because we're running out of room and some people are starting to build out in the Verdi area. There is a lot of pressure from people wanting to move here, especially from northern California."

Land prices are also a factor in Southern Nevada. "Builders of production homes are running out of ground, so they're going vertical," said Raftery, "but Southern Nevada has enough luxury lots to last several years yet." 

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by Carol Patton

## Shea Commercial *Unique Approach to Development Pays Off*

In 2003, Scottsdale, Ariz.-based Shea Commercial introduced the Las Vegas commercial real estate market to a new concept that would transform the way the industry was doing business. Instead of leasing office or industrial space, the company would sell it.

“Almost everything we develop is offered as a for-sale product,” said Jim Riggs, president and chief executive officer at Shea Commercial, which has made its mark by developing Class A office condos and also operates a full-service real estate brokerage. The family-run company supports 65 employees and has offices in Las Vegas, Dallas and Denver in addition to its headquarters in Scottsdale.

Riggs said his company chose to enter the Las Vegas market because of its similarities to the Phoenix market, which included the city’s rapid growth and increasing number of entrepreneurs and small businesses.

“There’s a very high demand for the product we build,” said Riggs. “Our niche in the market is finding parcels we can convert and develop; then [we] sell the space off.” Its advisory board and board of directors routinely strategize over which sites will sell, concentrating on desirable locations near freeways, major roads and medical centers. So far, 90 percent of its industrial condos or office condo conversions are sold before they’re even built.

Riggs said buying space for office or industrial use has become a viable alternative to leasing for many businesses. The only exception is companies who plan on moving within six months to a year. Otherwise, buying is a more attractive proposition. The company has sold more than

400 office suites. Surprisingly, Riggs said not one business has ever sold a suite. Companies keep them because they’re such a good investment.

Shea typically focuses on offices or suites less than 25,000 square feet. The company has developed more than a dozen properties in Las Vegas and Henderson, and current projects include more than 935,000 square feet of office condo space.

Projects slated for completion this year include Shadow Crest, at Warm Springs and Shadow Crest in Las Vegas, a 41,000-square-foot development of seven single-story office buildings. Another is Shea at Warm Springs, off Warm Springs and Stephanie in Henderson, a 54,000-square-foot project composed of eight single-story office buildings. Shea at Sunset, in Henderson at Sunset and Pearl, will consist of four industrial buildings – more than 56,000 square feet collectively – and 12 office buildings, totaling over 60,000 square-feet. The company strays from the average developer or broker in several ways. Since Shea maintains an entrepreneurial environment, more than half its employees have invested in the company’s projects.

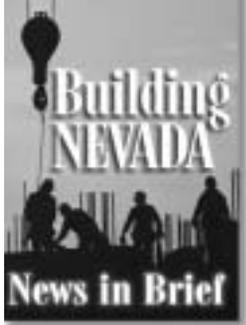
Its biggest challenges right now are finding land that is reasonably priced and controlling construction-related costs, said Riggs. These rising costs have made developers consider mid-rise or even high-rise commercial projects to get more square feet of space on smaller parcels. Future plans may include partnering with other developers to build more mixed-use projects with greater density and creating more multi-story products, as opposed to the garden-style offices it started out building. Riggs said “for sale” products may include suites in office buildings three to six stories high, with parking garages under or next to the building.

Although interest rates have crept up slightly over the past year, Riggs said they are still low enough to be attractive, and lenders are becoming more creative in offering lending products that fit business owners’ needs. “At the end of the day, we’re really selling an investment opportunity,” Riggs said. “That’s how we design all of our buildings.”



INDUSTRIAL-3RD QUARTER 2005		
TOTAL MARKET	LAS VEGAS	RENO
Total Square Feet	87,051,623	n/a
Vacant Square Feet	4,546,002	n/a
Percent Vacant	5.2%	n/a
New Construction	2,682,830	n/a
Net Absorption	4,995,658	n/a
Average Lease SF/MO (NNN)	\$0.64	n/a
Under Construction	3,555,873	n/a
Planned Construction	3,686,683	n/a
WAREHOUSE/DISTRIBUTION		
Total Square Feet	35,200,671	n/a
Vacant Square Feet	2,101,022	n/a
Percent Vacant	6.0%	n/a
New Construction	1,423,587	n/a
Net Absorption	2,480,174	n/a
Average Lease SF/MO (NNN)	\$0.45	n/a
Under Construction	2,496,707	n/a
Planned Construction	2,822,230	n/a
LIGHT DISTRIBUTION		
Total Square Feet	13,860,320	n/a
Vacant Square Feet	1,011,803	n/a
Percent Vacant	7.3%	n/a
New Construction	232,620	n/a
Net Absorption	666,400	n/a
Average Lease SF/MO (NNN)	\$0.67	n/a
Under Construction	280,099	n/a
Planned Construction	214,442	n/a
LIGHT INDUSTRIAL		
Total Square Feet	25,441,193	n/a
Vacant Square Feet	833,546	n/a
Percent Vacant	3.3%	n/a
New Construction	685,578	n/a
Net Absorption	1,156,492	n/a
Average Lease SF/MO (NNN)	\$0.83	n/a
Under Construction	335,702	n/a
Planned Construction	404,163	n/a
INCUBATOR / R&D / FLE		
Total Square Feet	12,549,439	n/a
Vacant Square Feet	599,631	n/a
Percent Vacant	4.8%	n/a
New Construction	341,045	n/a
Net Absorption	692,681	n/a
Average Lease SF/MO (NNN)	\$0.83 - \$1.13	n/a
Under Construction	443,365	n/a
Planned Construction	245,848	n/a
Next Month: OFFICE		
ABBREVIATION KEY		
MGFS:	Modified Gross Full-Service	
SF/MO:	Square Foot Per Month	
NNN:	Net Net Net	

LAS VEGAS STATISTICS COMPILED BY COLLIER'S INTERNATIONAL AND RESTREPO CONSULTING.



### Developers Announce Partnership

A group of Las Vegas landowners and developers recently announced plans to develop West Village, a planned "suburban downtown" that will encompass 700 acres centered at the I-215 Beltway and the intersection of Sunset and Durango. The developers include Centra Properties, KB Home, The Curve Development Company, Glen Smith Glen, Sunset Durango Properties, GKT Holdings, Station Casinos, Inc., the University of Nevada-Las Vegas and Clark County. West Village will have 10,000 residential units, 8 million square feet of commercial space, a university research and technology park and a hotel-casino-entertainment complex. Developments for West Village include: Centra Point, a 30-acre business center; The Curve, a 45-acre urban design incorporating mid-rise residential, regional retail and an open-air urban plan; a 20-acre Glen Smith Glen project with mid-rise residential, office and retail; Project Durango, 65 acres of urban residential and commercial space; the 120-acre Harry Reid Research and Technology Park by the UNLV Research Foundation; and Durango Station Hotel and Casino.

### Slade Development Breaks Ground

Las Vegas-based Slade Development recently broke ground on Vantage Lofts, an urban-style loft community located in Henderson near U.S. 95 and the I-215 Beltway. Vantage Lofts is planned for construction in three phases. Phase one will encompass 110 units and has an expected completion date in the fourth quarter of 2006. Construction of phase two is scheduled to begin the second quarter of 2006. Slade Development is the developer and design builder, while Metropolitan Realty is the development's broker. The development consists of one- and two-bedroom flats,

townhouses and two-story lofts ranging in size from 1,000 square feet to 2,600 square feet. Amenities include a clubhouse with outdoor swimming pool and Jacuzzi, a state-of-the-art theater, a 3,000-square-foot fitness center and controlled community access.

### Work Begins on Spanish Trail Business Park

Investment Equity Development has broken ground on Spanish Trail Business Park, a 76,000-square-foot mixed-use development in Las Vegas. Located at the intersection of Tropicana and Rainbow, it features a 10,000-square-foot for-lease retail building fronting Rainbow, as well as an office campus of 11 buildings with units for sale from 2,050 square feet up to 10,000 square feet. The project is scheduled for completion in the summer of 2006.

### 2005 Pinnacle Awards Announced

Northern Nevada's construction community showcased its best work of the past year at the Pinnacle Awards, sponsored by the Nevada Chapter of the Associated General Contractors. The 2005 category winners include: United Construction for Aramark Tenant Improvement and Harley-Davidson Financial Services; Krump

Construction for The Lodge at Tahoe Donner; Martin Iron Works for the Reno Re-TRAC Project; Granite Construction for the Cave Rock Project and the Wells Avenue Project; Q & D Construction for Immaculate Conception Church, the Reno Events Center and Saint Mary's West Campus; and Clark & Sullivan Constructors for Tahoe Truckee Unified School District and Alder Creek Middle School.

### NCA Presents Annual Awards

The Nevada Contractor's Association recently named Las Vegas Paving Corp. as its 2005 Contractor of the Year recipient. The awards are the industry's highest honor, recognizing excellence and leadership. Las Vegas Paving Corp. is a 47-year-old privately owned firm responsible for such notable projects as the Las Vegas Speedway, the I-215 Beltway and U.S. 95. Other 2005 winners include: Olson Precast Co., subcontractor of the year; Wells Cargo, heavy/civil project of the year for Spring Mountain Road/Sands Avenue widening; Perini Building Co., project of the year for the Caesars Palace Augustus Towers; Werdco BC, safest contractor; Paul Workman, BankWest of Nevada, associate of the year; and Cate Equipment Co., supplier of the year. 



<b>Jo Campo</b> Commercial Escrow Officer 7548 W. Sahara Suite 101	<b>Kim Hernandez</b> Commercial Escrow Officer 3037 E. Warm Springs Rd. Suite 300	<b>Kathy Lovett</b> Commercial Escrow Officer 777 N. Rainbow Blvd., Suite 150
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## Commission on Tourism Approves Grants

The Nevada Commission on Tourism (NCOT) approved \$700,000 in grants to help rural communities promote attractions and events for visitors. Grants help communities improve Web sites, buy advertising, create promotional materials, improve tourism trade-shows and obtain services to develop visitor attractions. The Rural Grant Program began in 1984 and distributes grants to Nevada's six tourism "territories." They are awarded each year in June and December.

## Nevada Casino Garners Safety Honor

The Safety Consultation and Training Section (SCATS) of the State of Nevada's Division of Industrial Relations has recognized Jim Kelley's Tahoe Nugget Casino, located in Crystal Bay on the north shore of Lake Tahoe, for successful completion of the Safety and Health Achievement Recognition Program (SHARP). The no-cost SHARP program is designed to assist small employers (those with less than 250 employees) develop and implement effective safety and health programs. SHARP assists businesses to improve their return on investments, be in compliance with Occupational Safety and Health Administration (OSHA) regulations and create added safety and health by reducing accident costs.

## APEX Awards Announced

Governor Kenny Guinn, Lieutenant Governor Lorraine Hunt and Nevada Quality Alliance (NvQA) president John Zedick recently honored the recipients of the 2005 Governor's Award for Performance Excellence (APEX). The award is based on national Malcolm Baldrige Quality Award Criteria, the nation's highest honor for quality and organizational performance excellence. The 2005 APEX recipients are Peppermill Hotel and Casino (Reno), Las Vegas Valley Water District (Las Vegas), Boeing Aerospace Support (Fallon) and Spring Valley Medical Center (Las Vegas). Special awards recipients are Peppermill Hotel and Casino (Reno) for community support, Las Vegas Valley Water District for quality leadership and Boeing Aerospace Support (Fallon) for customer service.

## NNDA Releases Results of Regional Study

The Northern Nevada Development Authority recently announced the results of a study on the condition of businesses in an area that includes Lyon, Douglas and Storey counties and Carson City. The study found that, overall, businesses in the four counties are thriving and are satisfied with their counties and their ability to expand in their current location. Four key findings from the study include:

- Businesses are growing and are generally positive about the county in which they are located.
- A large majority of companies introduced new products in the past five years and plan to introduce additional new products in the next two years.
- A majority of companies expect to see increases in total sales and market share.
- Most companies plan to expand in the next three years and see no barriers at their current location.

## Harrah's Concludes Real Estate Deals

Harrah's Entertainment, Inc. announced it signed a definitive agreement to sell the Flamingo Laughlin Hotel and Casino and an undeveloped land parcel in Atlantic City to affiliates of American Real Estate Partners, LP for \$170 million in cash. The sale is subject to receipt of required regulatory approvals, but Harrah's expects this transaction to close in mid-2006. Harrah's also revealed it has completed its acquisition of the 2,640-room Imperial Palace Hotel and Casino in Las Vegas for \$370 million, following the unanimous consent of the Nevada Gaming Control Board. With the acquisition, Harrah's Entertainment, Inc. now operates seven properties on the Las Vegas Strip including the Flamingo, Caesars Palace, Bally's and Paris.

## Nevada Banks to Merge

Western Alliance Bancorporation, the holding company for BankWest of Nevada, has inked an agreement to buy Intermountain First Bancorp, which owns Nevada First Bank. Nevada First Bank started operations in January 1998 and now has three locations in Las Vegas, one in Henderson and one in Reno, and has received approval to open a second Reno branch. BankWest has five locations, all in Southern Nevada. The \$108 million purchase is subject to shareholder approval, but is expected to close in the second quarter of 2006.

## Las Vegas Brand Recognized

Las Vegas was named one of the top five brands of 2005, according to the results of a consumer survey published at year-end by *USA Today*. The destination joins the ranks of favorite brands such as iPod, Google, Oprah Winfrey and eBay and beat out brands such as Xbox 360, Yahoo, *Desperate Housewives* and the National Football League (NFL). The second annual Newsmaker Brands survey asked 1,744 adult consumers to rank 61 of the biggest brand names on their performance in 2005 and prospects in the year ahead. The "What Happens Here, Stays Here" multi-faceted advertising and marketing campaign designed by R&R Partners to promote travel to Las Vegas is slated to continue through 2006.

## Credit Union Distributes Record Dividends

Clark County Credit Union (CCCU) distributed a record-breaking \$12.4 million dividend payment to its members on January 5, more than doubling the 2005 dividend payout of \$5 million. The money was distributed based on the amount of interest paid or earned by each of its 36,000 members. The average dividend payment per member was \$342.59, with the highest single payment totaling \$51,000. CCCU serves Clark County employees, City of Henderson and City of Las Vegas employees, medical professionals, members of Nevada Public Radio and numerous selected employer groups. With assets of \$525 million, it has five branches throughout Southern Nevada.

## New Project Slated to Replace Stardust

Boyd Gaming Corporation recently announced that it will develop a multi-faceted resort complex on the 63-acre site on the Las Vegas Strip now occupied by the Stardust. The \$4 billion development, to be named Echelon Place, is scheduled to open in early 2010. It will combine the \$2.9 billion Echelon Resort, wholly owned by Boyd Gaming, with hotel and retail joint ventures with strategic partners. Plans for the site include four hotels with 5,300 guest rooms and suites, a convention center that will bring the total meeting and exhibition space at Echelon Place to more than 1 million square feet, and 350,000 square feet of retail. 

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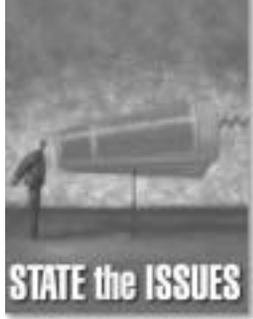
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## Question:

### Should U.S. schools teach “Intelligent Design”?

#### YES – INTELLIGENT DESIGN: WHAT WE’RE REALLY BANNING

by Nathan Tabor

**T**he verdict is in: it is now “unconstitutional” to teach Intelligent Design as an alternative to Darwin’s theory of evolution in a Pennsylvania public school classroom. It cannot even be discussed by students or faculty.

In Darwin’s theory, the only constitutionally acceptable explanation for our existence, there are gaps that aren’t explained. Darwin admitted that he did not understand the origin of life’s complexity. He merely studied the process of change that has occurred within the species, noting how we have “evolved”. Without disputing the theory, there is still no evidence of how or why changes have taken place other than the speculation of “natural selection”.

Intelligent design does not negate Darwin’s findings, though those against its teaching would prefer to assert it does. Intelligent design does not name a creator, does not promote any specific religion, nor impose a forced set of religious beliefs. It is not, nor has it ever been, Creationism.

Intelligent Design is very simple. It speaks to the possibility of an unknown force controlling the development of life. For some, that may be a God, for others, something else.

Let’s put ideology and politics aside. Simply stated, one side of an issue is effectively silencing another. We aren’t banning religious teachings, rather we are banning free thought and discussion, a chance for our children to see two sides and two theories and come to their own conclusions. The opinions of Michael J. Behe and Kenneth R. Miller, scholars who write from both sides of this issue, will be disregarded. Our students will never understand the concepts of “irreducibly complex” and “successive modification” and how that applies to biology.

Do you know what we lose? A potential great scientific mind is hearing only one half of the story, raising her hand to ask a question in a Pennsylvania classroom, only to have her teacher state that the topic “can’t be discussed”. Where is education in that? And what of the huge price this recent court decision has on society?

We are also losing our democratic beliefs and replacing them with liberal socialism. Liberals don’t want a fair argument – they only want to present one side of an issue, creating a “fact” by default.

My condolences to the students who will suffer from this ruling. Now is the time to speak out against the banning of free thought and discussion in our public schools. When our government starts telling us how we can learn and think, government has gone too far.

*Nathan Tabor is a conservative political activist and contributing editor at [www.theconservativevoice.com](http://www.theconservativevoice.com).*

#### NO – INTELLIGENT DESIGN: A DANGEROUS DISTRACTION

by Alan I. Leshner

**T**he controversy over teaching Intelligent Design in public school science classrooms is often cast as a clash between science and religion, between Darwin and God. But this view is simplistic and distracts us from a deeper risk: If we undermine the integrity of science education, we jeopardize our nation’s long-term economic strength.

Science is a method of understanding the natural world. It’s a problem-solving process requiring an open mind and the rule of evidence. Evidence is gathered, tested and challenged, and if it bears out, new discoveries translate into treatments for illness, disease-resistant crops and safer motor vehicles. It’s understandable, then, that scientists and science educators have been troubled to watch ID advocates trample evidence and manipulate facts.

Advocates see “gaps” in evolution science. But there are gaps in our understanding of cancer, the climate and distant galaxies, too. Not long ago, our ancestors thought the Earth was flat. It’s the job of science to fill those knowledge gaps.

They say that evolution is unproven and scientists are divided. In fact, evolution is supported by extensive evidence, from ancient fossils to living DNA. Every mainstream scientific society in the world accepts it.

For most people, science and religion are not in opposition. Many scientists are religious, and religious leaders from many faiths see no conflict. American Association for the Advancement of Science (AAAS), America’s largest general science society, says fact and faith can happily co-exist – just not in science classrooms, lest we confuse tomorrow’s innovators about what is and isn’t science.

Advocates say ID is not about religion. Yet their 1999 “Wedge Document” pledged to promote “a science consonant with Christian ... convictions.”

U.S. District Judge John E. Jones III, a Republican, saw through the spin. In a devastating ruling against the former school board in Dover, Penn., he concluded that ID cannot be taught as science. Today, his decision creates an opportunity to focus on more urgent issues together.

Science and technology have accounted for up to 50 percent of U.S. economic growth over the past several decades; clearly, continued research is crucial to our future. But while India and China are graduating an increasingly well-educated technical workforce, interest among our students is declining.

Science classrooms are where we cultivate a spirit of discovery that benefits millions of people worldwide. The challenge is not to bring religion into those classrooms, but to teach science better than ever, with new imagination and energy. 

*Alan I. Leshner is the CEO of the American Association for the Advancement of Science and executive publisher of the journal Science.*



by Sharon Rorman Sheldon

## Bank of America *Planning for Future Growth*

**G**eorge W. Smith, president of Bank of America – Nevada, is kept busy finding ways to keep up with growth in the Nevada market. Bank of America opened 19 new branches in the past three years in Southern Nevada, providing a total of 52 banking centers and 213 ATMs in Las Vegas alone. On the drawing board is the development of more than 10 new banking centers over the next two years.

The bank also has a strong market presence in Northern Nevada, with 27 banking centers located in Reno, Carson City, Minden, Gardnerville and Incline Village. In addition, it operates a division headquarters and mortgage division in Reno. “We anticipated the business growth here,” said Senior Vice President Bob Grubic. “Northern Nevada has enjoyed good economic diversification for many years, largely drawn from companies moving here from California, as well as other parts of the country.” As a result, Bank of America opened three new banking centers within the past two years in the Reno area.

Keeping up with the competition is also a challenge. Banks must continually invent new products and services to attract customers, offering such wares as treasury management to help businesses collect and manage finances better, an array of loan products, and accessible banking for those with disabilities. Bank of America even offers talking ATMs where customers can plug a headset into an audio jack, some with bilingual instructions.

It also has a team dedicated to small business owners and was named the No. 1 Small Business Administration (SBA)

lender in Nevada. Historically, Bank of America has been the largest lender to the gaming industry. “We have a long-standing 50-year commitment to gaming,” Smith said.

Nationally, Bank of America has more than 5,800 banking centers coast-to-coast and the nation’s largest bank-owned network of over 16,000 ATMs. “Our strength is our ability to help Nevada grow and create more jobs. Expansion for the economy means expansion for the bank, too,” said Smith. “Nevada’s tremendous growth affected our bottom line in a positive way, and we feel that we have been a big part of the growth story. We will continue to expand our banking center and ATM networks to serve Nevada consumers and small businesses. We will also stay active in gaming by continuing to be the top lender to the industry.”

Nevada’s communities count on corporate donations to conduct the important work of charitable organizations. Bank of America has established numerous partnerships with non-profit organizations, such as its support of the Women’s Development Center, as well as its own Neighborhood Excellence Initiative to recognize local heroes and student leaders.

Many of the bank’s 2,000-plus employees participate in local volunteer efforts. Bank of America has received the Governor’s Points of Light Award. “This is a big deal to us,” Smith said. It is a reflection of our associates’ volunteer efforts, nearly 4,000 hours in 2005. We want to help Nevada be a better place to live.”

Smith is himself a volunteer. A 13-year resident, Smith serves on the UNLV Foundation executive board, advisory board of the UNLV School of Business, the board of directors of the Boulder Dam Area Council of the Boy Scouts of America, the board of directors of the Nevada Development Authority, the board of trustees of the Lied Discovery Children’s Museum, the board of directors of Boys Hope/Girls Hope Nevada, the board of the United Way of Nevada, the board of advisors of the Las Vegas Chamber of Commerce and the board of directors of the Nevada Taxpayers Association. 🌿

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## Paul B. Ranslow

President

Sierra Nevada College  
Incline Village

Years in Nevada: 37

Years with Firm: 1

### Type of business

Four-year liberal arts college

### Biggest business challenge

Private (independent) colleges face the challenge of attracting resources for students and faculty. Tuition and fees cover only a fraction of the cost of education and we are always looking for generous



individuals who believe education is a fundamentally important investment. We have had some of the most generous and philanthropic donors I have ever known.

### If you could start over and choose a different profession, what would it be?

I would still be in education because it makes such a positive difference for young people. I am an amateur architect and enjoy reading about home design.

### Little-known fact about yourself:

I designed and built my own home in Oregon 25 years ago and have since remodeled three other homes.

### Best Business Advice:

People respond positively to honesty in relationships; they do not always like the honest truth, but in the long run, it is the best policy.

### What would you like your legacy to be?

I hope people will say that I worked with dedicated and talented people to help Sierra Nevada College become the best small college it could be.

### Do you think Nevada's educational system adequately prepares students for college?

According to data compiled by the Annie E. Casey Foundation, Nevada students rank below national averages in proficiency. However, statistics rarely tell the entire story. This is a rapidly growing state with a great deal of in-migration and a huge teacher shortage. In addition, there are many fine Nevada high-school graduates who are ready for a rigorous college program. Our task is to ensure that even more young people graduate from high school prepared for further study.

## Joy Kay Hearn

Vice President/Escrow Manager

TitleOne of Las Vegas, Inc.  
Las Vegas

Years in Nevada: 12

Years with Firm: 6 months

### Type of business

Title and escrow company

### Biggest business challenge

The biggest business challenge with being a startup title and escrow company is conveying to the customer that even though we are not be an international company, we do have international underwriters and therefore offer the same level of insurance as other established companies in Nevada.

### What do you like best about your job?

I enjoy the challenges that commercial transactions present, because they are



always different. Being able to work with the customer and underwriter to overcome challenges and close the transaction is very rewarding.

### If you could start over and choose a different profession, what would it be?

A stay-at-home mom. Caring for your family is very rewarding, but children grow up so quickly. My children are now in college and high school and are very involved with friends and sports, so they are rarely home.

### How do you spend your time when you're not working?

I have a wonderful family, husband of 23 years and two children. We all love the outdoors. We have a condo in Brian Head, Utah and spend as much time skiing/snowboarding/ATV/hiking as we can.

### Little-known fact about yourself:

My entire family is involved in community development in one form or another, and my children seem to be following in my footsteps. My daughter is going to UNLV College of Engineering to be a civil engineer. My son is taking drafting classes in high school and loves it.

### Best Business Advice

Hard work and a good work ethic will take you wherever your dreams lead. Aim high, as it is a big world and you can do anything.

### What would you like your legacy to be?

That I was a fair and good boss to work for, as well as a good wife and mother.

## Patrick Schlosser

Chief Operating Officer

Clark and Sullivan Constructors

Reno, Las Vegas and Sacramento

Years in Nevada: 25

Years with Firm: 20

### Type of business

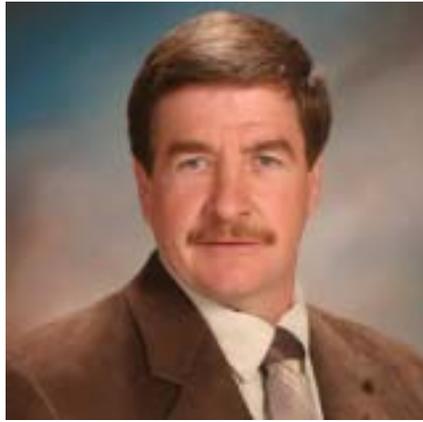
Commercial building contractor

### Biggest business challenge

Finding qualified people for both the office and the trade labor.

### What do you like best about your job?

The people in construction are the best. Every day we deal with high-dollar decisions that affect our bottom line, but at the end of the day people in construction will give the shirts off their backs to help someone else even if they don't know them.



### If you could start over and choose a different profession, what would it be?

I'm truly not interested in anyone else's job, but if I had to choose, I would go back to being a farmer. I was born and raised on a farm and there is a great satisfaction to watching things grow and raising animals. Milking cows would be out of the question, as it ties up your life too much.

### How do you spend your time when you're not working?

I enjoy spending time with my wife and family. Outside of that, I enjoy playing

golf. My game isn't anywhere close to where I would like it to be, but that just leaves room for improvement.

### Best Business Advice:

I like the saying, "If you keep doing what you have been doing, you will keep getting what you have been getting." People need to analyze their lives with that wisdom in mind.

### What would you like your legacy to be?

That I was always fair and honest with my business dealings whether we agreed or not and that I tried to treat people the way they wanted to be treated.

### What differences have you noticed in building in Northern Nevada and Southern Nevada?

Southern Nevada is moving at about warp 5 speed with no indication of slowing down. I believe the labor force in Northern Nevada is a little more quality conscious. Speed can cause that.

## Howard Winters

Founder and chief executive officer

Payroll Solutions Group, Limited

North Las Vegas

Years in Nevada: 17

Years with Firm: 6

### Type of business

Professional Employer Organization

### Biggest business challenge

The biggest risk entrepreneurs face is when their company engages its first employee. Our ability to educate the market about this reality is the biggest challenge we face. We are a relatively new industry, particularly in this state, and few employers have an accurate grasp of the value proposition we offer.

### What do you like best about your job?

It is not a job to me, but a passion. In my



way, I am improving the quality of life for employers, who in turn are the backbone of the country. As a leader in my company I have an opportunity to mentor and shape the lives of others positively.

### How do you spend your time when you're not working?

I enjoy spending time at home with my wife and two golden retriever children. I have recently become a fairly ardent, if unskilled, golfer. I have returned to an earlier passion for aviation and am pursuing an instrument rating.

### What would you like your legacy to be?

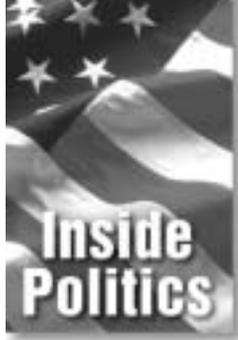
That I made a difference in the lives of many ordinary people. I would also hope that the communities our company works in would recognize us for the contributions we make to help the poor, the needy and children.

### Favorite Business Book?

*Good to Great*, by Jim Collins and *The E-Myth Revisited*, by Michael Gerber

### Best Business Advice:

There are only two things we have in life that mean anything: our integrity and our relationships, both personal and business. You only get one chance at your integrity, so you need to make sure you always have the right values. It's tough to find good friends, so be sure to cultivate your relationships and make sure you are always working to be a great friend.



by Michael Sullivan

## Put on Your Protective Gear *Mudslinging Season is Coming*

It's still a few months away, but soon your mailboxes, radios and television sets will be over-saturated with political messages.

Some will be positive, sugary-sweet stories of a candidate's good deeds and amazing accomplishments. If done well, these messages will make you wonder how you ever got along without that particular politician in office. They will also try to hit your hot-button issues – growth, crime, education – and point to the candidate's sterling record on these topics.

There's another type of message you will receive, however. It's the kind that has given politics a bad name: the extremely nasty attack, accusing a candidate of everything from bad votes to accepting money from special interests – and worse. At best, these images will repulse you and make you wonder how anyone could do the things mentioned. Even if you support the candidate being attacked, you can't help but wonder whether even some of what is being said is the truth.

Casual observers often wonder why all these messages are necessary. Why can't a candidate just win by stating his or her own positive qualities? Is it really necessary to destroy an opponent's reputation in order to win an election?

Unfortunately, the answer is often yes, although the reasons may surprise you.

It has nothing to do with wanting to be nasty, or even having a strong competitive spirit. While the candidates putting out this negative advertising want to win, they aren't bad people. They don't beat their wives or their pets and eat raw meat for breakfast. The reason they do

these ads has everything to do with the nature of our electorate and the times in which we live.

As recent elections have shown, people just don't vote anymore. The figures are astounding for a country that prides itself on being the oldest and greatest democracy in the world. Voter turnouts in general statewide elections often dip below 50 percent, and municipal elections average an abysmal 20 percent or lower. Those figures appear even more astounding when you consider those are percentages of registered voters, who represent far less than 50 percent of our population.

So – do you think any of these voters, who've already shown a great amount of apathy, are going to come out just because one candidate is a really fine human being? Or are they going to come out because the opponent is an un-American antichrist who must be stopped at all costs?

The rule is that if people are content, they don't worry about voting. Perhaps it's their way of saying, "I want everything to stay just the way it is." However, if it can be proven to them that they really aren't happy, they might just jump up off the couch and head to the voting booth. Hence, the need for negative, or "issue-driven" campaigns.

If a campaign gets really nasty, however, you can bet that the candidate doing the mud-slinging doesn't want anyone to vote – except his or her closest supporters. They know they will lose votes by being negative, but they are banking that the disgusting messages will keep enough of their opponent's voters home to ensure victory.

Often when you look at the voter turnout in districts where especially negative campaigns are waged, some of the people who go to the polls refuse to vote in that particular race. They leave it blank on their ballot, probably as a way of telling the candidates they disapprove of their tactics. But if that person normally would have supported the incumbent, then that non-vote is as good as a vote for the opponent.

So when you get turned off by all those horrible mail pieces and television ads and decide not to vote, remember: you may be doing exactly what the producer of those negative messages wants you to do. 🌿

*Mike Sullivan runs Paladin Advertising, a Las Vegas government affairs and political consulting firm.*

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by Jeromy Slater

## Environmental Containment *Combating Mold*

The largest construction defect lawsuit in Nevada history has once again raised questions about environmental contaminants and the liabilities of homebuilders and commercial developers. It's nothing new, nor is it exclusive to Nevada.

Last year, consumers bought more than 1 million new homes in the United States and, according to *Consumer Reports*, homebuyers are increasingly discovering that their homes have defects and environmental contaminants. In some cases, homeowners or builders must pay repair costs that amount to half the selling price of the home – much more if the homebuilder resists and is ultimately found liable, which is why the cost of a single-family home averages an additional \$8,500 to cover insurance premiums.

Commercial developments are not exempt. Hilton Hotels Corporation discovered mold growth in Kalia Tower at its Hilton Hawaiian Village. WebMD found itself in litigation arising from the presence of mold in its commercial building.

There are scores of cases across the nation, and it makes some people wonder if residential or commercial development is really worth the risk. But most of them – perhaps all of them – could have avoided litigation.

You have to remember what your grandmother told you when it was raining: put on galoshes or you might catch a cold. Prevention – and arbitration, if necessary – costs significantly less than litigation for developers and produces expedient results for owners and tenants. Grandma was right.

Much like anything, the first step is more difficult. When looking for a company to help with contamination

problems, you have to page past most mold-testing and removal companies that tout the danger of mold, and look instead at the very few preventive maintenance companies available. You'll know the difference right away. They avoid using the term "mold" and focus instead on environmental contaminants. Their trucks do not sport photos of super-sized fungus spores. Their policy should be to stay out of litigation cases where the primary objective is not removal and repair, but pursuing big settlements.

You'll want a company that specializes in prevention and avoids plaintiff-style work. A proactive company will generally screen new homes and properties for early warning signs such as staining, water damage, floods and susceptible building materials.

The company should make the necessary repairs and restoration well before the home or property is sold or leased and should re-inspect the home six months after the purchase. The company should also educate homeowners, office managers and tenants on how to care for their home and minimize the risk of future environmental hazards. In many cases, it is the

homeowner or tenant who introduces a contaminant or is negligent in preventing moisture that will eventually stimulate mold growth (for example, a leaky faucet or poor do-it-yourself construction).

The real solution to reducing or eliminating mold or other environmental claims is by reducing the potential for such problems, and correcting the problem should it occur. It's relatively simple for a developer to demonstrate that a third party inspected the home and it was mold-free over a six-month period and educate the owner or tenant on how to control containments and moisture.

Imagine the difference if homeowners or tenants are encouraged to report such problems and a neutral, discreet expert is dispatched to the home or property to determine the cause and fix the problem. In such cases, the builders look like heroes because they are proactive to the needs of their customers, and what could be a minor issue never grows into a mountain. 🌿

*Jeromy Slater is president of Environmental Assurance, a remediation company located in Las Vegas.*

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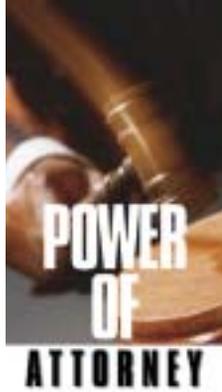
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by Robert Kinas

## Making The Defrauder Pay *A Victim's Rights And Remedies*

**D**efrauders are excellent salesmen and generally possess dynamic interpersonal skills. A defrauder identifies individuals with assets and attempts to nurture a relationship of trust with them. He then waits for the appropriate opportunity and attempts to score a meaningful transfer of assets.

For the defrauder's Country Club targets, the setup may include regular conversations about his masterful deals, the incredible returns he is making for his investors and tall tales of exotic trips. These conversations are designed for the defrauder to gain information about the potential victim's assets and investment weaknesses. He will then accordingly tailor his scheme.

For elderly and religious targets, the setup is more low-key. The defrauder will play to the fixed-income needs of the elderly and to their need for someone to manage their assets should they become unable. To this end, he may attempt to become a signer on the victim's bank account, become the executor of the victim's will or become the trustee of the victim's trust. In addition, the defrauder may attempt to create an information wedge between elderly victims and their adult children. He may also claim to possess financial advisory skills in order to learn the victim's financial condition. The defrauder will use this information to determine how best to take advantage of the victim's assets.

The defrauder's goal is always the same: separate valuable assets from the control of the owner. The separation may include the transfer of title to real or personal property, the exchange of cash or bonds for an

unsecured promissory note or the investment of capital into difficult-to-understand deals promising high returns.

Once in control of the victim's assets, the defrauder will liquidate, encumber and/or spend the assets. Typically, the defrauder will use part of the assets to pay "a return" on the obligations owing to earlier victims. This keeps the earlier victims quiet and gives the defrauder time to identify his next victim.

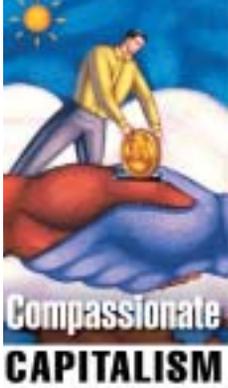
Eventually, the defrauder's house of cards collapses and the defrauder seeks to eliminate both his debts to his victims and any pending litigation. On many occasions, the defrauder files for bankruptcy. A bankruptcy filing stays pending litigation and, in certain circumstances, may discharge debts.

The defrauder's bankruptcy goal is a complete discharge of all the obligations owing to his victims. A bankruptcy filing, however, requires full and complete disclosure of assets, liabilities and the transfer of assets. The defrauder must make these disclosures under penalty of perjury. Full and complete disclosure does not come easily to a defrauder. He may conclude that his financially distressed victims are too embarrassed and impoverished to actively participate in the bankruptcy proceedings. As such, the defrauder tends to discount the risk of the court, denying his bankruptcy discharge and of facing a criminal prosecution for bankruptcy crimes.

The bankruptcy code was not designed to benefit defrauders. To prevent them from benefiting, however, the victims of a fraud must participate in the bankruptcy. The bankruptcy code contains many provisions to prevent the defrauder from benefiting from his bad acts. Such provisions include the denial of the bankruptcy discharge and the denial of the discharge for a particular debt. The defrauder's actions may also result in a referral to the Department of Justice for bankruptcy crimes.

No matter when the defrauded individual discovers the crime, the victim should feel neither embarrassed nor ashamed, but instead should seek immediate assistance to end the fraud and to take the necessary actions to recover the wrongfully obtained assets. 

*Robert Kinas is a partner with the law firm of Snell & Wilmer LLP. Kinas' practice includes bankruptcy and commercial finance.*



by Michelle Danks

## Teach For America *Aiming to Eliminate Educational Inequity*

**T**each For America is a national corps of recent college graduates of all academic majors who commit to two years of teaching in urban and rural public schools. The organization's mission is to eliminate educational inequity by enlisting some of the nation's most promising future leaders in the effort.

Approximately 3,500 corps members are teaching in over 1,000 schools in 22 regions across the country. Teach For America (TFA) places corps members in regions most profoundly impacted by the gap in educational outcomes. More than 80 percent of the students they reach qualify for free or reduced-price lunch, and the overwhelming majority of the students (95 percent) are African-American or Latino. All of the districts that are served are classified as "high-need" local education agencies by the federal government.

One of the newest regions served by TFA is the Las Vegas Valley, where the program began just over a year ago, and has since placed over 100 teachers in local schools. It is on track to place nearly 200 more teachers during the 2006-2007 school year.

"Since our charter year in this region, we have achieved many milestones, including several corps members receiving nominations for New Teacher of the Year, as well as significant contributions from several corporations and foundations," said Charles Salter, executive director for the Las Vegas Valley region.

Last year, seven TFA corps members were nominated for Clark County New Teacher of the Year in the categories of special education, elementary education, middle school and high school. One corps



member was named the Elementary New Teacher of the Year and another was named the Nevada PTA/Cox Communication Outstanding Educator for 2005.

"Our Teach For America teachers have achieved tremendous results here in the Las Vegas Valley," said Salter. "Numerous teachers have advanced students more than a year ahead academically beyond the state standards."

The Las Vegas Valley region has also seen some significant contributions from local corporations, individuals and foundations, including MGM Mirage, Station Casinos, the Perini Building Company, Caesars Entertainment, Harrah's Entertainment, the Andre Agassi Charitable Foundation, the Greenspun Family Foundation, The Nevada Community Foundation and various other individuals and businesses.

What occurs after Teach For America corps members fulfill the two-year teaching requirement is perhaps one of the most impressive attributes of the program. More than 60 percent of Teach For America alumni choose to work full-time in education, including 39 percent who are teachers or administrators in K-12 schools and 9 percent who work at education-related non-profit organizations.

Nearly 90 percent of alumni continue to positively impact the education system or low-income communities through their full-time or volunteer work. "As our region matures, we will recruit more corps members and hope to forge even more relationships with the local community," Salter added.

The Las Vegas Valley region of Teach for America took steps to do just that last October by forming its own advisory board consisting of prominent members of the community, including former First Lady of Nevada Sandy Miller, State Assemblyman Chad Christensen, Executive Vice President of MGM Mirage Gary Jacobs, Vice President of Public and Government Affairs of Cox Communications Steve Schorr and several others. 

**Teach For America-Las Vegas Valley**  
Charles Salter, Executive Director  
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by the Nevada Society of CPAs

## College Savings Plans *A Side-By-Side Comparison*

**H**igher education is one of the largest financial expenses facing families today. Parents and family members who are saving for a child's education should learn all they can about Section 529 College Savings Plans and Coverdell Education Savings Accounts (formerly Education IRAs). While both offer significant tax benefits, they differ in other respects. Here, the Nevada Society of CPAs presents a comparison that can assist in making the investment choice that works best for you.

### TAX CONSIDERATIONS

While contributions to a Section 529 Plan or a Coverdell Education Savings Account are not federally tax deductible, earnings grow tax-free, significantly increasing total returns. Some states offer tax deductions and other benefits for residents who contribute to their home state 529 Plan. As long as the money is used for qualified educational expenses, withdrawals from both Coverdell Accounts and 529 Plans are free from federal income taxes.

### CONTRIBUTION LIMITS

Parents, grandparents, relatives and friends can contribute to a beneficiary's Coverdell Account or Section 529 Plan. For a Coverdell Account, the maximum annual contribution is \$2,000 per beneficiary from all contributors combined, making it difficult to accumulate a sufficient amount of money unless you start early. There are limits on contributor income, as well. Contributions to a Coverdell are gradually phased out when the contributor's modified adjusted gross income is between \$95,000 and \$110,000 on a single return and between \$190,000 and \$220,000 for married couples filing jointly. In contrast, Section 529 Plans allow dramatically higher contributions – in excess of \$200,000 in many states – and with no income eligibility limits.

### INVESTMENT CHOICES

Whichever you select, choosing the right investment mix is important for reaching your long-term college savings goal. When it comes to investing, Coverdell Accounts and Section 529 Plans invested through your broker offer greater flexibility, since you direct the investment strategy and can invest your contributions in your choice of stocks, bonds and mutual funds. While states are beginning to offer more investment options, investing in a state 529 Plan typically means choosing from one or more investment portfolios offered by the plan you select. You can switch investment tracks or roll your savings over into another state's plan once a year without penalty.

### HOW PROCEEDS CAN BE USED

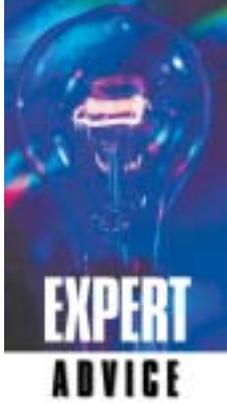
The money you have invested in a Section 529 Plan can be used for qualified college education costs – tuition, room and board, books and transportation – at any accredited college in the United States. In most states, there is no age limit for applying the funds to qualified educational costs. If the beneficiary of a Section 529 Plan decides not to attend college, the invested funds can be transferred to another member of the beneficiary's immediate family – including first cousins – and used for their qualified educational expenses.

Coverdell Accounts offer more flexibility in how you spend the money. Families can use the money in a Coverdell Account to pay for any level of education, including elementary and secondary school costs, and even academic tutoring and education-related computer expenses. However, the Coverdell is considered a custodial account, which means the beneficiary becomes the legal account owner when he or she reaches the age of majority. As account owner, the beneficiary can use the funds in any way he or she chooses – and bear the tax consequences.

Unused funds in a Coverdell Account can be rolled over, without penalty, to other family members under age 30.

### MAKING A CHOICE

The decision whether to open a Coverdell Account, a Section 529 College Plan, or both, is an important one. Consult with a CPA who can review your financial situation and help you determine which savings strategy is best for you. 



by Brian Cantor

## Fine Art 101 *A Basic Primer to Collecting*

To the general public, the world of fine art is a mysterious and confusing place, best not entered into without a vast library of knowledge and treasure trove of funds. In reality, nothing could be farther from the truth.

I advise potential collectors to follow this simple rule when deciding to purchase art: buy with your heart, then with your mind. People should always buy works of art that appeal to them. Art is something that should be lived with, not something to put away in a safe deposit box for a rainy day. Acquire what captures your emotions and what is affordable for your budget.

With this in mind, it is important to consider several key issues when making your decision to acquire a work of art: authenticity, quality, rarity, condition, provenance and value. One should reflect upon all these factors in making a decision, as no one of these points outweighs another.

• **Authenticity:** It is important to have access to source information that can be used to authenticate works. A catalogue raisonné is a publication that documents and authenticates a complete history of the artist's oeuvre (the complete body of work produced by an artist). It is an excellent reference source for determining authenticity.

• **Quality:** Quality is the most important factor to consider when purchasing a work of art, but unquestionably the most difficult to ascertain. It is always advisable to purchase the highest quality you can afford. The best way to develop an "eye for art" is to look at it. Knowledge and experience are important attributes in assessing the aesthetic merits of a work of art and evaluating the work within the specific context of the artist's oeuvre as well within the larger context of art history.

• **Rarity:** While exceptions do exist, rarity can be directly correlated to the enhanced value of a work of art. This can be simply defined by the number of similar, obtainable works and how frequently these works become available for sale. Understanding a specific artist's oeuvre and having access to art market information is invaluable in determining the rarity of a work offered for sale.

• **Condition:** Because the condition of a work directly influences its value, a buyer should be aware of any significant repairs and/or damages. If necessary, one must assess the impact of conservation or repairs on the overall value of the work of art. In many cases, finding a pristine work of art by an artist or a particular type of art is not possible. It is important to clarify the importance of condition in these instances, in light of the artist's oeuvre, and make a reasonable judgment about the effect of the condition on the work's value.

• **Provenance:** Provenance is simply defined as "the source and ownership history of a work of art." A well-documented provenance helps establish authenticity, art-historical importance and title.

• **Value:** In times when prices are rising, the old thought that "art is an investment" becomes an attractive strategy to follow. However, one must realize that purchasing art with the hopes of financial profit as the sole underlying basis often proves to be a poor investment strategy. Art purchased solely on the basis of price will usually result in a mediocre collection that may not hold its value in the resale market, especially during a period of economic downturn. Collectors who purchase art with passion and intelligence will find that their choices stand up to the test of time, both aesthetically and monetarily. 🌿

*Brian Cantor is the director of art advisory services for the Bellagio Gallery of Fine Art in Las Vegas.*

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# Healthcare Heroes



In August 2006, *Nevada Business Journal* and corporate sponsor Anthem Blue Cross Blue Shield will host two very special events to honor people who have made significant contributions to healthcare in our state. In conjunction with these events (one in Reno and one in Las Vegas), the August issue of *Nevada Business Journal* will include a special supplement detailing the accomplishments of these Healthcare Heroes, who will be chosen by a blue-ribbon panel of experts in the healthcare field.

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By Mark Keays

## SWOTT Analysis *Do You Know Where Your Organization is Heading?*

**O**rganizations go out of business every day because they fail to recognize when they are in trouble or neglect to take actions that may allow them to survive. Whether it is an increased level of competition, a rapid or gradual decline in customer service or some other indicator, the lament is all too often, "We never saw it coming." While that may be true, there is no excuse for an owner to be taken by surprise

The beginning of the year is a great time for an organization to conduct a SWOTT (Strengths, Weaknesses, Opportunities, Threats and Trends) analysis. This means examining these aspects of your company and taking action accordingly in order to ensure success. Organizations today face increasing levels of local and global competition, and a successful past doesn't guarantee a successful future.

Begin by reviewing the following:

- **Strengths:** Research what separates your organization from its competition. What do you do well? Do you provide great customer service? Are you the only dominant player in town? Does your company have a solid reputation for service and follow-up?
- **Weaknesses:** Research your company's limitations. Are long-term customers going elsewhere, and if so, why? Is customer service slipping? Does the organization have a limited market niche, limited product offerings or under-delivery? Does your company lack the flexibility to make timely market changes?

• **Opportunities:** What new opportunities are present for your organization? Are you the only organization in town that provides a particular product or service on which you can capitalize? Is there a new area of town that needs your product, yet this need isn't being met?

• **Threats:** Are new organizations likely to enter the market and take away part of your customer base because you are unable to meet business demands? Are your products becoming dated and less desirable, but you have nothing with which to replace them? Are your organization's reputation, service level or price competitiveness suffering and, as a result, costing you business?

• **Trends:** Look toward the future. Are newer and more effective products or services becoming available? Are your services and products becoming obsolete due to a decrease in demand? Is the population base shifting to areas you do not currently service?

Organizations need to recognize that business as usual is a likely recipe for failure. For example, Kodak failed to

recognize the move to digital photography until a significant segment of its customer base went elsewhere. Sears, now owned by Kmart, was slow to recognize the impact of e-commerce and continued to print and distribute thousands of catalogs long after the catalog market became a producer of huge losses for the organization.

While many new businesses seem to succeed, most fail in the first five years. SWOTT analysis should be performed on a regular basis, in an environment in which members of the organization can take an honest, serious look at their strengths and weaknesses. SWOTT analysis can provide the company's leadership with a defined focus of what needs to be addressed in order to keep their organization growing, prosperous and competitive. 

*Mark Keays is president of Desert Management Services, a Las Vegas-based management consulting firm, and a faculty member of the University of Phoenix.*

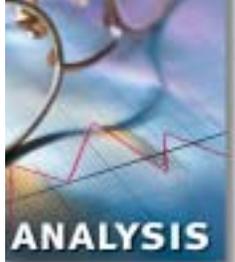


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# Business Indicators

Looking at the current national data, we see good numbers – growth after inflation of 3.6 percent, unemployment at 5 percent and inflation in check. But, despite strong growth during 2005 and forecasts of economic strength continuing in 2006, concerns are mounting. Though fuel prices increased sharply in 2005 without triggering a downturn, the winter heating season will soon bring “sticker shock.” Perhaps the public’s concerns of late reflect an understanding of shifting fortunes in discretionary funds. If so, debt-burdened consumers will simply slow their spending in the future, and the economy will also slow.

The rate of growth in 2006, by most accounts, will fall below 2005, but remain positive. Possible adverse unknowns include the much-discussed housing bubble (with Las Vegas and Reno posting rapid housing appreciation since 2002) and the large twin deficits (the federal budget and the balance of trade). Indeed, it’s difficult to be comfortable about long-term economic fundamentals when the U.S. consumes 6 percent more than it produces. Though such imbalances do not necessarily foretell near-term difficulties, continuation of these imbalances over time could prove detrimental.

With more and more talk about U.S. difficulties ahead, the view from the Silver State remains decidedly brighter. However, real estate activity bears watching, even with signs of more prudent activity. The rush for high-rise condominiums in Las Vegas, which for awhile seemed to be limitless, has softened of late (not all projects will pencil out). The rate of price appreciation in Reno and Las Vegas also shows signs of slowing. All in all, Nevada remains a favorable market.

Investment spending continues at a strong clip, adding to the state’s future economic capacity. We hopefully have “rational exuberance,” a reflection of well-informed investors. So, we enter 2006 cautiously optimistic of another good year. Having weathered a series of setbacks in 2005, the current expansion has further life.

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	UNITS	DATES	DATA			GROWTH		COMMENTS
			LATEST	PREVIOUS	YEAR AGO	RECENT (%)	YEAR AGO (%)	
<b>NEVADA</b>								
EMPLOYMENT	1,000 EMPLOYEES	11/05	1,257.8	1,256.6	1,188.2	0.1	5.9	Strong
UNEMPLOYMENT RATE	%, NSA	11/05	4.0	3.9	3.8	2.6	5.3	Very Favorable
TAXABLE SALES	\$ BILLION	10/05	3.850	4.081	3.524	-5.6	9.3	Robust
GAMING REVENUE	\$ MILLION	10/05	1,058.42	1,013.71	925.32	4.4	14.4	Robust
PASSENGERS	PASSENGERS	10/05	4,329	4,156	4,149	4.2	4.3	Trend Up
GASOLINE SALES	MILLION GALLONS	10/05	95.88	91.36	94.47	4.9	1.5	Trend Up
VISITOR VOLUME	MILLION VISITORS	10/05	4,372	4,272	3,899	2.3	12.1	Trend Up
<b>CLARK COUNTY</b>								
EMPLOYMENT	1,000 EMPLOYEES	11/05	898.8	897.2	837.8	0.2	7.3	Strong
UNEMPLOYMENT RATE	%, NSA	11/05	4.0	3.9	3.9	2.6	2.6	Very Favorable
TAXABLE SALES	\$ BILLION	10/05	2.804	2.821	2.617	-0.6	7.2	Robust
GAMING REVENUE	\$ MILLION	10/05	884.08	884.08	767.18	0.0	15.2	Robust
RESIDENTIAL PERMITS	UNITS PERMITTED	11/05	3,236	2,384	1,886	35.7	71.6	Up
COMMERCIAL PERMITS	PERMITS	11/05	171	121	113	41.3	51.3	Up
PASSENGERS	MILLION PERSONS	10/05	3,902	3,709	3,719	5.2	4.9	Trend Up
GASOLINE SALES	MILLION GALLONS	10/05	65.52	63.62	63.31	3.0	3.5	Trend Up
VISITOR VOLUME	MILLION VISITORS	10/05	3,738	3,586	3,336	4.2	12.0	Trend Up
<b>WASHOE COUNTY</b>								
EMPLOYMENT	1,000 EMPLOYEES	11/05	222.3	223.0	215.5	-0.3	3.2	Favorable
UNEMPLOYMENT RATE	%, NSA	11/05	3.7	3.5	3.4	5.7	8.8	Very Favorable
TAXABLE SALES	\$ BILLION	10/05	0.583	0.644	0.538	-9.5	8.3	Robust
GAMING REVENUE	\$ MILLION	10/05	95.45	99.05	92.20	-3.6	3.5	Down Recently
RESIDENTIAL PERMITS	UNITS PERMITTED	11/05	477	490	530	-2.7	-10.0	Down
COMMERCIAL PERMITS	PERMITS	11/05	42	37	22	13.5	90.9	Up
PASSENGERS	MILLION PERSONS	10/05	0.412	0.433	0.416	-4.8	-0.9	Off
GASOLINE SALES	MILLION GALLONS	10/05	15.59	15.62	15.88	-0.2	-1.8	Off
VISITOR VOLUME	MILLION VISITORS	10/05	0.426	0.483	0.485	-11.7	-12.1	Down
<b>UNITED STATES</b>								
EMPLOYMENT	MILLION, SA	11/05	134,289	134,074	132,294	0.2	1.5	Remains Soft
UNEMPLOYMENT RATE	%, SA	11/05	5.0	5.0	5.4	0.0	-7.4	Improving
CONSUMER PRICE INDEX	82-84=100, NSA	11/05	197.6	199.2	191.0	-0.8	3.5	Energy Effects
CORE CPI	82-84=100, NSA	11/05	202.3	202.3	198.1	0.0	2.1	Steady
EMPLOYMENT COST INDEX	89,06=100, SA	3Q05	169.4	168.4	165.7	0.6	2.2	Up
PRODUCTIVITY INDEX	92=100, SA	3Q05	137.3	135.5	133.3	1.3	3.1	Good
RETAIL SALES GROWTH	\$ BILLION, SA	11/05	353,866	352,960	333,002	0.3	6.3	Up Annually
AUTO AND TRUCK SALES	MILLION, SA	11/05	15.70	14.70	16.61	6.8	-5.5	Weakness
HOUSING STARTS	MILLION, SA	11/05	2.123	2.017	1.807	5.3	17.5	Still Strong
GDP GROWTH	\$ BILLION, SA	3Q05	11,202.3	11,089.2	10,808.9	1.0	3.6	Good
U.S. DOLLAR	97,01=100	11/05	112.680	111.831	109.969	0.8	2.5	Improvement
TRADE BALANCE	\$ BILLION, SA	10/05	-68.885	-65.995	-58.977	-4.4	-16.8	Weak
S&P 500	MONTHLY CLOSE	11/05	1,249.48	1,207.01	1,173.82	3.5	6.4	Up
REAL SHORT-TERM RATES	%, NSA	11/05	4.68	3.51	2.02	33.3	131.7	Up
TREASURY YIELD SPREAD	%, NSA	11/05	0.57	0.67	2.08	-14.9	-72.6	Narrowing

SOURCES: Nevada Department of Taxation; Nevada Department of Employment, Training and Rehabilitation; UNR Bureau of Business and Economic Research; UNLV Center for Business and Economic Research; McCarran International Airport; Reno/Tahoe International Airport; Las Vegas Convention and Visitors Authority; Reno-Sparks Convention and Visitors Authority; U.S. Department of Commerce, U.S. Bureau of Labor Statistics, U.S. Census Bureau; U.S. Federal Reserve Bank.

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