

Nevada Business

decision maker's magazine

Power 2010

**Nevada's Workforce
in Today's Economy**

Industrial Market

From Too Little to Too Much

SPECIAL REPORT

**Southern Nevada Medical
Industry Coalition**

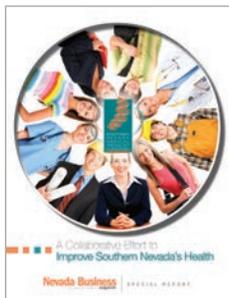
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C O V E R S T O R Y

Power Poll 2010

By Tarah Figueroa



S P E C I A L R E P O R T

Southern Nevada Medical Industry Coalition

Southern Nevada's healthcare industry gets a boost through the partnerships of the Southern Nevada Medical Industry Coalition.



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Correction: In the February 2010 Building Nevada article, Growing Up Green, Rick Van Diepen of PGAL speculated that in the next five years, architectural firms still not using LEED consultants to design green buildings will not get federal funded GSA projects. The article misrepresents that Van Diepen speculated that those that are using LEED consultants wouldn't receive federally funded projects.

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Anyone BUT Harry

What has he really done for Nevada?

Faced with poll numbers that show him falling behind in the 2010 Senate election, Senator Harry Reid has already begun claiming that Nevada cannot risk losing him because of the political influence he wields in Washington. As Senate Majority Leader, his powerful position supposedly gives him the clout to bring more jobs and more federal grants to Nevada -- but has Harry been using his power to help Nevada, or only to help himself?

Harry was first elected to the Senate in 1986. And while he has always been liberal, it seems he has gotten more so over the years, especially since he was chosen to succeed Tom Daschle as the leader of the Democrats in the Senate. He has developed into the spokesman for a Democrat party that is trying to ram through an agenda including higher taxes, government-subsidized healthcare and a staggering national debt. Instead of checking to see what Nevadans want before taking a stand on a piece of legislation, Harry instead takes his direction from Speaker of the House Nancy Pelosi, President Barack Obama and other left-wing politicians.

Now that he has become the darling of the ruling party, has Harry used his influence to help his home state? Let's take a look. When the federal stimulus bill was announced in early 2009, statistics showed Nevada ranked 50th out of 51 (all the states plus District of Columbia) in the amount of per capita stimulus funds. Not much evidence of "clout" there. Just last month, he single-handedly killed a bipartisan jobs bill in the Senate that might have helped bring jobs to Nevada, where unemployment recently hit 13 percent and under-employment is estimated at 20 percent.

In February 2009, Obama criticized companies that held meetings in Las Vegas. As a result, 340 meetings and conventions were cancelled, causing more than \$130 million in lost revenue for Southern Nevada. What did Harry do? Apparently not a lot. If there was an objection on Harry's part, it certainly wasn't loud enough for us to hear in Nevada. Instead of using his influence to defend Nevada's travel and tourism industry, his voice was not heard, and when Obama made similar remarks at a February 2010 town hall meeting, again Harry's voice was not audible.

In January 2010, Nevada was left off the list of 31 states to benefit from federal stimulus funds for high-speed rail. A Las Vegas-to-Southern California high-speed rail proposal has been in the works for many years, but has been languishing due to lack of funding. The \$83 million grant could have provided much-needed jobs for Nevada workers, but Reid claims that the commission that applied for the grant was not qualified due to a technicality. Surely Harry could have used his influence to ensure that Nevada's bid got more attention.

The Department of Housing and Urban Development announced \$2 billion in grants in January 2010, intended to keep homeowners from foreclosure. HUD denied a request from Clark County, North Las Vegas, Henderson and Las Vegas for a \$367 million grant, despite the fact that Southern Nevada has one of the highest foreclosure rates in the country. Harry made a feeble attempt at protesting, but only after it was too late, and only after he received negative feedback in the press.

No matter which Republican wins the primary election on June 3, he or she will have to battle the Reid political machine, which is well on its way to raising a \$25 million war chest to finance his re-election. Harry will spend millions claiming that he has used his influence to help Nevada, but business leaders throughout the state aren't fooled. As evidenced in this issue's "Power Poll", Harry continues to receive failing grades for his performance, or lack thereof. I have to agree with the signs that are popping up all over Nevada declaring, "Elect Anyone But Harry Reid." 



Lyle E. Brennan
Publisher

COMMENTS
lyle@nevadabusiness.com

Publisher

Lyle E. Brennan · lyle@nevadabusiness.com

Publisher / CEO

Connie Brennan · connie@nevadabusiness.com

Managing Editor

Tarah Figueroa · tarah@nevadabusiness.com

Art Director

Chris Tucker · ctucker@nevadabusiness.com

Research / Ranking Nevada

info@nevadabusiness.com

Web Editor / Circulation

Aleina Richardson · aleina@nevadabusiness.com

Online Marketing Director

Harry Benson · info@nevadabusiness.com

Contributing Writers

Jennifer Rachel Baumer · Jeff Breeden
Tarah Figueroa · Patrick R. Gibbons · Howard Riell
Ronnie Sloan · Jeanne Lauf Wapole

Advertising / Sales

Dawn Perkins · dawn@nevadabusiness.com
Joy Crossman · joy@nevadabusiness.com

Subscriptions

subscribers@nevadabusiness.com

Reprints

For more info call (800) 259-0470

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Corporate Office

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

Web Site: nevadabusiness.com

TopRank Nevada: topranknevada.com



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Charlie Nguyen, Director - Southern Nevada Campus

Securing our Future by Working Together.

Sustainability through Collaboration

Those living outside Southern Nevada may describe it as “Sin City” or “The Entertainment Capital of the World.” But as a business leader living and working in this community, how would you like it to be defined? Would you prefer that our community be known as the business hub of the southwest, an educational powerhouse, or the nation’s capital for alternative energy?

The good news is that through collaboration, we can plan our destiny and outline a sustainable plan for Southern Nevada. The operative word, however, is collaboration. Redefining the valley will require great minds working together for the common good of generations to come. Through collaboration, we can chart our course and create synergies that will sustain the community regardless of economic conditions.

Take education as an example. A good case study would be the University of Colorado at Boulder. Clearly one of the state’s primary economic engines, CU-Boulder is among the nation’s leaders in research for aerospace and renewable energy programs. Their accomplishments are the result of a long history of collaboration with federal laboratories and agencies, including NASA

and the National Renewable Energy Laboratory. In the last five years, 27 new companies, from biotechnology to renewable energy, have been formed based on CU technologies. The educational institution has become one of the state’s primary tools for attracting new business.

Any economic development professional will tell you that the ability to recruit new business is directly related to the quality of the area’s educational system. However, creating educational opportunities cannot be accomplished through academics alone. A superior and effective educational structure is the result of educational administrators working hand-in-hand with business and community leaders to identify needs and create opportunities.

In order for educational institutions to provide meaningful, relevant instructional programs, they must understand the needs of the business community. And, the only way that can be accomplished is through ongoing communication and collaboration. Working in conjunction with educators, business leaders can help identify and create instructional programs that will provide their companies with a talented, educated work force. The end

result will provide benefits to the individual companies as well as have a positive economic impact on the community as a whole. It should, however, be noted that these types of programs take years to produce the desired result. Consequently, the time is now to create the framework for a sustained workforce.

As the state’s largest private higher educational institution, the University of Phoenix, has an obligation to take a leadership role in finding solutions to educational issues. We realize that before we can have meaningful discussions with the business community, we must collaborate and find common goals with other schools and universities in the community. As an industry, education can take a leadership role in finding solutions and helping to chart a course for the sustainable future of Southern Nevada. We must first realize that solutions to the unprecedented challenges facing Southern Nevada, will not come from outside our community. We already have the talent and resources to meet all of our challenges, we just need to work together. It’s more important than ever that we focus on common goals that will benefit future generations. Through collaborations, we can make a difference.

Charlie Nguyen is the campus director of the University of Phoenix Las Vegas Campus. University of Phoenix serves a diverse student population and offers associate’s, bachelor’s, master’s and doctoral degree programs from campuses and learning centers across the U.S., as well as online throughout the world. For more information visit, www.phoenix.edu.



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Cover Story

Power Poll 2010

By Tarah Figueroa

This new year will forever be characterized as the year that began in one of the worst economic recession in history. With that discouraging note, many executives are choosing to focus on the possibilities evident in the future rather than the downfalls we've seen in the past couple of years. In the eighth annual Power Poll executives surveyed had a much more realistic view of the economy and what they can expect for their businesses in the next few years.

Respondent Profile	
Business Owner	44%
Executive	56%

No one could have predicted the downturn would last this long or stay this strong and Power Polls from years previous are proof positive of that. In March 2009, executives expected the downturn to last anywhere from 12 to 18 months. This year, many are predicting Nevada will see at least another 12 months of economic downturn. On a positive note, many feel that a turn-around cannot be defined by a time period but will rather be a gradual increase throughout 2010.

Length of time company has been doing business in Nevada:	
Less than five years	10%
5-9 years	15%
10-19 years	28%
20+ years	47%

The Power Poll survey was administered in December of last year to business owners and executives throughout the state. Respondents were headquartered throughout Nevada with 23 percent from Northern Nevada, two percent from Rural Nevada and the remainder from Southern Nevada, giving a fairly accurate reading of Nevada's executives. Nearly half (47 percent) of the companies these executives represent have been doing business

in Nevada for over 20 years and have been a part of the many changes the Silver State has gone through.

A sampling of the participants were interviewed to learn more about their views on Nevada's economy and where they see us headed in the near future. The numerical results of this survey can be seen throughout the following pages. Previous years' surveys are comparatively marked to provide a historical reference.

Government's Role

One new question on this year's poll was, "How concerned are you with the trend of government intervention in our country?" For the most part, Nevada executives are very concerned about the role of government.

Mark Bailey, owner and managing partner of Mark Bailey and Co. said, "While there is certainly a need for government, we've far over-stepped what was ever intended by our founding fathers."

"I'm concerned about our direction as a whole, where we are heading," said Charlie Nguyen, director of University of Phoenix's Southern Nevada campus. "I don't necessarily think the solution will come from the government."

Tyler Corder, CFO for Findlay Automotive Group commented, "I feel that government involvement never seems to improve anything. I'm much more of a private enterprise fan and letting the government oversee, but not get too involved."

"I run along the basic philosophy that if something is not working very well, one thing is for certain, government intervention is not going to make it any better," added Cary Richardson, vice president of Miles Construction.

How concerned are you about the trend of government intervention?	
Very Concerned	58%
Somewhat Concerned	26%
Not Very Concerned	12%
Not Concerned At All	4%

The Bottom Line

A year from now my business' bottom line will be:				
	2007	2008	2009	2010
Much Better	10.3%	14.0%	14.5%	11.9%
Somewhat Better	51.7%	42.0%	36.4%	39.8%
About the Same	34.5%	32.0%	21.8%	29.0%
Somewhat Worse	3.5%	12.0%	25.5%	14.2%
Much Worse	0.0%	0.0%	1.8%	5.1%
Total	100%	100%	100%	100%

Many executives are hopeful they will see an uptick in revenues for their businesses by next year. While there has been an increase in those who are less hopeful and feel things will be much worse next year, many expect things to improve.

"I think we'll see a slight increase in overall business volume," said Dominic Brunetti, a partner and vice president with NAI Alliance in Reno. "The indicators we look at from a transactional volume standpoint leading into the end of 2009 and the beginning of this year point towards a more active 2010."

"We're seeing that things are stabilizing," adds Richardson. "Hopefully there will be some trending up but at the very least it has stabilized and there is less competition."

There is also a correlation between individual businesses' profit and the economy of Nevada as a whole. Executives feel that if Nevada and the nation can improve, their business will improve alongside it.

"A lot of it has to do with the local economy which I think will be better," said Corder. "I think the national economy is going to get better and as people feel more comfortable with their income, they're going to travel and spend more which is obviously going to benefit Nevada."

"I don't think it's going to be a record breaking year, but I do see a lot more signs of hope than we saw this time last year," said Tyler Jones, owner of Blue Heron Companies, a Southern Nevada homebuilder.

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The primary consensus is that we have a long road ahead of us. “We dug ourselves a pretty deep hole and I think it will get slightly better, but it will be a long road back,” said Dr. Ronald Kline, a partner with Comprehensive Cancer Centers of Nevada and president-elect of the Nevada State Medical Association.

“Realistically, I don’t think we’ll ever get back to where we were a few years ago and hopefully we never will,” said Jones. “I think it was pretty clear there was a bubble and that was not going to be sustainable. I hope we never go back to that type of growth.”

Richardson added, “I’m hopeful we’ll start to see a slight improvement in 2010 and more improvement in 2011. My biggest concern is that it doesn’t truly rebound. We’re not in a position, at least in the construction industry, to be able to manage any sort of quick recovery. It would most likely boom to crash. I’m hopeful that it is a very gradual sustained recovery and we don’t come out of this too quickly.”



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Compared to today, a year from now Nevada’s economy will be:

	2007	2008	2009	2010
Much Better	31.0%	7.0%	3.6%	4.0%
Somewhat Better	43.1%	35.0%	40.0%	36.4%
About the Same	20.7%	32.0%	27.3%	37.5%
Somewhat Worse	5.2%	25.0%	25.5%	18.8%
Much Worse	0.0%	1.0%	3.6%	3.4%
Total	100%	100%	100%	100%

Funding Nevada

Nevada’s gaming community has certainly seen rough times. The slowdown in tourism has been detrimental to the economy and the state’s lack of diversification has caused Nevada to be one of the hardest hit throughout the recession. Slightly over 70 percent of respondents feel that the gaming industry is paying its fair share of taxes.

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Nevada's gaming industry is paying its fair share of taxes.

	2007	2008	2009	2010
Strongly Agree	15.8%	16.0%	18.1%	21.6%
Agree Somewhat	44.6%	43.0%	52.7%	48.9%
Disagree Somewhat	27.3%	27.0%	25.6%	20.5%
Strongly Disagree	12.3%	14.0%	3.6%	9.1%
Total	100%	100%	100%	100%

On the other hand, respondents also felt that businesses in Nevada have too high of a tax burden with almost 64 percent agreeing that the business' tax obligation is too much.

Do Nevada's businesses have too much of a tax burden?

Strongly Agree	18.2%
Agree Somewhat	45.5%
Disagree Somewhat	30.7%
Strongly Disagree	5.7%
Total	100%

Despite feeling that Nevada's businesses are over taxed, almost 95 percent of respondents agree that Nevada is still a business-friendly state, but many are concerned it won't remain that way. In response to whether or not Nevada is still business-friendly, Corder said, "A few years ago, I would have said an absolute, unqualified yes, but I think it has started to go the other way a little bit. But, it's still more business-friendly than most of the other states."

Nevada is a business-friendly state.

	2007	2008	2009	2010
Strongly Agree	47.7%	52.0%	63.6%	45.5%
Agree Somewhat	49.1%	41.0%	32.7%	48.9%
Disagree Somewhat	3.5%	6.0%	1.8%	4.5%
Strongly Disagree	0.0%	1.0%	1.8%	1.1%
Total	100%	100%	100%	100%

With the challenges Nevada is facing as far as the major shortfalls in the state's budget, there is a very thin line the legislature must walk in order to keep our state business-friendly. Clearly, Nevada's government has a rough road ahead of it.

"The legislature is going to have to look at anything and everything and put it on the table," said Larry Charlton, senior vice president and Nevada regional executive of City National Bank. "Bluntly, the shortfalls are going to have to be solved by a combination. There's only two ways to do it, you cut expenses or you increase revenue, that's the way we do it in our own checkbooks."

Bailey adds that, "It's time for our legislature to make some hard decisions and to make some cuts, just like the rest of us do in our day-to-day business transactions and in our homes. They've got to live within their means. They are now answering questions they should have addressed, but they stuck their heads in the sand during the last legislative session."

The question now becomes, how do we fill those gaps while keeping Nevada a state where companies want to relocate and do business? Many feel the solution doesn't lie in creating a state income tax, with an overwhelming number of respondents, 89 percent, saying they do not support a state income tax.

Nguyen commented that, "As a state and as a community, we're not healthy, we're not doing well. Everyone has to shoulder the responsibility and everyone has to jump in and try to figure out what we need to do. Taxes are a by-product of the income. A lot of businesses in the community are struggling. Obviously when you are struggling you're going to have to tighten your belt and take appropriate measures. But, I think taxes are just reactive at this point. If you're looking to grow the economy, we need to look at measures that will stimulate the growth."

"I think it [lack of income tax] is one of the advantages Nevada has; it makes us

unique and makes us a friendlier state for people and businesses to relocate to," said Corder. "Adding a state income tax will take away that advantage that we've got."

Do you support a state income tax?

No	89.1%
Yes	10.9%
Total	100%

Economic Recession and Turn-Around

In almost every indicator, Nevada has been one of the hardest-hit states which is evidenced in the over 13 percent unemployment rate as well as leading the nation in foreclosures with approximately one in every 82 homes in Las Vegas filing for foreclosure. This strain has taken a toll on business in the Silver State with almost 68 percent of companies having to reduce its staff. However, there are indications that the layoffs are reducing and companies will be able to start hiring again in the near future.

"Our staffing level is down from two years ago," said Corder. "It's been a gradual reduction over the last couple of years. I think it has stabilized over the last three to four months and I don't see it shrinking. I suspect it will start to grow again."

Bailey adds, "We've retrenched and I would say, at this point, I anticipate hiring in the next year."

Has your company had to reduce its staff?

Yes, significantly	33.5%
Yes, but only marginally	34.1%
No	32.4%
Total	100%

Continues on page 40 ▷

Nevada's Workforce in Today's Economy

By Jennifer Rachel Baumer



Unemployment hit 13 percent in Nevada in January, the second highest after September's 13.3 percent. It's not a good time to be an employee in the state of Nevada.

That said, it's not such a great time to be an employer, either. Much of the focus of the collective public attention is on employees and the statistically significant number of people out of work or underemployed, but the recession affects employers as well as employees. Thirteen percent unemployment clearly means there's a large pool of qualified applicants for every job.

What it doesn't mean is that employers can take advantage of it by hiring overqualified applicants for underpaid positions. There's very little hiring going on. Those businesses that can expand or at least replace lost positions can pick and choose, but most aren't hiring at all.

"We're seeing a lot of different things, but the No. 1 thing we're seeing is fear," said Tom Fitzgerald, CEO, Nevadaworks. "That's for the individual and for the businesses and for business owners. So some businesses are able to tap into the highly qualified people currently available and get a bigger bang for the buck because maybe in the past they wouldn't have been able to afford this talent. However, others are saying 'I don't want any more employees.'"

Bill Rosado, president, ManagedPay, expects more outsourcing rather than hiring – "Employers would rather pay for services as they go than keep an employee on staff, even if those minimum-wage employees used to free up the owner to run the business rather than deal with details."

Some employers utilize temps in order to avoid paying overhead, benefits and the possibility of future unemployment claims. "We're seeing some companies who need people with good skills and they're realizing they're in the buyer's seat and they can offer lower salary, perhaps, maybe cut back on some benefits," adds Rosado. "The other side is employers who have not changed their hiring policies, haven't lowered salaries or cut benefits because when they have a need they still want the best employees."

"This is anecdotal, because we don't have information on specific companies, but we're seeing that businesses right now can be very selective about how they hire," said Jered McDonald, economist, Research and Analysis Bureau, Department of Employment, Training and Rehabilitation (DETR). "There's very little hiring going on in Nevada with a lot of people out of work, so employers can pick and choose who they like."

Executive Decisions

When it comes to making cuts in workers' salaries or, worse, in staff, most employers are doing what they have to – not what they want to.

“Most employers are devastated to have to do that,” said Gary MacDonald, membership services, business development, Nevada Association of Employers (NAE). “They just don’t want to have to make those cuts, but the economic conditions have forced many to do so. Business owners want to keep the doors open and they want to keep the employees they can afford to keep working so they’re doing everything they can to stay in business. I can’t name a single employer who was happy to see this happen.”

“Employers are concerned on a number of different fronts,” said MacDonald. “They know they have to cut staff and good employers are concerned because when jobs start becoming available again, they want to have treated employees well so they don’t jump ship and go somewhere else. They want to take care of the employees they have, and they’re aware they’re asking more of them.”

It’s Still a Job

NAE works with employers, offering HR counseling, assistance with employment law matters and can guide employers through the intricacies of unemployment insurance paperwork. For employers whose employees file, the paperwork can be overwhelming. If the employee was highly paid, dealing with unemployment can cost an employer upwards of \$10,000 per claim.

NAE works to help get claims dismissed when an employer challenges the claim. Because even at this economic point in time, MacDonald points out, some employees are terminated for cause, not laid off. “The economy doesn’t change all the dynamics of the workforce. There are still good employees and bad employees and those dynamics are always in play.”

Though the ball’s a bit more in the employer’s court. Just as during the dot-com explosion when employers were doing everything they could to keep people on-board, today the situation has reversed. MacDonald’s hearing industry talk that there’s no reason for employers to keep ‘C players’.

“From an employee standpoint, performance is everything,” said MacDonald. Employees want to keep their jobs. “From an employer standpoint, there are good people out there and employees know if they’re not an ‘A player’ someone probably has their sites on them. They’re probably being watched. Performance is everything right now.”

The Employee Side

If employers are across the board with responses to the recession, some cutting positions, some holding steady, a very few hiring, employees are equally scattered.

Many employers are operating out of fear, and so are many workers.

“We’re seeing individuals with a range of behaviors,” said Fitzgerald. “Some people are desperate and willing to take the stereotypical Wal-Mart greeter job; they’ll go for that to keep themselves going. Others are saying ‘I used to make \$50,000 a year and I’m not going to work for less than that,’ then finding out that job doesn’t exist anymore or now it pays \$38,000 a year, so is it realistic to say ‘I’m not taking lower pay?’”

Fitzgerald’s also seeing people who, tired of searching for employment and able to get by during the two years of state and federal unemployment benefits, aren’t looking until they panic as their benefits run out.

Some businesses that downsized find it hard to get everything done with a smaller staff. Others find the leaner profile suits them. Which means when things do start to turn around for employers in Nevada, they may not start to turn around for employees simultaneously.



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Unemployment Statistics

Nevada Unemployment Rate

September 2009	13.3%
December 2009	13.0%
Unemployed Nevadans	176,000

Statewide Unemployment Rate

Reno	12.7%
Carson City	12.7%
Las Vegas	13.1%*

Job losses in Nevada

	December 2009	December 2008-2009
Las Vegas	9900	66,700
Reno	1600	13,300
Carson City	100	1,100

Source: DETR



“Employers are going to be slow to replace positions they’ve eliminated,” said MacDonald. “They want to make sure the economy is indeed going forward and want to make sure there is enough business before they hire those positions back again or expand the workforce. From an employee standpoint, that’s a difficult thing to look at. There may not be as many jobs when the recovery does come.”

And when will that recovery come? According to DETR, it’ll be a while before things improve significantly. “We’re hitting bottom now and things are going to remain pretty bad at least through the next year or two,” said McDonald. “We [DETR] expect to see some employment growth in 2012.”

According to Nevadaworks’ research, the flat rate of Nevada employment will continue through 2010. “I use the word ‘hopefully’ we’ll be coming out of it early next year,” Fitzgerald says. And Nevada is gearing up for a jobless recovery.

“Employers who cut back 20, 30, 40 percent six months ago, painfully reduced and operated their businesses are now leaner and as the economy turns around business owners and employers aren’t going to want to gear up again because first, they don’t want to be in the same position and second, they’ve been forced to find more efficient ways to work than they did back in the day when money wasn’t a concern. They’re less likely to hire again, so even though there’s a quality workforce out there, even as the recession turns around there may not be the same opportunities for these people,” said Rosado.

“People have been scared for so long and this [recession] has lasted so long that companies tend to focus on ‘Do I really need this person? Is this recovery staying so that I can keep this person?’ And that’s why they’re going to temp services,” said Fitzgerald.

When is a Job Not a Job?

It’s not just temp services. Some employers, who don’t want to be employers, are turning employees into independent con-

tractors. Rather than hiring, they'll contract services and avoid paying benefits, federal employment taxes or unemployment. That may be great for the business, but what about the sudden independent contractor?

"Some people are quite excited and others are scared to death," said Fitzgerald. "Some have become so fixated on healthcare they will keep jobs because of benefits, not because they like it or because of salary."

Individuals with an entrepreneurial spirit love it. They can work from home, set their own hours and be responsible for everything they do. Others are petrified. "They want a traditional nine-to-five job, tell me what to do and I'll do it and you give my paycheck," said Fitzgerald. They're massively uncomfortable with too much freedom and not enough guarantee.

New Roots

Not every state has been hit the same, with the same industries facing the same job losses. Texas, for example, has continued a fairly robust construction trade even after Nevada construction unemployment rose to 70 percent in May 2009. So it only makes sense for some workers to go where the jobs are.

"We are losing some workforce to other states, and it's showing up in the unemployment numbers," said McDonald. "Labor force dropped in November and December, so either folks were too discouraged to look for work or they're leaving the state and seeking work elsewhere."

Nevadaworks tracks workers who have gone through training and more often now they're finding contact numbers and addresses have changed abruptly with no forwarding address. Combined with the vacancy rates for apartments and houses, the supposition is they've moved out of state.

But once the recession dries out and the jobless recovery sets in, is Nevada poised for problems with missing personnel? Not really. The only two industries truly down in workers are healthcare, which sorely needed nurses even before the recession hit,

and education, which in light of proposed budget cuts, doesn't look good for hiring.

MacDonald hasn't seen workers leaving Nevada in significant numbers, but says it would be logical for workers with specific skills to look for employment in another state if the field or industry shut down in Nevada.

"The construction industry comes to mind, where if you're a roofer or a framer or an electrician and those jobs just aren't there, I can see where people would pick up and move," said MacDonald. "I'll say this, though – I've lived here 35 years and the things that drew me to this area are still here. It's a wonderful place to live, the scenery, the mountains and the location. Everything that drew me here is still here. I love the people and I love this place. Eventually that will win out and eventually this Northern Nevada market will grow again. I look forward to seeing more smiles and brighter days ahead. It's been very painful to watch, but in the end, it will all work out."

Part of helping it work out is working to fix what's broken. Fear is still driving the recession and word of mouth can help correct it. Instead of panicking at 13 percent unemployment, consider the 87 percent employment, suggests Fitzgerald, then talk up the state to friends, relatives and peers in professional organizations. "Share with them the great things going on in Northern Nevada," said Fitzgerald. "Invite them to come visit us and see where we are today."

Considering that not every lost job is ever going to be found as leaner, more efficient businesses move into their future, that future isn't so gloomy. New jobs will be created. Workers will learn new skills. The pendulum will swing back toward a less bloated job market where businesses choose maybe to work longer hours during temporary busy times rather than hiring additional staff. It may not be as affluent a picture but it's not hopeless, either.

"At the end of the day? Things are going to be OK," Rosado said. "We'll get through this. There are a lot of opportunities out there. These are unpredictable times but we're human beings. Mostly we succeed. We'll all survive and move on. It's going to be a better world for it." 

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INNOVATION



Sallie Haws is the heart of Haws Corporation, the largest manufacturer of drinking water fountains in the United States.



Serving as president since 2001, she understands the company like no one else. Literally working her way up, she has held positions in human resources, sales and marketing, information systems, and graphic design.

Haws Corporation was started by Sallie's great-grandfather, Luther Haws: a self-employed master plumber, sheet metal contractor, and sanitation inspector. In 1906, while on his rounds at a public school, Luther noticed children drinking from a shared tin cup. This unsanitary practice—although common at the time—inspired him to invent the world's first drinking water fountain.

In addition to developing innovative drinking water fountains, Haws also manufactures emergency equipment for schools, recreation districts, and industrial complexes. Their mission is consumer driven. Every product that leaves the Haws plant is of the highest craftsmanship and is built for years of service. Luther Haws' inventive spirit and devotion to quality lives on in the leadership of his great-granddaughter, Sallie Haws.

Sallie is pictured here at Lake Tahoe, an hour from the Haws corporate headquarters in Sparks, Nevada.

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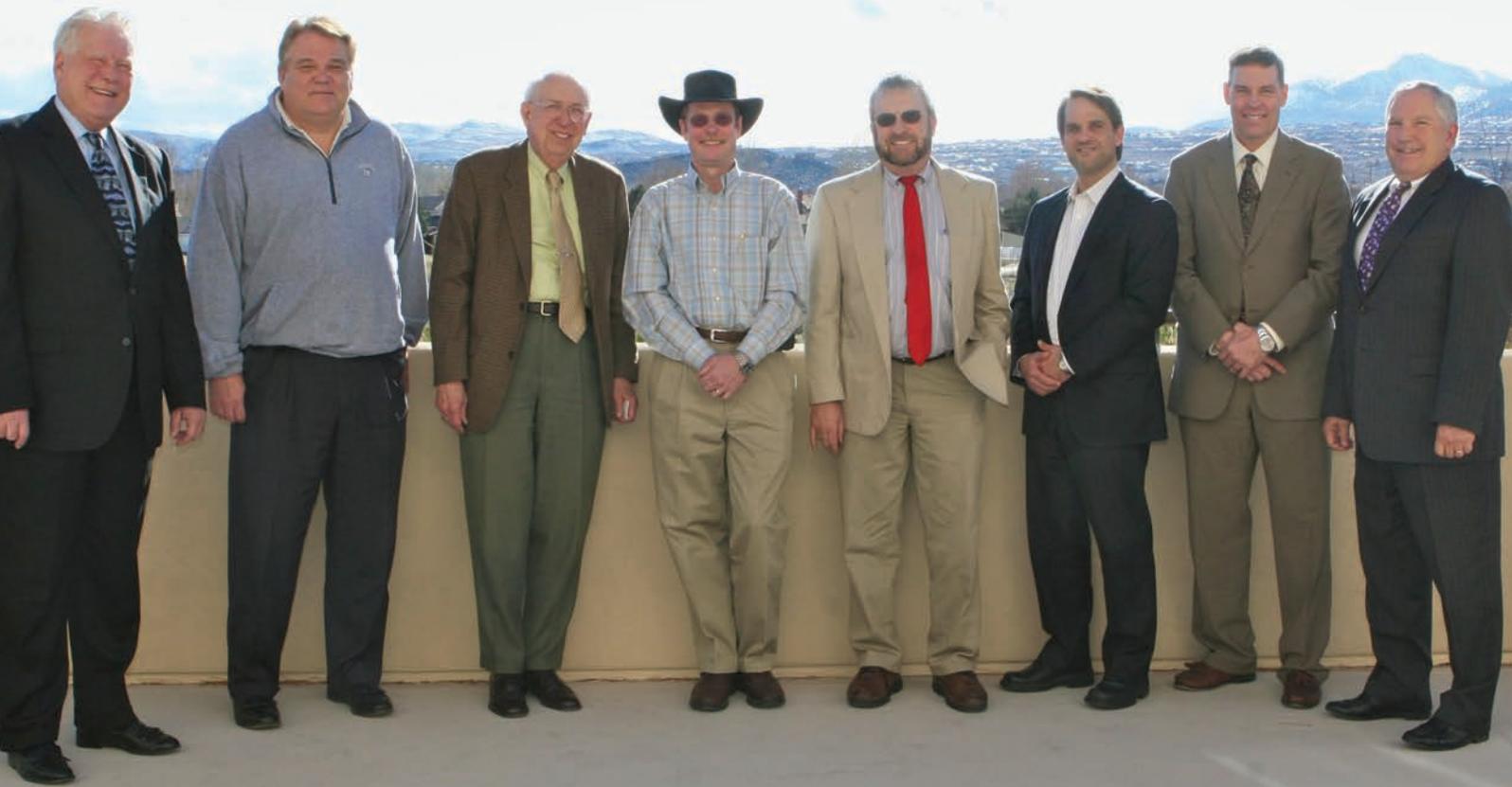
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INDUSTRY FOCUS

Alternative Energy



Left To Right

Michael Skaggs, Nevada Commission on Economic Development • **Dick Kelsey**, SnowPeak Energy, Sun2Power Corporation
Ted Batchman, University of Nevada, Reno, Renewable Energy Center • **Terry Copeland**, Altair Nano
Dennis Bryan, Western Lithium Corp. • **Chris Klehm**, E2 Energy & Environmental Solutions
Jim Groth, Office of the Governor, Nevada State Office of Energy • **Fred Schmidt**, Esq., Holland & Hart

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Alternative energy is a hot-topic in today's market. Whether through the creation of more jobs or making energy more efficient and cost effective, alternative energy appears to be Nevada's future. Executives representing several alternative energy companies recently met at the law offices of Holland & Hart in Reno to discuss the issues facing this booming industry.

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

How is your organization involved in Alternative Energy?

Mike Skaggs: The major responsibility of the Nevada Commission on Economic Development is to steer the state economy. It is to direct the economy in a way that creates jobs and wealth and attracts capital investment. You can't make this economy work on gaming, hospitality

and mining. It needs a third leg to that stool, and when you build economies it has to be indigenous. What's indigenous here, is the renewable energy sector. It represents the opportunity of a lifetime as far as the state goes.

Dick Kelsey: I'm the CEO of two companies, Snowpeak Energy and Sun2Power Corporation, and we're getting ready to manufacture a new product that is going to make renewable energy affordable without government subsidies. We're very close to doing that. We have partnered with companies locally and we're getting ready to manufacture here. We're in the test phase of the project and we think we're going to do something for this economy that is going to help tremendously.

Dennis Bryan: Western Lithium Corporation is not directly involved in producing power, but we hope to be a source of lithium for the future of batteries and hybrids and electric vehicles in the future. We have done a lot of testing and metallurgical work and economic evaluation and we have one of the largest lithium deposits in the world. We are a domestic source of lithium hopefully to furnish material for the batteries of the future. We're part of Nevada and we want to build jobs here and be here for quite some time.

Chris Klehm: Energy & Environmental Solutions, E2 as we call ourselves, is a sustainability and green building consultant firm that helps businesses align their business goals with the help and the viability of the plan. We seek sustainable solutions to most business goals. Our area of expertise focuses around green building consulting, corporate sustainability consulting, education and renewable energy development.

Ted Batchman: I'm at the University of Nevada Renewable Energy Center. Obviously being a university facility we're interested in research, development and training of the work force. We have developed the renewable energy minor that's open to all disciplines on campus. We're working to develop a graduate program, a certificate program so that people currently in the work force can come back and get a certificate that says they have some expertise in renewable energy.

Terry Copeland: Altair Nano is a 36-year-old publicly traded company in start-up mode. It's a long start-up. We're focused on lithium ion batteries using our unique lithium technology that brings some unique properties to the lithium ion batteries. Our principal market focus is in the utility sector for regulation as well as renewables integration. In transportation, we are looking at applications in mass transit for urban buses.

Jim Groth: I am the new director of the Nevada State Office of Energy. I feel that the energy office is the vehicle that will take pieces of everything and everyone of you and help point A meet point B. A piece of the strategic vision is helping Nevada win, getting us out of our funk economically and really moving us forward. We work to be a force for job creation and for energy economy development in Nevada. Our purpose is to do it rapidly and with intent, an action-minded mind-set rather than being mired down.

Fred Schmidt: Holland and Hart is a law firm with its largest area of prac-

“When Americans and Nevadans and ingenuity and innovation get together and have intensity and drive behind them, things happen.”

- Jim Groth

tice in natural resources. We have many clients in the energy arena and we have two specific groups that focus primarily on renewable energy. One is project development and finance and the other is our energy and utilities group. The project development and finance group does everything from soup to nuts. In other words, from the beginning of the project development through its financial closing and completing permitting with regulations involving renewable energy projects. We’ve been involved in several megawatts of wind development throughout the western states in the last two years. Our energy group primarily focuses on utility regulation and interaction with utilities. That also involves contracting and purchase power agreements of a renewable project or developer selling its power to the public utility. We represent numerous solar, geothermal, wind and bio-mass firms within Nevada.

What will it take for Nevada to be the nation’s leader in alternative energy?

Klehm: I think our largest hurdle to date is connecting the dots and connecting the people because there are so many interconnections and places this business touches. The potential has become very clear on what this opportunity can be. We have government hurdles we need to

overcome, we have large utility hurdles we need to overcome, and we have inter-business disciplines that we need to work with so that we can connect the various businesses together to optimize the process.

Batchman: I agree strongly because there are a lot of good ideas out there. We need to bring it all together so we are working as a team and there’s a common goal. I see this as an opportunity. We also need to find the resources. We need more inroads into DOE because there’s a tremendous number of good ideas around here. If we can work together, we can line up a research industry team, and really do something spectacular.

Schmidt: I think we already are a leader in some areas and the challenge is to build on that. The main thing that’s holding up broad-based geothermal development right now is Sierra Pacific Power is only so large of a utility. It’s got a peak load of maybe 1700 megawatts. When you take the energy that’s produced by geothermal producers and put it into their system, it’s non-dispatchable must-take energy. They can only take so much of that without it becoming a burden on the rate payers and on the utility itself. But there’s a tremendous market out there that’s a lot bigger than Sierra Pacific Power.

Groth: When Americans and Nevadans and ingenuity and innovation get together and have intensity and drive behind it, things happen. And we have the ability.

What is the potential economic impact of alternative energy on our state?

Klehm: It would be huge.

Skaggs: Well, it’s something we’ve never seen before because we’ve never had that kind of independence from an economic standpoint. It’s like the automobile industry was in Detroit in the day. People underestimate how big this is.

Kelsey: Saudi Arabia. I mean that’s what it could be.

Klehm: Well, I prefer Abu Dhabi.

What does the industry offer in terms of employment opportunities?

Skaggs: We’ve got 170,000 people right now that basically have construction skills and are out of work. So UNR, UNLV and the community college system under higher education have responded to the call and already have programs set in place to turn the work force to propel this industry, and that’s a huge piece for when we move into manufacturing. We can talk about tax rebates until we’re blue in the face, but it is skilled talent that’s going to win the war as far as the manufacturing side of it goes.

Copeland: I like where you are coming from because we’ve had that issue. We are right here in Reno trying to find qualified manufacturing personnel. It is difficult when it is filled with former casino employees.

Klehm: With a grant from DETR we are training currently in Las Vegas. We are training unemployed union construction workers in weatherization. DETR gave us a grant to do it, and we put together a very strong curriculum. Every one of these guys want to know if there is a job at the end of the four week program.

Kelsey: We’ve been contracted by various groups, particularly the Indian nations,

that really want to be trained as installers. They want to be more than casino workers and are really excited about doing it.

What are the challenges of energy distribution?

Schmidt: Unfortunately, Nevada is known in the transmission circles as the hole in the western doughnut, meaning we don't have any transmission between Northern and Southern Nevada.

Kelsey: There's a lot of centralized systems that are being developed, but very few distributed systems that are being done. There's a big battle we are going to have here. We have NV Energy that wants centralized energy. We're in the process of developing tools and manufacturing new products that are going to be very disruptive because we're delivering



distributed systems here. That means this building will own its own energy. That means that somewhere down the line they may not be connected to NV Energy here.

Groth: The whole distributed generation concept is what we are trying to promote. I want to move on concurrent fronts and incentivize so that utility shareholders think the utility is doing the job and the state is

doing the job. Nv Energy can be the king, an innovative leader as far as utilities and how they cracked the code and brought the renewable energy technologies that are released in their Smart Grid to homes.

Kelsey: I'd love to have them (Nv Energy) partnering with us and working with us. But the truth is that they're looking out for their own bottom line, and they should be.



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Bryan: Fred (Schmidt), how long would it take to permit new power lines from Northern Nevada to Southern Nevada?

Schmidt: A big announcement is that we had competing companies trying to build that line. We had competing companies trying to cross through Nevada to access wind from Montana and Wyoming and so forth. The main line we need to build is between central eastern Nevada or central western Nevada and the Harry Allen Station or the Nevada Test Site. We need to connect those two points.

What role does the federal government play in the future of Nevada's alternative energy industry?

Bryan: Nevada is 79 percent federal lands so the federal government has

got to be a partner in this thing. I happen to be on the Commission of Mineral Resources appointed by the governor and we get involved in geothermal a lot. Geothermal and resources like lithium have to have access to public lands. But, it's not just access. If you have a resource or if you identify an area that you want to put a solar plant on, you've got to be able to permit that property in a timely fashion. And permitting is becoming more of an issue all the time.

Schmidt: We have more acreage that has been bid and leased, and most recently the last two leases from BLM auctions that occurred generated over \$20 million for state and local as well as federal government. We're talking hundreds of thousands of acres. I agree that the permitting and the regulation is the thing that can slow or kill any of these projects.

Groth: Nevada is a real tiny little state,

really just kind of the occupied territories of BLM west. And, that's unfair. We have an unfair disadvantage over those competing states and the amount of that federally owned land, especially when you take the number one war fighter training facility that we have right in the middle of that state and the perimeter that they want and need and require around themselves down there. 🌱

In Brief

Las Vegas business-for-sale transactions were down 17 percent in 2009. The current median asking price of businesses for sale is \$240,000. In the fourth quarter of 2008, the median asking price was \$216,000.

Source: BizBuySell.com

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Around The State

Nevada's Teen Unemployment Rate is Second Highest in Nation

According to the Bureau of Labor Statistics, not only is Nevada one of the hardest hit in the nation in regards to unemployment but Nevada teens are especially affected with the teen unemployment rate 30 percent higher than the national average. According to the Employment Policies Institute (EPI) the blame for this hike in teen unemployment could lie with Nevada's minimum wage hike that makes it difficult for employers to hire and train teens. 🌿

Community Banks Consolidate to Create New Bank of Las Vegas

As of last month, Capitol Bancorp Limited has consolidated its four local financial institutions, Desert Community Bank, Red Rock Community Bank, Black Mountain Community Bank and Bank of Las Vegas. The four banks now operate under the Bank of Las Vegas name which has over \$500 million in assets. 🌿



Study Concludes Nevada is Among the Top States for Businesses

According to a study commissioned by the Nevada Commission on Economic Development (NCED), Nevada ranks fourth in the nation for the best business tax climates. Additionally, the Silver State ranks third in terms of its favorable corporate tax structure and is ranked second by the Small Business & Entrepreneurship Council for its friendly policy environment for entrepreneurship. NCED has been using the study to aggressively recruit new businesses to the state, many from California's unfavorable business climate. 🌿

Raising Nevada's Cigarette Tax Could Fill Some of the Budget's Shortfalls

According to a national report, raising Nevada's cigarette tax by \$1 per pack would bring in \$78.8 million in new annual revenue to help close the state's budget shortfall. Additionally, the increased tax would save \$460.3 million in healthcare costs and prevent 18,700 children from becoming smokers. A poll accompanying the report found that 67 percent of voters would support a \$1 tobacco tax increase. Tobacco use claims 3,300 lives and costs \$565 million in healthcare bills each year in Nevada.

Source: Campaign for Tobacco-Free Kids, American Cancer Society Cancer Action Network, American Heart Association, American Lung Association and Robert Wood Johnson Foundation 🌿



Ronnie Sloan

President
Fair, Anderson & Langerman
Las Vegas, NV

Number of Employees: 23
Years in Nevada: 44
Years with Company: 10

QA

How do you encourage growth and development within your company?

The most important thing is to know your people. We have taken the time at FAL to know and understand our staff. We know what inspires them and what their innate talents and skills are—we focus our development energies there. We are also careful not to pigeon hole people based on years of experience. Instead we concentrate on who they are and where they want to go, and then create opportunities for them to succeed.

What is the biggest challenge your industry is facing?

Audit compliance requirements are constantly changing; staying compliant typically means more steps in the audit process which can be quite costly. The challenge then becomes how we implement these changes with minimal to no new fees for our clients.

If you could say one thing to the next generation, what would it be?

Know thyself. Emotional intelligence will set you apart from the rest.

If you were stranded on an island and could only have one possession, what would it be?

It wouldn't be a possession, rather it would be the one thing that keeps me going everyday, and that is the knowledge that I am never alone. We hear all the time that we come in alone and we leave alone, but in reality God never leaves us stranded.

What do you anticipate for the future of business in Nevada?

We are still tourism driven so in a recession we'll lag the national economy. Tourism has to be revitalized before we see an upswing.

Describe your leadership style.

I am very intuitive and I have a great deal of empathy for others. However, I am also very direct and people always know where they stand with me. Albeit painful, I believe the truth is a key component in helping people understand where they need to progress.

What values do you hope to pass on to your employees?

Accountants typically have an innate drive to be perfect. What I hope they learn to value at FAL is that perfection isn't the goal, excellence is.



What Could Have Been

What if Nevada had shown some **restraint** in education spending?

Nevada faces a budget shortfall because its government, once again, grew too much, too quickly. However, now that the boom is over and revenues are down, the usual suspects are once again clamoring for a “broader tax base.”

In 2008, Terry Lanni, then-CEO of MGM Mirage, called for “broader” business taxes, asserting that “every large business that benefits from operating in this state ... [should provide] ... its fair share of funds for the state’s needs.” He made it clear that “fair,” in his view, meant “taxes not so much on casino resorts.”

A year later, the Nevada Legislature once again obliged — adding another \$900 million in “broad” taxes. This was just six years after lawmakers, at the behest of then-governor Kenny Guinn, had also increased “broad” Nevada taxes by more than a billion.

It’s time proponents of ever-“broader” Nevada taxes consider what, if anything, those taxes are actually accomplishing.

Unlike the private sector, government has no built-in restraints compelling it to use resources efficiently and responsibly. Unless subjected to severe political discipline, government grows continuously, consuming ever-more resources via ever-increasing taxes. Regularly, greatly increased spending only yields equivalent or even inferior results.

Consider public education’s record in Nevada. In 1959, according to the federal government’s National Center for Education Statistics, Nevada spent just \$430 per

pupil — or, in 2007 dollars, about \$2,990. By 2007, Nevada was spending over \$8,000 per pupil. Per-pupil expenditures increased over 160 percent — after inflation.

Incremental tax increases and “broader” taxes over the years paid for this hyperinflation in public education, but to what end? Educational achievement is not better. In some ways, it’s actually worse.

To find the best use for always-scarce taxpayer resources, government needs to be constrained within clear, firm spending constraints. For example, TASC — the Tax and Spending Control ballot initiative proposed in 2006 — could have saved Nevada much of its recent grief.

Consider what would have happened had Nevada’s per-pupil expenditures since 1959 risen only as fast as inflation. Silver State taxpayers would have saved over \$2.1 billion just in 2007, in now-absent state and county taxes.

It would have meant no modified business tax, no bank excise tax and no real property transfer tax. It could have meant 50-percent-lower sales/use and gaming taxes — with still room to cut Nevada’s notoriously high “sin taxes” another 10 percent. There would still be room to cut more than \$700 million in local sales and property taxes.

Local governments collected \$1.7 billion in sales taxes and another \$3.4 billion in property taxes in 2007. If K-12 education per-pupil expenditures had only grown with inflation since 1959, city and county sales taxes could have been 44 percent lower —

or personal and corporate property taxes could have been reduced by a combined 23 percent.

Even if K-12 per-pupil expenditures had only doubled over the last 50 years (and very few goods and commodities have doubled in price), FY 2007 could have seen dramatic tax cuts totaling \$872 million.

While we can’t have these big cuts today, we could ensure similar massive savings in Nevada’s future.

Embracing statewide charter-school or empowerment-school programs would encourage smarter use of resources and thus savings in the long run. Competitive outsourcing of public-education landscaping, school maintenance, transportation and food services could save Nevada \$36 million a year — a conservative estimate based on experiments in Michigan. The Cato Institute’s “Public Education Tax Credit” program — which combines personal and corporate tuition tax credits — would not only help students attend the public or private school of their choice, but could save Nevada up to \$1.3 billion in its first 10 years.

Nevada doesn’t need tax-code changes targeting every business under the sun. That didn’t work for California or Arizona, and it would only perpetuate the spending problem.

Nevada needs a responsible government that uses scarce resources efficiently — in order to provide residents with the best services at the lowest price. 

Patrick R. Gibbons is an education policy analyst at the Nevada Policy Research Institute.



The Times They Are A-Changin'

Managing Business **Change**

By now, the majority of businesses will have their books and records together from 2009, and are ready to meet with a CPA. Many of have already signed tax returns and are looking into the future, wondering what changes Congress might throw at small businesses as the recovery slowly moves along. Change was the message of the last election and it is something everyone deals with everyday. Therefore, it's a good idea periodically to ask how well a organization deals with change

Since most businesses haven't been through a recession of this magnitude before, it might seem like broad, sweeping change is the only way to survive. While this might be true for certain industries, for the majority of business, change is often better handled in smaller, incremental steps. This approach allows a business to gather the input of front-line employees, measure the impact of each new process and build on its success.

Employees are the face of every company to its customers. Earlier this year, CBS television launched a show called Undercover Boss. In the first episode, Waste Management President and COO Larry O'Donnell went undercover and worked as a front line employee, next to regular current employees. As he rode on the back of the residential trash pickup truck, he witnessed the customer relationships his drivers were building. He saw firsthand how these relationships were negatively impacted by his directives for more houses per hour and by other corporate productivity targets. The numbers can't tell the whole story. Without input from those who do the jobs, a business simply doesn't have all the information needed to manage successful change.

It's also true that including the people who will actually have to implement any change can help with the second, and most important part of change – measuring the results. No matter what a company is trying to change, it needs to determine a way to know if the change is working. It could be customer or employee satisfaction, reduced error or wastage rate, number of on-time deliveries or any number of other measures. Although a successful change should eventually show up on the bottom line, that measure is too far removed from the change to be a good measure. A change needs to be evaluated on a much more local level so it can be seen and shared with the team.

Finally, if a business can demonstrate the success of the first change, a second one will be easier to implement. The companies' team will begin to understand how their actions impact the rest of the company. Consequently, it often follows that successful change is contagious. Employees will develop a keen eye for choke points and waste in their areas of responsibility. No one likes to feel like their job doesn't matter or that it is made up of wasted effort. By removing waste and demonstrating how the pieces fit together, it gives employees an understanding of how their efforts build a stronger company.

For example, most businesses would like to improve cash flow. What kind of response would there be if an employee were asked to improve cash flow? Likely, a company will get a much better response by showing accounts receivable people how reducing the time from the completion of the sale to collecting the cash can be done. What if there are different people working in the billing and the collections departments? Billers could be tracking the number of days between a sale and the bill being mailed with a goal to reduce the number of days. Collections could be monitoring days that receivables are outstanding or the percent of accounts over 60 days.

How can a purchasing manager help? If he holds off buying until inventory is zero, the sales team has problems delivering orders on time. If he buys everything he can, cash will be tied up in inventory. By determining optimum reorder points, cash can be efficiently used. Everyone on the team has an impact.

Helping employees grasp how their activities can help the company succeed is key to change. By giving targets that front line employees can see and influence, it gives them the authority and the responsibility to change.

Change is hard – but that is no reason not to do it. Why did you start your business? Probably because you had an idea for doing something better. A company is almost certainly founded on change. As it grows and matures, don't lose sight of the reason it was founded. 

Jeff Breeden, CPA, CVA, CSPM is a partner at Stewart, Archibald & Barney, LLP

◀ Continued from page 9

Despite being hardest hit in the nation, Nevada executives hold a cautious optimism that the recession has bottomed out or will in the near future. However, many maintain that Nevada's recovery will be a slow, but hopefully, steady progression.

"From our business standpoint, it feels like we've hit bottom and we're beginning to feel the resurgence of people wanting to do commerce," said Brunetti.

"I think things are leveling off but it's such a far reaching recession that there are still industries that haven't seen the bottom," said Richardson. "There's still new issues that haven't come up and we haven't seen yet, but I think overall, things are stabilizing."

Do you feel we have hit the bottom of this recession?	
No	56.3%
Yes	43.8%
Total	100%

How long do expect the economic slowdown to continue?			
	2008	2009	2010
Already rebounding	n/a	n/a	7.1%
6 months	9.0%	14.5%	9.9%
12 months	45.0%	34.5%	31.9%
18 months	37.0%	27.3%	24.7%
24 months	9.0%	10.9%	12.1%
24+ months	0.0%	12.7%	14.3%
Total	100%	100%	100%

Education

For several years, Nevada's education system has received some of the lowest marks in the nation and Nevada's executives seem to agree. Almost 90 percent of respondents indicated the education system deserved a grade of C or below, with the majority of respondents saying it was below average.

"If you look at the statistics, actually we're doing a pretty poor job in promoting education and having a culture of education," said Nguyen. "With that being said, you can say that we've done a poor job and shame on us or you can look at it and say, 'Wow, we have nowhere to go but up.' What a great opportunity. I don't think we're there yet but what a great opportunity we have as a community and as a state to improve our education system."

What overall grade would you give Nevada's educational system?				
	2007	2008	2009	2010
A - Excellent	5.6%	7.0%	0.0%	0.0%
B - Above Average	9.2%	35.0%	10.9%	10.8%
C - Average	40.7%	32.0%	47.2%	33.5%
D - Below Average	38.9%	25.0%	21.8%	36.4%
F - Poor	5.6%	1.0%	20.0%	19.3%
Total	100%	100%	100%	100%

Nguyen is optimistic that Nevada's era of being known as one of the states with the lowest quality of education will come to an end, but it will take a lot of hard work to get there.

"The leaders in this community are standing up and saying enough is enough," said Nguyen. "We're not pro-education in this state and we have to make long-term decisions and long-term investments into this community"

Charlton agrees that education is important to the growth of the economy.

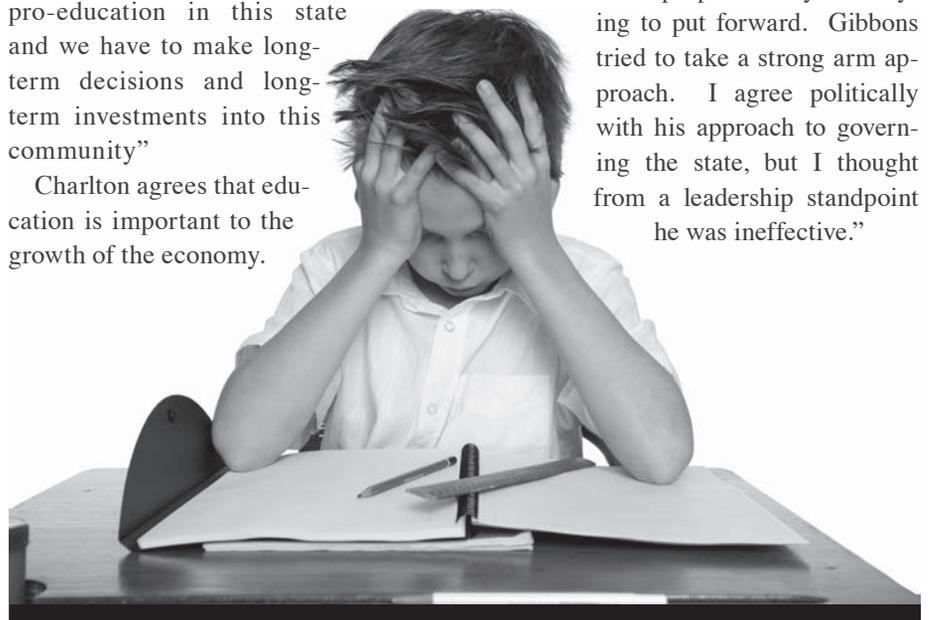
He said, "The way to grow and diversify your industrial/corporate business base is to have the availability of an educated workforce. If you want to gain some very high-end businesses, then we need to be able to supply those businesses with the educated workforce that they demand. To be able to get diversity of business types, we need to drive the tax revenue and employment numbers."

Politicians

A touchy subject these days, Nevada politicians remain a sore spot for many executives and with 2010 as an election year, many changes are expected. Governor Gibbons is not living up to expectations with many executives, most notably in Southern Nevada where executives gave a grade of F.

"I was a little disappointed in the last legislature because I felt that, at a time when we needed conservative leadership in a democratically controlled legislature, Governor Gibbons' attitude seemed to be, 'If you won't play my game the way I want to play, I'm just not going to play,'" said Bailey. "He became reclusive from the process. Had it not been for Bill Raggio, I think we would have been in a lot worse shape. Raggio compromised and got the Democrats to compromise on a

lot of the proposals they were trying to put forward. Gibbons tried to take a strong arm approach. I agree politically with his approach to governing the state, but I thought from a leadership standpoint he was ineffective."



It's generally agreed that while Senator Ensign has some strong political views, his personal problems have gotten in the way of his effectiveness in doing the job he was elected to do. Many agree that Senator Reid is no longer looking out for Nevada's best interests but has rather decided to push through a political agenda that has little or no benefit for his constituents. Representatives Berkley and Titus both seem to be skating under the radar in this election year and received average marks for the job their doing. The politician with the most favorable record is Representative Heller who was the only elected official to receive an overall A grade in any area.

Kline summarized it by saying, "I'm disappointed that all of our public officials are highly partisan and that they are not working well together. What I would like to see is people working together to solve problems and I'm disappointed that all of elected officials haven't found a way to work together to find some sort of middle road they can agree on. We send them to Washington or Carson City to get the job done and at the end of the day they are supposed to come to some sort of agreement or compromise and I'm not seeing that happening."

Grade our elected officials based on how well they address Nevada's interests.

	Northern Nevada	Rural Nevada	Southern Nevada
Berkley	C	C	B-
Ensign	C+	C	C
Gibbons	C	B	F
Heller	B	A	C
Reid	F	F	F
Titus	C	C+	C

Keep On Hangin' On

While many Nevadan's are struggling to stay in business, many business-owners and decision makers remain hopeful that the worst is over and we can look forward

to a brighter future. The concern is slowly moving from, "When will this end" to "What can we do to keep it from happening again?"

"I'm concerned about the diversification of the economy," said Corder. "When gaming falls off, that affects everything. We're so dependent upon one industry that we are at risk of suffering worse in a recession like we are in now."

"What is stable for business?" asks Nguyen. "In my opinion, it's a diversified and educated workforce. I don't think we have it. I think we've been leaning too far in one direction for the last 50 years and it's hurting us right now."

"I think we still have a ways to go," said Bailey. "A lot of the businesses that failed initially were businesses that didn't have the strength to withstand the initial recession. Unfortunately, this has gone on so long now that even well-run businesses, that shouldn't have had any problems, can't continue to sustain themselves without growth and a healthy economic climate."

It is helpful to realize that coming out of this recession, Nevada will be a lot leaner, meaner and smarter. State leaders are learning that Nevada isn't recession-proof and preparing for change will only serve to make us stronger. With that in mind, Nevada's road to recovery will be a long and bumpy one.

SAY WHAT?

"This president is a real slow learner. An apology won't be acceptable this time ... I want to assure you when he comes I will do everything I can to give him the boot back to Washington and to visit his failures back there." - Las Vegas Mayor Oscar Goodman in response to President Obama's remarks against spending money in Las Vegas.

The following issues are ranked according to the level of concern/worry about them.

State Budget Shortfalls

	2008	2009	2010
1 - Very Concerned	14.0%	52.7%	39.5%
2 - Somewhat Concerned	22.0%	7.2%	21.0%
3 - Concerned	26.0%	10.9%	19.7%
4 - Not Very Concerned	13.0%	9.0%	15.9%
5 - Not Concerned at All	25.0%	7.2%	3.8%

Quality of Education

	2008	2009	2010
1 - Very Concerned	23.0%	21.8%	28.5%
2 - Somewhat Concerned	21.0%	30.9%	35.8%
3 - Concerned	26.0%	29.0%	18.8%
4 - Not Very Concerned	12.0%	7.2%	7.9%
5 - Not Concerned at All	18.0%	10.9%	9.1%

Availability of Water

	2008	2009	2010
1 - Very Concerned	29.0%	20.0%	14.9%
2 - Somewhat Concerned	28.0%	20.0%	19.5%
3 - Concerned	13.0%	29.0%	26.0%
4 - Not Very Concerned	20.0%	9.0%	24.0%
5 - Not Concerned at All	10.0%	21.8%	15.6%

Availability and Cost of Healthcare

	2008	2009	2010
1 - Very Concerned	10.0%	3.6%	17.1%
2 - Somewhat Concerned	15.0%	29.0%	15.8%
3 - Concerned	20.0%	20.0%	24.1%
4 - Not Very Concerned	39.0%	25.5%	23.4%
5 - Not Concerned at All	16.0%	21.5%	19.6%

Transportation Issues

	2008	2009	2010
1 - Very Concerned	21.0%	9.0%	1.3%
2 - Somewhat Concerned	17.0%	12.7%	9.9%
3 - Concerned	13.0%	14.5%	13.2%
4 - Not Very Concerned	15.0%	36.0%	29.1%
5 - Not Concerned at All	34.0%	25.5%	46.4%

INDUSTRIAL MARKET

By Howard Riell

From Too Little to Too Much

The industrial real estate landscape in Nevada has turned upside down over the last 24 months, going from too little to, thanks to the turbulent economy, too much.

The result has not been pleasant. Nor is the situation expected to reverse itself any time soon.

Doug Roberts

Senior Vice President and Project Principal, Pannattoni Development Company, Inc.

Nevada “is definitely suffering” from the overage, according to Doug Roberts, Senior Vice President/Project Principal, Panattoni Development Company, Inc. in Reno. “I think the word overbuilt is correct. Developers who started projects during 2006 and 2007 most likely faced difficulties,” he said. Developers look at absorption, or the amount of space leased in a given year, he explains. Midway through the decade absorption was moving “at a pretty good clip. Most folks, us included to some degree, didn’t think it would abate to the degree that it did because there was so much construction going on.”

Once the construction stopped, however, “it was too late,” Roberts notes. “The spigot had already been turned off on the tenant need.” He estimates that there is now three to four years of standing product before the market will return to previous norms. “Rents have gone down, values have gone down, and that has caused problems for everybody across the board.”

The shortage of demand for industrial space “is certainly having an impact,” according to Brian Gordon, a principal in Las Vegas-based Applied Analysis, a business advisory services firm. “We were an area that had historically low vacancy rates just two and three years ago, in the low single digits. Now Southern Nevada is facing a vacancy rate of about 13.7%, which computes to about 14 million square feet of available space, more than we’ve ever had in our history.” The base of inventory is also larger than ever, leading him to predict “an extended period of correction and recovery.”

How to correct it? “Certainly there has to be improvement in the national economy,” Gordon notes. “You have to start there. When you talk about increased inventories and general improvements in business activity, some of that natural correction will impact Southern Nevada and its industrial market.” At the same time, improvements locally such as a turn-around in the construction industry or increased regional or local distribution will help absorb some of the excess capacity.

Gordon estimates 14 million square feet of vacant industrial space in the state, with another 5 million square feet in retail and 11 million more in office space, for a total of just over 30 million square feet. Industrial, then, represents roughly 46% of all the available inventory. “But remember, the base of industrial inventory is over 100 million square feet, substantially larger than office and retail.”

Applied Analysis has predicted that the turn-around is going to be measured in years and not months. “During the past year we saw about 3.8 million square feet of negative net absorption, meaning that

much space opened up,” Gordon reports. “Since we’ve tracking this data back in the early 1990s we’ve never seen a year of negative (absorption), or a net move out of industrial space. So these are clearly unusual times, and the correction period is going to span beyond 2010.”

“When the inventory rises, the price is going to go down,” notes Michael Lyons, Senior Vice President for NAI Las Vegas, a commercial real estate brokerage firm. “The other thing is that there is no one building now. I don’t think there is going to be anybody building for a couple of years, at least.”

Lyons stops short of using the word stagnation, pointing to what he calls “some brighter points, such as the fact that there is space available. Two or three years ago, and even up to a year ago, we had, probably fewer than 10 buildings available that were over 100,000 sq. ft.” He believes Nevada is “more affected by the national economy than we used to be. I have been doing this

since 1979, and I have seen some dramatic changes in the market. I think we’ll continue to see some, but I don’t think that there is going to be anything positive for 12 to 18 months.”

According to Lyons, industrial vacancy rates citywide are 13% to 14%, as compared with 4% to 5% a couple of years ago. The current rate could edge up some more, he suggests. “Keep in mind that the vacancy rate does not include subleases, so it could certainly go higher.” A contributing factor, he notes, is always unemployment, “and nationwide it might be closer to 20% than the reported 12% to 13%.”

The “hardest thing to read,” according to NAI Las Vegas Vice President Ben Millis’ estimation, “is how low these (vacancy) rates will go. If they go so low that there can’t be any development for three or four years until there is substantial absorption than this will last a little bit longer. We don’t normally jump back until the housing market makes significant gains.”



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Inland Port

Southern Nevada has been spoken of for many years as an eventual inland port of great importance to the region. Some have suggested that the abundance of vacant industrial space may bring such buzz to an end.

Millis says he believes “the very opposite. The big problem with us having an inland port two years ago was that we didn’t have enough space and we were competing with markets that, at the time, had lower land costs than we did. We had 3% to 4% vacancy for a while, and that discouraged people from coming here because it was such a landlord’s market.”

The state’s chances of becoming a strong inland port have increased, in Millis’ estimation, “because we have become more competitive. There is more space available and significantly lower lease rates for the people coming in, plus they’re able to get better concessions than they ever were in the past.”

Millis concedes that it is “painful for people who own industrial properties here,” and “not wonderful for the brokers, either. But in order to have a robust industrial market here we need to have space available, and we need to have competitive lease rates.”

Gordon, likewise, does not believe that Southern Nevada’s opportunity to become an inland port is gone. “The impetus for the inland port really was the limited access on the West Coast, and the delays that can take place in terms of importing goods. Assum-

ing those characteristics remain in place, we are still a viable option for an inland port. Granted, we have much more space than we had at one point, but really the inland port is to increase distribution time lines and not so much about the availability of space. I think that’s why they started thinking about it: the delay and the amount of time it takes to get through those ports on the coast really triggered their looking into these inland ports like Southern Nevada.”

“It still is something that needs to be looked at,” says John Ramous, Vice President of Operations for Harsch Investment Properties, a real estate investment, development and management company whose portfolio includes over 21-million square feet of office, industrial flex, and retail commercial space. “Right now the key is creating jobs, but once we get through this in the next two to three years and things stabilize you still have the same factors that have impacted us historically. The government owns the land around us. That’s not going to change. You still have the economic engine of Southern California from the southwest, and you need that.” A Southern Nevada inland port to alleviate the pressure on some of the ports in California, he adds, is “clearly going to be some years away.”

Back to Normal

Some of what the state needs to do to get back to normal, says Panattoni’s Roberts, is simply “pure patience. Time heals all wounds. I think the lenders have been pretty patient with the developers knowing that

it is going to take more time to lease their projects.” Being too quick to act, he warns, could only exacerbate the problem.

“If a lender takes a building back and tries to sell it or lease it, it will just depress values overall,” Roberts points out. “We have seen that to some degree, but in most cases (lenders) have been pretty cooperative in helping developers get through these projects. Nobody wants these things to be a total loss.” In time, he predicts, “the economy will come back, and so developers should do their best not to panic. Lower rates would be great. If a tenant gets too good of a deal it’s not good for anybody, because eventually the landlord will lose that building and the tenant.”

The current situation, Gordon says, “creates challenges for those who own property and are looking for tenants and may not be able to find them. There is certainly opportunity for businesses that are considering relocation and/or expansion given the downward movement in price points and increased availability.” Ultimately, the situation proves to be a double-edged sword. “For those who are holding the space it is a difficult operating environment. But for those who are looking to occupy space there is certainly an opportunity that exists.”

“There is no doubt that the industrial real estate market was hit hard in Las Vegas as a result of both the housing crisis and the global economic recession,” said Mo Sheahan, Director of Corporate Communications for ProLogis, a global provider of distribution facilities. “However, we are seeing signs of stabilization and customer activity in the industrial sector. Even though the market may remain soft for some time, (with) declining rates, increasing vacancies (and) increasing abatements, we have confidence in the future.”

Too Much Space?

“I wouldn’t say there’s actually too much,” suggests Harsch’s Ramous. “We have to put a couple of things into perspective. There are different areas: industrial land, industrial space, small bay (typically 5,000 to 10,000 square feet), mid-bay (from



Speedway Commerce Center • Harsch Investment Properties

10,000 to 50,000 square feet) and big box (over 50,000 square feet).” He claims that there is really not a lot of big box space still available, calling it “one of the more healthy parts” of the industrial sector.

Pointing to ProLogis having leased 309,000 square feet in Las Vegas to Canadian furniture manufacturer Foliot Furniture in late January, CIP Real Estate’s recent lease of over 84,000 square feet to Cox Communications, as well as other recent deals, Ramous notes that “with activity like that all you need is a handful of large users to come in and big box space will probably” diminish greatly. Indeed, he estimates vacancy at under 10% now, with “a number of users out there now sniffing around.”

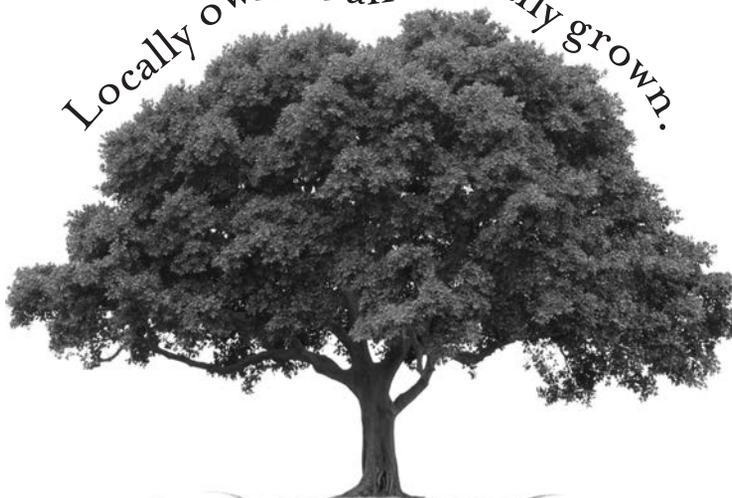
The small bay segment has proven “a little more challenging,” Ramous notes, “because there you compete with a lot of smaller bays (and) industrial condos, which are a dime a dozen. The question is that a lot of them may not be ideally located, and so they may always be vacant.” While the vacancy rate for small bay varies, he adds, based on industry estimates it now sits at the mid-teens to the low 20s, depending on sub market. ❁

SAY WHAT?

Since the \$787 billion stimulus package was signed to help create or save jobs, 49 states saw a net job loss in 2009 and the United States owes \$1.6 million more than it did a year ago. “In the first year of the trillion-dollar stimulus, Americans have lost millions of jobs, the unemployment rate continues to hover near 10 percent, the deficit continues to soar and we’re inundated with stories of waste, fraud and abuse,” said Senate Minority Leader Mitch McConnell, R-KY. “This was not the plan Americans asked for or the results they were promised.”

Source: Fox News

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Carson City, 89703 Office

Shaheen Beauchamp Builders, LLC has completed construction on an ambulatory surgery center and medical office clinic for **GI Consultants, Inc.** The 15,000 SF building is located adjacent to the Carson Tahoe Medical Center campus at 1385 Vista Ln.

Las Vegas, 89108 Retail

Alan Jeskey Builders, Inc. has begun tenant improvement work for Total Image Salon. The 3,600 SF project is located on W. Craig Rd., between N. Jones and N. Decatur.

Las Vegas, 89109 Retail

Kittrell Jensen Contractors has completed work on the Cabo Wabo Cantina. The project was a re-model of 4,500 SF and included a restaurant, kitchen, stage and exterior patio. The restaurant is located in Planet Hollywood at 3663 Las Vegas Blvd. South.

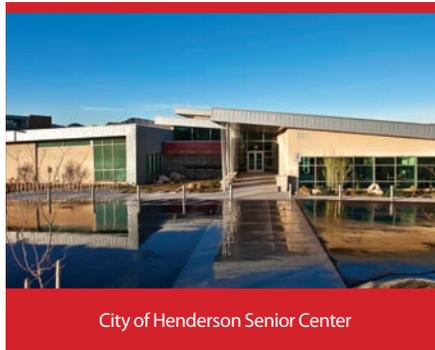
North Las Vegas, 89030 Industrial

Alan Jeskey Builders, Inc. has been awarded a design/build project for Stepsaver, Inc. The 6,000 SF project will be located on John Peter Lee St.

Las Vegas, 89119 Industrial

R & O Construction has begun work on two, tilt-up concrete buildings on

approximately 19 acres. Building 1 is 78,963 SF and building 2 is 121,992 SF. The architect for the project is **Marnell Architecture**. The buildings are expected to be complete by the end of July. The project is located at 6055 and 5935 Surrey St.



City of Henderson Senior Center

Henderson, 89015 Government

Rafael Construction has completed work on the City of Henderson's Senior Center. The 29,350 SF center cost \$11.9 million and was designed by **Carpenter Sellers Associates**. The center was designed to achieve LEED Gold certification and is located in Henderson's Heritage Park at 300 S. Racetrack Rd.

Indian Springs, 89018 Government

Cobblestone Construction and **Helix Electric** have begun work on the Wing HQ Facility and the UAS Dining Facility at Creech Air Force Base. The Wing HQ Facility is a 20,000 SF mission support facility for the Predator program and the dining facility will be 17,500 SF. Both building are expected to achieve a LEED rating with the Wing HQ Facility expected to achieve a LEED Silver Certification.

The facilities are expected to be complete by July of this year.

Las Vegas, 89101 Government

CORE Construction has completed work on the Campos Office Building and parking structure. The general contractor was contracted by the Nevada State Public Works board to complete the five-story 187,467 SF structure. The project was designed to meet or exceed a LEED Silver rating and include the demolition of the original structure on the 1.6 acre site. The building cost \$26.8 million and **SH Architecture** was the architect of record. The project is located at 215 E. Bonanza Rd.

Las Vegas, 89101 Other

CORE Construction has completed work on the UNLV McDermott indoor aquatic center. The \$4.4 million design/build project replaced the old pool on the UNLV campus. **Carpenter Sellers Architects** was the architect for the project and **Councilman-Hunsaker** served as an engineer consultant.

SALES

Las Vegas, 89148 Office

Andorra 9, LLC purchased 4,020 SF in the Medical Pavilion at Southern Palms from **Ritaveh, LLC** for \$500,200 or \$142 PSF. The buyer was represented by **Dana Berggren, LEED AP** of **Prudential | IPG Commercial Real Estate**. The property is located at 6096 S. Fort Apache Rd. APN # 163.32.212.023

Las Vegas, 89109 Multi-Family

Robert Jules Nevada Holding, LLC purchased the Van Patten Apartments, a 35-unit apartment complex, from **Bank of America, N.A.** for \$405,000 or \$11,571 per unit. The seller was represented by **Geoffrey West** of **CB Richard Ellis**. The property is located at 2636 – 2656 Van Patten St.
APN # 162.10.112.013 et al

Las Vegas, 89109 Multi-Family

First Western Realty purchased the Sherwood Apartments, a 30-unit complex, from **Bank of America, N.A.** for \$300,000 or \$10,000 per unit. The seller was represented by **Geoffrey West** of **CB Richard Ellis**. The property is located at 2640-2660 Sherwood St.
APN # 162.10.113.014

North Las Vegas, 89081 Industrial

Marco Washburn Realty, LLC purchased a 4,075 SF office/warehouse building from **Kirkwood Bank & Trust Co.** for \$250,000 or \$61 PSF. The tenant was represented by **Dean Willmore, SIOR** of **Prudential | IPG Commercial Real Estate** and the landlord was represented by **Colliers International**. The property is located at 2559 E. Washburn Rd.
APN # 124.36.312.012

North Las Vegas, 89030 Vacant Land

Las Vegas Paving Corp. purchased 16.27 acres of industrial land from **KKB Holdings, LLC** for \$4.95 million or \$7 PSF. The seller was represented by **David Scherer, Barton Hyde, Michael Hsu** and **Matt Kreft** of **Grubb & Ellis | Las Vegas**. The property is located at 3752 N. Bruce St.
APN # 139.11.601.001

Las Vegas, 89101 Vacant Land

Picard Corporation purchased 0.72 acres from **Al Tramonto, LLC** for \$269,032 or \$9 PSF. The buyer was represented by **Bob Hawkins** of **Commerce Real Estate Solutions**. The property is located on Englestad near Gowan.
APN # 139-10-310-016

LEASES

Henderson, 89014 Office

ConAm Management Corporation leased 5,562 SF in the Green Valley Professional Center from **Green Valley Associates, LLC** for \$662,661 on a 64-month lease. The landlord was represented by **Jayne Cayton** and **Bret Davis** of **CB Richard Ellis**. The property is located at 2501 N. Green Valley Pkwy. Reported monthly rent is \$1.86 PSF.

Henderson, 89074 Office

Ardyss International, Inc. leased 13,949 SF of Class A office from **American Nevada Company** for \$1,036,550 on a three-year lease. The tenant was represented by **Laura Hart** of **Prudential | IPG Commercial Real Estate**. The property is located at 2275 Corporate Circle. Reported monthly rent is \$2.06 PSF.

Las Vegas, 89101 Office

LG Battery, Inc. leased 9,600 SF from **Afriat Investment, Inc.** for \$187,200 on a three-year lease. The tenant and landlord were both represented by **Shawn Barashy** of **Lee & Associates**. The property is located at 914 and 918 B S. Main St. Reported monthly rent is \$0.54 PSF.

Las Vegas, 89107 Office

Total Renal Care, Inc. leased 11,995 SF from **Meadows-Zim, LLC** for \$3,382,590 on a 15-year lease. The tenant was represented by **Bruce Follmer** and **Carla Cole** of **CB Richard Ellis**. The property is located at 150 S. Valley View Blvd. Reported monthly rent is \$1.57 PSF.

Las Vegas, 89119 Office

RMI Management, LLC sub-leased 12,077 SF from **Spencer Consulting, Inc.** for \$195,648 on a one-year lease. The landlord was represented by **Liz Clare, CCIM** of **Commerce Real Estate Solutions**. The property is located at 630 Trade Center. Reported monthly rent is \$1.35 PSF.

Las Vegas, 89123 Office

daData, Inc. leased 11,100 SF from **Barclay Las Vegas, LLC** for \$526,140 on a 39-month lease. The landlord was represented by **Jayne Cayton** and **Bret Davis** of **CB Richard Ellis**. The property is located at 325 E. Warm Springs Rd. Reported monthly rent is \$1.22 PSF.

Las Vegas, 89128 Office

Trial Vantage, LLC leased 6,996 SF in City Center West from **Westlake City Center, LLC** for \$900,067 on a five-year lease. The tenant was represented by **Peter Hellman** of Trial Vantage, LLC and the landlord was represented by **David Scherer, Barton Hyde, Michael Hsu** and **Matt Kreft** of **Grubb & Ellis | Las Vegas**. The property is located at 7251 W. Lake Mead Blvd., Suite 100. Reported monthly rent is \$2.14 PSF.

Las Vegas, 89145 Office

David J. Winterton & Associates, LLC leased 5,838 SF from **Westcliff Investments, LLC** for \$195,951 on a 39-month lease. The tenant was represented by **CB Richard Ellis' Darren Lemmon** and the landlord was represented by **CB Richard Ellis' Amy Lance**. The property is located at 211 N. Buffalo Dr. Reported monthly rent is \$0.86 PSF.

North Las Vegas, 89032 Retail

Las Vegas Surf Company leased 5,885 SF from the Red Rock Shopping Center for \$1,198,493 on a seven-year lease. The landlord was represented by **David Afromsky** of **Commerce Real Estate Solutions**. The property is located at 1435 W. Craig Rd., Suite D. Reported monthly rent is \$2.42 PSF.

Las Vegas, 89101 Retail

Azul Tequila leased 8,000 SF from **Seventh Street Properties** for \$737,614 on a five-year lease. The tenant was represented by **Frank Elam** of **Vegas Valley Commercial** and the landlord was represented by **Ron McMenemy** and **Mary Towns** of **McMenemy Investment Services**. The property is located at 111, 115 and 117 N. 7th St. Reported monthly rent is \$1.54 PSF.

Las Vegas, 89102 Retail

Original Pancake House leased 5,700 SF from **Southwestern Holdings, LLC** for \$531,960 on a five-year lease. The tenant was represented by **Stephan Freudenberger** of **OPH** and the landlord was represented by **Nelson Tressler** of **Grubb & Ellis | Las Vegas**. The property is located at 4833 W. Charleston Blvd. Reported monthly rent is \$1.56 PSF.

Las Vegas, 89103 Retail

Vegas Valley Food & Beverage, LLC leased 10,000 SF on 1.44 acres from **3MO, LLC** for \$1,920,000 on a four-year lease. The landlord was represented by **Grant Traub** and **Keith Cubba** of **Colliers International**. The property is located at 4710 and 4740 Arville St. Reported monthly rent is \$4.00 PSF.

Las Vegas, 89118 Retail

Hanin Enterprises, Inc. leased 7,430 SF from **WW & JJ Choi, LLC** for \$301,800 on a three-year lease. The tenant was represented by **Twainy & Associates** and the landlord was represented by **Robin Civish** of **Prudential | IPG Commercial Real Estate**. The property is located at 5035 S. Decatur Blvd., Suite 100. Reported monthly rent is \$1.13 PSF.

Las Vegas, 89128 Retail

Bikrim Yoga Centennial Hills leased 4,229 SF from **Durango Structures, LLC** for \$1,198,595 on a ten-year lease. The landlord was represented by **Dan Hubbard** and **Bob Hawkins** of **Commerce Real Estate Solutions**. The property is located at 6440 N. Durango Dr., Building B. Reported monthly rent is \$2.36 PSF.

Las Vegas, 89156 Retail

Ready! Set! Learn! leased 6,200 SF from **George Vontobel Living Trust** for \$761,532 on a ten-year lease. The landlord was represented by **David Patten** of **Commerce Real Estate Solutions**. The property is located at 5320 E. Lake Mead. Reported monthly rent is \$1.02 PSF.

Henderson, 89014 Industrial

Ocean Spray Cranberries, Inc. leased 100,693 SF from **Blevans Industrial Associates, Inc.** for \$226,560 on a five-month lease. The tenant was represented by **Michael De Lew, SIOR** and **Greg Pancirov, SIOR** of **Colliers International** and the landlord was represented by **Dan Doherty, SIOR, David Frear, SIOR** and **Patti Dillon** of **Colliers International**. The property is located at 880 Wigwam Pkwy., Suites 100, 130 and 140. Reported monthly rent is \$0.45 PSF.

North Las Vegas, 89030 Industrial

Moen, Inc. leased 219,068 SF from **G & O Leasing Company, LLC** for \$5,884,166 on a seven-year lease. The tenant was represented by **CB Richard Ellis' Greg Tassi**. The property is located at 4335 Arcata Way. Reported monthly rent is \$0.32 PSF.

North Las Vegas, 89030 Industrial

Silverstate Automotive, LLC leased 6,162 SF from **Synergy Properties** for \$82,000 on a three-year lease. The tenant was represented by **Joe Griffis** of **Griffis Realty** and the landlord was represented by **Chris Jensvold** of **Colliers International**. The property is located at 15 W. Brooks Ave. Reported monthly rent is \$0.37 PSF.

Henderson, 89074 Industrial

The Goodyear Tire & Rubber Company renewed its lease of 16,850 SF from **Gubler & Gubler, LLC** for \$465,060 on a five-year lease. The tenant was represented by **Pat Marsh, SIOR** and **Eric Molfetta** of **Colliers International** and the landlord was represented by **Michael De Lew, SIOR** and **Greg Pancirov, SIOR** of **Colliers International**. The property is located at 1051 Mary Crest Dr. Suite I. Reported monthly rent is \$0.46 PSF.

Las Vegas, 89103 Industrial

Bad Ass Golf Carts, Inc. leased 7,200 SF from **RJP LV II, LLC** for \$133,971 on a three-year lease. The tenant was represented by **Dave Evenhouse** of **Lee & Associates** and the landlord was represented by **Maria Schifano** of **Schifano & Associates**. The property is located at 3620 S. Highland. Reported monthly rent is \$0.52 PSF.

Las Vegas, 89109 Industrial

Silverlands leased 6,000 SF from **Highland Industrial Park Partners** for \$59,040 on a two-year lease. The landlord was represented by **Tedd Rosenstein, CCIM** of **Nevada Development & Realty Co.** The property is located 2901 S. Highland Dr. Reported monthly rent is \$0.41 PSF.

Las Vegas, 89113 Industrial

The Steel Network, Inc. leased 31,410 SF in the Arroyo North Business Center, Phase II from **EJM Arroyo North II Property, LLC** for \$556,832 on a three-year lease. The tenant was represented by **Bonnie Densmore** of **Win Win Real Estate** and the landlord was represented by **Spencer Pinter** of **Colliers International**. The property is located at 6625 Arroyo Springs St., Suite 140. Reported monthly rent is \$0.49 PSF.

Las Vegas, 89115 Industrial

Sears, Roebuck and Co. renewed its lease of 27,750 SF from **Roberts Ranch Venture, LP** for \$631,272 on a five-year lease. The landlord was represented by **Dan Doherty, SIOR** and **Patti Dillon** of **Colliers International**. The property is located at 4320 N. Lamb Blvd. Reported monthly rent is \$0.38 PSF.

Las Vegas, 89118 Industrial

Remote Access Technologies leased 7,656 SF from **Reiss Marital Deduction Trust** for \$108,500 on a three-year lease. The tenant was represented by **Ron McMenemy** of **McMenemy Investment Services** and the landlord was represented by **Michael Reiss** of **Reiss Company**. The property is located at 3525 W. Post Rd. Reported monthly rent is \$0.39 PSF.

Las Vegas, 89118 Industrial

Financial Consulting and Trading International, Inc. leased 7,982 SF from **SLH Procyon, LLC** for \$152,297 on a three-year lease. The tenant was represented by **David Afromsky** of **Commerce Real Estate Solutions** and the landlord was represented by **Michael Sumiyoshi** of **Southwestern Management & Realty Team**. The property is located at 5975 Procyon St. Reported monthly rent is \$0.53 PSF.

Las Vegas, 89118 Industrial

Off the Wall Framing & Supply, LLC leased 6,980 SF from **Roberts Ranch Venture, LP** for \$136,638 on a three-year lease. The tenant was represented by **Jeff Satterlee** of **Rezults Realty** and the landlord was represented by **Dan Doherty, SIOR** and **Patti Dillon** of **Colliers International**. The property is located at 5530 Valley View Blvd., Suites 101 and 102. Reported monthly rent is \$0.54 PSF.

Las Vegas, 89119 Industrial

Science Application International Corporation leased 13,440 SF from **EJM Spencer Helm Property, LLC** for \$471,431 on a 58-month lease. The tenant was represented by **Jillian Coons** and **Anita Turner** of **Jones Lang LaSalle** and the landlord was represented by **Spencer Pinter** of **Colliers International**. The property is located at 1660 Helm Dr., Suites 700 and 800. Reported monthly rent is \$0.60 PSF.

Las Vegas, 89139 Industrial

Assured Document Destruction, Inc. sub-leased 6,250 SF from **Akzo Nobel paints, LLC** for \$85,976 on a 37-month lease. The tenant was represented by **CB Richard Ellis' Karolina Janik**. The property is located at 8050 Arville St. Reported monthly rent is \$0.37 PSF.

LOANS

Las Vegas Retail

Bill Wilson, CCIM of **Nevada State Development Corporation** helped secure financing for a \$2.7 million SBA 504 loan for **Colleen's Classic Consignment** at a 4.99% interest rate. The loan was used to purchase a 21,000 SF building for the retail store.

Las Vegas, 89103 Retail

Kyle Nagy of **CommCap Advisors** secured financing for **FAP, LLC** for a \$1.7

million loan. The 12-year, fully amortizing, fixed-rate loan is secured by **Flamingo Arville Plaza**, a 32,954 SF, two-building retail center. The center is located on the southwest corner of **Flamingo Rd.** and **Arville St.**

Las Vegas, 89123 Multi-Family

Devin Lee, CCIM of **Access Commercial Mortgage** secured financing for the **Paradise Trails Mobile Home Park**. The

136-pad park was constructed in 1992. The \$3 million non-recourse loan has a 10-year term and a 25-year amortization schedule. Financing was secured at a 6.12% interest rate. The park is located at 2485 W. Wigwam Ave.

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Economic Development

Listed Alphabetically

Company Address	Phone Website	Nevada Principal Title	Areas Served
Carson City Office of Business Development 201 North Carson Street, Carson City, NV 89701	775.887.2101 carsoncityecondev.com	Joe McCarthy Director	Carson City
Churchill Economic Development Authority 90 N Maine Street, PO Box 1236, Fallon, NV 89407	775.423.8587 ceda-nv.org	Eric D. Grimes Executive Director	Churchill County including Fallon
City of Henderson Economic Development 240 Water Street, PO Box 95050, Henderson, NV 89009-5050	702.267.1650 hendersonmeansbusiness.com	Bob Cooper Department Head	Henderson
City of Las Vegas Office of Business Development 400 Stewart Avenue, Second Floor, Las Vegas, NV 89101	702.229.6551 lasvegasnevada.gov/OBD	Bill Arent Director	Las Vegas
City of Mesquite Economic Development Department 10 East Mesquite Blvd, Mesquite, NV 89027	702.346.5295 ext 304 mesquitenv.com/departement/ EconomicDevelopment	Bryan Dangerfield Manager	Mesquite
City of Reno Economic Development Division 1 East First Street, Reno, NV 89501	775.334.3814 cityofreno.com	Peter Wallish Division Manager	Reno
City of Sparks Economic Development 1675 E Prater Way, Suite 107, Sparks, NV 89434	775.353.1644 sparksmeansbusiness.com	Armando Omelas Jr City Planner	Sparks
Economic Development Authority for Nye County 1301 S Highway 160, 2nd Floor, Pahrump, NV 89048	775.751.1923 eden-nv.com	Allan Parker President	Nye County including Amargosa Valley, Beatty, Gabbs, Pahrump, Round Mountain, and Tonopah
Economic Development Authority of Western Nevada 201 W Liberty Street, Suite 200, Reno, NV 89501	775.329.3700 edawn.org	Charles Alvey President / CEO	Greater Reno-Tahoe area
Elko County Economic Diversification Authority 723 Railroad Street, Elko, NV 89801	775.738.2100 eceda.com	Pam Borda Executive Director	Elko County, including Elko, Wells, West Wendover and Carlin
Eureka County Economic Development 701 S Main St, PO Box 753, Eureka, NV 89316	775.237.5484 eurekacounty.com	Wally Cuchine Director	Eureka County, including Eureka, Beowawe and Crescent Valley
Humboldt Development Authority 90 West Fourth Street, Winnemucca, NV 89445	775.623.1064 hdanv.org	Bill Sims Coordinator	Humboldt County, including Winnemucca
Lander County Economic Development Authority 315 S Humboldt Street, Battle Mountain, NV 89820	775.635.2885 landeropportunity.org	Gene P. Etcheverry Executive Director	Lander County, including Battle Mountain
Lincoln County Regional Development Authority PO Box 851, Caliente, NV 89008	775.883.2051 lcrda.com	Mike L. Baughman Executive Director	Lincoln County, including Caliente, Alamo and Pioche
Lovelock / Pershing County Economic Development Authority 350 Main Street, PO Box 821, Lovelock NV 89419	775.273.7213 pershingcountynevada.com	Celeste Hamilton Board Chairperson	Pershing County, including Lovelock
Mineral County Nevada Economic Development Authority 901 E Street, Sierra Way, Hawthorne, NV 89415	775.945.5896 mineralcountynevada.org	Shelley Hartmann Executive Director	Mineral County, including Hawthorne
Nevada Commission on Economic Development 108 East Proctor Street, Carson City, Nevada 89701 89119 555 East Washington Avenue, Suite 5400, Las Vegas, Nevada 89101	800.336.1600 expand2nevada.com	Michael E. Skaggs Executive Director	Statewide
Nevada Development Authority 6700 Via Austi Parkway, Suite B, Las Vegas, NV 89119	702.791.0000 nevadadevelopment.org	A. Somer Hollingsworth President / CEO	Statewide
Nevada Small Business Development Center University of Nevada, Reno, Ansari Business Building, Room 411, Reno, NV 89557	800.240.7094 nsbdc.org	Sam Males State Director	Statewide with offices in Carson City, Carson Valley, Elko, Ely, Fallon, Henderson, Las Vegas, Laughlin, Pahrump, Reno and Winnemucca
Nevada's Center for Entrepreneurship and Technology 5575 Kietzke Lane, Suite B, Reno, NV 89511	775.853.4226 ncet.org	Dave Archer CEO	Statewide
North Las Vegas Economic Development Department 2225 Civic Center Drive, Suite 224, North Las Vegas, NV 89030	702.633.1523 cityofnorthlasvegas.com	Michael Majewski Director	North Las Vegas
Northern Nevada Development Authority 704 West Nye Lane Suite 201, Carson City, Nevada 89703	775.883.4413 nnda.org	Robert Hooper Executive Director	Carson City, Douglas, Lyon, Mineral, Pershing and Storey Counties
Rural Nevada Development Corporation 1320 East Aultman, Ely, Nevada 89301	775.289.8519 mncnv.org	Ferrel Hansen CEO	Rural Clark and Washoe counties, all 15 rural Nevada counties, and the 27 Native American tribes of Nevada
White Pine Economic Diversification Council 957 Campton Street, Ely, NV 89301	775.289.3065 elynevada.net	Karen Rajala Coordinator	White Pine County, including Ely

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Chambers of Commerce

*Ranked by Number of Members

RANK	Company Address	Phone Website	Nevada Principal Title	Number of Members*	Established Annual Dues	Meetings
1	Las Vegas Chamber of Commerce 6671 Las Vegas Blvd South, Suite 300, Las Vegas, NV 89119	702.641.5822 lvchamber.com	Kara Kelley President / CEO	6500	1911 \$499 and up	monthly mixers, monthly luncheons, member to member marketing expos
2	Sparks Chamber of Commerce 634 Pyramid Way, Sparks, NV 89431	775.358.1976 sparkschamber.org	Len Stevens Executive Director	1500	1977 \$75 - \$3380	weekly mixers
3	Latin Chamber of Commerce Nevada 300 North 13th Street, Las Vegas, NV 89101	702.385.7367 lvcc.com	Otto Mérida President / CEO	1420	1976 \$175 - \$5000	monthly Spanish language breakfasts, monthly luncheons, monthly mixers
4	Reno Sparks Chamber of Commerce 1 East First Street 16th Floor, Reno, NV 89501	775.337.3030 renosparkschamber.org	Doug Kurkul CEO	1400	1901 \$250 and up	monthly mixers, monthly breakfasts
5	Henderson Chamber of Commerce 590 S Boulder Highway, Henderson, Nevada 89015	702.565.8951 hendersonchamber.com	Alice Martz President / CEO	1200	1950 \$290 and up	monthly mixers, monthly breakfasts
6	North Las Vegas Chamber of Commerce 3365 W Craig Road, Suite 25, North Las Vegas, NV 89032	702.642.9595 northlasvegascchamber.com	Susan Powers President / CEO	750	1957 \$230 - \$1140	monthly breakfasts and monthly luncheons
7	Lake Tahoe South Shore Chamber of Commerce 169 Highway 50, 3rd Floor, PO Box 7139, Stateline, NV 89449	775.588.1728 tahoechamber.org	Betty Gorman President / CEO	650	1961 \$210 - \$1155	monthly board meetings
8	Elko Area Chamber of Commerce 1405 Idaho Street, Elko NV 89801	775.738.7135 elkonevada.com	Jennifer Sprout CEO	600	1917 \$85 - \$2600	monthly board meetings
9	Carson City Chamber of Commerce 1900 South Carson Street, Suite 200, Carson City, NV 89701	775.882.1565 carsoncitychamber.com	Ronni Hannaman Executive Director	580	1947 \$115 - \$1065	monthly mixers, monthly breakfasts
10	North Lake Tahoe Chamber of Commerce 969 Tahoe Blvd, Incline Village, NV 89451	775.831.4440 laketahoechamber.com	Steve Teshara President / CEO	460	1957 \$110 - \$550	monthly board meetings

Non-Profits

*Ranked by Revenue

RANK	Company Address	Phone Website	Executive Title	Revenue*	Assets Year Ending	Mission Statement
1	Renown Health (Combined) 1300 Mill Street, Reno, NV 89502	775.982.4404 renown.org	James I Miller President / CEO	229.6 million	611.7 million 6/30/08	To make a genuine difference for the many lives touched by optimizing patients' healthcare experience.
2	Carson Tahoe Regional Healthcare 1600 Medical Parkway, Carson City, NV 89702	775.445.8000 carsontahoe.com	Edward Epperson President / CEO	176.8 million	285.5 million 12/31/08	To enhance the health and well-being of the community by putting patients first and treating everyone with dignity and respect.
3	Nevada Cancer Institute One Breakthrough Way, Las Vegas, NV 89135	702.821.0029 nevadacancerinstitute.org	John C. Ruckdeschel, M.D. Director / CEO	66.2 million	232.3 million 12/31/08	To reduce the burden of cancer for Nevada, the nation and the world through research, education and patient care.
4	Carson Valley Medical Center 1107 US Hwy 395, Gardnerville, NV 89410	775.782.1511 carsonvalleymedicalcenter.org	Bill Hale CEO	38.0 million	46.0 million 12/31/08	The promote the health of the community by providing exceptional, compassionate care accessible to all.
5	United Way of Southern Nevada 1660 East Flamingo Rd. Las Vegas, NV 89119	702.892.2330 uwsn.org	Dan Goulet President / CEO	33.2 million	10.6 million 6/30/08	To unite leadership, engage community and focus resources to make lasting changes to improve lives.
6	Regional Emergency Medical Services Authority 450 Edison Way, Reno, NV 89502	775.858.5700 remsa-cf.com	Patrick Smith President	29.9 million	28.3 million 6/30/08	To improve the quality and responsiveness of emergency services in the Truckee Meadows.
7	Three Square 4190 North Pecos Road, Las Vegas, NV 89115	702.644.3663 threesquare.org	Julie Murray President / CEO	28.8 million	24.1 million 12/31/08	To provide wholesome food to hungry people, while passionately pursuing a hunger free community.
8	NV School of Medicine Multispecialist 2040 West Charleston Blvd, Suite 400, Las Vegas, NV 89102	702.671.2230 N/A	William Zamboni, MD President	26.9 million	6.2 million 6/30/08	To provide medical services, while educating resident physicians, students and practicing physicians in private clinic settings.
9	Nathan Adelson Hospice 4141 South Swenson Street, Las Vegas, NV 89119	702.733.0320 nah.org	Carole A. Fisher President / CEO	25.7 million	16.6 million 12/31/08	To provide patients and their loved ones with comprehensive end-of-life care and influence better care for all.
10	Nevada Health Centers 1802 North Carson Street, Suite 100, Carson City, NV 89701	775.887.1590 nrhc.org	Steven C. Hansen CEO	25.4 million	10.0 million 5/31/08	The continuous quality improvement of patient care through empowerment of the NVHC teams for the pursuit of excellence.

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



Office Summary

Fourth Quarter 2009

Las Vegas

The Las Vegas Valley office market reported its worst year on record, posting record-high vacancies, net move-outs and price declines in 2009. Net absorption, or the change in the amount of occupied space between periods, remained negative for the fifth consecutive quarter. At the end of the fourth quarter, there were 38.1 million occupied square feet, the lowest level reported since the first quarter of 2007.

The office market expanded to 49.5 million square feet by the close of 2009 as one build-to-suit project (48,000 square feet) completed construction during the fourth quarter. New supply during 2009 totaled nearly 1.0 million square feet, which was roughly one-third of the 2.8 million square feet of additional supply reported in 2008.

Positive net absorption associated with the pre-leased medical office building that came on-line during the fourth quarter was offset by space vacated in existing buildings. The fourth quarter witnessed 163,700 square feet of negative net absorption, bringing the annual amount of net absorption for 2009 to -1.9 million square feet. Since Applied Analysis began tracking the commercial office market in the early 1990s, this past year represented the only one in which annual net absorption was consistently negative for a calendar year.

Continued contraction in demand for office space increased the vacancy rate to 23.0 percent by the end of 2009, up from 22.6 percent in the previous quarter (Q3 2009) and up significantly from the 17.6 percent reported one year ago (Q4 2008). Excluding owner-occupied properties, vacancy rates in speculative buildings rose to 25.2 percent by year end, which represented an increase from 24.8 percent during the third quarter of 2009 and 19.1 percent one year ago.

Reno-Sparks

We finished the last quarter with slight negative net absorption, -2,208 square feet. This is for all intents and purposes a rounding error and indicates the market has been flat for the last three quarters. In each of the last three quarters the net absorption as been 3,731, 2,614, and -2,208 on a total market of 6.77 million square feet. However, we did finish the year with a total negative net absorption of 115,187 square feet. Ninety eight percent of the negative net absorption came in the first quarter.

The vacancy rate came off its high of 21.2% to finish slightly better at 21.1%. The vacancy rate has been relatively stable since the first quarter. This makes sense since there has been no new construction since first quarter and net absorption has been flat.

We continue to see tenants moving around in the market. There appear to be two dominant themes. One, tenants are moving laterally to get better lease terms and increase their operating margins. Two, tenants are upgrading to nicer buildings for equal or less rent than their current building. As mentioned last quarter, this leaves the class C buildings holding the bag.

Most of the activity has been in either the South Reno Corridor or in Meadowood. Clearly the best lease rates are in the South Reno Corridor, where the yearend vacancy rate is at 27%. Meadowood has fared much better with a yearend vacancy of 16.2%. Downtown finished the year with a vacancy rate of 22.4%. All of these vacancy rates are yearend records. Lease rates are still at 12 year lows, but do not appear to still be in free fall. Clearly, the best deals are for sublease space, but many of these deals will go away this year as the master leases terminate. Rates will not see much upward pressure this year.

It is still a great time for tenants that have leases terminating. For landlords, this will be another difficult year, but there appears to be some light at the end of the tunnel

4th Quarter 2009

OFFICE

TOTAL MARKET	LAS VEGAS	RENO
Total Square feet	49,505,158	12,274,650
Vacant Square Feet	11,406,779	2,313,245
Percent Vacant	23.0%	18.85%
New Construction	48,047	0
Net Absorption	-163,718	-24,747
Average Lease SF/MO (NNN)	\$2.23	\$1.52
Under Construction	414,814	0
Planned	3,830,629	0

CLASS A	LAS VEGAS	RENO
Total Square Feet	9,633,576	3,463,891
Vacant Square Feet	2,426,335	718,233
Percent Vacant	25.2%	20.7%
New Construction	0	0
Net Absorption	(21,914)	2,485
Average Lease SF/MO (NNN)	\$2.70	\$1.52
Under Construction	200,000	0
Planned	1,241,052	0

CLASS B	LAS VEGAS	RENO
Total Square Feet	35,931,227	5,169,290
Vacant Square Feet	8,394,232	1,147,515
Percent Vacant	23.4%	22.2%
New Construction	48,047	0
Net Absorption	(101,360)	4,265
Average Lease SF/MO (NNN)	\$2.12	\$1.32
Under Construction	214,814	0
Planned	2,589,577	0

CLASS C	LAS VEGAS	RENO
Total Square Feet	3,940,355	1,171,968
Vacant Square Feet	586,212	241,761
Percent Vacant	14.9%	20.6%
New Construction	0	0
Net Absorption	(40,444)	-31,497
Average Lease SF/MO (NNN)	\$1.75	\$1.19
Under Construction	0	0
Planned	0	0

MEDICAL OFFICE	LAS VEGAS	RENO
Total Square Feet	N/A	2,469,501
Vacant Square Feet	N/A	205,736
Percent Vacant	N/A	8.3%
New Construction	N/A	0
Net Absorption	N/A	0
Average Lease SF/MO (NNN)	N/A	\$1.53
Under Construction	N/A	0
Planned	N/A	0

Next Month: RETAIL

ABBREVIATION KEY

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

Southern Nevada Analysis and statistics compiled by Applied Analysis, Northern Nevada Analysis and statistics compiled by Colliers International Reno

The US economy exploded with new growth in the fourth quarter of 2009 as GDP growth soared to a 5.7% annualized growth rate. In the 3rd quarter, real GDP advanced at an annual rate of 2.2%. GDP, a measure of the total value of all final production in the US, is composed of investment by firms and individuals, consumption by households, government spending, and exports less imports. The primary driver of the fourth quarter results was investment by private firms. Personal consumption expenditures and exports also contributed positively to the expansion. Growth in private investment expenditures is a sign that some firms may be hiring in the near future. Nevertheless, most economists agree that this level of growth is not sustainable and we are likely to see more moderated growth in 2010.

The Nevada economy has yet to enjoy any part of the US recovery. Unemployment remains high, reaching 12.8% in November. This translates into annual job losses akin to 6.5%. The fiscal situation continues to be dire; taxable sales are down nearly 11% year over year. Although recent advances in gaming revenue offer a tiny bright spot on the horizon, the modest growth has taken place after double-digit declines so that total gaming revenue collections are well below the peak of 2007. This points to continued fiscal stress for the Nevada economy.

The poor economic condition of the state is mirrored in the Southern Nevada economy. The unemployment rate rose to 13.1%. Still, it is important to note that the unemployment rate only counts the number of people actively seeking work. Underemployed people-working in part time jobs-and discouraged workers who have left the labor force are not counted in the official unemployment rate. When underemployed and discouraged workers are added, the unemployment rate for the state of Nevada climbs to 19.2%.

Many Nevadans are asking: when will Nevada and Clark County begin to recover? Predictions are that Nevada will see some employment growth by the end of the year. However, the new growth will follow two years of dramatic decline, so general economic activity will be well below the 2007 peak for quite some time. It is likely to be five or more years before we see any boost in residential and commercial construction, and we are very unlikely to ever see an expansion like that from 1994-2007 again. Just as the construction phase of many major projects involves far more jobs than the operations and maintenance phase, the number of jobs required to keep the Southern Nevada economy going without substantial growth will be lower than in the boom years.

Mary Riddel, PhD
UNLV Center for Business and Economic Research

	DATE	UNITS	DATA			GROWTH		COMMENTS
			LATEST	PREVIOUS	YEAR AGO	RECENT	YEAR AGO	
Nevada								
Employment	2009M12	000 employees	1,160.9	1,173.4	1,241.6	-1.1%	-6.5%	Weak
Unemployment Rate	2009M12	%, NSA	12.8	11.8	8.7	8.5%	47.1%	Increasing
Taxable Sales	2009M11	\$billion	3.017	3.069	3.385	-1.7%	-10.9%	Down
Gaming Revenue	2009M11	\$million	873.18	800.35	836.82	9.1%	4.3%	Up
Passengers	2009M12	passengers	3,436	3,566	3,517	-3.6%	-2.3%	Down
Gasoline Sales	2009M11	million gallons	85.41	93.07	85.55	-8.2%	-0.2%	Down
Visitor Volume	2009M11	million visitors	3.638	4.011	3.621	-9.3%	0.5%	Flat Year Ago
Clark County								
Employment	2009M12	000 employees	833.0	842.8	899.7	-1.2%	-7.4%	Very Weak
Unemployment Rate	2009M12	%, NSA	13.1	12.1	8.7	8.3%	50.6%	Increasing
Taxable Sales	2009M11	\$billion	2.258	2.249	2.528	0.4%	-10.7%	Flat Recent
Gaming Revenue	2009M11	\$million	750.80	673.40	702.59	11.5%	6.9%	Up
Residential Permits	2009M12	units permitted	380	299	470	27.1%	-19.1%	Little Activity
Commercial Permits	2009M12	permits	16	20	23	-20.0%	-30.4%	Little Activity
Passengers	2009M12	million persons	3.097	3.235	3.164	-4.2%	-2.1%	Down
Gasoline Sales	2009M11	million gallons	58.99	62.91	59.57	-6.2%	-1.0%	Down
Visitor Volume	2009M11	million visitors	3.157	3.449	3.132	-8.5%	0.8%	Flat Year Ago
Washoe County								
Employment *	2009M12	000 employees	196.3	197.9	209.6	-0.8%	-6.3%	Weak
Unemployment Rate *	2009M12	%, NSA	12.7	11.4	8.8	11.4%	44.3%	Increasing
Taxable Sales	2009M11	\$billion	0.399	0.429	0.458	-7.0%	-13.0%	Continued Declines
Gaming Revenue	2009M11	\$million	65.34	67.21	68.23	-2.8%	-4.2%	Down
Residential Permits	2009M12	units permitted	72	30	34	140.0%	111.8%	Up
Commercial Permits	2009M12	permits	6	8	4	-25.0%	50.0%	Little Activity
Passengers	2009M12	million persons	0.294	0.268	0.310	9.8%	-5.0%	Up Recent
Gasoline Sales	2009M11	million gallons	13.63	14.95	13.57	-8.8%	0.4%	Down Recent
Visitor Volume	2009M11	million visitors	0.307	0.370	0.316	-17.0%	-2.9%	Down
United States								
Employment	2009M12	million, SA	130.910	130.995	135.074	-0.1%	-3.1%	Weak
Unemployment Rate	2009M12	%, SA	10.0	10.0	7.2	0.0%	38.9%	Flat Recent
Consumer Price Index	2009M12	82-84=100, NSA	215.9	216.3	210.2	-0.2%	2.7%	Steady
Core CPI	2009M12	82-84=100, NSA	220.0	220.4	216.1	-0.2%	1.8%	Steady
Employment Cost Index	2009Q4	89.06=100, SA	111.0	110.5	109.6	0.5%	1.3%	Modest Drag
Productivity Index	2009Q3	92=100, SA	149.7	146.6	143.9	2.1%	4.0%	Nice Gains
Retail Sales Growth	2009M12	\$billion, SA	352.985	353.951	336.438	-0.3%	4.9%	Flat Recent
Auto and Truck Sales	2010M01	million, SA	10.76	11.20	9.59	-4.0%	12.2%	Up Year Ago
Housing Starts	2009M12	million, SA	0.557	0.580	0.556	-4.0%	0.2%	Weak
GDP Growth	2009Q4	2000\$billion, SAAR	13,155.0	12,973.0	13,141.9	5.7%	0.4%	Up
U.S. Dollar	2010M01	97.01=100	102.135	101.754	109.100	0.4%	-6.4%	Weak
Trade Balance	2009M11	\$billion, SA	-36.402	-33.189	-43.247	9.7%	-15.8%	Up Recent
S&P 500	2010M01	monthly close	1,073.87	1,115.10	825.88	-3.7%	30.0%	Down Recent
Real Short-Term Rates	2009M12	%, NSA	0.23	-0.02	1.06	-1250.0%	-78.3%	Remains Low
Treasury Yield Spread	2009M12	%, NSA	3.54	3.35	2.39	5.7%	48.1%	Expansionary

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

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

What is the one thing your company cannot do without?

“Our company cannot do without quality right-fit clients who see us as a vital partner in helping them grow their business and not just a vendor. Clients are, and will always be, the lifeblood of our business and the reason we are passionate about positioning people and their companies to grow and succeed!”



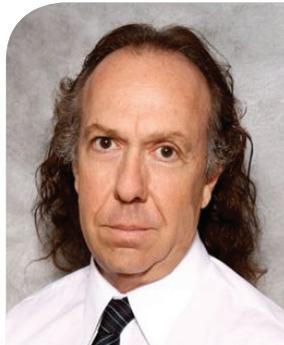
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John Bailey · Managing Partner, Bailey Kennedy, Attorneys at Law

“Clients!”

“While it would make operations very slow and tedious, I could do without computers, fancy offices, banks, cell phones, credit cards, copy machines, multiple listing services, document shredding services, voice mail, overnight mail, teleconferencing, networking and many other business tools...however, I could never do without my employees.”



Allon Adar-Burla · Co-Owner/Managing Broker, United AMS Realty & Property Management



Andrew J. Urban, Jr. · Attorney and Owner, Nevada Virtual Law Office

“Technology that enables me to operate virtually. Formerly, a law practice required a physical office. Now, technology allows me to have a secure Internet operation, and a smart phone lets me respond to messages instantly. My practice is at once more individualized and more affordable for the average person.”

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