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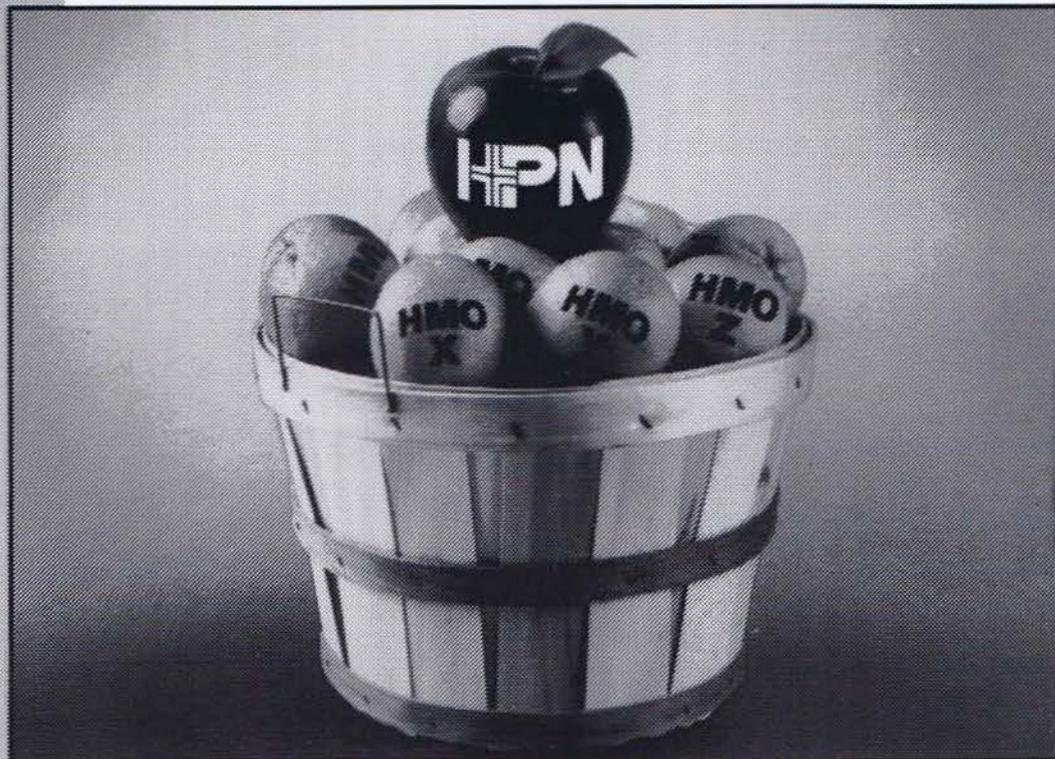
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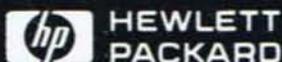
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Cashman Cadillac's streamlined working environment by Scaggiari's Interiors by Design. (See article on page 8.)

photo by Michael E. Meagher

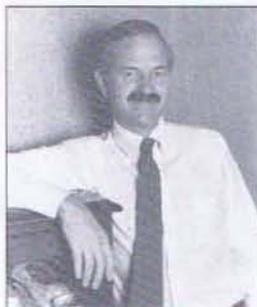
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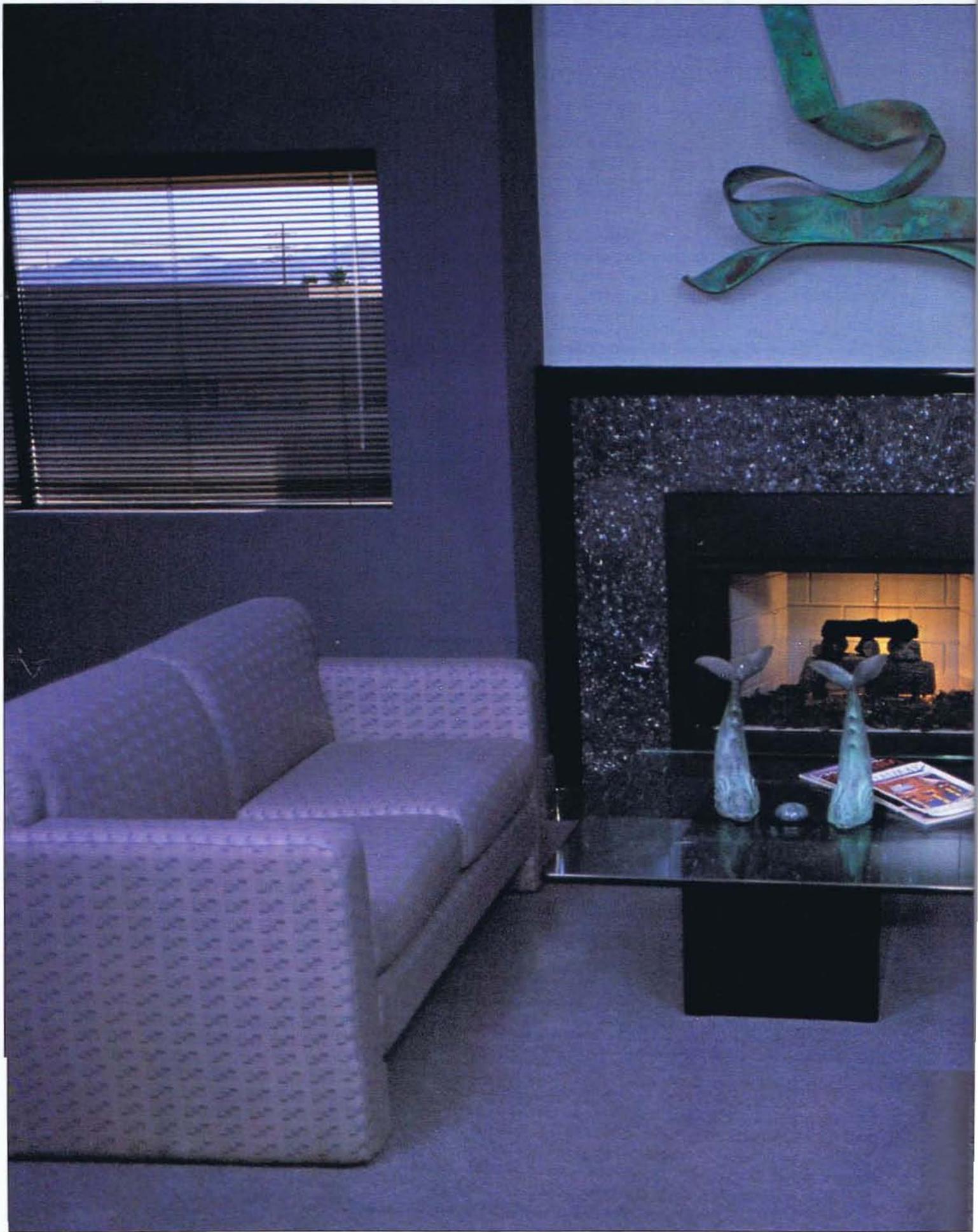
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Office Design

by David Hofstede

Photography by Michael E. Meagher

“Office appearance is becoming very important in Las Vegas,” says Gwen Scaggiari, design director for Scaggiari’s Interiors by Design. “In the past, we had a small community where the local corporations were like a monopoly. Now they’re having to compete with firms that are very sophisticated, and image is more important to them. I’m seeing them spend a lot more money on what, in the past, was a very minor expenditure.”



Formerly the manager of Goodmans Design Interiors’ Las Vegas branch, Scaggiari, a member of the International Society of Interior Designers, left to open her own business one year ago to diversify, and take advantage of this growing market. Thus far, she and her four member staff have already worked on 500 projects, from restaurants to custom homes, but their bread and butter has remained in the office.

Above: Black lacquer and cool tones are carried throughout the offices of Tobin Development.

Left: Pleasant, home-like surroundings in John Tobin’s office are a step away from the traditional office decor.



"Las Vegas is an excellent area for this type of business. Because of its tremendous growth and other factors (such as tax breaks) we're getting bigger-name clients and bigger square footages (800 to 17,000), so we can do a lot more with the interiors," Scaggiari said. "The landlords are being enticed to spend more money and they're doing it. For an interior person that's wonderful."

Scaggiari also credits the First Interstate Bank Tower with inspiring companies to re-evaluate their appearance. "There weren't many choices in buildings before that — the Valley Bank building was the only high-end office space available. Now with FIB there's more space, and more people are interested in

moving. And when they do move into a space like that, they are compelled to provide a 'fancier' environment for their people."

This movement has trickled down to many long-standing Las Vegas businesses, who must now keep pace with the new kids on the block. "We just did a facelift on the office of a big insurance company in town, and the difference is like night and day," Scaggiari said. "but then they were the only company of that size in town for a long time, and now there's more competition."

How are these improvements taking shape? "When I first moved here nine years ago, the city wasn't keeping up with the trends. There weren't enough suppliers here to find the most

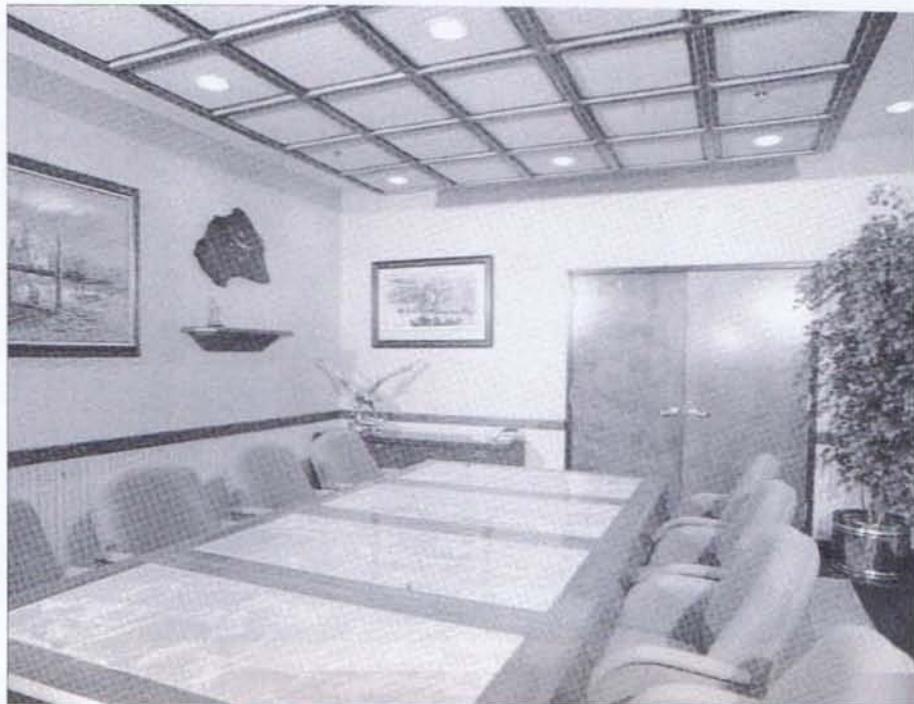
current fabrics. We had to go to Los Angeles for the finishes of several projects, and even when we brought the materials back with us, Las Vegas wasn't ready for them. So we were always a little behind."

But now that has changed, partly because the current trend is homegrown. "Las Vegas, although southwestern in locale, has never really used the southwest colors until recently. Now that they're becoming popular nationally they're becoming popular for us." She believes the colors are good for Nevada because "they blend in with the natural environment."

Scaggiari has also found that companies are getting away from a concern over square footage. "Whereas before it was 'let's see how

Above: Tobin Development's conference room continues their black lacquer theme.

Left: The conference room of the accounting firm of Stewart, Archibald and Barney maintains warm cherry woods, marble and southwest colors.



many people we can get in here as cheaply as possible,' we're seeing a lot more private office build-outs, and a lot more overall square footage devoted to office space." This can be attributed to the strength of the Las Vegas market, according to Scaggiari. "The landlords here are giving more, and the tenants are buying more expensive items and equipment.

The primary concern right now is function and flexibility. "Businesses are concerned about future growth. More companies are receiving five-year leases instead of three. I seldom get a plan in which they have occupying space and don't have extra square footage built in. They'd rather pay for future expansion now and not worry about moving later."

Because of that, they're also concerned with the flexibility of the space. "They know they'll be growing, but they're not sure if they'll be growing in the same way. Most companies are leaving it open so if they have a new or a changed function they'll be able to stay in the same space," Scaggiari said.

The type of business will also have an effect on what sort of design is recommended. "We used a custom-colored dark burgundy carpet at Cashman Cadillac, because cars show better on it, and blended the rest of the decor (modified Southwest colors) with that.

"Initially," she recalls, "their west-side facility was to be temporary space until they found out what the market was, so we did it all in modular panel systems. At first they were concerned about privacy, but now they all want to move to that facility."

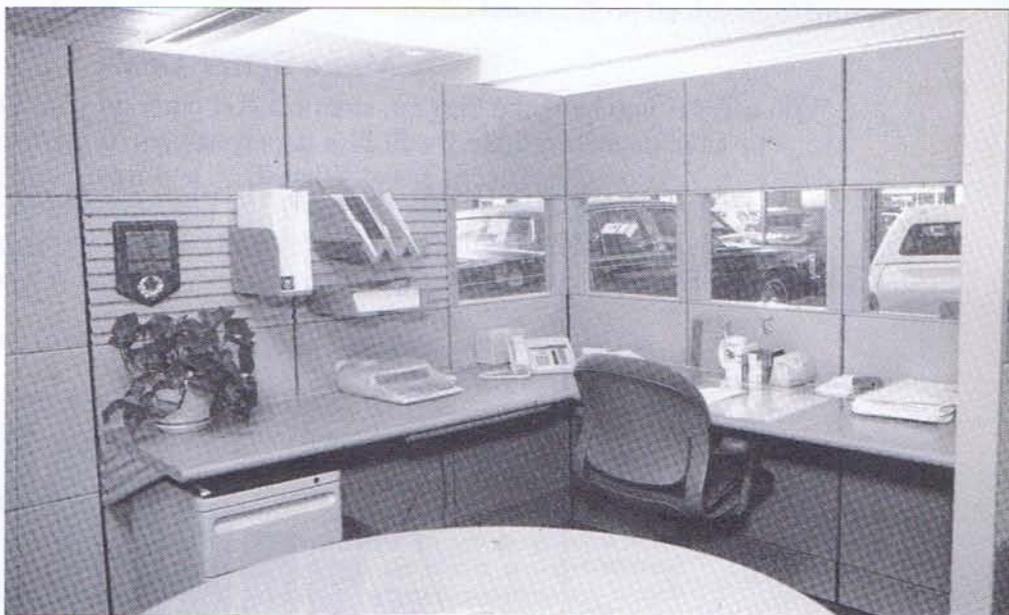
In many of today's commercial applications, fabrics must not only enhance the decor but also serve in a utilitarian capacity. "We're doing a restaurant right now and have to be very careful with color, not only for aesthetics but so we don't clash with food colors," Scaggiari said. "We also have to consider the type of fabric on the seats. This restaurant uses a lot of sauces, so we have to worry about spillage. You can't just make everything vinyl and washable, the way it used to be. With the right color combinations, you can minimize these problems."

Most of Scaggiari's clients have some conception of what they want for their work space, but "the interesting thing is they're more involved with colors and finishes than space planning, which is more critical to an office." Her favorite type of job is the one where she can start with an empty shell. "As designers we like to build-out all the interior, do the space planning, lay out the walls and electrical and so forth. The exciting ones are the ones where we get to do all the finishing as well — those have the most impact."

For John Tobin of Tobin Development, Scaggiari designer Joanna Sousa e'Faro cre-

ated a suite "that was unique at the time, but not so much now," in which "you walk into a deco-style lobby in purples and black lacquers, and straight back into a huge conference room that is also his office." The suite, in which a wet bar, desk area and private bathroom are combined into one room, is of a style that is becoming more popular now, particularly with smaller firms.

The accounting firm of Stewart, Archibald and Barney "had some peculiar shapes we had to deal with," Scaggiari said. "We did the office in cherry woods, with some southwest



teals, green and peach colors. We used cabinets to match the peculiar shape, and made a conference table in cherry wood with marble inset that came apart in four pieces, so it can be used for banquet style if they want to lend the room out."

In the future, Scaggiari expects new technology to remain influential in office design. "It's such a hard thing to predict and is one reason why some companies are scared to do anything too detailed with their equipment. You don't want to do a lot of elaborate work unless you're absolutely sure of what your business is going to be tomorrow. I'm not saying that modular furniture is the answer to everything, but it can save a lot of headaches."

But if you're certain, a polished appearance can make all the difference. "People love to see finished interiors, right down to the artwork, so that walking in the front door is enjoyable," Scaggiari said. "You don't have to spend lots of money to do that, but you have to realize that it's important." ■

Top: Cherry wood cabinetry built to match an unusual office layout helped to solve design problems at Stewart, Archibald and Barney.

Above: Cashman Cadillac's modular panel systems demonstrate the design industry's answer to the need for efficiency and flexibility.

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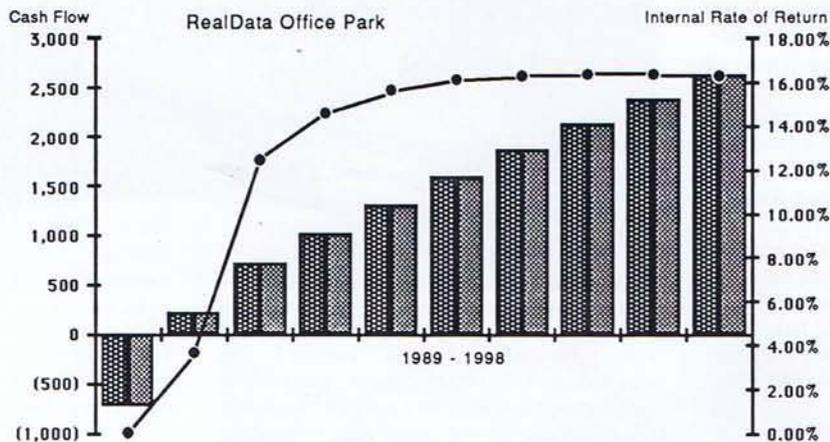
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Energy Retrofits Will Help Fuel Nevada Business Growth

by Tom Polikalas

A new gold rush is about to start in Nevada, or rather a rush to take advantage of golden opportunities in energy and energy management ...

“**T**he bottom line is that retrofitting a building's energy-using systems — lighting, heating, cooling, ventilation, etc — with state-of-the-art technologies can cut energy costs by up to 30 percent percent,” says Dean Rasmussen, chief engineer of the Golden Nugget Casino. “There aren't many businesses who can afford to ignore the tremendous savings potential now available to them.”

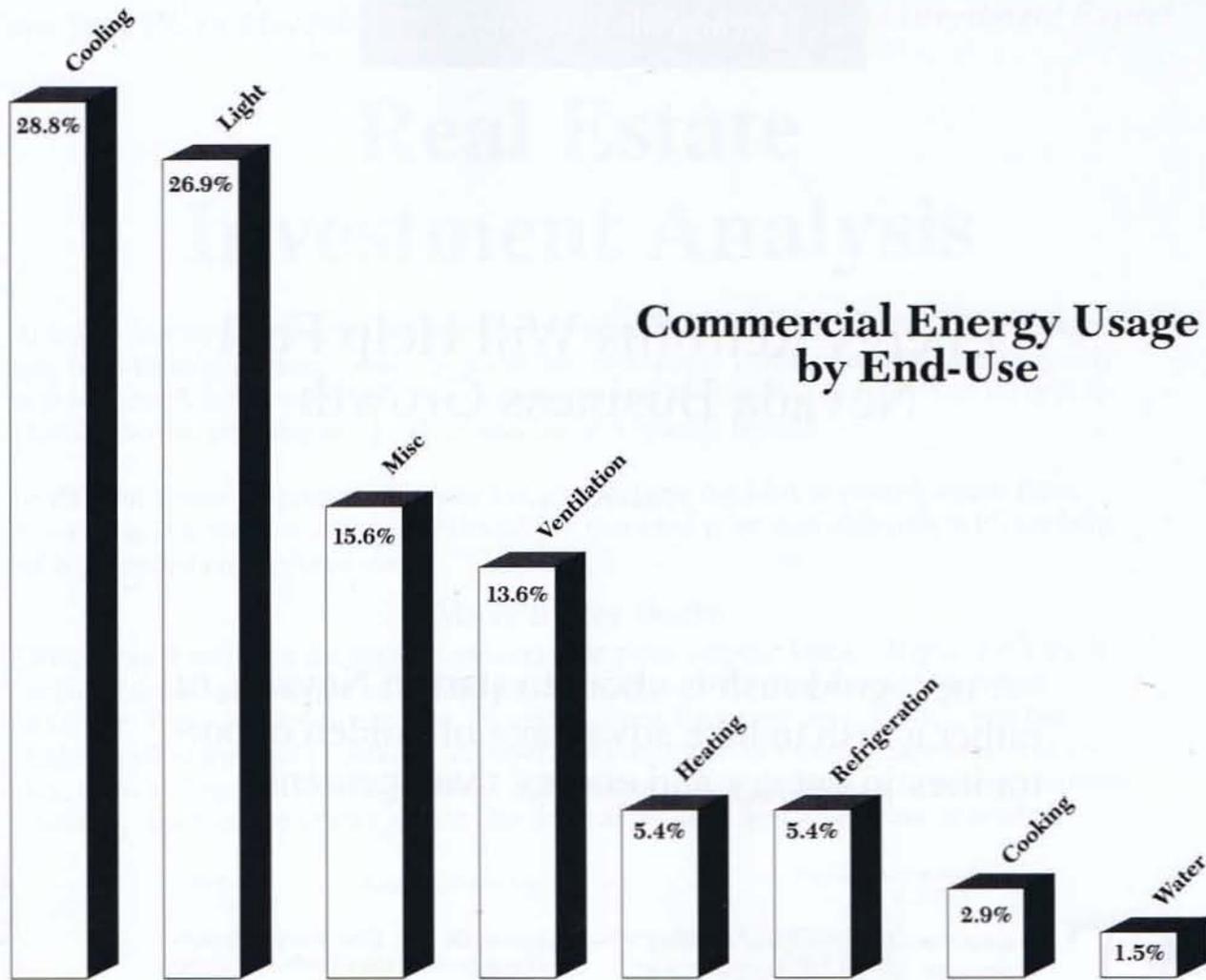
In addition to his responsibilities at the Golden Nugget and busy schedule readying the Mirage for its December opening, Rasmussen also serves on the advisory council of the Energy Management Institute of Nevada, the recently established affiliate of the National Energy Management Institute (NEMI). NEMI is a nationwide, non-profit organization which provides building owners and managers a comprehensive energy management program. NEMI's network of engineers, certified contractors and skilled technicians, along with a unique program of financial services and warranty protections, has helped make schools, hospitals and commercial buildings across the county more comfortable — at much lower cost.

Launched as a joint venture by management and labor organizations involved in the sheet metal and air-conditioning industries in 1981, NEMI now has state and regional offices

throughout the U.S. (The Energy Management Institute of Nevada is the newest member of the highly successful NEMI team.) NEMI's mission is fourfold: 1) offering a sophisticated, unbiased analysis of retrofit potential; 2) coordinating the private resources necessary for the completion of a cost-effective retrofit; 3) maintaining strict quality controls to insure projected savings are achieved; 4) monitoring a facility's performance following a retrofit to correct any problems that might arise. The State of Nevada has recognized the importance of NEMI's efforts and has provided significant financial assistance for educational workshops and program development.

Several Southern Nevadans join Rasmussen on the Energy Management Institute of Nevada's advisory board: Ken Land, president of LabTech; Abe Pallan, of Southwest Gas Company; Dan Bunch from the Western Area Power Administration's Boulder City office; James Milicevic, director of plant operations of the Humana Sunrise Hospital; and Joanne Compton, energy conservation and load management supervisor of Nevada Power Company.

The Northern Nevadans on the advisory board are Duane Telecky, Washoe Medical Center's director of plant operations; Paul Bony of Sierra Pacific Power Company; Fred



Schmidt, the Attorney General's consumer advocate; David Peel of the Sheet Metal Workers Local 26; Paul Just with the Scott Company; Allen Giesbrecht of Peterson and Associates; Sheldon Gordon, an engineer with Kennedy/Jenks/Chilton; and Curtis Framel, manager of the State of Nevada's Energy Extension Service.

"Owners, operators and managers of a variety of facilities ought to become thoroughly acquainted with NEMI's services," says Ken Land. "Energy cost savings could help a business boost sales or help finance expansion. Ask somebody in an advertising or marketing department what he or she could do with a budget increase equivalent to 30 percent of what the business spends on energy."

In addition to making businesses more profitable, energy management benefits non-profits as well. Churches, schools and other public buildings are spending money on energy that they could use to meet the needs of the people they serve. Taking advantage of NEMI will, therefore, benefit the entire community.

Rich veins of golden opportunity have already been developed, according to James

Milicevic: "Upgrading our boilers at Humana Sunrise Hospital cut fuel expenses from \$522,000 to \$264,000 per year. A \$20,000 piping retrofit saves \$4,300 per year. Other improvements were paid back in 18 months. We are looking forward to even greater savings."

How are savings of 30 percent or more on energy costs possible?

"We're seeing a virtual technological revolution in energy-using products," says Curtis Framel. "Early television sets used many times the energy contemporary models do. Computations which once took a roomful of vacuum tubes drawing huge amounts of power can now be performed by a PC. More efficient lights, air-conditioning systems and so forth give us the same services we're accustomed to, but don't require the same energy input."

The specific improvements are numerous, though rather esoteric. Advances in solid-state electronics, for example, have spurred the development of the electronic "Adjustable Speed Drive" (ASD). Instead of the constant, inefficient speed of their predecessors, ASD's

can vary according to the changing needs of the particular job at hand. This makes motors — such as those used in the fans which circulate cool air and keep buildings comfortable — much more efficient. The energy savings made possible by ASD's alone are impressive. Sierra Pacific Power Company (SPPCo) installed an ASD on a gas-fired boiler feed pump at its Fort Churchill station in Yerington. Paul Bony of SPPCo says, "This has saved us approximately \$2 million a year in energy, operating and maintenance costs. We are continuing to explore additional ways to become even more efficient."

Other buzz-words in the industry are reminiscent of NASA or Department of Defense projects. High-efficiency lighting utilizes "miniaturized high-frequency electronic ballasts," "folded tubes with tristimulus phosphors," and "electrochromic windows." A total energy management program might implement "automated energy-control systems," "heat recovery," "variable air volume" fans, "air economizers," "thermal storage," "occupancy sensor controls," or a combination deemed optimal for a particular building.

What Kind of Projects Has NEMI Been Involved In?

- One Hallidie Plaza, an eight-story office building in San Francisco, achieved \$39,000 a year savings, paying back the \$155,000 project cost in less than four years.
- The Wiggins school district in Colorado now saves \$36,000 annually because of a \$160,000 retrofit, paying back the investment in about four and one-half years.
- The United Unions building in Washington, D.C. has lowered its energy bill by more than \$160,000 per year, a success story which appears in the July issue of *Skylines*, the publication of the building's owners and managers association.

Financing a Retrofit

How can a project be financed when an available capital is limited? The accuracy of NEMI's technical analysis of energy use enables NEMI to guarantee that the savings projected will be realized. An energy cost savings warranty assures building owners that savings on utility bills will pay for the cost of the retrofit project. Private lending institutions have accepted NEMI warranties as collateral, thus, in many cases, it's possible to pay for upgrading a property simply through "cost avoidance," i.e., the energy cost savings, which translates into no out-of-pocket expense or down payment for the building owner.

Why Else is NEMI's Assistance Advantageous to Those Already Considering a Retrofit?

In the late '70s, the Lawrence Berkeley Laboratory surveyed experienced architects and engineers, asking them to estimate the energy savings achievable by retrofitting existing buildings. Their responses indicated that reductions of 25 percent were possible by 1990 and an additional 25 percent plausible by the year 2000.

Unfortunately, not all retrofits initiated achieved their promise. A project involving ten elementary school districts was termed "discouraging" by the Berkeley researchers. Two significant reasons cited for this failure were "contractors who frequently misunderstood what was needed, and thus installed the wrong hardware or showed poor workmanship" and "contractors without the advice and supervision of a qualified engineering firm."

NEMI solves these problems by functioning as the quality-control supervisor. Contractors participating in the NEMI energy management program are trained and certified as "Energy Management Services Contractors" required to comply with a stringent set of

standards that ensure that a NEMI managed retrofit achieves projected energy cost savings.

An intensive training program certifies workers as "Energy Management Technicians." Bill Brooks, the local sheet metal industry's business manager, is coordinating the establishment of the Energy Management Technician (EMT) Training Center in Las Vegas along with NEMI, and is enthusiastic about its establishment. "The EMT Center will develop a superior caliber of skills that matches the level of the technologies the workers will be installing," says Brooks.

NEMI also provides additional technical services such as a computerized program which monitors the performance of the retrofit. Monthly reports are provided to the client, the lender and the contractor.

Does NEMI Take the Place of a Facility's Existing Energy Managers?

NEMI's role is to assist, not replace the highly qualified engineers and facility managers of Las Vegas. Dean Rasmussen explains, "It's unrealistic to expect every engineer in every operation to be aware of every opportunity for improving and saving money — the industry is progressing too rapidly. It makes more sense for an organization like NEMI to stay on the cutting edge of what's happening, and then let us know in a workshop, rather than

for all of us to be involved in the research and product comparisons ourselves. There's just too much going on with day-to-day operations to do what specialists and consultants can do."

NEMI's total package of services — warranties and assistance in arranging financing — can also help the people in charge of plant operations persuade owners and managers that improvements in their buildings are profitable, sound investments. Coordinating all aspects of energy management is what makes NEMI unique.

NEMI, Nevada's Utilities and Economic Development

In a study on the economic diversification and development potential of the Las Vegas metropolitan area, Ross Boyle of the Growth Strategies Organization in Reston, Virginia cites the price of Nevada Power's electricity as being one of the key factors which could attract manufacturers to Las Vegas.

"The cost of electrical energy in the (Las Vegas) area is about 15 to 20 percent below the national average, lower than that of metro areas in all nearby states, and close to 40 percent lower than those of Southern California. By any standard, the cost of energy is a major locational advantage in attracting manufacturing and producer services business investment to the Las Vegas area."



Paul Bony, supervisor of energy services for Sierra Pacific Power Company, right, presents a \$10,000 check to Dave Peel of the Nevada Field Office of the National Energy Management Institute (NEMI). The grant from Sierra Pacific Power will help underwrite several residential energy efficiency seminars to be held this fall in conjunction with NEMI and the Nevada Energy Office, Governor's Office of Community Services.



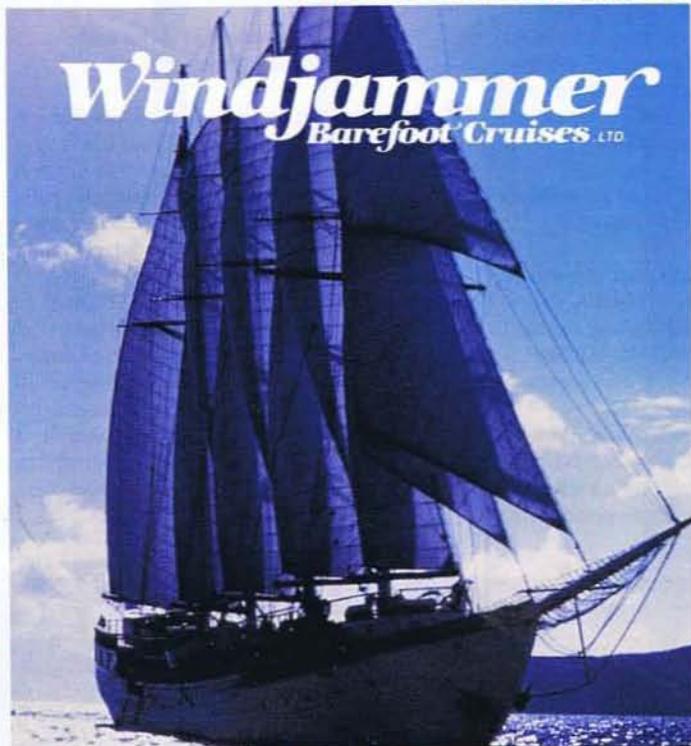
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by Michael E. Meagher

An interesting aspect of energy efficiency in Nevada is that its utilities are involved. Rebates offered for the purchase of high-efficiency lights, motors and air-conditioning provide an additional incentive for retrofits.

"A lot of people would be surprised by how involved Nevada Power is in promoting energy efficiency," says Joanne Compton of Nevada Power. "Efficient air-conditioning not only saves our customers money, but it places less demand on our peak electrical power needs. This enables us to defer construction of expensive peaking generators that only operate a few months a year, or avoid the purchase of expensive power from other utilities to meet peak demands."

Eric Schlacks, a mechanical engineer who assists Compton in Energy Services, relates this corporate objective to other important goals: "Efficiency not only keeps us competitive, it's also beneficial to the environment and works to avoid future energy crises. On top of that, it helps to keep my own power bill low."

NEMI and Nevada's Future

Over the next decade, NEMI expects to play a key role in helping Nevada's building owners implement projects which will be repaid in a three- to five-year period of time. From there on, the savings on energy bills will be a source of growth for each business which takes advantage of energy management, and for the Nevada economy as a whole.

So who loses? "About the only people I can see not benefitting from NEMI are those who don't take advantage of its services and maybe OPEC oil ministers," says Ken Land.

NEMI's entry into Nevada has made our future brighter, even though we'll need less energy to enjoy it. ♦

Tom Polikalas is a master's candidate in Economics and is the Energy Management Institute of Nevada's Southern Nevada Program Consultant

Editor's Note: NEMI's Energy Management Institute of Nevada, along with cosponsors Sierra Pacific Power Company, Nevada Power Company, Southwest Gas and the State of Nevada's Office of Community Services will present a seminar titled *Efficient Buildings/Healthy Buildings*, on November 2 at the Golden Nugget Casino in Las Vegas (8:30 a.m.-4:00 p.m.) In addition to describing in more detail the programs of this article, the seminar will also explain how retrofits can help us not only breathe easier about energy costs, but also indoor air quality.

The cost of the workshop is \$35 which includes a continental breakfast, lunch and materials. For more information call 645-4286.

The Quiet Partnership that Makes "Cents"

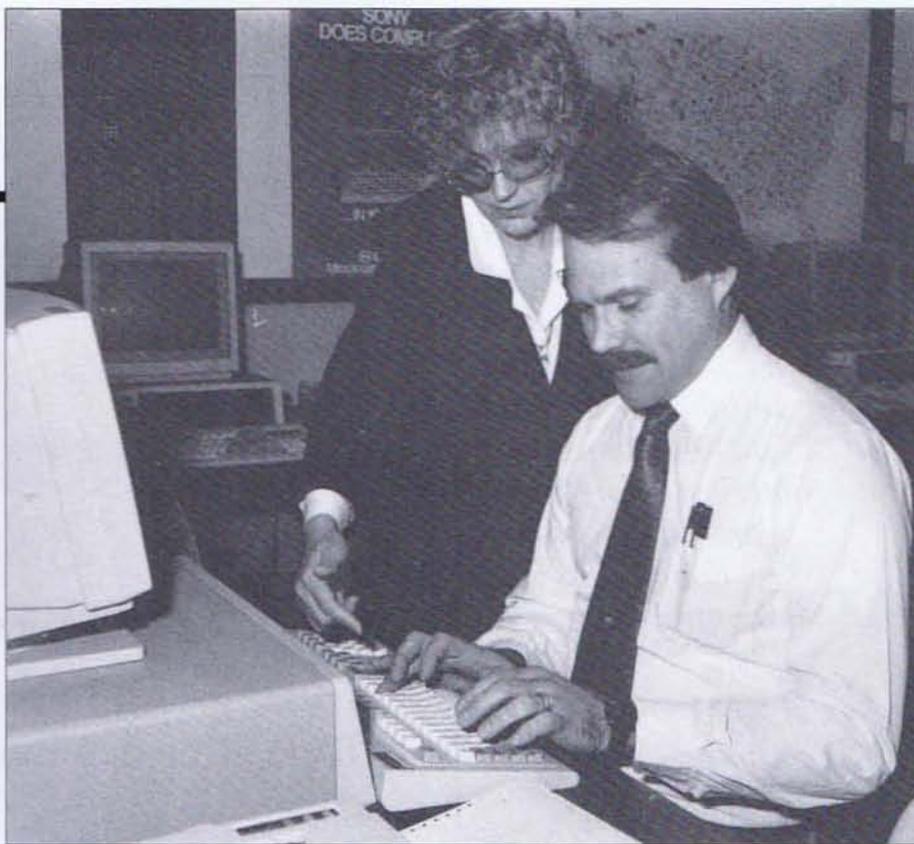
by Dee L. Schafer

Descriptions of the rapid growth in Southern Nevada are seen and heard almost daily in the news media. The state ranks high in the nation with population increases, building permits and new business starts. We're in the midst of enormous growth and, if managed properly, we'll all benefit and prosper. At the same time, the economic development agencies continue their diversification endeavors and a little known partnership between business and education has been building quietly and making a major contribution to the productivity and skill development of the work force in Southern Nevada.

Progressive administrators at Clark County Community College in North Las Vegas recognized the need for non-traditional, non-academic training and education and established the Center for Business and Industry Training five years ago. The Center demonstrates the college's commitment to economic and human resource development in Southern Nevada. Its mission is to meet the training and education needs of area business, industry, governmental, and not-for-profit agencies through flexible, high quality and economical programs of wide variety. The Center's services have been utilized by new and existing businesses and they are available as well to companies relocating to the area.

Since its inception, the Center has vastly exceeded its annual goals in the number of programs offered and the number of businesses and individuals served. Its growth has paralleled that of Southern Nevada. In fiscal year 1988, over 109 programs were delivered and 494 businesses were served, an increase of nearly 200 percent above the previous year in both categories.

The type of training requested has run the gamut: everything from business management, computer skills, office skills, communication, personal and professional develop-



One of the many benefits of the Center for Business and Industry Training is its small hands-on computer classes. Pictured are Jeff Nicholl and instructor Darlene Hite.

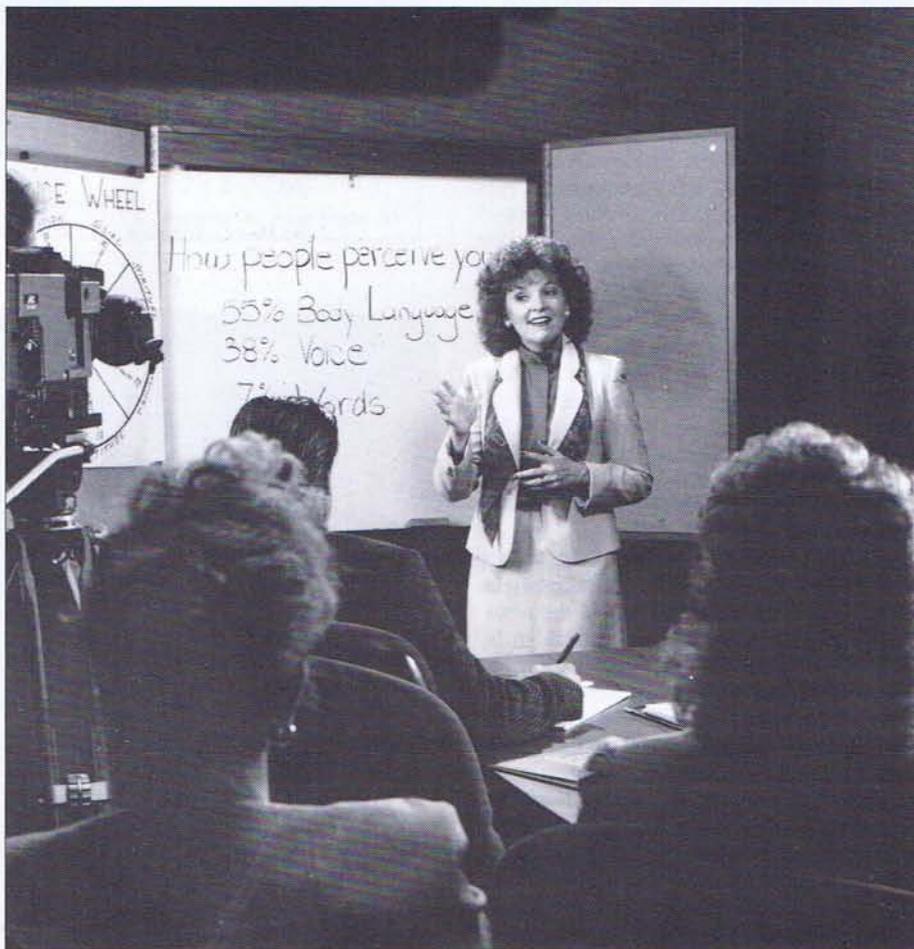
ment to a wide variety of occupational skills. The staff at the Center has met these needs and more. There are a few limitations to what the Center can provide but, thus far, those haven't been barriers to requested training.

The success of the Center's programs can be summed up in two words — customization and quality. Course content is designed to meet the specific needs of a business, industry or profession. The length of the training is based on what the trainees need. The scheduling, format and location are all arranged for the convenience of the business and its employees. Many of the classes are conducted at the client's site, some at the college in North Las Vegas and still others at various locations throughout the community that are convenient

for participants. The quality of the programs comes from the fact that the Center draws on the real world resources of the local business community for many of its instructors and from the varied disciplines at Clark County Community College for others. All aspects of the training are customized for the client company or agency.

As Southern Nevada continues to grow, so will the Center. It will continue in the partnership between business and education and continue its quiet role in economic development. Despite the boom atmosphere, prudent business owners and managers recognize the value of well trained employees and many more are expected to avail themselves of the Center's services. ♦

Since 1980, 23 million manufacturing jobs have been replaced by positions in the service sector. Today's emphasis, forecast to continue into the '90s, is customer satisfaction. As a result, more companies are realizing that long-term customer-service skills are crucial to success. According to communications specialist, Donna Hartley, those skills are based upon attitude awareness and include creating a good first impression, handling customer complaints and managing job stress.



Attitude Awareness: The Difference Between Profit and Loss

One of the seminars offered by Donna Hartley and her company, On-Camera Workshops, is entitled *Is Your Attitude Showing?* It highlights the skills needed for successful customer relations and explains how an attitude adjustment can make the difference.

It did for Hartley. "I escaped from a burning Continental DC-10 in 1978," she explains. "The crash did a strange thing, it gave me a new kind of self assurance. I developed new goals based on a positive attitude."

Armed with a B.A. in education, and as a working actress at the time, Hartley decided to specialize in teaching communication skills, focusing on attitude awareness. Today, she travels throughout the United States evaluating customer service issues and continuing to get results for companies like Nissan, Prudential, Harrah's Hotels/Casinos and Harvey's Resort/Casino among others. Pete Lusich, director of games at Harvey's, says of Hartley,

"Her insights translated to new and returning customers for us."

The insights that Hartley imparts are based on the premise that 87 percent of a job depends on attitude while only 13 percent is the result of skill. A positive attitude on the part of an employee, particularly a frontline employee, will promote good initial customer reaction. "Because one customer will tell three other people whether they experienced good or bad service and those three will tell 30 other people, that initial reaction is essential to the success of the company," says Hartley.

That initial reaction — the first impression — is, according to Hartley's statistics, formed within the first three minutes of a meeting.

What is that first impression based on? Hartley's figures indicate the following breakdown: 55 percent on body language or physical signals given; 38 percent on voice including tone, inflection, even pauses; and only seven percent on the actual words spoken.

In terms of body language, Hartley offers dos and don'ts to communicate the right impression to a customer or potential customer: don't sway from side to side — that could indicate that you are untrustworthy; crossed arms pose a barrier few will want to pass; do offer a simple smile and direct eye contact, what Hartley feels are the key ingredients of an effective first impression.

Voice is an area which particularly interested one of Hartley's client firms. Educational Field Studies, Inc. has over 50 employees who deal with educators on a national basis over the telephone. According to President Ron DeCaprio, "Donna Hartley showed us that our voice quality is critical." Hartley suggested that employees tap their phone conversations, then play back the taps while asking themselves questions like: Does your voice have a monotone quality? Do you sound as if you have given the information 100 times before? Do you speak too quickly or too slowly? What is your voice pitch?

Because Educational Field Studies employees had no opportunity to communicate with body language, the words they chose, in addition to their voice quality, took on more relative importance. Hartley emphasized using

impact words, emotional words, to create a visual experience for the customer. DeCaprio reports that Hartley's tips have been well received by customers and employees alike.

The aspects of an effective first impression — body language, voice and word choice — can also be wed to an employee's advantage during confrontations with customers. Hartley points out that "an unresolved customer complaint usually results in one less customer." She feels complaints are easier to handle if you simplify them: "A complaint is made up of facts, frustration and criticism.

"The steps to resolving the situation are to understand the facts, acknowledge the frustration, ignore the criticism and offer a solution." Hardey adds, "There is one final essential step — always thank the customer for bringing the matter to your attention."

Beyond first impressions and confrontations, there is another element which affects the employee's attitude toward the customer: how that employee deals with stress. On the subject of stress management, Hartley relies on familiarity with recent studies as well as personal experience. As a speaker who travels all over the country, she is usually on a stressful schedule. She recommends aerobic exer-

cise at least three times a week. She suggests setting achievable personal and professional goals and establishing a timetable and action plan for those goals. An important aspect of goal-setting, according to Hartley, is visualization — visualizing yourself as you accomplish your goal.

Hartley also stresses a concept she calls "Positive Self-Talk." Pat Conner, branch manager of Job Opportunities in Nevada, says, "Positive self-talk and attitude is a skill necessary for job enjoyment."

"People don't use stress to their advantage," says Hartley. "They sabotage themselves with negative words and thoughts. The key is to change negative to positive. For example," she explains, "Did you jump out of bed this morning and say: 'I can't wait to get to work and start that new project. It's going to be a great day. I feel like a winner.' Or did you say something like this: 'Is it that time already? Work is such a bore. I have so much to do today.' People have the choice to take the stress out of their lives, to be negative or positive in their work and personal relationships. They just need to ask the question, 'Is my attitude showing?' and make sure it's the attitude they want to project." ●

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by Jay Goldinger

Financing Your Child's College Education

Anyone with children knows the cost of college is rising almost as fast as the price of housing and much faster than the rate of inflation. Even today, one third to one half of youngsters attending private and public universities require financial assistance.

Richard Toomey, director of student records and financial services at the Jesuit liberal arts Santa Clara University in the heart of California's Silicon Valley, says parents of a newborn — assuming a six percent rate of inflation — can expect "final four-year cost of \$157,000 by the time their child graduates from that private university."

Toomey suggests a family start socking away \$327 a month in an account earning eight percent and reinvesting the interest so the compounding will build a college fund over eighteen years. If your child is lucky enough to receive a grant, your disciplined savings can be put to work in another investment.

The University of Nevada-Las Vegas has a reasonably priced admission policy. Undergraduates residing in the state pay \$40 per credit while non-residents pay an additional \$1500 per semester surcharge. Still, approximately 45 percent of the 16,320 students enrolled at UNLV receive some sort of financial aid according to Kathy Street, director of student financial services.

Currently, UNLV has \$10 million available to different financial programs. Among them, the Nevada Student Incentive Grant offers cash, 50 percent of which is provided by the federal government and 50 percent by the state. Plus, there are a variety of other federal assistance programs, as well as scholarships based on financial need and academic merit.

UNLV also has a growing amount of scholarship money provided by the Las Vegas community. First Interstate Bank of Nevada, Hilton Hotels and Margaret Elardi, owner of the Frontier Hotel, have been instrumental in

bankrolling scholarship programs for students with demonstrated need. Street says scholarships provide anywhere from one- to four-year cash awards ranging from \$100 per year to \$3,000 per year. Finally, UNLV will help students find work through their job bank program where student can earn from minimum wage up to \$15 per hour.

Parents with youngsters already in school must face some hard realities, Mel Meyer, principal in the Los Angeles CPA firm of Meyer, Benadon, Shapiro, warns that the government has cracked down on many of the ways parents can build tax-advantaged college funds. But some avenues are still open. A parent with income from a real estate partnership can "gift" it to a child, take a write-off, and the interest is taxed at the youngster's lower income tax bracket. This strategy is useful only for upper-income parents because gifting forces them to give up their dependency deduction. Meanwhile, interest deductions on educational loans are being phased out.

"There is not much you can do today (from a tax-planning standpoint)," agrees Rick Chulick, tax partner with the Las Vegas office of Deloitte, Haskins & Sells. "Shifting income to a child under 14 is no longer a sound strategy since these monies are now taxed at the parents' income tax rate."

Meyer advises his clients to begin budgeting, planning and saving as soon as possible since college costs can run between \$12,000 and \$25,000 a year "depending on schools and distance."

Today, probably the single best investment for financing a college education may also be the safest — Series EE U.S. Savings Bonds. They are free of state taxes, and the interest rate is adjusted semi-annually to reflect 85 percent of the average return of marketable Treasury securities with five years remaining to their maturity. Currently, that rate is 7.81 percent. The guaranteed floor is six percent, and if

interest rates rise, so does the return of the bonds; there is no ceiling.

Savings Bonds are particularly attractive since you can defer federal taxes on the interest earned until the child enters college, redeems the bonds that were purchased and held in his or her name, and pays taxes at what is usually the lowest rate charge.

Tom Madare, Los Angeles district director of the Savings Bond Division, points out that on January 1, 1990, the Treasury Department hopes to introduce tax-free education bonds, with interest earned on these bonds totally tax free if they are used to pay for tuition. There will be income restrictions on who can receive partial to 100 percent tax-free status. Exact details have not been finalized.

Many college financial assistance programs are available but you must bone up on the options and the limitations. Today, virtually all financial aid is offered on a "needs basis" and you must apply early by filling out the Financial Aid Form or Family Financial Statement, the first step in the needs analysis. There is no magic formula in granting aid; each case is individually determined based on a family's situation, and income isn't the sole criterion.

Knowing what Uncle Sam offers starts with the Pell Grant designed to assist students with the greatest need. Since this award is a grant, it does not need to be paid back. The next best source is the Perkins Loan, formerly the National Direct Student Loan. The loan, which must be repaid, originates on campus using federal funds and the interest rate is rock bottom. Next is the Stafford Loan, previously the Guaranteed Student Loan, and high school seniors, undergraduates, graduate students and vocational students can apply. Arranging through a bank, savings and loan or credit union, the student signs a promissory note, and the money goes direct to the college. Some lenders charge an origination fee up to five percent of the amount borrowed, so shop around.

The loans are repaid over a ten-year period after graduation.

The Department of Education has a toll free Federal Student Aid Information Center at 1-800-333-INFO and offers a free *Student Guide*. Or check out *The College Cost Book* published by the College Board (\$12.95). A good book on scholarships and how to apply for them is called *Need A Lift?*, a paperback for just \$1.00 available only through the mail; write to the American Legion, Box 1050, Indianapolis, Indiana 46206.

There are still other sources for money today, but don't expect to find low cost cash for college. New England Educational Loan Marketing Corporation, known as "Nellie Mae", makes its Excel loans of \$2,000 to \$20,000 at a healthy rate that has topped 13 percent recently. For information call 800-634-9308. Education Resources Institute makes similar sized loans at two points over the prime rate. Call 800-255-8374. Both outfits charge a four percent loan origination fee and give you 20 years to repay.

Individual schools and states engage in private fundraising to help underwrite costs for promising scholars. At the University of Southern California, "We'll package you in

such a way that you'll get through four years of college," promises Ted Andrews, USC's bursar. At the end of four years, if you owe money directly to USC, Andrews holds onto your diploma until you pay.

Many private universities offer monthly payment plans for students and families who can't come up with a lump sum. Costs for a year are divided into ten equal payments, and not a penny of interest is charged, with payments starting before the school year.

The state of Michigan guarantees an affordable college education via the Michigan Education Trust. Parents or grandparents can pay a fixed sum today and not worry about tomorrow. Larry Owen, co-designer of the Trust and an attorney with Miller, Canfield, Paddock and Stone in Lansing, points out that a single payment "guarantees a newborn child's tuition for four years at any of the 15 state universities or 29 community colleges in Michigan to which the child is admitted." The principle of compound interest puts your money to work, and last fall more than 35,000 people applied. Florida and Wyoming have similar programs and several other states are considering following in Michigan's footsteps.

With college costs outpacing inflation,

many students also work while studying. "My guess is that 30 to 35 percent of the students enrolled at the University of Alabama here at Tuscaloosa work part time on campus or off," says Curtis I. Johnson, director of student financial aid and scholarships. Jobs offered on campus are very much in demand and students shouldn't expect to be provided with employment. Another harsh reality; neither a perfect 4.0 academic record in high school nor a top score on a college placement test guarantees a full scholarship today.

By putting the multiplying effect of money to work, parents can take the first step to showing that a college education is attainable; doing their homework together to research financial aid that is available and applying early for those programs are the next steps parents and students can take together to bring the reality of a four-year or an advanced degree closer.

Jay Goldinger is an investment counselor with Capital Insight in Beverly Hills, California, specializing in bonds, money market instruments and U.S. and international investments. He also pens the weekly Moneywatch column for the Las Vegas Review Journal.

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Jim Spinello is getting a bit too personal for the likes of some. He's cleaning up your family budget, figuring your income taxes, even entertaining your kids.

One-Stop Computer Shopping

by Marilee Joyce

Jim Spinello's Las Vegas-based Computer City represents the personal computer store of the 1990s. Spinello joins the rising ranks of small local computer company owners who are meeting the special needs of today's personal computer (PC) user.

Currently, 17 percent of American households have a computer. By 1991, that figure will almost double with at least nine percent of these homes housing two of the information processors.

When personal computers first came on the scene, consumers were novice shoppers; nobody knew much about the machines and questions rarely dealt with more than operational and maintenance procedures. But times — and computer shopping — have changed.

Today's computer consumer wants a system that will solve problems at work and at home. He wants a large selection of up-to-date computers and software. And perhaps most importantly, he wants an experienced sales staff of people who don't just sell, but can also program, repair, service — in short, know — his particular machine.

The one in five adult Americans who use computers on the job and at home want to shop where the sales staff can assist with more than demonstrating a program. The personal computer market is a serious business, and when it comes to servicing PC users, mere salespersons need not apply.

That's where shops like Spinello's Computer City come in. The store fills the bill for the computer customer who wants a one-stop personal computer retailer that offers hardware, software and salespeople who can do more than sell.

These types of stores have all the selection of the larger retail companies, but add personnel who can do everything from sell to program to upgrade to repair. It's this friendly "small town" atmosphere that makes stores like Spinello's the rage among PC users.

It is estimated that 31 million Americans

use personal computers and 24 million of them use computers on the job. With major companies continually expanding into Nevada, the Silver State certainly has its share of the machines. Computer City is one of the many small, local companies that has the capability to please both home and business PC users.

"We not only sell the systems, we help our customers get started using them," Spinello says. "And we don't stop there. We suggest advanced software as their needs change; we repair broken computers; we de-bug systems; and we keep customers supplied with everything from paper to daisy wheels."

Do-it-all computer stores like Spinello's are wooing clients from the retail chains. People are using computers for everything from home banking to starting home businesses and they're demanding a better trained, more knowledgeable staff that can keep up with changes in the industry. Retail store workers emphasize commission-prompted volume selling over service and follow-ups, and that no longer meets the needs of the consumer.

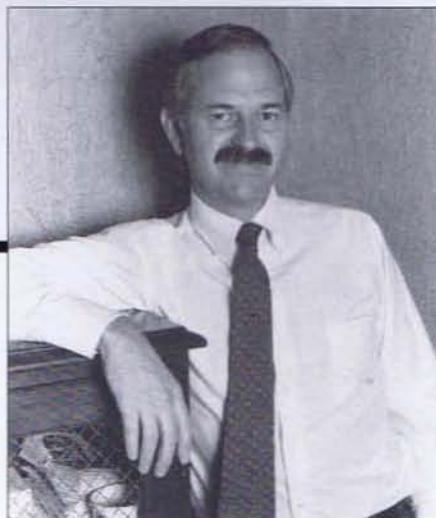
"The price of the computer isn't really the issue anymore," Spinello says. "People are more concerned with finding salespeople they're comfortable coming back to over and over again. When you're dealing with computers, new technology gets old fast and PC users need help to keep up with an ever-changing industry."

And to keep home and business computer users in Southern Nevada on-line, Spinello has found that being able to assure the customer you'll be there to service the machine after it's been purchased goes a long way.

Medium to small-sized law firms, CPA offices, and the like are joining the general public in looking for alternatives to dealing with the computer conglomerate firms that are more interested in mega main-frame corporate systems. And they're finding their solution in neighborhood one-stop shops like Spinello's Computer City. ♦

Bill Martin: "Pioneer"-ing the '90s

by Kathleen Foley



Bill Martin has big plans for Pioneer Citizens Bank. The newly appointed president and CEO wants not only to increase his bank's customer base, but also to update its image and bring it into the 1990s. Martin feels that, while Pioneer Citizens is well-known in the Reno area, it is sometimes seen as an institution which hasn't kept pace with recent changes in the banking community. He intends to modernize Pioneer Citizens' image in Northern Nevada, a process he calls "energizing our identity".

For the Southern Nevada region, Martin feels the bank needs to increase its name recognition and reach more potential customers with its message of personalized banking. While he does plan on a certain amount of geographic expansion, the new CEO would rather generate growth by luring customers away from large, impersonal institutions. "My goal is to provide the highest possible level of service," Martin says. "With only seven branches statewide, we can't compete with the big banks in location. Instead, we have to be so good that people will drive by two or three branches of other banks to get to us."

Martin is satisfied with the size of his bank not only because it enables him to interact with customers on a one-to-one basis, but also because of the opportunity to have a substantial impact on the organization's future. "In a large institution," he says, "one person doesn't make much difference. Our bank is small enough that one individual's ideas and personality can influence the entire organization."

Martin has already made many changes in Southern Nevada since his arrival in 1983 after a career with the federal government in which he held a variety of posts, including national bank examiner and deputy comptroller for multinational banking. He is especially concerned with education in Nevada, and was co-chairman of Citizens for the School Building

Program, which was instrumental in gaining passage of the \$600-million school bond issue that raised funds to construct 77 new schools. He is also chairman of the advisory board of the School/Business Partnership Program for the Clark County School District, in which local businesses form partnerships with school classes to bring their skills and expertise into the classroom. Martin also serves on the advisory board of the Nevada Council on Economic Education and on the Executive Council of the UNLV Vision Project.

For the last several years, Martin has been involved with Opportunity Village for Intellectually Handicapped Citizens and currently serves as the chairman of its board of directors. He is especially proud of its pilot program at Nellis Air Force Base. At the Nellis Base Exchange (BX), Opportunity Village clients stock the shelves and do general cleanup after the BX closes. This allows them to achieve a certain amount of financial independence and increases their self-esteem, while at the same time teaching valuable skills. Martin also points out that Opportunity Village is a good example of hometown charity in action, since it raises the money it needs locally, provides services like button-making to local businesses, and assists intellectually handicapped people in the area, thereby saving taxpayers the expense of supporting individuals who cannot be fully independent.

Pioneer Citizens Bank's new president also serves on the board of directors of the Greater

Las Vegas Chamber of Commerce, and helps welcome new businesses to Las Vegas. Although he has been a Las Vegas booster for many years, he admits that the pace of the city's growth seems as phenomenal to him as it does to newcomers. He foresees an eventual slowdown because services like utilities and roads, schools and police will not be able to keep up with the frantic pace of new building starts. "Some kind of moratorium is on the horizon," he says. "More long-range planning is definitely in order."

His experience in the education arena has also given Martin a sense of the long-range planning needed for education services. He feels the Clark County School District "has tended to base decisions upon the short term, rather than what we really need for the future. We need real leadership in this area."

Although he definitely considers Las Vegas his home, Martin admits that one of his personal goals in the upcoming years is to revive the Texas Society, of which he is a founding director (Martin is a graduate of North Texas State University). According to its credo, the Texas Society is open to all those who were born or have resided in Texas, but will accept anyone who professes a certain affection for "Lone Star longnecks, armadillo preservation and Southwest Conference football." Prominent Nevadans already on the membership list include UNLV President Robert Maxson, former Lieutenant Governor Bob Cashell, Claudine Williams of the Holiday Casino and John Goolsby of Howard Hughes Properties.

Whatever changes Martin has in store for Pioneer Citizens Bank, his commitment to public service, his concern for the future and even his sense of humor are sure to have as much of an impact on the banking institution as on the state of Nevada. With Bill Martin at the helm, Pioneer Citizens Bank will move into the 1990s, not only with a modernized image, but also with a sense of his personal style. ♦



Dorothy Sewell Gallagher

Gallagher elected chairman of regents

Elko native Dorothy Sewell Gallagher was elected chairman of the Board of Regents of the University of Nevada System. She will serve a two-year term of office ending in June 1991. Gallagher was elected to the governing board in 1980, and re-elected to a second six-year term in 1986. During her tenure on the board she has served as vice chairman twice, has chaired the board's academic affairs and legislative liaison committees, and has headed several *ad hoc* presidential search committees for several institutions, including Desert Research Institute, Northern Nevada Community College, and Truckee Meadows Community College.

The board chairman appoints chairs and members of the regents' standing committees: audit, budget and finance, academic affairs, legislative liaison and investment.

In addition, the chair has the power to form *ad hoc* committees to address particular concerns or to search for new campus presidents when vacancies exist. Health care, athletics accreditation and community college faculty relations are examples of 1989 *ad hoc* committees examining Nevada higher education concerns.

Byron appointed to Laughlin Chamber of Commerce

Daniel F. Byron, president and vice chairman of John H. Midby and Associates, has been appointed to the executive board of directors of the Laughlin Chamber of Commerce.

The executive board of directors directs all decisions of the Laughlin Chamber of Commerce, forms committees, plans functions and events and approves budgets and expenditures for the Colorado River gaming resort community.

John H. Midby and Associates, an award-winning Las Vegas-based development firm, has been active in Laughlin, developing the master-planned community of El Mirage, building and developing both Sam's Town Gold River Hotel and Casino plus the Emerald River Resort and donating land and space for educational and religious facilities.

Byron, born in Waterbury, Connecticut, in 1939 and a veteran of the U.S. Navy, was honored, along with John H. Midby, chairman of the board of John H. Midby and Associates, as "Distinguished Nevadans" in 1987 for their philanthropic deeds. In 1988, both received honorary doctorates from the University of Nevada-Reno in recognition of their efforts toward education in the state.

In 1986, Byron and John H. Midby and Associates gave the Clark County School District \$144,000 in land on which the Laughlin School is located. In 1988, Byron and John H. Midby and Associates donated to the Catholic diocese of Reno and Las Vegas acreage within El Mirage in Laughlin on which to construct a church and establish a parish. And earlier this month, Byron and John H. Midby and Associates donated facilities in the El Mirage Shopping Center to the Clark County Community College to establish a satellite campus in Laughlin.

Byron is a member of more than a dozen civic groups in Laughlin, Las Vegas and the state.



Pamela Pope

Coldwell Banker Commercial appoints new administrative manager

Coldwell Banker Commercial Resident Manager Don Haze recently announced the appointment of Pamela Pope as administrative manager of the Las Vegas office.

Pope, a native of San Diego, transferred from the Coldwell Banker Commercial office in La Jolla where she served in the same capacity. She is a graduate of the University of California at Santa Barbara with a Bachelor of Science degree in Finance and has worked extensively in the real estate field.

Boulder City woman named Centel marketing manager

A.J. Francis of Boulder City is the new marketing and operational planning manager at Centel-Nevada/Texas.

Francis' duties include planning the pricing, distribution and promotion strategies for Centel business and residential services and products.

Francis earned an MBA degree from the University of Colorado and a BA in marketing at the University of Missouri. She is the past marketing manager for the National Potato Promotion Board and co-produced the first Wayne Newton Race for the Angels with husband Ed who is Angel Planes executive director.



Dean A. Anderson

Tobin Homes names Dean A. Anderson controller

Dean A. Anderson has been named controller of Tobin Homes' Las Vegas division. The appointment was announced by Sue Camara, division president. Anderson will handle all fiscal management and accounting for the division.

Previously, Anderson was divisional controller for housing for Cienega Limited in Tucson, Arizona.

"We're pleased to have Dean join our management team. Tobin Homes has grown tremendously over the past year and Dean will play an important role in our continued expansion," Camara said. Anderson is an Army veteran and is a former resident of Las Vegas, returning after 14 years in Tucson. He and his wife, Judy, have two children.

Tobin Homes, one of the top ten homebuilders in Southern Arizona, expanded into Las Vegas a year ago. Tobin Homes also has projects in Florida and plans to expand into Southern California.

Reno economist conducting United Nations silver study

Mineral economist John Whitney of Reno is completing a preliminary report on the economic potential of what is believed to be the world's largest undeveloped silver deposit.

The deposit is located at Potosi in south central Bolivia and Whitney's study is being prepared at the request of the office of the Secretary General of the United Nations.

Whitney was in Bolivia recently completing his study of the economic potential of the property and starting work on a capital requirement report.

"Essentially, my charge is to evaluate the potential of the project and make recommendations," said Whitney, president of Whitney & Whitney, a Reno-based consulting firm.

For the past two years, Whitney has been conducting an extensive rewrite of Bolivia's mining tax laws. The Bolivian Ministry of Mines and Metallurgy will submit his proposals to the next Bolivian legislature.

Whitney & Whitney Inc. is a division of Itronics Inc. (OTC), a Reno firm specializing in photowaste recycling, precious metals recovery and mine economics.

Hess appointed executive director of Desert Research Institute

Dr. John W. "Jack" Hess has been appointed executive director of the Desert Research Institute's Water Resources Center, the oldest and largest of DRI's five statewide research groups.

Hess, 42, currently the center's deputy executive director, was selected from a slate of 23 candidates following a nationwide search. He will manage a research program expected to exceed \$6 million in the 1990 fiscal year.

Hess succeeds former director Paul Fenske who retired in January. DRI center directors are equivalent to college deans in the University of Nevada System.

Hess, who holds a B.S. in geophysics and a Ph.D. in hydrogeology from Pennsylvania State University, currently directs research related to the movement of hazardous wastes in groundwater with funding from the U.S. Environmental Protection Agency. He also serves as a professor of hydrology in the Geosciences Department at the University of Nevada-Las Vegas, teaching courses on isotope hydrology, water resource geochemistry and hydrogeology as well as supervising UNLV graduate students.

The new water research director joined DRI in 1974 as an assistant research professor. His research interests since then have included hydrochemistry, hydrogeology, geophysics and isotope hydrology.

Hess established DRI's Environmental Isotope Laboratory in Las Vegas which is involved in an effort to develop new techniques for determining the rate of the replenishment of groundwater resources. Other projects Hess has worked on include the study of the regional carbonate aquifer, Las Vegas Valley groundwater quality and quantity, and the movement of radionuclides in the groundwater of the Nevada Test Site.

Hess is a member of the American Association for the Advancement of Science, the American Geophysical Union, the Geological Society of America, The Geochemical Society and the Cave Research Foundation.

Hess and his wife, Letitia, have two sons, 18 and 11 years of age, residing in Las Vegas.

The Desert Research Institute is statewide division of the University of Nevada System conducting basic and applied environmental research on a national and international basis.

Laventhol & Horwath announces new manager and staff member

The Las Vegas accounting firm of Laventhol & Horwath recently announced the promotion of Roy Keefer to manager in the accounting and auditing department. Prior to joining Laventhol & Horwath he worked for two national accounting firms and has had twenty years of accounting experience. Keefer specializes in accounting and auditing of financial institutions and construction firms.



Roy Keefer

Laventhol & Horwath also announced the addition of Bill Noll to their Las Vegas office professional staff. Bill comes to Laventhol & Horwath as director of health care services and will support the Las Vegas, Phoenix and San Francisco markets. Noll has held positions with the federal Medicare program and with large hospitals.

Noll has a Masters Degree in Accounting from Boston University. He also gives frequent lectures and speeches on Medicare benefit payments and related programs.

by Richard Chulick

Minimizing Estate Taxes with Grantor Retained Income Trusts

In the past few years, the IRS and Congress have steadily reduced the effectiveness of methods available to individuals to minimize their estate tax liabilities. A Grantor Retained Income Trust (GRIT) is one of the few alternatives still available to wealthy individuals who seek to minimize estate taxes.

Very simply, a GRIT is an irrevocable trust, established by an individual, which has a set period of existence. The trust income is paid to the grantor for a period of years specified in the trust instrument. If the grantor outlives the selected term of the trust, the trust terminates and the trust assets are distributed to named beneficiaries. If the grantor dies before the trust term expires, the trust terminates and the trust assets revert back to the grantor's estate. In general, the term of the trust runs three years or more.

When the GRIT is established, the grantor makes a gift of the remainder interest to the beneficiaries. This transfer is subject to gift tax. Although the beneficiaries will not receive the property for a number of years, the value of the gift and any gift tax payable is determined on the date the property is transferred to the GRIT.

The gift tax value is determined as follows: the fair market value of the property at the time of the gift is reduced by both the value of the retained income interest and the value of the potential reversionary interest held by the grantor were he to die before the term of years have expired. The Internal Revenue Service provides tables to determine the value of the retained income interest.

A summary from a recent Private Letter Ruling illustrates the benefits of a GRIT:

Assume that grantor, G, age 80, creates a GRIT, and transfers assets with a fair market value of \$100,000 on the date of transfer. The GRIT provides that income is to be paid to G for three years with the remainder to be paid to beneficiary, B, after three years. If G dies

before three years, G would then appoint the property by his will. The value of the gift which G is making to B is calculated as the fair market value of the property at the date of transfer less the value of the reversionary interest and the value of the income interest retained by G, as follows:

| | |
|--|-----------|
| A. Fair market value of the property transferred at date of gift | \$100,000 |
| B. Value of the income interest stream to G and retained by G (the present value of the right to receive income), calculated using the factors prescribed by the IRS | (21,880) |
| C. Value of the potential reversionary interest to G (the present worth of the gift reverting to G), calculated using the factors prescribed by the IRS | (21,760) |
| D. Value of the \$100,000 transferred for gift tax purposes | \$56,360 |

The result is that the gift of \$100,000 transferred today, plus any appreciation subsequent to the transfer, will be out of G's estate if G survives the three year period, while only creating a gift of \$56,360.

The main advantage to a GRIT is the amount of leverage it gives in valuing property for a fraction of its value at the time of the gift. The gift tax value may be significantly reduced depending on the term in years of the trust and the age of the grantor at the date of the gift. Simply stated, the longer the grantor retains an income interest, the lower the gift tax value. If the GRIT is funded with appreciating assets, all future appreciation will be taken out of the grantor's estate, if he survives the income interest term. When the beneficiaries receive the

property from the trust, however, they will receive the property with the same income tax basis as the taxpayer had at the time of the gift.

During the income interest term, the grantor will be treated as the owner of the trust property; the result being that the income derived from the property will be taxed directly to him. The property used to fund the GRIT should be one that yields an adequate annual amount of income—the IRS table rate as a rule of thumb. Otherwise, the IRS may attack the validity of the trust. If the trust realizes capital gains during this period, the grantor will be taxed on the gain. This will be true even if the trust is not required to distribute the gain to the grantor.

If the grantor passes away before the termination of the income interest, the assets in the trust on the date of the grantor's death will be included in his taxable estate. However, this property would have been includible in the taxable estate if the GRIT had not been established. Therefore, no additional tax liabilities will result. The only possible loss is the expense of setting up the trust and the administration fees. The grantor is allowed to designate the beneficiaries of the property in the trust, if he dies prematurely.

The use of a GRIT can provide substantial benefits to a taxpayer in the proper circumstances. The taxpayer continues to enjoy the income stream from the property for the period he deems necessary as well as providing for the transfer of appreciating assets at a significantly reduced tax cost to the grantor. However, since a gift tax may be required to be paid at the time of the transfer, the time value of money should be factored into the decision.

These are just some thoughts to consider. Your tax advisor and attorney can provide more detailed information and should be consulted before any action is taken. ◆

Richard Chulick is a tax partner in the firm Deloitte, Haskins and Sells.

Protecting Business' Most Crucial Asset — Information

by Greg H. Schlender



Industrial America is giving way to a new society. For the first time in our history, most of us work with information, rather than in the production of goods.

Protecting the property of an industrial business was relatively simple, but the move into an information-based society forces us to rethink what is valuable.

For instance, how do you protect against someone reproducing your product design, your marketing and production methods, your written and graphic materials and your trademark? How do you keep your key people from transferring their knowledge to a competitor? How do you keep your key people from becoming your competitor?

The law offers several means of achieving such protection:

- **Patents** — A patent will protect a unique idea that has been "reduced to practice" in something tangible — that is, a new drug, an improved electronic circuit design, a better mousetrap. The scope of patent protection is determined by how close the new invention is to prior inventions. Sometimes, where patent coverage is narrow, a competitor can design a competing but non-infringing product. Therefore, patent protection, while valuable, may not be the best protection. However, where the unique aspects of the design are easily discernible from the product itself, a patent is the only means of protecting it.

- **Copyrights** — Copyright law protects the expression of an idea. Books, magazines, articles, movies, sound recordings, computer software and certain works of art are commonly copyrighted. But copyright law does not protect the idea itself. If the same idea can be expressed another way or recorded differently, the copyright law will not protect the use or dissemination of the idea through such other expressions.

- **Trademarks and Service Marks** — A trademark identifies goods in commerce; similarly, a service mark identifies services in commerce. If a business can show that it was the first to use a mark for a particular kind of goods or service in a particular area, then the courts will prohibit a competitor from using the same mark in order to keep the consuming public from being confused or misled.

However, the law will not protect marks that are generic or merely descriptive. Thus, arbitrary or fanciful terms make much stronger trademarks and service marks. Federal trademark registration strengthens and broadens trademark rights and makes them easier to enforce.

- **Trade Secrets** — A trade secret is a property right in a product design or business method that is granted protection under the law because it provides a competitive edge to its owner and is kept confidential. Perhaps the most famous trade secret is the exact formula for Coca-Cola. In order to maintain trade se-

cret protection, the trade secret owner must use all reasonable means to keep the idea secret. For example, each employee who comes in contact with a secret product design or business method should be bound by a confidentiality agreement, and any disclosures to persons outside the business should occur only after a non-disclosure agreement or understanding is in effect.

- **Employment Agreements** — Valuable business assets, such as customer lists, business methods and work experience, have a way of disappearing when an employee quits to join a competitor or become a competitor. The law in most states generally will enforce a private agreement between an employer and a key employee pursuant to which the employee agrees not to use trade secrets, pirate customers, disclose business methods, or compete with his former employer. However, such provisions are enforceable only if they are reasonable with respect to time and area covered.

With these ideas in mind, all business owners should consider the following questions when determining whether they are adequately protecting their valuable information assets:

- Do you have employment agreements with all key employees? Do they contain confidentiality and non-competition provisions?
- Do you display a copyright notice on all written or graphic materials that you would not want copied?
- Have you made maximum use of the power of a trademark? Should you obtain a federal trademark registration?
- Do you routinely use a nondisclosure agreement when sharing information about your business with outside parties?
- Have you analyzed the availability, strengths and weaknesses of patent, copyright and trade secret protection for all unique ideas used in the business? ●

Greg H. Schlender is an attorney in the Boulder, Colorado office of Chrisman, Bynum and Johnson P.C.

Nevada Gaming News

Showboat reports continued improvement in second quarter results

Showboat Inc. announced increased revenues and a strong gain in operating income for the second quarter ended June 30, 1989 compared with the same quarter last year.

Aided by a significantly improved performance at its Atlantic City facility, consolidated net revenues for the casino hotel operator grew 17 percent to \$87.2 million from \$74.8 in the comparable period a year ago, and an improvement on the \$79.8 million revenue achieved in this year's preceding quarter. Benefiting from higher revenues, income from operations for the recent quarter jumped to \$8.8 million from \$3.3 million in last year's second quarter. Net income was \$1.7 million or \$.15 per share, a significant improvement over last year's second quarter loss of \$2.3 million or \$.20 per share. This brought net income for the 1989 initial half to \$1.4 million or \$.12 per share, versus a loss of \$4.9 million or \$.43 per share in the first six months of 1988, after a positive cumulative effect for change in income taxes of \$1.5 million or \$.13 per share. Revenues in the respective six-month period amounted to \$167 million against \$137.7 million a year ago.

Showboat's Las Vegas operations reported operating profit of \$1.6 million, against \$2.3 million a year ago.

In making the announcement, J.K. Hous-

sels, Chairman and CEO, said, "We are pleased with our strong showing in Atlantic City, and hope to continue to show increased profitability during the balance of 1989.

"Our efforts to revitalize the Las Vegas facilities are progressing and should begin to be apparent in the near term."

Showboat, Inc., through its subsidiaries, operates casino hotel resorts in Las Vegas and Atlantic City, featuring gambling, sports attractions and special events.

Luery named Sr. V.P. and C.O.O. of Bally's Casino Resort



Darrell A. Luery

Darrell A. Luery has been named senior vice president and chief operating officer of Bally's Casino Resort-Las Vegas. The announcement was made by Richard Gillman, chairman, president and chief executive officer of Bally's Casino Resort-Las Vegas.

Luery assumes the responsibilities previously held by Albert J. Rapuano, executive vice president and chief operating officer of Bally's Casino Resort-Las Vegas. Rapuano announced his resignation "to pursue other opportunities in the gaming industry in Southern Nevada."

"Darrell Luery has proven ability and outstanding experience in the gaming industry and we are delighted that he has accepted this position," Gillman said. "Bally's also extends its best wishes to Mr. Rapuano in his future endeavors."

Gillman added that Rapuano would remain at Bally's during a transition period.

Luery will be responsible for the overall daily operation of Bally's Casino Resort-Las Vegas, a 2,832-room luxury resort with 4,700 employees.

Caesars Tahoe appoints new director of marketing



Roy Rupert

Roy Rupert has recently joined Caesars Tahoe's staff as director of marketing.

Rupert, from Southern California, is responsible for the marketing, public relations, advertising and direct marketing departments at the 440-room resort/casino.

He comes to Caesars Tahoe from Avon Products, where he was vice president of marketing and sales in the Retirement Inns of America division. That division developed and marketed luxury retirement communities.

One of Rupert's primary goals is to focus on database marketing opportunities for Caesars Tahoe. "Today, your message must be directly aimed at the target customer. Direct marketing is becoming increasingly important as mass media becomes more expensive and less effective," said Rupert.

Gaming industry leads Nevada's record employment figures

Nevada continues to put record numbers of people to work, according to the Nevada Employment Security Department's (NESD) second quarter statistics.

NESD reported that Nevada has led all states in annual percentage job growth for the past two-and-a-half years. As of June 30 of this year, a total of 35,900 more jobs existed in the state than at the same time in 1988.

The Department also noted that every major industry statewide reported employment increases. The hotel, gaming and recreation (HGR) sector led the way with 7,500 new jobs

added over the course of the year, followed closely by construction with 6,800 jobs. Retail trade accounted for 5,700 new positions during the year.

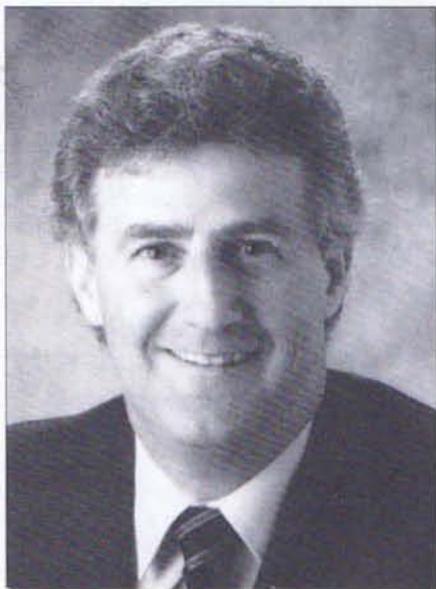
Clark County maintained healthy economic gains as a record number of people continue to visit Southern Nevada.

The Department disclosed that visitor numbers through the first six months of the year are ahead of 1988's record pace, while hotel and motel occupancy rates parallel last year's figures, despite the significant increase in the city's number of rooms. Washoe County posted employment gains in the second quarter, with the retail and wholesale trade sector showing the best performance. Jobs in the trade industry increased 2,200 over the year, totaling 30,800.

NESD reported that Washoe County's largest employer, the HGR sector, added only 100 jobs during the course of the year. This was partially attributed to closures of some gaming properties.

Rural Nevada showed impressive employment gains due to mining expansion in Elko, Eureka, Nye and White Pine Counties.

New VP of development joins Harrah's



Charles "Hap" May

Charles "Hap" May has been appointed vice-president of development, Las Vegas for Harrah's Hotels and Casinos, the gaming subsidiary of Holiday Corporation. May will oversee Harrah's growth efforts in Las Vegas.

May has been with Harrah's for 24 years, and most recently was vice-president, casino operations at Harrah's Lake Tahoe since 1987. In 1986, May was responsible for the company's Laughlin project, Harrah's Del Rio, which opened last August. Prior to that, he

served as vice-president and assistant general manager of casino operations for Harrah's in New Jersey.

May attended the University of California, Berkeley and spent four years in the U.S. Marine Corps.

Harrah's, headquartered in Reno, is the only major casino company with operations in all five major domestic gaming markets. Its parent company, Holiday Corporation, is the world's leading hospitality company.

Leuhmann named director of hotel operations for Sands

Kathi Leuhmann has been named director of hotel operations for the Sands Hotel Casino, Las Vegas. The announcement was made by Larry Lewin, executive vice president of casino and hotel operations. In this capacity, Leuhmann will be responsible for directing and supervising the hotel's front desk, room reservations department, front office cashiers, valet parking, health spas, bellmen, PBX and housekeeping. In addition, she will be in charge of enlarging and staffing these areas to accommodate the hotel's future needs upon completion of their multi-million dollar expansion projects.

Leuhmann has 12 years experience in the hotel industry. She held executive positions with the Reno Peppermill Hotel Casino, Reno Hilton Hotel, the Sahara Reno Hotel and the Sundowner, also in Reno.

She received a Bachelor of Science degree from Winona State University in Winona, Minnesota.



Kathi Leuhmann



Bill Paulos

Paulos named V.P. of Excalibur

Bill Paulos has been named vice president and general manager of Excalibur Hotel/Casino slated to open in June of 1990, announced William G. Bennett, chairman of the board of Circus Circus Enterprises, Inc. The new medieval-themed Strip property, situated on the corner of Las Vegas Boulevard South and Tropicana Avenue, will house 4,032 deluxe rooms and over 100,000 square feet of gaming area, comprising the world's largest resort.

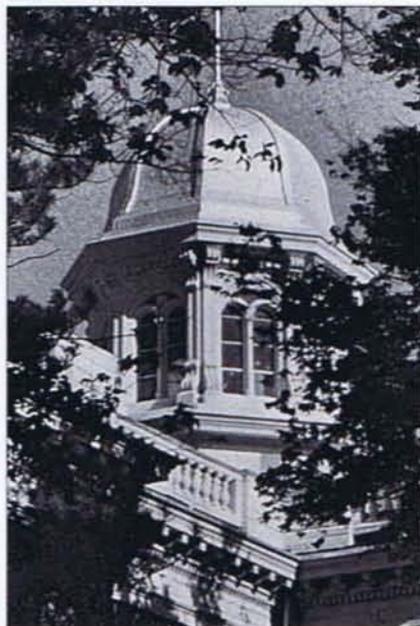
Originally from New Jersey, Paulos received his Hotel Administration degree from the University of Nevada-Las Vegas in 1969. Since then, he has been on a steady growth pattern within the hotel industry.

In August 1980, Paulos joined Circus Circus Hotel/Casino as hotel manager and was promoted to general manager of Silver City in November 1981, then the popular Strip casino was acquired by Circus Circus.

In February of 1983, Paulos was named vice president and general manager of the Edgewater Hotel/Casino in Laughlin, which at the time was Circus Circus' newest addition to the rapidly expanding organization.

The grand opening of the Colorado Belle Hotel/Casino in July 1987 called for Paulos' expertise. As vice president and general manager of this property, Paulos has maintained its high standard of success since its opening.

Paulos, a community-conscious individual, has been president of the Laughlin Chamber of Commerce since March 1984. He has also been actively involved with Bullhead/Laughlin Airport Committee, and serves on the board of directors for the United Way and Silent Witness Programs. ◆



The Silver Dome

State Supreme Court reduces award of fired "at-will" employees

The Nevada Supreme Court has limited rights of fired "at-will" workers to claim age discrimination in a decision cutting awards to two women blackjack dealers from more than \$500,000 to less than \$200,000.

The high court ruling went against Lois Metzger and Katherine Valgardson, both in their 50s, who were fired in 1986 from the Sands Reno Hotel-Casino allegedly because club executives wanted "a younger look" in the casino pit.

Ms. Metzger got a \$275,000 award after a Washoe District Court Trial. The Supreme Court cut that amount to \$125,560. Ms. Valgardson's \$255,000 award was cut to \$69,010.

The reduced amounts represent only back pay due the women under state law because of wrongful termination. Left out were punitive damages that had been allowed previously by Washoe District Judge Robert Schouweiler.

The punitive damages were sought under a common law theory of wrongful and bad-faith dismissals that breached the women's contract rights and violated Nevada's state policy against age discrimination.

"Clearly, Nevada has a public policy against age discrimination," the Supreme

Court said. "Nevertheless, we do not perceive that our public policy against age discrimination is sufficiently strong and compelling to warrant another exception to the at-will employment doctrine."

The court said it's clear that both women were "at-will employees and as such, had no basis to assert breach of contract or bad faith discharge."

The two dealers suggested the court look at the Sands' employee handbook to prove their argument that they had a contract and could only be dismissed for cause. But, the Supreme Court said it had found in a previous case involving the Sands that "no provision in the handbook modified the Sands' common-law right to discharge its employees at its whim."

The high court also said at-will workers such as casino dealers could sue for punitive damages in cases on employment relationships "founded upon strong public policy."

"We conclude that age discrimination, as objectionable as it may be, does not rise to the same level" as conduct such as the firing of a worker in retaliation for the worker's filing of a jobless compensation claim, the court said.

At-will workers can be fired abruptly, but there are some protections "since otherwise the threat of discharge could be used to coerce employees into committing crimes, concealing wrongdoing, or taking other (harmful) action," the court said in a footnote.

Don Dennis, a graveyard shift manager,

fired the two women. But casino lawyers said he wasn't authorized to do so on the basis of their age and was fired himself later on.

Sands executives also said they offered to reinstate the women immediately but instead the dealers hired a lawyer and sued.

Nevada's TV, movie and commercial filming revenue down

The state Motion Picture Division says television shows, movies and commercials filmed in Nevada brought in \$42 million last fiscal year, down \$9 million from the previous year.

The drop in revenue was due mainly to the loss of two television series, *Crime Story* in Las Vegas and *High Mountain Ranger* in Northern Nevada, according to the agency's assistant director, Erik Joseph.

Despite the revenue drop, Joseph said Southern Nevada fared well with commercials, while Northern Nevada had a good year with television productions.

There were 29 commercials shot in the Las Vegas area, up from 17 in the previous year; and in Northern Nevada, television productions climbed from 11 to 23 in the same period.

There were 98 productions filmed in Nevada during the fiscal year ending June 30. Feature film highlights included *Rainman*, *K-9*, *Eddie and the Cruisers*, *Pink Cadillac*, *Hard Rain*, and *The Wizard*.

Television projects included several segments of *Unsolved Mysteries*, a segment of *Mike Hammer* and another for *Inside Edition*.

More commercials were shot in Nevada than ever before, using locations throughout the state such as Jean, Beatty, Elko, Genoa, Ely, Reno and elsewhere.

New consumer protection laws passed by 1989 Legislature

Supermarkets, jewelry stores and other businesses now have to substantiate claims made in advertisements, as a result of a new law passed by the 1989 Legislature.

The law makes false claims a deceptive trade practice. Senate Commerce and Labor Chairman Randolph Townsend, R-Reno, says the law will prevent supermarkets from claiming they have the lowest prices in town if they mention exact figures.

"You're going to have to substantiate anything you say that is quantifiable," says Townsend, whose committee amended the law to ensure that only "quantifiable" claims must be substantiated.

That lets advertisers continue to use "puff" statements in ads as long as they don't make totally false claims.

The law was introduced by Assembly-

woman Jane Wisdom, D-Las Vegas, after supermarket wars broke out across the state.

Another consumer protection law passed by the 1989 Legislature requires telephone solicitation companies to be licensed and pay fees of \$5,000 per business and \$100 per telephone solicitor.

Assemblyman Matt Callister, D-Las Vegas, who sponsored the plan, says it's long overdue because Nevada already has a national reputation as a place where telemarketing thrives.

Fraudulent telephone and mail solicitors now face fines of up to \$25,000 for violations. Shari Compton, state Consumer Affairs Division chief, says the telemarketing law is one of the most important efforts of the 1989 Legislature to protect buyers.

"People have lost the most money through fraudulent telephone sales in this state during the past couple of years," she says. "We've had the most complaints about this. It's one of the biggest problems we have right now."

A third consumer protection law from the 1989 Legislature penalizes advertisers who offer big prizes but charge the "winners" hundreds of dollars to deliver a practically worthless award.

The law was sought by Senator Bill Raggio, R-Reno, who says the plan will work in conjunction with Callister's proposal to protect consumers from unscrupulous advertisers who offer phony deals and have cost Nevadans millions of dollars over the past few years.

Under the new law, prizes must be given without any obligation to the recipient to buy anything. Advertisements must indicate a brand name and value of any gift and, if a trip is awarded, the ad must state where the winner will be staying.

Nevada casinos earned record revenues during fiscal 1989

Gamblers lost a record \$4.43 billion in Nevada casinos during fiscal 1989, giving the clubs an 8.8 percent revenue gain which was slightly lower than the prior fiscal year's percentage gain. The gain in taxable gross revenues, before operating expenses and taxes are taken out, compares with a 9.8 percent increase a year earlier.

Gaming Control Board spokesman Harlan Elges says the revenues are off one percent, "But on the other hand, the revenue base continually climbs higher and higher, and it's more and more difficult to get strong percentage increases."

Elges adds that the fiscal 1989 collections were "still good," and showed a dollar gain of some \$360 million for the resorts.

In the Las Vegas area, clubs grossed \$3.18 billion of the 1989 total, or about 70 percent of all the winnings, for a 12.2 percent increase over fiscal 1988.

In the Reno area, the take was \$734.8 million for a gain of slightly under one percent over the prior fiscal year.

In Douglas County, including clubs on Lake Tahoe's south shore, resorts took in \$332.1 million for a 1.2 percent decline; and in Elko County, resorts took in \$102.8 million for an 8.6 percent gain.

Carson City showed an increase of 2.2 percent with revenues of \$37.3 million. That's the first year-to-year gain in three years for Nevada's capital city.

Elges said the Las Vegas-area figures include the rapidly growing Laughlin area on the Colorado River, which showed a 19 percent gain for the year. In Las Vegas itself, he said conventions and special events added to "just a generally good business climate" to produce the biggest year-to-year gain in the state.

In the Reno area, Elges said renovation of one major resort and closure of another combined with a hard winter and "a somewhat sluggish gaming economy" and resulted in the slight gain of 0.8 percent.

In Douglas County, Elges said the same rough winter, including two weeks of subzero temperatures, combined with a sharp drop in revenues at one of the four major resorts on Tahoe's south shore to produce the 1.2 percent decline.

Elges said a continuing gold-mining boom played a key role in the strong 8.6 percent gain in Elko County, bordering Utah and Idaho in Northeastern Nevada.

Joint trade missions for western states proposed at governor's conference

Governor Bob Miller has questioned a study that suggests states in the West should band together and create joint trade missions to Japan and Taiwan.

The state Commission on Economic Development operates its Japan mission mainly to find people interested in investing money in Nevada. Miller says other states also are after those same investment dollars.

"Everybody feels they are competing with each other," Miller says. Of the 17 Western states, 11 have trade missions in Japan and eight in Taiwan.

Nevada has operated a Japan trade mission for several years. The 1989 Legislature allowed another trade mission in Taiwan. The Legislature also increased funding for the Japan mission from \$150,000 to \$195,000.

A study presented at a Western Governors Association conference said states in the West are wasting money by duplicating trade missions in Japan and Taiwan. The study also proposed creation of joint trade missions in Canada and Western Europe.

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Nevada Briefs

Di Loreto Construction announces record sales

Perry Di Loreto, president of Di Loreto Construction and Development, Inc., has announced a company-wide record of 101 new home sales for the month of June, 1989, totalling over \$13,000,000 in net sales volume.

The Reno-based home builder, who develops and builds residential communities in Reno, Las Vegas and California, also saw the best first half in the company's history.

"We are particularly delighted with our sales performance this year because new home sales in general have been down and June is typically a slow month for the home building industry," said Di Loreto. "We spend a great deal of time, effort and expense to make sure our homes are what today's home buyer wants and can afford. I'm pleased our work is paying off with such tremendous success," he said.

Di Loreto is currently building four residential communities in Reno, Fernley, Nevada, Las Vegas and Sacramento. In addition, Di Loreto has just begun selling new homes and home sites at their Plumas Pines Country Club in Graeagle, California. The company is also involved in developing and managing multi-family and commercial real estate properties in these markets.

Boettcher and Company opens office in Las Vegas

Boettcher and Company, a 79-year-old investment banking firm based in Denver, recently opened its first Las Vegas office in the Greystone Office Complex.

Bill Rafti, manager of the new Las Vegas office, has been joined by Cal Lewis, Harry

Ballard, Virgil Markus, Jerry Klein, Sid Lewis and Patrick Wainscott, all well-known Las Vegas brokers who will service the accounts.

Boettcher and Company has over 22 offices throughout the West and approximately 900 employees and partners of the firm in four areas — retail and institutional brokerage services, public finance, corporate finance and venture capital and real estate. Boettcher is owned by Kemper Financial Companies, a diversified national financial services firm.

Gary Sherman, regional director for Boettcher and Company explained, "We feel that the Nevada market is growing rapidly in comparison to other western states with the influx of new businesses and retirees; therefore, we are staffing our office with experienced brokers from the area and expect to build a large business in that market."

Boettcher and Company is a member of the New York Stock Exchange, the American Stock Exchange and all other principal exchanges. Boettcher also belongs to the Securities Investor Protection Corporation and all accounts are insured to \$10 million.

Pressure sensitive manufacturer chooses Las Vegas for new plant

Catalina Plastics and Coating Corporation of Sun Valley, California, has signed a letter of intent with Lewis Properties to build and operate a 75,000-square-foot facility in The Spectrum of Las Vegas, an industrial and commercial center that will soon commence construction at Mojave Road and Charleston Boulevard.

The new plant is both a relocation and an expansion for Catalina, which coats and laminates various materials, distributes plastic sheets and films, and manufactures pressure-sensitive products for use in labels, bumper stickers and similar items. The firm will be the first major tenant at The Spectrum of Las Vegas, which will be developed by Lewis Properties, Inc. of Tustin, California.

The Spectrum is a co-venture between Lewis and the City of Las Vegas. The planned commercial and multi-tenant industrial center, which will offer buildings for lease and for sale, is expected to encompass over 100 acres upon completion.

"Companies like Catalina give Las Vegas the kind of industrial diversification we've been seeking," says Nevada Development Authority Chairman Joe Brown. "Their presence here will only further stabilize the local economy." The NDA was instrumental in persuading Catalina to select Southern Nevada as its expansion site, and in coordination with the City of Las Vegas Department of Economic Development, helped locate a suitable property for Catalina through Coldwell Banker Commercial Real Estate Services.

Coldwell Banker sales associate Kevin Higgins says the completed park will encompass "over a million square feet and may house hundreds of tenants."

Mayor Ron Lurie states, "The city has worked diligently in conjunction with the NDA over the past several years to make The Spectrum of Las Vegas property attractive to new and expanding businesses to our community. I am happy to see the fruits of the city's economic development program lead to successful results. A firm of the quality of Catalina Plastics will enhance our future efforts to attract diversified jobs to the Las Vegas economy and to The Spectrum in particular."

Catalina, which expects to complete and occupy its Las Vegas facility by next spring, plans to hire up to 100 people.

"We feel that there's a better labor market and work environment for our company and our people in Las Vegas," says Catalina President Hy Baigel. "The NDA staff — and especially Mr. William Kellar, vice president of client relations — held our hands the entire way to help sell Catalina on Las Vegas by pushing very hard on the advantages Southern Nevada enjoys over other possible sites. In so doing, he made this move possible."

Nevada Bell to extend operator services to Elko and Tonopah

CP National Corporation and Nevada Telephone-Telegraph Company have concluded an agreement with Nevada Bell for provision of operator services, including long-distance service within the northern part of the state, local directory assistance and local operator assistance requirements.

CP National provides telephone service to Elko and its surrounding communities. Nevada Telephone-Telegraph serves Tonopah and nearby communities. Both companies are subsidiaries of ALLTEL.

"We are very pleased to announce this agreement," said CP National Corporation President of Communications/Energy Gregory A. Schramek. "We selected Nevada Bell to help us serve our customers because Nevada Bell's high service standards meet our requirements and because our working relationship with them over the years has been excellent."

"This is a beneficial agreement for all of the companies and customers involved," said Nevada Bell President and Chief Executive Officer Bob Blanz. "It allows Nevada Bell to grow and provide new jobs, while offering the quality service CP National and Nevada Telephone require for their customers."

CP National and Nevada Telephone-Telegraph announced earlier this year they would close their own operator centers in Elko and Tonopah by mid-October. The cost-saving move helps the companies to continue to pro-

vide affordable local telephone service to their rural Nevada customers.

CP National State Manager Glenn Crisler explained that with today's technology, operator services can be handled more economically from large central locations than in small operator offices such as in Elko and Tonopah.

Nevada Bell plans to begin providing operator services to Elko in late September and to Tonopah in October. CP National said that interstate calls and intrastate calls between service areas will be provided by AT&T which presently is the only interexchange carrier serving Elko and Tonopah.

USA Capital launches Las Vegas-area land investment fund

USA Capital Management, Inc. has announced formation of the USA Capital Land Fund, the first land fund formed primarily to purchase undeveloped property in and around Las Vegas.

"We think that much of the land in Southern Nevada will appreciate in the coming decade and that people who invest in the right properties might still make substantial profits," says USA Capital principal Tom Hantges.

"We also know these purchases have become more expensive and involved, and that few individuals have all of the time, money or expertise that it takes to make them. The USA Land Fund will give single investors greater buying power, plus access to experienced professional management."

Hantges, a 22-year Las Vegas resident and real estate investment specialist, says that the fund should reduce the risks associated with land purchases by limiting investor liability to the amount invested and by pursuing a diversified portfolio of properties.

Participation in the USA Land Fund is limited to Nevada residents.

R.A. Homes omitted from magazine survey

Due to an oversight in the compilation of data used to publish the *Professional Homebuilder Magazine's Annual Report of Housing Giants*, R.A. Homes was inadvertently excluded from the rankings which would have placed it among the largest homebuilders in the nation.

With over \$104 million in gross revenues in 1988, R.A. Homes would have been rated the 138th largest, well ahead of all other Nevada-based homebuilders mentioned in the survey and just behind many well-known national industry leaders.

The \$104-million figure, an increase of more than 50 percent of the company's previous year's gross income, would also have

represented the largest single annual increase by any builder participating in the survey.

While much of R.A. Home's revenue was generated by the sales of over 360 new homes in Las Vegas in 1988, nearly half of the total valuation was attributed to the success of the 1,000-acre master-planned Desert Shores community in the northwest part of the city.

R.A. Homes is presently active in the development of five new home communities and is preparing to break ground on an additional four in the immediate future. The company has constructed 23 new home projects in the Las Vegas area since 1979.

Sierra Health Services has profitable second quarter

Sierra Health Services, Inc. (AMEX: SIE) reported a net income of \$718,000, or \$.12 per share, for the quarter ended June 30, 1989. This compares to a net income of \$208,000 or \$0.04 per share for the second quarter of 1988.

Operating revenues for the quarter ended June 30, 1989 were \$33,612,000 compared to \$34,898,000 for the same period in 1988, a decrease of 3.7 percent.

For the six months ended June 30, 1989, the company's net income was \$1,218,000 or \$.21 per share, versus a net income of \$410,000 or \$0.07 per share for the first six months of 1988, an increase of 200 percent. Operating revenues for the first two quarters of 1989 totaled \$66,599,000, which was a decrease of five percent over the total for the first half of 1988 of \$70,115,000. As of June 30, 1989, total membership in the company's insurance plans was 102,693.

Las Vegas is nation's second-leading housing growth market

Las Vegas has emerged as the nation's second-leading housing growth market behind Naples, Florida, reports Chicago Title and Trust Company, the nation's leading insurer of property titles.

To rank growth markets, Chicago Title adjusts residential construction activity for market size, establishing a ratio between the number of new housing units built and the number of existing households in the market. With 26,400 housing starts last year, the ratio of new units to existing households in Las Vegas almost doubled last year, to 10.63 from 5.47 in 1987.

"Las Vegas appears to have become a rapidly growing retirement community for those fleeing California's high home prices," said John Pfister, vice president and manager of market research for the national title insurer.

In a year in which total housing starts were again declining for the nation as a whole, six of

the top ten growth markets were in the state of Florida and 26 of the top 30 were in the Sun Belt. Naples was the leader with a 12.06 ratio, followed by Las Vegas; Fort Pierce, Florida, 7.57; Riverside-San Bernardino, California, 6.71; and Orlando, Florida, 5.90.

Riverside-San Bernardino was the fastest growing housing market with between 500,000 and one million households and also was the nation's most active new residential construction market.

In 1988, only 19 of 77 markets tracked by Chicago Title had an improved growth ratio and only five markets nationwide with a ratio of 1.0 or higher have shown increased growth every year over the past three years. In this select group are Naples, Las Vegas, Seattle, Portland and Milwaukee.

Historically, the highest national ratio for new home construction occurred in 1925, when there were 4.07 new units built for every 100 existing U.S. households. The record low was eight years later in 1933, when the ratio fell to 0.33 during the Great Depression.

In more recent times, the national ratio peaked at 3.50 in 1972 and has averaged 2.05 over the past two decades. However, with the population aging and the number of new household formations declining nationally, the ratio may not top 2.00 again for the balance of this century, Pfister said.

RPL begins exclusive north-south network

Real Properties, Ltd. (RPL), the largest fee manager in Northern Nevada, has opened its first Las Vegas office and begun an exclusive north-south network for the state's real estate investors, property owners and various associations.

"We are excited about the dynamic Las Vegas market, and delighted to see the excellent competition and professionalism. We're glad to be a part of it," said RPL President Theodore R. Stoeber.

RPL is one of the few companies in Nevada that has a statewide affiliation for investment opportunities. It specializes in commercial real estate brokerage, professional property management and homeowners associations.

In Northern Nevada, RPL — founded by Stoeber in 1974 — is involved with apartments, shopping centers and industrial office parks. Its Southern Nevada affiliates are Kevin Buckley, whose Buckley and Associates merged with RPL, and Robert L. Fisher, a long-time Las Vegas resident who has been active in the local public relations field.

RPL, which is currently managing property in excess of \$255 million, is an Accredited Management Organization (AMO) in Reno, a designation granted by the National Institute of Real Estate Management. Stoeber, a graduate of Nevada-Reno, is recognized nationally as a Certified Property Manager (CPM). ♦

Investors Push Nevada Business Journal Index to Record High

Investors continued their voracious appetites for local stocks, pushing Nevada-based stocks higher in yet another exciting month of trading ended August 14.

The result: the *Nevada Business Journal* Stock Index gained altitude, climbing 27.01 points, or 1.04 percent, to a close of 2619.56. The gain for the *Nevada Business Journal* Index continued its seven-month winning streak, which carried our indicator of 28 state-wide stocks to yet another record high. The *NBJ* Stock Index, however, paled in comparison to its broader-based brethren, as the Dow Jones Industrial Average jettisoned 139.60 points, or 5.50 percent, to 2677.92 and stands

poised to eclipse its all-time high of 2722 set on August 25, 1987.

Among those stocks in the news last month include:

- Valley Capital (up \$4.00 to \$39.00), which said it bought back from the Helms brothers 904,676 common shares, or ten percent of its shares outstanding, for \$35.37 each, or about \$32 million. The brothers had not threatened to seek control of the company, according to a Valley spokesman.
- Investors continued to garner shares of Sierra Health Services last month. Sierra, the best-performing stock on the American Stock Exchange during the first half of this year, reported net income of \$718,000 for

the second quarter vs. a \$208,000 profit during the same period last year.

- Golden Nugget surged \$2.75-a-share higher, or 11.96 percent, despite reporting a loss of \$8.4 million for its second quarter. Golden registered a \$6.8 million loss one year ago.
- Showboat, on the other hand, posted second-quarter net income of \$1.7 million compared with a net loss of \$2.3 million a year earlier. Investors were pleased with the improvement as Showboat gained \$1.13 to \$14.63.

In closing, First Interstate was added to our financial barometer bringing to 28 the total number of stocks in our portfolio. ♦

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NEVADA BUSINESS JOURNAL STOCK INDEX

| Exch | Company | Ticker Symbol | Closing Price | Closing Price | Net | % Chge | P/E Ratio | Annual Dividend | | Annual | |
|------|---------------------------|---------------|---------------|---------------|----------------|-----------|-----------|-----------------|-------|--------|-------|
| | | | 07/13/89 | 08/14/89 | Chge in Period | in Period | | Rate | Yield | High | Low |
| OTC | Amserv (H) | AMSR | 5.13 | 6.25 | 1.13 | 21.95 | 15 | 0.00 | 0.00 | 6.63 | 1.88 |
| OTC | Blockbuster Ent. | BV | 15.63 | 14.50 | -1.13 | -7.20 | 35 | 0.00 | 0.00 | 18.25 | 7.75 |
| OTC | Cadema Corp. | CDMA | .50 | .63 | .13 | 25.00 | d | 0.00 | 0.00 | .88 | .44 |
| NYS | Circus Circus (H) | CIR | 42.38 | 45.63 | 3.25 | 7.67 | 20 | 0.00 | 0.00 | 50.00 | 26.25 |
| ASE | Elsinore Corp. | ELS | .38 | .56 | .19 | 50.00 | 1 | 0.00 | 0.00 | 1.50 | .25 |
| NYS | First Interstate Bank | I | 65.13 | 65.25 | .13 | .19 | 31 | 3.00 | 4.60 | 68.00 | 42.88 |
| OTC | First Western Financial | FWES | 7.75 | 7.88 | .13 | 1.61 | 6 | .36 | 4.57 | 9.75 | 6.00 |
| OTC | Frontier Savings | FRNT | 1.50 | 1.63 | .13 | 8.33 | — | 0.00 | 0.00 | 2.38 | 1.25 |
| NYS | Golden Nugget (H) | GNG | 23.00 | 25.75 | 2.75 | 11.96 | 198 | 0.00 | 0.00 | 26.88 | 11.50 |
| OTC | Hytek Microsystems | HTEK | 1.50 | 1.75 | .25 | 16.67 | — | 0.00 | 0.00 | 3.38 | 1.50 |
| OTC | Int'l Game Technology | IGAM | 27.50 | 27.00 | -.50 | -1.82 | 21 | 0.00 | 0.00 | 30.00 | 17.63 |
| NYS | Jackpot Enterprises | JACK | 15.25 | 16.25 | 1.00 | 6.56 | 15 | .24 | 1.48 | 17.25 | 11.75 |
| OTC | MarCor Development | MAAR | 6.88 | 7.25 | .38 | 5.45 | 36 | 0.00 | 0.00 | 8.13 | 2.81 |
| NYS | Nevada Power (H) | NVP | 22.00 | 22.50 | .50 | 2.27 | 12 | 1.56 | 6.93 | 22.88 | 19.00 |
| NYS | Sahara Casino Partners | SAH | 8.88 | 8.75 | -.13 | -1.41 | 146 | 1.12 | 12.80 | 9.25 | 8.13 |
| OTC | Sahara Resorts | SHRE | 35.00 | 33.75 | -1.25 | -3.57 | 161 | 0.00 | 0.00 | 38.00 | 16.75 |
| OTC | Sands Regent | SNDS | 15.00 | 14.75 | -.25 | -1.67 | 8 | 0.00 | 0.00 | 16.50 | 9.00 |
| NYS | Showboat Inc. (H) | SBO | 13.50 | 14.63 | 1.13 | 8.33 | 30 | .28 | 1.91 | 15.63 | 7.63 |
| ASE | Sierra Health Service (H) | SIE | 6.00 | 7.75 | 1.75 | 29.17 | d | 0.00 | 0.00 | 8.25 | 1.25 |
| NYS | Sierra Pacific Resources | SRP | 25.00 | 24.75 | -.25 | -1.00 | 12 | 1.80 | 7.27 | 25.88 | 20.88 |
| NYS | Southwest Gas | SWX | 20.00 | 17.88 | -2.13 | -10.63 | 9 | 1.40 | 7.83 | 21.88 | 17.00 |
| OTC | Syntech International (L) | SYNE | 1.44 | 1.13 | -.31 | -21.74 | d | 0.00 | 0.00 | 4.50 | .88 |
| OTC | United Gaming Inc. | UGAM | 11.88 | 12.00 | .13 | 1.05 | 20 | 0.00 | 0.00 | 13.25 | 6.75 |
| OTC | Vacation Spa Resorts | VSPA | .13 | .13 | 0.00 | 0.00 | 1 | 0.00 | 0.00 | .16 | .03 |
| OTC | Valley Capital Corp. (H) | VCCN | 35.00 | 39.00 | 4.00 | 11.43 | 10 | .80 | 2.05 | 39.50 | 23.25 |
| OTC | Vanderbilt Gold | VAGO | 2.06 | 1.94 | -.13 | -6.06 | d | 0.00 | 0.00 | 4.13 | 1.88 |
| OTC | Vita Plus Industries | VPII | .38 | .31 | -.06 | -16.67 | d | 0.00 | 0.00 | 1.63 | .31 |
| OTC | Westar | WSTR | .25 | .25 | 0.00 | 0.00 | d | 0.00 | 0.00 | .56 | .03 |

KEY: (H) = New high in period; (L) = New low in period; d = Deficit; NYS = New York Stock Exchange; ASE = American Stock Exchange; OTC = Over The Counter; (s) = Reflects stock split
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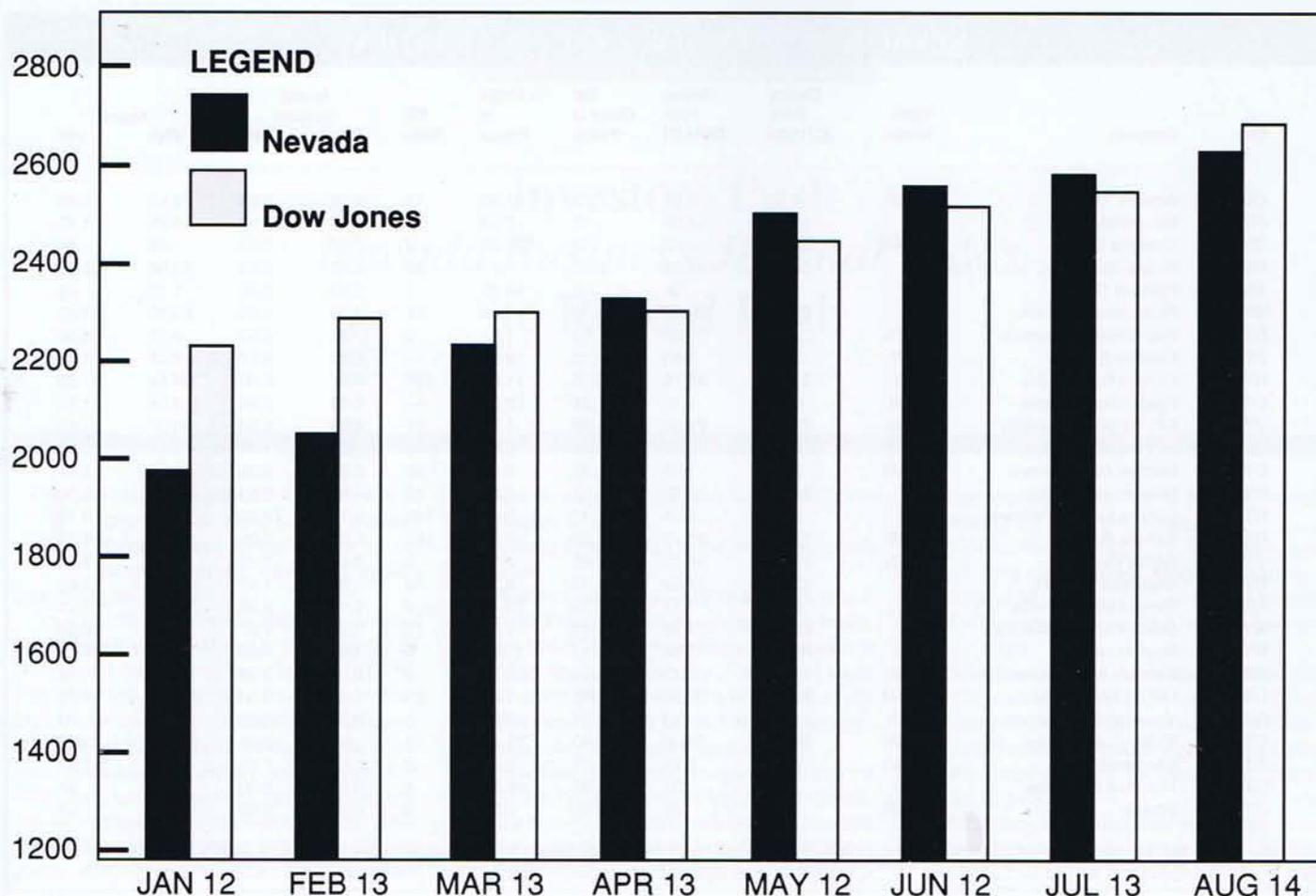
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CLOSING QUOTES FOR BAR CHART (Above)

| Date | Nevada | Dow Jones |
|-------|---------|-----------|
| 01/12 | 1980.18 | 2222.32 |
| 02/13 | 2050.70 | 2282.50 |
| 03/13 | 2239.70 | 2306.25 |
| 04/13 | 2329.56 | 2296.00 |
| 05/12 | 2502.81 | 2439.70 |
| 06/12 | 2561.87 | 2518.84 |
| 07/13 | 2592.55 | 2538.32 |
| 08/14 | 2619.56 | 2677.92 |

MARKET DIARY

| | |
|-----------|----|
| Advances | 16 |
| Declines | 10 |
| Unchanged | 2 |
| New Highs | 7 |
| New Lows | 1 |

MOST ACTIVE ISSUES

| | | |
|---------------------------|----------------------------|---------|
| Largest Dollar Gainer | Valley Capital Corporation | \$4.00 |
| Largest Dollar Loser | Southwest Gas | -\$2.13 |
| Largest Percentage Gainer | Elsinore Corporation | 50.00% |
| Largest Percentage Loser | Syntech International | -21.74% |

INDICES

| | Close 07/13/89 | Close 08/14/89 | Net Change in Period | Percent Change in Period |
|-------------------------------------|-------------------|-------------------|----------------------------|--------------------------------|
| Nevada Business Journal Stock Index | 2592.55 | 2619.56 | 27.01 | 1.04 |
| Dow Jones Industrial Average | 2538.32 | 2677.92 | 139.60 | 5.50 |
| N.Y.S.E. Composite | 184.31 | 191.37 | 7.06 | 3.83 |
| Standard & Poor's 500-Stock Index | 329.95 | 343.06 | 13.11 | 3.97 |
| NASDAQ OTC Composite | 447.89 | 459.99 | 12.10 | 2.70 |



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