

Nevada Business

THE DECISION MAKER'S magazine

BUILDERS & DEVELOPERS

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Burke Construction Group*

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FED up.

Who works for who?

There are so many things wrong with last month's BLM "roundup" it's difficult to even know where to start. As anyone in businesses will tell you, to effectively negotiate a deal, both parties must begin with the same premise.

Clive Bundy was operating under the premise that the government works for him. The government, however, was working under the assumption that Clive, and all citizens, were subjected to them. Clive was right and we should all be thankful for his courage in standing up to an overreaching government.

Make no mistake, the government's actions were not prompted over concern for the desert tortoise. Had that been the case, instead of spending millions of dollars trying to put Bundy in his place, they would have allocated that money to find a solution to the over crowding of wild horses in our state. A national research council predicts the population of wild horses in the West will be 145,000 by 2020 if left unchecked. This begs the question, which step on more turtles, a few hundred cows or thousands of mustangs?

So if not for the desert tortoise, they why? While there are a lot of conspiracy theories out there about powerful politicians having other agendas for the use of the land (none of which should be discounted), perhaps it's just a matter of putting Bundy in his place. But what the government seemed to forget in this instance is that this country was founded because men like Bundy refused to be "put in their place". At the end of the day, having underestimated the resolve of Bundy and like-minded Americans, the government was clearly put in its place.

However, in the overall scheme of things, this is a small squirmish in a much bigger battle. The fact is our government has gotten too big, too intrusive, too intimidating and way too powerful. The only thing capable of keeping them in check is the people, whose only credible source of information is the media. Imagine how the Bundy case would have ended up had the media not gotten involved.

When the government imposes restrictions on media access (such as the FAA declaring a "no-fly zone" in the Bundy case), they are trying to keep us in the dark, minimize the ramifications of their actions and maintain power. The media is the most important tool we have for transparency in government and we must protect all our rights by insisting on media access.

Speaking of shedding light, the Bundy case served as a spotlight to reveal the character of a few of our elected officials. Our governor demonstrated quick decisive leadership by calling out BLM's attempt to silence protestors. Sheriff Gillispie negotiated a peaceful settlement to a volatile situation that could very likely have resulted in casualties. Both our governor and sheriff did their jobs well and we should be proud of them.

But what about our County Commissioner, Tom Collins, who allegedly called our Utah neighbors "inbred bastards," who "should turn their a**es around and mind their own f****g business?" While I'm sure the commissioner never dreamed his comments to Utah commissioner Darin Bushman would end up in the media, his words are shameful and an embarrassment to the people he represents.

To our friends in Utah, and on behalf of the Nevada business community, we apologize for the lack of class demonstrated by Collins and assure you, he does not speak for us. To our friends in Nevada who have the power of the vote, remember, when you cast your ballot, not to put Collins in a position where he represents us ever again. And to commissioner Collins, shame on you. As an elected official you should know better than to insult our closest neighbors and expect it to go unnoticed.

Rest assured, we have noticed. And, like the BLM, Mr. Collins you work for us ... at least for now.

By Whose Authority?

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



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Tony Dazio (left) & Kevin Burke
Burke Construction Group

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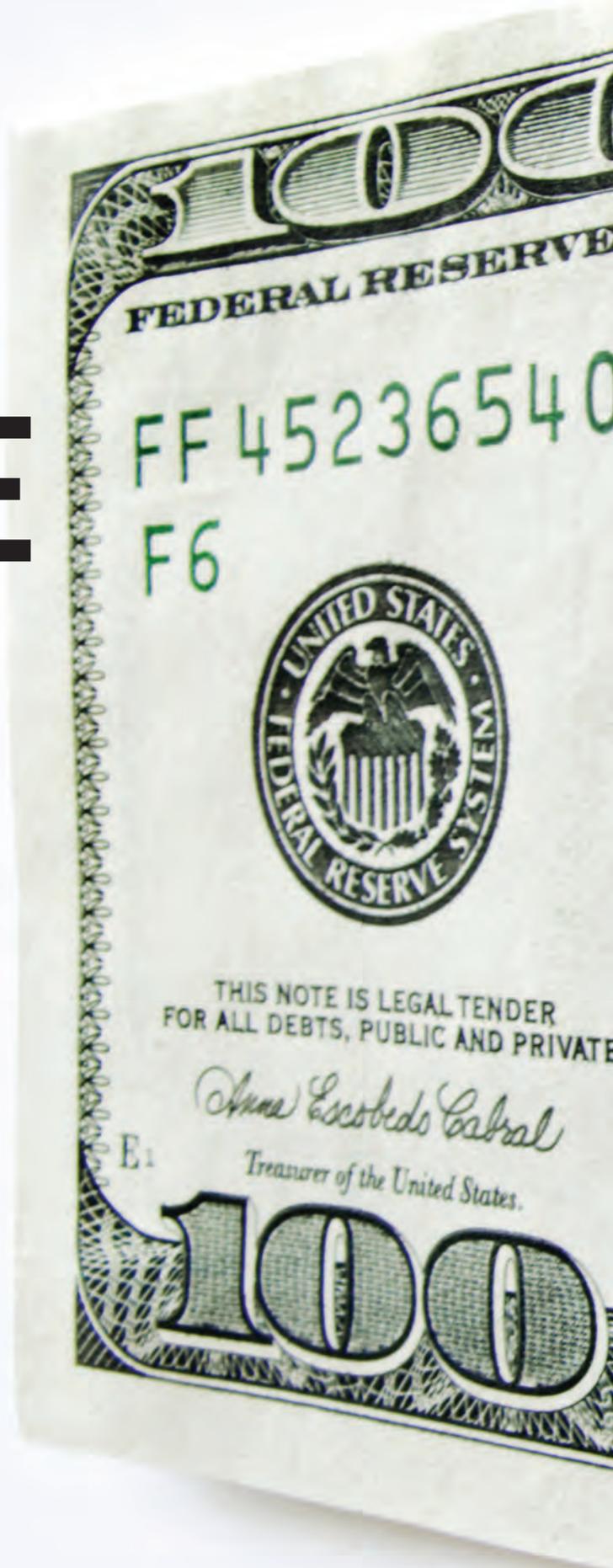
UPDATE

THE REAL COST OF HEALTHCARE.

By Doresa Banning

The healthcare industry, over many years, has been undergoing a gradual but major shift in how insurers pay providers. Against that backdrop, the state began implementing the Patient Protection and Affordable Care Act's (ACA) mandates, several of which the federal government has delayed or amended since. The ACA or Obamacare, as it has become known, has caused additional industry changes, and its rollout has been rocky.

"For some, it feels overwhelming," said Mike Murphy, president of Anthem Blue Cross and Blue Shield of Nevada and president of Anthem's national Labor and Trust, the division managing its union business. "The pace of change, the continuous change and the volume and enormity of change have been a challenge."



NOTE

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New Offerings

The state's exchange, or Nevada Health Link, offers numerous medical and dental insurance plans for small businesses, individuals and families.

Plans for small businesses are available through the exchange's Small Business Health Options Program, or SHOP, designed for operations with fewer than 100 full-time equivalent (FTE) employees to enroll for coverage. Small businesses may sign up for insurance via SHOP year-round. Through SHOP, Anthem and the Nevada Health CO-OP offer 19 medical plans and 42 dental plans for small businesses. Specifically, Anthem offers three HMO plans, two at the gold level and one at the silver.

"On the benefits side, we're trying to make sure we're setting out benefits folks can afford and that are seen as valued by their employees," Murphy said. "We'll continue to roll out small group plans when we're allowed to do so."



Mike
Murphy

Anthem Blue Cross Blue Shield

The Nevada Health CO-OP is a statewide, non-profit health insurance alternative. The ACA mandated establishments of these co-ops to introduce competition into the health insurance marketplace, allow for additional competitive health and dental insurance plans to be offered and drive innovation, said Tom Zumtobel, CEO of the Las Vegas-headquartered Nevada Health CO-OP.

The CO-OP's plans for small businesses are available both on and off the exchange whereas those for individuals are offered on-exchange. The insurer also offers off-exchange plans for large companies, those with more than 100 FTEs.

Much like a credit union, the CO-OP is consumer owned and operated. Revenue

in the form of premiums only is spent on its members, not outside entities or individuals. "We want to help people who need help, but we're a great carrier for people who want to be helped and be part of the solution," Zumtobel said. "That's what we believe is our sweet spot."

The advantages to small businesses of enrolling in a CO-OP plan are savings and employee satisfaction, Zumtobel said. Those benefits also extend to large companies in addition to having access to products previously unavailable to them.

When enrolling through SHOP, small businesses with fewer than 25 FTEs may qualify for the Small Business Health Care Tax Credit of up to 50 percent of what they pay for employees' insurance. The credit is available on- and off-exchange through 2014 then only on-exchange in 2015.

Employers with 50 or fewer FTEs can provide choices to their employees, select from different coverage levels and customize a package, for example, in which their workers can opt for different components, said Steve Fisher, interim director of the Silver State Health Insurance Exchange (SSHIE), and deputy administrator at the Division of Welfare and Supportive Services. The original SSHIE executive director Jon Hager resigned effective March 14th of this year. As of the end of March, national recruitment for a long-term replacement was underway.

"I just don't know that many businesses are either qualifying for [the credit] or realizing that they qualify," said Valerie Clark, president of Reno-based Clark & Associates, a company that provides insurance benefits, including benefits-needs analysis, employee retention, wellness and human resources compliance.

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Tom
Zumtobel

Nevada Health CO-OP

For individuals and families, four insurers offer various plans through the exchange: Health Plan of Nevada (United Healthcare), Anthem, Nevada Health CO-OP and Saint Mary's HealthFirst.

Enrollment Numbers

In 2013, many small businesses renewed their existing plans for 2014, so they haven't yet had to address health insurance this year, Clark said.

As for individuals, as of March 21, 34,000 selected a plan; 23,000 of those made a payment. As of the end of February, the system identified 142,000 enrollees as potentially eligible for Medicaid, government-funded healthcare coverage for low-income individuals and families. Of those, Medicaid approved 71,000.

Those who qualify for Medicaid in Nevada are adults living at or below 133 percent of the federal poverty level (FPL), which is \$11,490 a year in wages for one person and \$23,550 a year in wages for a family of four, and pregnant women living at or below 159 percent of the FPL.

Problems and Solutions

When the most recent enrollment period and the state's contracts with six major navigators ended on March 31, Nevada hadn't met its revised target of 50,000 non-Medicaid-eligible enrollees (its original goal was 118,000).

A major reason was numerous technical problems with the exchange website, Fisher said. As of mid-February, Xerox, the company engaged in a \$72 million contract to build the site, noted 49 of the original 182 critical issues with it remained. Another significant problem was the lack of response to consumers with questions or needing help.

Consequently, the board overseeing Nevada's exchange approved adding a 60-day special enrollment period between April 1 and May 30, Fisher said, and retained, of

CONTINUES ON PAGE 42 ►

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CLOSING THE by Norman Bell GENERATION GAP

Millennials **vs.** GenXers **vs.** Baby Boomers

In workplaces across Nevada, change is coming more quickly than at any time since baby boomers changed the status quo regarding diversity, hair length and governance in the 1960s.

On shop floors and in cubicle farms from Ely to Searchlight, millennials – a term used to describe those under age 34 – are challenging the baby boomers – those now over age 50. The genXers – those 34-49 – are caught in the middle.



What's at stake is little short of the re-definition of the workplace and work itself as business tries to digest 80 million millennials. The implications stretch to the long-term health of the economy and Nevada's place in an increasingly competitive world.

The issues role off the tongue in a stream of stereotypes:

- Boomers are stuck 'inside the box.' They're captives of their own workaholic style and their lives are out of balance. They're rigid; they value order and stability over creativity; they resist innovation.
- Millennials are irresponsible dreamers who don't understand the value of work and haven't learned the economic facts of life. They lack focus, discipline and commitment. They're short on engagement and they're arrogant as well.
- GenXers fit in neither group and show the worst traits of both groups. They have the poor problem-solving skills of boomers and the lack of focus and discipline of genXers. They see boomers as blocking their career path and millennials nipping at their heels.

It's enough to cause a rational business leader to ponder the wisdom of Rodney King: Can't we all just get along?

Maintaining Order

Sonny Newman looks out on Electronic Evolution Technologies' production facilities in Reno and sees the issues clearly.

EETech is an electronics manufacturing services provider. The firm designs and manufactures products under contract for OEMs (original equipment manufacturers) in the automotive, gaming, consumer, medical, science education and food processor fields. There are about 140 workers at the Reno plant and another 250 at a plant in Mexico.

Newman, the company's president, explained his manufacturing operation works

on a thin margin. It's vital that a process designed to take four minutes really takes four minutes. Moving faster could jeopardize quality and that's a killer for an ISO-certified manufacturer. Moving too slowly compromises productivity and erodes profits.

It's a rigid work environment because it has to be, Newman said, not because he's an Old World manager. Tattoos don't bother him. Long hair needs to be tucked up



Sonny
Newman

Electronic Evolution
Technologies

and kept out of the machinery. Lab coats make a dress code meaningless for production workers.

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The company added pre-employment drug testing a few years ago to address some absenteeism and Newman said that hasn't been an issue since.

Mobile phones, however, have been an issue. The manufacturing process requires focus so phones are parked at the door, their use restricted to the break room.

"It's tough for kids," Newman said. They're accustomed to having free rein and that's not an option in this clean-room-like environment.

The statistics bear him out: 29 percent of new hires wash out before they hit the six-month mark.

That's a record that concerns Newman. He requires new hires to have a high school diploma and trusts his in-house extensive training program to do the rest. It starts with a full-day orientation to establish expectations and introduce the corporate culture. New employees are teamed with veterans who act as mentors. On-going training opens channels for advancement. A quarterly company meeting offers employees a chance to ask top management anything. It's an important part of Newman's effort to establish transparency.

Then there's a set of workplace mixers – from periodic ice cream socials to an annual barbecue at which executives cook for the employees.

And it's working, mostly. Once workers get past that six-month mark, turnover is low, Newman said. But that doesn't ease the problem of attracting and keeping the next generation of production workers.

Newman has formed some opinions based on what he sees happening. The millennials are focused on maintaining their freedom. They are less driven to get ahead than previous generations. Newman, 51, recalls that he and his friends growing up in Carson City were all married and on a career path by their mid-20s. He doesn't see that kind of stability among millennials.

What Newman and EETech haven't manufactured yet is an answer.

The challenges facing Newman at Electronic Evolution Technologies may well be a harbinger for many companies facing a rising



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Carrie
Pierce

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Cox Communications is committed to maintaining a diverse, inclusive, employee-focused work environment, said Carrie Pierce, executive director of human resources. And the company prides itself on its retention rates.

“People don’t leave,” she said.

Pierce ticked off a host of employee-friendly programs, from comprehensive ‘on-boarding’ to cross-functional teams. Community events help keep employees engaged.

Cox is a technology company that’s always innovating, she explained. It is always finding new ways to make opportunities available to its employees.

But the most telling feature of Cox’s experience likely is the median age of its workforce – 39. Just 15.2 percent of the Cox workforce is under 30, Pierce reported.

And therein lies a coming conundrum. Boomers are a huge portion of the American workforce and they’re nearing the end of their economic lifecycle. The coming wave of retirements begs a set of questions about what happens next, not the least of which is how the nation develops its next generation of business leaders.

Breaking the Hype

Sam Males, state director of the Nevada Small Business Development Center, has heard all the criticisms of the Millennial generation but said there are alternative explanations to many of the stereotypical behaviors.

Some say millennials would rather play games all day and live in their mom’s basement than get a job. Like most stereotypes, that is true for some, Males observed. But in the face of the worst recession in a century, what were their real options?

He also bristles at the idea millennials don’t want to put in the time to learn. They’re time shifters, he said, preferring to work on their own 24-hour schedule than the traditional 9-to-5 routine. And the focus required to master a complex video game is the same focus required on the job.

They don’t want to pay their dues? Why should they, Males asked. Millennials see themselves as creative and confident. They are bombarded by images of young entrepreneurs becoming billionaires using the very tools they as a generation understand better than their elders. It’s understandable they don’t want to put in time on the lower rungs when they can start at the top. While the odds are against any one Millennial becoming the next Mark Zuckerberg, similar odds don’t stop basketball players from striving to be the next Michael Jordan or actors from striving to be the next Tom Hanks or Julia Roberts. Emerging trends like crowd funding to provide capital helps fuel the dream.



Sam
Males

Nevada Small Business
Development Center

From his office in Reno, Males leads a team that works with entrepreneurs through 12 offices statewide. He acknowledged that millennials accept advice from gray hairs “grudgingly,” a situation that works against the effectiveness of such long-time Small Business Administration (SBA) programs as SCORE, the Service Corps of Senior Executives. “The SBA isn’t sexy,” he said, but it is still effective, if ventures can meet traditional loan standards. And not many Millennial ventures can meet that test.

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dard. Most brokerage firms adhere to a suitability standard where the investment product being sold is essentially suitable, but it doesn't have to be the single best and there's a lot of latitude in what kind of product can be offered. The fiduciary standard says you must act in the client's best interest at all times, which a lot of people will interpret to say you must limit what type of proprietary products you sell or be much more discerning in the cost structure of the products you sell. A lot of education has to be done and there are still regulations pending, but a lot of the large wealth management firms are trying to water down fiduciary standard so they can still have a business model that includes proprietary products.

RANDY GARCIA: Congress, the Securities and Exchange Commission (SEC) and the Department of Labor have not even agreed on this subject as of yet. They are holding back and this has taken two to three years longer than expected. They are charged with the responsibility of coming up with one uniform definition. Congress has mandated that the SEC and the Department of Labor do not come out with their own definition independently and that they coordinate that effort in terms of timing.

WHY IS THE INDUSTRY'S REPUTATION CHALLENGED?

REED RADOSEVICH: All investment firms are lumped in together where wealth managers who are trying to create portfolios for their clients are thrown into the same bucket as investment bankers who are trying to reap huge profits from taking companies public.

BAUMGARDNER: They don't hear about guys like us who are actually trying to do a good job for our clients. All they see on the news are the Michael Milken's and Madoff's

The actions of some have caused investment firms as a whole to be painted with the same brush. For the past few years, Nevada investment firms have struggled to assure the community of their ethical practices while managing client expectations and working in a down economy. Recently, executives representing investment firms across the state met at the Las Vegas offices of City National Bank to discuss the challenges of their industry.

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

WHAT CHALLENGES DOES THE INVESTMENT INDUSTRY FACE?

CHRISTOPHER ABTS: The first challenge is the lack of transparency in our industry, and the second is the lack of education. There aren't enough people in our industry that are really properly prepared and edu-

cated to help the 70 million boomers moving towards retirement.

JAMES COREY: One of our biggest challenges is gridlock in Congress and working to compromise to make things easy for investors. To have them focus on growing the country versus a lot of the gridlock.

RICK PHILLIPS: Our biggest concern is this low-rate environment and generating returns since it's been so challenging. We manage Clark County's portfolio at \$5 billion and we are used to well over \$100 million in interest income. It will be \$30 million this year. That impacts what they can do from a budget standpoint.

FRANK AGUILAR: We deal with a number of retirees. Generating sufficient income with the portfolios we have to work with is constantly a challenge for us.

WHAT IS THE DIFFERENCE BETWEEN A FIDUCIARY AND A SUITABILITY STANDARD?

MIKE PEQUEEN: Most financial clients don't understand the difference between the fiduciary standard and the suitability stan-

that are ripping people off. So they assume we're all the same way and we're covered by the same blanket.

GREGORY CRAWFORD: It's not only the individuals, but it's also the structure. Customers hear the market is rigged against them. There's this perception that the whole structure of the investment wall leaves the individual last in terms of priorities and opportunities.

GARCIA: It's not fair just to point out the Madoffs and the Milkens. If you look something closer to home and more recent like the auction rate securities, that affected and impacted literally every major brokers firm in the world. Auction rate securities were marketed as liquid securities, as good as cash securities. All of a sudden during the recession you couldn't get your money out although they were sold by every major financial institution as good as cash. There were firms, not-for-profits and corporations in this state that we work with that counted on that money to run their business. It's not just those isolated incidents that give us a bad name.

WHAT ARE THE BEST INVESTMENT OPPORTUNITIES?

COREY: We see equities as a major component of a client's portfolio. There will be times where there will be a possible retraction of 5 to 10 percent. At those times you have to go back to your asset allocation and make sure you're there for the long term and determine where you need to fall on your equity side and your equity exposure. With the interest rates being low and the economy growing, that's the place to really have a good portion of your allocation now.

ABTS: When someone hits about \$250,000 they've graduated from mutual funds. I would recommend institutional wealth management where those investments are actually bought and sold in an individual's



portfolio and the actual trading costs are not marked up. There is full disclosure and those investments are purchased and sold according to what makes sense for that investor.

PHILLIPS: So far this year, real estate investment trust and utilities have done very well with double-digit returns. Because of these low interest rates we think investors will continue to put money in those areas this year. Inflation is going to pick up more with food prices and other commodities, but that will slow growth so it will keep the interest rates that the Fed controls and the treasury market low. As such, investors will like the higher yielding securities like REITs and utilities.

JIMMY LEE: A properly diversified portfolio that is customized for that client's objectives always works, along with managing expectations. A lot of investors believe that things they put their money in will only go up. We need to focus their expectations on the downside and make sure there are contingency plans when that happens.

BAUMGARDNER: The best investment opportunity is the one that allows you to go home and sleep at night.

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AGUILAR: It's still driven by diversification within our industry but the real challenge today is that diversification "pie" keeps getting bigger. Where emerging markets may not have been a player before, it is today. Alternative investments were almost a dirty word in the past, but it's an important part of portfolios today. It's still diversification but with new players that are involved in the mix.

CRAWFORD: The greatest opportunity is private [industry]. People across the country have no succession plans and it is family-run businesses that have either been under-performing because people have lost enthusiasm for the business, their management skills are dated or they don't have the capital. That's not the easiest investment for a portfolio but there are people out there who are doing quite well with it.

ROBERT MARTIN: We favor equities over fixed income. We've had the 31 year run on fixed income and as rates rise that will become more of an issue. Most of our clients have fixed income portfolios so it's still an important asset class to have. We favor internationally developed over emerging markets. Although emerging markets seem like they're on sale and fees are really good, there's a lot more relativity.

WHAT IS THE MOST COMMON MISTAKE CLIENTS MAKE WHEN IT COMES TO RETIREMENT PLANNING?

BAUMGARDNER: They assume the money is going to last a lifetime but they don't stop to consider that what a dollar buys today isn't what it's going to buy 50 years from now. You have to try and get them to understand that if you don't have growth in the portfolio you're just going to be maintaining the status quo that you have today and you're going to be hurting down the road. That's the biggest thing we try to point out to our clients.



ABTS: If we look at millions of people who are not ready for retirement and are going to run into some type of financial difficulty, that puts some form of burden on the other people who are prepared. It challenges things like healthcare, social security and even taxes. The second issue is getting people to understand that working with an advisor does bring significant value to the table. A very high percentage of people who actually seek out financial advisors to prepare for retirement are on track.

JOHN WILCOX: And to do so in time. Too many people wait too late to start. We have people who talk to us a year and a half away from retirement and want us to figure out how to replicate their income. That's a big problem. People are waiting too long before getting in the planning mode for their retirement.

LEE: A lot of investors think that they're getting financial advisors for buying and investment performance first, asset allocation second and planning third. In their eyes, planning is the least valuable when it's the exact opposite. It's fairly easy to do asset allocation and most investment firms are not going to outpace each other over a long period of time, but planning can make a huge difference for whether someone is going to be successful.

AGUILAR: If you look at the middle and upper class, those who have worked for a living, there's a common trait among those who have been successful in their retirement. They're savers and they know how to watch what they spend on a monthly basis. We deal with some very wealthy clients whom we've done full blown retirement plans for, and at the end of the conversation it's determining where that money is going to come from. The wife says it's not coming out of the household account while the husband says it's not coming out of the business. It's just a matter of discipline and that saver's mentality.

HOW BIG OF AN ISSUE IS STAFFING AND RETENTION?

LEE: Major Wall Street financial institutions are recruiting and training less people into the business now than they did five years ago. As an industry, we're a lot smaller now than we were pre-2008 recession. Now, there's an emphasis on growth but there is a gap between the people who are good advisors and people who are coming up to take over and manage those clients when those advisors want to retire.

RADOSEVICH: The bigger firms need to do a better job of building a bench, being able to adequately train and making sure individuals are getting the right credentials and certifications.

PEQUEEN: The baby boom generation grew a lot in the last 10 to 15 years and became investors. The industry hasn't had time to really train an equal number of people to handle those. In many cases, even very good firms are having people served by those that are far less trained than others. The inconsistency in experience and training is not serving the client's interest well.

COREY: I haven't seen staffing issues due to the Charles Schwab's brand. We get quite a few applications when we have openings, but I also share good folks and potential employees with other companies. Everyone is always

looking for someone good and I'm sure that will come back one day to me. A lot of networking can get good folks for your business.

WHAT ARE THE CHANCES OF THE MARGINS TAX INITIATIVE PASSING?

CRAWFORD: The poll is currently 60 percent to 40 percent, in favor.

ABTS: Unfortunately, I do believe there's a high chance of it passing. The concept of how it's worded is that it's only two percent or the first \$1 million. Up in the Reno-Tahoe area we want to see more businesses come over from California but we continue to see them skip over and head off to places like Texas. It's extremely important to us and I get that we need the revenue for the schools but this is not the right way to get the revenue. This is a vote against business and it's certainly not what we need right now.

PEQUEEN: The momentum may have been lost by the Anti-Margins Tax Coalition lately. Early on people said we have a really good chance of defeating this, but those efforts haven't really gained the steam that they should have by this point. The next couple of months are absolutely crucial if that coalition could actually educate and get the word out. There are a lot of independent business people in our client base and we put out a lot of information on it, but there's still a significant number of people who should know about it but don't. It caught me off guard that there are a couple of really high profile people that didn't know it was on the ballot this year. Of course, once you educate them they're aghast.

WILCOX: The math says that this tax on top of the rates we're already taxed at takes us to about a 15 percent level. California is at 8.8 percent. That completely changes the game. If you take it to a per-employee level, it takes us to one of the top five taxed states per employee for businesses in the country.

It's a game changer but not the type that we're looking for in this economy.

HOW DOES THE FUTURE LOOK FOR INVESTORS?

PHILLIPS: Stock prices and home prices are correlated to consumer confidence

and they've all increased. People are generally feeling better and buying more.

MARTIN: Growth-wise from an economy, we have this slow, steady growth of three percent GDP for three years. We're coming out of what was two percent so it's better, but it's not what we had in our hay day.

BAUMGARDNER: Big ups lead to big downs; I'd rather see something nice and steady. 

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◀ CONTINUED FROM PAGE 15

Males is less concerned about the millennials' urge to chase their dreams in a down economy than he is about the long-term implications. At some point, the light bulb will go on and they'll recognize that hard work, education and skills are directly connected to success. But the definition of success is changing. Gaining a sense of personal fulfillment means more than money for many millennials.

So when that light bulb does go on, will the economy have passed them by? The technological advantage the generation holds today seems destined to fade as technology moves ahead and they are shut out of the on-going training that comes within a Cox-like corporate environment.

Males is far from confident but he recognizes millennials are the future of the American economy.



Mike Bailen
Zappos

A New Business Model

One of the companies widely credited with understanding how to get the most out of Millennial workers is Zappos. The e-commerce vendor of shoes has become a power player in downtown Las Vegas and extended its product line to include clothing.

Its website describes the Zappos corporate culture as "fun and weird." That culture has powered the company into *Fortune* magazine's list of the top 100 companies to work for. And it convinced new owner Amazon to let Zappos be Zappos and operate as an independent entity.

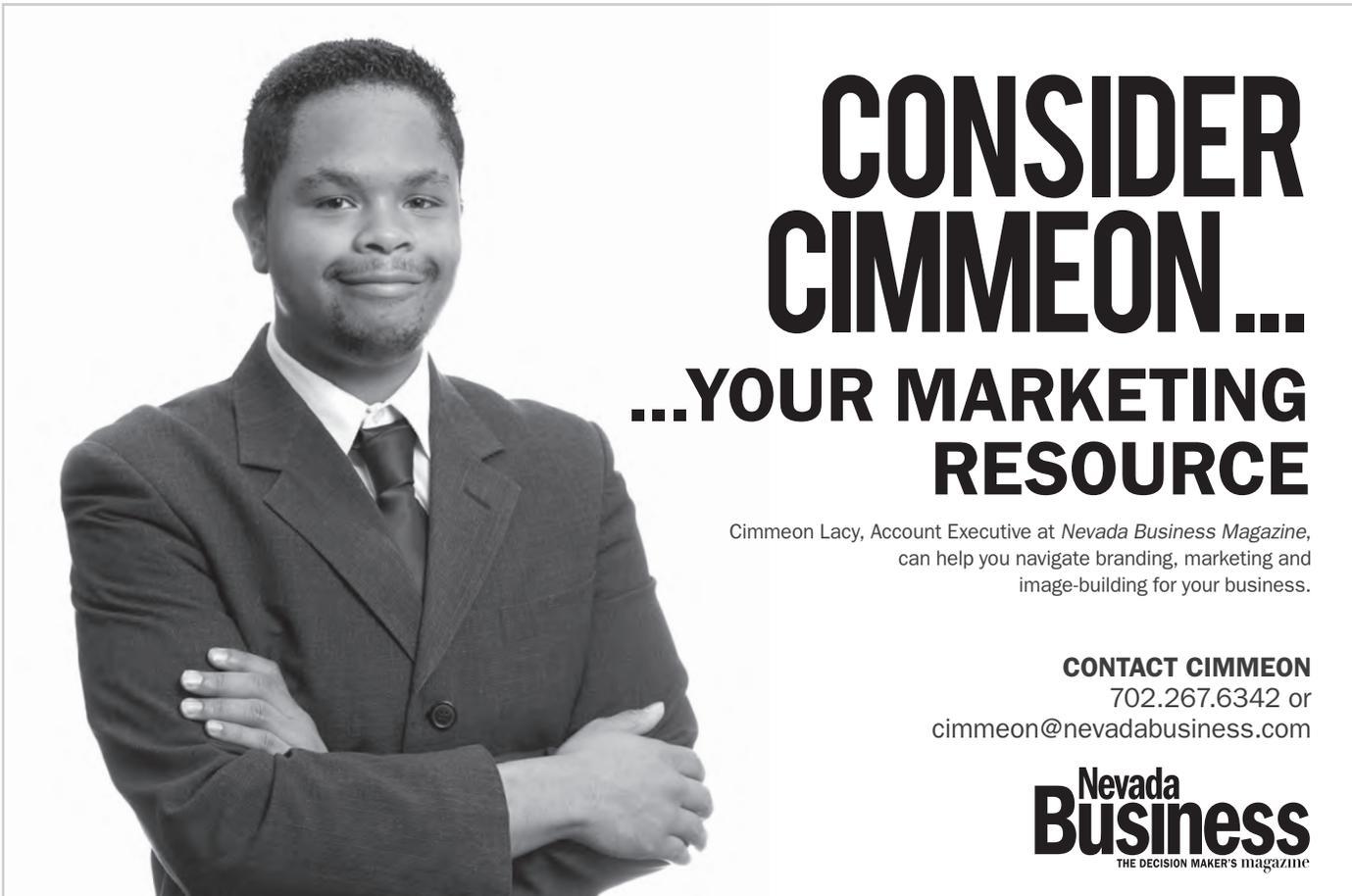
Mike Bailen, senior human resources manager, sums up the Zappos approach

succinctly: "We try to treat employees like adults."

Yes, there is fun and unorthodox approaches are encouraged. But when it's time to work, it's all business. While the dress may be lax, the company has a strict approach to work schedules.

Coming in the door, applicants are screened carefully to make sure they have a customer-first approach to service. They're given a thorough orientation that stresses the company's 10 core values.

Bailen pointed to the call center as an example of what sets Zappos apart. Customer service reps are encouraged to treat the customer like a friend and go the extra mile to find a solution. The length of the call isn't an issue. There are certainly policies that govern what's doable, but there are no scripts. Customer service reps are encouraged to be authentic and creative in engaging with the customer and in finding a way for the customer to go away satisfied.



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That approach resonates with millennials, Bailen said, but the Zappos team is diverse. And older workers get it too. The most tenured members of the call center team are boomers who came on soon after Zappos moved to Henderson in 2004 and then into its new home in the old Las Vegas City Hall last year.

Bailen sees the Millennial workers as relentless in their pursuit of a higher purpose which gives them a sense of fulfillment. For some, it comes in helping others, just the kind of service mindset Zappos values. For others, fulfillment comes during off hours, in rock climbing or mastering the latest video game. But that works fine in the Zappos culture too, as long as they put customers first on the job. Results matter and Zappos carefully monitors performance.

Bailen pointed to an elaborate system of programs designed to give employees a way to learn, try new things and chase a dream. There's an internal internship program, for example, that lets employees get a 90-day taste of life in a different department. That can open minds and doors.

Then there's Leap Frog, a program that allows employees to pitch ideas to executives directly. A good idea can result in an investment and a chance to create your own career path.

One buyer pitched executives on the value of a research team that would track fashion styles and advise buyers. Executives agreed and the buyer was tasked with setting up a team to do just that. A tangible success story like that can ripple through a company for years.

Zappos is so certain it has found some answers others crave that it's staging three three-day boot camps -- in mid-May, late July and late September -- at which other companies can come and learn -- at \$6,000 per person.

There's no holding back Father Time. Over the next 15-20 years, boomers will vanish from the workforce, genXers will get their chance and business will have to rely on millennials as they grow into key roles.

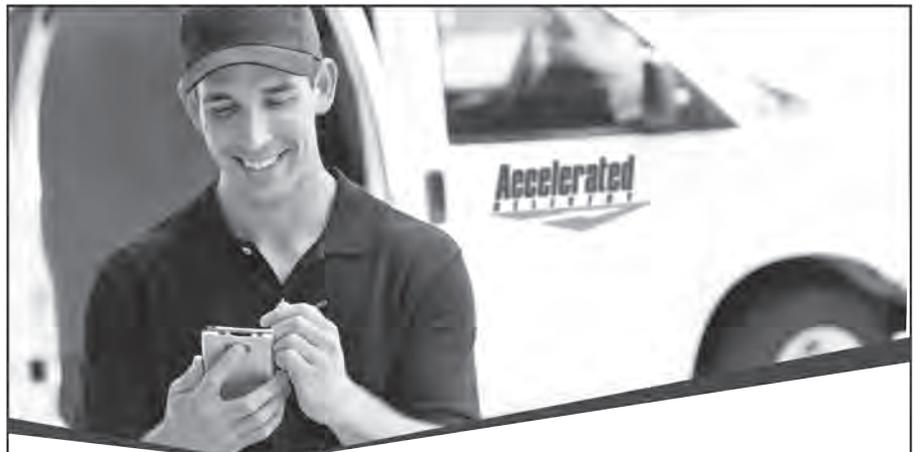
There's a certain irony to baby boomers leaving the stage as their grandchildren live out that old Berkley Free Speech Movement phrase -- 'Don't trust anyone over 30.'

But, in the language of the day, it is what it is.

Now it's time for business to figure out a workable response because the next generation may well give today's workforce a run for its money. 

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HOW DID YOU FIRST GET INTO YOUR PROFESSION?

Coming out of college, it was apparent that my mindset and personality lent itself to counseling others, assisting with disputes and multi-tasking on a daily basis. Those traits have proven most useful over my more than 25 years of practicing law in the state of Nevada.

IF YOU COULD BE REMEMBERED FOR ONE THING, WHAT WOULD IT BE?

I would hope that my legacy will include the knowledge and manners that I have passed down to those attorneys that follow behind me. There is no more important role than that of a mentor to the younger attorney.

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

Be true to yourself. Make all efforts to practice in an area of law that suits your personality and in which you can be dedicated and passionate. Also, remember those who work for you and treat them well – without their assistance you would be overwhelmed.



SCOTT ACTON
CEO
Forté Specialty Contractors

LAS VEGAS

HOW DID YOU FIRST GET INTO YOUR PROFESSION?

I followed my grandfather and father's footsteps. They both created world famous attractions at Disneyland, Knott's Berry Farm, and Sea World. I started small...in the shop pushing a broom!

IF YOU HAD TO CHOOSE ANOTHER PROFESSION, WHAT WOULD IT BE?

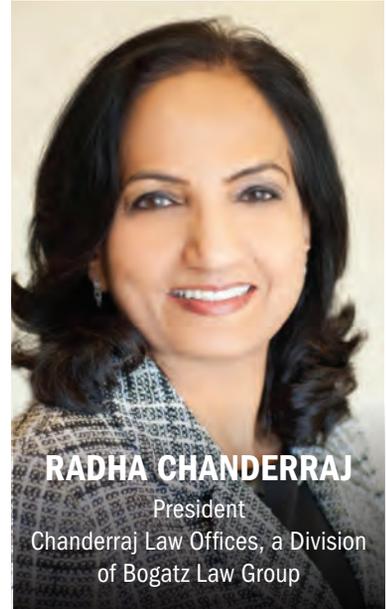
Ride designer at Disneyland. I grew up around amusement parks and love the feeling you get watching others experience a new attraction for the first time.

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

Perseverance. Know the difference between temporary defeat and failure!

IF YOU COULD STOP TIME, WHAT'S THE ONE MOMENT YOU'D WANT TO RELIVE OVER AND OVER AGAIN?

One night I came home late and found a letter my then 13-year-old daughter had written me stating how much she appreciated everything I do for her and the family.



RADHA CHANDERRAJ
President
Chanderraj Law Offices, a Division of Bogatz Law Group

LAS VEGAS

HOW DID YOU FIRST GET INTO YOUR PROFESSION?

Before I came to Las Vegas, I went to law school in Mumbai, India. However, I could not get a Nevada license as it was not an ABA accredited school. When the Boyd School of Nevada opened in Las Vegas, I decided to go back and get my license.

IF YOU HAD TO CHOOSE ANOTHER PROFESSION, WHAT WOULD IT BE? WHY?

Social worker. It complements legal work and allows you to help people overcome challenges.

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

Be a life-long learner. Don't worry about the money and the prestige, it will eventually come when you are passionate about what you do.

WHAT DO YOU LIKE MOST AND LEAST ABOUT YOUR INDUSTRY?

The opportunity to help others is what I like the most. The thing I like the least is the filing of frivolous law suits and "winning at all costs."

Coalition Releases Job Impact Memo on Margin Tax Initiative

The Coalition to Defeat the Margin Tax Initiative (CDMTI) has completed an analysis of the potential employment impacts of Question 3, the Margin Tax Initiative, which will appear on November's ballot. According to their research, the tax burden for businesses would increase by approximately \$700 million. That increase would cause the loss of nearly 9,000 private sector jobs. The analysis was conducted by Applied Analysis and commissioned by CDMTI. 🌿

Cox Communications Launches Home Security Product

Cox Communications Las Vegas has launched Cox Home Security, a fourth product from the telecommunications provider. The home security division will offer 24/7 monitoring for residences in addition to the internet, cable and telephone services already provided by the company. The product was piloted in Arizona and has since launched in five other markets. 🌿

Mandatory 10 Digit Dialing Begins

According to the Public Utilities Commission (PUC), telephone customers in the 702 area code in Nevada must dial all 10 digits when placing a call beginning on May 3rd. The area's new area code for the region, 725, will become active on June 3rd. Callers who dial only seven digits will receive a pre-recorded message introducing them to 10-digit dialing. 🌿



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the six navigators, the top three performers through the next open enrollment periods that begin November 15, 2014 and February 15, 2015.

Additionally, in late March, the state contracted with Deloitte Consulting at \$1.5M to, over five weeks, assess the operational and technical problems with Nevada Health Link and provide a remediation plan. Xerox, too, has added numerous resources to eradicate the remaining issues.

“Things have gotten better,” Murphy said. “There are still challenges, and people are working really hard to make sure it works.”

Fisher anticipates another 10,000 will enroll by May’s end, taking the total (including those approved for Medicaid) to 104,000, which would equate to about a 17.7 percent decrease in the number of Nevada’s uninsured under age 65 due to Obamacare.



Steve Fisher

Silver State Health Care Exchange

Nevada had about 588,000 people in that age range without health insurance in 2011-2012, according to the Henry J. Kaiser Family Foundation’s State Health Facts.

“We have set some goals and haven’t achieved those goals, but we’re reducing the number of uninsured in the state of Nevada,” Fisher said. That’s really very positive.”

Zumtobel agreed it’s a good start, but lots more work needs to be done.

“We have a really long way to go for access for everybody,” he said.

Effects on Businesses

To date, the ACA and Nevada Health Link, even with its problems, hasn’t had a

major impact on businesses, large or small, excluding healthcare providers.

“From the employer standpoint, being able to offer and decide what kinds of benefits to offer employees isn’t riddled by the problems we’re hearing about with the exchange,” Murphy said.

Starting January 1, 2015, companies won’t be able to keep their existing health insurance plans if the plans don’t meet ACA requirements. They’ll need to move to acceptable ones if they decide to continue offering health insurance. Most likely, they’ll select their new plans around October. According to Clark, companies’ costs likely will increase starting in 2015 due to the start of some ACA mandates, including Employer Shared Responsibility. The ultimate pros and cons to businesses can’t be assessed until everything goes into effect.

“We probably will see a lot of people become very upset,” Clark said. “If the rate

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changes are what we've been told that they're going to be, you're going to see a lot of really upset small businesses."

All involved parties are trying to understand how they'll be impacted in the future and make decisions accordingly, Murphy said.

Small groups are seeing employers that have had a change in their rates. They're looking at their plan options and considering whether or not to keep their coverage and/or help employees pursue insurance through the exchange.

Larger employers are assessing the potential impact fees, taxes and changes to benefits and determining what they need to do, if anything, going forward.

Healthcare Providers

Physicians, hospitals and other health-care groups are pinpointing how Obamacare will affect their practices and businesses and what changes they must make accordingly.

One issue is Nevada's physician shortage, specifically primary care providers, in the face of an influx of thousands of newly insured people. Another is that providers, hospitals and health systems are dealing with decreased reimbursement for their services, yet they must have the staff and resources to deliver care to all these additional people. High deductibles that have to be paid before an insurer pays also impact healthcare providers, as they sometimes provide services for which they're not paid.

"Cost has just never been more of an issue than it is right now all the way around," Clark said.

Healthcare Trends

The gradual but longstanding shift in insurer reimbursement for healthcare continues, from a fee-for-service to a pay-for-performance payment model. With fee-for-service, healthcare providers are paid for each service they provide. Under this newer scenario, reimbursements are tied to quality metrics to ultimately reduce the total cost of care.

Consolidation of physician practices—physician groups merging with others or selling their practices to larger organizations—has been one result, Murphy said.

"It has moved at a more rapid pace in the last year or so," he added. "We're expecting to see more of that coming down the road."

Another result has been the formation of accountable care organizations (ACOs), voluntary groups of healthcare providers who

are reimbursed on a pay-for-performance basis for care given to a specific patient population, such as Medicare enrollees.

One new provider group in Southern Nevada is based on the ACO model with a slight difference. This accountable care network (ACN), called WellHealth Quality Care, contracts with insurers, employer groups, self-insured groups and the Nevada Health CO-OP to provide healthcare.



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“We have carefully selected providers on a reimbursement model that incentivizes them for high performance when it comes to clinical and non-clinical quality measures,” said Steven Keltie, WellHealth’s president of business development and marketing. “ACNs are definitely the model of the future.”

Clinical measures include infection rates post surgery, hospital re-admittance rates



Steven
Keltie

WellHealth Quality Care

and others whereas non-clinical ones include aspects of patient satisfaction—wait times, physician communication and the like.

Physicians who fail to reach the established quality benchmarks are expelled from the network. Those who exceed the standards receive bonuses, Keltie said.

WellHealth plans to expand into Northern Nevada in coordination with the Nevada Health CO-OP by year’s end.

Due to ACA’s requirements, health insurers are assuming more risk. To manage that and costs, many are requiring the insured to pay higher deductibles, as high as about \$6,000, Clark said. They’ve increased or eliminated insured co-pays and lowered co-insurance, the percentage of costs the insurer pays after the deductible is met. These all result in consumers paying more for their health-care than ever before. These changes also put the onus on providers to collect money from patients before delivering care.

Another insurance company strategy is narrowing coverage networks, decreasing the numbers of medical provider options for consumers, Clark said. Insurers are canceling contracts with many of their providers to obtain greater discounts and control from those remaining in the network. In exchange, they’re offering an increase in patient volume to those fewer providers. These fewer providers are incentivized to work to achieve the insurer’s goals for controlling costs so the insurer can stay competitive in the marketplace.

A Look Ahead

The next exchange open enrollment begins November 15. In the meantime, the Silver State’s Health Insurance Exchange will keep working to resolve the exchange website and call center problems.

“Our number one goal is customer service,” Fisher said. “We want people to enroll in a quick and user friendly manner, to easily access programs available to them and have a good experience going through the process.”

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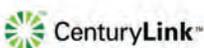
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RENOWN HEALTH

Established in 1862.

Renown Health has evolved — new technologies have been introduced, the organization has expanded, and in 2006 the name changed from the Washoe Health System to Renown Health. But the heart of the organization has remained the same over the past 152 years: Renown Health still serves the health and well-being of Northern Nevada.

The organization was established at a pivotal time in Nevada's history. The year was 1862, and amidst the Civil War and the Comstock Lode silver boom in nearby Virginia City, the community faced a smallpox outbreak. A clinic was formed in Washoe Valley to quarantine and treat the sick. In 1864 when Nevada became a state, that clinic led to the area's first hospital.

Hospital expansions occurred as the area's population and healthcare needs exploded. Local work continued on the Virginia and Truckee railroads and the Reno and Virginia City passes, with healthcare providers nursing the sick and wounded from the work camps daily.

In the 1940s the organization joined the World War II effort, recycling and donating metal. The hospital also formed a blood bank, recruited doctors and collected plasma and bandages to support the country's soldiers.

At this time, few things took a greater toll on the health of the American public than polio, and Reno was no exception. By 1952 more than 150 individuals in Northern Nevada were being treated for the disease. But with the iron lung and intensive rehabilitation therapy, care providers doubled Northern Nevada's polio survival rate within two years.

A Personal Perspective

There were actually two iron lungs still in use when Bernice Martin Mathews walked into the hospital and asked for a job in 1955. With her bigger-than-life personality, Bernice began her career working as a nurse's aide.

Because of her persona, Bernice never turned away an opportunity. She accepted new tasks willingly, viewing them as life lessons. And because of her tenacity, she steadily moved up the ranks while attending school — earning her Licensed Practical Nurse (LPN) and Registered Nurse (RN) degrees.

She witnessed many firsts and changes at the hospital during her tenure. In the 1950s the organization implemented the first cardioscope for heart care and incubator to care for the region's tiniest patients. And the miracle of in-room patient TVs occurred on her watch.

She was there for the establishment of the heart care unit in 1963, not long after which Louis Armstrong and Sammy Davis Jr. were admitted to the hospital for congestive heart failure and coronary disease respectively. And during this time the first patient in the region received a pacemaker at the hospital.

Bernice had her own set of firsts — she was one of the first African-American nurses to care for patients at the hospital, and trained as part of the area's first trauma team. She held positions unheard of for an African-American woman at the time, and trained fellow nurses and doctors as part of her responsibilities.



Ready for the next challenge, Bernice accepted the offer in 1970 to teach. She left the hospital, but didn't cut ties with healthcare. She continued shaping the future of medicine by educating the next generation of nurses at Truckee Meadows Community College.

A Continued Commitment

In the 1970s the hospital continued advancing medicine by establishing the first cancer treatment center in Northern Nevada, performing the first open-heart surgery in the area and opening the community's first neonatal intensive care unit. The organization transitioned to a private, not-for-profit health network in the 1980s and become the region's only Trauma Center between Sacramento and Salt Lake City.

The organization continued to bring innovative technologies to the region, including the first and only PET/CT for diagnosing and treating cancer patients in 2004, along with the region's first and only bi-plane angiography to treat those who suffer stroke.

And in 2007, Renown took the region's healthcare vertical with the completion of the Tahoe Tower — a 10-story facility that changed the face of patient care and comfort.

In celebration of Renown's 150th anniversary in 2012, Bernice credited her experiences at the hospital for making her who she is today. But it's Bernice and others like her — both inspiring patients and dedicated caregivers — who have walked the hallways over the past 152 years that have made Renown what it is today.

Renown has a rich history in Northern Nevada and is a part of the community's fabric. The health network is locally owned and is committed to bringing quality care and innovative technologies to the region.



Always looking to implement the latest technologies, the hospital brought the first cardiograph to the region in the 1950s.



As part of her myriad responsibilities, Bernice Martin Mathews trains a fellow nurse at the hospital.



Bernice Martin Mathews pays tribute to the past in her early-era nurse's uniform at Renown's 150th anniversary celebration in 2012.

BUILDING NEVADA



BUILDERS AND DEVELOPERS

BULLISH ON NEVADA

By Jennifer Rachel Baumer

Nevada's skyline is once again changing. Commercial real estate, which saw many projects stalled mid-recession, is finally moving: contractors are hiring and builders are returning. But is there activity across the board in all industry sectors – industrial, office, retail, mixed-use – or are some moving faster than others? Does it spell recovery? Or another boom and bust cycle?

The Comeback Year

“My overall [outlook] for 2013 is, it was certainly better than 2012, but spotty,” said Kevin Burke, CEO, Burke Construction Group. “That’s the best way I can characterize last year. It was moving in fits and starts; there was nothing that had any real legs behind it.”

“Nobody thought we were going to be in the tank as long as we were,” said Warren Hardy, lobbyist, Associated Builders and Contractors. “Nevada is always last in and first out of any economic downturn and people expected that to happen.” Which means we’re coming out of it more cautious than we went in.

“We’re still recovering, particularly in our industry, no question,” said Burke. “But we’re seeing more sustained regrowth in the commercial real estate industry, in particular in the office market and federal (public works). Also in retail and certainly in the senior care market.”

Harsch Investment Properties has a portfolio of 8 million square feet of industrial and 500,000 square feet of retail in Southern Nevada. “For 15 of the 20 years we’ve had an office in Las Vegas I think we looked pretty smart,” said Jordan Schnitzer, president. “For five of them we looked pretty stupid, because we had the most vacancy of anyone.”

The bottom of the recession for Harsch was 2008. “I’d say the market for real estate just stopped,” said Schnitzer. “It didn’t slow down, it hit a wall, and there was an overhang of product in every category.”

However Harsch, and every other builder and developer still in the market, are in a much better position now than they were five years ago.

Things are starting to move, though they’re not as fast and furious as they were in the early 2000s, said Mike Dianda, managing partner, Q&D Construction. There’s slow, steady growth in commercial building and public works projects including state projects

for the Nevada Department of Transportation (NDOT), road repair and reworking. Homeowners are returning, doing remodels, and builders are starting housing projects.

“For us as a contractor, [growth] is coming from unusual sectors,” said Frank Martin, president, Martin Harris Construction. “In previous years you could always plan for specific sectors, like offices were going really, really well so you could expect to get a certain sector of that work, and/or warehouses, distribution or condos or whatever. There were always markets that were clearly cut and clearly defined.”

Today’s business is coming from all over, making it hard to plan ahead, said Martin. “It’s like there was a pent up demand for it and all of a sudden people are ready to build and it comes from markets that in some instances have never been a piece of our resume.”

Some of Southern Nevada’s major projects include the Echelon hotel, casino, shopping and convention complex, the Shops at Summerlin starting up again, a master plan project in Henderson to build 13,000 new homes and tenant improvement projects.

In Northern Nevada there’s a tremendous demand for the bigger box warehouse distribution facilities; inventory is low enough that



Jordan
Schnitzer

Harsch Investment Properties

developers are gearing up to build, according to Todd McKenzie, president, McKenzie Properties and president of the Northern Nevada chapter of the National Association of Industrial and Office Properties (NAIOP). A 624,000 square foot spec project is going up in Golden Valley, and McKenzie Properties is building a 70,000 square foot build-to-suit in South Meadows for a company expanding out of Baltimore.

On the office side the South Meadows market remains strong and the Meadow Wood sub-market is the strongest in Reno with a low vacancy rate of less than 10 percent. Retail is picking up at well located centers. McKenzie is planning a fairly sizeable project off Kietzke and McCarran, 250,000-square-feet of retail and office product that should break ground in 2014 or early 2015.

Dianda indicated there's a lot of growth in the industrial region along I-80 between Reno and Fernley, the USA Parkway area. "In our opinion there's still quite a bit [of inventory] out there. I think it's more of a choice as far as new clients, do they want existing space or do they want to pay for a new building or location."

Projects in the public sector helped commercial builders through the crisis, said Hardy. "It took a little while for the legislature and governing bodies to realize they needed to help with recovery but NDOT has a lot of projects. In the North UNR has a massive project on campus and there's one on campus [in Southern Nevada]. Those help bridge the gap; those are all new projects."

When the economic downturn hit, many builders and developers left the state, which wasn't completely a negative event. "Everybody and their dog came to Vegas and Southern Nevada for construction business during the boom," said Hardy. "We sort of thinned the herd in terms of companies."

Developers are returning but still struggling in the commercial real estate market in Southern Nevada, with more returning to build in industrial and anchored retail centers but there's no spec office building underway.



Frank
Martin

Martin Harris Construction

Burke Construction works in all commercial real estate sectors, with office, retail and industrial being the core markets, and it was the core markets that were hammered from a construction standpoint, said Burke. "We went from literally being in those core markets to almost no activities in those from 2009 to 2011. There wasn't demand and there was no need to build another office building or shopping center."

The Projects – New, Old, Speculative

In light of the significant overhang and continuing vacancy rates in some sectors, developers and builders are moving a little more slowly, waiting for absorption of existing properties. To meet changing needs in the market, Burke Construction created a special projects division to deal specifically with tenant improvements and projects involving existing properties.

Abandoned, foreclosed, repossessed and bank-owned properties are starting to move. "We've restarted projects like these for a variety of developers, people have come in and bought them out of foreclosure, bought them from banks that had to repossess them. And now we're starting them up again," said Martin.

McKenzie Properties is finishing up South-Gate, a local business center that broke ground at the worst possible time – October 2008. The slow and steady project built one



Mike
Dianda

Q & D Construction

to two 8,000 square foot buildings every year. "There is demand for that kind of product, it just wasn't as fast as we would have liked because of the recession," said McKenzie.

Looking at industrial properties on the south end of the state, John Stewart, principal, Juliet Companies, expects the industrial sector will pick up, but notes Nevada is in competition with other states for large companies. "I don't think the market is necessarily back to the point of developers and lenders constructing industrial buildings on spec without an end user in tow," said Stewart. "I think the industrial marketplace will be more strategically driven by end-user requirements."

While vacancy rates for industrial product are declining and rents are going up, a trend headed in the right direction, there's not a big enough change to generate much new construction. Vacancy rates need to be closer to 10 percent for a significant period before we'll see a wave of construction activity, said John Restrepo, principal, RCG Economics.

Even if there's a need for new construction, lenders are still pretty hesitant in Las Vegas. This means companies eyeing Nevada may move on because they can't find the space. But without a committed company looking for a build-to-suit, and with no developer building on spec and no bank loaning to build on spec?

There's the rub, said Restrepo. "Developers would love to build larger spaces because there's a shortage of it, but the banks are still not lending. They're concerned about where the Las Vegas economy is heading because there's still some headwind, chiefly in the job growth side and consumer spending and a variety of other indicators like that which are occurring on the economic side and which are constraining lenders lending." Not to mention new tough federal lending requirements.

So how do we match up companies needing space, developers who want to build the space and lenders who can provide financing for the space? In some instances we start with what we've already got.

Supplementing the Market

Economic development authorities in Nevada are working within the commercial real estate market to affect absorption of vacancies. The Governor's Office of Economic Development and local economic development organizations work to attract new companies to Southern Nevada. The efforts of these entities working together has led to Barclaycard US, the credit card division of international UK-based Barclays Bank, opening a customer-service call center in the formerly vacant building American Nevada had on its books.

Nevada's favorable tax climate in conjunction with a solid economic development plan moving forward are an asset to the state. "It's not overwhelming to where we're going to build ourselves out of anything or have a major boom any time soon, but just a slow, steady growth which I think is healthy for our community," said Dianda.

A Little Bang, but not a Boom

While some projects sidelined mid-recession are restarting, and new projects are building, not everything stalled will start again, and probably not everything should.

So can we expect another building boom? Or, are builders a little more gun shy since the downturn? "I think we can expect a little bit of bang, but no booms," Martin said.

"I don't expect we'll ever see anything like that again, and we're fine with that," said Tony Dazzio, chief marketing governmental affairs officer for Burke Construction Group. "Nevada enjoyed sustained explosive growth in that time period. We think we've paid the price for

it. We're very bullish about this market, in particular with Southern Nevada, and also realistic about what success will be in the future."

"I think we're on the verge of a massive boom in industrial," said McKenzie. "With the e-tailing distribution centers that have been coming here and with the internet demand, which isn't going to stop, there's a need for bigger and better boxes. Reno is well positioned and has the infrastructure for those kinds of instances."

Retail is driven by consumer demand, said Stewart, which means newly built residential areas without a population living in them to make that demand aren't going to need new retail. Most likely a handful of areas where there's already population will see retail growth.

With everyone moving cautiously, Stewart expects, "an increase in commercial development, but hopefully not so much of a boom as something more stabilized and sustainable."



Todd
McKenzie
McKenzie Properties

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Patricia Farley is the Republican leader we need in the Nevada State Senate.

Paid for by Farley for Nevada

People as Well as Places

When the economy went down for the count, construction projects dried up throughout the state. Skilled tradesmen left the state or found other work, and many haven't returned.

Between 2000 and 2005, there was a period when Nevada contractors were recruiting talent from out of state. By the time the



John
Stewart
Juliet Companies

recession hit, there was a mass exodus of construction workers from Nevada. Now, as the industry turns around, contractors are

finding themselves recruiting from out-of-state again.

"I'm talking to some people in the tenant improvements and remodeling sector and they're saying if everything they have on the books happens that 2014 could be one of their best years ever. That's not an indication that there's a whole lot of work out there, but an indication that there are fewer companies competing for the work that is out there," said Hardy.

What we didn't really lose, for those employees who could find the work, were wages. Prevailing wage, based on reported payroll and wages of workers on job sites, stayed pretty much consistent through the recession. "The way the law is set up it's almost impossible for prevailing wage to go down and I think we saw that in the recession," said Hardy. "Because while private sector wages were dropping and dropping, we didn't really see a drop in prevailing wage; in fact, we saw an increase in many sectors."

Some of the craftsmen and construction professionals we lost may return. Nevada is seeing a population boom even if we're not yet seeing an economic boom. "That's what's driving the housing market right now and prices in Nevada are certainly recovering a lot faster than any of us thought they would with a 30 percent increase in 12 months in prices," said Hardy. "I think that's significant. We may be in for another housing boom. That just shows you that people are bullish on Nevada."

Recovery in commercial real estate continues to move slow and steady. While we may be impatient for something faster, right now we're headed in the right direction, and probably at the right speed.

"The problem with rapid recoveries is they're generally followed by declines," said Restrepo. "High risk, high reward. We forgot during the extended period of time of hyper growth for 20 years prior to the recession that it was a unique period of time. Unfortunately we started believing that it was the norm, but we yield to the laws of economics and gravity." 



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WHY TEACHERS ARE LEAVING THE TEACHERS UNION

Victor Joecks is executive vice president of the Nevada Policy Research Institute.

It's easy to lump individuals together in a group based on one specific characteristic.

How many people have been cut off in traffic by someone with a California license plate, and then blasted those "California drivers"?

Generalizations are especially prevalent in politics. Who's heard that rural Nevada is conservative, but Las Vegas is liberal? Or that rednecks vote Republican, but Latinos vote Democrat?

Now sometimes generalizations serve an importance purpose — like informing predictions of how many seats Republicans will pick up in the House and Senate in the 2014 elections. That's an event a few months away that will be heavily influenced by how things stand now.

But in the long term, generalizations ignore the sea changes that occur beneath the surface. These changes occur in small steps and create the large-scale movements that seem to appear out of nowhere.

A change like that is happening right now within Nevada's teacher union.

The Nevada State Education Association (NSEA) claims it is teachers' "voice in education." It doesn't seem misleading for the teachers union to say it speaks for teachers, except for one very significant fact. The teachers union doesn't represent two in five teachers in the state.

In the Clark County Education Association and Washoe Education Association, NSEA's two largest local chapters, just 59.5 percent and 60.5 percent of teachers respectively are union members. These districts also contain over 85 percent of the state's teachers. In Nevada's 15 smaller districts, less than 68 percent are union members. In total, just 60.6 percent of Nevada's teachers belong to the teachers union.

Union membership wasn't always this low. While Nevada is a right-to-work state and no teacher has to join the union, once a teacher joins, he or she can only leave by submitting written notice between July 1 and 15.

That two-week window is in the middle of summer when school-related activities are far from the minds of most teachers. That's intentional. Union officials know that many teachers, seeing an opportunity to leave, will.

One catalyst for the recent drop in union membership has been a Nevada Policy Research Institute (NPRI) effort to let

teachers know that they can leave the union and when and how to do so. For the last two years, NPRI has run information campaigns letting teachers know about the 15-day period when their personal decision about union membership can be implemented.

The response of teachers has been profound, many thanking NPRI for sharing this information, and many more teachers abandoning the union in droves. In just two years, over 1,400 teachers have left NSEA, reducing its annual union dues income over \$1.1 million.

So why are teachers leaving? Here are some of the reasons teachers have given NPRI:

- Poor customer service. Why would a teacher pay over \$700 a year to an organization that won't return their phone calls or treat them with respect?
- Save over \$700 a year. Teachers recognize the value of money. Many believe they can spend the \$700-plus that would have gone to union dues better than union officials. Mortgage payments, vacations and educational supplies for teachers' own children are some of the uses.
- Alternative professional educator associations offer better benefits for less. Union members do receive a \$1 million liability protection policy, and many teachers want financial protection from potential lawsuits.
- Teachers have choices, however, and insurance and benefits superior to what NSEA offers are available from national, non-partisan professional-educator associations. For instance, the Association of American Educators provides, for only \$180 a year, each member a \$2 million liability insurance policy, legal protection and supplementary insurance options.
- The union is playing politics with teachers' money. Last year, NSEA made a \$1 million donation to support the margin-tax ballot initiative. This year, it's likely to spend even more. And union bosses brag often about their ability to play politics in Carson City.

Yet, most teachers — whether leaning to the right or the left — aren't involved in education because they enjoy politics. Many teachers just want to teach, and leave political pursuits to their personal lives, not their professional ones.

Just like their students, every teacher is unique and has unique reasons for wanting to leave their union. What's undeniable is that many believe leaving the union is best for them. 🌻

RENEWABLE ENERGY DELIVERS

BENEFITS TO NEVADA

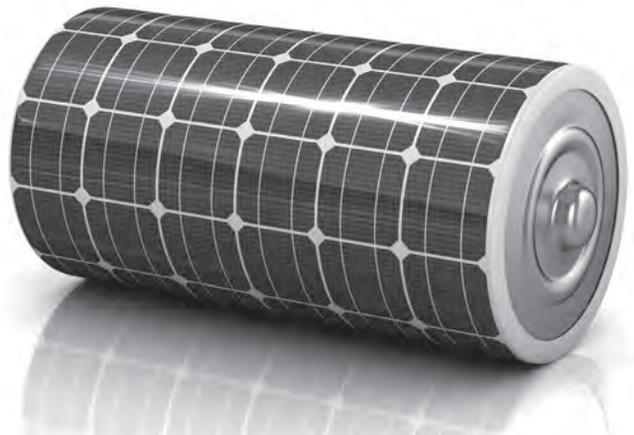
Patrick McCully is CEO of Black Rock Solar

The tremendous benefits of clean, low-cost, renewable energy are becoming increasingly apparent throughout the U.S. Solar companies pride themselves on providing clean energy to a variety of customers, including business and homeowners, rural and tribal clients, as well as the non-profit, public, low-income and educational sectors. For example, last month Black Rock Solar installed solar panels on Yerington Paiute Indian colony land that provided 42 kilowatts of power. Not only will those panels power the pump to irrigate 300 acres of alfalfa, they will help the Yerington Paiutes reduce the tribe's utility bill by \$5,000 per month.

Solar also provides jobs. The Solar Foundation reported in January that Nevada had a total of 2,400 people working in the solar power industry. A recent report by Senator Harry Reid's office concluded that the state is a national leader in clean energy, with "more renewable energy projects currently under construction today than at any other time in the state's history." The report found that clean energy jobs grew at a 5.8 percent annual rate between 2003 and 2010, with continued strong growth projected through 2016.

An even more impressive statistic is that these jobs pay \$8,000 more than the median wage for other jobs in Nevada, according to the report. In fact, just six large renewable energy projects have delivered an "estimated financial benefit of \$1.04 billion to Nevada's economy." In addition, Nevada ranks first and third in the country, respectively, in the number of geothermal and utility-scale solar photovoltaic projects under development.

Aside from wind, solar and geothermal energy, there are also tremendous economic opportunities in



the broader "clean-tech" sector. That includes fuel cells and hydrogen, biofuels, energy efficiency, electric vehicles and several more. For instance, the U.S. Department of Energy estimates that an increase of the use of fuel cell technologies "could create 180,000 new jobs in the United States by 2020, and 675,000 jobs by 2035." Additionally, the Colorado-based Rocky Mountain Institute found that the United State's "commitment to energy efficiency could save upwards of a half-trillion dollars in 2010 net present value, with savings 2.5 times their cost," plus other non-energy benefits, including gains to U.S. competitiveness.

There's no question that clean energy offers tremendous economic benefits. As an added bonus, there are major environmental advantages to renewable power. Solar power is 100 percent spill proof. To put it another way, when there's a major solar "spill," most people just call it a sunny day. Renewable energy comes with no harmful emissions or impact on the climate, minimal use of scarce water resources and no need to ruin ecosystems to get at it.

The environmental benefits of clean energy stand in stark contrast to fossil fuels. For instance, oil spills such as the 2010 Gulf of Mexico disaster, cause enormous economic and environmental damages. The processing and combustion of coal releases many harmful compounds into the air and water, including arsenic, lead and mercury. Just recently, the spill of a toxic coal-cleaning chemical in West Virginia contaminated drinking water supplies for hundreds of thousands of people. In stark contrast, clean energy avoids all those problems, while simultaneously benefiting the economy. That's a "win-win" outcome we can all get behind. 

THE MEDICAL MARIJUANA PROGRAM IN NEVADA: AN UPDATE ON ESTABLISHMENT APPLICATIONS

Marla McDade-Williams is Deputy Administrator for Nevada Division of Public and Behavioral Health



On June 12, 2013, Governor Brian Sandoval signed legislation authorizing the sale of marijuana in Nevada for medicinal purposes. The historic legislation allows cardholders and caregivers to legally purchase marijuana for medicinal use. Using marijuana for medicinal purposes has been legal in Nevada since 2001; however cardholders and caregivers have had to grow their own product. A physician may recommend marijuana for patients with conditions such as AIDS, cancer, glaucoma and other chronic conditions. A physician's recommendation for marijuana is not considered a prescription.

Less than a year after the legislation was signed, the State of Nevada developed rules and a regulatory program to oversee the cultivation, production, testing and sale of marijuana for eligible cardholders and their caregivers. The rules will ensure that establishments have systems in place to track marijuana from seed to sale and that there is solid auditing and oversight of the establishments.

Applicants wishing to run dispensaries, labs, facilities to produce edibles or cultivate medical marijuana will undergo extensive criminal background checks. Those with an excluded felony offense will be ineligible to do business as a medical marijuana establishment. Excluded felony offenses include convictions of a crime of violence or violations of a state or federal law pertaining to controlled substances.

Applications must include well-developed plans for operation, security, inventory control systems, policies, and procedures related to all aspects of the business.

The key public health component of the rules is that all marijuana and marijuana products must undergo testing prior to sale. The testing must be done by an independent, Nevada-certified lab. Test results will be public and placed on the label of the product. Labels will be standardized, with an established font size to ensure that cardholders and caregivers are fully informed about the products they are buying and using.

In addition to meeting state rules and criteria, applicants must apply to each respective local government and comply with their rules. Applicants who are ultimately approved for operation will be jointly regulated and overseen by both the state and the local jurisdictions.

Because the number of dispensaries that may do business in Nevada is limited, the state rules require applications to be ranked. Only the top applicants will proceed through the local government licensing process. There is no limit to the number of cultivation or production establishments allowed in Nevada, or to the number of laboratories that will perform the testing. This number will be determined based on projected amounts needed to supply Nevada's current cardholders and caregivers and sales to non-residents who are medical marijuana cardholders in other states.

The Division of Public and Behavioral Health is the designated agency of the Department of Health and Human Services to carry out the program. Twelve permanent positions are being hired to review and score applications, to issue certificates for operation, and to inspect and regulate the establishments.

The rules require the division to issue a 45-business day notice of when it intends to accept applications. Applications will be accepted during one consecutive 10-business day period, one time per calendar year. At this time, potential applicants should be well on their way to developing their applications for the 10-day application period.

Once the division accepts an application, it has 90 calendar days to review and approve or deny the application. Applicants will receive a provisional certificate if they rank high enough to proceed to the local government approval process. The provisional certificate will allow the applicant to apply to the local government for approval. Applicants will pay separate fees to the local governments and comply with their zoning and licensing rules.

Updates for this program will be available through the division of public and behavioral health. 



DONNA MILLER, HERE'S TO REACHING ALL NEW HEIGHTS.

Congratulations to Donna Miller, CEO of Life Guard International, the Nevada SBA Women Owned Business of the Year.

Donna Miller saw that Nevadans requiring medical air transport were being underserved, so she founded Life Guard International Air Ambulance. Since, she's been helping save lives, shaping important legislation on patient safety, and gaining a reputation as one of the leading fixed-wing air ambulance services in the entire country.

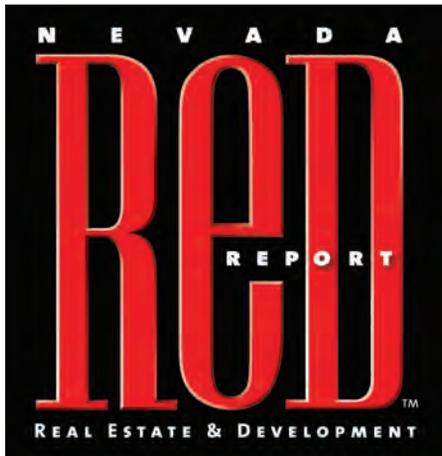
In 2010, when she began banking with Nevada State Bank, we helped Donna obtain SBA financing to grow her operation including adding two new aircraft (and more are on the way). Her sales have increased 16 - 20% each year. And thanks to her, Nevadans have unprecedented access to life-saving transportation.

We are proud to work with Ms. Miller, and we are proud that when she sought help to grow her business, she brought her banking home to Nevada State Bank.

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Robert T. Eglet Advocacy Center

E

Project, Industrial

ADDRESS 400 S. Seventh St., 89101
DETAILS The Korte Company completed the Robert T. Eglet Advocacy Center in Downtown Las Vegas. The \$17.5 million three-story building covers 96,875 SF with office space occupying a little over 47,600 SF. The architect for the project was Design Cell Architecture.

H

Sale, Industrial

ADDRESS 1175 Center Point Dr., 89074
BUYER Reyburn Family Trust
SELLER NRG Nevada LP
DETAILS 23,200 SF; \$1.9 million
APN 175-15-511-003
SELLER'S REP Higgins and Toft of Voit Real Estate Services

Lease, Retail

ADDRESS 7360 Eastgate Rd., Ste 135-140, 89011
TENANT LLW Enterprises LLC dba Voit Lighting
LANDLORD Harsch Investment Properties
DETAILS 10,655 SF; \$117,273 for 26.5 months

TENANT'S REP Higgins and Toft of Voit Real Estate Services
LANDLORD'S REP MDL Group

Lease, Industrial

ADDRESS 739 W. Sunset Rd., 89011
TENANT Quality A/C Service, LLC
LANDLORD United Rental (North America), Inc.
DETAILS 9,760 SF; \$487,387 for five years
TENANT'S REP Sue Rogers of Cresa
LANDLORD'S REP Dan Palmeri and Leo Biedermann of Cushman & Wakefield Commerce

N

Sale, Office

ADDRESS 4315 N. Rancho Dr., 89130
BUYER TEG Rancho LLC
SELLER Judy K. Jordan Family Trust
DETAILS 28,456 SF; \$350,000
APN 138-02-712-005
BUYER'S REP Brendan Keating of The Equity Group
SELLER'S REP Chris Connell of Colliers International

Sale, Retail

ADDRESS 3820 E. Craig Rd., 89030
BUYER Kenneth and Theresa Houchin
SELLER Angyris Enterprises LLC and Joann Argyris
DETAILS 5,022 SF; \$2.7 million
APN 140-06-210-044
BUYER'S REP Eric Salile of General Realty Group Inc.
SELLER'S REP Nelson Tressler and Michael Zobrist of Newmark Grubb Knight Frank

Sale, Industrial

ADDRESS 2642 Lone Mountain Rd., 89081
BUYER Ron Pycior
DETAILS 11,100 SF; \$1,235,000
APN 124-36-402-008
REP (BOTH) Dean Willmore, SIOR of Colliers International

O

Project, Multi-Family

ADDRESS Five communities around Las Vegas
DETAILS Sunrise Management has expanded to include five more communities to its Las Vegas portfolio. The properties include the 144-unit Cypress Springs property, the 112-unit El Pueblo Las Brisas property, the 228-unit El Pueblo de los Arboles property, the 264-unit Jovanna Villas property and the 100-unit Southern Cove property.

S

Project, Other

ADDRESS Tropicana Ave. and Las Vegas Blvd., 89109
DETAILS Recreation Development Company LLC (RDC), contracted by MGM Resorts International, has completed the repainting of the Statue of Liberty replica in front of the New York-New York Hotel & Casino. The project cost \$150,000 to complete.

Sale, Industrial

ADDRESS 2053 Pama Ln., 89119
BUYER Auto Drop, LLC
SELLER CML-NV Airport South LLC
DETAILS 7,463 SF; \$615,000
APN 177-02-616-005
BUYER'S REP Michael De Lee of De Lee and Associates
SELLER'S REP Colliers International

Sale, Multi-Family

ADDRESS 4995 S. Maryland Pkwy, 89119
BUYER Palmer Hall Properties LLC
SELLER Tropicana Village Apartments Ltd.
DETAILS 172 units; \$7,850,000
APN 162-27-502-006
SELLER'S REP NAI Vegas/The Sauter Multi-family Group

Lease, Office

ADDRESS 500 Pilot Rd., Ste A, 89119
TENANT Resort.com Marketing, LLC
LANDLORD Hughes Airport Realty Owner, LLC
DETAILS 6,765 SF; \$361,792 for 53 months
LANDLORD'S REP Higgins and Toft of Voit Real Estate Services

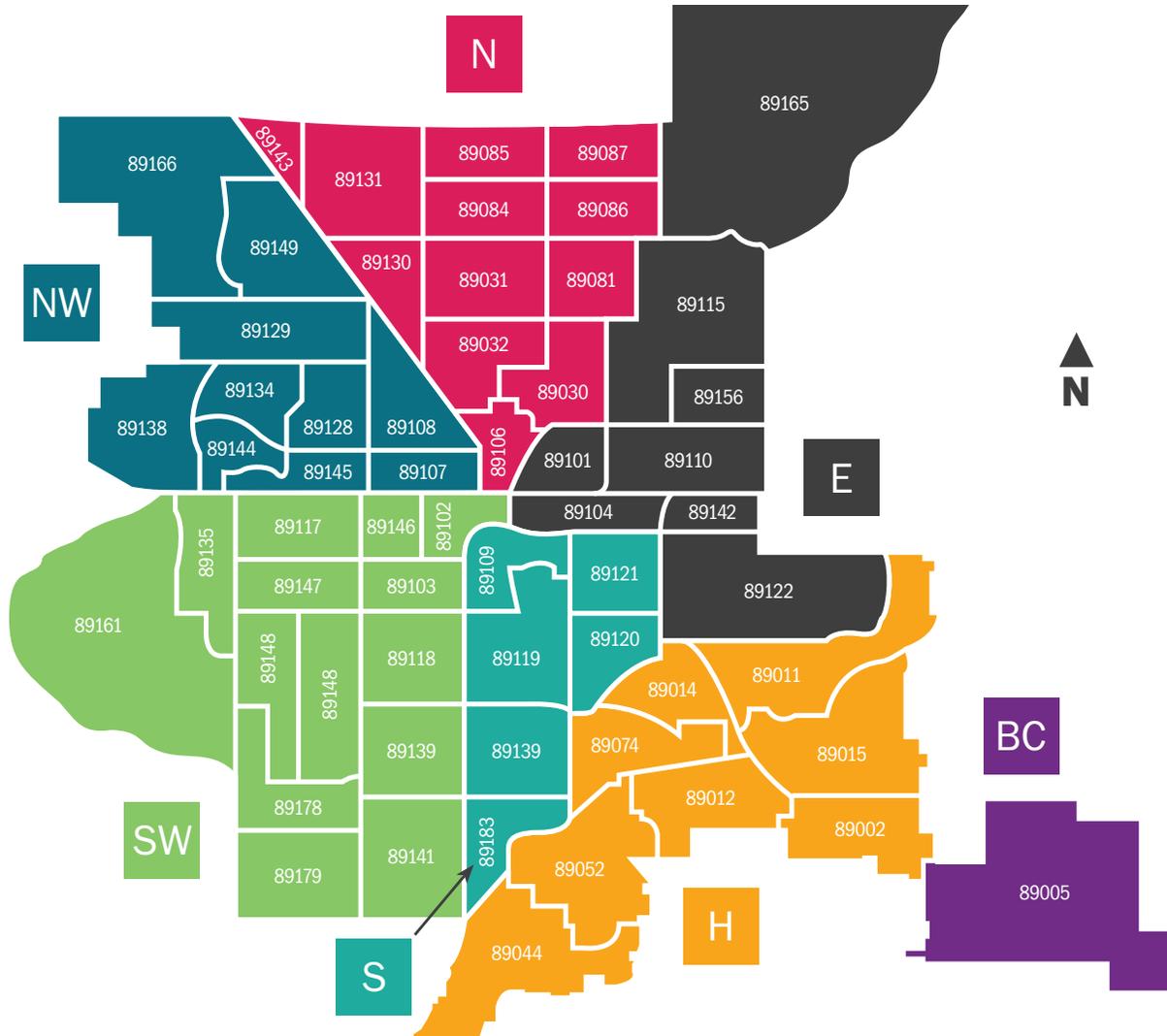
Lease, Industrial

ADDRESS 1385 Pama Ln, Ste 100-102, 89119
TENANT Happ Controls, Inc.
LANDLORD KTR LV Loan I, LLC
DETAILS 24,167 SF; \$513,487 for 65 months
TENANT'S REP Jeremy Green of CBRE
LANDLORD'S REP Susan Borst and Bob Hawkins of Cushman & Wakefield Commerce

SW

Sale, Office

ADDRESS 8876 Spanish Ridge Ave., 89148
BUYER Resort Holdings 5 LLC
SELLER CML NV SR LLC
DETAILS 35,663 SF; \$600,000
APN 163-29-712-003



BUYER'S REP Robert Hasman of Sperry Van Ness
SELLER'S REP Ryan Martin and Patti Dillon of Colliers International

Sale, Retail

ADDRESS 9620 W. Russell Rd., 89148
BUYER The Bascom Group, LLC
SELLER Chapel Hill
DETAILS 222 units; \$22,470,000
APN 163-30-819-000

BUYER'S REP Brian Esidendrath and Troy Tegeler of CBRE Capital Markets
SELLER'S REP Chris Bentley and Melissa Salas of ARA Real Estate Investment Services

Lease, Office

ADDRESS 7220 S. Cimarron Rd., 89113
TENANT Arizona Pain Specialists, LLC
LANDLORD JAMD, LLC
DETAILS 5,040 SF; \$559,082 for 68 months
TENANT'S REP Lisa Hauger of Sun Commercial Real Estate, Inc.

Lease, Office

ADDRESS 850 S. Durango Rd., Ste 100-107, 89117
TENANT Nevada State High School
LANDLORD SET Properties
DETAILS 5,800 SF; \$130,122 for 26 months
TENANT'S REP Eric Humes of Rooftop Realty
LANDLORD'S REP Pete Janemark of Cushman & Wakefield Commerce



Sale, Office

ADDRESS 11975 E. Interstate 80, 89434
BUYER Hensler Family Trust
SELLER CFS Investments LLC
DETAILS 5,000 SF; \$1,112,000
APN 084-090-10

Sale, Industrial

ADDRESS 415 E. 4th St., 89434
BUYER Bajwa, Nav S & Manpreet

SELLER Hay Trust, Pamela R
DETAILS 8,000 SF; \$450,000
APN 007-303-13

Sale, Industrial

ADDRESS 537 Vista Blvd., 89434
BUYER Tin River LLC
SELLER Vista Business Park LLC
DETAILS 8,307 SF; \$471,075
APN 037-370-14

Sale, Industrial

ADDRESS 300 Kietzke Ln., 89502
BUYER Chhina Properties LLC
SELLER City National Bank
DETAILS 11,708 SF; \$470,000
APN 012-191-43

Sale, Office

ADDRESS 777 S. Center St., 89501
BUYER Johnson Family Revocable Trust
SELLER Maytan Family Trust, Steve & Iris
DETAILS 24,468 SF; \$1.4 million
APN 011-232-16

INDUSTRIAL SUMMARY

FIRST QUARTER 2014

SOUTHERN NEVADA

The Las Vegas industrial market continued to witness substantial demand in the first quarter of 2014. The sector's vacancy rate fell to 12.2 percent during the period, which is down 0.8 percentage points from the prior quarter. Compared to a year ago, vacancies are down an even more dramatic 2.8 percentage points. The industrial market vacancy rate has witnessed annual declines for eight consecutive quarters and is now at its lowest level in five years.

During the first quarter, three industrial buildings completed construction totaling 431,600 square feet, bringing total inventory to 107.8 million square feet. The industrial sector also reported 1.3 million square feet of net absorption in the first quarter of 2014. Demand has picked up considerably in the last year, with 4.0 million square feet of net move-ins witnessed in 2013 and 4.1 million square feet of positive net absorption reported in the past 12 months.

Construction activity is continuing to pick up, reaching 1.3 million square feet by the end of the first quarter. Development activity is sourced to four build-to-suit projects located throughout the valley. In the northeast, Nicholas & Company is making progress on its 182,900 square foot distribution center, while TJ Maxx is moving forward on its 400,000 square foot expansion in North Las Vegas. Meanwhile, Konami Gaming is working on its 193,400 square foot expansion near McCarran International Airport, and Switch broke ground on its 525,000 square foot MegaNAP 9 in the southwest.

NORTHERN NEVADA

The first quarter of 2014 has been full of surprises as companies made end of year decisions which are now being played out. In the first quarter, 34 new spaces totaling 927,007 square feet were announced coming available. Northern Nevada saw companies like Ceva Logistics (153,000 square feet) and others, who were once marketing their spaces, announce their intent to re-occupy.

Everything considered, quarter one was neutral which is acceptable looking at historical first quarter numbers and knowing the pipeline of large deals committed to the market. This year is beginning to look similar to 2013 with the exception that a large part of absorption will come from build-to-suit construction as opposed to occupancy within existing buildings.

Rental rates are increasing (almost a full 1½ cents) and more of the same is expected for the remainder of the year. Sales activity has been very active over the past nine months and continues to be active for all product sizes and types. At this point, most of the distressed/discounted properties have been sold.

The big change expected see this year is the amount of construction. There are currently 2.9 million square feet committed or under construction in five known projects with more likely as the year progresses. There will be some new vacancy as existing tenants move to larger build-to-suit facilities. If latter year activity matches what happened in 2013, there should be little problem absorbing these vacancies.

INDUSTRIAL FIRST QUARTER

| TOTAL MARKET | LAS VEGAS | RENO |
|---------------------------|-------------|------------|
| Total Square feet | 107,813,622 | 73,317,496 |
| Vacant Square Feet | 13,107,483 | 6,567,945 |
| Percent Vacant | 12.2% | 8.96% |
| New Construction | 431,628 | 524,800 |
| Net Absorption | 1,265,515 | 1,607,714 |
| Average Lease sf/mo (nnn) | \$0.54 | \$0.371 |
| Under Construction | 1,301,285 | 70,240 |
| Planned | 745,613 | 709,000 |

WAREHOUSE/DISTRIBUTION

| | | |
|---------------------------|------------|------------|
| Total Square Feet | 68,976,102 | 42,788,120 |
| Vacant Square Feet | 7,719,945 | 5,042,757 |
| Percent Vacant | 11.2% | 11.79% |
| New Construction | 361,628 | 524,800 |
| Net Absorption | 703,221 | 1,232,954 |
| Average Lease SF/MO (NNN) | \$0.48 | \$0.302 |
| Under Construction | 1,107,901 | 0 |
| Planned | 745,613 | 709,000 |

INDUSTRIAL/LIGHT INDUSTRIAL/MANUFACTURING

| | | |
|---------------------------|------------|------------|
| Total Square Feet | 24,355,406 | 25,959,010 |
| Vacant Square Feet | 3,084,688 | 706,390 |
| Percent Vacant | 12.7% | 2.72% |
| New Construction | 70,000 | 0 |
| Net Absorption | 270,396 | 150,897 |
| Average Lease SF/MO (NNN) | \$0.54 | \$0.304 |
| Under Construction | 193,384 | 70,240 |
| Planned | 0 | 0 |

R&D/FLEX

| | | |
|---------------------------|------------|-----------|
| Total Square Feet | 14,482,114 | 4,694,509 |
| Vacant Square Feet | 2,302,850 | 818,798 |
| Percent Vacant | 15.9% | 17.44% |
| New Construction | 0 | 0 |
| Net Absorption | 291,898 | 254,421 |
| Average Lease SF/MO (NNN) | \$0.73 | \$0.473 |
| Under Construction | 0 | 0 |
| Planned | 0 | 0 |

NEXT MONTH: OFFICE

ABBREVIATION KEY

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

Southern Nevada analysis and statistics compiled by Applied Analysis, Northern Nevada analysis and statistics compiled by NAI Alliance Reno

The “third” estimate for fourth quarter 2013 shows U.S. real gross domestic product increasing at an annualized rate of 2.6 percent, higher than the 2.4 percent growth first reported in the “second” estimate. The revision consisted of a larger increase in personal consumption expenditures from third to fourth quarter 2013. Nonresidential fixed investment, net exports and state and local government spending also made positive contributions. Federal government spending and residential investment made negative contributions. U.S. nonfarm employment experienced gains in March, adding 192,000 jobs over February.

The Nevada economy evidenced mostly positive signals for the most recent data. Seasonally adjusted, statewide employment increased by 3,000 (0.2 percent) jobs from January to February, and it was up 3.6 percent year-over-year. The Nevada unemployment rate fell from 8.7 percent to 8.5 percent. Taxable sales continued to show growth, up 2.1 percent from last year. Total air passengers were up 4.2 percent over the same time period. Gaming revenue experienced gains for the month, but it was down 13.7 percent from February 2013.

For Clark County, seasonally adjusted employment rose from January to February by 4,400 jobs and was up 3.3 percent year-over-year. The Las Vegas unemployment rate fell from 9.1 percent to 8.9 percent. Total passengers at McCarran Airport were up 2.4 percent from a year earlier. January visitor volume was up 3.4 percent from a year ago. Gaming revenue was 15.2 percent lower in February than a year earlier, the result of a large decrease in baccarat play. This is likely a consequence of the Chinese New Year date, which occurred in late January this year, as opposed to mid-February in 2013. Clark County’s taxable sales for January were 4.1 percent above those from a year earlier. Residential construction permits increased from January to February. Commercial construction permits remained at a low level.

The most recent data show mixed signals for Washoe County. Seasonally adjusted, Reno-Sparks’ employment increased by 1,500 (0.7 percent) jobs from January to February. Total employment is up strongly from a year ago, by 5.3 percent. The seasonally adjusted Reno-Sparks unemployment rate fell from 8.9 percent to 8.6 percent. Compared to a year earlier, February visitor volume was up 1.8 percent. Total air passengers were down 8.7 percent from January 2012. Gaming revenues for December were down 1.4 percent from a year earlier. Residential construction increased from January to February, while commercial construction permits remained low.

Ryan T. Kennelly

UNLV Center for Business and Economic Research

| NEVADA | DATE | UNITS | DATA | | | GROWTH | | COMMENTS |
|------------------------|---------|-------------------|----------|----------|----------|--------|----------|---------------------------------|
| | | | LATEST | PREVIOUS | YEAR AGO | RECENT | YEAR AGO | |
| Employment | 2014M02 | 000s, SA | 1203.0 | 1200.0 | 1161.7 | 0.2% | 3.6% | Up Over Year Ago |
| Unemployment Rate* | 2014M02 | %, SA | 8.5 | 8.7 | 10.3 | -0.2% | -1.8% | Reduced |
| Taxable Sales | 2014M01 | \$billion | 3.521 | 4.416 | 3.448 | -20.3% | 2.1% | Up Over Year Ago |
| Gaming Revenue | 2014M02 | \$million | 926.08 | 884.20 | 1073.26 | 4.7% | -13.7% | Down from Year Ago |
| Passengers | 2014M01 | million persons | 3.578 | 3.623 | 3.433 | -1.2% | 4.2% | Up Over Year Ago |
| Gasoline Sales | 2014M01 | million gallons | 87.23 | 90.67 | 87.13 | -3.8% | 0.1% | Up Over Year Ago |
| Visitor Volume | 2013M12 | million persons | 3.855 | 4.125 | 3.882 | -6.6% | -0.7% | Down from Year Ago |
| CLARK COUNTY | | | | | | | | |
| Employment | 2014M02 | 000s, SA | 866.8 | 862.4 | 838.8 | 0.5% | 3.3% | Up Over Year Ago |
| Unemployment Rate* | 2014M01 | %, Smoothed SA | 8.9 | 9.1 | 9.9 | -0.2% | -1.0% | Reduced |
| Taxable Sales | 2014M01 | \$billion | 2.626 | 3.249 | 2.523 | -19.2% | 4.1% | Up Over Year Ago |
| Gaming Revenue | 2014M02 | \$million | 810.73 | 777.21 | 956.46 | 4.3% | -15.2% | Down from Year Ago |
| Residential Permits | 2014M02 | units permitted | 606 | 552 | 510 | 9.8% | 18.8% | Up Over Year Ago |
| Commercial Permits | 2014M02 | permits | 16 | 32 | 7 | -50.0% | 128.6% | Low and Volatile |
| Passengers | 2014M02 | million persons | 3.064 | 3.291 | 2.993 | -6.9% | 2.4% | Up Over Year Ago |
| Gasoline Sales | 2014M01 | million gallons | 61.05 | 62.42 | 60.30 | -2.2% | 1.2% | Up Over Year Ago |
| Visitor Volume | 2014M02 | million persons | 3.384 | 3.627 | 3.272 | -6.7% | 3.4% | Up Over Year Ago |
| WASHOE COUNTY | | | | | | | | |
| Employment ** | 2014M02 | 000s, SA | 203.4 | 201.9 | 193.1 | 0.7% | 5.3% | Up Over Year Ago |
| Unemployment Rate* | 2014M01 | %, Smoothed SA | 8.6 | 8.9 | 9.7 | -0.3% | -1.1% | Reduced |
| Taxable Sales | 2014M01 | \$billion | 0.458 | 0.624 | 0.426 | -26.7% | 7.5% | Up Over Year Ago |
| Gaming Revenue | 2014M02 | \$million | 58.69 | 53.32 | 59.54 | 10.1% | -1.4% | Down from Year Ago |
| Residential Permits | 2014M02 | units permitted | 137 | 119 | 125 | 15.1% | 9.6% | Up Over Year Ago |
| Commercial Permits | 2014M02 | permits | 16 | 17 | 8 | -5.9% | 100.0% | Low and Volatile |
| Passengers | 2014M01 | million persons | 0.241 | 0.270 | 0.264 | -10.7% | -8.7% | Down from Year Ago |
| Gasoline Sales | 2014M01 | million gallons | 13.06 | 13.78 | 13.42 | -5.3% | -2.7% | Down from Year Ago |
| Visitor Volume | 2014M02 | million persons | 0.327 | 0.309 | 0.321 | 5.6% | 1.8% | Up Over Year Ago |
| UNITED STATES | | | | | | | | |
| Employment | 2014M03 | million, SA | 137.928 | 137.736 | 135.682 | 0.1% | 1.7% | Up Moderately |
| Unemployment Rate | 2014M03 | %, SA | 6.7 | 6.7 | 7.5 | 0.0% | -0.8% | Reduced |
| Consumer Price Index | 2014M02 | 82-84=100, SA | 235.2 | 234.9 | 232.6 | 0.1% | 1.1% | Up Moderately |
| Core CPI | 2014M02 | 82-84=100, SA | 236.1 | 235.8 | 232.5 | 0.1% | 1.6% | Up Moderately |
| Employment Cost Index | 2013Q4 | 89.06=100, SA | 119.1 | 118.4 | 116.7 | 0.6% | 2.1% | Up Over Year Ago |
| Productivity Index | 2013Q4 | 2005=100, SA | 107.3 | 106.6 | 105.1 | 0.7% | 2.1% | Up Over Year Ago |
| Retail Sales Growth | 2014M02 | \$billion, SA | 427.2 | 426.1 | 421.0 | 0.3% | 1.5% | Up Over Year Ago |
| Auto and Truck Sales | 2014M03 | million, SA | 16.33 | 15.28 | 15.27 | 6.9% | 6.9% | Up Over Year Ago |
| Housing Starts | 2014M02 | million, SA | 0.907 | 0.909 | 0.969 | -0.2% | -6.4% | Down from Year Ago |
| Real GDP Growth*** | 2013Q4 | 2009\$billion, SA | 15,942.3 | 15,839.3 | 15,539.6 | 2.6% | 2.6% | Up Moderately |
| U.S. Dollar | 2014M04 | 97.01=100 | 103.019 | 103.135 | 100.390 | -0.1% | 2.6% | Up Over Year Ago |
| Trade Balance | 2014M02 | \$billion, SA | -42.300 | -39.280 | -43.257 | 7.7% | -2.2% | Year-Over-Year Deficit Decrease |
| S and P 500 | 2014M04 | monthly close | 1865.09 | 1872.34 | 1597.57 | -0.4% | 16.7% | Up Strongly |
| Real Short-term Rates* | 2014M02 | %, NSA | -3.15 | -3.06 | -3.1 | -0.09% | -0.05% | Relatively Constant |
| Treasury Yield Spread | 2014M03 | %, NSA | 2.67 | 2.66 | 1.87 | 0.01% | 0.80% | Up Over Year Ago |

*Change in percentage rate, **Reflects the Reno-Sparks MSA which includes Washoe and Storey Counties, ***Recent growth is an annualized rate

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

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

“Sydney Carton. His last words are a proclamation of hope for the future of mankind. ‘It is a far, far better thing that I do, than I have ever done; it is a far, far better rest that I go to than I have ever known.’”

Mitchell D. Forman, D.O. | Dean & Professor, Touro University Nevada

“Buffy Summers because she is strong and resourceful and never gives up no matter how bleak and impossible the situation looks. She is loyal to the end and willing to sacrifice her life (twice!) for the sake of the world and those she loves the most.”

Aimee Wenske | Brand and Social Media Manager, XYIENCE

“I would love to meet Jason Bourne! The man is intelligent and can’t be put away. His knowledge of weapons and ability to protect himself in any situation intrigues me. He’s a character I can watch over and over.”

Donny Long | Director of Golf, Golf Summerlin



If you could meet any fictional character, who would it be?



Chad Hardy | Co-Creator/ Producer, Las Vegas: The Game

“Our neighborhood growing up was full of kids. Funny enough, we only remember the name of one: Adele Dazeem. She was the first of a combination of attributes we just now have the words for: elegant, sophisticated and (ultimately) elusive.”

Edward A. Vance | Founder and CEO, EV&A Architects

“Howard Roark from Ayn Rand’s *The Fountainhead*. He wasn’t just a genius in terms of design and architecture, he was a non-conformist, an idealist and a man who adhered to his principles without question.”

Brad Mark | COO, Pole Position Raceway

“I would choose to meet Underdog. He was cool, always helped people and flew through the air with a cape. I race go carts for a living, and while not as cool as Underdog, it’s a close second.”

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– Tracy Wakefield, MD

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