

THE ECONOMIC PULSE

OCTOBER 2014

TESLA GIGAFACTORY: A ONCE IN A GENERATION OPPORTUNITY

Transformative. The word that has been used to describe Tesla's selection of Nevada as the location of the world's first Gigafactory.

The Gigafactory will immediately diversify Nevada's economy. Construction will start immediately and be felt immediately. Peak construction employment will reach more than 3,000 construction and installation workers. This is truly an uplift to all – those construction workers who have been working in other fields will now be able to return to their trade and those who have been unemployed will be able to have more job opportunities to fill.

The purchase and expansion of USA Parkway to connect Highway 50 with Interstate 80 will allow for the project to reach into the rural counties, Lyon in particular. The project will create 6,500 on-site jobs. The jobs will pay an average wage in excess of \$25 per hour and include a full benefits package, and the economic impact will be approximately \$100 billion over 20 years. Nevadans will be hired. Veterans will be hired. In fact, at least 50% of Tesla's hired workforce for the Gigafactory must be Nevadans. It is projected that approximately 16,000 indirect jobs will be created in the community. With over 22,000 jobs as a result of this Gigafactory, state employment could increase by 2% and regional employment by more than 10%.

The Gigafactory will add over 3% to the State's Gross Domestic Product (GDP), which represents more than a 20% increase in regional GDP.

Tesla will make a direct contribution to K-12 education of \$37.5 million beginning in August 2018, with a stated focus on further developing STEM education in Nevada. Additionally, the company will commit to grant \$1 million to fund advanced battery research at UNLV. Furthermore, Tesla and representatives from the Nevada System of Higher Education's diversity program are working together to create a diversity program for Tesla in Nevada. Training programs are being developed to grow the future workforce for this project.

Read more about the new gigafactory and its impact on Nevada



TESLA ANNOUNCEMENT

www.diversifynevada.com/official-site-for-tesla



TESLA ECONOMIC IMPACT ANALYSIS

www.diversifynevada.com/tesla-economic-impact



TESLA DEAL SUMMARY

www.diversifynevada.com/tesla-incentive-summary

Tesla's impact in Nevada is already being felt on a recognition level across the world, and this impact will only continue to grow in the years to come.

Elon Musk called Nevada "a real get it done state" – a ringing endorsement for the entire state by one of the leading businessmen in the world.

The Tesla Gigafactory in Nevada can be summarized in one phrase: a once in a generation opportunity.

The Nevada Legislature Acts to Pass Legislation to Frame Tesla Deal

On September 9, 2014, the Nevada Legislature was called into Special Session to consider the proposed incentive framework that will dictate GOED's contract with Tesla. After numerous hours of questions and deliberation, all proposed legislation received unanimous approval.

The legislation became law when Governor Sandoval signed it on September 11, 2014. The abatements and transferable tax credits that will be offered to Tesla are performance-based. If the \$3.5 billion minimum investment threshold is not met, the abatements are not available. If the jobs are not created, the transferable tax credits are not available to the company. There are stringent claw back provisions throughout the legislation to protect the State's investment. » *Continued on the next page*



GOED will enter into a contract with Tesla that permits the following:

- Up to 100% abatement of Sales Tax until June 30, 2034; and up to 100% abatement of Real Property Tax, Personal Property Tax, and Modified Business Tax until June 30, 2024 (a minimum \$3.5 billion investment must be made by the company to qualify for these abatements)
- Transferable Tax Credit of \$12,500 per permanent, full-time job, up to 6,000 jobs (average wage must be \$22 per hour to qualify) – Transferable Tax Credit of 5% of first \$1 billion investment and Transferable Tax Credit of 2.8% of next \$2.5 billion investment
- Extension of Economic Development Rate Rider electric program from 5 to 10 years

Tax revenues are projected to be:

- \$430 million in state General Fund revenue over 20 years
- \$950 million in local government revenue over 20 years
- \$500 million in K-12 education revenue over 20 years
- \$1.9 billion in total fiscal impact

ASURION COMMITS TO NEVADA



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Following GOED Board approval, Asurion LLC formally announced its move into southern Nevada. The company plans to hire 500 employees, with room to grow in the future.

Asurion is a global leader in technology protection. The company provides premier support that enables users to fully-utilize their digital devices and products; applications to protect privacy and provide security; and rapid replacement of lost, stolen, damaged, or malfunctioning devices. Asurion’s global team of 15,000 employees support the top wireless companies, retailers and service providers.

Asurion’s office will be located at 6605 Grand Montecito Parkway. The company plans to fill various roles including support technicians, managers and supervisors. Interested applicants should visit www.asurion.com/careers for up-to-date job postings.

BATTLE BORN INVESTS IN FIRST TWO COMPANIES



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www.battlebornventure.com

The State’s venture capital program, Battle Born Growth Escalator Venture Program, has made its first two investments in early-stage, high-growth Nevada enterprises: Trans World Health and Fandevor.

Battle Born is an evergreen venture capital program overseen by the Governor’s Office of Economic Development under the auspices of the U.S. Treasury’s State Small Business Credit Initiative (SSBCI).

Battle Born makes equity and equity-like investments in industries that are targeted by the State of Nevada for economic development: Aerospace & Defense; Agriculture; Energy; Health Care; Information Technology; Logistics & Operations; Manufacturing; Mining; Tourism, Gaming & Entertainment; and Water.

The goal of Battle Born is to help attract new private funding into the Nevada marketplace. In fact, Nevada is not the only state to create a Venture Capital (VC) program to help grow companies – as of 2012, 36 venture programs existed in 30 states. VC programs constitute 30% of the overall SSBCI programs in states across the country. For every federal dollar spent, more than 8 private funding dollars are obtained.



Las Vegas-based Fandevor.com is the hassle-free solution for door-to-door fan travel packages and VIP gameday experiences. Fandevor’s “Build Your Own Experience” technology allows customers to seamlessly create custom travel packages (hotel, flight, ground transportation, game tickets, tailgates, VIP offerings, meet and greets, city tours, etc.) on an easy to use online platform. Fandevor is bringing a level of customer service and product experience not previously seen in the sports industry.

The company has thousands of customers, ranging from Fortune 500 companies to the world’s most passionate fans. Fandevor has extensive offerings for NFL, College Football, NASCAR and bucket list sporting events, as well as international events like the Olympics, World Cup, European Soccer and Rugby. Fandevor’s rapid growth is driven by the team’s knowledge of the sports industry, its relationships with sports and travel suppliers, and the versatility of its software platform.

The founding team met at Zappos, where they worked in software development (Dean Curtis) and business development (Tom Ellingson) respectively. Dean was previously a software developer at Las Vegas-based real estate software startup TRIRIGA, which was acquired by IBM in 2011.

The Company’s investors include VegasTechFund (Zappos’ CEO Tony Hsieh’s fund), Base Ventures, along with other angel investors.

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www.fandevor.com



Reno, NV-based Trans World Health provides productivity software to the \$1bn+ safety net healthcare market. The various software modules were developed in response to the identified market need for better reporting, analytics and forecasting for easier ways to improve physician productivity and to provide a solution for

effective coordination of care of patients between different clinical settings. According to industry consultant Black Book, users’ greatest concerns are “unmet pleas for sophisticated interfaces with other practice programs, complex connectivity and networking schemes, pacing with accountable care progresses and the rapid EHR adoption of mobile devices.” Trans World Health’s products meet each of these needs.

The platform incorporates advanced fuzzy logic matching to identify and locate patients as well as sophisticated forecasting algorithms, such as the likely number of patients that a clinic will see in the following week. The product has an attractive user interface and allows healthcare clinic and hospital managers to evaluate and forecast their performance, whether within their clinic or across a number of clinics and hospitals, easily produce mandated reports and allocate tasks to their staff. The platform integrates with leading electronic health record providers, rather than replacing their offerings.

Trans World Health’s twelve-person team is led by industry veterans Bryan Lang and Steve Kay, who have made significant personal investments in the Company. The core team previously worked together for 9 years on the scale up of Landacorp, a venture capital backed healthcare IT business, which they led through a NASDAQ IPO in 1999. Notable achievements at Landacorp include restructuring portions of the United Kingdom’s National Health Service and providing case management software to more than 60 million US healthcare users.

With 3 launched products and 9 established customers, the Company is now focused on rolling out its service to additional jurisdictions. Trans World Health’s other investors include Reno Angels, along with a number of private individuals.

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www.transworldhealth.com

STATE WORKS TO READY FAA TEST SITES FOR FLIGHTS

In the months since the FAA designated Nevada as one of the six UAS Test Site states, the State has been, through the UAS Program Management Office, working to stand-up the test sites through test flights conducted in Department of Defense airspace. The data gathered from these flights will be useful to the PMO as it officially tests UAS platforms under FAA authority on the test sites. In May, two of these flights, Magpie and Arcturus, were conducted.

The Magpie is a Sensurion Aerospace product. Sensurion is a company out of Minneapolis that specializes in a wide-range of a UAS technologies including data-links, ground control systems, and graphical user interfaces in addition to airframes.

Arcturus is based in California and is recognized for its rugged airframes produced from Kevlar, fiberglass, and carbon fiber. Arcturus also excels with weight management, range maximization, and integration of airframe, avionics, and payloads.

The Mission Summary for Magpie UAS Initial Flight:

- Goals for the initial test flight were to identify basic flight characteristics of the aircraft, test telemetry communication links, verify data transmission and reception rates and quality, determine usable distances for data link, and explore the flight performance envelope of the aircraft. All flights maintained visual line of sight with the aircraft.
- The test plan was a sequenced approach that built on the accomplishments of each previous flight. In each case, flight data was repeated and compared to verify quality and accuracy of telemetry data. Weather data was recorded from an onsite Acu-Rite weather station.
- There was a series of four test flights – each was initiated by a hand launch and remained in the air for a period of 20-30 minutes each time.
- All flights were under the supervision of Captain Joe Burns, the flight test director and CEO of Sensurion Aerospace, the designer and manufacturer of the Magpie system. He was very pleased with the outcome of the flights and the assistance provided by the PMO, NIAS, and GOED.



A photo of Magpie before its test flight in Nevada.



A photo of the Arcturus platform during its test flights in Nevada.



Mission Summary for Arcturus UAS Test Flight:

- Arcturus UAS flight operations were a direct result of a business development effort at AUVSI this year (AUVSI is a trade show for the UAS industry and Nevada was represented by a booth, a panel discussion focused on big data, and representatives from the PMO, GOED, NSHE, and Nevada industry). Arcturus UAS was in need of a short-term solution for a factory acceptance flight due to an impending customer delivery. The initial conversations at AUVSI to completion on the flight ops was only two weeks; a result of work that NIAS and the PMO had already done over the last 9 months to develop and complete aircraft familiarity, technical and safety review, risk analysis, airworthiness declaration, etc.
- There were two flights done – the first, lasted 30 minutes and the purpose was to perform a factory acceptance check prior to customer delivery. The second flight last 2.6 hours and this portion of the factory acceptance flight required a test of endurance for the platform to stay in the air for at least 2.5 hours and to check sensor operation. The endurance goal was reached easily. Sensor operation was partially successful in that the video link was operational, but the sensor (camera) had a fault and could not produce video. This, however, was not a disqualifier as the camera can be switched out and tested on the ground.
- All aspects of this test flight were safe and successful, and range coordination was outstanding. The company indicated that they would need this type of flight test on a regular basis and would like to establish a long-term relationship with the State of Nevada. A COA is already in the works for Reno-Stead.

ASHIMA DEVICES LOCATES IN RENO

The Economic Development Authority of Western Nevada (EDAWN) announced at the end of August that Pasadena-based Ashima Devices is moving its headquarters to Reno, Nevada. The move creates 400 jobs in the city and also allows for the company to open a research, testing, and assembly facility.

In the announcement, Ashima Devices Vice President, Larry B. Lambert, noted, “Nevada’s can-do attitude combined with a willing and ready workforce of educated, quality people who are interested in being part of the unmanned aerial vehicle revolution,” as a top reason for the company’s expansion to Nevada.

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www.edawn.org/news/not-science-fiction-anymore-ashima-devices-uav-company-lands-in-reno-nevada/



REVISING THE NAICS CODES TO INCLUDE UAS

GOED Research Director Bob Potts is the lead on an international proposal to the United State Census Bureau to revise the 2012 NAICS Classification System to accommodate the emerging commercial unmanned and robotic vehicle systems industry. The proposed changes would affect the 2017 NAICS Classification System.

The effort is being undertaken in order to accurately measure this industry and the economic impact its growth will have not only on Nevada, but also on the United States and Canada as well.

When Nevada stakeholders began crafting the State’s application to the FAA to become an FAA UAS Test Site, it became abundantly clear that a true economic impact of the number of jobs that could be created as a result of the designation was difficult to ascertain. Nevada had an advantage in that the existing Department of Defense UAS employment numbers could be used to create a baseline of employment in Nevada, but without NAICS codes to actually define those businesses operating under all aspects of the UAS industry (manufacturing of components and Research and Development), it will continue to be difficult to measure.

NEVADA EXPLORING EXPANDED ROLE IN TELEMEDICINE

Telemedicine is a practice that is becoming more common among healthcare professionals. When circumstances make it impossible for conventional doctor visits to take place, it’s the advances in telemedicine that are making the difference for rural community members and soldiers abroad.

The Nevada Telemedicine Conference 2014 took place Sept. 23-24 at the Nugget Hotel in Sparks, Nevada. The goal of the summit was to examine state-of-the-art rural and mobile telemedicine strategies and technologies, establish federal, state and industry partnerships, and continue the development of a Nevada Telemedicine Plan that can be applied universally to solve access to care issues statewide. This summit gathered military telecommunications and healthcare professionals interested in leveraging mobile and rural telemedicine as a tool to improve patient care with a unique opportunity to share ideas and learn more about the future of the industry.

Our neighbor to the north, Canada, has worked to better define and classify the UAS industry in its country, and as a result of continued efforts to grow the UAS industry together, Unmanned Systems Canada and the National Research Council Canada worked with GOED to craft the proposal to the U.S. Census Bureau.

Additionally, Johnathan Daniels of Praxis Aerospace Concepts International LC and Darryl Jenkins of RoboFest Inc. and former Director of the Aviation Institute at George Washington University contributed to the proposal.

The changes outlined in the proposal to Census were:

1. Remove target drones from Industry Group 336411. Target drones are primarily military in nature, and do not follow the same certification and production processes (i.e., airworthiness) as their civil unmanned counterparts. Target drones would be better listed under Industry Group 336992 or under a new code.
2. Create a new code under Industry Group 336993 for unmanned and robotic vehicle systems manufacturing.
3. Create a new code under Industry Group 485992 for unmanned and robotic vehicle systems transportation.



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medicine.nevada.edu/cme/telemed

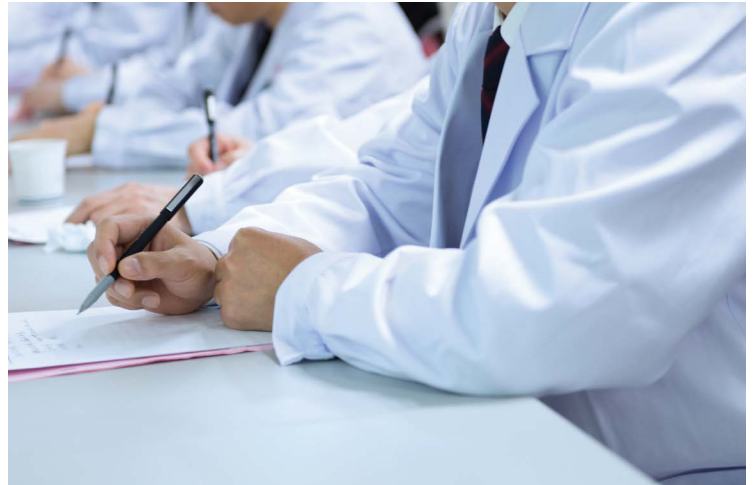
GOVERNOR'S TASK FORCE ON GRADUATE MEDICAL EDUCATION MAKES RECOMMENDATIONS

The Governor's Task Force on Graduate Medical Education (GME) has completed its report to the Governor with recommendations to increase the graduate medical workforce in the state. The task force was convened by Governor Sandoval to address the critical need to expand, develop and promote GME in Nevada to improve access and availability of qualified medical professionals to better meet the medical needs of communities throughout the state.

Members of the task force included hospital administrators, Nevada-based medical schools, GOED, the Department of Health and Human Services (DHHS), osteopathic and allopathic medical doctors, Nellis Air Force Base, among others.

Highlights of the report include:

- Unanimous support for the expansion of GME in Nevada,
- Recommendations for the development of a diverse organization to distribute GME funding,
- The development of accountability measures for Nevada GME programs, and
- Creative financing opportunities via DHHS that can leverage and sustain a prolonged commitment to fund Nevada GME programs.



**THE STATE OF NEVADA AND WICHE:
WORKING TOGETHER FOR EDUCATION**

Nevada has been a member of the Western Interstate Commission for Higher Education (WICHE) since 1959, tens of thousands of students from Nevada have attended undergraduate, graduate, and professional programs in other Western states through WICHE's Student Exchange Program, saving millions of dollars as a result of WICHE's ability to negotiate reduced, or in-state, tuition rates. In fact, in just one of the programs, the Western Undergraduate Exchange, Nevada students have saved a total of \$91.8 million since 1988 when the program first began.

WICHE is a 16-member commission, of which GOED Healthcare Industry Specialist Vance Farrow is a commissioner, which works to boost access to higher education for students in the West by partnering to provide access to curriculum at other higher learning institutions when a student's home state institutions do not offer the programs they need to pursue their degree of choice.

Currently, Industry Specialist Vance Farrow is working to make access to degrees in the mental and behavioral health fields a priority for Nevada's student exchange programs. As a result of gaining access to programs that may not be readily available in their home state, students from other Western states can receive their education in Nevada and, hopefully, remain in the state to practice.



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www.wiche.edu

NEWS

DRONES TO FLY IN SOUTH POINT ARENA

The State of Nevada and South Point are partnering to explore the opportunities surrounding drones flying overhead during events at the casino's arena. The Governor's Office of Economic Development Director Steve Hill spoke to the Review Journal about this new idea for drone leadership in Nevada.



READ MORE

www.diversifynevada.com/southpoint

MOURNING THE LOSS OF VICTOR CHALTIEL

Recently, GOED Board Member Victor Chaltiel lost his battle with cancer. As a member of the GOED Board, Mr. Chaltiel played an important role in helping to steer the Governor's economic development agenda forward. Mr. Chaltiel's passion for business, interest in improving the economy, and zest for everything Las Vegas will be missed. The staff at GOED wishes to express our sincere condolences to the family of Mr. Chaltiel.

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