

**STATE OF NEVADA
GOVERNOR'S OFFICE of ECONOMIC DEVELOPMENT
BOARD MEETING
January 19, 2017**

The meeting of the Board of Economic Development was called to order by Governor Brian Sandoval at the Capitol Building, 101 N. Carson Street, Carson City, Nevada, 89701; and via video conference at the Grant Sawyer Building, Governor's Conference Room, 555 E. Washington Avenue, Room 5100, Las Vegas, Nevada, 89101.

1. CALL TO ORDER, ROLL CALL AND ESTABLISH QUORUM

VOTING BOARD MEMBERS PRESENT

Governor Brian Sandoval, State of Nevada
Lieutenant Governor Mark Hutchison, State of Nevada
Dr. Weldon Havins, Director, Medical Jurisprudence and Ophthalmology, Touro University Nevada
Mr. Benny Yerushalmi, Owner, The Jewelers of Nevada
Mr. James Barrett, Jr., President and Founder, The JABarrett Company
Mr. Sam Routson, Chief Administrative Officer, Winnemucca Farms
Mr. Rob Roy, CEO/Founder, Switch
Ms. Kathleen Drakulich, Attorney, McDonald Carano Wilson

NON-VOTING BOARD MEMBERS PRESENT

Mr. Don Soderberg, Director, Department of Employment Rehabilitation and Training

NON-VOTING BOARD MEMBERS ABSENT AND EXCUSED

Mr. John White, Chancellor and CEO, Nevada System of Higher Education

STAFF MEMBERS PRESENT

Mr. Steve Hill, Executive Director, GOED, Secretary of Board
Cory Hunt, Northern Regional Director, GOED
Jenn Cooper, Communications Director, GOED
Michael Dang, Director of Business Operations, GOED
Bob Potts, Research Director, GOED
Karsten Heise, Director of Technology and Commercialization, GOED
Randy Walden, Advance Manufacturing Industry Specialist, GOED
Ryan Smith, Business Development Manager, GOED
Michelle Sibley, Executive Assistant / HR Coordinator, GOED
Melanie Sheldon, Executive Assistant / Business Development Specialist, GOED
Nichole Anderson, Administrative Assistant, Business Development Division, GOED

GUESTS PRESENT

Assemblywoman Irene Bustamante-Adams, State Assembly
Henna Rasul, Attorney General's Office
Sallie Doebler, Las Vegas Metro Chamber of Commerce
Amy Martin-Charles, Panasonic Corporation
Don Gaye, Hamilton Company.
Frank Woodbeck, Nevada System of Higher Education
Kyle Dalpe, Truckee Meadows Community College
Barbara Walden, Truckee Meadows Community College
Jonas Peterson, LVGEA
Jared Smith, LVGEA
Michael Walsh, LVGEA
Nicole Santero, LVGEA
Anthony Ruiz, LVGEA
Nancy McCormick, EDAWN
Rayudu Dhananjaya, Stixis Technologies
Bhavyesh Virani, Stixis Technologies
Steven Gaddis, Pacific Cheese, Inc.
Dale Tate, Pacific Cheese, Inc.

2. PUBLIC COMMENT

There was no public comment.

3. GOVERNOR SANDOVAL'S COMMENTS

Governor Sandoval referred to his January 17, 2017 State of the State address and noted his remarks on economic development and the great accomplishments achieved in diversification of the Nevada economy. In the past six years Nevada has seen the creation of 198,000 jobs taking the unemployment rate from 13.6% in January 2011 to 6.1% in November 2016. Governor Sandoval thanked Director Steve Hill, the staff at GOED, the Regional Development Authorities, local governments, communities and private business for their role in this.

Governor Sandoval highlighted the expansion of Tesla and noted the company would be manufacturing gear boxes and electric motors for the new Model 3 at the northern Nevada Gigafactory. In addition to the company's initial employment and investment commitment it is anticipated the expansion will add an additional \$350 million to \$400 million of new investment and create approximately 500 jobs. Tesla has currently constructed 5 million square feet and anticipates the Gigafactory will be the largest building on earth producing more batteries than the rest of the world combined. Governor Sandoval expressed his appreciation for Tesla's commitment to the state of Nevada.

4. APPROVAL OF THE NOVEMBER 17, 2016 BOARD MEETING MINUTES

A MOTION WAS MADE BY MS. KATHLEEN DRAKULICH TO APPROVE THE NOVEMBER 17, 2016 MEETING MINUTES; THIS MOTION WAS SECONDED BY MR. SAM ROUTSON. THE MOTION PASSED UNANIMOUSLY.

5. ABATEMENT APPLICATIONS FOR BOARD APPROVAL:

A. STIXIS TECHNOLOGIES

- **SALES TAX ABATEMENT**
- **MODIFIED BUSINESS TAX ABATEMENT**
- **PERSONAL PROPERTY TAX ABATEMENT**
-

B. STIXIS TECHNOLOGIES

- **CATALYST FUND**

Governor Sandoval noted the Board would hear the Abatement and Catalyst applications as separate items.

Mr. Michael Walsh, Vice President of Economic Development, Las Vegas Global Economic Alliance (LVGEA) presented Stixis Technologies and provided an overview of the company and the abatements sought. Stixis Technologies is a technology services, consulting, and business solutions organization providing services to businesses including, but not limited to, computer programming, applications development, applications management, project management, business analysis services, technical analysis, architecture support, network management, technical support, quality testing, business process outsourcing, call center, and helpdesk services. Mr. Walsh was joined by Rayudu Dhananjaya, President and CEO and Bhavyesh Virani, Chief Innovation Officer.

Mr. Dhananjaya highlighted Stixis' plans to house the company's Center of Excellence and Innovation headquarters in the new Nevada facility. The company has also been in discussion with colleges in Southern Nevada and would like to utilize these institutions from a workforce perspective.

Governor Sandoval noted the company was considering opening a 4000 sq. ft. facility however their application includes an employment projection of 136 employees within the first two years. Mr. Dhananjaya explained the company is expecting the initial facility to serve as the company's headquarters and house approximately forty employees. The company would subsequently review expansion opportunities throughout Southern Nevada.

Lieutenant Governor Hutchison asked what made the company consider Nevada. Mr. Dhananjaya mentioned the incentive packages offered by the state are significant considerations. He noted the global connectedness and hospitality of Las Vegas are critical factors as the company will have clients visiting from all over the world. He also highlighted the talent from the local colleges. Mr. Virani echoed Mr. Dhananjaya's

comments and added the company is looking for a stable, committed, workforce and has found this available in Las Vegas. Mr. Virani added the company has aligned with some large consulting firms who are eagerly waiting for them to deploy this workforce.

Governor Sandoval introduced the Catalyst Fund portion of the application.

Director Hill explained the company's Center of Excellence and Innovation will focus on automation and artificial intelligence for back office operations and the software driving it. The company will bring a significant expansion to the IT sector in the state in conjunction with high paying jobs and further diversifying employment in the region.

The Catalyst Fund grant will enable the company to expedite its recruiting, hiring, and training processes in order to immediately commence operations. Funds will be used to offset costs associated with hiring and training new employees. The training for Stixis Technologies is very specific, particularly in the software robotics area. Due to the custom nature of their training, these funds will allow the company to train and certify employees with the highly technical skills required of these positions.

A MOTION WAS MADE BY LIEUTENANT GOVERNOR HUTCHISON TO APPROVE THE APPLICATION FOR A SALES TAX ABATEMENT, A MODIFIED BUSINESS TAX ABATEMENT AND A PERSONAL PROPERTY TAX ABATEMENT AS DESCRIBED IN AGENDA ITEM 5A AND A CATALYST FUND GRANT AS DESCRIBED IN AGENDA ITEM 5B. THIS MOTION WAS SECONDED BY MR. BARRETT. THE MOTION PASSED UNANIMOUSLY.

6. ABATEMENT APPLICATIONS FOR DIRECTOR APPROVAL:

C. PACIFIC CHEESE COMPANY, INC.

- **SALES TAX ABATEMENT**
- **MODIFIED BUSINESS TAX ABATEMENT**
- **PERSONAL PROPERTY TAX ABATEMENT**

Ms. Nancy McCormick, Vice President Retention, Expansion and Workforce Development Economic Development Authority of Western Nevada (EDAWN), introduced Pacific Cheese Company, Inc. She provided an overview of the company and the abatements sought for the company's planned expansion. Pacific Cheese Company, Inc. is a family-owned and operated broad line cheese supplier to foodservice operators, retailers, food manufacturers and restaurant chains around the globe. The company originally constructed its South Reno plant in March of 2004. The company expanded their Reno operations in 2011 and again in 2013. The company is now reviewing plans to move an additional portion of their out of state manufacturing to their existing Reno facility. Ms. McCormick was joined by Steven Gaddis, President and CEO, and Dale Tate, CFO.

Mr. Gaddis highlighted the company's continued growth and product demand since establishing a northern Nevada presence in 2004. He explained this had contributed to the company's consideration to once again expand in the state. He stated another reason was the region's workforce availability.

Governor Sandoval asked Mr. Gaddis to expand on his comments regarding the region's workforce. Mr. Gaddis listed strong skill sets and work ethic and noted the company has successfully provided pathways for semi-skilled and lesser-skilled employees to become skilled workers.

Mr. Gaddis advised the company also works with UNR and a community college in order to engage young people and promote job opportunities. This has been reassuring regarding long-term growth commitments in Nevada.

Lieutenant Governor Hutchison requested further information regarding the company's tuition assistance benefit. Mr. Gaddis highlighted the company's focus on supporting their staff to pursue learning opportunities. The company pays tuition fees and text book costs to assist employees to facilitate their professional growth.

Governor Sandoval asked if they were able to find locally sourced ingredients. Mr. Gaddis explained enhancing the Nevada supply chain was something Pacific Cheese, Inc. was focused on. The company has been having discussions with the California Milk Board to encourage consideration of a plant operation in Nevada.

Mr. Gaddis noted the many opportunities for local business growth. The company sees its Reno plant adding retail capabilities for specialized sales and is working a non-GMO program for a national company. The company also participates in organic and other sectors.

Governor Sandoval noted Washoe County is home to some well-known and respected names in the food manufacturing Industry and Pacific Cheese, Inc. is part of this exciting economic development story. Governor Sandoval thanked the company for their continued commitment to the state of Nevada.

DIRECTOR HILL APPROVED THE APPLICATION FOR A SALES TAX ABATEMENT, A MODIFIED BUSINESS TAX ABATEMENT AND A PERSONAL PROPERTY TAX ABATEMENT AS DESCRIBED IN AGENDA ITEM 6C.

7. WORKFORCE INNOVATION FOR THE NEW NEVADA (WINN) NORTHERN NEVADA ADVANCED MANUFACTURING PROGRAM – TRAINING GRANT APPROVAL

Mr. Cory Hunt, Northern Regional Director, Governor's Office of Economic Development presented the WINN Northern Nevada Advanced Manufacturing Program

and application for a WINN grant. Mr. Hunt explained the application requests authority of up to \$175,000 for scholarships and limited overhead at the Truckee Meadows Community College, the authorized provider under this program.

Through WINN, GOED partnered with Panasonic Corporation, Hamilton Company, and Truckee Meadows Community College to develop the Panasonic Preferred Pathway (P3) training program that will not only allow Panasonic to hire the trained employees it requires at the Tesla Gigafactory, but also allow for Nevadans with no advanced manufacturing experience to receive the training necessary to work in one of Nevada's most promising and emerging industries.

The P3 Program is designed as an employment credential to teach the terminology, culture, safety practices, and basic skills found in manufacturing. Students who complete the M1 Program will be considered for employment with Panasonic in an entry-level Material Handler position. Completion of the M2 Program will make the worker/student eligible for promotion or placement as a Panasonic Production Operator. Two additional levels of training (M3 and M4) will be developed in the future for worker advancement at the Panasonic facility.

Qualifying participants for the M1 program will be awarded a scholarship for two credits of the M1 program plus admission fee (\$229.50). Students will self-fund the remaining credits, but will be reimbursed for the cost of the modules upon completion (up to \$914.50), unless hardship exists. Students will be given the option of registering in .5 credit modules that would limit out of pocket expenses to about \$56.00 at a time where reimbursement of the module completed could be applied to the next module.

Program partners in attendance also presented to the Board. Mr. Kyle Dalpe, Dean of Technical Sciences at Truckee Meadows Community College (TMCC), reiterated TMCC stands ready to develop the skills and talent needed to fulfill jobs in the region. Mr. Dalpe noted in the short time since the program's launch there has been interest from at least 120 potential students.

Ms. Barbara Walden, Technical Science Division, TMCC, noted the college has taken its existing programs and broken them into half-credit modules so they may be delivered in a flexible format. This enables students who are already working to combine their academic schedule with their work commitments. The model also supports incumbent worker training and can be a pathway to Certificate Programs and Associate Degrees.

Ms. Amy Martin-Charles, Talent Acquisition Manager, Panasonic Corporation noted Panasonic is producing all the lithium ion batteries for Tesla's Model 3 leading the company to project employment requirements of 2,000 to 3,000 new staff in 2017. The P3 Program is designed to build a pipeline of employees for the increase in recruitment demand.

Mr. John Gaye, Director of Human Resources, Hamilton Company noted the P3 Program offered the ability to foster and upgrade talent and open doors to people otherwise unable

to get into manufacturing. The Program is designed to contribute to a better standard of living, higher paying jobs and continued economic growth in Nevada.

Governor Sandoval also highlighted the importance of diversity and inclusion and ensuring these job opportunities were made available to groups such as veterans, persons with disabilities and individuals with criminal records. Mr. Hunt noted he planned to work with the Department of Veteran Services and DETR. Spanish language job advertisements are also being considered. Mr. Hunt noted by receiving and administering these funds, the P3 Program Coordinators make a commitment to facilitating and monitoring engagement with diverse populations and disadvantaged parts of the community. Mr. Hunt also noted Nevadans would have priority in accessing this program. To be eligible for these programs a potential student would need to qualify as a Nevada resident under NSHE guidelines.

Lieutenant Governor Hutchison asked what the hourly range in pay is for an M1 and an M2. Ms. Martin-Charles responded between \$14.00 and \$17.00. M1s are on the lower end, M2 would be the higher end.

Governor Sandoval referred to his recent State of the State address where he stated by 2025, 60% of jobs will require a post-secondary credential or degree. The P3 Program aligns with this projection and addresses the demand in real time.

A MOTION WAS MADE BY MS. DRAKULICH TO APPROVE THE WORKFORCE INNOVATION FOR THE NEW NEVADA FUND PROGRAM NORTHERN NEVADA ADVANCED MANUFACTURING IN THE AMOUNT OF \$175,000. THIS MOTION WAS SECONDED BY DR. HAVINS. THE MOTION PASSED UNANIMOUSLY.

8. DIRECTORS COMMENT

Director Hill made follow up comments on the WINN Program. The WINN Program is a very inclusive form of economic development as it allows people throughout the state to access jobs and training they need. All Nevadans should have these opportunities not just those who can initially afford it. Therefore, having the scholarships available and offering flexible training schedules is critical. With the growth being experienced by the advanced manufacturing industry it is expected many more companies will engage in the Program. Director Hill noted programs were also being considered for food manufacturing, healthcare and information technology.

Director Hill raised the Tesla expansion and highlighted how encouraging it is when companies move to Nevada, experience what it has to offer and decide to expand. It makes a statement companies have had a positive experience and see Nevada as a place they can grow and thrive.

Directors Hill updated the Board on status of the Oakland Raiders move to Las Vegas confirming the team has filed their application for relocation with the NFL. Director Hill stated Mr. Davis, Mr. Badain, and the whole organization has been great to deal with and wholly lived up to their commitment of relocating to Las Vegas.

Director Hill commented on work recently undertaken by GOED Research Director, Mr. Bob Potts. Last month Mr. Potts assisted the Governor's Office of Workforce Innovation (OWINN) to produce a report on high-demand occupations. The report combines empirical data with survey information from businesses and lists these occupations. The idea is to ensure the training programs offered, via various providers throughout the state, are directly responding to the needs and future projections of industries.

Additionally, Mr. Potts and Mr. Heise played key roles in Nevada being one of the 10 states awarded the Phase II New Skills for Youth Grant funding. This is a private grant of \$1.95 million awarded over three years for the execution of a strategic career path initiative for job opportunities into high-wage, high-demand fields that align with economic development priorities.

Director Hill highlighted recent announcements made by HyperloopOne. The company has named Nevada as one of 35 finalists in HyperloopOne's Global Challenge. The company received 2600 responses to its RFP, which sought proposals for location of the first 3 Hyperloop installations in the world. GOED teamed with NDOT and RTCSN to prepare the proposal, which was submitted in October 2016.

HyperloopOne also announced that Apex will be its permanent location for all research and development testing.

Director Hill also highlighted the work of Mr. Sheldon Mudd, GOED's Mining Industry Specialist. Mr. Mudd has produced and published the Nevada Mining Supply Chain Optimization digest. This information and documentation will be used to attract companies to Nevada to capitalize on the market opportunities identified in the report. The report has multiple uses and one of these will be to work with the Polish mining industry to identify opportunities to work together.

Mr. Mudd also produced and published the Nevada Exploration Portfolio, outlining all reported mine exploration and development opportunities in the state. Fifty three potential projects are contained in the report.

Director Hill also highlighted Mr. Mudd's significant work regarding partnering with Great Basin Community College and Barrick Gold Corporation to introduce "Operation Bravo" a Veteran Internship Program designed to reduce demand for rural Nevada's top priority occupations by introducing highly skilled and motivated Veteran graduates into rural Nevada's labor pool. In addition, Operation Bravo will provide guidance to both

students and participating employers to ensure that a smooth transition between military and civilian cultures can take place.

Director Hill relayed the recent announcements regarding the Nevada Center for Advanced Mobility (NCAM). The City of Las Vegas launched the first autonomous shuttle bus ever to be deployed on a public roadway in the United States. The route will run between January 11 and 20, and uses Navya's ARMA shuttle.

NCAM recently announced a partnership with GENIVI, a non-profit organization driving the broad adoption of open source, In-Vehicle Infotainment (IVI) software, with members such as Volvo, Jaguar Landover, Delphi and Harman. The year-long project will bring advanced, connected vehicle technology to Las Vegas to help increase awareness for pedestrian safety and improve traffic flow.

The State of Nevada has been building an effort to operate Living Labs in Nevada's metro areas. With the support and collaboration of NCAM, the Living Lab Northern Nevada will be led by the University of Nevada, Reno and the Living Lab Southern Nevada will be led by the University of Nevada, Las Vegas, making this effort an important statewide initiative for our research universities and the State's Knowledge Fund. As a result of collaboration with Fraunhofer IVI, this statewide initiative will take on global importance and will elevate this work to an international stage while injecting a layer of experience that will greatly benefit applied research organizations in Nevada.

Director Hill referred to the Draft Regulations GOED put together in 2016. The Legislative Council Bureau (LCB) was not able to review and return these in time to meet the deadline for implementation by the Legislative Commission as permanent regulations. The LCB did recently, however, provide input into the regulations and this will be incorporated to create temporary regulations. After the Legislative Session the draft regulations will once again be taken through the hearing process and back to the Legislative Commission. A copy of these will also be sent to the GOED Board.

8A Report on Legislative Initiatives

Director Hill provided an introduction to the legislative priorities for GOED in the upcoming legislative session. GOED currently has two bill drafts for the 2017 Legislative Session:

- AB 6 - Removes the exemption from the state business registration and annual fee requirement for businesses whose primary purpose is to create or produce motion pictures
- AB 69 - Authorizes the use of an autonomous vehicle to transport persons or property and provides a pathway for full implementation of autonomous vehicles in Nevada including testing, deployment, personal, and commercial use.

In addition to these two measures, proposed changes to NRS 231, 360, 361, 271, and 278 are being discussed with legislators.

Update on Nevada Battle Born Growth Escalator, Inc.

Director Hill introduced the Nevada Battle Born Growth Escalator Fund, Inc. and provided a brief overview. In November of 2011, the State of Nevada was awarded \$13.8M in State Small Business Credit Initiative (SSBCI) funding by the U.S. Treasury. The Nevada SSBCI Program was moved to GOED to assist with economic development throughout the state. As part of the SSBCI Program, GOED created three sub programs: Micro Loan, Collateral Support and the Battle Born Venture Capital Program. During the 2015 Legislative session, AB17 was passed to allow GOED to continue the SSBCI Programs past the sunset of the allocation agreement with the U.S. Treasury. AB17 allows for the creation of a Corporation for Public Benefit, called the Nevada Battle Born Growth Escalator, Inc. (“NBBGE”). NBBGE will hold SSBCI funded equity investments on behalf of GOED, and transition the Nevada SSBCI Program into NBBGE to act as an evergreen economic development fund for the continuation of the programs.

Director Hill advised the NBBGE Board held its first meeting On December 20, 2016, and approved several items allowing GOED to move forward with the SBBCI transition. Director Hill explained the program also works through an investment advisory committee with extensive experience particularly on the venture side.

This topic will be revisited at a future GOED Board meeting where an overview and status of the venture companies will be presented. Director Hill noted there had been some exciting progress and companies starting with a few employees are now growing into double digits.

9. UNEMPLOYMENT RATE

Director Hill presented the Unemployment Rate Report and noted the unemployment rate in Clark County was at 6.1%. When the unemployment rate of a county falls below 6% the criteria for tax abatements will change. As the percentage was due to drop below 6% prior to the March 2017 Board meeting Director Hill requested the Board discuss the possibility of implementing the new tax abatement criteria as of January 19 or waiting until the March 16 Board meeting.

Governor Sandoval asked Director Hill to explain the changes in the abatement criteria and the ramifications of this. Director Hill explained, during the last legislative session, the legislature passed the law separating how abatements operated depending on whether the unemployment in a county was above or below 6%. If the unemployment rate in the applicable county is 6% or higher, and a company’s average hourly wage is 80%-99% of the average statewide hourly rate the company will receive the full abatement provided the additional requirements have been met. If the unemployment rate is 6% or higher and a company’s average hourly wage is 65%-79% of the average statewide hourly rate, then

the company will receive a 25% abatement of the Modified Business Tax (MBT) abatement, a 25% Personal Property Tax (PPT) abatement and the full amount of the Sales & Use Tax Abatement (SUT) (to bring the SUT rate down to 2%), provided the additional requirements have been met. If the unemployment rate is less than 6% and the company average hourly wage is 80%-99% of the average statewide hourly rate, then the company will receive 25% of the MBT and PPT, but the SUT abatement is only reduced to 4.6% instead of down to 2.0%. If the unemployment rate is less than 6% and the company average hourly wage is below 80%, no abatements will be awarded.

Senior Deputy Attorney General Henna Rasul stated her recommendation this agenda item be carried over to the March Board meeting with the agenda verbiage revised to clearly reflect what the Board would be voting on. Governor Sandoval agreed and confirmed the agenda item would carry over to the March 16, 2017 Board Meeting.

10. PUBLIC COMMENT

There was no public comment.

11. ADJOURNMENT

A MOTION WAS MADE BY MR. YERUSHALMI TO ADJOURN THE BOARD MEETING. THIS MOTION WAS SECONDED BY DR. HAVINS. THE MOTION PASSED UNANIMOUSLY.