

**STATE OF NEVADA  
GOVERNOR'S OFFICE of ECONOMIC DEVELOPMENT  
BOARD MEETING  
November 17, 2016**

**The meeting of the Board of Economic Development was called to order by Governor Brian Sandoval at The Capitol Building, The Capitol Assembly Chambers, 101 North Carson St. Carson City, NV 89701 and via video conference at the Grant Sawyer Building, Governor's Board 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  
Secretary of State Barbara Cegavske, 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  
Mr. John White, Chancellor and CEO, Nevada System of Higher Education

**STAFF MEMBERS PRESENT**

Mr. Steve Hill, Executive Director, GOED, Secretary of Board  
Michael Dang, Director of Business Operations, GOED  
Jenn Cooper, Communications Director, GOED  
Bob Potts, Research Director, GOED  
Steve Woodbury, Administrative Services Officer, 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**

Henna Rasul, Attorney General's Office  
Gina Gavan, City of North Las Vegas  
Ms. Sally Doebler, Las Vegas Metro Chamber of Commerce

Cathy Erskin, Office of the Nevada Lieutenant Governor  
Scott Anderson, Office of the Nevada Secretary of State  
Stan Thomas, EDAWN  
Morgan Bunker, LVGEA  
Michael Walsh, LVGEA  
Shelli Long, Department of Taxation  
Jill Calkins, Department of Taxation  
Janet Walsh, Atlantis  
Holly Sullivan, Amazon  
John Griffin, Amazon  
Teresa Lynch, Amazon  
Cary Levine, Mopro  
Ashley Levine, Mopro  
Jace Levine, Mopro  
Michael Montagano, Mopro  
Joseph Magliozzi, Sutherland Global Services, Inc.  
Buck Phelps, Assistant Vice President, Sutherland Global Services, Inc.  
Michael Hoffa, TH Foods, Inc.  
Terry Jessen, TH Foods, Inc.  
William Ashton, The Honest Company, Inc.  
Peggy Beaver, Zazzle, Inc.  
Charles Ohiaeri, Zazzle, Inc.

## **2. PUBLIC COMMENT**

Ms. Sally Doebler, Vice President of Membership Development, Las Vegas Metro Chamber of Commerce (the LV Chamber), thanked Governor Sandoval, Director Hill and the GOED Board for their dedication to bringing new companies to the state and supporting the expansion of existing Nevada based companies. Ms. Doebler also acknowledged the positive work of the Nevada Regional Development Authorities.

Ms. Doebler welcomed the companies and thanked them for their confidence in investing in Nevada. Ms. Doebler noted the LV Chamber is the largest business organization in the state and has demonstrated great strength in its ability to support the success and business interests of new and existing southern Nevada based companies.

Ms. Doebler thanked the companies once again and recommended they utilize the LV Chamber as a resource for partnerships, advocacy and business support.

## **3. GOVERNOR SANDOVAL'S COMMENTS**

Governor Sandoval noted the meeting facilities in both northern and southern Nevada had been updated and improved for the purpose of ensuring quality facilities for attendees of public meetings. He thanked everyone involved in these projects.

**4. APPROVAL OF THE SEPTEMBER 15, 2016 BOARD MEETING MINUTES**

**A MOTION WAS MADE BY MR. ROY TO APPROVE THE SEPTEMBER 15, 2016 MEETING MINUTES; THIS MOTION WAS SECONDED BY MR. ROUTSON. THE MOTION PASSED UNANIMOUSLY.**

**5. ABATEMENT APPLICATIONS FOR BOARD APPROVAL:**

**A. SUTHERLAND GLOBAL SERVICES, INC.**

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

Mr. Michael Walsh, Vice President of Economic Development, Las Vegas Global Economic Alliance (LVGEA) presented Sutherland Global Services, Inc. and provided a brief overview of the company and the abatements sought. Sutherland Global Services, Inc. is a global Business Process Outsourcing (BPO) and technology-enabled services company offering an integrated set of back-office and customer facing front-office services supporting the entire customer lifecycle. Mr. Walsh was joined by Mr. Joe Magliozzi, Director and Mr. Buck Phelps, Assistant Vice President, Sutherland Global Services, Inc.

Mr. Magliozzi highlighted Sutherland Global Services, Inc.'s continued growth and product demand since establishing a southern Nevada presence in early 2016. The company is now contemplating an expansion in this market. The company currently occupies a 136,000 square foot facility and is considering a 75,000 to 90,000 square foot addition to this campus. This expansion will create 360 jobs, of which the majority will be filled in the regional marketplace. This will bring Sutherland Global Services, Inc.'s head count to over 2,100 jobs in southern Nevada. The company intends to begin hiring before the end of calendar year 2016.

Governor Sandoval noted the company's significant growth and asked where the majority of employees were recruited. Mr. Phelps confirmed the majority of employees came from the southern Nevada area. In addition, the company works with local agencies such as Nevada JobConnect and Workforce Connections and is an active participant in the Silver State Works program. The company is also currently forming a partnership with the College of Southern Nevada.

Governor Sandoval asked about the availability of talent in the local workforce. Mr. Phelps stated the quality of applicants exceeded expectations in all areas from entry level roles to executive positions.

Lieutenant Governor Hutchison stated his appreciation for the company's contribution to the state of Nevada. He asked what they attributed their exponential growth to. Mr. Phelps advised this had been primarily due to client demand in the southern Nevada Market.

**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. THIS MOTION WAS SECONDED BY MR. YERUSHALMI. THE MOTION PASSED UNANIMOUSLY.**

**B. AMAZON.COM.KYDC, LLC**

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

Mr. Morgan Bunker, Vice President, Community and Economic Development, LVGEA, presented Amazon.com.kydc, LLC and provided a brief overview of the company and the abatements being sought. Amazon.com.kydc, LLC provides warehousing and storage services. The company operates as a subsidiary of Amazon.com, the largest Internet-based retailer in the world by total sales and market capitalization. Mr. Bunker was joined by Ms. Teresa Lynch, Senior Manager of Economic Public Policy and Ms. Holly Sullivan, Senior Manager of Economic Public Policy, Amazon.com.

Ms. Sullivan noted Amazon.com.kydc, LLC is considering establishing a new build-to-suit fulfillment center in the North Las Vegas area to support their North American operations. The facility will measure approximately 813,120 square feet and be used for sorting, packing, and shipping on-line retail orders.

Amazon affiliated companies currently employ approximately 5,000 full time employees in the state of Nevada. Amazon.com.kydc, LLC plans to hire an additional 1,000 new full time employees to staff the southern Nevada Distribution Facility.

Mr. Barrett asked about the company's confidence in their ability to find 1,000 people for their opening. Ms. Sullivan explained a significant reason the company continues to locate in Nevada is the strong workforce. In addition, the company is committed to hiring veterans and partnering with various local agencies to further their workforce development initiatives.

Governor Sandoval asked about the hiring time frames. Ms. Sullivan stated the company would commence hiring next summer prior to the 2017 peak season.

Governor Sandoval inquired about the company's average wage, as listed on their application, and opportunity for advancement within the company. Ms. Sullivan

explained the average wage listed takes into account all levels within the fulfillment center including approximately 50 management positions at a higher wage bracket. She also highlighted the company's commitment to employee advancement and development via The Amazon Career Choice Program. Company staff are eligible to participate in the program after one year of employment. The Career Choice Program offers 95% pre-paid tuitions and associated fees for courses at accredited schools leading to vocational certifications or two-year degrees in high-demand fields.

Governor Sandoval asked if the success of the company's facility in northern Nevada had influenced the company to select a southern Nevada location. Ms. Sullivan confirmed this was the case. She noted Nevada was one of the first states the company located an Amazon fulfillment center and the Reno facility has been very successful. Ms. Sullivan added it had also been a great opportunity to hire a local workforce and contribute to their career progression.

**A MOTION WAS MADE BY MR. BARRETT TO APPROVE THE ABATEMENT APPLICATION OF AMAZON.COM.KYDC, LLC FOR A SALES TAX ABATEMENT, A MODIFIED BUSINESS TAX ABATEMENT AND A PERSONAL PROPERTY TAX ABATEMENT AS PRESENTED IN ITEM 5B. THIS MOTION WAS SECONDED BY MR. YERUSHALMI. THE MOTION PASSED UNANIMOUSLY.**

**C. CML MEDIA CORP (DBA MOPRO)**

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

**D. CML MEDIA CORP (DBA MOPRO)**

- **CATALYST FUND**

Mr. Morgan Bunker, Vice President, Community and Economic Development, LVGEA, presented CML Media Corp (dba Mopro). Mr. Bunker provided a brief overview of the company and the abatements being sought. Mopro is a fast-growing technology company specializing in creating artificial intelligence (AI) driven websites for small businesses. The company's artificial intelligence engine completely analyzes their client's digital presence and builds a new site within 24 hours. The company currently has approximately 10,000 clients. Mr. Bunker was joined by Mr. Cary Levine, Founder and CEO, Mr. Mike Montagano, Chief Financial Officer, Ms. Ashely Levine, Chief Marketing Officer and Mr. Jace Levine, Senior Vice President of Sales, Mopro.

Mr. Montagano noted the company has experienced 100% year-over-year growth for the last three years and was excited at the prospect of potentially opening a southern Nevada office.

Mr. Montagano highlighted the company's commitment to creating upwards of 400 jobs in the next four years. These will be high quality jobs benefiting both the company and the community. Mr. Montagano also noted the company provides customer support 7 days a week which fits well with Las Vegas' 24/7 workforce.

Governor Sandoval inquired about type of jobs the company planned to create. Mr. Montagano advised the majority of jobs would be high paying sales, administrative, and customer support roles.

Mr. Barrett highlighted the Nevada University system would be a valuable recruitment resource. Mr. Levine confirmed the company planned to explore this.

Governor Sandoval asked what factors had influenced the company's decision to consider Nevada. Mr. Levine noted the inclusiveness of the different communities, the military presence, growth opportunities, the ease of travelling to southern Nevada and his positive experience of working with Nevadans.

Governor Sandoval asked where they would be located in southern Nevada. Mr. Levine advised the company is considering the Southwest area.

**A MOTION WAS MADE BY MR. YERUSHALMI TO APPROVE THE ABATEMENT APPLICATION OF CML MEDIA CORP (DBA MOPRO) FOR A SALES TAX ABATEMENT, A MODIFIED BUSINESS TAX ABATEMENT, A PROPERTY TAX ABATEMENT, AS WELL AS A CATALYST FUND GRANT AS DESCRIBED IN AGENDA ITEMS 5C AND 5D. THIS MOTION WAS SECONDED BY DR. HAVINS. THE MOTION PASSED UNANIMOUSLY.**

**E. TH FOODS, INC.**

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

Mr. Bunker, LVGEA, presented TH Foods, Inc. and provided a brief overview of the company and the abatements sought. TH Foods, Inc. produces snack food products for customers worldwide. The company produces snack crisps, baked sesame sticks, fried sesame sticks, corn sticks, baked wheat crackers, and rice based snacks. All the company's baked products utilize proprietary technology. TH Foods, Inc. operates as a subsidiary of the Mitsubishi International Corporation. Mr. Bunker was joined by Michael Hoffa, Operations Director, TH Foods, Inc.

Mr. Hoffa noted TH Foods, Inc.'s continued strong growth has led them to consider installation of a fourth production line in the company's Henderson, NV facility. The company currently operates a 150,000 square foot facility and has leased another 60,000 square feet warehouse in the business park they currently reside.

Governor Sandoval asked about company's recruiting efforts and where they find employees. Mr. Hoffa advised all employees were from the southern Nevada area with the exception of one who relocated from their Illinois headquarters.

Mr. Hoffa noted the company values their employees highly and this was demonstrated by the company's annual bonus and health insurance benefits. Annual bonuses are based on the company's performance and are payable to all staff from front line employees up to the CEO. In the past 20 years, the company has been able to award bonuses consecutively and employee surveys consistently commend the bonus program. The company also prides itself on their health insurance benefits. In addition to covering 85% of the employee benefits costs the company provide upwards of \$1,000 per year of staff incentives to promote personal health and wellness.

Governor Sandoval acknowledged the company's history in the state and noted his pleasure they were considering an expansion.

**A MOTION WAS MADE BY MR. BARRETT TO APPROVE THE ABATEMENT APPLICATION FOR TH FOODS, INC. FOR A SALES TAX ABATEMENT, A MODIFIED BUSINESS TAX ABATEMENT AND A PERSONAL PROPERTY TAX ABATEMENT AS PRESENTED IN ITEM 5E. THIS MOTION WAS SECONDED BY DR. HAVINS. THE MOTION PASSED UNANIMOUSLY.**

**F. THE HONEST COMPANY, INC.**

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

Mr. Bunker presented The Honest Company, Inc. and provided a brief overview of the abatements sought. The Honest Company, Inc. is a consumer goods company emphasizing non-toxic and eco-friendly household products to supply the marketplace for ethical consumerism. The company provides 100+ products across a wide range of customer categories including baby, personal care, home care, vitamins, and supplements. Mr. Bunker was joined by Senior Vice President of Operations, Mr. William Ashton.

The Honest Company, Inc. is considering the development of a 600,000 square foot warehouse and distribution center in North Las Vegas.

Mr. Ashton highlighted the company's significant growth since being founded in 2011. The company started as an e-commerce business in Southern California and swiftly expanded into other channels such as wholesale and retail. The company has launched its products in Target and now has a presence in all major food chains. The company will also shortly be launching in CVS.

Governor Sandoval asked where the company planned to hire their 400 new employees. Mr. Ashton commented members of the management team may relocate however the majority of new staff would be hired locally.

Governor Sandoval asked how likely it was the company would locate in Nevada if the abatements sought were approved. Mr. Ashton highlighted the company's eagerness to establish a presence in Nevada and noted the location enabled the company to be close enough to customers to allow rapid transit times on e-commerce orders and close to suppliers thus minimizing transportation costs. Mr. Ashton also listed the advantageous real estate costs and availability of labor.

**A MOTION WAS MADE BY MR. ROY TO APPROVE THE ABATEMENT APPLICATION OF THE HONEST COMPANY FOR A SALES TAX ABATEMENT, A MODIFIED BUSINESS TAX ABATEMENT AND PERSONAL TAX ABATEMENT AS DESCRIBED IN AGENDA ITEM 5F. THIS MOTION WAS SECONDED BY MR. YERUSHALMI. THE MOTION PASSED UNANIMOUSLY.**

**G. ZAZZLE, INC.**

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

Mr. Stan Thomas, Executive Vice President, Business Development, Economic Development Authority of Western Nevada (EDAWN), presented Zazzle, Inc. and provided a brief overview of the company and abatements sought. Zazzle, Inc. is an online marketplace operating a platform for custom products. The company's technology enables individuals, professional artists, and brands to create and offer products in various categories to customers worldwide. Mr. Thomas was joined by Charles Ohiaeri, Chief Fulfillment Officer and Peggy Beaver, Chief People Officer.

The company is considering establishing an 180,000 to 200,000 square foot manufacturing distribution and technology operation in Washoe County.

Governor Sandoval asked if the company planned to relocate or expand. Mr. Ohiaeri confirmed they planned to do both. The company will retain their San Jose facility. The company's San Diego facility will be closed and relocated to Nevada. The company plans to bring core manufacturing and operations roles to Nevada and also grow several existing satellite teams in the Bay Area.

Governor Sandoval asked about company's recruitment plans. Ms. Beaver highlighted the company's commitment to partnering with the community, helping to support and employ people from the university and community colleges, and providing internships.



Governor Sandoval asked where in Washoe County they would be located. Ms. Beaver advised the company is considering a site at the Silicon Valley Commerce Center.

Governor Sandoval asked when the company planned to commence operations in Nevada. Mr. Ohiaeri advised this would occur in the first half of 2017.

Governor Sandoval asked what had led the company to consider Nevada as a potential location. Mr. Ohiaeri noted there were several reasons such as the proximity to the Bay Area, tax climate, business environment, workforce and the availability of talented individuals via the University of Reno.

**A MOTION WAS MADE BY LIEUTENANT GOVERNOR HUTCHISON TO APPROVE THE ABATEMENT APPLICATION OF ZAZZLE, INC FOR A SALES TAX ABATEMENT, A MODIFIED BUSINESS TAX ABATEMENT AND A PERSONAL TAX ABATEMENT AS DESCRIBED IN AGENDA ITEM 5G. THIS MOTION WAS SECONDED BY MR. ROUTSON. THE MOTION PASSED UNANIMOUSLY.**

**6. PERFORMANCE MEASURE REPORT  
BOB POTTS, RESEARCH DIRECTOR**

The number of jobs projected in abatement applications in the third quarter was 1,321. This is a 141% increase over last quarter and a decrease from the third quarter of 2015..

There were 22 companies in the third quarter which is a 120% increase over last quarter, although this is a slight decrease from 2015. Half of these companies were manufacturers, 23% were logistics and operations, and 18% were aviation companies. Of those 22 companies, 16 were incentivized and eight were not. 1180 jobs came from incentivized companies and 140 from the non-incentivized companies.

Average hourly wages for both incentivized and non-incentivized was \$20.86 which is very near the State average wage.

Mr. Potts noted the chart titled ‘Announced and Actual Jobs by New Incentivized Companies’. This shows the number of actual jobs added by incentivized new companies to Nevada, and matches them to the numbers DETR’s Research and Analysis Division obtains from their employment counts. Mr. Potts highlighted, going back as far as 2009, the actual job numbers exceeds those contracted.

In the third quarter, \$201 million in capital investment was made by companies assisted in the State. This is an increase of over 370% from the previous quarter, however a slight decline from the third quarter last year.

Regarding pipeline activity, leads were up by 187%, prospects up by 138% and wins were up by 120%.

Unemployment rate dropped 3/10ths of a percent, down to 5.5%. Currently there are approximately 1.3 million workers in the state.

**7. DIRECTORS COMMENT**

Director Hill thanked Mr. Potts for his work. He noted Mr. Potts is known nationally for his work related to workforce development and economic development.

Director Hill discussed the national press being received by Unmanned Ariel Vehicles (UAVs) and how this ties to Nevada and the Nevada Institute for Autonomous Systems (NIAS). He noted the importance of this field and Nevada's involvement in the industry. He also discussed a corridor being developed for UAVs which will run from Reno Stead Airport to Silver Springs to Hawthorne. This is a corridor for 'beyond visual line of sight' testing.

Director Hill noted the Nevada Center for Advanced Mobility is continuing its partnership with the Fraunhofer Institute and incorporating UNR and UNLV into the project. There are a couple of live projects with products being tested. He gave thanks to the Fraunhofer Institute for their continued investment in Nevada.

**8. UNEMPLOYMENT RATE UPDATE**

Mr. Potts stated Clark County is moving toward the 6% threshold and he anticipates it will probably achieve this by the January 2017 Board meeting. If the Board certifies Clark County is below the 6% unemployment number this will change the abatement structure for the Clark County area. The lowest average wage eligible for abatement would move from 65% up to 80% of the state average wage. A 25% abatement of personal property tax and modified business tax will be awarded to companies between 80-100% of the state average wage. Companies over the state average wage will be eligible for full abatements. In addition, companies below 100% of the state average wage will pay the 2% of the state portion of the sales tax and the 2.65% portion for the local school support tax.

**9. PUBLIC COMMENT**

There was no public comment.

Governor Sandoval noted there would be 2,000 more jobs in the state of Nevada as a result of the November 17, 2016 Board meeting and that some of the best established and emerging brands had chosen to come to Nevada. Governor Sandoval highlighted the last five years had seen the creation of approximately 190,000 new jobs in Nevada. Governor

Sandoval thanked Director Hill, the team at GOED, the members of the GOED Board and the Regional Development Authorities.

**10. ADJOURNMENT**

**A MOTION WAS MADE BY MR. ROUTSON TO ADJOURN THE BOARD MEETING. THIS MOTION WAS SECONDED BY MR. ROY. THE MOTION PASSED UNANIMOUSLY.**