

**STATE OF NEVADA  
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT  
BOARD MEETING  
May 15, 2014**

**The meeting of the Board of Economic Development was called to order by Governor Brian Sandoval at 1:02 p.m. in the Grant Sawyer Building, Governor's Board Room, 555 E. Washington Ave, Room 5100, Las Vegas, Nevada, 89101 and the Nevada State Capitol Building, The Guinn Room, 101 S. Carson Street, Carson City, Nevada, 89701 via video conference.**

**1. ROLL CALL/CALL TO ORDER**

**BOARD MEMBERS PRESENT**

Governor Brian Sandoval, State of Nevada  
Lt. Governor Brian Krolicki, State of Nevada  
Secretary of State Ross Miller, State of Nevada  
Mr. Benny Yerushalmi, Owner, The Jewelers of Nevada  
Mr. Dennis Perea, Department of Employment, Training and Rehabilitation (DETR)  
Mr. Daniel Klaich, Chancellor, Nevada System of Higher Education (NSHE)  
Mr. Sam Routson, Chief Administrative Officer, Winnemucca Farms  
Ms. Kathleen Drakulich, Attorney, McDonald Carano Wilson via teleconference  
Mr. Rob Roy, CEO/Founder, Switch via teleconference  
Dr. Weldon Havins, Director, Medical Jurisprudence and Ophthalmology, Touro University Nevada via teleconference

**BOARD MEMBERS ABSENT AND EXCUSED**

Mr. Victor Chaltiel, Founder/Chairman, Redhills Ventures, LLC

**STAFF MEMBERS PRESENT**

Mr. Steve Hill, Executive Director, Governor's Office of Economic Development (GOED)  
Mr. Brad Mamer, Director of Business Development, GOED  
Ms. Lauren Hawkins, Administrative Assistant, GOED  
Ms. Shante Willis, Administrative Assistant, GOED  
Ms. Jennifer Cooper, Communications Director, GOED  
Ms. Maria Guideng, Business Development Analyst, GOED  
Ms. Vera Adams, Executive Assistant, GOED  
Mr. Pete Wallish, Regional Director, GOED  
Ms. Henna Rasul, Office of the Attorney General  
Ms. Nicole Lambole, Office of the Secretary of State

**GUESTS PRESENT**

Mr. Chris Zunis, LVGEA

Mr. John Yacka, Bed Bath and Beyond  
Mr. Jeff Macak, Bed Bath and Beyond  
Mr. Xavier Wasiak, JLL Logistics  
Mr. Jeff McGeachy, City of Las Vegas  
Mr. Joel Grace, EDAWN  
Ms. Marianne McInerney, Cenntro Motor Corp.  
Ms. Nancy McCormick, EDAWN  
Mr. Larry King, James Hardie Building Products, Inc.  
Mr. Jimmy Tang Sheng, Rubber Enterprise Co.  
Ms. Kathy Halbardier, NVIE  
Mr. Scott Bensing, NIAS

**2. PUBLIC COMMENT**

Governor Sandoval opened public comment. No public comment.

**3. GOVERNOR SANDOVAL'S COMMENTS**

Governor Sandoval welcomed the Board's newest member, Mr. Dennis Perea, Interim Director of the Department of Employment, Training & Rehabilitation.

**4. APPROVAL OF THE MARCH 20, 2014 AND APRIL 28, 2014 BOARD MEETING MINUTES**

**A MOTION WAS MADE BY MR. BENNY YERUSHALMI TO APPROVE THE MARCH 20, 2014 AND APRIL 28, 2014 MEETING MINUTES; THIS MOTION WAS SECONDED BY SECRETARY ROSS MILLER. THE MOTION PASSED UNANIMOUSLY.**

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

**A. BED BATH & BEYOND, INC.**

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

Mr. Chris Zunis with LVGEA presented Bed Bath & Beyond, Inc.'s abatement application. This application is for Bed Bath & Beyond's planned expansion in Clark County which includes \$13 million in capital equipment and the addition of 225 full time employees.

Mr. Zunis introduced Mr. Jeff Macak, Bed Bath & Beyond's Vice President of Global Supply Chain. Mr. Macak thanked Governor Sandoval and the Board for their time and presented a company overview.

Governor Sandoval asked when the facility would be operable if they choose to expand in Nevada. Mr. Macak expects they will be operable in 2015. Governor Sandoval asked what Bed Bath & Beyond's experience has been with the local workforce. Mr. Macak replied their experience has been fantastic and the workforce has been incredibly stable.

Governor Sandoval noted the average wage is below the state average and asked how quickly an employee can move up within the company. Mr. Macak replied employees receive a 50 cent pay increase after 90 days and receive annual evaluations with incremental wage increases.

Governor Sandoval asked from where Bed Bath & Beyond will seek new employees. Mr. Macak stated most of the hiring will be local. Governor Sandoval referred Mr. Macak to Mr. Perea and Department of Employment, Training and Rehabilitation (DETR) to assist with recruiting.

Lieutenant Governor Krolicki asked Mr. Macak to expand on the benefits offered to employees. Mr. Macak replied the company provides medical, dental, eye care and a 401K program after the first year of employment. Mr. Macak stated competitive wage analyses are regularly completed by the company and wages are adjusted when appropriate. Mr. Perea noted the described wages are consistent with regional wages for similar fulfillment centers. Mr. Zunis pointed out the Modified Business Tax and Personal Property Tax incentives have been lowered from 50% to 25% in recognition of the low average wage.

Governor Sandoval asked if Bed Bath & Beyond would move forward with the expansion if they receive favorable consideration. Mr. Macak stated they would move forward.

**A MOTION WAS MADE BY MR. YERUSHALMI TO APPROVE THIS APPLICATION FOR TAX ABATEMENTS FOR BED BATH & BEYOND, INC; THIS MOTION WAS SECONDED BY SECRETARY MILLER. THE MOTION PASSED UNANIMOUSLY.**

#### **B. CENNTRO MOTOR CORPORATION**

- **SALES TAX ABATEMENT**
- **MODIFIED BUSINESS TAX ABATEMENT**

Director Hill introduced this agenda item by asking the Board to reserve time in June for a special meeting. Director Hill explained Cenntro did not originally meet the statutory requirements for the Personal Property Tax abatement program. However, the company's equipment purchase plans have subsequently expanded which the Board will consider during the special meeting.

Mr. Joel Grace with EDawn presented Cenntro Motor Corporation's abatement application. Cenntro Motor Corporation is an emerging U.S. based manufacturer of electric vehicles. Cenntro designs and builds commercial and passenger vehicles and aims to become an industry leader in high efficient electric commercial vehicles that reach 200 miles per gallon. Cenntro recently decided to locate its manufacturing

headquarters for the Kombi, a lightweight commercial vehicle, to Nevada. Since this decision occurred after the filing of the original abatement application, Mr. Grace explained the company has requested the special Board meeting described by Director Hill. This application is preliminary in nature, therefore, and describes Cenntro's original plan to hire 44 full time employees at an average hourly wage of \$20.99 for a small vehicle assembly operation.

Mr. Grace introduced Cenntro's Executive Vice President, Ms. Marianne McInerney. Ms. McInerney provided an overview of the company and described the attributes of Cenntro's electric vehicles. Ms. McInerney stated they chose Nevada due its strong employment base and its pro-business environment. Cenntro Motor Corporation expects to begin producing vehicles during the third quarter of 2014, and expects to produce 1,000 vehicles by the end of 2014.

Governor Sandoval asked if the 40 jobs would be new Nevada jobs or if they would be relocating employees. Ms. McInerney replied most jobs would be local, but Cenntro would be relocating a few engineers.

Governor Sandoval asked if the material to assemble the vehicle would be imported. Ms. McInerney stated the materials will be imported into Nevada, but 60% of those materials are United States products.

Governor Sandoval asked if Cenntro had a strict deadline to begin operations. Ms. McInerney replied they would like to be operational by July 2014.

Lieutenant Governor Krolicki stated this company fits the strategic plan the Governor has for Nevada and he is strongly supportive of this application. Governor Sandoval echoed Lieutenant Governor Krolicki's enthusiasm and stated he wants Nevada to be on the forefront of electric vehicle technology.

**A MOTION WAS MADE BY LIEUTENANT GOVERNOR KROLICKI TO APPROVE THIS APPLICATION FOR TAX ABATEMENTS FOR CENNTRO MOTOR CORPORATION; THIS MOTION WAS SECONDED BY SECRETARY MILLER. THE MOTION PASSED UNANIMOUSLY.**

**C. JAMES HARDIE BUILDING PRODUCTS INC.**

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

Ms. Nancy McCormick with EDawn presented James Hardie Building Products Inc.'s abatement application. James Hardie is an international building materials company that produces a wide range of fiber cement products used in the exterior and interior of homes. The company currently employs 111 people at their location in Storey County, and plans to expand operations by investing \$22 million in new capital equipment. The expansion will add a minimum of 9 new full time employees at an average hourly wage of \$21.67, with a benefit package including health, dental, life insurance and a 401K.

James Hardie has a community involvement plan and a strong corporate policy regarding sustainable construction.

Ms. McCormick introduced James Hardie's Tax Manager, Mr. Larry King, and Operations Manager, Mr. Chris Billingsly. Mr. King thanked the Board for their time and provided an overview of the company. Mr. King stated that James Hardie places priority on people, safety and quality.

Governor Sandoval asked how James Hardie's experience has been with the local workforce. Mr. Billingsly replied that they have had a very positive experience. Governor Sandoval asked if the company would expand its existing facility to accommodate the new equipment. Mr. Billingsly stated they will be adding the new equipment inside the existing factory, but the company will be adding some external silos on the property.

**A MOTION WAS MADE BY MR. YERUSHALMI TO APPROVE THIS APPLICATION FOR TAX ABATEMENTS FOR JAMES HARDIE BUILDING PRODUCTS INC.; THIS MOTION WAS SECONDED BY SECRETARY MILLER. THE MOTION PASSED UNANIMOUSLY.**

**D. TAKE-TWO INTERACTIVE**

**• TEN GRANT**

Director Hill introduced this agenda item and stated in September 2013 Take-Two had been approved for their initial \$87,500 TEN Grant that was part of a proposed \$205,000 overall workforce training grant. Director Hill explained Take-Two Interactive completed its first training and is now requesting Board approval for the remaining \$117,250 workforce grant.

Governor Sandoval asked how many Take-Two staff are located in Nevada. Director Hill said the company has in excess of 200 employees at its Las Vegas affiliate which is more than originally anticipated.

**A MOTION WAS MADE BY MR. YERUSHALMI TO APPROVE THIS APPLICATION FOR THE TEN GRANT FOR TAKE-TWO INTERACTIVE; THIS MOTION WAS SECONDED BY SECRETARY MILLER. THE MOTION PASSED UNANIMOUSLY.**

**6. ABATEMENT APPLICATIONS FOR DIRECTOR APPROVAL:**

**A. RUBBER ENTERPRISE CO.**

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

Mr. Grace presented Rubber Enterprise Company's abatement application. Rubber Enterprise recycles used automotive tires into raw material and is considering Northern Nevada as the site for its headquarters. The Reno/Sparks market has the potential to produce around 15,000 pounds of rubber per day. This recycled material is used for athletic fields, playground surfaces and various other products and is sold regionally. Rubber Enterprise will invest \$1 million in capital equipment and hire 21 full time employees at an average hourly wage of \$22.83. Rubber Enterprise provides medical, dental, and vision benefits after three months of employment, and plans to pay 100% of the employees' premiums.

Mr. Grace introduced Mr. Jimmy Tang, CEO of Rubber Enterprise. Mr. Tang greeted the Board and provided a company overview.

Governor Sandoval expressed his support for this technology, and asked when the company expected to be operational. Mr. Tang stated they are planning for an August 2014 start date since they are currently concluding negotiations on a leased warehouse space.

**SINCE THE TOTAL ABATEMENT WAS BELOW HIS STATUTORY APPROVAL LEVEL, DIRECTOR HILL APPROVED THIS APPLICATION FOR TAX ABATEMENTS FOR RUBBER ENTERPRISE COMPANY.**

## **7. RELAUNCH OF GOED'S WEBSITE WALKTHROUGH**

Director Hill explained Ms. Jennifer Cooper has been restructuring the GOED website and thought it would be beneficial to show the Board how to navigate the site and locate documents.

Ms. Cooper presented a walkthrough of the new layout. The "GOED Reporting" section includes all required annual reports to and from GOED. The "Studies" section contains public reports on industries targeted by Nevada. New dropdowns menu features include "Popular Key Industries", "Nevada Data Portal", "Notices and Agendas", "Technology Commercialization" and the "Water Center of Excellence".

Governor Sandoval asked if there is a link to the Nevada System of Higher Education (NSHE). Ms. Cooper replied she is developing a link for NSHE that will branch off the technology commercialization page. Governor Sandoval asked if there is information about companies doing business in Nevada. Ms. Cooper responded this information is available but is not yet comprehensive. Ms. Cooper added the Emerging Small Business application and database are also on the website, and since the program's launch 150 companies have gone through the approval process.

Director Hill noted GOED will shortly add an annual report of all approved abatement which will be updated after every Board meeting.

Secretary Miller asked how much traffic the website is receiving. Ms. Cooper replied the site is not getting a significant amount of traffic, but the pages are being re-launched and

should receive more traffic after the old Commission on Economic Development website has been archived. Secretary Miller stated his agency would love to work with GOED to place strategic links to increase traffic. Secretary Miller described the Secretary of State's website is currently second in state website traffic.

Governor Sandoval asked if the website includes anything about the quality of life in Nevada. Ms. Cooper noted she is still working on this segment and is reaching out to the Regional Development Authorities (RDAs) to collect their quality of life information. Governor Sandoval commented that the website has greatly improved and thanked Ms. Cooper for her hard work.

## **8. DIRECTOR'S COMMENTS**

Director Hill explained he would be reviewing the metrics report normally presented by Research Director Potts since he was in Orlando at the Association of Unmanned Vehicle Systems International (AUVSI) national convention. Director Hill reported the jobs announced by assisted company's remains strong in the first quarter 2014. In addition, Director Hill described a change in the way average wage is calculated by GOED. Average wage now reflects the weighted average versus the prior average of all awarded companies. Since some industries, like fulfillment centers, have a lower wage but high job counts, and since fulfillment centers have been a strong area of growth in both southern and northern Nevada, the net effect of this calculation change has been a drop in the average wage. Director Hill stated the jobs and unemployment numbers both continue to improve and most sectors are improving. The projected jobs by assisted companies are estimated at 11,000 by 2018.

Director Hill stated we are continuing to make great progress on the UAV effort. The first flight has occurred and additional flights are scheduled in the next couple of weeks. Director Hill noted GOED is working with the FAA on flight scheduling, and the state is hoping for further federal guidance by July 2014.

Director Hill mentioned he would like to have an abatement policy discussion in the fall with the Board to receive input on any GOED additions or revisions proposed for the 2015 Legislative Session.

Director Hill thanked the RDAs for all of their work and recent successes. Director Hill noted the working relationship between the RDAs and GOED has improved significantly over the last twelve months and thanked everyone for the teamwork.

Director Hill closed by stating the 2<sup>nd</sup> Annual Indoor Agriculture Conference was currently in progress in Las Vegas. GOED founded the conference last year and it brought in over 200 attendees. Given this initial success, this year's event being managed privately with GOED as a sponsor. Director Hill believes this will continue to be a recurring annual event that shows promise to grow this sector in Nevada.

## **9. PUBLIC COMMENTS**

Secretary Miller asked a follow up question from the March and April Board meetings in which he asked about the status of audits on companies who had received incentives. Mr. Brad Mamer replied GOED is working with Taxation to summarize all audits that have taken place from Fiscal Year 2009 through Fiscal Year 2014. Mr. Mamer said a draft report will be available within the next week, but significant work is necessary to more properly document audits and report complete results. Mr. Mamer noted GOED is not required to have this research completed until January 2015, but the agency feels its preliminary results are strong start. Separately, Mr. Mamer reported to the Board that Sofidel and Petco have not yet announced their respective Nevada relocation plans, but discussions continue to be encouraging.

Lieutenant Governor Krolicki said he had recently spoken to representatives from Petco regarding a clarification on its Sale and Use Tax abatement. Mr. Mamer said he would follow up with Petco and the Nevada Department of Taxation.

Mr. Yerushalmi thanked the Governor and GOED for being able to join the Canada Trade Mission and commended everyone for their hard work. Mr. Yerushalmi commented it is so impressive to see the number of people involved and the amount of work put into these missions. Mr. Yerushalmi stated each mission gets better and better.

Governor Sandoval thanked Mr. Yerushalmi for being on the Canadian Trade Mission and thanked the GOED staff for doing a wonderful job. Governor Sandoval stated he has heard from various business sources these trade missions have been beneficial, and also mentioned GOED has earned the reputation of being well organized. Governor Sandoval complimented Chancellor Klaich on his delegation which has shown a lot of momentum and inspiration.

Governor Sandoval thanked everyone for participating in the meeting.

## 10. **ADJOURNMENT**

**A MOTION WAS MADE BY SECRETARY MILLER TO ADJOURN THE BOARD MEETING; THIS MOTION WAS SECONDED BY MR. YERUSHALMI. THE MOTION PASSED UNANIMOUSLY. THE MEETING ADJOURNED AT 2:28 P.M.**