

**STATE OF NEVADA  
GOVERNOR'S OFFICE of ECONOMIC DEVELOPMENT  
BOARD MEETING  
July 21, 2016**

**The meeting of the Board of Economic Development was called to order by Governor Brian Sandoval at the Paul Laxalt Building, The Chambers, 401 S. Carson Street, Carson City, Nevada, 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  
Lt. 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  
Ms. Kathleen Drakulich, Attorney, McDonald Carano Wilson  
Mr. Sam Routson, Chief Administrative Officer, Winnemucca Farms

**VOTING BOARD MEMBERS ABSENT AND EXCUSED**

Mr. Rob Roy, CEO/Founder, Switch

**NON-VOTING BOARD MEMBERS PRESENT**

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

**STAFF MEMBERS PRESENT**

Mr. Steve Hill, Executive Director, GOED, Secretary of Board  
Jenn Cooper, Communications Director, GOED  
Michael Dang, Director of Business Operations, GOED  
Ryan Smith, Business Development Manager, GOED  
Melanie Sheldon, Executive Assistant / Business Specialist, GOED  
Bob Potts, Research Director, GOED  
Dana Novotny, Fiscal Technician, GOED  
Steve Woodbury, Administrative Services Officer, GOED  
Michelle Schierholt, Executive Assistant / HR Coordinator, GOED

## **GUESTS PRESENT**

Assemblywoman Bustamante Adams  
Henna Rasul, Attorney General's Office  
Chris Ault, EDAWN  
Stan Thomas, EDAWN  
Morgan Bunker, LVGEA  
Michael Walsh, LVGEA  
Perry Ursem, LVGEA  
Jarrod Smith, LVGEA  
Tara Mitchell, LVGEA  
Kristen Maxwell, LVGEA  
Andrew Haskin, NNDA  
Lonnie Phillips, Fanatics, Inc.  
Jason Lundgaard, Apple, Inc.  
Fred Nieforth, Clasen Quality Coatings, Inc.  
Jason Schmid, Clasen Quality Coatings, Inc.  
Richard Saute, Cosmetic Enterprises, Ltd.  
Jesse Wood, Cosmetic Enterprises, Ltd.  
Jose Alvarez, Cosmetic Enterprises, Ltd.  
Reed Vandawater, Safran USA  
Goran Vukovic, MBD Wheel and Repair Services, LLC  
John Winkels, Thrive Market, Inc.  
James Schwyn, Valeo North America, Inc.  
Bertand Cerru, Valeo North America, Inc.  
Katie Lay, CAEK, Inc.  
Cory Mellinger, The Webstaurant Store, Inc.

## **2. PUBLIC COMMENT**

Governor Sandoval opened public comment. There was no public comment.

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

Governor Sandoval stated he was looking forward to the forthcoming Trade Mission to Australia. The trip will be 12 days and will visit Melbourne, Sydney and Brisbane. The trade mission delegation will be meeting with high-ranking Government officials, leading research institutions, and industry representatives.

## **4. APPROVAL OF THE MAY 19, 2016 BOARD MEETING MINUTES**

**A MOTION WAS MADE BY SECRETARY OF STATE CEGAVSKE TO APPROVE THE MAY 19, 2016 MEETING MINUTES; THIS MOTION WAS SECONDED BY MS. KATHLEEN DRAKULICH. THE MOTION PASSED UNANIMOUSLY.**

**5. APPLE INC. RATIFICATION OF DIRECTOR'S APPROVAL OF SECOND FOUR YEAR TERM**

Director Hill stated the purpose of the agenda item was to request the Board ratify the Director's approval of a renewal of sales tax breaks for Apple's data center at the Reno Technology Park.

Apple, which was awarded incentives in 2012 and has since invested nearly \$800 million in its data center, requested a renewal of the incentives the week prior and in accordance with the contract between GOED and Apple.

Apple was required to show that it met certain criteria to be eligible for the renewal. On Friday July 15, 2016 the Governor's Office of Economic Development determined that Apple was in compliance and agreed to approve the extension.

Director Hill introduced Mr. Jason Lundgaard, Senior Manager of State and Local Government Affairs, Apple, Inc. Mr. Lundgaard noted Apple is proud of their presence in Nevada and looks forward to continued investment and growth in the state.

Governor Sandoval noted the value of Apple's presence in the state. Governor Sandoval also noted when a company of Apple's magnitude and reputation establishes itself in Nevada it highlights the positive things happening in the state.

Governor Sandoval noted the agenda stated Ratification of Director's Approval of Second Four Year Term, he asked for a motion.

**A MOTION WAS MADE BY MS. KATHLEEN DRAKULICH TO RATIFY THE DIRECTOR'S APPROVAL OF SECOND FOUR YEAR TERM FOR APPLE, INC.; THIS MOTION WAS SECONDED BY SECRETARY OF STATE CEGAVSKE. THE MOTION PASSED UNANIMOUSLY.**

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

**A. CLASEN QUALITY COATINGS, INC.**

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

Mr. Stan Thomas, Vice President of the Economic Development Authority of Western Nevada, presented Clasen Quality Coatings, Inc. and provided a brief overview of the company and the abatements being sought.

Clasen Quality Coatings, Inc. manufactures confectionary coating and chocolate for bakery and nutritional confectionary snacks. The company is in the process of selecting a site for a new manufacturing facility and is considering Reno, NV. The company is seeking a sales and use tax abatement, a modified business tax and a personal property tax abatement.

Mr. Thomas was joined by Mr. Fred Nieforth, Director of West Coast Operations, Clasen Quality Coatings, Inc. and Mr. Jason Schmid, Vice President of Technology, Clasen Quality Coatings, Inc.

Mr. Schmid provided an overview of the significance the abatements would have for Clasen Quality Coatings, Inc. Expanding operations in Reno would address the company's need for a presence on the West Coast, meet increased customer demand and support the company's focus on their employees' quality of life.

Governor Sandoval asked what percentage of employment would be relocated and hired locally. Mr. Nieforth stated that 20 percent would relocate and 80 percent would be recruited locally.

Governor Sandoval asked about the company's supply chain. Mr. Nieforth stated most agreements would be sourced outside of Nevada, however, the company's business model would provide benefits to the community including, construction, contractor services and pest control.

Lt. Governor Hutchinson asked what attracted the company to Reno. Mr. Nieforth noted benefits such as the cost of living, quality of life for employees and the proximity to customers.

**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 TAX ABATEMENT AS DESCRIBED IN AGENDA ITEM 6A. THIS MOTION WAS SECONDED BY SECRETARY OF STATE CEGAVSKE. THE MOTION PASSED UNANIMOUSLY.**

**B. COSEMETIC ENTERPRISES, LTD.**

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

Mr. Andrew Haskin, Director of Business Development, Northern Nevada Development Authority, presented Cosmetic Enterprises, Ltd. and provided a brief overview of the company and the abatements being sought.

Cosmetic Enterprise, Ltd. manufactures cosmetic and skin care products such as shampoo, moisturizers, skin enhancing lotion and skin protecting products using botanicals and other raw materials. The company is based in Pacoima, California and is looking to expand operations to Dayton, Nevada. The company plans to purchase a 65,000 square foot facility with the option to expand the facility to 100,000 square feet of production and warehouse space. The company is seeking a sales and use tax abatement, a modified business tax and a personal property tax abatement.

Mr. Haskins was joined by Mr. Richard Saute, President of Cosmetic Enterprises, Ltd and company representatives Mr. Jesse Wood, and Mr. Jose Alvarez.

Governor Sandoval asked what other states the company had considered for their expansion project. Mr. Saute answered the company had considered Texas, Minnesota and Wyoming, however, he had been impressed with the business climate and quality of life Nevada offered.

Governor Sandoval asked if they company would hire locally or relocate employees. Mr. Saute stated that 12-14 employees may relocate and all other new staff would be hired locally.

**A MOTION WAS MADE BY MS. DRAKULICH TO APPROVE THE ABATEMENT APPLICATION OF COSMETIC ENTERPRISES, LTD FOR A SALES TAX ABATEMENT, A MODIFIED BUSINESS TAX ABATEMENT AND A PERSONAL PROPERTY TAX ABATEMENT AS PRESENTED IN ITEM 6B. THIS MOTION WAS SECONDED BY MR. BARRETT. THE MOTION PASSED UNANIMOUSLY.**

**C. FANATICS, INC.**

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

Mr. Morgan Bunker, Vice President of Economic Development for the Las Vegas Global Economic Alliance, presented Fanatics, Inc. and provided a brief overview of the company and the abatements being sought.

Fanatics, Inc. is a global retailer of licensed sports merchandise. The company is looking to locate a regional distribution center in North Las Vegas. Fanatics, Inc. is seeking a sales and use abatement, a modified business tax abatement and a personal property tax abatement.

Mr. Bunker was joined by Mr. Lonnie Phillips, Vice President of Operations, Fanatics, Inc.

Governor Sandoval asked when the company planned on opening their doors in North Las Vegas. Mr. Phillips stated operations would start in June of 2017 and hiring would begin in January 2017 to prepare for the launch.

Governor Sandoval asked if the company would locally source their new employees or relocate them. Mr. Phillips answered that 80 percent would be local hires and 20 percent would be internal transfers from existing locations.

Lt. Governor Hutchinson asked how the warehousing and transportation assets of Southern Nevada contributed to the decision to locate to North Las Vegas. Mr. Phillips confirmed the warehouse and labor availability were impressive.

**A MOTION WAS MADE BY DR. HAVINS TO APPROVE THE ABATEMENT APPLICATION FOR FANATICS, INC. FOR A SALES TAX ABATEMENT, MODIFIED BUSINESS TAX ABATEMENT AND A PERSONAL PROPERTY TAX ABATEMENT AS PRESENTED IN ITEM 6C. THIS MOTION WAS SECONDED BY LT. GOVERNOR HUTCHISON. THE MOTION PASSED UNANIMOUSLY.**

**D. MBD WHEEL AND BRAKE REPAIR AND SERVICES, LLC.**

- **AVIATION SALES TAX ABATEMENT**
- **AVIATION PERSONAL PROPERTY TAX ABATEMENT**

Mr. Bunker presented MBD Wheel and Brake Repair Services, LLD. Mr. Bunker provided a brief overview of the company and the abatements being sought.

MBD Wheel and Brake Repair and Services, LLC does repairs and maintenance on commercial aircraft and also C-17 military aircraft. The company is embarking on an expansion of the business to serve the west coast market and plan to secure a 25,000 square foot facility. Las Vegas is being considered as a potential location. The company is seeking the Aviation Sales Tax Abatement and the Aviation Personal Property Tax Abatement.

Mr. Bunker was joined by Mr. Reed Vandawater, Senior Vice President, External Affairs from parent company, Safran USA and Mr. Goran Vukovic, the Chief Financial Officer of MBD Wheel and Repair Services, LLC.

Mr. Vukovic explained the company is hoping to start operations in the fourth quarter of the year. He noted that two employees would relocate and the remainder would be hired from Nevada.

Governor Sandoval asked if the company was working with any employment agencies or educational institutions to find these employees. Mr. Vukovic confirmed they were working with agencies in the state.

Lt. Governor Hutchinson asked how the company currently managed shipping to their west coast customers. Mr. Vukovic confirmed the company's biggest market on the west coast is California and that a Nevadan location would greatly assist turnaround times.

Governor Sandoval took a moment to commend Assemblywoman Bustamante-Adams, Lt. Governor Hutchinson and Director Hill for their work in laying the foundation for the Aviation Tax Abatement and their efforts in getting the legislation passed.

**A MOTION WAS MADE BY MR. BARRETT TO APPROVE THE ABATEMENT APPLICATION OF MBD WHEEL AND BRAKE REPAIR SERVICES, LLC FOR AN AVIATION SALES TAX ABATEMENT AND AN AVIATION PERSONAL TAX ABATEMENT AS DESCRIBED IN AGENDA ITEM 6D. THIS MOTION WAS SECONDED BY DR. HAVINS. THE MOTION PASSED UNANIMOUSLY.**

**E. THRIVE MARKET, INC.**

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

Mr. Thomas presented Thrive Market, Inc. and provided a brief overview of the company and the abatements being sought.

Thrive Market, Inc. is a distributor of nutritious food products and an online membership club for healthy living. The company is planning to relocate their fulfillment center operations from California and is considering Reno as a potential location. The company is seeking a sales and use tax abatement, a modified business tax abatement and a personal property tax abatement.

Mr. Thomas was joined by Mr. John Winkels, Vice President of Operations, Thrive Market, Inc.

Mr. Winkels stated the company has been considering Salt Lake City, northern California, Reno and the Pacific Northwest. He noted Reno is attractive for a number of reasons such as logistic advantages offered by the region, the incentive package available and the ease of the incentive process.

Governor Sandoval asked if the company could be building or leasing an existing space. Mr. Winkels confirmed the company would lease existing space and were considering two properties.

Governor Sandoval asked if the company anticipated relocating individuals or hiring locally. Mr. Winkels confirmed 80 percent of the hiring, including most of the higher salary management team, would be recruited from within the region.

Governor Sandoval asked when the hiring and operations would commence. Mr. Winkels responded that a two month time frame, from July 2016, was desirable.

Governor Sandoval asked if the company had been introduced to Nevada JobConnect for recruitment purposes. Mr. Winkels confirmed this was the case.

**A MOTION WAS MADE BY MS. DRAKULICH TO APPROVE THE ABATEMENT APPLICATION FOR THRIVE MARKET, INC. FOR A SALES TAX ABATEMENT, A MODIFIED BUSINESS TAX ABATEMENT AND A PERSONAL PROPERTY TAX ABATEMENT AS PRESENTED IN ITEM 6E. THIS MOTION WAS SECONDED BY LT. GOVERNER HUTCHISON. THE MOTION PASSED UNANIMOUSLY.**

**F. VALEO NORTH AMERICA, INC. (THERMAL SYSTEMS)**

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

Mr. Chris Ault, Manager of Business Development, Economic Development Authority of Western Nevada presented Valeo North America, Inc. and provided a brief overview of the company and abatements sought.

Valeo North America, Inc. is an automotive supplier. The company manufactures battery cooling systems that contribute to the reduction of CO<sup>2</sup> emission for the automobile industry. The company is considering expanding their business into the Reno area. The company is seeking a sales and use tax abatement, a modified business tax abatement and a personal property tax abatement.

Mr. Ault was joined Mr. James Schwyn, Regional Manager, Valeo Thermal Systems, Inc. and Bertand Cerru, Activity Director, Valeo Thermal Systems, Inc.

Mr. Schwyn noted the strong factors in favor of Reno such as the economic zone, around manufacturing sites, the educational institutions and the quality of life.

Governor Sandoval asked about the skill set of the company's employees. Mr. Schwyn answered that the new facility would require maintenance staff to take care of the equipment, software programmers, quality technicians, quality managers and manufacturing operations staff starting with direct labor, logistics and quality information systems, technology, finance and purchasing staff.

Governor Sandoval asked if the company had made contact with the local university and community colleges in relation to the skill sets being sought. Mr. Schwyn confirmed that the company had made these contacts.

Governor Sandoval asked if the company anticipated consolidating or relocating some of their Mexico and Ohio operations to Nevada. Mr. Schwyn confirmed once the infrastructure was built it would provide the opportunity to bring production from other facilities.

**A MOTION WAS MADE BY MR. ROUTSON TO APPROVE THE ABATEMENT APPLICATION OF VALEO NORTH AMERICA, INC. FOR A SALES TAX ABATEMENT, A MODIFIED BUSINESS TAX ABATEMENT AND A PERSONAL TAX ABATEMENT AS DESCRIBED IN AGENDA ITEM 6F. THIS MOTION WAS SECONDED BY MR. BARRETT. THE MOTION PASSED UNANIMOUSLY.**



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

**A. CAEK, INC.**

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

Mr. Thomas presented CAEK, Inc. and provided a brief overview of the company and abatements sought.

CAEK, Inc. is a fully female founded and female led software company. The company provides a software space that allows independent healthcare providers to meet the Federal requirements of HIPPA security laws while reducing their risk and liability. The company is looking at office space in the downtown Reno community. The company is relocating their headquarters from Fayetteville, Arkansas. The company is seeking a sales and use tax abatement, a modified business tax abatement and a personal property tax abatement.

Mr. Thomas was joined by Ms. Katie Lay, Co-Founder and Vice President of CAEK, INC.

Mr. Benny Yerushalmi asked if the company planned to relocate their employees or recruit locally. Ms. Lay responded that all current CAEK, Inc. employees, with the exception of one, would be relocating. However, all new employees would be hired in Nevada.

Governor Sandoval asked about the skill sets of the company's employees. Ms. Lay answered that 80 percent of employees are information technology or software developers. The jobs are extremely skilled and do attract and retain a level of skill which the company rewards from a salary perspective.

Director Hill approved the application.

**B. THE WEBSTAUANT STORE, INC.**

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

Mr. Andrew Haskin presented The Webstaurant Store, Inc. and provided a brief overview of the company and abatements sought.

The Webstaurant Store, Inc. is an online restaurant supply company offering commercial grade equipment to the food service industry through online ordering and commercial shipping. The company is looking to expand their existing facility in Dayton, Nevada. The company is seeking a sales and use tax abatement, a modified business tax abatement

and a personal property tax abatement.

Mr. Haskin was joined by Cory Mellinger, Data Facility Operations Manager, The Webstaurant Store, Inc.

Mr. Mellinger provided an overview of the significance the abatements would have for The Webstaurant Store, Inc. Expanding operations would allow the company to continue to service their West Coast customers and meet increasing market demands. To meet business growth needs the current Nevada facility will double in size and the company will recruit additional employees.

Governor Sandoval asked where the company would source the additional employees. Mr. Mellinger replied 50 to 60 percent would come from Dayton, 30 to 35 percent from Carson City and the remainder from Silver Springs.

Director Hill approved the application.

## **8. DIRECTOR'S REPORT REGULATIONS, REVIEW & DISCUSSION**

Director Hill discussed the forthcoming trade mission to Australia. The mission will include representatives from the Governor's Office of Economic Development, the Nevada System of Higher Education, Nevada's mining industry, WaterStart, the Nevada Department of Tourism and Cultural Affairs, LVGEA, and business owners who are interested in strengthening or pursuing trade and export partnerships in Australia.

Director Hill noted the announcement of the autonomous tram, in partnership with Local Motors, and stated this would be operating on the campus of UNLV in September 2016. Director Hill noted that development of the eight-person tram will first occur on the campus and will then move to the city of Las Vegas. Director Hill noted this is the first major project for the Center for Advanced Mobility.

Director Hill highlighted that Nevada Institute for Autonomous Systems (NIAS) has recently started working with NV Energy to inspect power lines with UAVs. Director Hill believes Nevada is the first state to do this. The estimate is that it will provide the company a savings of at least two-thirds of the current cost of line inspection.

Director Hill raised the continuing growth of the WaterStart Initiative. He stated there have been three more deals signed, two of which have been made public. He noted that recently, the RFP process had ended for MGM and Truckee Meadows Water Authority projects. Between the two, 42 responses were received.

With regards to the draft regulations, Director Hill stated, based on the input received at the last board meeting, there were a number of changes made on the latest draft of regulations that has been submitted to LCB. There are ongoing conversations with the Legislative Counsel Bureau to determine the best way to address the recommendations and questions brought up and a response is anticipated by the middle of August. A public

hearing is anticipated for September 2016.

Governor Sandoval thanked Director Hill and the members of the board stating that the leadership and hard work have resulted in unprecedented accomplishments recognized not only in the state, but the country as well.

Director Hill stated that The Southern Nevada Tourism Infrastructure Committee approved the expansion and renovation of the Las Vegas Convention Center at the last meeting. He noted that it is a 1.4 million square feet expansion, and a \$1.4B project. The project had a shortfall of \$1.25B and through the work of the committee, ways to fund the convention center project were discovered. He noted the project will generate over 6,000 permanent jobs and will support the core industry of southern Nevada. Director Hill stated that the Governor had awarded the committee another two months to continue work on the stadium recommendation.

Ms. Drakulich commented on the professionalism and contribution of NNDA, LVGEA and EDawn.

**9. PUBLIC COMMENT**

Mr. Routson commented that since the last board meeting, UAV flights at Winnemucca Farms have taken place and will continue throughout the summer.

Mr. Routson also commented that a very valued and respected member of the GOED family, Mr. Bob Potts, has his family members at today's meeting.

**10. ADJOURNMENT**

**A MOTION WAS MADE BY MR. YERUSHALMI TO ADJOURN THE BOARD MEETING. THIS MOTION WAS SECONDED BY SECRETARY OF STATE CEGAVSKE. THE MOTION PASSED UNANIMOUSLY.**