

**STATE OF NEVADA
GOVERNOR'S OFFICE of ECONOMIC DEVELOPMENT
BOARD MEETING
September 17, 2015**

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

1. CALL TO ORDER

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. Sam Routson, Chief Administrative Officer, Winnemucca Farms
Mr. Benny Yerushalmi, Owner, The Jewelers of Nevada
Mr. James Barrett, Jr., President and Founder, The JABarrett Company

VOTING BOARD MEMBERS ABSENT AND EXCUSED

Ms. Kathleen Drakulich, Attorney, McDonald Carano Wilson
Mr. Rob Roy, CEO/Founder, Switch

NONVOTING BOARD MEMBERS ABSENT AND EXCUSED

Mr. Daniel Klaich, Chancellor, Nevada System of Higher Education (NSHE)
Mr. Don Soderberg, Department of Employment, Training and Rehabilitation (DETR)

STAFF MEMBERS PRESENT

Mr. Steve Hill, Executive Director, Governor's Office of Economic Development (GOED)
Bran Mamer, Business Development Director, GOED
Wendy Pope, Business Development Specialist, GOED
Ryan Smith, Business Development Manager, GOED
Shante Willis, Business Development Administration, GOED
Jenn Cooper, Communications Director, GOED
Michelle Schierholt, Executive Assistant, GOED
Bob Potts, Research Director, GOED

GUESTS PRESENT

Barbra Coffee, City of Henderson
Morgan Bunker, LVGEA
Karen Juenoler, LVGEA
David McCurdy, Verascan
Carole Deklin, EWS
Andrew Doughman, LVGEA
Michael Vannoza, LVGEA
Irene Bustamante Adams
Jonas Peterson, LVGEA
Anthony Turano, Turano Baking Co.
Fernando Anello, Verascan, Inc.
David McCurdy, Versacan, Inc.
Nancy McCormick, EDAWN
Shelli Long, Taxation
Lezlie Heget, Taxation
Bill Anderson, DETR
Gary Boyd, Rackspace US, Inc.
Steve Polikakas, A Law Corporation
Reza Karamooz, NVBAA/GRADD
John Petkus, Polish Consulate
Joel Grace, EDAWN
Henna Rasul, Attorney General's Office
Danny Campos, NNDA
Cheree Boteler, NV Energy
Nick Pavich, UIG
Jeff Brigger, NV Energy
Reha Gustafson, NVIE
John Burrue, Reno Flying Service, Inc.
Justine Harrison, Harrison Counsel
Kathy Halbardier, NVIE
Scott Anderson, SOS

2. PUBLIC COMMENT

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

3. GOVERNOR SANDOVAL'S COMMENTS

Governor Sandoval announced that the State of Nevada was number one in the nation for private sector job growth. Governor Sandoval asked Mr. Bill Anderson to go over the background and numbers. Mr. Anderson discussed the state of employment in the State.

4. APPROVAL OF THE JULY 9, 2015 BOARD MEETING MINUTES

A MOTION WAS MADE BY MR. BARRETT TO APPROVE THE JULY 9, 2015 MEETING MINUTES; THIS MOTION WAS SECONDED BY SECRETARY OF STATE CEGAVSKE. THE MOTION PASSED UNANIMOUSLY.

5. ABATEMENT AND INCENTIVE APPLICATIONS FOR BOARD APPROVAL

A. NEW MILLENNIUM BUILDING SYSTEMS

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

Mr. Danny Campos, Vice President of Business Development, Northern Nevada Development Authority (NNDA) presented New Millennium Building Systems. The company is seeking incentives for the following tax abatements: Sales & Use Tax, Modified Business Tax and Personal Property Tax. New Millennium Building Systems meets all three of the statute requirements. Joining Mr. Campos in representing the company is Mr. Rick Sugg, Nevada Facility Branch Manager, New Millennium Building Systems.

Mr. Sugg provided an overview of the significance the abatements would have for New Millennium Building Systems. He stated the abatements would allow for new equipment, which in turn will increase efficiency and the product quality for their customers. This would also increase production, allowing New Millennium to remain a low cost provider.

Governor Sandoval asked if the company currently has 173 individuals employed at their plant. Mr. Sugg responded this number includes 12 sales and support staff from surrounding states.

Governor Sandoval asked if it is the intent of New Millennium to hire their 17 new employees from Nevada. Mr. Sugg responded yes, adding that the 17 new employees would be for a new crew for their production line.

Governor Sandoval asked where the company gets its employees, do they get them from Great Basin College and is there a certain skill set needed? Mr. Sugg responded they are looking for individuals with experience in welding or working a production line. He stated the company uses Job Connect when hiring new employees. The company also looks to the University system when hiring engineers.

A MOTION WAS MADE BY MR. YERUSHAMI TO APPROVE THIS APPLICATION FOR ABATEMENTS FOR NEW MILLENNIUM BUILDING SYSTEMS. THIS MOTION WAS SECONDED BY SECRETARY OF STATE CEGAVSKE. THE MOTION PASSED UNANIMOUSLY.

B. RACKSPACE US, INC.

- **DATA CENTER SALES TAX ABATEMENT**

- **DATA CENTER PERSONAL PROPERTY TAX ABATEMENT**

Mr. Joel Grace, Vice President of Marketing and Competitive Expansion at EDawn presented Rackspace US, Inc. The company is seeking incentives for the following tax abatements: Data Center Sales Tax Abatement and Data Center Personal Property Tax Abatement. Rackspace meets all the incentive requirements. Joining Mr. Grace is Gary Boyd, Senior Director for Rackspace US, Inc.

Mr. Boyd provided an overview of the significance the abatements would have for Rackspace US, Inc. The abatements will allow them to expand their business into Northern Nevada and increase their commitment to their clients, employees and the community.

Governor Brian Sandoval asked if there would be a relationship with the universities for employment and training. Mr. Boyd responded, yes, there would be.

Governor Sandoval asked if a decision has been made for a final location. Mr. Boyd responded that their next step would be to acquire land in the Reno area.

Governor Sandoval asked when they would be open for business provided they acquired the land. Mr. Boyd stated that the plan is to break ground in the middle of 2016 and be open for business by the end of 2017.

Governor Sandoval asked what the facility size would be. Mr. Boyd stated that moving conservatively, they initially will build out four megawatts of capacity and expand from there.

Governor Sandoval asked what the intentions were for hiring local talent. Mr. Boyd responded that they were absolutely hiring locally.

Lieutenant Governor Hutchison asked if there were other capital constructions plans or investments in mind based on the \$422M planned to spend over the next 20 years. Mr. Boyd responded that it was a combination of both.

Lieutenant Governor Hutchison asked how Nevada compared to other states with regards to power cost. Mr. Boyd explained the market and stated that Nevada was very competitive on all fronts with regards to power rates.

Lieutenant Governor Hutchison asked how Nevada compared to other states with regards to connectivity. Mr. Boyd responded that he would need to invest more money in infrastructure if he were somewhere else, whereas he does not have to in Nevada.

Secretary Cegavske asked for confirmation on whether they found property in Washoe County. Mr. Boyd stated that they had found a property but were waiting to receive a decision regarding abatements prior to securing the land. Madam Secretary asked if their next steps depend on the outcome of the abatement. Mr. Boyd confirmed that to be so.

Secretary Cegavske asked for more information about the job creation with relation to

age groups. Mr. Boyd replied that there is a broad base of age groups that are typically employed.

Governor Sandoval asked about the company being 100% renewable by 2026 and if the location was conducive to this goal being achieved. Mr. Boyd stated that it was, especially with the creation of solar farms.

Director Hill made further comment on SB 170 at the request of Governor Sandoval.

A MOTION WAS MADE BY LIEUTENANT GOVERNOR HUTCHISON TO APPROVE THIS APPLICATION FOR ABATEMENTS FOR RACKSPACE US, INC. THIS MOTION WAS SECONDED BY MR. YERUSHAMI. THE MOTION PASSED UNANIMOUSLY.

C. RENO FLYING SERVICE, INC.

- **AVIATION SALES TAX ABATEMENT**
- **AVIATION PERSONAL PROPERTY TAX ABATEMENT FOR EQUIPMENT**
- **AVIATION PERSONAL PROPERTY TAX ABATEMENT FOR AIRCRAFT**

Ms. Nancy McCormick, Vice President of Retention and Expansion and Workforce Development for EDAWN presented Reno Flying Service, Inc. The company is seeking incentives for the following tax abatements: Aviation Sales Tax Abatement, Aviation Personal Property Tax Abatement for Equipment and Aviation Personal Property Tax Abatement for Aircraft. Reno Flying Service, Inc. meets all the incentive requirements. Ms. McCormick was joined by is Mr. John Burrue, President, in representing the company.

Mr. Burrue provided an overview of the significance the abatements would have for Reno Flying Service, Inc. These abatements will help them to increase their customer base, which in turn will increase their revenue allowing them to create more jobs for residents in the region.

Lieutenant Governor Hutchison asked if they envisioned servicing rural areas in Nevada. Mr. Burrue responded that they currently do service the rural areas of Nevada and will continue to do so and hope to expand in this area well. They used Elko as an example. They went on to use the Bay Area as a further example.

Director Hill made further comment on AB 161 at the request of Governor Sandoval.

A MOTION WAS MADE BY MR. BARRETT TO APPROVE THIS APPLICATION FOR ABATEMENTS FOR RENO FLYING SERVICES, INC. THIS MOTION WAS SECONDED BY SECRETARY OF STATE CEGAVSKE. THE MOTION PASSED UNANIMOUSLY.

D. TURANO BAKING CO.

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

Mr. Morgan Bunker with the Las Vegas Global Economic Alliance presented Turano Baking Company. The company is seeking the following tax abatements: Sales Tax Abatement, Modified Business Tax Abatement and Personal Property Tax Abatement. Turano Baking Co meets all statutory requirements. Joining Mr. Bunker is Mr. Anthony Turano, Director of Administration and third generation business owner.

Mr. Turano gave an overview of the background of the company and the need for expansion. He explained that these incentives would assist the company in its West Coast expansion into Clark County.

Governor Sandoval asked how long it would be until they found a location in Clark County. Mr. Turano stated that they are in the final negotiation stages for two properties.

Governor Sandoval asked about their recruiting process. Mr. Turano stated that they would be working with the local community colleges and development authorities to assist in their recruiting efforts.

Governor Sandoval asked if they worked with the local universities or high school, career technical type schools to recruit and/or train. Mr. Turano stated that was an initiative for their company and they definitely had plans to make that happen.

Secretary Cegavske asked about the two sites they were interested in Clark County and their locations. Mr. Turano stated that one was in North Las Vegas and the other was in Henderson.

Lieutenant Governor Hutchison asked why they were expanding and if it was specific to Clark County. Mr. Turano explained that it's a general expansion for the West Coast.

Lieutenant Governor Hutchison asked if they would ship the product from Clark County and Mr. Turano confirmed that would be the case.

Lieutenant Governor Hutchison asked if they were aware of Clark County schools to tap into. Mr. Turano confirmed that they were and those options were being investigated.

Mr. Barrett asked about the water quality here and if that was a factor in their product. Mr. Turano explained that it was a factor but he was not worried about it currently.

Mr. Routson asked if the company currently serviced customers throughout Clark County. Mr. Turano explained that he couldn't pinpoint exact locations but they had contracts with major food distributors so he's certain their food is in the area.

A MOTION WAS MADE BY SECRETARY OF STATE CEGAVSKE TO APPROVE THIS APPLICATION FOR ABATEMENTS FOR TURANO BAKING CO. THIS MOTION WAS SECONDED BY MR. YERUSHALMI. THE MOTION PASSED UNANIMOUSLY.

E. VADATECH, INC.

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

Mr. Morgan Bunker with the Las Vegas Global Economic Alliance presented VadaTech, Inc. The company is seeking the following tax abatements: Sales Tax Abatement, Modified Business Tax Abatement and Personal Property Tax Abatement. VadaTech meets all statutory requirements. Joining Mr. Bunker is Mr. Saeed Karamooz, CEO for VadaTech.

Mr. Karamooz provided an overview of the company and its background working internationally. He stated that these tax abatements would assist them in providing better services to their clients and having the opportunity to increase their equipment line as to provide more services.

Governor Sandoval asked if they were able to find employees within the State of Nevada given the high-tech nature of their business. Mr. Karamooz explained that it was difficult.

Mr. Yerushalmi asked if they worked with Bigelow Aerospace. Mr. Karamooz explained that they did not.

Lieutenant Governor Hutchison asked for confirmation that there were no competitors for the company in Southern Nevada. Mr. Karamooz confirmed that to be true.

Lieutenant Governor Hutchison asked the reason for staying in Nevada rather than going to where other companies in similar industries may cluster. Mr. Karamooz explained that the primary reason for them staying in Nevada was the treatment from the government and the business friendly environment the State provides.

Lieutenant Governor Hutchison asked if there was anything the State could do to assist in creating clusters of like businesses in this industry. Mr. Karamooz explained that programs the universities are offering or able to offer would have a significant impact on the business.

Governor Sandoval asked if they were a competitor with Sierra Nevada Corporation. Mr. Karamooz stated that they would be more likely a customer eventually as opposed to competitor.

A MOTION WAS MADE BY MR. BARRETT TO APPROVE THIS APPLICATION FOR ABATEMENTS FOR VADATECH, INC. THIS MOTION

WAS SECONDED BY SECRETARY OF STATE CEGAVSKE. THE MOTION PASSED UNANIMOUSLY.

F. VERASCAN, INC.

- **AVIATION SALES TAX ABATEMENT**
- **AVIATION PERSONAL PROPERTY TAX ABATEMENT FOR EQUIPMENT**
- **AVIATION PERSONAL PROPERTY TAX ABATEMENT FOR AIRCRAFT**

Mr. Morgan Bunker with the Las Vegas Global Economic Alliance presented Verascan, Inc. The company is seeking the following tax abatements: Aviation Sales Tax Abatement, Aviation Personal Property Tax Abatement for Equipment and Aviation Personal Property Tax Abatement for Aircraft. Verascan meets all statutory requirements. Joining Mr. Bunker is the entire management team.

Mr. Fernando Anello, CEO of Verascan provided a background of the company. Mr. Robert Cunningham, Chief Technology Officer explained the operations of the company. He further explained the company's relationship with universities and how the company and Nevada ranked with regards to UAV industry.

Governor Sandoval asked if the FAA was catching up with the technologies. Mr. Cunningham and Mr. Anello agreed they were. Mr. Cunningham further explained how Verascan was assisting with writing the policies and procedures with them in this area.

Mr. Barrett asked about their market and who they focus on. Mr. Anello explained that they are a business to business professional service providing their services to experts in the field.

Mr. Barrett asked if they were waiting on funding. Mr. Cunningham explained that what they were waiting on was working capital for a specific company program.

Lieutenant Governor Hutchison asked how their technology assists in the drought mitigation and water management areas. Mr. Anello responded that the company is working specifically in these areas to come up with solutions.

Mr. Routson asked about cloud seeding and the company's vision in this area. Mr. Anello explained that this was not a focus of theirs but they may work with others in the future.

A MOTION WAS MADE BY LIEUTENANT GOVERNOR HUTCHISON TO APPROVE THIS APPLICATION FOR ABATEMENTS FOR VERASCAN, INC.; THIS MOTION WAS SECONDED BY DR. HAVINS. THE MOTION PASSED UNANIMOUSLY.

6. APPROVAL OF THE FORMATION OF A NONPROFIT CORPORATION PUSUANT TO AB 17.

Director Hill proposed to the Board the formation of a corporation for public benefit that is exempt from federal income taxation, the purpose of which is to promote, aid and encourage economic development in this State or a locality or region of this State. Each member of the board of directors of the nonprofit corporation formed pursuant to this section will continue in office until a successor is appointed. Members of the board of directors may be reappointed for additional terms of 4 years in the same manner as the original appointments. The board of directors of the nonprofit corporation formed pursuant to this shall, on or before December 1 of each year, provide an annual report to the Governor and the Director of the Legislative Counsel Bureau for transmission to the next session of the Legislature.

A MOTION WAS MADE BY MR. BARRETT TO APPROVE THE FORMATION OF A NONPROFIT CORPORATION; THIS MOTION WAS SECONDED BY SECRETARY OF STATE CEGAVSKE. THE MOTION PASSED UNANIMOUSLY.

7. PERFORMANCE MEASURES REPORT

The Performance Measures Report was presented by Bob Potts, Research Director, Governor's Office of Economic Development. Mr. Potts' review provided the following:

Mr. Potts stated that there were 410 assisted jobs added to Nevada's economy in the second quarter of 2015. These jobs were brought in by 13 companies; 11 are new to Nevada and two are existing companies expanding operations. Of the 13, seven are manufacturing operations. The average hourly wage paid by assisted companies jumped by \$9.72 to \$33.39 in the second quarter. For the year ending June 2015, there were 77 assisted companies slated to add 5,702 jobs to Nevada's economy.

Mr. Potts also provided additional job and sector data as well as information on Knowledge Fund, Nevada Film Office, Procurement Technical Assistant Center and the Emerging Small Business Program.

8. DIRECTOR'S REPORT—REVIEW & DISCUSSION

Director Hill presented Governor Brian Sandoval with the State's first Gold Shovel award in recognition of Nevada's economic development efforts during 2014. The award, given to the State by Area Development magazine, a leading site selection magazine, is a prestigious award in the economic development world.

Nevada's award is a result of the significant number of high-value-added jobs added to Nevada's economy in 2014 as well as investment by those companies.

Director Hill also commented on the success of the European Trade Mission, he then provided a brief update on Nevada's unmanned aerial vehicle efforts and delivered a summary of the Community Development Block Grant Program.

Director Hill wrapped up his discussion with an announcement of the Director approved Catalyst Fund monies, in the amount of \$99,000, awarded to Bently Heritage.

9. PUBLIC COMMENTS

Mr. Yerushalmi commented on the European Trade Mission efforts.

Mr. Robert Hooper announced a Polish company is currently looking to expand their operations to northern Nevada, specifically, the Reno area.

10. ADJOURNMENT

A MOTION WAS MADE BY MR. YERUSHALMI TO ADJOURN THE BOARD MEETING. THIS MOTION WAS SECONDED BY SECRETARY OF STATE. THE MOTION PASSED UNANIMOUSLY. THE MEETING ADJOURNED AT 3:49 P.M.