

**STATE OF NEVADA
GOVERNOR'S OFFICE OF ECONOMIC DEVELOPMENT
BOARD MEETING MINUTES
Thursday, September 22, 2022**

The meeting of the Board of Economic Development was called to order by Governor Steve Sisolak at the Grant Sawyer Building, Governor's Conference Room, 555 E. Washington Avenue, Room 5100, Las Vegas, Nevada, 89101 and the Governor's Office of Economic Development Main Conference Room, 808 W. Nye Lane, Carson City, Nevada, 89701.

VOTING BOARD MEMBERS PRESENT

Governor Steve Sisolak, State of Nevada
Lieutenant Governor Lisa Cano Burkhead, State of Nevada
Mr. James A. Barrett, Jr., President & Founder, The JABarrett Company
Mr. Josh Reid, Director of National Resources, Fennemore Law
Mr. Raymond Specht, Founder & CEO, Specht Leadership Consulting
Dr. Weldon Havins, Director, Medical Jurisprudence and Ophthalmology, Touro University Nevada

NON-VOTING BOARD MEMBERS PRESENT

Ms. Elisa Cafferata, Director Department of Employment, Training and Rehabilitation
Mr. Terry Reynolds, Director of Business, and Industry
Dr. Dale Erquiaga, Acting Chancellor, and Chief Executive Officer, Nevada System of Higher Education

VOTING BOARD MEMBERS ABSENT

Secretary of State Barbara Cegavske, State of Nevada
Mr. Tyre Gray, Nevada Mining Association
Ms. Sasha Stephenson, Vice President of Gov. Affairs, MGM Resorts International

STAFF MEMBERS PRESENT

Bob Potts, Deputy Director, GOED
Carli Smith, Digital Media Manager, GOED
David Newton, Special Counsel to the Colorado River Commission and GOED
Greg Bortolin, Director of Communications, GOED
Hayley Owens, Research Manager, GOED
Jeanette Holguin, Business Development Coordinator, GOED
Karsten Heise, Director of Strategic Programs
Michael Brown, Executive Director, GOED
Melanie Sheldon, Director of Business Development, South, GOED
Pawel Pietrasienski, Director International Trade, GOED
Stacey Bostwick, Director of Workforce Development, GOED

Susan Skaggs, Executive Assistant, GOED

GUESTS PRESENT

Angie Rodriguez, Post Consumer Brands
Bill Davis, Post Consumer Brands
Cindy Kendall, DETR
Craig Shafer, Post Holdings
Donna Corey, SWCREDA
Hamdi Tural, TLS Supply Chain Solutions
Heather Crawford, Nye County Assessor's Office
Henna Rasul, NV Office of Attorney General
Irene Bustamante-Adams, Workforce Connections
Justin Zimmerman, Nye County Assessor's Office
Lorna Quisenberry, NV Department of Taxation
Marcel Schaerer, Nevada Department of Business, and Industry
Marcus Conklin, ARES
Melinda Weck, Post Consumer Brands
Michelle Newman, Post Consumer Brands
Nancy McCormick, EDAWN
Paul Miller, SWCREDA
Perry Ursem, LVGEA
Sarah Murley, Applied Economics
Savanana Rubin, NVIE
Scott Anderson, Office of the NV Secretary of State
Serdar Unal, TLS Supply Chain Solutions
Shannon Silva, State of Nevada, Department of Taxation
Sheldon Mudd, NNRDA
Shelli Long, NV Department of Taxation
Sinan Unal, TLS Supply Chain Solutions
Sonny Newman, EET
Stan Thomas, EDAWN
Steven T. Polikalas, EET
Tim Rossini, Post Consumer Brands
Tony Lopez, Washoe County
Tucker Morgan, Sephora
Vance McCormick, EDAWN
Victoria Salas, NV Department of Transportation

1. CALL TO ORDER, ROLL CALL, AND ESTABLISH QUORUM

Governor Steve Sisolak, State of Nevada called the meeting to order. Ms. Jeanette Holguin called roll, and quorum was established.

2. PUBLIC COMMENT

There was no public comment.

3. APPROVAL OF THE JUNE 16, 2022, BOARD MEETING MINUTES

A MOTION WAS MADE BY WELDON HAVINS TO APPROVE THE JUNE 16, 2022, BOARD MEETING MINUTES. LIEUTENANT GOVERNOR LISA CANO BURKHEAD ABSTAINED. THE MOTION PASSED UNANIMOUSLY.

4. EXECUTIVE DIRECTOR UPDATE AND DIRECTOR'S REPORT

Mr. Michael Brown, Executive Director, Nevada Governor's Office of Economic Development (GOED), advised that Dr. Roland Stephen, and the team from SRI International, have been working on the update of the State Economic Development Plan and will present later in the meeting.

Director Brown noted the work of Mr. Karsten Heise, Senior Director Strategic Programs & Innovation, GOED who has secured approval from the US Treasury Department for the first \$35 million of what could potentially end up being \$105 million for the State Small Business Credit Initiative (SSBCI), which will assist startup and venture capital initiatives. Director Brown explained this will be a major undertaking by GOED and its nonprofit, the Battle Born Fund. Director Brown also thanked Ms. Sasha Stephenson, who is leading the startup subcommittee of the Board.

Director Brown advised GOED will lead a panel at the Governor's Conference on Infrastructure on September 30, 2022. Infrastructure challenges the state is facing for further economic development, particularly in Southern Nevada, will be addressed. As such, Director Brown encouraged all who could participate to attend that day.

Director Brown highlighted today's business climate as volatile and uncertain. While many businesses are taking a watch-and-wait strategy, the companies, on today's Board Agenda, are moving forward in creating new opportunities in Nevada. To accommodate a swiftly

accelerating project pipeline, Director Brown encouraged the Board to be prepared for a robust December meeting as well as a possible special meeting.

5. METRICS REPORT

Mr. Bob Potts, GOED Deputy Director, reported that Nevada is down on all the counts, including the number of assisted companies; job creation; the initial jobs; and the build-out jobs. Deputy Director Potts indicated that there are two reasons for this, including a slowdown in business activity as well as the pent-up demand resulting from the pandemic. Deputy Director Potts noted that higher-paying jobs and capital investment are significantly higher than in the first six months of 2021.

Deputy Director Bob Potts discussed the shift the state is seeing in wages, which will become important in the discussion regarding abatements and companies. Deputy Director Potts noted that in 2019, the average wage was \$24.16, in 2020, the average wage was \$26.67, and now the average wage is \$28.14, a jump of approximately \$4.00 over two years. Deputy Director Potts explained that this is due to a structural shift in the economy that includes more jobs than there were prior to the pandemic. However, the number were reflecting a deficit of approximately 30,000 leisure and hospitality jobs.

6. STATE OF NEVADA UNEMPLOYMENT RATE UPDATE

Deputy Director Potts, GOED, indicated that Nevada's unemployment rate is currently sitting below the seven percent, 12-month trailing average. Deputy Director Potts explained that GOED looks at the trailing average specifically because it's not seasonally adjusted at the county level. Deputy Director Potts explained that this means that until the rate goes above seven percent again, any companies applying for abatements will have to meet the full abatement requirements.

7. NEVADA STATE PLAN INFORMATIONAL UPDATE

Dr. Roland Stephen, Executive Director of the Center for Innovation Strategy Policy, SRI International, advised SRI has worked in partnership with GOED and other entities across Nevada for many years and noted excitement at the continuing and accelerating transformation of Nevada's economy for the future. Dr. Stephen anticipates this growth will present a tremendous set of opportunities and advised that a parallel detailed workforce analysis has begun that will be shared with DETR and other key stakeholders in December 2022 and January 2023. Workforce is a key ingredient for the prosperity of the future, the things that are needed such as information on programs and how funding will be allocated will be ready in January 2023.

Dr. Stephen discussed strategic directions, explaining that Nevada's location in terms of supply chain has significantly readjusted, placing Nevada in a strong situation regarding logistics and transportation. Taking advantage of Nevada's location, with the right investments, is the path

forward. Dr. Stephen indicated the second direction to consider is pathways between the workforce institutions, the jobs that are coming, and the jobs that are already here. Dr. Stephen highlighted the importance of small businesses growth and the acceleration of the innovation economy. Additionally, quality of life, s is a key piece of the economic development puzzle and business goes where the quality of life is high, and attractive to talent.

Dr. Stephen noted target industries and how these industries may overlap. An example is the automation of warehousing and distribution and resulting in a need for people who specialize in areas of automation. Additionally, there are significantly growing opportunities in natural resources and technologies, hospitality, tourism, sports, and the creative industries, outdoor recreation and advanced manufacturing. Dr, Stephen advised logistics and transportation has grown 80 percent over ten years, and information technologies, advanced manufacturing, and natural resources technologies are also swiftly growing. The location quotient for logistics and transportation has increased by more than 30 percent, and advanced manufacturing by nearly 30 percent. Dr. Stephen also cited the importance of supporting target industries and strengthening the economic enablers.

Dr. Stephen discussed Nevada's strengths, weaknesses and the importance of bolstering the innovation ecosystem, citing examples such as 5G availability and natural gas major urban areas.

Mr. Ray Specht, GOED Board Member, asked about changing the K through 12 education performance to K through higher education, indicating that this is a necessary focus for the state to grow. Dr. Stephen concurred.

8. ABATEMENT APPLICATIONS FOR BOARD APPROVAL:

A. TLS SUPPLY CHAIN SOLUTIONS, INC.

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

Mr. Stan Thomas, Executive Vice President, Economic Development Authority of Western Nevada (EDAWN). introduced TLS Supply Chain Solutions, Inc. (TLS Supply). The company plans to establish a 125,875 sq. ft. facility in Storey County and seeks to launch its U.S. headquarters and 3PL services including warehousing, fulfillment, and transportation operations.

The company will have a total capital equipment investment of approximately \$4.5m and will generate 30 full-time jobs within the first 24 months of operation with an average hourly wage of \$33.80. Mr. Thomas was joined by Mr. Hamdi Nadir Tural, Chief Strategy and Investment Officer, TLS Supply.

Mr. Tural advised TLS Supply is a sub-sphere of TLS Logistics, which has more than 20 years of market experience as a recognized logistics provider. TLS currently operates approximately 18 warehouses in Europe and had a consulted revenue of \$250 million by the end of 2021. TLS Supply is a technology-driven company with a focus on customers' needs and the necessary solutions to improve operational efficiency, optimize material usage, and decrease costs using technology. The US entity will be headquartered in northern Nevada and include warehousing, fulfillment, transportation, distribution, and freight forwarding services for interstate and interstate customers. Mr. Tural indicated that the investment involves establishing a facility in Storey County as well as the purchase of material handling, equipment, tracking transportation equipment, and IT infrastructure. The company has contracted with Nevada local suppliers from Nevada for its capital equipment requirements.

Additionally, TLS Supply working with Nevada Job Connect to help find the required talent and provide training programs and focused courses. The company received its Nevada State Business License, at the end of March, and opened its office at the Applied Research Facility at the University of Reno (UNR) for business development and investment planning purposes. TLS Supply has also applied for Federal Motor Carrier Safety Administration for US Department of Transportation (DOT) to begin transportation and distribution services.

A MOTION WAS MADE BY MR. SPECHT TO APPROVE THE SALES TAX ABATEMENT, MODIFIED BUSINESS TAX ABATEMENT, AND PERSONAL PROPERTY TAX ABATEMENT FOR TLS SUPPLY CHAINS SOLUTIONS, INC. THE MOTION PASSED UNANIMOUSLY.

B. POST CONSUMER BRANDS, LLC

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

Mr. Josh Reid, Board Member, disclosed he is an equity partner in the Fennemore Law Firm, and that a partner in the California office is representing a client and matter regarding Post Consumer Brands, LLC. As such, he will be abstaining on this agenda item.

Ms. Nancy McCormick, Senior Vice President Retention, Expansion and Workforce Development, EDawn, introduced Post Consumer Brands, LLC (PCB). The company plans to expand its existing food manufacturing facility in Sparks. The existing Sparks facility has been operating in the region since 1972, originally making pet food under the Ralston Purina brand, then converting to a cereal manufacturing operation in 1991. The facility became part of the PCB family in 2021. PCB manufacturers cereal and is the #3 player in the ready to eat cereal category and #1 player in the value cereal segment. Ms. McCormick advised PCB is actively involved in the community, makes regular contributions to the Northern Nevada Food Bank, and committed the month of April to give back through a companywide volunteering initiative called Ingredients for Good.

The company will have a total capital equipment investment of approximately \$69.5m and will generate 30 full-time jobs within the first 24 months of operation with an average hourly wage of \$28.22. Ms. McCormick was joined by Mr. Tim Rossini, Chief Financial Officer, PCB.

Mr. Specht noted that the application includes other states under consideration and asked what the changes are of Post taking advantage of the opportunity in Nevada if approved.

Mr. Rossini noted the company has an alternative location, should they need to consider it, but Nevada is preferred. Mr. Rossini explained that Board approval, of the abatement application, will help PCB to focus 100 percent commitment on making this project happen, noting that there is already engineering time going into the project as well as pre-orders on equipment due to very long lead times.

A MOTION WAS MADE BY LIEUTENANT GOVERNOR CANO BURKHEAD TO APPROVE THE SALES TAX ABATEMENT, MODIFIED BUSINESS TAX ABATEMENT, AND PERSONAL PROPERTY TAX ABATEMENT FOR POST CONSUMER BRANDS, LLC. MR. REID ABSTAINED. THE MOTION PASSED UNANIMOUSLY.

C. SEPHORA USA, INC.

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

Mr. Perry Ursem, Vice President of Retention and Expansion, Las Vegas Global Economic Alliance (LVGEA) introduced Sephora USA, Inc. (Sephora). In 2019, Sephora established a 700,000-square-foot distribution center in North Las Vegas to grow its US logistics network. The facility has proven itself to be a top-performing distribution center, complimenting Sephora's retail and e-commerce business. The company now plans to expand its North Las Vegas operations. The expansion will allow the company to make substantial investments in technology and human capital to optimize efficiencies in providing products to consumers throughout the US.

The company will have a total capital equipment investment of approximately \$12m and will generate 33 full-time jobs within the first 24 months of operation with an average hourly wage of \$27.20. Mr. Ursem was joined by Mr. Matthew Cannon, Vice President, West Coast Distribution, Sephora.

Mr. Cannon advised Sephora has invested heavily in its infrastructure, in Nevada, and has employed Nevadans with high-end wages and benefits since 2019. Mr. Cannon highlighted that, in partnership with the Nevada Bureau of Vocational Rehabilitation, 20 percent of Sephora's current workforce consists of individuals with disabilities. In addition, Sephora has an accessibility program and a goal of increasing this to 30 percent of the total workforce.

Ms. Elisa Cafferata, Not Voting Board Member, thanked Sephora for elevating its partnership with the vocational rehabilitation program, noting that more than 106 of the clients have gone through this training with 72 currently employed with Sephora.

A MOTION WAS MADE BY MR. SPECHT TO APPROVE THE SALES TAX ABATEMENT, MODIFIED BUSINESS TAX ABATEMENT, AND PERSONAL PROPERTY TAX ABATEMENT FOR SEPHORA USA, INC. THE MOTION PASSED UNANIMOUSLY.

D. ARES NEVADA, LLC

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

Mr. Paul Miller, Executive Director, Southwest Central Regional Economic Development Authority (SCREDA) introduced ARES Nevada, LLC (ARES). The company's mission is to enable the electric grid to integrate unprecedented amounts of clean, environmentally responsible, renewable energy while maintaining reliable electric service necessary to power growth and economic prosperity. ARES accomplishes this through reliable, efficient, environmentally friendly energy storage. The planned Pahrump, Nye County ARES project, which participates in the California Regulation market, utilizes a single train track loaded with a central queue of heavy shuttle-trains. The electric trains travel up and down a steep grade in response to commands from the California Independent System Operator (CAISO) consuming or producing electricity balancing electric load with generation

The company will have a total capital equipment investment of approximately \$26.7m and will generate 8 full-time jobs within the first 24 months of operation with an average hourly wage of \$42.20. Mr. Miller was joined by Mr. Marcus Conklin, Senior Vice President, ARES.

Mr. Conklin advised the project is environmentally safe, and produces no fossil fuels, no water, and no emissions or hazardous wastes. The electric rails move quietly up and down, stoke, store, and start energy, which can help avoid blackouts and other shortcomings while keeping up power processes.

Dr. Weldon Havins asked if ARES has presented to the GOED Board in previous years. Mr. Conklin confirmed ARES applied, and been approved, for abatements in 2018. However, the project has grown significantly in size and scope since that time. Therefore, the company was re-applying as per the new project scope.

Governor Steve Sisolak asked for a projected operation date. Mr. Conklin advised the project would be operational by March 2023.

Deputy Director Potts asked how there could be no environmental impact with adding rails up and down the mountain. Mr. Conklin explained that this is a totally new and upgraded

technology as these trains will be just half the size and therefore go up and down a smaller track within a pit that is already environmentally developed to manufacture sand and other materials.

Governor Sisolak asked if the intended location is a tortoise habitat. Mr. Conklin confirmed that this had been the case with the initial planned development. However, this was no longer the case regarding the current project scope.

A MOTION WAS MADE BY LIEUTENANT GOVERNER CANO BURKHEAD TO APPROVE THE SALES TAX ABATEMENT, MODIFIED BUSINESS TAX ABATEMENT, AND PERSONAL PROPERTY TAX ABATEMENT FOR ARES NEVADA, LLC. THE MOTION PASSED UNANIMOUSLY.

9. ABATEMENT APPLICATIONS FOR DIRECTOR APPROVAL:

A. ELECTRONIC EVOLUTION TECHNOLOGIES, INC

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

Ms. McCormick, EDawn, introduced Electric Evolution Technologies (EET). plans to expand its existing 54,000 square foot state of the art facility in Reno. EET works with companies stateside and across the globe, manufacturing precise products with its state-of-the-art equipment. EET specializes in circuit board assembly and box-builds. EET works across a gamut of industries, armed with appropriate certifications and sophisticated staff training. The company's sector partners include medical, education, industrial control, aerospace, gaming, and communications. Ms. McCormick advised that EET is well known for its community engagement and has close ties with the university as well as a variety of charitable organizations in the region.

The company will have a total capital equipment investment of approximately \$400K and will generate 25 full-time jobs within the first 24 months of operation with an average hourly wage of \$24.40. Ms. McCormick was joined by Mr. Steven Polikalas, Representative for EET.

Mr. Polikalas thanked the Board for the opportunity to bring the application forward and explained that this is a reshoring of operations to Nevada. Mr. Polikalas added that EET has successfully employed a number of Afghani refugees who are undergoing training in this advanced manufacturing space.

10. BOARD MEMBER COMMENTS

Mr. Reid suggested that all Board members read the article about the water issue and the Henderson BMI complex.

11. GOVERNOR SISOLAK COMMENTS

Governor Steve Sisolak thanked everyone for their succinct presentations.

12. PUBLIC COMMENT

There was no public comment.

13. ADJOURNMENT

A MOTION WAS MADE TO ADJOURN THE MEETING. THE MOTION PASSED UNANIMOUSLY.