

**STATE OF NEVADA  
GOVERNOR'S OFFICE of ECONOMIC DEVELOPMENT  
BOARD MEETING  
March 15, 2018**

**The meeting of the Board of Economic Development was called to order by Governor Brian Sandoval at the Capitol Building, 101 N. Carson Street, Carson City, Nevada, 89701; and via video conference at the Grant Sawyer Building, Governor's Conference 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. James Barrett, Jr., President and Founder, The JABarrett Company  
Dr. Dana Bennett, President, Nevada Mining Association  
Mr. Dan Klaich, Voting Member At-large  
Mr. Raymond Specht, Founder and Chief Executive Office, Specht Leadership Consulting

**BOARD MEMBERS ABSENT AND EXCUSED**

Mr. Rob Roy, Chief Executive Officer /Founder, Switch

**NON-VOTING BOARD MEMBERS PRESENT**

Mr. Don Soderberg, Director, Department of Employment Rehabilitation and Training  
Dr. Thom Reilly, Chancellor and Chief Executive Officer, Nevada System of Higher Education

**STAFF MEMBERS PRESENT**

Paul Anderson, Executive Director, GOED, Secretary of Board  
Cory Hunt, Deputy Director, GOED  
Derek Armstrong, Deputy Director, GOED  
Bob Potts, Research Director, GOED  
Brian Baluta, Communications Director, GOED  
Grace Chou, Director, Advanced Manufacturing, GOED  
Dan Langford, Industry Commercialization Manager, GOED  
Gillian Barclay, Health Industry Specialist, GOED  
Michelle Sibley, Executive Assistant / HR Coordinator, GOED

Melanie Sheldon, Executive Assistant / Business Development Specialist, GOED  
Mariah Heriman, Administrative Assistant, Business Development Division, GOED

**GUESTS PRESENT**

Assemblywoman Irene Bustamante-Adams  
Scott Anderson, Secretary of State's Office  
Henna Rasul, Attorney General's Office  
Leandra Copeland, Legislative Counsel Bureau  
Shelli Long, Department of Taxation  
Lezlie Helget, Department of Taxation  
Phil Klevorick, Clark County Economic Development  
Barbara Coffee, City of Henderson  
Bill Legere, City of North Las Vegas  
Tera Anderson, City of North Las Vegas  
Frank Woodbeck, NSHE  
Stacy Rutherford, NVIE  
Rhea Gustafson, NVIE  
Mark Anderson, NVIE  
Michelle Lindsay, NV Energy  
Nicole Raz, Las Vegas Review Journal  
April Ruelas, Eastridge Workforce Solutions  
Robyn Ruelas, Eastridge Workforce Solutions  
Stan Thomas, EDAWN  
Chris Ault, EDAWN  
Michael Walsh, LVGEA  
Jared Smith, LVGEA  
Perry Ursem, LVGEA  
Michael Walsh, LVGEA  
Anthony Ruiz, LVGEA  
Kylie Rowe, LVGEA  
Kevin Bessey, LVGEA  
Nicole Santero, LVGEA  
Edward Gordon Carson, AeroSpec NDT Services, Inc.  
Dan Hunt, C4Mining Company  
Patti Hunt, C4Mining Company  
Dylan Dehart, internalDrive, Inc. dba iD Tech  
Konstantin Kagnovich, internalDrive, Inc. dba iD Tech  
Matt Muell, Edgecore Data Centers  
Jay DiMaggio, Edgecore Data Centers  
Greg Grabau, Monin, Inc.  
Willian Lombardo, Monin, Inc.  
Todd Clark, Scientific Games Corporation  
Kush Abdulloev, VM Innovations, Inc. dba VMI Enterprises, LLC  
Curtis Edenfield, VM Innovations, Inc. dba VMI Enterprises, LLC  
Stuart Edenfield, VM Innovations, Inc. dba VMI Enterprises, LLC

Spencer Schmerling, Cascade Financial Technology Corporation  
Colin Brett McNeil, Delphi Automotive Systems, LLC  
Todd Ohlandt, Delphi Automotive Systems, LLC  
Manu Namboodiri, Delphi Automotive Systems, LLC  
Kirk Westfahl, Ellsworth Adhesives Specialty Chemical Distribution, Inc.

**2. PUBLIC COMMENT**

Secretary of State Barbara Cegavske reminded staff to ensure companies submitting abatement applications are in good standing with their business license related affairs.

**3. GOVERNOR SANDOVAL'S COMMENTS**

Governor Sandoval opened the meeting and welcomed GOED's new Executive Director Mr. Paul Anderson. Governor Sandoval noted he'd previously had the privilege of working with him during Director Anderson's role as Assembly Leader in the Nevada legislature.

Governor Sandoval welcomed Mr. Raymond Specht to the GOED Board. Mr. Specht thanked Governor Sandoval and noted he was greatly appreciative of the opportunity to serve the State of Nevada.

**4. APPROVAL OF THE JANUARY 18, 2018 BOARD MEETING MINUTES**

Lieutenant Governor Mark Hutchison and Mr. Specht abstained from the vote as they were not present at the previous meeting.

**A MOTION WAS MADE BY SECRETARY OF STATE CEGAVSKE TO APPROVE THE JANUARY 18, 2018 MEETING MINUTES. THIS MOTION WAS SECONDED BY MR. DAN KLAICH. THE MOTION PASSED UNANIMOUSLY.**

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

**A. AEROSPEC NDT SERVICES, INC.**

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

Mr. Stan Thomas, Executive Vice President, Economic Development Authority of Western Nevada (EDAWN), presented AeroSpec NDT Services, Inc., and provided a brief overview of the company and abatements sought. AeroSpec NDT Services, Inc. is an established service provider for the Non-Destructive Testing Industry (NDT). The company provides

NDT laboratory services for the commercial aviation, defense, pipeline, and automotive industries. Mr. Thomas was joined by Mr. Edward Gordon Carson, Chief Operating Officer, AeroSpec NDT Services, Inc.

Mr. Carson advised the company was considering establishing a Corporate Headquarters in Washoe County. Mr. Carson noted a Reno location was advantageous due to the possibility of 24-hour turnaround shipping of customer parts. Additionally, the University of Reno (UNR) was contemplating offering a composite engineering accreditation, creating potential for a partnership where the university could perform various tests and publish the results using AeroSpec NDT Services, Inc.'s equipment.

Governor Sandoval asked about the company's next steps should it be awarded the abatements sought. Mr. Carson confirmed the company's Senior Management had made the decision to locate in Nevada

Governor Sandoval inquired about the employee skill sets sought by the company. Mr. Carson advised there were three levels within the company. Level I and Level II positions operated the basic equipment. Level III certified results of the testing. A young graduate could easily enter at a Level II position and work up to a Level III Non-Destruct Test Engineer position.

Governor Sandoval asked whether the company intended to hire locally. Mr. Carson confirmed this was the company's intention.

Governor Sandoval noted there had been a substantial investment in building a new College of Engineering at the UNR Campus. Mr. Carson confirmed the company was aware and had been pleased to learn of this.

Dr. Dana Bennett asked about the company's community engagement plans. Mr. Carson advised he was currently a member of 15 organizations and societies and this enabled him to be an active spokesperson within the community.

Lieutenant Governor Hutchison inquired whether Mr. Carson believed Nevada was well-positioned for growth in the Aerospace and Defense sector. Mr. Carson answered in the affirmative and advised he was aware of other aviation companies also considering Nevada as a potential location.

**A MOTION WAS MADE BY DR. BENNETT TO APPROVE THE APPLICATION FOR AN AVIATION SALES TAX ABATEMENT, AND AN AVIATION PERSONAL PROPERTY TAX ABATEMENT AS DESCRIBED IN AGENDA ITEM 5A. THIS MOTION WAS SECONDED BY MR. KLAICH. THE MOTION PASSED UNANIMOUSLY.**

## **B. C4MINING COMPANY**

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

Mr. Perry Ursem, Vice President of Business Retention and Expansion, Las Vegas Global Alliance (LVGEA) presented C4Mining Company and provided a brief overview of the company and abatements sought. C4Mining Company is a cryptocurrency mining company. The company provides mining services that enable non-technical qualified clients to generate bitcoin through the mining process. Bitcoin miners use special software to solve math problems and are issued a certain number of bitcoins in exchange for their effort. This provides a decentralized way to issue the currency and creates an incentive for mining. Mr. Ursem was joined by Mr. Dan Hunt, Founder and Chief Executive Officer, C4Mining Company.

Mr. Hunt noted C4Mining Company decided to relocate to Nevada after Senate Bill 398 was passed. This demonstrated the Nevada's Legislature receptiveness to innovation and the state's progressiveness in the blockchain technology arena.

Governor Sandoval asked if Mr. Hunt felt confident the company could source its required workforce in southern Nevada. Mr. Hunt answered in the affirmative and advised he had researched programming and blockchain technology developers prior to relocating to Nevada.

Secretary of State Cegavske noted the company initially planned to lease a 100,000 square-foot facility and asked if there was scope to expand this facility. Mr. Hunt advised this would not be an option. However, C4Mining Company had been in discussions with NV Energy, regarding potential long-term locations, and was confident the required space and infrastructure was available. Mr. Hunt expressed his appreciation for NV Energy's assistance and willingness to work with the company.

Secretary of State Cegavske asked whether the fluctuating prices of cryptocurrency was a concern. Mr. Hunt advised the company's consultants had predicted, by the end of 2018, Bitcoin would be somewhere between \$20,000 and \$30,000 each. In addition to Bitcoin, the company's mining facilities would mine the Top-10 coins including Ethereum, Litecoin, and Monero. Additionally, the company's core belief was that cryptocurrency, digital currency, and blockchain technology was the future of the Global financial system.

Mr. Klaich noted, while the company's application comprised fewer jobs, the quality of the application in terms of the industry and wages far outweighed the quantity of jobs listed.

**A MOTION WAS MADE BY SECRETARY OF STATE CEGAVSKE 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 5B. THIS MOTION WAS SECONDED BY MR. JAMES BARRETT. THE MOTION PASSED UNANIMOUSLY.**

### **C. INTERNALDRIVE, INC. DBA ID TECH**

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

Mr. Chris Ault Jr., Vice President of Business Development, EDawn, presented internalDrive, Inc. dba iD Tech (iD Tech), and provided a brief overview of the company and abatements sought. iD Tech is a summer computer camp provider specializing in computer technology education for children ages 7 through 18. The company had provided STEM education programs since 1999 and grown to become a worldwide provider of STEM education with programs nationwide and in countries such as England, Singapore, Hong Kong, and China. Mr. Ault was joined by Mr. Dylan DeHart, Director of Logistics, iD Tech, and Mr. Konstantin Kagnovich, Logistics Manager, iD Tech.

Mr. DeHart noted, while several other potential sites were investigated, Nevada was an attractive location due to its quality facilities, higher vacancy rates, lower taxes, potential for abatements, and proximity to the company's main office in California. Mr. DeHart advised iD Tech's San Jose, CA facility's lease would expire in December 2019 and there could be potential to relocate the company's Customer Service Departments, Curriculum Developers, Marketing, IT, and support staff to Nevada. The company also had a strong focus on community engagement and planned to replicate this in Nevada. Every year the company donates surplus equipment to local schools and had made over \$220K in donations to San Jose schools in 2017.

Governor Sandoval inquired whether the company planned to hire locally. Mr. DeHart confirmed and advised seven employees have been hired locally thus far, including hardware technicians to service and maintain the company's computer fleet of approximately 10,000 laptops.

Governor Sandoval asked about the company's recruitment and hiring experience in Nevada thus far. Mr. DeHart confirmed the experience had been positive from a hiring and workforce perspective.

Governor Sandoval suggested the company contact Mr. Brian Mitchell, Executive Director, Nevada Governor's Office of Science, Innovation and Technology, regarding a possible collaboration around STEM education. Governor Sandoval also suggested Mr. DeHart contact Dr. Steve Canavero, superintendent of public instruction for the State of Nevada, regarding donations of surplus equipment to local schools.

Mr. Klaich emphasized the importance of STEM education for young students, and commended the company's outreach programs encouraging girls to pursue STEM subjects. Mr. DeHart noted the company now offered 10 female focused programs and the number of participants had risen from 14% to 26% in the past four years. Secretary of State Cegavske also commended the company for its work with the Girl Scouts of southern Nevada.

**A MOTION WAS MADE BY SECRETARY OF STATE CEGAVSKE 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 5C. THIS MOTION WAS SECONDED BY DR. BENNETT. THE MOTION PASSED UNANIMOUSLY.**

**D. MECPI RENO 1, LLC**

- **DATA CENTER TAX ABATEMENT**
- **DATA CENTER PERSONAL PROPERTY TAX ABATEMENT**

Mr. Thomas, EDAWN, presented MECPI Reno 1, LLC, and provided a brief overview of the company and abatements sought. MECPI Reno 1, LLC is an EdgeCore (EdgeCore) Data Centers project. EdgeCore is a US-based, privately-held owner, developer and operator of high-availability enterprise-class, cloud-connected data centers. The company provides colocation services, including disaster avoidance, uninterrupted power, cooling infrastructure, internet connectivity, and 24/7 security and facilities staffing. Mr. Thomas was joined by Mr. Matt Muell, Senior Vice President, EdgeCore.

Mr. Muell advised EdgeCore's Reno data center campus would be located in the Tahoe-Reno Industrial Corridor and involved ground up construction of six data center buildings, and investments in additional infrastructure, to support multi-national telecom, cloud, government, and digital enterprise customers. The company had selected Nevada for multiple reasons including its disaster risk adverse location, competitive total cost of operation regarding power fees and taxes, and the attractive pro-business environment. If awarded the abatements sought, the company planned to commence development. It was anticipated the first building would be completed by early 2019.

Governor Sandoval asked if the company had found the private cost of power, in Nevada, competitive. Mr. Muell confirmed and noted the company had been evaluating 20 to 30 markets in the US and had found the cost of power in northern Nevada to be extremely competitive relative to other data center locations.

Governor Sandoval asked whether the availability of green energy in Nevada was a factor in the decision-making process. Mr. Muell confirmed and noted this was a requirement of the company's customer base.

Governor Sandoval noted the company's application listed 'proximity to substitute markets' as an advantage of a Nevada location, and asked the company to explain this term. Mr. Muell advised the term primarily referred to northern California, which was a very large established data center market. The company believed the latency characteristics of northern Nevada, in terms of transmitting data back to that area, could support over 50% of the applications currently residing in the Bay Area and provide opportunity to transport some of that demand into northern Nevada.

Lieutenant Governor Hutchison noted the company's Data Center Abatement application was a strong example of policy making a difference and paving the way for new businesses, expanded businesses, and economic diversification. Mr. Muell confirmed the Data Center Abatement had been integral to the company's decision to locate in Nevada.

**A MOTION WAS MADE BY MR. KLAICH TO APPROVE THE APPLICATION FOR A DATA CENTER SALES TAX ABATEMENT AND A DATA CENTER PERSONAL PROPERTY TAX ABATEMENT AS DESCRIBED IN AGENDA ITEM 5D. THIS MOTION WAS SECONDED BY MR. BARRETT. THE MOTION PASSED UNANIMOUSLY.**

**E. MONIN, INC.**

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

Mr. Thomas, EDAWN, presented Monin Inc., and provided a brief overview of the company and abatements sought. Monin, Inc. is a global manufacturer of premium beverage syrups, concentrates, sweeteners, and flavorings. The company offers over 200 products made from premium and authentic ingredients. Monin, Inc. manufactures and ships to 50 states and 27 foreign countries. Mr. Thomas was joined by Mr. William Lombardo, Chief Executive Officer, Monin, Inc.

Mr. Lombardo advised Monin, Inc. is seeking to diversify its manufacturing and move to a western-base. The company is considering building a 100,000 square-foot manufacturing and distribution facility in Reno. The company is headquartered in Clearwater, FL and had been named a Top-10 employer, in the small/medium category, for the past eight years in a row. The company would seek to replicate its strong and positive company culture at its new facility.

Governor Sandoval inquired about the specific skill set sought in employees. Mr. Lombardo advised the company sought skills in chemistry, food safety, quality assurance, production supervision, warehouse supervision and management, and logistics. Mr. Lombardo noted the company had undertaken a cursory investigation into the strength of the local workforce and felt confident it could find the right quality of employee. The company would potentially move three employees to Nevada and hire the rest locally.

Governor Sandoval asked whether water quality was a factor in the company's decision-making process. Mr. Lombardo confirmed both water quality and availability were integral.

Governor Sandoval asked about the company's next steps should it be awarded the abatements sought. Mr. Lombardo advised the company planned to move swiftly and have a manufacturing and distribution facility operational by mid-2019. The company also planned to build an innovation and training center.

**A MOTION WAS MADE BY DR. WELDON HAVINS 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 5E. THIS MOTION WAS SECONDED BY MR. SPECHT. THE MOTION PASSED UNANIMOUSLY.**



**F. SCIENTIFIC GAMES CORPORATION**

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

**G. SCIENTIFIC GAMES CORPORATION**

- **CATYLSST FUND**

Governor Sandoval noted that Agenda Items 5F and 5G would be heard together.

Mr. Ursem, LVGEA, presented Scientific Games Corporation, and provided a brief overview of the company and abatements sought. Scientific Games Corporation is a leading developer of technology-based products and services and associated content for worldwide gaming and lottery markets. The company's portfolio includes instant and draw-based lottery games, electronic gaming machines and game content, server-based lottery and gaming systems, sports betting technology, loyalty and rewards programs, and social, mobile and interactive content and services. Mr. Ursem was joined by Mr. Todd Clark, Vice President, Global Facility Services, Scientific Games Corporation.

Mr. Clark advised, since the company's last appearance before the GOED Board, it had experienced a significant growth trajectory and had acquired six companies. These companies had been integrated into the Scientific Games infrastructure and the growth resulting from the acquisitions had exceeded expectations. The company had also experienced quarter-over-quarter growth for the past nine quarters. Mr. Clark noted the company was now seeking to add to its Nevada based Global Headquarters. As part of this project, the company would significantly expand its existing footprint in the state.

Governor Sandoval asked whether the company felt it could find its required workforce in southern Nevada. Mr. Clark confirmed the company was confident in sourcing the majority of its workforce locally. The company was also working with Mr. Frank Woodbeck Vice Chancellor, Workforce Development, Nevada System of Higher Education (NSHE) and the University of Las Vegas (UNLV) to develop workforce programs and pipelines.

Mr. Specht asked Mr. Clark about his experience with Economic Development in Nevada. Mr. Clark advised he managed projects on a global scale and Nevada had some of the best Economic Development professionals he had worked with. Mr. Clark noted Scientific Games Corporation had been provided a great amount of support, direction, and guidance.

**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 5F AND A CATALYST FUND GRANT IN AN AMOUNT NOT TO EXCEED \$1,825,000, AS DESCRIBED IN AGENDA ITEM 5G. THIS MOTION WAS SECONDED BY SECRETARY OF STATE CEGAVSKE. THE MOTION PASSED UNANIMOUSLY.**

## **H. SMITH'S FOOD AND DRUG CENTERS, INC.**

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

Mr. Michael Walsh, Vice President of Economic Development, LVGEA, presented Smith's Food and Drug Centers, Inc., and provided a brief overview of the company and abatements sought. Smith's Food & Drug Centers, Inc. operates as a subsidiary of The Kroger Co (Kroger). Kroger was founded as a small downtown Cincinnati grocery store in 1883 by Barney Kroger. Over the last 135 years, the company has evolved from a small grocery store into an organization with nearly 2,800 stores across 35 states, operating under approximately two dozen banners, including the Smith's banner in Nevada. Kroger also operates 783 convenience stores under six banners in 19 states, 38 food production or manufacturing facilities, 1,480 supermarket fuel centers, and 2,266 pharmacies. Mr. Walsh was joined by Mr. Ian Smith, Manager, Economic Incentives and Credits, The Kroger Co, and Mr. Zach Riggs, Senior Project/ Program Manager, The Kroger Co.

Mr. Smith thanked the City of Henderson and LVGEA for their help during the abatement application process. Mr. Smith advised Smith's Food & Drug Centers, Inc. is considering opening a 482,000 square-foot distribution facility in Henderson. The company had been evaluating a project in the southwest United States for approximately one year. Due to Nevada's input in facilitating connections with the appropriate people, the company felt confident about moving forward with a Nevada location.

Governor Sandoval asked about the company's next steps should it be awarded the abatements sought. Mr. Smith advised the abatements were the last critical factor in the company's decision and, if receiving a favorable decision, the company would locate in Nevada with operations planned to commence operations by late 2018.

Governor Sandoval asked how the company planned to source its workforce. Mr. Smith advised, due to LVGEA's connections, the company had connected with many workforce entities, and the College of Southern Nevada (CSN), to identify talent sources.

Secretary of State Cegavske asked whether the company planned to build or lease a facility. Mr. Smith advised the company was looking to lease and had been working with the City of Henderson regarding identification of a suitable site.

**A MOTION WAS MADE BY SECTERARY OF STATE CEGAVSKE 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 5H. THIS MOTION WAS SECONDED BY LIEUTENANT GOVERNOR HUTCHISON. THE MOTION PASSED UNANIMOUSLY.**

## **I. VM INNOVATIONS, INC. DBA VMI ENTERPRISES, LLC**

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

Mr. Walsh, LVGEA, presented VM Innovations, Inc. dba VMI Enterprises, LLC (VMI Enterprises, LLC), and provided a brief overview of the company and abatements sought. VMI Enterprises, LLC is a jet charter company operating a fleet of light jets and serving Las Vegas customers as well as people who are interested in private travel to Las Vegas. The company offers travel to/from Las Vegas from anywhere in the US. The company operates from the Henderson Executive Airport, a premier business aviation facility and a primary reliever airport to McCarran International Airport. Mr. Walsh was joined by Mr. Stuart Edenfield, Director, VMI Enterprises, LLC and Mr. Kush Abdulloev, Director, VMI Enterprises, LLC

Mr. Abdulloev noted the company was considering expanding its current operations at the Henderson Executive Airport. The expansion would initially comprise office space with the potential to include a new hangar in the future. The company was currently headquartered in California. If the company's application received a favorable decision it would look at potentially relocating its headquarters to Nevada.

Governor Sandoval asked about the company's hiring and recruitment plans. Mr. Abdulloev advised the company intended to hire locally. Currently the company partnered with flight schools for hiring purposes. Going forward, there were also plans to utilize analytically gifted graduates from Nevada Universities. The company would also seek to hire pilots, data analysts, specialized aircraft repair and maintenance skills.

Governor Sandoval asked whether Nevada's Aviation Abatements were a significant factor in the VMI Enterprises, LLC's decision to expand in the state. Mr. Abdulloev confirmed and noted the company had evaluated Nevada's incentives and talent pipeline and determined the state to be a good location to grow a business.

Lieutenant Governor Hutchison noted the company's Aviation Abatement application was another strong example of successful policy making. Lieutenant Governor Hutchison noted Assemblywoman Irene Bustamante-Adams was currently in attendance at the Board meeting and highlighted her integral involvement in introducing the Aviation Abatement legislation

**A MOTION WAS MADE BY MR. KLAICH TO APPROVE THE APPLICATION FOR AN AVIATION SALES AND USE TAX ABATEMENT, AND AN AVIATION PERSONAL PROPERTY TAX ABATEMENT AS DESCRIBED IN AGENDA ITEM 5I. THIS MOTION WAS SECONDED BY MR. BARRETT. THE MOTION PASSED UNANIMOUSLY.**

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

**A. CASCADE FINANCIAL TECHNOLOGY CORPORATION**

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

Mr. Ursem, LVGEA presented Cascade Financial Technology Corporation (Cascade), and provided a brief overview of the company and abatements sought. Cascade Financial Technology Corp. is a prepaid program manager and offers services to help organizations execute their prepaid program objectives. The company provides prepaid card services, prepaid consulting services, Person-to-Person (P2P) mobile payments, and prepaid call center services. Cascade Financial Technology Corp. also offers General Purpose Reloadable (GPR) prepaid cards, gift card programs, rewards and loyalty programs, and commercial prepaid programs. Mr. Ursem was joined by Mr. Spencer Schmerling, Chief Executive Officer, Cascade.

Mr. Schmerling noted Cascade planned to expand its Clark County facility from approximately 2,000 square feet to over 20,000 square feet within the next few months. The company was originally based out of California. However, over time it became apparent it would be difficult, due to the economic environment and cost of living, to establish a 24/7/365 call center in the Los Angeles area. Subsequently, a decision was made to relocate the company to Las Vegas, NV.

Mr. Specht asked how Mr. Schmerling saw Nevada capitalizing the Financial Technology industry. Mr. Schmerling highlighted the level of significant programming talent available, in the state, and noted being located in Nevada affords companies the opportunity to pay an attractive starting wage.

Director Anderson inquired about the timeline for the company's facility expansion. Mr. Schmerling advised this would commence in the third quarter of 2018.

Director Anderson stated his belief Nevada was well-positioned for growth in the Financial Technology industry.

**DIRECTOR ANDERSON APPROVED THE APPLICATION FOR A SALES TAX ABATEMENT, A MODIFIED BUSINESS TAX ABATEMENT, AND A PERSONAL PROPERTY TAX ABATEMENT AS DESCRIBED IN AGENDA ITEM 6A.**

**B. DELPHI AUTOMOTIVE SYSTEMS, LLC**

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

Mr. Ursem, LVGEA, presented Delphi Automotive Systems, LLC, and provided a brief overview of the company and abatements sought. Delphi Automotive Systems, LLC

provides products and services worldwide. The company designs and engineers a variety of automotive systems and components including fuel cells, entertainment systems, sensors, powertrain systems, driver interfaces, and security devices.

Mr. Ursem noted Governor Sandoval laid the foundation for this application through Assembly Bill 69. Mr. Ursem also thanked Mr. Phil Klevorick, Program Manager, Clark County Economic Development Office, for his time and efforts regarding the company's Abatement application process. Mr. Ursem was joined by Mr. Manu Namboodiri, Senior Director, Delphi Automotive Systems, LLC.

Mr. Namboodiri advised Delphi Automotive Systems, LLC was an Aptiv PLC company. Aptiv had been a leader in this autonomous space for a long period of time and employs 150,000 employees in 140 countries. The company had visited Nevada on multiple occasions to showcase autonomous driving technology at the Consumer Electronics Show (CES) and had been satisfied with the relationships established in Nevada. The company was now considering Nevada as a location for a multi-phased project which could lead to the establishment of a Global Mobility Command Center.

Governor Sandoval noted that Nevada was the first state to promulgate regulations to allow for the operation of autonomous vehicles, and both UNLV and UNR have been aggressive in terms of adding faculty and curriculum to allow for companies like Aptiv to hire locally and feel comfortable coming to Nevada.

Governor Sandoval noted the importance of Aptiv's application and possible cascade effect on similar companies considering locating in Nevada

**DIRECTOR ANDERSON APPROVED THE APPLICATION FOR A SALES TAX ABATEMENT, A MODIFIED BUSINESS TAX ABATEMENT, AND A PERSONAL PROPERTY TAX ABATEMENT AS DESCRIBED IN AGENDA ITEM 6B.**

**C. ELLSWORTH ADHESIVES SPECIALTY CHEMICAL DISTRIBUTION, INC.**

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

Mr. Thomas, EDAWN, presented Ellsworth Adhesives Specialty Chemical Distribution, Inc. (Ellsworth Adhesives), and provided a brief overview of the company and abatements sought. Ellsworth Adhesives is a global distributor of adhesives, sealants, and dispensing equipment for a wide range of markets including transportation, medical, power, and general industry. The company employs 260 individuals in North America and over 1000 staff on a global basis. Ellsworth Adhesives has operations in the United States, Canada, Mexico, Brazil, Europe, and the Asia Pacific.

Mr. Thomas commended Mr. Cory Hunt, Deputy Director, GOED, for his outstanding work on this application. Mr. Thomas was joined by Mr. Kirk Westfahl, Director, Operations and Finance, Ellsworth Adhesives.

Mr. Westfahl advised the company's current location in Irvine, California facility no longer suited its needs. The company was in the process of evaluating several states, for relocation of its West Coast distribution facility, and Reno was being considered as a potential site. The relocation would involve the building of a new 120,000 square foot facility to serve customers primarily located in the west and southwest portion of the United States, and Mexico.

Governor Sandoval asked about the company's next steps should the it be awarded the abatements sought. Mr. Westfahl advised the company would commence a relocation to northern Nevada.

Governor Sandoval asked whether the company would hire locally or bring employees from California. Mr. Westfahl advised two or three existing employees would relocate from California and the rest would be hired locally.

Governor Sandoval asked about the employee skills sets required by the company. Mr. Westfahl advised the company planned to hire across a wide spectrum of roles including top management, production supervisors, managers, mechanical and electrical engineers and, customer service and distribution. The company also currently worked with high schools to offer summer internship programs. Mr. Westfahl noted the company was confident the required talent was available in Nevada.

Dr. Bennett asked Mr. Westfahl to elaborate on the company's involvement with the community. Mr. Westfahl advised the company was involved with three charitable organizations, the American Cancer Society, Ronald McDonald House, and Wounded Warriors. The company owners matched all donations received. In addition, the company supported the Arts by sponsoring a music event called Gathering on the Green.

Director Anderson encouraged Mr. Westfahl to stay in contact with EDawn when looking to develop and establish the company's Nevadan internship and outreach programs.

**DIRECTOR ANDERSON APPROVED THE APPLICATION FOR A SALES TAX ABATEMENT, A MODIFIED BUSINESS TAX ABATEMENT, AND A PERSONAL PROPERTY TAX ABATEMENT AS DESCRIBED IN AGENDA ITEM 6C.**

**6. WORKFORCE INNOVATION FOR THE NEW NEVADA (WINN) FUND - SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) RECIPIENT PILOT PROGRAM PHASE 2 - REQUEST FUNDING NOT TO EXCEED \$210,000**

Mr. Frank Woodbeck, NSHE, presented the WINN Fund SNAP Pilot Program Phase 2 - request funding not to exceed \$210,000.

Mr. Woodbeck advised, at the September 19, 2017 GOED Board meeting, the Board had approved an appropriation for Phase 1 of the SNAP Pilot Program, not to exceed \$40,000. Phase 1 would be launched in partnership with the Nevada Department of Health & Human Services, and Division of Welfare & Supportive Services.

Phase 1 was launched in January 2018 with the goal of training up to 20 participants over a twelve to sixteen-week program for Manufacturing Technicians – MT1, qualifying them for entry level positions with various companies, including: Tesla, Panasonic, and ClickBond. At launch date the Program had 23 enrollments. As of March 8, 2018, the Program had 13 students moving forward rapidly through the program with an 80% test pass rate

Mr. Woodbeck advised the success of Phase 1 had resulted in a decision to propose expansion of the program to encompass northwestern Nevada, with Carson City and Reno as the source markets for participant recruitment; and expansion of curriculum offerings to now include Truckee Meadows Community College (TMCC). Following consultation with the Nevada Department of Health & Human Services Director, Richard Whitley, and Division of Welfare & Supportive Services Administrator, Steve Fisher, it was proposed this training opportunity be expanded to an additional one hundred SNAP Participants. As with the Phase 1, the participants would be chosen by the NV Department of Health & Human Services, Division of Welfare and Supportive Services. Each applicant would be required to have a high school diploma or equivalent and be interviewed by a screening committee comprised of a representative of the company (or companies) providing end-of-training employment, and a representative of the college providing the training. Successful participants would earn ten (10) credits at WNC or TMCC toward an AAS degree, a level one certification, and would undergo an ACT WorkKeys test to further certify their technical skill level as a part of the program. The ACT test would result in each successful participant receiving a National Career Readiness Certificate (NCRC), which is a nationally-recognized and “portable” certification sought by the participating companies, as well as other manufacturing companies throughout the state and nation.

Governor Sandoval thanked all parties involved in developing and launching the program and noted it had afforded Program participants the opportunity to access quality employment, wages, and benefits.

**DIRECTOR ANDERSON APPROVED THE APPLICATION FOR A REQUEST FOR FUNDING FOR SNAP RECIPIENT PILOT PROGRAM PHASE 2, NOT TO EXCEED \$210,000 AS DESCRIBED IN AGENDA ITEM 7.**

**8 PERFORMANCE MEASURES REPORT – MR. BOB POTTS, RESEARCH DIRECTOR, GOED**

Mr. Potts presented the GOED Performance Measures report covering economic development activity in Q4 of 2017.

In Q4 2017, 15 companies added 719 jobs to Nevada's economy. This brings the annual total to 6,014 additional jobs by 74 companies. Once these companies are fully staffed, the build-out job estimate is 9,681.

Forty-three percent of assisted companies were manufacturers followed by logistics and operations (26 percent), and information technology (11 percent). The remaining 20 percent were essentially evenly split between the mining, healthcare, aerospace, and tourism sectors.

The average hourly wage paid by assisted companies in Q4 2017 was \$25.08. This reflects a \$7.59 hourly increase from the previous quarter, and \$9.05 from a year ago. Worker pay for companies receiving incentives was \$29.97 per hour as compared to non-incentivized company pay of \$19.05 an hour. The average hourly wage for all assisted companies in 2017 was \$19.48.

There were 15 recruitment activity wins in the fourth quarter. This represented a 44.4 percent decrease from the third quarter, but the same amount as reported last year. The number of New Leads and Prospects as reported by RDAs across the state were also down in the current quarter (28.0 percent and 26.5 percent, respectively), but were above those reported last year (68.8 percent and 66.0 percent, respectively).

GOED conducted a Governor-led trade mission to Poland in October, which resulted in multiple new agreements focusing on education and technology innovation with Polish officials at national and provincial levels, as well as business leaders, for reciprocal trade missions to Nevada for the purposes of cooperation, investment and site selection. The Trade Mission brought in an additional 33 leads and 4 prospects, bringing the total active leads that the Global Team is working with to 39, and the Prospect count to 13.

The Nevada Procurement Technical Assistance Center (PTAC) had a very successful start to the fiscal year by exceeding full-year contract and contract amounts on record. The number of clients slipped slightly in the most recent quarter, however the year-to-date average is still well above historical counts. The Nevada PTAC credits much of its recent success to resource partners such as the U.S. Small Business Administration, the Nevada Department of Business and Industry, the Nevada Small Business Development Center, and local chambers of commerce in promoting their counseling services, training seminars, and networking events.

The Emerging Small Business Program is measured on a semi-annual basis. The current number of Certified Emerging Small Businesses (ESB's) has expanded by 34.2 percent since the end of last year to a total of 1,139. Local government agencies have until the end of March to report contract metrics. Soon after those are received, the complete annual ESB activity report of both state and local agencies will be sent to the Governor's Office, the Legislative Council Bureau, and posted to the GOED website.

Customer responses to the Nevada Film Office Client Satisfaction Survey decreased slightly in the most recent quarter, but were still well within the "very good" range of 101.5 and 100.9.



The Rural Community Development Block Grant Program (CDGB) was changed because Carson City reverted to the state's CDBG program in 2017 receiving \$459,890 in HUD allocation to fund six projects. Carson City's focus is urban with different priorities than GOED's existing rural programs.

Nevada, state-wide, has had an incredible recovery since the Great Recession. Employment and is now at record levels. Nevada's job count hit record levels in December by peaking at 1,359,800 bringing the annual average count to 1,341,400. This reflects a gain of 42,600 positions when compared to last year. and a gain of 223,600 jobs since the recessionary low of 1,117,900 in 2010. Over the year, the annual unemployment rate has dropped by 8.7 percentage points from the recessionary high of 13.7 percent to the current annual rate of 5.0 percent.

There are currently 13,800 workers in Nevada's Aerospace and Defense sector with the addition of 79 jobs in the current quarter. Average annual earnings also improved by \$1,100 and now stand at \$84,800. When compared to last year there has been a 5.3 percent increase in jobs and a 1.7 percent increase in earnings.

There were an additional 790 jobs added to Nevada's Business Information Technology sector in the fourth quarter. This reflects an annualized growth rate of 7.0 percent and brings the total employment base to 62,800. Annual earnings also improved by \$611 in the current quarter to \$47,600. Earnings are now 3.0 percent above what they were this time last year.

When compared to last quarter, an additional 1,360 jobs were added to Nevada's Health and Medical sector for a total of 109,200 workers employed in the sector. Average annual earnings also grew by \$900 and currently stands at \$56,400. When compared to last year, job counts in Nevada's healthcare sector have expanded by 3.8 percent and earnings by 2.2 percent.

Nevada's Natural Resource Technologies sector showed solid growth in the fourth quarter with the addition of 765 jobs and \$795 in annual earnings. Over the year, jobs have improved by 2.9 percent and wages by 2.7 percent. The sector now represents 51,000 workers with average annual earnings of \$66,200.

The number of jobs and average annual earnings in Nevada's Manufacturing and Logistics sector both improved in the fourth quarter. Job counts grew by almost 1,600 for a total of 120,600 workers employed in the sector. Average annual earnings also grew to \$58,600 with the addition of \$1,000 per year. For the year, jobs have grown by 3.9 percent and earnings by 2.6 percent.

With the addition of 430 workers in the current quarter there are now 44,000 workers employed in Nevada's Manufacturing sector. Average annual earnings also improved by \$834 and now stands at \$55,700. When compared to last year sector growth has been solid with a 3.6 percent increase in jobs and a 2.8 percent increase in earnings.

Job counts in Nevada's Mining sector increased slightly in the fourth quarter with the addition of 149 workers to a total of 13,800. Average annual earnings showed somewhat stronger growth with the addition of \$900 per year, raising Nevada's already highest paying sector to the record level of \$94,600. When compared to last year, job counts have improved by 3.8 percent and earnings by 2.1 percent.

Both the number of jobs and annual earnings grew in Nevada's Tourism, Gaming, and Entertainment sector in the fourth quarter. Job growth was especially strong with the addition of 8,600 workers, while earnings improved by a slight \$170 a year. When compared to last year, job counts grew by 2.3 percent and worker pay by 4.3 percent. Currently, Nevada's largest industry sector employs 416,400 workers who make, on average, \$34,000 per year.

## **9. MARCH 2018 DIRECTOR'S REPORT - REVIEW AND DISCUSSION**

Director Anderson commended the GOED Business Development team and the Regional Development Authorities (RDAs) for their work in coordinating the GOED Board Packets and bringing companies in front of the Board. He also highlighted the contribution of the Secretary of State's Office, the Lieutenant Governor's Office, the Department of Taxation and all other agencies involved in the Board meeting process. Director Anderson noted the current Board packet represented approximately half-a-billion-dollars of capital investment, 654 initial new jobs, and approximately 1,600 forecasted new jobs.

Director Anderson highlighted the Data Center Abatement applications, Aviation Abatements applications, and applications submitted as a result of Assembly Bill 69. Director Anderson commended Mr. Hunt, Deputy Director, GOED and Assemblywoman Bustamante-Adams for their extensive work, in these areas, during past legislative sessions.

Director Anderson commended the work of GOED's International Trade Division for the impressive work done by such a small team. The team were currently preparing for an advance Trade Mission to Africa scheduled for mid-April 2018.

Director Anderson noted the International Economic Development Council (IEDC) 2018 Leadership Summit took place January 2018 in Las Vegas. IEDC is the world's largest professional organization serving the economic development profession. Many GOED staff members presented at the conference and this led to some very productive interactions.

Director Anderson advised the Nevada Film Office (NFO) released its Crew and Vendor Directory in early 2018. This had received positive feedback. The NFO was now focusing on revamping the online locations directory to better connect potential film locations around Nevada with production companies, giving local businesses more control and more opportunity.

Director Anderson noted some new staff members had recently joined GOED. He welcomed Dr. Grace Chou as GOED's new Director of Advanced Manufacturing. Dr Chou is based in GOED's Carson City Office.

Director Anderson welcomed Mr. Matthew Moore as GOED's new Director of Rural Community and Economic Development. Mr. Moore is based in GOED's Carson City Office.

Director Anderson welcomed Mr. Juan Manzano, as GOED's Deputy Director, PTAC. Mr. Manzano is based in GOED's Las Vegas PTAC office.

Director Anderson welcomed Mr. Derek Armstrong as GOED's new southern Deputy Director. Mr. Armstrong is based in GOED's Las Vegas office.

Director Anderson noted Mr. Armstrong would be providing a brief overview of the Opportunity Zones Program. Mr. Armstrong advised Opportunity Zones were a new community development program established by Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income urban and rural communities nationwide. The Opportunity Zones Program provided a tax incentive for investors to re-invest their unrealized capital gains into Opportunity Zones designated by the chief executives of every U.S. state and territory. The program afforded Governor Sandoval the ability to nominate up to 61 census tracts in Nevada to be part of an Opportunity Zone. These census tracts must meet certain criteria in order to be eligible.

GOED, along the Nevada Department of Business & Industry (BI), had undertaken significant work to set a baseline and reach out to local municipalities to identify opportunities and critical needs. Mr Armstrong and GOED's Northern Deputy Director Mr. Hunt had worked with local governments to identify priority Census Tracts for locals. Additionally, GOED was working with national partners such as the Economic Innovation Group to enable collaboration on a federal level.

**10. STATE OF NEVADA UNEMPLOYMENT RATE UPDATE** - as established by the Research and Analysis Division of the Nevada Department of Employment, Training and Rehabilitation

Governor Sandoval highlighted the positive progress the state had made in terms of its unemployment numbers.

**11. PUBLIC COMMENT**

Governor Sandoval asked if anyone from the public sought to make a comment. No Public comment was provided.

**12. ADJOURNMENT**

Governor Sandoval adjourned the March 15, 2018 meeting.