

**MINUTES OF THE
SENATE SELECT COMMITTEE ON ECONOMIC GROWTH AND EMPLOYMENT**

**Seventy-sixth Session
May 11, 2011**

The Senate Select Committee on Economic Growth and Employment was called to order by Chair Ruben J. Kihuen at 1:48 p.m. on Wednesday, May 11, 2011, in Room 2134 of the Legislative Building, Carson City, Nevada. The meeting was videoconferenced to the Grant Sawyer State Office Building, Room 4412E, 555 East Washington Avenue, Las Vegas, Nevada. [Exhibit A](#) is the Agenda. [Exhibit B](#) is the Attendance Roster. All exhibits are available and on file in the Research Library of the Legislative Counsel Bureau.

COMMITTEE MEMBERS PRESENT:

Senator Ruben J. Kihuen, Chair
Senator John J. Lee, Vice Chair
Senator Valerie Wiener
Senator Mark A. Manendo
Senator Don Gustavson
Senator Ben Kieckhefer
Senator Greg Brower

STAFF MEMBERS PRESENT:

Kelly Gregory, Policy Analyst
Bryan Fernley-Gonzalez, Counsel
Leslie Sexton, Committee Secretary

OTHERS PRESENT:

Tucker DiEdwardo, President, Las Vegas Institute for Advanced Dental Studies
John Stewart, Principal, Juliet Companies
David Baker, Partner, Union Village
Hilarie S. Grey, Vice President, Nevada Cancer Institute

CHAIR KIHUEN:

Today we will hear presentations relating to medical tourism.

TUCKER DIEDWARD (President, Las Vegas Institute for Advanced Dental Studies):
The founder of Las Vegas Institute for Advanced Dental Studies (LVI Global), Dr. William G. Dickerson is a native Nevadan. He had a dental practice for many years and became frustrated with insurance companies advising him what he should not put in patients' mouths. This led him to the field of aesthetic dentistry in which he became an expert.

In the early 1990s, he was teaching in a live-patient program at Baylor University. He traveled worldwide as a recognized authority in aesthetic dentistry. In 1996, he founded LVI Global. In 1998, he opened a 14,000-square-foot campus in Summerlin. It included ten operatories, teaching clinics, a 30-seat teaching lab, two lecture halls seating 100 attendees each, administrative offices and a private dental practice.

The LVI Global is an international institution dedicated to the progress of the dental profession through the integration of comprehensive diagnosis, contemporary techniques and technology. The education offered at LVI is designed to improve the lives of patients and enhance professional satisfaction.

In 2001, the facility added 6,000 square feet to include another lecture hall. In 2003, a 44,000-square-foot building was added. This building includes a ten-seat operatory and three lecture halls. We are recognized by the American Dental Association and the Academy of General Dentistry as a provider of continuing education services. There are approximately 9,500 alumni from 38 countries who have attended LVI Global. One aspect of our education that sets us apart is the dentist brings a patient-of-record and dental team members to the clinical course. Consequently, there are approximately 8,000 individuals who visit our campus each year. This is where the nongaming impact is derived.

There are 6 full-time faculty, 4 of whom relocated to Nevada, 17 visiting faculty members from around the world and 68 skilled, licensed professional dentists to whom we refer as clinical instructors who assist in the delivery of educational programs. We schedule over 220 different instructional sessions in 41 different course offerings. The dental industry regularly conducts technical, material and sales training using our state-of-the-art dental educational facility. There are

two dental laboratories on our campus that employ over 40 individuals. Each year, we conduct over 40 regional events throughout North America to bring students to the campus.

From an international perspective, we have contractual agreements with dental professionals in Australia and China. We are in active discussions with representatives from France, Germany, Italy, Japan, the Netherlands, Scotland and the United Kingdom. The alumni base at LVI Global is 74 percent from the United States, 23 percent from Canada and 1 percent from the other 38 countries that have sent attendees to our campus. We have worked with University of Nevada, Las Vegas, School of Dentistry on joint research projects. We regularly donate excess materials, products and supplies to them. We donate the use of our facilities to them and other agencies in Nevada, including the Southern Nevada Dental Society.

Our motto, "Changing Dentistry, Changing Lives," is best illustrated in the video I brought with me today. It depicts the story of Scott Bryan, a young man born with an inherited disease in which his permanent teeth gradually disintegrated. Dr. Heidi Dickerson and the LVI Global team were able to cap the remains of his teeth, restore his smile and his oral health. Mr. Bryant has gone on to become a productive member of society. Stories like this are not unusual. They happen every day in the lives of the dentists who attend programs and courses at LVI Global. Postgraduate dentistry is taught at LVI Global. The program is expensive. The rewards to dentists are in the stories like Mr. Bryant's.

In the late 1990s, LVI Global embraced neuromuscular dentistry, which has been practiced for approximately 50 years. We are the leading institution in the world in teaching neuromuscular dentistry. This area of dentistry has been successful in the treatment of migraine headaches, back pain and other conditions. Many doctors who come to us spend additional time in Las Vegas to enjoy our tourist destinations. We have partnerships with surrounding businesses. Laboratories and dental practitioners have relocated to our campus.

CHAIR KIHUEN:

What is the average stay for a student who attends your school? Do you have any idea of what a student would spend while attending your school?

MR. DIEDWARD:

The nongaming economic impact is estimated to be \$8 million per year. The average stay, depending on the selected program, is from two to six days. A six-day program might consist of two three-day programs spaced one month apart. The dentists lose a significant amount of production time, yet the reward they receive later more than pays for that investment.

JOHN STEWART (Principal, Juliet Companies):

We are a locally owned and operated development company in Las Vegas. We are a partner in the Union Village project to be located in Henderson. David Baker is the driving force behind the vision and leadership of the project. Union Village, an integrated health care village, will be a dynamic engine of economic growth and employment.

DAVID BAKER (Partner, Union Village):

Union Village will be the first integrated health village in the world. It will be the first smart city in the United States. I have brought a short video presentation to introduce you to our project.

This is the right project, with the right people, in the right place, at exactly the right time. The location is the junction of Interstate Highways 515 and 93. The Boulder Highway Corridor is on the other side. The Galleria Mall is to the south. Central Christian Church is to the north. Union Village is 171 acres. The project will provide 17,000 jobs, including construction, and direct and indirect jobs. The total cost of the project, which will take ten years to complete, is \$1.6 billion. This is \$1.2 billion in debt and \$400 million in equity.

I have provided you with a booklet ([Exhibit C](#)) containing fact sheets, statistics and artist renderings. Page 9 is an artist rendering of the complete project. Union Village is designed to integrate all of a person's needs. There are two anchors, Union Centre and Union Place. Union Centre, in its first phase, has a 608-bed continuum of care facility, which includes a 214-bed acute care hospital. The Rose de Lima campus of St. Rose Dominican Hospitals, with 145 beds, will occupy that space. There is a continuing care hospital which includes long-term acute care, rehabilitation and skilled nursing. We have plans for the first freestanding children's hospital in Nevada. We have plans for a

freestanding cancer hospital in Nevada that will include proton therapy and other state-of-the-art technology.

The first phase will include a wellness center, a health care mall that will attract people from all over the Country. This can be a center for medical tourism and will enhance medical care in Nevada. The plaza view of the hospital is on page 7 of [Exhibit C](#). We are not placing the hospital in a remote corner of the development. It is integrated into retail and food service outlets. Union Centre will employ 8,900 individuals.

The second anchor, Union Place, is a village for approximately 1,500 senior citizens. Traditionally, seniors get warehoused. Union Place will enable seniors to be connected to the community. It is located on the pedestrian mall. There will be four restaurants for this facility. A continuum of care will exist for this area. A person can move from independent living in cottages to congregate care, to assisted living or to memory care. Higher levels of care will be available in the rest of the system. This will be a place where a person can stay connected to families and health care professionals. A virtual university and learning center will be available. There will be 700 jobs in Union Place.

Union Park will occupy the center section of Union Village. It will be shared with the City of Henderson. Union Square is a space for civic, cultural and educational uses. This is where the City of Henderson hopes to have a science museum. This would also be a place for medical education and research in the fields of pharmacology, orthodontia and nursing. Union Plaza can be considered the glue that binds the other sectors together. There will be approximately 300,000 square feet of specialty retail space, movie theaters, hotel and conference center, food court, athletic club and intergenerational child development center. This area will provide 1,400 jobs.

We have a world-class development team of partners, operators and consultants, some of whom are listed on page 15, [Exhibit C](#). Our partner in health care is Catholic Healthcare West. Our architect is Grant Thornton. McDermott Will & Emery is our legal representative.

Page 4, [Exhibit C](#), contains a chart which summarizes the studies done by outside experts on the tax generation potential of Union Village. The initial equity investment is \$400 million. In the first 25 years, the estimate of tax revenue for the State is \$11 billion. In the next 25 years, the estimate is

\$67 billion. In Year 75, it will produce \$216 billion. These estimates are based on a conservative estimate of a 3 percent inflation factor. None of these estimates include any corporate taxes or indirect taxes such as gasoline taxes. We have not factored into these estimates the chain reaction economists talk about. That is, every time someone receives pay, that money is returned to the economy seven times.

We have looked at the potential of medical tourism in our internal planning. I am referring to page 5, [Exhibit C](#). In the first 25 years, we can generate approximately 273 people per day from outside Nevada to this site. That would produce approximately \$7 billion. This would increase to approximately \$30 billion by Year 50 and \$92 billion from outside Nevada in Year 75. This chart does not reflect Nevadans who now go out of state for medical care who would not need to do so if the quality and accessibility of care improves in the State.

Page 6, [Exhibit C](#), shows a chart illustrating job creation at Union Village during the ten years of construction and beyond.

In conclusion, a \$400 million equity investment can create jobs and produce \$216 billion in revenue to the State over 75 years. The beneficiaries of the greatest portion of this revenue are local, county, State and federal governments. This will not happen if Union Village is not built.

We face a problem when we are in the capital markets. Las Vegas is redlined. Investors are risk-averse. There is plenty of money in the capital markets, but investors want to buy distressed real estate. Near the site of Union Village, a new shopping center is available at 30 cents on the dollar. Investors are willing to hold real estate for ten years, waiting for a market rebound. Investment in that distressed real estate, when that property remains unproductive, does not produce jobs, tax revenue, value or needed services.

The Union Village project is a model for public-private cooperation. The City of Henderson is considering tax increment financing because the project is in a redevelopment district. The risk on the investment can be reduced. The project has the potential to be a dynamic economic engine for 17,000 jobs. Health care professionals, designers and planners agree that Union Village can be seen as a new model for the delivery of health care. It can be America's new

state-of-the-art smart city. It will be environmentally sustainable. It is supported by unions. Right now is the time to build.

MR. STEWART:

We have an opportunity to build the medical tourism industry in Nevada. Union Village has access to McCarran International Airport and the approximately 40 million visitors who travel through there every year. Since our public announcement about Union Village last month, we have been made aware of interest from medical professionals, health care providers and those involved in the cutting-edge innovative technology companies. They view this opportunity as a demonstration site because of its proximity to one of the busiest airports in the world. In the next 30 to 90 days, we expect to announce additional technology partners.

SENATOR MANENDO:

Is there anything the State Legislature can do before we adjourn this Session to help you with this project?

MR. BAKER:

This project could not have been built four years ago. Times were too good in some respects. I do not know if it will be built ten years from now. But, this is the perfect time for it. We have had great bipartisan support from U.S. Senator Harry Reid, Governor Brian Sandoval, Assembly Speaker John Ocegüera and Majority Leader Steven Horsford.

We are looking for every kind of incentive for investors that we can find. We are not looking for government money. We want government money to go to fund education first. If the State can offer any kind of incentives to investors after education is funded, we would appreciate that. Incentives can translate to more of these kinds of projects in the future.

SENATOR MANENDO:

Are you talking about tax incentives?

MR. BAKER:

Incentives can be environmental. We are talking to the City of Henderson about tax increment financing. The State has enacted incentives to the gaming industry related to sales tax reimbursement. Our project will improve the health care system and the employment situation in Nevada. We want to convince

capital market investors that our kind of project is the right avenue for investment because they can make a better investment return and do more good for others.

SENATOR MANENDO:

Have the investors to whom you have spoken ever cited the Nevada education systems as a reason for not investing?

MR. BAKER:

The major investors to whom we are talking are concerned with economic risk because the Las Vegas area is redlined. If they can get their risk reduced to a point where it is manageable, they can see the merits of our project.

We are ten minutes from McCarran International Airport and the 40 million people who visit Las Vegas each year. If a person needs expert medical treatment, which is more appealing, Rochester, Minnesota, or Las Vegas, Nevada? If there was ever an opportunity for medical tourism in the United States, rather than having to go out of the Country, Las Vegas is the place. This project will improve the education system in Nevada. We have made a commitment that whatever incentives are made available, education should be fully funded first and those incentives should be made available to us after we produce results.

MR. STEWART:

The health care and technology partners we have engaged have taken advantage of their cobranding with other facilities located in other places. For instance, the children's hospital will be associated with Catholic Healthcare West and other major children's hospitals in southern California in a staff-sharing arrangement until qualified personnel can be hired from southern Nevada.

SENATOR WIENER:

Given the current economic environment, even in spite of the fact that things are improving, Nevada does not have the capability to offer incentives because education is a priority for everyone in this Legislature. We do have incentives built into our system because of the lack of certain burdensome taxes that exist in other states. What realistic incentives can we offer? What is your time line for rolling out the project?

MR. STEWART:

From a development time frame with Henderson, we have a number of public items on the City Council agenda in June. The City has a significant amount of earth work to conduct on the site, a former gravel pit. The work will be completed by April 2012. The construction time frame for Union Center, the hospital and ancillary medical buildings is approximately 41 months. There will be job creation this year with the original site work. In subsequent years, the jobs will be in vertical construction. The other anchors of the project, Union Place and Union Plaza, will begin construction later and open in conjunction with Union Center.

We understand that property values have dropped significantly in southern Nevada. Our project is located in a redevelopment area. Redevelopment areas typically float tax increment financing bonds. Certain State statutes limit the amount of bonding capacity. Given the significant drop in property taxes, notwithstanding the fact that this project will generate \$243 million in property taxes over the next 20 to 23 years, there are questions about what the City of Henderson can do in the short term. There is the near-term creation of 5,000 construction jobs.

As the project comes on line, and as increments and property and sales taxes are generated, there will be an ability to monetize those revenues. From the investor perspective of managing the risk and of making a decision to invest in Las Vegas rather than elsewhere, the generation of that revenue is an important consideration, even though it is a long-term prospect.

MR. BAKER:

We are not looking for money from the State. We want to find things the State can do to help us produce more revenue. In producing that revenue, we can reduce the risk for investors. Reducing risk would be an incentive for investors. By developing the revenue stream we see resulting from this project, future Legislators will have easier budget decisions to make.

SENATOR KIECKHEFER:

Have you done a study of the demand for health care services in the Las Vegas area aside from the development of medical tourism?

MR. BAKER:

Union Center will replace, in part, an existing 145-bed hospital. St. Rose Dominican Hospitals has done a study. We have done a study. There is a need for more hospital beds. The first phase of Union Center will be full quickly and the need to expand will be apparent.

CHAIR KIHUEN:

How soon can you begin building, and how soon will we see jobs?

MR. BAKER:

The project will be approved by the City of Henderson on June 14. The City will begin grading on its portion of the project on July 1. We will begin grading on our portion on December 14. The entire project can take ten years. There will be 12,000 permanent jobs.

SENATOR MANENDO:

Is the subject property bordered by Stephanie, Gibson and the Galleria Mall?

MR. STEWART:

Yes, it is the northeast corner of I-93 and the new Galleria Mall interchange.

HILARIE S. GREY (Vice President, Nevada Cancer Institute):

I have submitted a copy of my remarks ([Exhibit D](#)).

SENATOR WIENER:

What is your staff size and patient population?

MS. GREY:

We have a staff of 150. This includes support staff, clinical physicians and researchers. Over the course of five years, we have seen 15,000 patients.

SENATOR WIENER:

Do you have, or plan to have, affiliations with other medical facilities in the area aside from University Medical Center (UMC)?

MS. GREY:

We have a center at UMC which opened a year ago. We have a mobile mammography unit. We did have a consultation clinic in Henderson. It did not have the usage to make it viable. We do welcome the opportunity to partner

with others. Our physicians have admission privileges in all of the hospitals in the Las Vegas Valley.

SENATOR WIENER:

There is pending legislation in the Senate Committee on Health and Human Services to consider the new path for UMC as a teaching hospital. Do you do teaching as well as research?

MS. GREY:

Education is part of our mission. With UMC and University of Nevada, Reno (UNR), School of Medicine, we established the first oncology fellowship in the State. The Plus One Medical, Inc., oncology nursing program is a partnership with the College of Southern Nevada. It is funded by the American Recovery and Reinvestment Act of 2009.

CHAIR KIHUEN:

Do you collaborate with anyone else?

MS. GREY:

We partner on research with University of Nevada, Las Vegas, on a project basis. We have laboratory assistants who are students. We would like to expand and formalize these relationships.

CHAIR KIHUEN:

Your organization just eliminated 150 jobs. Will that have a negative impact on your organization?

MR. GREY:

We face the same financial challenges as other businesses and nonprofit organizations face in a downturned economy. Health care providers and nonprofit organizations usually operate on small margins even in good times. Nevada Cancer Institute was built at the height of the market. Our board had to make difficult decisions to reduce administrative overhead. At every point in those discussions, the board's central purpose was to preserve the mission, to continue patient care, research and clinical trials. Our expansion goals may be

delayed, but we still have the core team in place to carry out the mission as the official cancer institute of the State.

CHAIR KIHUEN:

We will now begin our work session on Assembly Bill (A.B.) 182. We held a hearing on this bill on May 4. At that time, the bill was presented by Assemblyman Kelvin D. Atkinson and Assemblywoman Marilyn Kirkpatrick.

ASSEMBLY BILL 182 (2nd Reprint): Authorizes the creation of inland ports.
(BDR 22-177)

KELLY GREGORY (Policy Analyst):

You have before you the work session document ([Exhibit E](#)). Assembly Bill 182 is enabling legislation that permits participating entities to seek approval for creation of inland ports and inland port authorities, the purposes of which are to promote, encourage and aid in economic development and employment opportunities within Nevada.

SENATOR KIECKHEFER MOVED DO PASS A.B. 182.

SENATOR WIENER SECONDED THE MOTION.

SENATOR GUSTAVSON:

Section 18, subsection 2 on page 5 reads: "An authority may not exercise the power of eminent domain." Would it not be better to replace "may" with "shall?"

BRYAN FERNLEY-GONZALEZ (Counsel):

That would be unnecessary. Saying that the authority "may not" takes away the authority. An authority absolutely will not be able to exercise eminent domain. Stylistically, it should be "may."

THE MOTION PASSED UNANIMOUSLY.

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CHAIR KIHUEN:

The floor is now open for public comment. Seeing no one wishing to speak, this meeting is adjourned at 3:06 p.m.

RESPECTFULLY SUBMITTED:

Leslie Sexton,
Committee Secretary

APPROVED BY:

Senator Ruben J. Kihuen, Chair

DATE: _____

<u>EXHIBITS</u>			
Bill	Exhibit	Witness / Agency	Description
	A		Agenda
	B		Attendance Roster
	C	David Baker	Union Village Presentation
	D	Hilarie S. Grey	Written Testimony
A.B. 182	E	Kelly Gregory	Work Session Document