



**DEPARTMENT OF BUSINESS AND INDUSTRY  
OFFICE OF THE DIRECTOR**

**TEFRA HEARING  
October 17, 2019 - MINUTES**

**The following were in attendance:**

Terry Reynolds, Department of Business & Industry  
Anthony Marnell III, Marnell Companies  
Bart Desai, Engineer  
Ben Porria, Virgin Trains  
Bill Wellman, Las Vegas Paving  
Bob O'Malley, Virgin Trains USA  
Bob Johnston, Trains Magazine  
Carlos Gomez, Latin Chamber of Commerce  
Carrie Foley, Department of Business & Industry  
Dan Piccuilla, NRCO  
Danny Thompson, CSI  
Dawn Christensen, NRA  
Dennis Crouin, NROC  
Deun Neal, IUOE Local 12  
Don Snyder, Citizen  
Doug Bene, City of Henderson  
Eddie Ramirez, SNCECET  
G. Milliken, NV Contractors Association  
Husein Cumber, FECCI  
Harvey Noyd, NROC  
Henry Baker, Local 872  
Jake Felman, Vision Trains USA  
John Sheldon, Morgan Stanley  
John Wang, Orrick  
Ken Evans, Urban Chamber of Commerce  
Kenneth McLin, NROC  
Louis Loupias, Southern Nevada Operating Engineers  
Marcel Schaerer, Department of Business & Industry  
Melanie Sheldon, GOED  
Miguel Sanchez, Local 872  
Paul Moradkhan, Las Vegas Metro Chamber of Commerce  
Ray Gort, IUOE Local 12  
Rick Smith, Henderson Chamber of Commerce

Rusty McAllister, NV AFL-CIO  
Sarah Watterson, Virgin Trains USA  
Teri Williams, Department of Business & Industry  
Tom Morley, Local 872  
Verna Mandez, Senator Cortez Masto

## **Public Comments**

Terry Reynolds read a statement regarding the purpose of the meeting. Mr. Reynolds stated that state volume cap allocations cannot be used for the actual train (rolling stock). The federal portion may be used for rolling stock. California is doing the same thing. They will have an allocation of volume cap for the project and then they will leverage that on the federal side for the entire project.

Mr. Reynolds stated that this meeting is called a TEFRA hearing which stands for Tax Equity and Fiscal Responsibility Act that was passed in 1982 and allows states an allocation of volume cap. The state of Nevada receives approximately \$318 million every year based on its population. The 2019 allocation for Nevada was \$318,611,160.00. Fifty percent is allocated to local jurisdictions and fifty percent is allocated to the Director's Office. Mr. Reynolds reported that typically, the Director's Office splits their allocation between housing projects and industrial revenue bonds.

Mr. Reynolds stated that volume cap is based on a calendar year, not a fiscal year. The Director's Office can carry forward an allocation for three years if the money is not used. If the Director's Office carries forward for example, \$100 million, that money is available for the specific designation such as transportation, housing or waste energy projects. Mr. Reynolds stated that this is not money, it is an authorization for tax exempt bonds, a revenue bond that must be paid back.

Mr. Reynolds reported that in 2019 the Director's Office received an allocation of approximately \$159 million, along with an additional \$17 million which reverted back to the Director's Office for a total of approximately \$176 million. Mr. Reynolds further reported that is likely the Director's Office will designate \$100 million for the Virgin Trains project this year and \$100 million next year. The state of Nevada and the Director's Office will receive their 2020 allocation around the end of February or the first part of March next year.

Nevada is growing to the point where we receive additional dollars as we grow. Census information is important. Mr. Reynolds said that the Director's Office is looking at the prospect of approximately \$200 million which can be leveraged into four times the amount on the Federal level. This is what California is doing as well. California has already approved their first allocation for this project.

Danny Thompson spoke in favor of the bonding allocation. Danny discussed his time on the High-Speed Train Commission, as well as working with the Nevada Legislature. Danny said this project will diversify our economy, make the economy stronger, will be good for the environment and will be in the public good.

Don Snyder, who is Chairman of the RTC's Transportation Resource Advisory Committee, said being in that position has given him an opportunity to be involved with issues regarding transportation and transit in southern Nevada and southern California. Don spoke in favor of the project and said it is a business and transportation deal that make sense.

Bart Desai spoke in favor of the project. He said he's been in the transportation industry for 34 years and feels the benefits are a win-win situation. He feels it would bring environmental and economic benefits. Bart said this project would provide safe, accessible and reliable transportation.

Sarah Watterson, the President and Chief Development Officer at Virgin Trains read prepared comments. Sarah said intercity passenger rail is a preferred mode of transportation for many on routes that are too short to fly and too long to drive while maintaining safer, more reliable, less expensive and environmentally friendly modes of transportation.

Sarah discussed the mission at Virgin Trains and their intention to reinvent train travel. In 2018 Virgin Trains opened America's first privately funded passenger railroad in over a century in Florida. Sarah said Virgin Trains plans to replicate this model across North America. Southern California to Las Vegas is one of the busiest travel corridors in the U.S. with over 50 million trips in either direction every year. Virgin Trains would operate a 90-minute train service on this route.

Sarah discussed the key highlights which make the project beneficial, including travel time and generating economic and environmental benefits in both Nevada and California. This development will generate over 13,000 new jobs, \$700 million in new labor income and nearly \$250 million in new federal, state and local tax revenues. According to Sarah the project could achieve the equivalent of taking 4.5 million cars off the road every year.

Sarah said to achieve the expansion and deliver on these benefits; Virgin Trains is seeking a \$200 million allocation of private activity bonds from the state of Nevada. The proceeds from the bonds would be invested in the station in Clark County as well as infrastructure throughout southern Nevada.

Sarah discussed what Virgin Trains has done so far on the project. She said Virgin Trains hopes to start construction in 2020 and finish the project in 2023.

Rick Smith said he was at the meeting in part representing the Henderson Chamber of Commerce as well as the Henderson Development Board. Rick read a prepared statement on behalf of the Henderson Chamber of Commerce. Rick and the Henderson Chamber spoke in favor of the project.

Anthony Marnell III said he would like to echo the comments of others who spoke before him. Anthony spoke in favor and support of the project and Virgin Trains. Anthony talked about the economic development benefit of this project. He feels this is the start of a new industry with environmental and economic impacts that can be created.

Don Snyder said he feels the Marnell family is the bridge from historical conversations to real conversations about a project like this actually happening. Don thanked the Marnell family.

Carlos Gomez spoke in favor of this project and agreed with others on the economic impact. Carlos requested that the project use local unions and minorities businesses.

Tom Morley with the Laborers Local 872, and a member of the RTC Advisory spoke in support of the project.

Paul Moradkhan with the Las Vegas Metro Chamber of Commerce said the Chamber is in support

of the project.

Bill Wellman with Las Vegas Paving is in support of the project. Bill said his team has been engaged with Virgin Trains for the last several months. He said there are currently more than 100 people working full time on this in Las Vegas and southern California. Bill said Virgin Trains is engaged, people are getting paid for this type of work and Virgin Trains is spending money in this community to move the project forward.

Raymond Gort with the Operating Engineers Local 12 said the Operating Engineers are in support of this project.

Ken Evans said he is also on the RTC Transportation Resource Advisory Committee, the Las Vegas Stadium Authority Board and is the President of the Urban Chamber of Commerce. He said the Urban Chamber also supports the project and the use of the financing structure that is being proposed and the economic and environmental benefits that will follow. Ken said this will produce procurement opportunities for small diverse businesses.

Terry Reynolds clarified that the amount of money allocated to local jurisdictions, approximately \$159 million in 2019, goes to the local jurisdictions to fund housing projects. Mr. Reynolds stated that this calendar year the Director's Office has approved over \$100 million in housing projects both in northern and southern Nevada. These are affordable, low income housing projects for seniors or workforce housing development. Mr. Reynolds said a major portion of the volume cap money goes into funding housing projects.

Mr. Reynolds stated that some of the smaller jurisdictions transfer their allocation to the Nevada Rural Housing Authority for their mortgage assistance program, which is very successful for people who live in the rural areas.

There was discussion on the large amount of community support for the project including meeting organizations, labor and government.

Gary Meliken with the Nevada Contractors Association echoed what others have said in support of the project.

Terry Reynolds thanked everyone for attending. He said the Director's Office will put together a certificate along with the minutes for approval by the Board of Finance. He thanked everyone for their comments and help in moving this project forward.

### **Adjournment**

The meeting was adjourned at approximately 9:30am.