R&D Development Opportunities in Reno, NV
2015-2016
The Region & Emerging Trends - What's Next.
The emerging trends focused around the “internet of things” and the complexities of our ever-changing environment and its effect on human health and business are driving the next generation of innovation. As part of the Northern California Mega-Region, companies like Tesla, Switch SuperNAP, and Apple have already staked their claim in the Reno-Tahoe region, and more are coming every day.

With its proximity to the San Francisco bay area, the Reno-Tahoe region is poised for growth with current annual population and company-growth estimates at 5-6% per year over the next 5 years. The Economic Development Authority of Western Nevada (EDAWN) alone has been fielding an average of 11 out of market site visits per month.

Desert Research Institute
The DRI Dandini Research Park is home to DRI, the Desert Research Institute, a world class environmental research institute ranked alongside peer organizations including MIT and Stanford in environmental R&D expenditures by the National Science Foundation.

Focused on research of complex environmental systems in the areas of Atmospheric Science (AIR), Earth & EcoSystems (LAND), and Hydrologic Science (WATER), DRI’s 500 faculty and support staff generate $50-million in research-based revenue on over 150 research projects on every continent on the planet.

As a result of over 50 years researching the earth’s complex systems, DRI has also developed an array of expertise in sensor technology and big data analytics.
The DRI Dandini Research Park is looking to secure collaborative tenants/partners focused on R&D and light manufacturing that can leverage and benefit from collaboration with DRI’s intellectual capital (faculty), physical assets, and research pipeline.

Unlike traditional/conventional real estate-based ventures, it is our primary mission to leverage the property asset for research collaboration and innovation development with the private sector. With DRI in collaboration with private sector tenants, the goal is to develop and develop an innovation and intellectual property commercialization center integrated with our campus.

The bi-product of much of DRI’s environmental science-based research is an array of innovation technology based in sensor technology, advanced computing, and analytics. With this base of research and laboratories, DRI’s intellectual, physical, and research assets are suited to support the following commercial innovation sectors:
The Competitive Advantage of Access
The current strategy in marketing the Research Park is to recruit tenants/partners that have an innovation strategy that can benefit by a long-term collaborative research and development relationship primarily with DRI but also to include the University of Nevada and the workforce development capabilities of Truckee Meadows Community College.

**Access to Intellectual Capital**: 350 DRI research faculty, post docs, technologists, and support staff with the ability to consult directly to the private sector. Over 600 Ph.D. faculty at the University of Nevada in specialized areas of engineering, science, mathematics, physics, biology, and medicine.

**Access to Physical Assets**: Over 40 specialized laboratories including an EPA 100 clean room, only one of its kind EcoCells and ice core lab, and the only 6-sided virtual reality lab of its kind west of the Mississippi.


**Applied Innovation Center**: Partially funded by the Governor’s Office of Economic Development Knowledge Fund, the AIC is an expert resource in digital technology applications available to the private sector for contract research and development services for innovation in applied data and computational analysis, helping translate scientific ideas into practical solutions. The AIC offers access to high-demand expertise, advanced technologies, specialized instrumentation, digital infrastructure, and intellectual capital: developing custom solutions to help businesses compete successfully in the innovation-based, knowledge-driven economy.
Available Land

Land, Entitlements & Governance


In 2005, President George W. Bush, signed the Dandini Research Park Conveyance Act, which provided entitlements for the commercial and for-profit use of the land by NSHE. The legislation mandates that net proceeds of any sale of the property is returned to the Secretary of the Interior for use by the Bureau of Land Management. As such, the primary motivation is to utilize the land in a lease scenario. Any land sale scenario would require approval of the NSHE Board of Regents and would need to provide substantial economic benefit to DRI through long-term collaborative research and security that the land use would maintain and support the integrity of DRI’s research mission.

The Park is currently managed and under the control of DRI Research Parks, Ltd through a 99 year lease with NSHE expiring in 2092. DRI Research Parks, Ltd, is a separate 501(c)3 corporation managed by a board of trustees from both the public and private sector. DRI Research Parks, Ltd Board of Trustees has sole authority to enter into lease transactions or other use contracts without further approval of the NSHE Board of Regents.

In 2009 a Master Plan was completed providing land use and building massing studies. The plan provided for a total of 95 developable acres, with capacity for 880,000 gross square feet of building space, and allocation for 2,190 automobiles.

<table>
<thead>
<tr>
<th>Available Land</th>
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<tbody>
<tr>
<td>Collaborative Core:</td>
<td>12 Acres / 5 sites</td>
</tr>
<tr>
<td>Upper Partner Zone:</td>
<td>31 Acres / 5 Sites /</td>
</tr>
<tr>
<td>NorthEast Flex Zone:</td>
<td>20 Acres / 3 Sites</td>
</tr>
<tr>
<td>Lower Partner Zone:</td>
<td>25 acres / 6 sites</td>
</tr>
<tr>
<td>High Visibility Sites:</td>
<td>7 acres / 5 sites</td>
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The Research Park is under the zoning jurisdiction of the City of Reno Dandini Regional Plan.

In 2009 a master plan was completed through funding by the US Department of Commerce Economic Development Administration (EDA).

The master plan was approved by the City of Reno as an overlay to the City’s Dandini Regional Plan including conditional approval of special use permits for cuts & fills, laboratories, research & development, light manufacturing, and housing. This will enable exemption from many City permits to fast-track development and minimize cost.

In 2010, a civil engineering-based cost estimate report was completed outlining in detail site improvement costs.

In 2015, a $3 million EDA funded road infrastructure project was completed which included intersection improvements, sidewalks, lighting, crosswalks.

A virtual-reality version of the master plan can also be experienced inside of DRI’s 6-sided virtual environment laboratory. This experience enables prospects to scenario-model building massing, locations and configurations. Download a copy of the complete master plan at http://researchpark.dri.edu

<table>
<thead>
<tr>
<th>Zone</th>
<th>Acreage</th>
<th>Sites</th>
<th>Bldg GSF</th>
<th>Parking</th>
</tr>
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<tbody>
<tr>
<td>Collaborative Core</td>
<td>12</td>
<td>5</td>
<td>220,000</td>
<td>660</td>
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<tr>
<td>Upper Partnership Zone</td>
<td>31</td>
<td>5</td>
<td>360,000</td>
<td>720</td>
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<tr>
<td>High Visibility Sites</td>
<td>7</td>
<td>5</td>
<td>75,000</td>
<td>225</td>
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<td>Northeast Flex Zone</td>
<td>20</td>
<td>3</td>
<td>80,000</td>
<td>240</td>
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<tr>
<td>Lower Partnership Zone</td>
<td>25</td>
<td>6</td>
<td>115,000</td>
<td>345</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>95</strong></td>
<td><strong>24</strong></td>
<td><strong>850,000</strong></td>
<td><strong>2,190</strong></td>
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</table>
The State of Nevada offers a variety of incentives to help qualifying companies make the decision to do business in the state, including sales tax abatements on capital equipment purchases, sales and use tax deferral on capital equipment purchases, abatements on personal and modified business taxes, real property tax abatements for recycling, employee training grants, and Catalyst funding.

Unique opportunities are available to new private and public sector tenants to leverage investment with the Department of Commerce Economic Development Administration for matching grants for innovation-based facilities and programs.

The DRI Research Park is not listed with any sole agent or broker. DRI Research Parks, Ltd (DRIRP) may pay up to 5% commission to any agent or broker representing a prospect tenant for the research park, subject to the policy below:

1. The broker incentive Policy applies only to sole-sourced leads brought to DRIRP by the broker or consultant.
2. The broker incentive fee and payment schedule will be negotiated as part of the land lease agreement.
3. The broker must be identified to DRIRP with written evidence of broker-client relationship prior to any engagement or site visit with DRIRP.
4. The broker incentive fee will be based on a negotiated percentage with no consideration for future fair market value or Consumer Price Index extensions, options, holdovers and fair market value adjustments.
5. The land lease will contain a provision that, should the tenant fail to perform subsequent to broker incentive payment(s) the tenant is required to reimburse DRIRP.
6. The broker must provide full disclosure of other sources of compensation (lessee, lender, etc). DRIRP will not participate in an arrangement that will effect double payment of commission.
7. Payment will only be made upon fully executed land lease which must be signed within 90 calendar days following Board approval of the land lease.
8. DRIRP Trustees and Staff, or NSHE employees are not eligible to participate in this program either while employed or within 12 months of separation from DRIRP or NSHE.

Rebate scenario example*

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>Amt</th>
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<tr>
<td>Bldg GSF</td>
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<tr>
<td>Acreage</td>
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<tr>
<td>Land Value Basis</td>
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<tr>
<td>Annual Land Lease</td>
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<tr>
<td>Contracted Research</td>
<td>$90,000</td>
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<tr>
<td>20% Research Rebate</td>
<td>-$18,000</td>
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<tr>
<td>Net Cost of Land Lease</td>
<td>$2,246</td>
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*Subject to lease term, type of research, and other factors to be negotiated.
The DRI Dandini Research Park is located just 10 minutes north from the Reno Tahoe International Airport and the booming startup core in downtown Reno, Nevada. The Research Park is home to DRI, a world renowned environment research institution and Truckee Meadows Community College home to 13,000 students. Located less than 2 miles away is the University of Nevada, a national Tier 1 University. Just 5 minutes to the North of the DRI Research Park is the Reno Stead airport and UAS testing site.

With the construction of the Tesla gigafactory just 20 minutes to the east, the Northern Nevada region is poised to be a 21st century leader in the area of advanced manufacturing and innovation. Forecasts estimate $100 Billion in regional economic impact over the next 20 years from the Tesla site alone.
2019 Regional Growth Forecast
In 2014, the northern Nevada region grew nearly 3 percent from 2010 to a population of nearly 600,000. By 2019 the scenario growth forecasts annual increases of 1.4% - a cumulative jump of 7.1% over the next 5 years. Preliminary data is suggesting annual job growth and company growth for the region between 5-6% per year through 2019. This represents an forecast of an additional 51,000 new jobs in the region.

The DRI Research Park, situated in the North Reno zone, is part of 4 zones accounting for 50 percent of the forecasted employment growth in the region.

Respondents are encouraged to subscribe to the news feed from the Economic Development Authority of Western Nevada (EDAWN) for updates on the regional growth forecast and other information.

FAA UAS Test Site Designation
On December 30th 2013, the FAA designated Nevada one of six test sites for the integration of commercial applications of Unmanned Aerial Systems (UAS) into the National Air Space. Nevada's success was the culmination of two years of work to put the state at the cutting edge of this new and promising industry. With an FAA stated goal of introducing small unmanned vehicles into the commercial airspace by September 30, 2015, Nevada has already begun the process of recruiting companies to Nevada to test at our sites. This includes the Reno Stead Airport site located just 10 minutes north of the DRI Dandini Research Park.

The UAS industry holds the promise of many good jobs for Nevadans. The State's forecast shows that there could be over 10,000 jobs for UAS direct employees with an average wage of approximately $62,000 and an estimated $2.5 billion in economic impact by the middle of the next decade.

Tesla Gigafactory
In June 2014, Tesla broke ground on their Gigafactory outside Sparks, Nevada. The planned 10 million sq/ft facility is the cornerstone of Tesla's plans to be larger than all the lithium-ion battery plants in the world combined. The joint project between Tesla and Panasonic is projected to create 16,000 indirect jobs will be created in the community. With over 22,000 jobs as a result of this Gigafactory, state employment could increase by 2% and regional employment by more than 10%. The Gigafactory will add over 3% to the State's Gross Domestic Product (GDP), which represents more than a 20% increase in regional GDP. Tesla will make a direct contribution to K-12 education of $37.5 million beginning in August 2018, with a stated focus on further developing STEM education in Nevada.

People should know this was not the biggest incentive package – it wasn't just about the incentives. What the people of Nevada have created is a state where you can be very agile, where you can do things quickly and get things done... it's a real "get things done" state.

- Elon Musk, CEO of Tesla Motors

Switch Supernap
As the presenting sponsor of DRI's annual Nevada Medal for science, Las Vegas-based Switch announced plans to build a 3 million square-foot data center project in the Tahoe Reno Industrial Center outside of Sparks, Nevada bringing $1 million of investment to the region and creating the largest data center in the world. The company operates two data center facilities in Las Vegas, providing security, power and cooling for stacks of thousands of servers owned by more than 1,000 clients that include eBay, Xerox, Zappos, Amazon, DreamWorks, Shutterfly and the U.S. government.

Switch's "supernap" project includes the development of a 500-mile fiber optic network it calls a "superloop" that will connect Reno, Las Vegas, Los Angeles and San Francisco and dramatically increase the speed of information traveling between the cities. The company said it will place 50 million people within 14 milliseconds of data, with information moving between Reno and Las Vegas in only 7 milliseconds.

This will make Nevada the most digitally connected state in the nation.

- Brian Sandoval, Governor of the State of Nevada
Visiting DRI, the Research Park and the Region

Please contact one of our representatives below to schedule a site visit and tour of the facilities and land. Given specific areas of research interests, we can arrange special meetings with key faculty, and tour relevant laboratories and bring in other key research partners including representatives from our neighbors at the University of Nevada or workforce development expertise from representatives from Truckee Meadows Community College.

With our partners at the Reno Tahoe International Airport and the Economic Development Authority of Western Nevada (EDAWN), we can assist in arranging flights, ground travel, and hotel accommodations.