

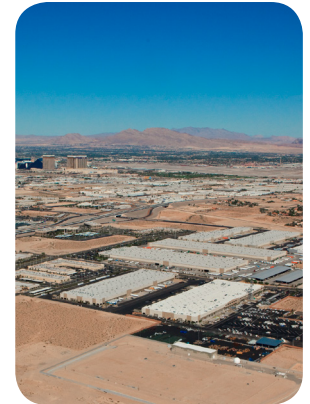


SECOND QUARTER 2014 | ISSUE 3

Thomas & Mack Development Group: Changing the Face of Southern Nevada

The Thomas & Mack Co. is an investment management and commercial real estate development firm founded in 1992. Its development arm, Thomas & Mack Development Group (T&MDG), established in 1995, has helped create more than 4 million square feet of office, flex office, retail and industrial space in southern Nevada since then, playing a major role in developing the southern Nevada landscape we know today.

The company's major active projects include McCarran Center, Las Vegas Technology Center II and Northern Beltway Industrial Center, in addition to its latest venture, the Las Vegas Digital Exchange Campus, formerly known as Beltway Business Park. The history of the Digital Exchange Campus illustrates how projects change and grow in response to market conditions, and how financing can play a major role in helping developers adapt to the economy.



Follow us on   

Developing a Digital Campus

Bruce Richards, Senior Vice President, Finance for T&MDG, explained that the concept for the business park began in the early 2000s, when convention services company GES was looking for a new headquarters with more warehouse space. T&MDG and industrial developer Majestic Realty Co. were each independently talking with GES about developing their project on southwest Las Vegas land leased from the Clark County Department of Aviation. "After a while, it became evident that we'd do better to come together to do the ground lease," Richards explained. "The partnership between Thomas & Mack and Majestic turned out to be the right combination for the GES project, which comprised 800,000 square feet of warehouse space, along with some office."

The GES development was just the beginning for the 400-acre Beltway Business Park, located on the south side of the Southern I-215 Beltway between Jones and Decatur Boulevards. It is now the largest master planned office and industrial park in the southwest valley. At build-out, the project will encompass more than 5 million square feet of office, industrial and retail space.

"As projects do, this one took a twist, and it's now focused on the technology side," said Richards. "Switch and its NevadaNAP data center provide access to national and international IP backbones, allowing us to offer tenants - both warehouse and office - a degree of connectivity that's difficult to duplicate anywhere else. It has brought in several tenants and generated a lot of interest." Because of its new high-tech emphasis, the partners recently decided to change the name of the development to Las Vegas Digital Exchange Campus.

Financing Office Projects

Under the partnership agreement, Majestic takes the lead on warehouse projects within the Digital Campus and T&MDG heads up office projects. In 2002-2003 T&MDG planned to construct three single-story, flex/office buildings in a project simply called Office No. 1, and began the process of finding a lender for a construction loan. "We already had a relationship with Nevada State Bank, so they were on our short list," said Richards, "but we talked with other banks as well. The Thomas and Mack families had a significant relationship with a national bank, but we found that because they were larger, they were less sensitive to local concerns and issues. Decision-making was behind the screen, as it can be with



SECOND QUARTER 2014 | ISSUE 3

larger banks, and typically out of state. We weren't comfortable with that and wanted to deal with local decision-makers. In Nevada State Bank, we found the perfect balance between capacity and local decision-making. As a significant regional bank with the depth of Zions Bancorporation, they have the capacity to take care of us, but at the same time, decision-makers are only a phone call away."

T&MDG has initiated several construction loans with Nevada State Bank, but when the recession hit, financial arrangements had to adjust to the new economic reality. "Because of the economy, there's been a need to modify, roll over or extend those loans," said Richards, "and Nevada State Bank has been very cooperative and accommodating."

Developing Mutually Beneficial Relationships

The Thomas & Mack Co. and Nevada State Bank have both grown along with southern Nevada and owe their success to helping the community grow. Along the way, they have developed long-term financial relationships that continue to this day. Thomas A. Thomas, managing partner of the Thomas & Mack Co., serves on the board of directors for the bank, and the Nevada State Bank headquarters are located at McCarran Center, one of T&MDG's flagship properties.

"It's the culture of both companies to maintain relationships instead of focusing so much on individual transactions, so it's been a good pairing in that respect," explained Richards. "If there are any issues, we can pick up the phone or walk across the parking lot for an in-person visit."

Planning for the Future

When MGM Resorts International® recently leased one of the office buildings in the Digital Campus, T&MDG began researching potential lenders for a term loan. "We found that Nevada State Bank is willing to work with us to a greater degree than other banks, or even life insurance companies, where we would have traditionally gone for a term loan," said Richards. "They were willing to step up and work with us, so it looks like this will be our first term loan at the Digital Campus with Nevada State Bank."

