



September 30, 2021

The Honorable Governor Sisolak
101 North Carson Street, Suite 1
Carson City, Nevada 89701

Re: Proposed Innovation Zone Legislation

Dear Governor Sisolak:

Blockchains, Inc. thanks you for emphasizing your belief in the Innovation Zone concept during your State of the State address earlier this year and sponsoring the BDR that led to the formation of the Innovation Zones Joint Special Committee. We also want to express our thanks to the Committee Chair and members for the time and energy they have spent on this unique concept.

Unfortunately, I need to inform you that Blockchains will not be participating in any further Committee hearings. Despite our best efforts, this concept has not gained enough traction from the State to warrant further debate.

One of the biggest problems the proposed legislation encountered was it appeared to have no champion. Other than the support from the State's labor unions, for which we are grateful, we have generally been on our own during the committee process. Given the personal and public assurances you made regarding your commitment to this project, you can imagine how greatly disappointed we are in the effort put forth.

As you know from our prior conversations, we believe that blockchain technology, including the software we are developing, can remedy the concerns about the power wielded by big technology companies. Entirely new ecosystems can be created, and existing ecosystems can be disintermediated when individuals control who has access to their personal data and are able to interact directly with each other instead of only through large technology intermediaries. To position Nevada as a leader in this area, we envisioned building a mixed-use smart city on a portion of our land in northern Nevada where all of these ecosystems could come together and demonstrate that this paradigm shift could lead to a better future for all humans.

We understand that the prospect of substantial change through technology where individuals have more control, and companies and government have less, is an exciting concept for some, but a terrifying one for others. Thus, in order to move the project forward without the need for any initial government buy-in or investment, Blockchains expended significant resources on the Innovation Zone concept. We hired the best and brightest Nevadans to design and vet this concept. They all did exceptional work and are a true credit to our State. After we worked with these experts



to create a draft BDR, we approached your administration about sponsoring the legislation. During that process, we consistently emphasized that the Innovation Zone framework and Blockchains' proposed project could only proceed if they were supported by the State. We had no intention of trying to force a project upon the State through lobbying efforts or otherwise.

While we don't intend to address the numerous inaccuracies in the presentations from Storey County, we do want to note that we raised many of the key facets of our proposed project with Storey County leadership in 2018 and all were flatly rejected without any real engagement. Among other concepts, we raised the ideas of 1) building a mixed-use smart community with 30,000 residents using blockchain-based platforms; 2) ensuring that employees in the smart city and Innovation Park would earn a minimum liveable wage of \$20 per hour; 3) implementing a system for real-time tax collections and payments to the State; 4) blockchain-based voting and attestations; and 5) direct democracy for discretionary spending. Storey County made it abundantly clear to us that these were things they would not support. It was not until 2021, when the County learned of the Innovation Zone BDR, that it actively engaged with us regarding the foregoing concepts. And even then, their response was merely that we should submit a traditional PUD application. We believed and still do, that the only way to advance unique, forward-thinking projects that have statewide implications, like our proposed smart city, was to create a system where the ultimate decision to approve the project laid with the State.

I am a Nevadan, having moved here full-time five years ago, and I am thankful this is my home. Blockchains has made extraordinary efforts in the State without any government assistance. We have invested over \$300 million in the State through land purchases and maintaining our corporate headquarters here. We have spent hundreds of thousands of dollars taking care of the more than 1,000 wild horses that live on our land because being a good steward is in our DNA. We have spent more than \$100,000 developing a blockchain-focused education program for Nevada high schools because we believe that learning about blockchain technology and coding will provide our State's children with significant personal and professional advantages as adults.

Blockchains was fully prepared to double down on this commitment through its smart city project in an Innovation Zone, but the State has not put its full support behind the project. As we have always maintained, we cannot make the massive investment on our part, bring in other investors, or bring in the necessary partners to develop the project without that.

As we have no interest in creating disunity in Nevada, we will not pursue building the mixed-use smart city in the area commonly referred to as Painted Rock. We will continue to focus on developing the advanced technology park in Innovation Park, where like-minded companies can come together in a sandbox environment. Among other plans, Blockchains intends to create an autonomous vehicle testing site using the 700 MHz spectrum that we own to showcase how a blockchain-based identity and attestation system allows for greater security and transparency. We will also use this park to deploy our energy solution, which uses blockchain technology to prove the provenance of renewable energy from generation forward, verifies tradeable energy credits, and ensures that all customers have the opportunity to generate and trade energy. Lastly, we plan to integrate the devices in the park through Blockchains' smart device identity system.



Further, in 2022, GenuBank in southern Nevada will serve as the first use case for Blockchains' user-controlled identity platform and ultra-secure digital asset management and storage solution.

We are deeply disappointed that the State is unable to facilitate the development of our smart city project in northern Nevada. However, as demonstrated above, our commitment to Nevada remains strong.

Very truly yours,

Jeffrey Berns