

MINUTES OF THE NORTHERN NEVADA ENTREPRENEURSHIP TASK FORCE
August 25, 2016

The Lieutenant Governor's Northern Nevada Entrepreneurship Task Force was called to order by Chief of Staff Ryan Cherry at 9:15 a.m. on Thursday, August 25, 2016, in the Summit Conference Room of the InNEVation Center, 450 Sinclair Street, Reno, Nevada. Copies of the minutes and meeting materials are available on the Lieutenant Governor's website: [www.http://ltgov.nv.gov/Resources/Entrepreneurship/](http://ltgov.nv.gov/Resources/Entrepreneurship/)

TASK FORCE MEMBERS PRESENT:

Douglas Erwin
Mridul Gautam, Ph.D.
Rob Hooper
Chris Howard
Ashley Jennings
Scott Levy
Kevin Lyons
Kathie Priebe
Dusty Wunderlich

STAFF MEMBERS PRESENT:

Ryan Cherry, Chief of Staff
Cathy Erskine, Policy Analyst

GUESTS PRESENT:

Kim West, Quantum Mark
Alexandra Brown, Sierra Quality Solutions
Kyle Hess, Hess & Associates

Cherry: **1. Call to Order and Opening Remarks**

We will call this meeting to order and confirm proper posting. We posted these at four public locations prior to the deadline, which was last week. We will do a quorum call for everyone. We are at a quorum when we have five or more members and we have all of you guys here so we will just mark you down as we go.

ALL MEMBERS PRESENT, QUORUM ESTABLISHED

Introductions and opening remarks. we appreciate everybody being here today and willing to be a member of the task force. We hope to accomplish a lot of good for Nevada, regional and statewide. Usually the Lieutenant Governor will be here chairing these meetings. Further in the agenda when we discuss organizational roles we will talk about whether one of you wants to chair the meeting in his absence or if you prefer staff to do it.

We will be going over some of the legislative priorities. Some of the priorities that have been put in this list have been put in the form of BDR or another, but we will be submitting some if there are additions or changes in our own unique BDR's.

Our deadline for our office to submit them and agency deadlines is September first. Legislators will have draft deadline of December fifteenth, and then they will have a second round that they can drop in January. So if we have ours lined up and our drafts ready we can engage the legislative community in ways to try and find support for us. We are really looking into this in a bipartisan manner. We sent the notice out to every legislator for this meeting statewide, just to bring them in. We did have some feedback. With the notice we were able to give a lot of folks are out of town. I know that Senator Kieckhefer is in Las Vegas today, but we did hear from Assemblywoman Joiner and Assemblyman Sprinkle. They are interested in participating in the future, but they were unable to attend today.

I think what we will do today is craft outlines for potential BDR's if we can, but if we are at capacity we will engage with other legislators who have expressed interest already to see if they are willing to carry them in our stead.

And with that said, my name is Ryan Cherry, I am Chief of Staff for Lieutenant Governor. This is Cathy Erskine she is the Senior Policy Analyst for our office and generally makes everything go.

We will be recording the meeting and taking meeting notes and we will be here to answer any questions you have in the future. Her contact information are on the back table if you do not have her email and contact information.

Cherry: **2. Public Comment**

There is no public comment.

Cherry: **3. Discussion on Role, Organization, Structure of Task Force, Mission Statement**

We will move to role, structure, and organization of the task force and our

mission statement. You guys all should have received the role of the Lieutenant Governor's Task Force. So what we are doing in the short term is looking is working on our legislative priorities. In the past we have discussed with a few of you doing an article for Nevada Business Magazine or another publication where we talk about the role of Nevada's entrepreneurship, what we are doing to improve it regionally and statewide.

I've spoken to Connie Brennan with Nevada Business Magazine. We will talk about what options we have, but we haven't settled on anything yet. We may have to go other routes in terms of reaching out to other magazines to pitch an article. I just want to make you aware of that and I will bring that information back you guys.

In terms of our short term goals, we have three BDR's out of this office and depending on the legislators that we can engage we may be able get a few more ideas moved out of here. I think that the priority that we have set for the meeting itself is those three BDR's that we sent out to you guys. That's the non-competes, occupational licensing, and also the venture capital regulations in the state that do not match the federal regulations. So those are the three things and if there is anything else, we encourage you to bring those up today. We really want to get a good list of what we can be potentially looking at for the legislative session. That will give us a good starting base for crafting stuff. Like I said, we have to have any concepts for bills that come out of the Lieutenant Governor's Office to the Legislative Counsel Bureau by September first, that's our first deadline.

Erwin: Is that a completed bill?

Cherry: A bill draft is just an outline. It is a summary of we are going to do. In the past you used to be able to say, " I have an education bill." We are not doing that anymore.

Erskine: They need to see legislative intent, so it needs to be a more thought-out concept. Once we submit we will be assigned and LCB legal drafter and they will work with us in making sure that definitions and things are what we want and the legislative intent based on the rules and ways they have to draft our bill is what we are looking for.

Erwin: So if there was something to come out of today's meeting we will still have time?

Cherry: Yes, we have a week. And that will be our focus as staff over the weekend and the business days moving forward.

Erskine: I already have a bunch set up. Ryan and I will be reviewing some things, but depending on what we decide today and any tweaks that need to be made I have a base of what to send. We are not starting from square one, so we will still have a week to get everything in.

Erwin: Given the limited number of BDR's, if one of the other Senators has a similar BDR in place, is there a strategy around that?

Cherry: We are in open communications with them. So for example Senator Kieckhefer has non-compete language already as well. If something drastically comes out of this, we will have to submit a different bill just to make sure the legislative intent for that portion of it is in there and then we can marry them or combine them. We do need to get those into a bill or we can have an amendment ready. If we go the amendment route, those will have to be submitted through the legislative process during hearings and amendments are heard at the discretion of the Chair of the committees that hear the bills. Amendments can be put in on the floor but that is a little bit trickier and can only be done at the discretion of the majority party.

Moving on, are we comfortable with defining the role of the task force as setting forth a statewide outline for entrepreneurship and defining what can make it better and stronger throughout Nevada moving forward? The plan to do that was to establish the two councils. You guys are the Northern Nevada Task Force and we will have a Southern Nevada Task Force. We will come out of these two committees with plans for the two regions and then work to marry those plans. Our intent for the first year, we are in fiscal year 2017, so by June on 2017 is to have the regional plans done. We will have three quarterly meetings with you guys to do that and we will work entirely on your guidance to create that framework for the region. We will work with any of your specific recommendations so we can get those developed and show measurable process at each meeting. As you have information or thoughts on the ETF, please don't hesitate to shoot those to Cathy and I and we can put those into a draft for consideration at the next meeting. Again, we hope to finalize the regional framework in June of 2017. So the following year, FY 18, which will end in June of 2018, we plan on marrying those two regional plans and creating a framework of what works in Northern Nevada and Southern Nevada and how we can get the two regions to work in collaboration with one another for the benefit of the state.

As staff, we hope to have the business articles in the plans because I know that has been a priority for everybody. We have to show that Nevada is building a successful entrepreneurial atmosphere. EDawn has been successful at that in Northern Nevada and has a lot of great coverage and press in the media. I don't

know so much about Southern Nevada, but one of your roles is to help us build that task force. The Southern Nevada task force only has about six members out of the ten. We have four openings right now so if you have any recommendations we would appreciate that.

For organization of these meetings, do you want to nominate a vice chair out of this group to run these meetings? I know that you are more knowledgeable about the entrepreneur ecosystem here. We are very open to being here to collect the minutes and everything, but not drive the meeting. If you want to nominate someone in place of the Lieutenant Governor when he is not here, we are open to that. Cathy and I will always be here at the meeting to take notes, but we won't be running the meeting if that is the way you guys want to go. It's open for discussion.

Howard: I would prefer if staff ran the meeting.

Wunderlich: I agree.

Priebe: I agree as well.

Cherry: A MOTION WAS MADE BY KEVIN LYON FOR STAFF TO RUN THE MEETINGS. THE MOTION WAS SECONDED BY DUSTY WUNDERLICH. THE MOTION PASSED UNANIMOUSLY.

For organization of the structure of the task force, we have nine members here right now. There is an opening that became available a few weeks ago. Are you comfortable with the size of this group, do you want to have one more member? I think that nine members is perfect so we won't have any tie votes.

(General consensus was made to have a nine member task force)

Next, I want to establish a mission statement for the task force. The mission statement that we currently have is not up on the website, but I think that we all agreed that the goal of the task force is to make Nevada the most entrepreneur friendly state in the nation. And if that is our mission statement we will keep with it. That is a long term goal.

Wunderlich: How are we going to measure that? How does the long term and short term goal compare?

Cherry: That's a really good perspective. I will open up the conversation because you guys will be driving the mission statement. If you guys want to discuss it, we will finalize it here as the next goal on the agenda.

- Wunderlich: I think the natural thing for measuring it is from the Kauffman data. We are ranked last in most of these categories right now, population density, business rate, business owners per capita.
- Priebe: I think that that concentration of early stage capital and the activity of early state investors. The concentration of that is stated, but not available, so we need to measure that.
- Erwin: With regard to our mission statement would we say that we are the most entrepreneur friendly state but we are going to achieve those goals looking at these following metrics and here is what we want to measure as successful categories?
- Lyons: I think that we would want to look at a growth rate.
- Gautam: I am still not sure on the outcome. Let's figure out what the outcome is and then what we measure becomes very important. Long term is what, national prosperity, wealth, call it any which way you want. The short term is to have as many entrepreneurial start up activity. Let's define what these specific goals are and then assign accountability and metrics to each one.
- Priebe: That is a really good point. From my view, is it about wealth or is it about job creation?
- Gautam: Since we are dealing with entrepreneurial activity, we are counting wealth not as one percenters over here.
- Wunderlich: I think that you have to throw productivity into that. Entrepreneurship should drive productivity. You have to have job creation and productivity together in those metrics.
- Priebe: But I think ultimately for the state it is job creation.
- Wunderlich: You can have job creation without productivity, which drives down quality of life which is happening right now.
- When I look at this, this is my personal opinion, it seems like what we have on this agenda is we are trying to free up protectionism to have more entrepreneurship to drive these metrics. That seems to be the overall theme.
- Lyons: It's basically friction in all places, private, public. We need to eliminate the friction for startups.

- Erwin: With the scope of this task force isn't it really focused on legislative policy? Couldn't we really define our mission statement around, best state for entrepreneurship through smart legislative action? There will be some things beyond the scope.
- Wunderlich: But that drive economic indicators and growth.
- Gautam: I like Dusty's suggestion, productivity and growth would be the key. You can call it GDP.
- Wunderlich: Wages too right? It could be an upwards swing in entrepreneurship and wages as well.
- Gautam: It could be high wages in certain sectors of the economy that have done extremely well.
- Lyons: The consumer surplus is really what you are looking for. Ultimately startups create new jobs and save trillions of dollars for people.
- Priebe: To speak to the point of frictionless operations, is there something positive we can do? In other words, eliminate the barriers. What is it we can suggest?
- Erwin: Smart policy.
- Priebe: Yes. Right now everything is, get rid of this, get rid of that. Private and public partnership would encourage that. Legislatively I do not know how to do that.
- Cherry: I think we are getting into is possible legislative topics as we are going through the mission statement conversation. I think we are getting lost.
- Hooper: From what I heard you have three BDR's and maybe a couple others you can add in with other legislators. I think that removing friction is a good term because we only have three. It's how we focus on cleaning up the slate a little bit and the second set is how do we go back. This is a lengthy process and that brings me to my second point. Is that the only thing that we are focused on is BDR's? Is there anything that this group can do to promote entrepreneurship within companies grow productivity and increase family income? There are other things that can be done besides policy by this group.
- Wunderlich: That's a fair point. There is still a lot of friction at the local levels. Again, still policy, but we do not want to pigeon hole ourselves too much.

Hooper: Maybe the first step in addressing these bill drafts to clean up what needs to be cleaned up and the second step is to create an internal strategic plan.

Lyons: Did we have a motion to approve the agenda? Maybe the mission statement is something that we can move to the end of the meeting.

Cherry: So you want to move the mission statement consideration to the end of the meeting?

Lyons: That would be my suggestion. If anyone wants to second it I can make a motion.

Priebe: I second the motion.

Cherry: A MOTION WAS MADE BY KEVIN LYONS TO RECONSIDER THE MISSION STATEMENT AT THE END OF THE MEETING; THE MOTION WAS SECONDED BY KATHIE PRIEBE. THE MOTION PASSED UNANIMOUSLY.

We will move that to before closing remarks.

Cherry: **4. Task Force Member Comments**

Do we have any task force member comments?

Gautam: One question, is the team in the south the same thing?

Cherry: The organization that we set forth was that we would address entrepreneurship regionally. From previous conversations, it seems Northern Nevada is leaps and bounds ahead of the south in terms of collaboration when it comes to our entrepreneurial atmosphere. The entrepreneurship community up here is uniting. What are we strong in from a regional perspective and where are we weak and creating that outlook and framework. How do we address our weaknesses? We look at both regional outlooks and create a statewide plan.

Cherry: **5. Discussion of Bill Draft Request Topics for the 2017 Legislative Session**

A little bit of background on that. As we led up in meetings with individuals and groups and everything determining how we were going to set up the entrepreneurship task force, these were the major topics that kept coming up. We are not sold on just these three ideas. What I'd like to do is at the end of this discussion have a list of prioritized issues. If we can't get them passed this legislative session we can possibly work on them in the next session.

There may be some issues that we can do through agency regulations

potentially. There are a lot of different options, but we as the Lieutenant Governor's Office are not the ones to tell everyone what best for the entrepreneur ecosystem, our perspective is that the entrepreneurs and investors themselves, all of you, should be doing that. I think that we get into the weeds when we have the government telling entrepreneurs and any small business what's best for them.

Hooper: It would be helpful to me if we took these one at a time and explain the issue. Is it something that everyone is experiencing? For instance, non-compete clauses. What is going on?

Cherry: **a. Prohibiting non-compete clauses**

For issue topic A, the issue that comes up over and over again was that if we were going to be competitive with Silicon Valley, Northern California, Colorado, and San Diego and we want to attract companies from those areas, how do we encourage a similar atmosphere? In Silicon Valley, and correct me if I'm wrong, non-competes were not in place and that is what led to the big boom there. So let's spend some time going into the background.

Lyons: Yes, that is a stylized version of it. The non-compete without consideration, the courts took a very loose interpretation of that. In other places you can say that you cannot compete in a period of two years in a very broad field. In California it is very narrow. You can say that you cannot do software for example. So they interpreted that as denying the right to practice a profession very broadly. In other states it is considered differently.

Erwin: A lot of this came from the Kauffman Foundation. For those of you that are not familiar, the Kauffman Foundation is one the largest entrepreneurial think-tanks in the world. They provide broad legislative policy guidelines for what makes entrepreneurial ecosystems more effective. These are the two long hanging fruit priorities.

The real issue as I see it is around labor mobility. There are many examples of companies locally that tie up their employees and even upon termination are locked out of that market. It is really detrimental to the entrepreneurial community because you cannot even start something that might even be generally competing. It is a deterrence for new people coming in because if something doesn't work out they are blocked out of that environment. Right now it is critically important because all of the movement of people.

Also what we are seeing is California, Utah, Arizona, and Oregon have all changed their laws to provide guidance on what this looks like. We are one of the only

states that is driven by common law and whatever you write in a contract. This isn't about breaking down barriers it is about providing certainty around what is fair practice.

Gautam: Doug- remind me, California does restrict in a certain area or there is no restriction at all in California?

Erwin: The way I understand it is that non-competes are not enforceable except under very specific cases where it is related to customer lists or intellectual property issues. These are the two main issues, but they can be addressed other ways.

Lyons: Through employment contracts. Through compensation, consideration, and termination agreement you can certainly do things.

Wunderlich: When we first saw this I was concerned. I understand that in markets like Seattle and Silicon Valley why you'd have it with a mass concentration of industry and you don't want to lock up software engineers. I think that in our area it will restrict capital. A big part of us getting capital is that we can protect out IP and customer lists. I think that it is important to talk about the supreme court case between GSR and Atlantis that is pretty much throwing everything out form a non-compete basis in Nevada. We are not a red pencil state where if courts find anything unreasonable about a non-compete they can throw the entire agreement out rather than adjust it.

Now, we have completely flipped our position and think that we should go the route of California and throw them out. That case sets a pretty strong precedence. Effectively all non-competes in Nevada probably wouldn't hold up.

Gautam: Dusty, do you see any resistance to this?

Wunderlich: I think that you are going to get mass resistance from gaming or hospitals. For example, hospitals wrapping up nurses in non-competes.

There will be a lot of resistance, but with the case precedence I think that we have an opportunity to push back on this more than we have before the Nevada Supreme Court came down on this.

Erwin: And our neighboring states all have legislative changes, so it does seem like the winds are moving in this direction. It is the right thing to do. Like Dusty said, there are nurses that are locked up for two years. It doesn't make any sense.

Priebe: I think that the issue from the company side is the availability of skilled labor. If people are locked up, then potentially you could not rob employees. If you

cannot move, then it basically reduces the labor pool.

Erwin: Which is probably driving down wages.

Wunderlich: I completely agree. I think that labor mobility is an important piece of that.

Jennings: Taking Silicon Valley and software engineers as an example, Google is stealing employees left and right. If Google has the capital and they are giving you massages, a company car, it is all rising. The wages are rising. I do not see any negatives.

Wunderlich: We are transitioning to assignment and confidentiality and effectively getting rid of our non-compete. I think that you can protect what you need to protect and keep labor mobility. It will be an education process.

Lyons: To that point, the California standard contract for a startup has a comprehensive confidential information and assignment agreement, because that is the courts write-off. The non-compete is a very blunt instrument to try to protect confidential information. Now we have better ways to do that.

Jennings: I think that it is more of an education issue. If you have employees that do not have any clue going into a contract and there is a non-compete issue slipped in there, that is an education issue and educating the workforce around company policy. I am not sure legislation does that, but in this case getting legislation out of the way I am more of a fan of. We can do other things outside of this group to educate people.

Erwin: One of the guidelines by Kauffman is disclosure early on in the process. So the idea is that if you are going to work here, this is what it is going to look like. There needs to be an awareness provided earlier in the process.

Lyons: To the education point you can argue that there is a net benefit to the confidentiality agreement because people get that up front. The company owns things, not just me.

Priebe: I think that is a very good point. Does the University, Mridul, have something like this as well with respect to professors that develop things on their own?

Gautam: No. It is independent of the University. It is theirs.

Priebe: So potentially we can put something in legislation for early disclosure.

Erwin: In one of the bills floating around, that is one of the requirements.

- Wunderlich: Our Chief Operating Officer is doing an op-ed in support of eliminating non-competes in the RGJ and Nevada Business. We are going to start publically promoting this as well.
- Erwin: I am sure that we can send the Kauffman brief to the whole group.
- Cherry: Any more discussion on non-competes?
- Levy: Doug, has this come up in conversation as you have been out recruiting?
- Erwin: Yes. I have come across a couple of companies were they have tried to get employees and have had spun out companies and are getting sued. I know of one case in particular where a company was successfully sued effectively under this. There are many stories of finding a person who was laid off but couldn't work. The new company was trying to pay them in the interim until they could work. There is a lot of this on the tech side and other trades that should never have been under this like nursing. It is not a theoretical problem.
- Alexandra Bacon (public): I have seem non-competes applied to people who are not at a level that would have access to confidential information. Also, in trying to hire people in other states and myself, under a non-compete, I have found it prohibitive.
- Lyons: With the liability waivers, it is an overreaction to the courts going the wrong way to take away the assumption of risk.
- I'd be interested in any comments, concerns against non-competes.
- Wunderlich: Look at the case of the Atlantis and GSR. The Atlantis had locked down there customer list to where you could not email or print it. The player development host was taking pictures of it with their phone and went to the GSR and said that was her personal information and took that player list over there. I think that is what you will see from the gaming industry is that the player list is there bread and butter.
- Lyons: You are saying that taking the player list is allowed?
- Wunderlich: They are saying that the GSR did not have knowledge that the employee stole this.
- Lyons: So they sued them just on a non-compete and found that out later.
- Wunderlich: Yes. It was a four-three ruling.

Erwin: If you dive into this, the blue-pen, red-pen thing is really is important. It is discussed in Kauffman. The blue-pen basically gives the judiciary free rein to write in whatever they want. We don't want that either. This has narrowed that to red-pen where they can just strike parts of it.

Wunderlich: If one piece of the agreement is wrong it's null.

Erwin: Red-pen is supposed to means that they can strike part of it.

Wunderlich: That's blue-pen. We are one of six red-pen states. Blue-pen you can go in and stay that three years is unreasonable, but keep the context of the contract and change it to one year. We might as well just get rid of it because it is subjective now. I do not know if a judge is going to say that it is reasonable or not.

Erwin: One thing for consideration, and California considers this, is the sale of a business. There are one or two other considerations that California has lead the charge on. I know that the BDR summary that was sent in by Senator Kieckhefer took into account some of those things.

Lyons: Based on the description of the case, I think that it is important to clarify that it is not just keeping the IP requirements but strengthening the IP requirements. Let's make sure that the IP is really well protected and that employee mobility is also really well protected that way you solve both problems.

Howard: I agree with Kevin generally but I think that we need to be specific on what qualifies as IP because it is not just patents.

Lyons: There are good lists of that in other states and other guidelines. Good point on IP. People do think that it is just patents, but it is trade secrets and everything else.

Jennings: I think that is another education piece. We do not have a ton of startups in Reno or Nevada for that matter. People start working for a company like Bristlecone and they do not know what IP is.

Lyons: Because they don't get that contract on day one.

Jennings: They'll get that contact and look at it like they are signing a document for loan and just sign at the bottom and maybe look at a couple of bold items.

To Doug's point earlier, I think that we need to have early disclosure. This is what the company owns, this is what your rights are excreta. It protects both parties

and they should be protected in an equitable manner.

Priebe: Is that something that the state provides?

Jennings: I think Doug was saying that there was some legislation floating around.

Priebe: Would we put that on a website for people to look at?

Jennings: I'm thinking about a requirement when your signing your employment contract.

Lyons: For example, the liability waiver there are ways to do that were you have no idea what your signing or there are ways to do that were you have to use all caps separated from the body. Courts have decided that is there is a salient point in there that the person is agreeing to you have to highlight it in some way.

Wunderlich: We do that in our own contracts with loans and leases. We have a bold front page. It is better for the company in the long run because you do not end up in frivolous lawsuits. You are transparent up front.

Jennings: Some employees won't even know what you own as a company. They could be emailing client lists or BCCing people - you don't know. You save yourself a lot of time in the long run.

Hooper: Question for staff. In the bill draft itself would you address those issues as far as where to move these other solutions for companies? Or would this simply be changing one aspect?

Cherry: We have until mid-November to give a final copy of it. So I anticipate that we would have a bill draft request and share it with the task force for input. Nothing having to do with the task force will move forward without signoff.

Hooper: Do you anticipate putting those types of solution suggestions in the bill itself to guide companies as to where to protect themselves?

Cherry: What I have right now is that if we were to do non-compete legislation the goal would be to provide strong protection for intellectual property and mobility of staff between companies and also require early disclosure from companies to personnel requiring a NDA. My question is, would you want to expand something to existing staff? What are you going to do for folks that are already there in that situation? I don't know if you could do something retroactive but we will have to put the date when we are going to enforce this. That is July first , the next fiscal year and then we will have to work with the agency - the Secretary of State. They will put some sort of regulation on their website. They are going to assess a fiscal

note to it. Take that into consideration. Anything that we put in here can have a substantial fiscal note.

Lyons: To that point, you have an at-will employment agreement, but with a two year thing. You might be able to, as of July first, enforce that for the existing contracts.

Cherry: Okay. We will look into that.

Wunderlich: This ties into the uncertainty that is there already. It is not going to be as kneejerk given the case law precedence now. It's about getting ahead and educated on what is happening. A lot of companies realize the state that they are in, but a lot of them don't. I think that once they do, they will want certainly. This legislation brings certainly.

Hooper: Dusty, you raised a really good point. I am seeing this happen in other venues where there is a change in regulation and the companies had no idea. There was a regulations that got changed years ago and there are probably about one hundred companies that are in violation and don't know it. Putting into the bill on how we would communicate this would be really important.

Lyons: Is there an open comment period of companies as part of this plan?

Cherry: Currently the state publically notices everything when it comes to proposed regulation changes, but I get your concerns because there are limitations of how far public notices go based on the coverage they receive.

Lyons: This is a small sample.

Cherry: As we are building out legislation, we will consider this issue and make sure open communication and comments are heard from all interested parties. Is that what you are asking for?

Lyons: Yes it is a standard federal practice.

Erwin: Most of the law firms that touch labor law will be all over this. This supreme court case really shaped that, so they will already be preparing. We can keep those lawyers in the process.

Cherry: Do you want to invite law firms that are working on that so they are available for comment as we are having this discussion? We could even ask them to make a presentation from their point. I know we have Fennemore Craig, McDonald, Carrano ,Wilson anyone else. Reach out to us and let us know if they are interested in the entrepreneur stuff.

Gautam: How big is Snell & Wilmer here?

Erskine: They are big.

Wunderlich: Yeah they have a big office in Vegas.

Cherry: Before we leave here today we are going to have to establish a date or timeline for the next meeting. We can make it a priority for the next meeting.

Erwin: I think that Senator Keickhefer is moving forward with this, how does that impact our role today?

Cherry: I talked with Senator Keickhefer yesterday and he said that if this is something that you want to prioritize and be the front folks on, you have to make that decision. He is open to the Entrepreneurship Task Force and the Lieutenant Governor's Office carrying this bill. It doesn't have to be his bill as long as it is moving forward. And we are all the same opinion on that. – we would like to carry it, but we do not have to host it out of the Lieutenant Governor's Office; it just needs to have a pathway forward.

We really want to see involvement at the next legislative session. That's one thing in the entrepreneurship community that has not been strong in the past. EDAWN may have been there on some things in the past. When we have bills like this there is no one there who is part of the community testifying. If it passes, it passed because of legislative intent.

That is a role that we will be playing for you guys. Cathy and I will be tracking everything. If it has an entrepreneur focus to it, you all will get an email.

Erskine: We can notify everyone too when there are meetings. Like this is something that as a task force we talked about and if you ended up choosing a vice chair of a spokesperson from the group person could come down and be the face of the Entrepreneurship Task Force. And put of record the support of opposition.

Cherry: Depending on what it is, the Lieutenant Governor will always be there to speak on your behalf, but it is so important to have people signing into those committee hearings even if it is to “ditto” what the last person said on this issue.

Erwin: I think that is one of the most powerful things. Most entrepreneurs keep their head down and don't think that these things impact them. This task force can be an interface between us and our constituents and drive people there.

- Erskine: Based on what stage the session is in, typically we will get a couple days notice. The closer we get to deadlines the quicker it goes. It may only be a day notice.
- Jennings: We can get people there if we need to. We just don't know about them most of the time.
- Hooper: Kathie you brought up a salient point on tying up skilled labor for incoming companies. As far as a selling point to existing employers, which is where I think that the pushback will come, is that the same dynamic works for them. They all need skilled labor. That is the number one limiting factor that we have right now in Northern Nevada is skilled labor. So a case can be made statistically to say here is how my skilled labor is being tied up. Do we have those statistics, do we know what that is? Has it been measured?
- Wunderlich: We can look at some labor mobility studies out there that are specific to Nevada. I'll have to go back and look at my notes.
- Hooper: It would be helpful to know that.
- Wunderlich: I think that it would support our case from what I remember looking at. I'll go back and look again.
- Lyons: With studies like that, sometimes you have to get lucky.
- Erwin: To add to that, I think that this is an education process with existing lawyers. There is a lot of fear because Tesla is here. It plays both way though because Tesla is bringing in a lot of people and if they are able to be tied up under that same type of thing they would not access to those employees. No business owner wants to hear that they have to change their culture or do some of these other things, however that is probably the evolution that is being lead by entrepreneurial companies. That is a complicated conversation, however in the long run I think that it is better for the community. We will have to education them and do whatever we can to help them.
- Wunderlich: We have a wage issue in Nevada and if we do not have labor mobility we are not going to increase those wages. Some business models may just not work in Nevada anymore. We cannot be protecting business models that are not effective here because it is hurting our wages and our economy. At the end of the day I think that we have to be pretty ruthless about it and make sure it is free market based.
- Jennings: Public comment (Alexandra Bacon), what specific sector of the economy were you talking about?

Alexandra Bacon (public) Food, dietary supplements, which is becoming a growing industry here.

Bacon

(public)

Jennings: Even hourly employees are falling under non-competes?

Alexandra Bacon (public) It was not disclosed to them. Some companies I've seen it when they send over the agreement don't have it in caps and a disclaimer to review with your lawyer. Other companies are slipping it in there. Or they might disclosure when you are signing a non-compete that individual is not experienced enough to know what they could mean. A lot of companies will not take the non-competes at a lower level, but some companies have here. That is not expected and they are basically holding staff that do have opportunities here.

Kyle Hess (public) I am attorney in town and I work in litigation and corporate development with entrepreneurs. I really want to plus one this comment about with non-startup employees being affected by these non-competes. The portion of our economy that is produced by these normal jobs is a big part on what affects them on a day to day basis.

I have had clients and friend that have come to me that are being sued by real estate company. The enforceability and reasonableness is kind of how it has always been but it is how the courts lean and what the laws support. When you are contrasting between Nevada and California, Nevada wouldn't hold an unreasonable non-compete, but it is defining what reasonable it. When we get into these contracts when we are talking about non-competes there is still value to have the ability to tie high executive compensation package. If you are going to get a million dollars to come here it is not fair to bail after your bonus check. There is some value to have the freedom of contract, it is just a matter of reasonableness.

When you look at the macroeconomic effect of the non-compete process you are having people that have nothing to do with labor mobility necessarily in the startup community but it is effecting our economic activity. The macro effect is going to free up out economy in so many areas.

Erwin: I think that that points out the enormity of the task of getting this pushed through. There are going to be a lot of people who are not happy about that and we are going to see concentrated effort to fight this.

We only have to look at Utah as a recent example. They tried to institute a California-like system and it go beat down and watered down.

Wunderlich: This is for staff, where do you think that unions would fall on this?

Cherry: I do not know where they are going to be. Those are all conversations that we are going to have to engage in. As we set this up, so you are aware, in order not to violate public meeting laws we are happy to send a portion of you guys to have those conversations. We cannot have everyone from the group having that conversation with an entity whether it is a union or an outside business like the hospital association. We will have to have those conversations as staff or delegate them to a few members.

Kyle Hess (public): This is a political movement just like anything else that we need votes for, so we have to keep it simple. Silicon Valley does it, let's do it too. We are the only state that is not doing it. The point is that our group here can understand the intellectual deep seed psychological ploys on how to keep people. People need to see that this is good for the economy because people get to choose and live and work where they want. It's simple.

Hooper: I think that you raised a really good point. There is the bill draft itself and then it's how do we sell it. This group can be involved with how we sell it which is really important. I would put forward the link between the two tension because you have current employers and future business - incoming and startups.

By the way, eight percent of all new jobs in the state come from existing business. Sixteen percent come from startups and four percent come from expansions from out of state. The bulk of the economy is with existing employers and we cannot afford to hurt them. The key selling point is the availability of skilled workers. IF you can sell it from that point of view then you satisfy both tensions.

Lyons: I would add to that two other keys. One is the IP problem and second one is that the public wants this. Employees will be in favor of this.

Erskine: There will have to be a strong lobbying plan. If we do work in concert with Senator Keickhefer I am sure we can come up with something. We will need something for the layman so people can understand it at a lower level. There will probably have to be conversations with larger companies that will have some push back. But as the bill out, I am sure they will contact Senator Keickhefer and he'll contact us and say that we need to start meeting with these groups. We'll have to lobby each legislator anyway to educate them on what this issue is.

I think that this is something that we can discuss in a later meeting if we decide to move forward with this.

- Gautam: If there is lobbying to be done, it won't be this group right? Because I cannot be involved.
- Cherry: It won't be from this group, but the Lieutenant Governor can lobby. No one from the task force itself has to lobby on behalf of anything. We will be representing the view and the recommendations that come forth from this.
- Is that something that you are comfortable with Mridul?
- Gautam: Yes.
- Levy: I'm curious, has this something that has come forward before and was shot down? Is this a recurring things?
- Erwin: My understanding is that is has been tried before and did not make it through.
- Erskine: Do you know what session?
- Erwin: I'm unsure.
- Wunderlich: But the landscape has changed in any case and I think that is where the opportunity comes in.
- Erwin: The conversations that I have had with the folks from Fennemore Craig is that gaming was the big opposition.
- Lyons: But now they have an IP problem.
- Kyle Hess (public): Let's touch on that right now. Nat Carasali and those guys are on board with this. If we need to have a meeting we can set that up.
- Lyons: Should we move on the next thing?
- Cherry: I have heard only support. Is there an opposing viewpoint? If there is not then we'll move on.
- Kyle Hess (public): I'll make one more point. What is we had some sort of transition team that would help educate businesses how to protect their IP through confidentiality agreements instead of doing the non-compete. For the people who do not have access to the legalese, we can have some of non-profit advisor group that can come in and look at your contracts and provide language that would be better.
- Gautam: That kind of approach would be effective, but we need to figure out how to do

that.

Wunderlich: We've got good networks where we can start hosting some workshops.

Kyle Hess (public): But tie it to this legislative measure. We are educating you on this because this is changing. You will be on board and not surprised by it.

Hooper: That is what I was referring to earlier was that those crumbs would be in there.

Cherry: Like a portion of the bill?

Hooper: That says, here's how we will protect this issue.

Kyle Hess (public): Language requirements within statute.

Lyons: Do you have legislative intent passed along as part of the bill?

Cherry: Legislative intent is a hard thing to require. The legislative intent for bills changes throughout the entire process. You do have to stay within the parameters of what we have set, but it can be changed at anytime. It can be changed after a final vote in one of the houses.

Erskine: They can put in an amendment as long as the issue is germane, even if it guts the whole bill and put in new language.

Cherry: There is no mechanism to require legislative intent remain the same throughout the process.

Erskine: You just have to watch the bill closely and be on top of amendments because people sneak in little things. You can be caught off guard and have to deal with on the other side.

Cherry: The goal is to get them passed as soon as possible. The longer they are in the process the higher the chance that they can be attached to something.

Alexandra Bacon (public): I just wanted to say that you are actually going to strengthen the companies intellectual property and confidentiality by removing the non-compete and educating them on how to write that type of language into their contracts.

Cherry: This is all really good information and we will sit down with Senator Kieckhefer. We'll probably submit both BDR's and if they are different we can marry them at some point.

Erskine: If we move forward with this and we are on the same page but we have a couple more provisions he can add in there. Ideally you do not want to have to amend your bill because it puts it at risk. If we can get it right the first time, that is always our goal. Then again if we are talking about exemptions you ask for more and expect less.

Hooper: Has there been any input from the Nevada Hospital Association on this?

Cherry: No, but once we have a draft of the bill we will engage them. These are all confidential until they are bills. But the conversations we have here are going to make them public. So I want to engage them as soon as possible so they are not looking at the meeting minutes from today and wondering why we haven't had a conversation.

Hooper: That would be where my worry would start.

Kyle Hess (public) Mining too.

Priebe: How long do you expect this meeting to last?

Cherry: We expect it to last until about one. We reserved the room for the entire day but we don't know how long the meeting will last.

With that in mind, If you guys want to set a timeline for future meetings that is another conversation we can have.

Cherry: **b. Ending state requirement for venture capitalist registration requirement as investment advisors**

Chris, do you want to go into this?

Howard: Basically venture capital is a broad term and there a lot of different kinds of venture capital companies. The one's that I have been involved in there have been a few private investors. Venture capitalist that market to hundreds of people to invest in there company - that is a different breed of venture capitalist. I think that is the one that brought the state requirement to be registered as investment advisors. However, generally venture capital companies at that level have only qualified investors as members. And qualified investors to meet the requirement are sophisticated and really do not need the additional protection of the certification or registration of principals of the fund.

I believe that the state's requirement probably keep some venture capital companies out of the state in terms of having a site here. Having an office here in

the state or no is unclear to me.

Lyons: I have personal experience with this code. Nevada specific rules that preempt the federal rules, even though they are not being interpreted correctly.

I ran a hedge fund for ten years in Nevada and was a California and then Nevada register advisor and we still had problems. They were claiming that in certain cases to sell your own fund you had to be a broker-dealer, which is not the right interpretation, but that is what the AG's office said. It's five hundred bucks to do it and you have to do it.

This is a case where it prohibits people from doing venture capital. Venture capital in California has been exempted from this for years. It has gotten a little stricter on the private fund side. The federal rule is one hundred million dollars or more and you can get out of the state registration in to the federal registration system where you are very clearly exempted. But below one hundred million dollars you still have to register with the particular state. In a state like Nevada you have an AG office that is used to prosecuting sex crimes in Nevada for example, but then you are asking them to regulate securities.

Wunderlich: Before Bristlecone, I was with a venture capital firm out of Sacramento called DCA, under one hundred million. We faced this very issue and what we ended up doing was deciding to not move forward and register until we found an investor. It was friction. That basically stopped us from actively looking.

It is not a consumer protection issue, to Chris's point, you are dealing with sophisticated institutional investors. It makes no sense to me why.

Lyons: Let me add to that. As a state registered advisor you still have exemptions. There are still typically ten, twelve, five, whatever it is of unqualified investors. There are limits depending on the kind of fund you have. You can have some qualified, some unqualified or all other.

I did see even worse things, which are kind of related, which is if I want to have a Nevada investor. The blue-sky laws in California are very simple. You basically send in fifty bucks and you get an exemption for the whole amount. My quick reading of the blue-sky is that you might have to pay five hundred dollars to have a Nevada investor, which is prohibitive. I have no Nevada investors right now. It's a terrible source of friction.

Erwin: The way that I understand this, because Fennemore Craig handled this in Arizona, basically when Dodd-Frank passed the federal rules changes and state regulation didn't adjust to that. In Arizona it was as simple as writing a letter and

making the change to align with the federal requirement. I am happy to forward this over as well.

Related to this exemption regarding fifteen or more people, as I understand it is a simple change to make it align with the federal guidelines. What I heard now is that there is more to that.

Lyons: Yes, there are ways to do better. There are good states and bad states. New York is a horrendous state for registering and paperwork.

Wunderlich: I agree. We are lacking venture capitalist and I want to make this as frictionless as possible.

Erwin: My question is, right now as it is presented is pretty simple fix. I don't know if anyone has gone into more depth on how to make this even better. It could be the role of this group.

Lyons: If you do a quick user case study on the whole process - I want to set up a venture fund with other investors and there is friction there. I want to make an investment as a Nevada entity - now I have more friction. If I want a ten thousand dollar investment it is going to cost five hundred bucks.

Wunderlich: Most of this stuff you see as a consumer protection issue, but it is not a consumer protection issue we are dealing with. We are dealing with sophisticated investors. I don't see a lot of opposition to this.

Erwin: The question would be aligning the federal guidelines and going further than that. I do not know if there has been any work done on that.

Hooper: When I read this, any state requirements for venture capitalists registration requirements is investment advisors. Are we talking about firm or the folks that come into the firm? There are two different things going on here.

Lyons: That is a great question. It is super confusing. What happens is the individual takes a Series 65 or something else to become a registered investment advisor. I did that when we did our hedge fund The entity becomes a register investment advisor and then the people become the a register investment advisor agents, but one the entity goes away I am no longer a register investment advisor. So the venture capital firm is the firm that is registered as an entity number and files for Nevada, California, whatever state. And then the individuals there have to meet the qualifications there to be a register investment advisor.

Hooper: By individuals there you mean the capital sources?

- Lyons: Yes the people that deploy the capital.
- Hooper: The employees or we talking about pooling dollars from individuals into a fund? Are those individuals now having to register as well?
- Lyons: Not the limited partners providing the money, but general partners essentially. The LLC that runs the general partners.
- Hooper: But the limited partners don't.
- Lyons: Correct.
- Wunderlich: Kevin, if the venture capitalist don't get their Series 65 they are not registered investment advisors.
- Lyons: No, not in California. But they have to do this. It's a huge barrier.
- Wunderlich: That is insane.
- Lyons: The Series 65 test is all about public securities.
- Wunderlich: That is massive friction. It is not a fun test to take.
- Hooper: So we are prohibiting capital from coming to the state.
- Wunderlich: Absolutely.
- Lyons: I would maybe even have a fund right now if it weren't for something silly like that.
- Kyle Hess (public): Going back to your point, we need to make it better than what we have now. Nevada is really good at doing that - we really do have an opportunity with this small group to make model for the next venture capital cycle. To do that I think that we need to talk to the most sophisticated venture capitalist. I think that there would be a lot of people interested. There are pretty good case test studies with different type of modeling for investments. I think that if you gave them a platform to open and do more things in line with the job act and not being so worried about consumer protection and accredited investors. People want to get into the game. If we could build a VC or Angel model around that, that would be cool.
- Wunderlich: I think that this may be the most important piece of legislation on this list. We

need bring in more capital.

Cherry: From staff's perspective on this, everything that you have said on this if you can put it in layman terms. Send an email to Cathy or I in layman terms to help develop and outline and we will engage you in the process with LCB. We will provide LCB with definitions but there will be changes so we will be sending that back and forth to you.

Hooper: Point of order, from an open meeting law perspective, when we start discussing things over email - you can't do that. We just have to be really careful with open meeting law and we might have to someone come in from the AG's office.

Cherry: To clarify - We can work with you one on one and get your individual feedback, we just can't communicate as an entire group. So if you send something to us we will incorporate it into a draft and get it to LCB. Once we have something put together for you we can get it to you for input and approval.

Lyons: The last part you can't actually do one on one. Up until that you were good. You can have one on one conversations you can say that having one on one conversations to work on the passage of something, that is over the line.

Cherry: Point taken.

Erskine: We will not have an opportunity to vote again before the deadline. We are already working under the guise of marrying up Nevada statute with the federal, in addition to Kevin's suggestions.

Kevin, if you could provide Ryan and I, in layman terms, this discussion that we are all agreeable to. Then we will incorporate that into our proposal.

Cherry: To go back to my last statement, I meant for approval of the board moving forward. It is putting something before you, when I say passage, for a vote. That is all I mean. I'll be careful with my language.

Lyons: To use English, blue-sky is term to describe the disclosure that you have to do to make an offer of private securities to the public. When I am a public company, that means that my securities have been formally registered and tradable from anyone to anyone. In a private company they are issued directly from the company to individuals, persons, entities, whatever and are generally not transferable.

States have widely varying laws on that. They want to know that these things are happening and that they are out there. Generally there is some de minimous

registration requirement say that there is this company and they are selling this amount of something. Some don't even have that and they are exempt up to like five people. The easiest way to go is at least towards California, maybe even beyond that.

Wunderlich: To me you can go as far as to say if you have all accredited qualified investors. There is really no purpose in having the requirement to register. If you have an X amount of unaccredited investors - sure. Outside of that I see no purpose of registration.

Lyons: The way that it is done in the hedge fund world is the investor fills out a form saying whether or not you are accredited, and then you file that along with your investment.

Priebe: Doesn't this step in on crowd funding? If we are addressing the issue of unaccredited investors?

Lyons: The exemptions in California for individuals, it is not like I can go and sell this to any individual. I have to have a preexisting relationship. To be an unaccredited investor I have to have a preexisting relationship to offer that to a person. You cannot make a public offering under the private offering exemption.

Priebe: You are saying in the case of a fund?

Lyons: I am saying in the case of any private security or they are an accredited investor. You have hear of the phrase "friends and family, " meaning that is the exemption that you are allowed to use for selling.

Wunderlich: I see your point Kathie, with crowd funding. This is new legislation with the jobs act, so I do not know how are current state regulations are impacting that. This is also something we should be looking into.

Priebe: There is no prior relationship requirement.

Lyons: There is which is why it is heavily regulated with the crowd funding. If you are a company an you go down the crowd funding route, it may rule out your opportunity to do private offerings at the same time. There are a lot of catches and you may accidentally lock yourself out for one hundred eight days. The people who go that through are friends of mine and it is probably net benefit.

Erwin: Do we have enough time to put some of this together? Fennemore Craig did do some legislation on this before and they'd probably be willing to help. I know there is a draft letter that can be sent out. That extension may need some

though.

Cherry: If you send something to us individually we can combine stuff for your consideration. We will do, as staff, what we can during the process of getting the bill draft put together. The danger that we run into, from the Lieutenant Governor's Office perspective, is with only a finite amount of BDRs to work with, we need to lock these pieces in and get it under control by November or we completely lose the incomplete bill drafts.

Erwin: We do have other supporters of other bill drafts that are out there. How we move through those with Senator Kieckhefer and this task force is a point for consideration.

Hooper: Given the time that we are given now, it seems important to narrow down the focus because this has a lot of legs on it. The things for me is how do I get a VC firm to move into Nevada.

Lyons: And then make it easy to make investments in Nevada.

Hooper: But what do you take on first?

Lyons: Change the number from five hundred to fifty.

Wunderlich: I think that you go the route of accredited investors and there is just no registration and you don't have to register as an investment advisor. That takes all of the friction out.

Lyons: I think that is the federal exemption.

Erwin: I think that there are other unknowns on this one. There are other things aside from aligning with the federal regulations. That seemed to take care of it in Arizona. I am willing, with some help, to ask Fennemore Craig questions.

Cherry: I think that we can take a vote on this and have staff move forward in their best capacity to craft something with LCB that you guys can consider in the future.

Erwin: If we move forward with this doesn't it take up one of the Lieutenant Governor's BDRs? There are a few other items on the agenda today that might extend the three. We would be in a situation where there are four or five things. We want to prioritize three.

Cherry: We prioritized three for you guys, We are already committed to another BDR. We have two. But we are confident that the legislators that have expressed

interest will be willing to pick them up.

You guys are not locked into the Lieutenant Governor carrying your bills.

Erwin: Given the short time frame and we say we want to move forward with this and you are not going to do that, how do we know?

Cherry: We will craft a BDR and if we submit it it will be locked in. If someone else submits it, it will be locked in and guaranteed through that legislator.

Erskine: I think what Doug is trying to get at is, after we discuss the legislative proposals we should prioritize them and then vote on the two that you want. Like you said, if there is overlap with Senator Kieckhefer's bill it might not make sense for us to move forward if we have two other really important issues. It sounds like venture capital is a big issue and that maybe something we definitely want to move forward with. The last one can be whatever you guys see as a priority - is that what you are getting at?

Erwin: Yes. So a list that came up, these are the four things that we want to do. The task force has said that we will take on two and we will work with other legislators. How do we make sure that we have said yes to BDR format by September?

Erskine: Legislators have a different timeline. They can submit a portion of their BDR's they can submit sooner and a portion that can be submitted later. They have to allow for the election to happen. Newly elected only get half of the BDR's.

Erwin: Really what we are voting on is what the top priorities that the Lieutenant Governor's Office is willing to move forward on.

Erskine: In terms of BDR's yes. As a task force if these are issues we are going to look at maybe a legislator carrying, we can be supportive and work with that legislator.

Cherry: As staff of the task force we will ensure they have as much information that is brought forth in these meetings as possible.

Lyons: Under this agenda we can discuss bill drafts. That is one agenda item and then we can discuss at the end any other bill requests.

Erskine: Let's take a little break since we have been sitting a long time.

Cherry: Now that we are all back, before we move onto the next legislative consideration are there any more comments on changing the regulations for venture capitalist?

Lyons: Yes. During the break I verified that notice exemption for securities to register in Nevada is a five hundred dollar fee. That was NRS 90.565. Form N-9 is not terrible, but it could easily be moved online.

Cherry: **c. Addressing occupational licensing**

The next major topic is addressing current laws regarding occupational licensing. Under the Governor's strategic framework for the next legislative cycle under the sub-line of "Vibrant and Sustainable Economy" you will see that occupational licensing is going to be a priority for them. There will be a few bills on this matter and it is helpful to pile on and give as much as possible. Any considerations you would like to see put into place, it would be good for us as staff and with other legislators that we are on the same page.

Wunderlich: I have a really good report here on that the Department of Treasury put out on occupational licensing policy. From a macro view, Nevada is the second worst in the country. Thirty percent of our work force has occupational licensing with an average of six hundred days in order to get a license.

It is a barrier because it defines what should and shouldn't be licensed. We're talking primarily around health and public safety and anything outside of that is probably protectionism.

Lyons: From an economists perspective on this in the early 1900's protectionism was looked at as a good thing. We have a lot of laws on the books that have lead to other laws and at the time they did not care about protectionism. Think about public safety and what the public externality is that you are trying to solve.

Interior design is the ultimate red flag for registration. If your state registers interior designers you are in a protectionist state.

Erwin: We are one of four states that have it. It's like ten years of training.

Lyons: So we require registration of interior designers and have the most onerous requirements for interior designers?

Erwin: This also came out of the Kauffman guidance. I think that thing that can come out of here. We had a study done and there were suggestions about reciprocity and which licenses are the best to eliminate. I've looked at statutes on it and it is substantial. How do we create reciprocity with other states which I think would be a big thing.

Wunderlich: We have a lot of people in the military here as well. When someone moves here

and they have a spouse, who lets say is a hair stylist, this creates massive friction in labor mobility as well from state to state. I think that reciprocity is going to be a big piece of that, especially with the population growth.

Cherry: What impacts will occupational licensing have on the entrepreneurship ecosystem? I know we have talked about it a bit already but if we can align it in a way that we are making a presentation on behalf of ETF that will be more impactful than a staggered approach to it.

Jennings: I had this issue coming to Nevada around licensure of a marriage and family therapist coming out of grad school in Seattle, Washington. I would have had to stay there for two years to get licensure. I ended up dropping out of my program and not finishing after two and a half years. To cut and run was more profitable financially for me, least damaging than staying there.

I had to choose between my husband's job and mine and his job was more profitable than mine at the time. So I had to cut from two and half years of tuition - it's ridiculous.

Erwin: This is protectionism. We have a growing economy and we need more interior designers? They cannot operate here. From an entrepreneur prospective, we need more people starting businesses across the whole state. This really targets the small businesses.

Lyons: Startups are sexy but small business, entrepreneurs are dominant.

Jennings: Even the Black Hole Piercing has to get her employees from California because there is no one at her skill level for what she needs and what she is doing. They have these exact same issues and she is a small business.

Wunderlich: I certainly think that this is a small business issue but we as startups recruit and will recruit out of state. You have got to get the family jobs as well. From my perspective it is a big impact.

Erwin: I agree. We have the following spouses and we are trying to address this the university level, the hospitals are trying to deal with that. Again in you are bringing them in for a great job no matter what it is, what is the point if you can't work.

Cherry: If you are looking for reciprocity for a spouse, are you looking at it from the point of moving in or grace periods to give them a chance to align with the licensing that is in the state? For example, if a doctor comes in to the state are you giving them a grace period or are you looking for full reciprocity across the board?

- Erwin: We didn't look at anything that was health and safety. That was outside of the scope. I think that there is a different argument to be made there.
- Wunderlich: This is for staff. This is a grow issue as well, a shortage of teachers, shortage of nurses. Didn't they lighten the load on teacher licensing?
- Cherry: That was an emergency measure through the Department of Education. It didn't come as a Governor's proclamation or an executive order. Steve Canavero was granted the power through the legislature to enact the procedure that allowed us to hire student teachers essentially to alleviate the teacher shortage.
- Lyons: That is another way that you can tell that it is just protectionist.
- Wunderlich: I want to see the easiest path to increase supply in these areas we are going to have shortages as the population continues to grow.
- Erwin: One suggestion that came out of our lobby group was that any occupation that wasn't a life safety issue and we were in the minority of states that had it, we'd try to eliminate. If we are in the minority, get rid of it. If we are in the majority then look at how we do reciprocity in the most effective way. So what reciprocity looks like, I haven't really thought that through.
- Wunderlich: Taking what you and Kevin said, if it is not a health or public safety issue, let's look at a state with the least restrictive and match that in Nevada. I think that is the common sense approach.
- Lyons: If it is good enough for another state to practice there, it is good enough for us. We do not need our own regulatory system.
- Erwin: Take the example of a preschool teacher here in our state requires a one hundred sixty dollar fee and one hundred days of experience and two exams. What does reciprocity look like? Every other state except one requires that. Do they still pay the fee with the same amount of experience? What would that look like in practical terms.
- Lyons: Essentially they are already registered in another state and they already have the hours.
- Erwin: So they could just pay the fee and take the test.
- Wunderlich: Or skip the test and pay the fee.

- Erwin: What if another state had 300 hundred days and we had one year of experience. We would we accept that as long as they took the test. Is that the idea?
- Wunderlich: You look at the standard of the state that requires the least and count that as the reciprocity rule.
- Lyons: So if you are practicing legally in Texas and you come here you are practicing legally.
- Erwin: Got it.
- Jennings: Full reciprocity.
- Lyons: Full reciprocity. I think that is how concealed gun permits work. You paid you fee and id your thing in Nevada, you can go wherever. There are full reciprocity states and there are no reciprocity states. They have a common set of states that agree to recognize a certain level of licensure.
- Wunderlich: There is a strong economic case to be made here. Our population growth is fast than our GDP growth. I think that a lot of it is attributed to a protectionism here. We want to least amount of protectionism possible to get these people working and producing in our economy.
- Jennings: I agree. I think that it would be interesting to look at Denver because it is the fasted growing city in America right now. They are getting a lot of people and it would be interesting to see what they are doing because I know that they are moving in entire companies with like three, four hundred people. Those wives, kids, schools, all of that. You know that they have to be dealing with reciprocity issues.
- Wunderlich: Like I said, you can make this a military issue as well because you look at the subset of military and it is really impacting them. Caleb Cage did some work on this last session, so he would be a good person to talk to.
- Jennings: It seems like economically, why the protectionism?
- Erwin: Look at this. A travel guide you pay a fifteen hundred dollar, seven hundred thirty three days of experience and you have to be twenty one and take one exam.
- Priebe: Is that specifically for someone who wants to have a facility? I say this only because I have had two LLC's that recently moved into and registered in Nevada as a foreign entity and I am on the hook for commerce tax, a lot of filings, and a lot of reporting. I am not occupying anything. I have the same location, but they

are investment vehicles.

Lyons: I think that occupational licensing is generally the individual. Entity licensing is separate, but also an interesting problem that maybe we could discuss.

Priebe: That to me was prohibitive from an investment standpoint.

Lyons: We used to be better than Delaware, but now we are not.

Priebe: Now we are worse.

Jennings: That is why all startups are registered in Delaware. But you would think that being a Nevada startup you would do it here.

Lyons: But now you have to pay all of the fees in Nevada.

Wunderlich: Some of that is the court system too.

Lyons: It is all about the courts. The Delaware law is the deepest, broadest, the best.

Priebe: Is that something that we could adopt, even a portion of it and use as guidelines?

Lyons: Companies do.

Priebe: I mean in Nevada. They register the company as a Delaware corporation as a Nevada corporation. I have heard one complaint from other companies that they register in Delaware but to actually do business in Nevada or to take on investors in Nevada they have to become a Nevada corporation.

Lyons: They have to be qualified to do business in Nevada. If your headquarters is here you have to do the qualification. So you have to pay all of the Nevada fees plus the Delaware fees.

Wunderlich: We were registered in all fifty states with the Secretary of State, but our C-corp, our holding company, is Delaware founded.

Priebe: Do you see variations of what it costs you?

Wunderlich: Oh yea.

Priebe: And the pain that you have to go through.

Wunderlich: Fifty thousand dollars a year. Next I am paying sales tax as well. It is an absolute

nightmare. It has been interesting to get insight into the registration process with other states. Nevada is better than most, but I think that we could improve.

Erwin: What is the language that we want to put forward on this one?

Cherry: We haven't set anything specifically to this. At this point it is a discussion to find out what your recommendations are. I think that we will have a chance to see what the Governor's Office has outlined to see what that looks like. We just want to see for your perspective what would be the prominent issues that we would want addressed in it and make sure that it is a part of that guideline.

Erwin: This probably wouldn't be one BDR because it touches so many different sections.

Wunderlich: I think that we can have a common sense approach to reciprocity. The other is looking through all of these and figuring out what is reasonable and what is not. Where are we going to need extra supply of labor that is being restricted by this? It is a big rats nest if you really start thinking about it. I have no clue how to tackle that.

Erwin: These folks generally have an appointed board or are government appointees and are regulated by B&I (Business and Industry).

Lyons: The people who run these boards are from the industry.

Erwin: But Business and Industry, don't they oversee this?

Cherry: I assume that Business and Industry would be the agency that heads the BDR.

Erwin: Couldn't one BDR be or one legislative action to for Business and Industry to go back and provide succinct recommendations on each one of these legislative boards.

Erskine: We can have a bill for them to do a study.

Lyons: What is the step that needs to happen before you actually clean house is making public interest justification with some cost benefit.

Erskine: You can also do something through an interim committee where they have discussion through the interim. At the end of it, they make a report and recommendations to the legislature. It is a big challenge to look at all of these and the requirements and see what is onerous and what is reasonable.

- Cherry: What Cathy is suggesting is similar to the Clark County School District breakup. Through the interim session they had to breakup into however many districts. I think that there are sixteen of them. They looked through the whole thing and created the process and then they will have a final vote before it gets implemented. If that is something you want to propose, we will not be able to address it in the next session, but we can start to look at the long term.
- Erskine: It would create a statutory interim committee to look at occupational licensing and will come out with a recommendation. The members would consist of legislators...
- Cherry: And appointed members of the public.
- Erskine: There would be a fiscal note.
- Lyons: We would want a committee that is trying to get the right answer.
- Wunderlich: I think what has to be addressed is the massive shortage in the trades. I am sure that the unions would hate this, but we have to deal with it. From just a housing perspective alone, how do we loosen up friction in the trade businesses to get more supply.
- Erwin: It is best to say reciprocity at the lowest common denominator and eliminate them. Or we suggest putting B&I to task with a study?
- Erskine: The only thing with the study is that they will probably hang a heavy fiscal note there. They will say that they need to put X amount of staff members, this is their cost, and we need someone at this level/experience...
- Erwin: So if we said reciprocity and eliminate this path, is there any likelihood of that making headway?
- Erskine: I think that it is a big task.
- Cherry: We need direction from you as staff. We will not be able to submit a BDR on this issue specifically. But we can come back to you with recommendations that you have detailed. We can initiate conversations with agencies that are initiating a BDR and make sure we have made an effort to ensure specific language is included in any bill of concern.
- Levy: Are there a hundred of these occupational licenses? To that point, we could pick out five to show some real blocks.

Wunderlich: Where is our shortage in the labor market? Trades, nurses, teachers... I think that you are right Scott, we tackle five to eight of these that EDawn is seeing labor shortages and figure out how to lessen the load there.

Erwin: We have an overlaid of the most in demand jobs. Generally things that you would think are in demand, like engineers, aren't covered under this. It would be interesting to see where that alignment is. I do know that GOED has some information. Eliminating interior design to set a shot across the bow.

Wunderlich: Yea. We are getting licensed in debt collection in all fifty states and Nevada was the worst state in the entire country. We had to get a special letter from Business and Industry to get an exemption.

Lyons: Did they have a certificate of need process? Where they actually set up to regulate the companies as well as the occupation?

Wunderlich: Correct.

Lyons: The other thing with occupational licensing is certificate of need - taxi drivers are a classic one - where there is a board of industry people set up to regulate entrance into the industry.

Priebe: How did they get Uber through? Was that through the same process?

Erwin: The largest lobbying in the states history got Uber through.

In the interest of time, can we move to the next one.

Lyons: One of the worst one's I've heard of, flower arranging.

Erskine: The people who are licensed, how practice in that industry, they come out in large numbers. They give you every reason and justification as to why you need license for this. I do not know if is a competition issue.

Levy: It's a credibility issue.

Erskine: Exactly. They will come out and it will be a very large public hearing. They will come out and argue why they need these standards.

Lyons: The interesting thing is, did the members of the public grant to the legislature that right to decide who gets to sell them flowers for public good? That is the basic logic of it. We all pulled out right to be punch people to be collectively be managed by a governing agents, so we all said yea, we agree not to punch each

other. But there are exemptions to that. We have a boxing commission.

So that is the general framework. Then you start to look at these occupational licenses . Would I like doctor to have some level of training - yeah.

Jennings: I like your logic, but it comes off as condescending. To be in business in any sort of capacity you have to prove that you are legitimate. So these are all hoops to jump through to prove legitimacy and I understand that. I would rather argue for reciprocity across statelines. I don't think that it is our job to get rid of these licenses.

Lyons: To your point, that is exactly how you can tell the difference. There is licensing, which is a state requirement before you are allowed to practice versus certification. Certifications are the voluntary independent body. Software engineers use these, like Microsoft certified for whatever level. In terms of legitimacy, maybe there is a legitimate flower arranging competition judged by flowering experts that gives you the master flowering certification. That is actually a legitimate function. Going beyond that...

Wunderlich: It hurts the consumer because at the end of the day it is limited the consumer from choices. I think that the market can decide this. I like the idea of certification versus licensing. That gives a basis of quality without being restrictive.

Hooper: So a nationally recognized certificate and you have to have a certifying body in place to do that.

Lyons: But they only exist when there is value in them.

Hooper: But there is a major cost for a program.

Lyons: That is not a government thing.

Hooper: Someone has to be the certifying body in the state. Going back to the flower arrangement, where do I go to get certified?

Lyons: You do not need to be certified. You can practice certified or non-certified. That's the difference between licensing and certification. And then the customers decide whether they want someone with certification.

Hooper: Okay, I see.

Jennings: You guys are literally arguing for a free-market approach right now.

- Lyons: Not exactly, but go ahead.
- Jennings: What I am getting at for all practicalities we are not going to get full reciprocity out today. These organizing bodies have been in place for decades - they are here to stay. How do we move forward practically, because we are all on the same page.
- Alexandra Bacon (Public): I don't know if we can suggest a minimum at this point because Nevada wants to justify its place and standards. Finding what the standards might be to accept most people coming in those targeted areas.
- Wunderlich: I think you have to split this up between NNDA and EDAWN and find where do we have a shortage of labor supply.
- Hooper: That has a relationship to an occupation. I think that Doug hit on it already, it is really the building trades. We need to pull in the builders alliance and get there view. Because that is where we are short - on builders. That is where the occupational licensing comes in. Medical licensing we already agree that you cannot wade into that right now.
- A lot of the other tag-a-long professions, there are so many different ones, and I do not know how you do an across the board deal. And I do not know where you come up with the resources. Focus on where we have things that are blocking growth is where we need to go. Building trades, we need builders here. I do not know if they have an issue with it right now.
- Erwin: That is where I see reciprocity as fundamental solution. We are attracting people for other communities and we are saying that if they were good enough there then they are good enough here. But at least eliminate a lot of the friction and get them here.
- Wunderlich: I am hearing from a lot of developers that that is the problem. They cannot hire enough people.
- Hooper: But is that the limiting factor?
- Lyons: That may not be licensing related.
- Wunderlich: I have to think, given how unionized the trades are, that I would be shocked if it wasn't.
- Lyons: That is a different issue. There are things like David Bacon laws and contracts

with government that require you pay prevailing wage. Separate issue, but maybe not entrepreneurship related.

Wunderlich: There is some friction there. I do not know what it is.

Hooper: You mentioned this earlier, finding out where the Governor is coming from since this is a bill he is putting forward. What are his thoughts? If we do not know that, they we do not really know where to go.

Cherry: I think that the ideas we have are good benchmarks moving forward. Your thoughts will give us something to develop ideas from. With that said I think that we can move on.

Cherry: Other Legislative Priorities

Any other thoughts that you guys have? Then we will move forward and vote of the top priorities.

Lyons: Like entity licensing?

Cherry: Yes.

Jennings: What about entity licensing?

Lyons: It is analogous to occupational licensing. Occupational licensing is the state giving you a non-compete. You're not allowed to come here and practice your profession. You are perfectly qualified to be an entity doing a certain type of trade in other state and then you come into Nevada and then you are not.

Cherry: **d. Other potential legislation from task force members**

Other ideas from task force members?

Erwin: I want to talk about something that we are working on and get the feedback from this group and take on or stay with Senator Kieckhefer. It is a pre-see matching grant fund. This fund is meant to be a matching fund for qualified development of a prototype. It is targeted toward pre-seed staged companies. The funding would come along side generally an Angel round or an early state investor round and is basically to help commercialize technology at the earliest stage.

The premise is that is very difficult to get early state capital and it is the riskiest capital, especially some of the technologies coming out of the universities. What

we did was look at a lot of different states. We are using the Nebraska model but there are other ones out there similar to that as a baseline. The gist is that if you are a qualified company and you are building its pre-seed funds for a prototype of a product stemming from research or development, and a business operating in Nevada or a college or university you would qualify.

There would be people similar to those in this room that would ultimately make a decision on what is viable to receive these grants. But they have to have existing funds. For example if I had a fifty thousand dollars investment I could get the matching funds of f fifty thousand dollars. There is obviously a cap.

Wunderlich: Would these be supported by general fund money?

Erwin: No exactly sure where, but I am assuming yes, but that is just a lack of understanding of how the budget works. The idea would be that it would stimulate early stage investment. In talking with some of the other angel investors and I could put in fifty thousand dollars and it looks more like one hundred thousand dollars then that helps. It lowers some of the thresholds for them. What we have seen in talking with people in my position in other states, the matching fund program has been the most effective and they have tried lots of different things.

Wunderlich: My only concern with this, and I am a big fan. Let's deal with the constitutionality of this. NPRI has the Catalyst Fund in the Supreme Court right now addressing its constitutionality and depending on where that goes, this could be dead on arrival.

Erwin: Good point. There are definitively ways to move money from the general fund into things like GOED and then be granted into agencies.

Wunderlich: That is exactly what is in the Supreme Court right now.

Erwin: Or non-profits.

Priebe: This would be a grant and not an investment.

Erwin: Correct.

Priebe: Who would it be matching it? Where would the match come from?

Erwin: It would come from the state fund.

Priebe: So all of it would be public money.

Erwin: Correct. It is no different really, from a grant perspective, than getting and SBIR. Those things stimulate innovation.

My general feel on this is many other states have things like this that are targeting their small businesses and entrepreneur community. To be on par with that could help us with attraction and bolstering things.

Wunderlich: I hate using public money, but if the decision is upheld I would love to see some state funds go to homegrown entrepreneurship versus out of state companies. But I think that we have to watch that case closely.

Hooper: Are you saying that this is a match to a federal grant?

Erwin: No this would be match to a private investment.

Priebe: I understood this being public matching public. If it is a private investor coming in, that is where it gets a little dicey. The private investor is going to want equity or some kind of return.

Lyons: Private investment is used as a selection mechanism, the public money publically invested by public employees is a model that doesn't work.

Priebe: You have to give it to everybody.

Hooper: So someone has an investor and the state is going to add more dollars to make the thing work?

Erwin: Correct.

Hooper: A board will be formed to do that evaluation?

Erwin: Correct. A requirement is that you already have the matching fund dollars. It still goes through a curation process, say if it was a Sierra Angels investment it doesn't guarantee them that, but entering them into the doorway.

Hooper: Write that up as a prototype model for Northern Nevada.

Wunderlich: It is essentially the same thing as the Catalyst Fund except for entrepreneurs.

Erwin: The difference between the Catalyst Fund and this is that it is driven economic development. Ideally it would be good to have entrepreneurs with a seat at the table to make decisions. At least in terms of an advisory committee.

- Lyons: This would be startup focused though.
- Erwin: Pre-seed capital. Most of the Catalyst Funding now is morphed towards tax credits. That doesn't impact startups at all. Think about it more as getting a federal SBRI grant except it is a state level SBRI grant for prototypes.
- Lyons: I would be a little concerned about the public purpose.
- Priebe: I agree.
- Wunderlich: The Catalyst Fund is giving two million dollars to one of our competitors. This is where the picking and choosing comes in. Where do we avoid that in the process?
- I'm with you Doug. I know that we need this capital but it gets so messy when you bring in public funds.
- Priebe: I agree. To me that is a great concern.
- Lyons: How would it benefit the people who put in the public money? That is the question.
- Erwin: A question for the group then. Looking at all of the other states that have done this and there has been some success in attracting startups. We want to bring in startup and there is a market reality that it is competitive. There are private market solutions to that. If you look at this it probably stimulates more angel investment because it makes threshold lower. Is there another way of doing it?
- Lyons: I'm the public, why do I care? Why do I want my money spent on this as opposed to a thousand other things.
- Priebe: Schools.
- Jennings: I would love some money for my company but I won't want it that way.
- Priebe: I think that it puts an entanglement on private capital. Private capital would look at that. It is not quite as onerous as going through the FDA or EPA.
- Wunderlich: What is the fund we have here locally with the treasure money?
- Erwin: Battle born.
- Wunderlich: Yes, I looked at that. When I looked at what I was going to have to disclose to the

treasury, there was no way I was going to take this money. I think that it almost self-selects good companies out too.

Lyons: Good point. I thought that the Catalyst Fund was included in that.

Wunderlich: No, it is a separate deal.

Erwin: These are good questions. Clearly you want this to be frictionless, but the goal is to stimulate more startup capital and what is the best way to do that. It could be a position that there is no state role in that, but the reality is that all of these states are participating in that and where that makes it right or wrong...

Lyons: Or effective.

Wunderlich: For me it all comes down to if the Catalyst Fund survives and I hope that it doesn't then I am one hundred percent for it. But if the Catalyst Fund goes away, I think that we are all better off.

Alexandra Bacon
(public)

In these other states do they require any sort of public service to give back to the community somehow.

Erwin: No. Again, I do not think that it is any different than if you were at a university and you have a really interesting development you can go file for a federal SBRI and get funding.

Lyons: It is though. In that case at the minimum the United State government has an interest in your patent or whatever IP comes out of that. For example when foundations do things like that what they usually do is say that you can go it. In some cases you can keep it and sell it. In other cases it has to be in open source. So the public purpose part of it is super important to me and not fall into a handout.

Jennings: It becomes like it own cartel. It's a slush fund and what happens is that you end up getting startups that have more time on their hands and you have to have that time to be in a position to lobby.

If you are saying that there is data from other states that is saying it is successful, I'd like to see that.

Erwin: Maybe the counterpoint to that is that we ran the Accelerator Fund that was twenty thousand dollars. It was not an onerous process at all and of most of the companies that made investments, thirteen still exist. They have all done different things and hired people.

Lyons: If there was a requirement there to hire somebody, create a job or two, that is where the balance would be.

Erwin: If there was a requirement to employ some person or file some patent, would that change your opinion?

Lyons: On the public purpose side yes. On the effective side it would make it worse.

Priebe: As an investor that would be creating friction. You are just putting another barrier for why people do not want to deal with this.

Wunderlich: I think it depends on how it is set up. Even with abatements you have one elected official who has ultimate power on upholding those restrictions. I think that if you have a bigger governing body and there is five people and metrics. Then you are talking about maybe even an elected board. Some of these things get so morphed with centralized power that it ends up in law suits.

Erwin: Okay. The Reno Accelerator Fund was a seemed to be a good model. It was a relatively frictionless process and a simple selection committee.

I am not hearing the love for this one. It will probably still move forward in another capacity. I am just going to say that.

Lyons: This is why other states do it, because it is sexy.

Erwin: I think that the main thing is if the guidance says this isn't worth doing under any circumstance then maybe it is not worth doing. If it under certain guidelines, it would be interested in. It hasn't been drafted yet, but we are looking at Nebraska as a guideline.

Lyons: The alternative is a sovereign wealth fund is allocating part of their portfolio to startups. Alternative is an investment portfolio approach. They are just trying to make money. That is the public purpose. We took one hundred dollars of public money and turned it into two hundred dollars of public money.

Wunderlich: That is what I liked about Battle Born. Quite frankly what I think we are doing with the VC registration will have far more of an impact than a matching fund.

Lyons: To that point, we need one investment fund to take all the deals in Reno. Like five hundred thousand a year.

Priebe: I don't think that you really need a fund. The funding is here. What we need is

coordination. You need linking. The linkage is to funnel things in, but the investment money is there.

Lyons: It's not bringing invested.

Priebe: That is a different issue. Why isn't being invested? Either we do not know the deals or they are not curated or they are not coordinated.

Lyons: Separate issue but we do not have angels trained in investing in pre-seed startups. We just don't have that specialty here.

Erwin: With that in mind, with matching funds would that stimulate some of that?

Lyons: No.

Priebe: The question is, then, what happens? You put up 25K and you get 25K, you put up 50K, you get 50K. How do you get that business up off the ground? Are investors going to look at that and say that it is getting complicated with a tie in here and there. You can get them to breathe life, a pulse, but then what...

Erwin: The Nebraska model doesn't require angel investment. It could be your own funds.

Lyons: Are you the filter then?

Erwin: You would have a board that was the filter.

Wunderlich: I think that you have to assume that it will end up in a lawsuit.

Erwin: Nebraska put aside four million a year, that would never happen here, but let's just say that you could take two a year. Where would you allocate that?

Lyons: Public money creates a problem, unless Nevada is sitting on a wealth management fund, but if a private individual wanted to do that and they thought that was the best way to do that, that would be interesting.

Priebe: I would say to use the money for education. Not in the public education sense, but you mentioned angel investors. Educate those gaps in the knowledge base to create a more robust entrepreneurial environment. Put the money into facilitation.

Lyons: Facilitate, connect.

- Erwin: I won't say that there isn't an economic interest in here to help trying to attract startups here. We do not have any tools in that regard.
- Hooper: My question is, what can you do with fifty grand? Where do you go with that? I am helping a guy write his business plan for a really cool idea, food truck idea, and he is four hundred grand first two years.
- You buy a used bus and reconvert it. There is your first hundred. So what do you do with fifty?
- Erwin: Let me give you an example. There is a company from Toledo that is relocating and they wanted a small amount of money. They would totally qualify, but we are going to figure out another way to do it through a private market solution. A thousand moves a needle on a software development deal pretty substantially, not a food truck deal. On tech...
- Lyons: To agree with Doug, on tech yes.
- Hooper: I didn't hear that qualifier.
- Erwin: It is definitely focused on high-tech, high growth. People who would benefit from this are developing technical prototypes, like an app. Which is an area of growth that we are looking for.
- Wunderlich: I just think it ends up in a lawsuit.
- Levy: A lawsuit from the public interest group?
- Wunderlich: NPRI is pursuing the Catalyst Fund. It is in the constitution that we are not supposed to give public funds to private entities. It is at the Supreme Court right now and it has been an ongoing issue. Out of the GOED bill that created the Governor's Office of Economic Development it created some interesting stuff with public money and private entities.
- It is a gray area that I think is always going to end up in a lawsuit.
- Erwin: Thank you.
- Cherry: Dusty, you had something?
- Wunderlich: I will be real brief. Senator Kieckhefer is sponsoring a bill for us. This is a concept of championing new technology and making it easier for companies to business here under a new technology framework. It will be around blockchain which is

the underlying technology around bitcoin and crypto currency that will be revolutionary in the financial services industry with smart contracts and things like that.

Ashley's husband Eric has one of the top blockchain companies in the country. We have some homegrown talent here. Delaware is the first state to move on it. The Secretary of State there is using blockchain for instant registration. We have a good relationship with the company that helped draft that legislation that is going to help here. It is really about experiencing adopting legislation on the new technology to help promote these companies to come here where there are laws on the books, which reduces uncertainty.

We will be working on this next session with Senator Kieckhefer and we are pretty excited about it.

Priebe: What is it? Is it to allow blockchain?

Wunderlich: In New York for example it is very arduous, I think one hundred thousand dollars, to become a blockchain company. There is registration and a lot of fees. Similar to the occupational licensing, let's make it a frictionless process and certainty on the books on being a blockchain company in Nevada. Part of that is getting the Secretary of State to adopt blockchain from an entity registration perspective.

Erwin: Is there any need for us to address the crowd funding? Crowd funding legislation did not go through for what I am understanding.

Jennings: The crowd funding for equity?

Erwin: I believe it was for equity.

Cherry: It was AB 258 and SB 36. SB 365 was introduced in the Senate and didn't go anywhere. AB 258 was gutted and made a transportation bill. We just looked into it last week for someone else and it was completely changed. They thought that is passed and when we went in a looked at it, it was a completely different bill.

It was essentially the same as the federal rule.

Lyons: Why would they want to do anything?

Cherry: This was 2015 and the rules were passed in May of 2016.

Lyons: So it was preempted.

Erskine: What was in AB 258 basically mirrors what the federal rules says. Some of the dollar amounts are a little different but not anything extreme.

Cherry: There is a max of four entities in the federal legislation and I do not think that we had that.

Erskine: We did not have a max. It is pretty closely inline. We don't want to make anymore restrictions because it is pretty well fleshed out.

Cherry: Any other ideas for potential legislation?

For possible action, we will give you guys a chance to identify what your top priorities are moving forward. We have four listed and then the two other ideas. What are the two biggest priorities out of those? From my understanding it is VC registration and then the non-competes based on our conversation, because we do not know what the occupational licensing is going to look like at this point in time.

KATHIE PRIEBE MOVED THAT TO APPROVE VENTURE CAPITAL REGISTRATION AND NON-COMPETE AS THE TWO TOP PRIORITIES OF THE TASK FORCE; THE MOTION WAS SECONDED BY ROB HOOPER. THE MOTION PASSED UNANIMOUSLY.

Cherry: **6. Discussion on Development of Long Term Goals**

In interest of time, let's move agenda item 6 to another date and time.

ROB HOOPER MADE A MOTION TO MOVE THE DISCUSSION ON THE DEVELOPMENT OF LONG TERM GOALS TO THE NEXT MEETING; THE MOTION WAS SECONDED BY KEVIN LYONS. THE MOTION PASSED UNANIMOUSLY.

Cherry: **3. Discussion on Role, Organization, Structure of Task Force, Mission Statement (continued)**

Are you ready to reconsider the mission statement?

Hooper: I think that in order to have that discussed appropriately, we have to know where we are headed and what we are trying to accomplish. It is hard to set a vision statement.

Erskine: Without the long term goals. Maybe that is something that we can move to the next meeting as well.

Cherry: ROB HOOPER MOTION FOR THE MISSION STATEMENT TO BE RECONSIDERED AT THE NEXT MEETING. THE MOTION WAS SECONDED BY DOUG ERWIN. THE MOTION PASSED UNANIMOUSLY.

Erskine: **7. Closing Remarks**

I have a couple of dates for the next meeting. We are going to try to do these meetings quarterly. This meeting fits in the third quarter or this year. We are looking at the fourth quarter, which would be anytime in October through December.

We are looking at the week of November fourteenth through eighteenth. I'll send out a Doodle Poll like I did before and do a couple of dates. Now that we have fleshed out a few things, I cannot imagine that it will take as long as it has today. Those were pretty meaty issues we were talking about. I also thought that the first week of December would be an option.

In the first quarter of 2017 we are looking to have the meeting March twenty-second, twenty-third or twenty-fourth. At that point we would have all of the legislator bills introduced and there would be just a few lingering committee bills. In that time period we can identify what we want to support and if there is anything that the task force wants to oppose. We can have a better idea of what is out there because all of the BDR's that will be turned into bill, minus exemptions, will be introduced at that point.

Erwin: Is it possible to not do it during the week of school spring break?

Erskine: When is school spring break?

Erwin: The twentieth through the thirty-first.

Erskine: The purpose of that time frame is that we are looking at the deadline.

Erwin: Is it possible to do the week prior to that?

Cherry: We could but we will just not know what the bills will be.

Erskine: We will look at the dates again.

There are a couple of items that we talked about today that we will be sending to the group, the Kauffman study. Is there anything else?

Wunderlich: I can send the policy paper on occupational licensing. I'll send the link to the

Atlantis case as well.

Erwin: I will send the table on all of the known occupational licensing.

Erskine: I will send out with the doodle poll. I will hold off on the 2017 date, but the one coming up I will wait about a month.

Levy: Is there a vision statement set forth by Mark regarding this? The you would have a mission statement underneath. Inspirational for the group and then actionable underneath.

Cherry: I guess our vision statement is to make Nevada the most entrepreneurial friendly state in the nation.

Levy: That would be great.

Priebe: Great, that's enough.

Cherry: So we will get that updated. If you guys have any changes to you profiles or anything.

Erskine: We've covered already. I have everyone updated.

Cherry: Perfect. Anything that you guys would like to see differently on the website. We have a link to every organization that we have identified through entrepreneurship on the master page that you are all linked to as well. I think that it is listed by county.

Erskine: They are the shared workspaces.

Cherry: If there is anything you think we should have in addition to that please let us know. We are trying to make it as comprehensive as possible and use as a vehicle to increase collaboration.

Cherry: **8. Public Comment**

No public comment.

Cherry: **9. Adjournment**

Moved to adjourn.

