

**MINUTES OF THE SOUTHERN NEVADA ENTREPRENEURSHIP TASK FORCE  
October 19, 2016**

The Lieutenant Governor's Southern Nevada Entrepreneurship Task Force was called to order by Lieutenant Governor Mark Hutchison at 9:08 a.m. on Wednesday, October 19, 2016, at the InNEVation Center, 6795 S Edmond Street, Las Vegas, 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:**

Christina Aldan  
Bill Botts  
Jimmy Jacobson  
Leith Martin  
Zach Miles  
Jonas Peterson  
Eugene Wong

**TASK FORCE MEMBERS ABSENT:**

Sara Hill  
Bill Payne

**STAFF MEMBERS PRESENT:**

Mark Hutchison, Lieutenant Governor  
Cathy Erskine, Policy Analyst  
Kirsten Van Ry, Communications Director

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

I want to welcome everyone to the very first Southern Nevada Entrepreneurship Task Force meeting. Thank you all for serving on the task force. You all know so much more on this subject than I do and it would be really irresponsible of me try to launch into this entrepreneurial ecosystem and startup company environment without having the experts around the table like I do here.

All of the meetings are in compliance with the open meeting law as an official government meeting, so this is all being recorded. We will make available public comment before and after, like we always do at our public meetings. I know it

will be weird because we are all in a little circle, but make sure you identify yourself for the record because we are keeping a record of all of this.

We have posted the meeting, it is in compliance with the open meeting law, do we have a quorum?

Erskine: Yes. Right now we are missing Christina Alden, Sara Hill and Bill Payne. We are expecting Christina.

Hutchison: Alright.

7 MEMBERS PRESENT, 2 MEMBERS ABSENT, QUORUM ESTABLISHED

Let me just introduce you to some people who you need to know and who you may already know. First is Cathy Erskine who is my right-hand lady for organizing this entrepreneurial task force. She has also been the lead in my office on the licensing legislation that we will talk about later on. She has lot experience in the legislature. She came over from the State Senate Leadership Office last year. She did a great job last session. Thank you Cathy for everything you are doing.

Kirsten Van Ry is my Communications Director. She does a great job in making sure that all things are communicated properly and that she fixes everything that I say and makes sure that once it gets disclosed publicly that it sounds right. Kirsten, it is great to have you here as well.

## **2. Public Comment**

We will start off with public comment. I do not see anyone here for public comment. Seeing none we will close out the public comment section of the agenda.

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

Jonas, why don't we start with you. Let's go around the room, I think that most of us know each other. You are all in the entrepreneurial environment and I think see each other a lot. I think everyone knows Jonas and the great job he does at LVGEA. We just had a great meeting and great celebration at our conference. Anyway, Jonas go ahead and talk about you background, what you do, your connections to entrepreneurship and the start up world.

Peterson: Jonas Peterson, CEO of Las Vegas Global Economic Alliance. We are the regional economic development authority for southern Nevada with a mission to attract, retain, expand companies and advance the community. Entrepreneurship is part of that. It hasn't been historically the biggest part of our mission, but we see it as a growth area. We are trying to put more resources and staff time, program-wise, into play. That is why I was excited about this opportunity because we have done survey work with hundreds of entrepreneurs and startups. We've reached out and looked at job creation patterns. This is where the majority of our job creation is coming from. Our market is gaining momentum and entrepreneurship. We just had a great ranking by Forbes. We were talking earlier where we came in one ranking below Silicon Valley for hottest market for entrepreneurs. There are good things happening, but we think there can be a lot more that could be done. We've heard those issues from entrepreneurs.

Hutchison: I think that we can all agree that you have done a great job since you have come on as CEO of regional economic development side of Las Vegas. Sometimes that is tough. We have some very unique challenges in Las Vegas given the historical dominance of gaming. I think that all of us have been very pleased with what you have done, so thank you.

Eugene.

Wong: Eugene Wong, Mountain West Tech Accelerator. I met Mark up at Lake Tahoe a few summers ago. I am a member of the Sierra Angels. I guess why I have a particular interest in this effort on your part is because I spent a good part of the last four years going to Reno trying to figure out how we can work together to create a statewide ecosystem. I think that the nature of our state is a little different than Austin, Texas or even Boise, Idaho, Boulder Colorado. I think that it is important for Reno and Las Vegas to work together for this to be successful. Both places have unique attributes and they can complement each other. I have been here about sixteen years. I know Bill really well. I am close to UNLV so I know Zach and Leith very well. I know these guys because I got to pitch three years ago, so there is a lot we can do together.

Hutchison: Eugene thank you. Thanks for taking the time. You were one of the earliest folks I met to talk about this. It's coming together, so thank you very much.

Jimmy.

Jacobson: My name is Jimmy Jacobson. I started a company called Wedgies.com, so we all might be saying the work "wedgies" more than we are comfortable with in here and I am not going to apologize for that. My family and I moved to Las Vegas almost seven years ago to take a job as a software developer at Zappos. During

that time I caught the entrepreneurship bug from attending startup weekends and some of the events that started happening downtown. Almost four years ago, my co-founder and I left our jobs and started at Wedgies as a full-time business. We've raised almost two million dollars to fund it from some angels here in Las Vegas, from Tony Hsieh and also from New York and Los Angeles to kind of bring those relationships here to Las Vegas. I've had a lot of experience with Wedgies with the operating level as opposed to the policy level, like recruiting, raising money in Southern Nevada, partnerships and deals with existing companies here in Southern Nevada. I probably have a lot of anecdotal experience to share on those topics and less on overall policy.

Hutchison: I did a little research on Wedgies. You have a very exciting company and concept. It is great to have you here as someone who has the boots on the group experience of making it happen. Thanks Jimmy.

Leith.

Martin: Hello, my name is Leith Martin and I am currently Executive Director of the Center for Entrepreneurship at UNLV. I've started a few companies in my career. I actually moved to Vegas six years ago and started a company here. We raised several million dollars. The company still exists. I have been at UNLV for about ten months, since January. I am intrigued by this opportunity because entrepreneurs don't typically have a strong voice in state government to represent their views. We have an opportunity to provide a voice to a group of individuals who typically don't have on. I'm excited to see what we can accomplish.

I agree one hundred percent with Eugene. One of the things that I have said, being a non-native, that the two communities between north and the south are incredibly complimentary and we should be able to recruit any individual company or organization to come to this state because of the differences between the two area as opposed having a competitive relationship. I think that is a very unique thing for a state this size and with a population this small. I think that it is a unique place to be. I am glad to be here.

Hutchison: It really does provide a place to bring north and south together. Until I ran for statewide office I had no idea the extent of some people's bias both ways. Anything that we can do to bring that full statewide approach to business and entrepreneurship is really going to benefit the state as a whole. Thank you Leith.

Zach.

Miles: Zach Miles. I am the Associate Vice President for Economic Development at the

University of Nevada, Las Vegas. I came from the University of Utah where I spent eleven or twelve years there doing a very similar function with the idea of bringing a bit of that model to southern Nevada. Part of UNLV's goal has been to build an ecosystem capable of bringing the siloed groups together. UNLV also has the small business development center that reports to us. I also serve as the Executive Director of the research foundation. We have the Harry Reid Research and Technology part that we are building. We just hired Gardner to do that. I work closely with Leith and the Rebel Venture Fund, CFE, and I work closely with everyone in the room. I think that there is a great foundation that has been built in bringing those groups together. I think that there are certain pieces we can add on now; funding resources, unification. I travel up to Reno/Carson City quite a bit to meet with GEOD, UNR, EDawn, different groups up there. We have been working with some of the entrepreneurs to bridge the gaps for the past few years. Before that, for about twenty plus companies a year over at the University of Utah we had an accelerator that was associated with that, community groups. We started a couple of venture capital funds that existed on their own so we are trying to do the same thing here.

Hutchison: Thank you so much for taking the time. I know that you have a lot going on. I think that it is great that you chose to serve here. I really appreciate it.

Bill.

Botts: My name is Bill Botts. If my wife was here and I said the following she would probably fall out of her chair laughing about being retired. After fifty-seven years of business I can't seem to retire. Engineer, mathematician, entrepreneur, turnaround companies, start up of companies, raised capital in Silicon Valley, started a venture capital fund in San Diego called Mission Ventures which is one of the founders. Now I mentor and participate on boards, work with UNLV on the Rebel Venture Fund. It is hard to characterize, gadfly maybe?

Hutchison: Bill, it is great to have you here. Bill was one of the first guys, along with Eugene, who I spoke to about these issues. I really appreciate you taking the time, I know you have a lot going on.

Christina.

Aldan: Christina Aldan. I'll sum it all up by saying my title is Entrepreninja. I'm a TedEx speaker and Entrepreninja. I ran Girls in Tech Las Vegas for three years. I work with a lot of female entrepreneurs and a lot of solo entrepreneurs as well so I am here to represent them, their concerns and their voice. I am really happy to be here.

Hutchison: Great. Thank you so much for taking the time to be here and contribute to our team effort here.

Let me move on here to talk about the role, organization and structure of the task force.

Before creating this task force I first sought approval from the Governor's Office. So it took us a little time to make sure that we could use our office and the synergies that we have in a way that is going to advance what we all want to do here. The Governor is in charge of everything we do here in the state, including GOED, an important part of economic development side of anything that is going on. Part of what GOED does is entrepreneurship related, although it has not been a real focus. What we ultimately decided was, and I agree with the Governor, when you start a task force they seem to go on forever if you don't put parameters and time frame on them, they can go on forever. What we said was that we were going to have this task force, and his office signed off on it, but we want it to be for a limited time. I am going to tell you about the time frame here. We will not go past the end of 2018. That is our timeframe, we have two years basically. After that the Task Force will be dissolved and our work will be done. However, we may propose taking additional actions beyond the scope of our task force and consider ways to continue our efforts. But as far as the task force is concerned, we have a finite amount of time, which I think is great.

I am a lawyer, a longtime litigator, if you ask me how do I get in a piece of evidence over a hearsay objection, I can tell you how to do that. But how do you build an environment or ecosystem for entrepreneurs and startups? That is your world, so what we have done is create a north and south task force for economic analysis for the entrepreneurial ecosystem and what it is that we can do to foster Nevada and create a Nevada environment that is going to be beneficial for entrepreneurs. Maybe we say that we want to make Nevada the most entrepreneur friendly state in the country. We have a long way to go to do that, but I know that we can make a lot of strides with what you all see every day.

Leith, your comments about the entrepreneurial community being fragmented and segregated is so true. As a result you do not have this common voice like gaming does, or mining does, or construction does. I'll say this, whoever controls the political agenda of the state or community controls the agenda, controls policy and how government is going to promote certain priorities for those that control the agenda. Those that control the agenda are those who win the elections. I was listening to President Obama's campaign manager from the 2008 election in a broadcast I was watching on unemployment. He talked about Bobby Kennedy and how soaring Bobby Kennedy's rhetoric could be and how inspiring Bobby Kennedy could be as a leader, but how ruthless as a campaign manager

for his brother. The comment was that the reason Bobby Kennedy was so ruthless and so dedicated, did basically whatever he could to get Kennedy elected, was that he understood whoever got elected controlled the political agenda. It is true of every election and every political cycle.

What I bring to the table is my political experiences as Lieutenant Governor and former State Senator. In my role I intend to help influence the political agenda in a way that will help bolster an ecosystem that is friendly for entrepreneurs. That is what I bring to the table. You all bring the expertise and the knowledge of the day to day operations. Jonas, you see what is going on with trying to bring companies here, fostering the environment and expanding companies here. Everyone in this room has boots on the ground experience either as an investor or operator or someone who is experienced with these entrepreneur issues. That is the purpose of our task force.

We are going to have regional meeting every quarter. By the end of 2017, after having our quarterly meetings, we want to have specific recommendations by region. What is our regional recommendation for how we strengthen and improve the entrepreneurial environment in southern Nevada? The northern task force will be doing the same, but they may have a different perspective. We will use the recommendations from both the northern regional plan and the southern regional plan to develop a statewide approach. By the end of fiscal year 2017, so June of 2017, our regional recommendations will be due and we will put together a whitepaper with a statewide recommendation and entrepreneurial plan. The whitepaper will be the plan, the blue print for Nevada, in term of entrepreneurial policy, agenda, and legislation, and the environment that we want to create. Then we will roll that out in a big way via press conference with all the members of the task force. We will say, this is what we think we ought to be doing. That whitepaper and statewide plan should be finalized in fiscal year 2018, so June of 2018.

That is our time frame. We will have quarterly meetings. Cathy will be compiling the notes and compiling the ideas. We will circulate those ideas and we will come back with this paper.

Having said that, the other thing I need immediate feedback on is this coming legislative session. I have had some preliminary meetings and discussions with entrepreneurs, small businesses, and startups. I have attend some of the angel investor conferences and meetings and have met with folks. There are some ideas out there. We cannot let this legislative session pass without maybe getting something going, so that is what you see before you. Non-compete agreements, the licensing as investment advisors, occupational licensing and the barriers that creates with some of the startups businesses and the bureaucracy that goes on

with creating a company. Those are some of the things that we are going to try to tackle this session, but I need to have your input as well given your thoughts and experiences within the industry.

That is kind of the overview. Does anyone have any thoughts on that?

Wong: We have eight months. Maybe we have three meetings.

Hutchison: Yes, eight months so we have to rock and roll. We are all "Americans" here not "Americants."

#### **4. Task Force Member Comments**

The next item on the agenda is task force member comments. Give me your thoughts, and you kind of laid this out when you introduced yourself, having laid this out for you, is this naive? Is this missing the mark? Is this something that is going to advance the ball? Should we be thinking in a different direction? Give me your feedback.

Wong: I think that the schedule and the deadline that you have set is reasonable. We had a meeting six months ago and the notion here is that legislation is important. Like you said, it controls the agenda, but the attractions and the best practices, you have to be send it around to entrepreneurs.

Hutchison: Talk about the summit that has been discussed a little bit.

Wong: We were talking originally about having a legislative summit, but contemporaneous with that having an entrepreneurs summit and invite some of the best people from Techstarter, people from San Diego to come to Vegas and have a statewide gathering. And invite legislators to that. And come away with something that is unique to Nevada. That may make sense within this one and a half year time frame especially as you make conclusions at the end of June. I think that there are entrepreneurs up north and entrepreneurs here that would be excited to be part of that. The idea is that not only is the state behind it, but entrepreneurs are behind it. It's important that they go lockstep. How about you guys?

Botts: I think that Eugene is right. We need to tap some people that have been there and done it. We all have great experiences, pieces and parts, but the Boulder people, San Diego, Seattle... I think that Bill Payne brought up on our first phone call. Let's set up a full day seminar and where we bring these people in and tell us how they achieve what they achieve. I promoted the idea of the book on entrepreneurial communities that we all ought to read if we haven't because it is



the history of Boulder and they are the most successful community in the country beyond Silicon Valley. In any case, I do think that we need to bring legislative people in, shakers and movers in the two communities and have a series of presentations that can add greatly to our ability to develop the roadmap or the plan. The sooner the better, I'd say early next year. Particularly Bill Payne, can draw these people because he knows them all. We can get a group of two or three real name brands that have done exactly what we want to do to take on chapters in an all day seminar with the right kind of people. I think that is imperative. We can flounder around and we may come up with a really good plan but it is not going to have as near the basis in the history of success as if we tap these people.

I think that your timeframe is good. You don't want this thing to drag on. It's got to have a tight schedule, committed and get it done.

Hutchison: Right, and everybody is busy. The thing that drives me crazy is that you have a meeting and nothing comes out of it. This is the goal, this is what we are going to do, then we are done and we go home. We are not looking for something to do on a Friday night.

Jimmy, what do you think?

Jacobson: I agree with everything these gentlemen just said. The kind of irony of Las Vegas for any startup in Las Vegas that flies out to Silicon Valley to pitch is that the majority of these investors you are pitching to are two or three times on the strip a year at conferences, or partying at clubs, or they are like a mile away from where I live. Being able to reach them or being able to coordinate a summit around an event that brings them into town anyway, like the Goldman Sachs conference that they have every year. There would be a great synergy there.

The other thing that I want to say as far as policy and legislation goes is that I think that for any successful entrepreneurial ecosystem you have to be able to give entrepreneurs multiple "at-bats." It is kind of a rule of thumb that someone is going to fail their first couple of times of being an entrepreneur until they don't or until they give up. That is the data that we do not really have is the people that give up. Ecosystems like Boulder and San Francisco and even smaller ones like Austin or Salt Lake City, people that give up stay there. In Las Vegas the people that give up generally go home to wherever they came from because they need the support of their family or they have invested a significant amount of their own money into their business and now they don't have any other options so they go to where their safety net is. There are a lot of things that we can do here as far as legislation goes that gave people more at-bats. It is not hard to get someone to move to Southern Nevada to try something new, to try to stake their

claim, but we need to make it easier for them to stay. Those kind of things include professional licensing for spouses, something that I saw mentioned earlier. I have experience with several friends that moved here whose spouses are professionals, therapists or have their beauty license in another state, and are unable to work. It actually makes it harder and causes hardship for that family because they went from a dual income to a single income to live in Las Vegas, and then probably shrunk their income even more to become an entrepreneur. By the time that they are done, whether it's a moderate success or a failure, they just can't afford to stay in Las Vegas anymore. So I think that looking at giving our entrepreneurs more at-bats I think through the legislative process would be huge.

Hutchison: Great idea. That stuff is on the agenda. I think that the Governor is going to be pursuing. We are going to talk about how we can support that, but I think that is a great point. Other thoughts?

Martin: One of the things that I find interesting about an ecosystem conversation is that if you look at some of the most successful locations across the US, we are not talking about a five year plan, a seven year, a ten year plan. We are talking about a twenty or thirty year plan. It took San Diego twenty, thirty years to develop. It takes a long time to develop those ecosystems. I think that education is going to play a role, education funding is going to play a role, funding in terms of organizations that can fund these companies is going to take a while. When I sit around and think about what is the low hanging fruit that we can capitalize on quickly that will help benefit the development of an ecosystem. Things come to mind like, what can we do to facilitate? Here is another reason for the thought process. If you talk to VC's outside of Las Vegas, which we have almost none, we've talked to VC's who want to come in here and invest. They say things like, bring me a hospitality tech, I get it. There is a reason why it is located in Las Vegas and I'll fund that. Don't bring me an app. I do not understand what the competitive advantage of being in Vegas is versus any other place across the United States. The reason I mention this is that I think that we can accomplish this or get considerable traction by focusing on, and not focusing on the literal sense in that we are not going to help anything else, but trying to build program support around things where we have distinct competitive advantage; water, gaming, hospitality, maybe e-sports, maybe things that allow us to tie into the forty-three million people that come here. You can fund that, meaning that you can get partners that are willing to say I understand that and I bought the last three companies that came out of that accelerators because we were able to instantly apply that technology into our business today. The benefit of that is that then the support systems are put in place that support the other businesses that might not be related to that. If we do a shotgun approach and we try to attack all things techs support or all things entrepreneurs support at the same

time, I think that we are talking twenty or thirty years. That is not a sustained business model for a state that may or may not lose interest as things begin to improve. If our visitor numbers go from forty-three million to fifty million in the next seven or eight years, the room tax is generating a ton of wealth, it makes entrepreneurship even important anymore because we have other sources of revenue now. Do we need to diversify the economy? We believe that we do. We know that based on the last recession we should.

When I think about areas; autonomous vehicles maybe, water, gaming hospitality. Hospitality is very broad-based. I had an entrepreneur in residency and the business school came to see me the other day. Successful, UNLV grad, has started a couple of companies here, has a company called Perch. It is basically an appliance retailer, but it is a different concept. Instead of walking in looking at forty ovens at Home Depot, you walk in and the oven is there and there is a cook cooking with that oven. You sit down and use the stuff. They are going to do three-hundred million in revenues this year and they are based out of San Diego, but he grew up here and went to school at UNLV. His comment to me is that he basically applied the customer service aspect that we learned in the hotel college at UNLV to a retail industry. I guess my point is that we have distinct competitive advantages that do not exist any other place in the world. We have assets that do not exist any other place in the world. How do we leverage those assets so that we are not necessarily starting another casino? We might be starting a different way to check into a hotel that can then be licensed and leveraged to thousands of hotels around the world but it is basically benchmarked and pulled into organizations here to do the testing, funding, prototyping, and the licensing. I think that what Tony did downtown is fantastic, but it is hard to support everything especially when you have a finite amount of resources and a finite amount of people. All of those other things can be supported, but if we focus on areas where we have a distinct competitive advantage, not only can we generate the funding, more likely the offshoot of that is support structure that will allow us to support a broader base of businesses, but allows us to focus on areas where we know we have something unique.

Hutchison: Leith you said something about what Jimmy had said about the competitive advantage that Las Vegas has to bringing all of these people here at different times of the year, but you can't get a meeting with them when you go to California. That may be something we can address short-term, low hanging fruit, and do something like that, like the summit or whatever it is where we bring entrepreneurs in and they are already here and we have all our folks exposed to that. It is unlike any other place in the world.

Aldan: CES would be a really great time for that because everybody is in town. The

relationships that I make through CES will last me the entire year so I like that idea.

Another thing about funding, because the funding resources are tapped out in Las Vegas, is equity crowdfunding. People are just starting to understand that and that that is. It is not "Go Fund Me" and it is not "Kickstater." You can actually have people working as entities. If you could get one hundred people to throw in 100 hundred dollars, you just raised one-hundred thousand dollars. I do a lot of work with sole entrepreneurs and a lot of people do not understand that women are funded at three percent of the funding. This is an excellent way, especially for female entrepreneurs to get that money. They just don't understand that equity crowdfunding is a lot different from the other crowdfunding. There is not information about that out there and I would like to see some programming around that where we could support them and give them the education. Then you could fund your company with very little effort instead of trying to go to New York, LA, San Diego.

Hutchison: Do any of those resources exist now?

Aldan: They absolutely do. At Ruth Hedges we just had a crowdfunding global conference, its fifth year. Really it is only been this year that people have started talking about it. A lot of soloprenuers and entrepreneurs don't know about it. Do some sort of equity crowdfunding. We would have people talking about how to raise the money, but we would have to have CPAs and attorneys to get into the minutia of it. The one speaker at the conference was talking about how they've had money come in from their equity crowdfunding campaign by somebody named Jim. You can't verify that Jim is not laundering money through your equity crowdfunding campaign. Thanks for the fifty grand Jim, but we can't do anything with it. We can't collect it. There are all of these very specific processes that have to happen and people just do not know about it.

Botts: He has one of the three parameters of the formula. I think that the formula is the infrastructure, the focus on priorities and where you go, and funding. Basically, even four years ago I was putting together ball charts of all the pieces and parts that lay around in this community. The state has changed a lot but we have a ton of pieces and parts. I am not sure at this point that I know how to put them together. But I think that is the first piece of the plan. How do we bring together locally or statewide, the parts that are laying around? Reno has a bunch of pieces and parts laying around. What has happened in the past with UNLV and the Rebel Venture Fund, with Leith, the center and new management of the new University is amazing. All oriented towards business development, entrepreneurship, etc. We need to recognize that we need to fix and foster the infrastructure first. Focus on what we should be in terms of priorities targets

because we do have certain characteristics here that are natural and then funding.

We are weak on funding. I, right now, am doing a million dollar raise on Circle Fund for a company in LA for Sara Happ Inc. It is not easy. It is tedious. It took us two months to get all of the docs and approvals put together. It may turn out that we get a decent equity round out of that process, but it is not nearly as good than if you can go to the investors and pitch them. I went to forty different VCs in Silicon Valley in 1988 when I started a software company. I ended up raising about two million bucks, which in those days was pretty good. When I got to San Diego it was emerging as a really nice entrepreneurial community, but that had very restricted financing. We always turned to Silicon Valley. Five of us CEOs got together and founded Mission Ventures. We weren't VCs, we didn't know anything about VCs but we knew that we needed a local VC. We went to Silicon Valley and we recruited a guy out of Paramount Ventures to come to San Diego and become the managing general partner and build a fund. Over the four, five years, he raise over five-hundred eight million dollars. It is still in existence but it has funded a mass of San Diego companies. I think that we could do something like that here once we get moving down the right path. We could attack the funding. That also doesn't solve it but we can encourage other investors, investment funds, groups and so on, that is there is a VC here that is doing business here maybe we ought to look closer. I think that then the infrastructure and prioritization is really important.

Peterson: A couple of comments. One, I think that the potential for entrepreneurship is absolutely massive in our market. Let me give you some information to sort of back that up. We know that our risk tolerance is higher than other markets. It is part of the culture of Las Vegas. We had a recent survey that showed of existing working professionals up to fifty percent of those in southern Nevada would have an idea for a business and if conditions were right would like to set out on a path to start that business. Up to fifty percent! That is why higher than any other market in the southwest that I have seen. There is something here, secret sauce here. As we surveyed some of the same people and entrepreneurs, we also know that awareness of existing programs and resources is really low. Some are looped in and get it, but there is a lot that already exist, the state is offering, other groups are offering, but the connections are not being made. I think that is one thing that this group can help with. Bill's point about mapping out what the ecosystem looks like, what resources are out there, what already exists and then where to we fill in the gaps to make it bigger and better. Maybe a starting point is what already exists and how do we get that information out to more people. Then we know that access to capital absolutely critical. It always comes back. This is the one thing that stands between the launch and its next business. I think that you can hack away at that too with information, conferences, events and

increasing awareness.

Hutchison: What has been the result of this attitude that folks are willing to take risks and start companies? Are there any sort of studies on that? Are people waiting because they do not have the resources for funding or are we seeing a lot more startups in other parts of the country?

Peterson: Startups are rising but we are behind most other areas of the country. But I think that the appetite is there.

Hutchison: So it says that there is something needed right?

Peterson: To me it says that there is low hanging fruit, there is opportunity in our market but we need a catalyst, we need organizers, a concerted effort. Part of that has already started to happen but I think there is so much more that could happen.

Wong: I have heard three comments here that I think are very interesting. Jimmy, Leith, and Christina talked about things that are unique to Vegas. There is no doubt that hospitality tech would be an area of interest and the VCs will listen. They need a lab. That is unique to us and not unique to Reno. They understand that. If we had that structure it would be easy to say let's go down south. They have things up there that we don't have. This is the infrastructure. I know that Zach has made efforts to dialogue with the innovation center up there at UNR's Innevation Center. They know that we are stronger in infrastructure in certain area; hospitality tech, CES. They are not going to host CES. You cannot compete with CES. The rest of the country is trying to compete with CES. Orlando is trying to compete with CES. We can use those things for the benefit of the whole state.

Now, what Jonas and Bill are talking about is more global. Access to capital and connections. We are going to need that down here and up there. You get a lot of Southern California people here and a lot of Northern California people there. I think that as we start talking about the quarterly meetings, and I know some of the people in the northern group and it is sort of like this, but it is so important to tie together because we do not have to reinvent the wheel. There are some things they do up there and some things that that they can't do that we do down here. If we work together and know that there is an interest we can create something.

Hutchison: Right, which is the goal that second prong of our purpose which is whitepaper of the statewide plan in terms of how we bring this all together.

Miles: I know that this is piling on a bit but let's take an example really quick. Let's take Moveo Medics, they are a startup. The first thing that I think that they need is to

know where they are going to land. You have Innevation here, maybe downtown, but where are they going to land for space. Potentially there are research parks or other things that we could build that have wet/dry lab space. You could have SCOR, entrepreneur, service providers, crowdfunding, venture capital and not just seed, which is another thing that we are missing in follow up capital. So they raise their first two million, where do you go for your next two hundred? That is not in Vegas right now.

Jacobson: We actually had to leave Vegas for anything over five-hundred.

Miles: To me it's one space. If you had a place to land and access to everything that you needed, from grants and resources from the state as well as all of the things that we have been talking about, in one location.

Hutchison: You are talking about physical space?

Miles: Yeah and that probably includes maybe some of the other things that we are talking about. Like if you can just go down the hall and hit everybody that you need to unify together. Then the capital piece that has to do with the state but also seed groups as well as the follow up pieces to that. I think that the twenty, thirty year plan for a culture is right but I think that there are pieces there right now that we can setup and get cranking on those and get the low hanging fruit. There are plenty of times when people come to the university to us with great ideas. If I could throw them into the center for entrepreneurship and get a business plan put together, then go to Governor's Cup. UNLV wins those and bring the money back, but then they go, now what? Go talk to Innevation. Well actually I need a software lab or if I'm a hospital I need wet lab space, or I need a new CSR or something like that were it is going to cost UNLV and it has to have something subsidized which can be here at Innevation or other places that they could land. Then they could have some growth after that, then kick them out of the accelerator. There is mezzanine space that they can grow. There is just not that opportunity to job and plugging in all the pieces. But there is a funding stream that flows throughout that and I am not sure where to send some of our startups to get the next piece. I could send them to Bill, Eugene and whoever else but what's the next step? If we can unify this in one location that would be best. Location is the key.

Hutchison: I assume that you would have physical space right? You would have to have an Executive Director or someone who is coordinating that, a full time employee.

Miles: Right and I do not mean to bring University of Utah into it but I will real quick. We had technology that came out of a company that I literally passed down to our accelerator which was funded by U-Start program to about five hundred

million dollars a year to a million. They had access to all the space with an Executive Director there. We held meetings once a month with all the entrepreneurs in the community and accessed those companies and service providers as to how they could help. Then they kicked down to other buildings. U-Start building and few additional buildings on campus throughout the community. The community had about five hundred million dollars that then they could kick them out. Venture capital went from seed to hundreds of millions of dollars and the ecosystem kind of cranked. There are other models that we have talked about that I think that we have the pieces, but we just are not to that scale yet. Ten million in Knowledge Fund money is not enough, not even close. Then trying to deploy it at Universities is a bad idea. It needs to be in the companies that they can come into. Steve's got that track going, but it needs to be Eugene and Bill coming with a startup company seeking funding then accessing the university for different resources and land them at Innevation or a research park and then have the follow along. I think that there is a plan there. I looked at a, b, and c here and I think that prohibiting non-compete clauses is the least of our concerns. I'd love two million dollars to get the accelerators functioning to get the companies to land. Or if we had two million dollars and we did a fund to fund with our partners in the community to get the necessary funding. It would probably be something like twenty million for both to keep them here because there are a lot of stories of people leaving Vegas because they can't get the capital, can't find the space or it's too expensive or too cumbersome.

**Botts:** One comment on Eugene and Leith's thoughts. You have got to understand that what is coming here in the form of conventions and shows is a huge driver for people that are interested in particular technologies. Do you know that there's a handful or more of early stage companies in the nail products business here? Because of magic, because of cosmetic shows that are here, international shows. People are building products here that you do not even know about. We have to focus on CES and all these shows. I am going to a show in two weeks that is a technology show. One of my friends in San Diego wants some advice on his new product so he's showing at a booth. There is a draw here that we want to make sure that we do not limit that vertical cut because we do not know about it.

Very successful company, the guy lives in Southern Highlands, he and his wife are building a nail products company. They are worldwide already and none of you have even heard about it. Privately owned, self-funded and doing just great. They have a little warehouse on the other side of the fifteen near Russell and they are just booming. So we just need to be real careful on prioritizing without knowing what is really going on deep down.

**Martin:** Just a couple of comments. Based on what Zach was saying, I think that there is



tremendous value in a centralized source and I do not mean centralized with one person or agency, but centralized in terms of information. One of the things I worked on when I first came on board is that if you are going to start a company from an idea to scale what does it take in terms of organization and taking that idea all the way down the path. What are the different groups in the community that help them at each stage of that. The other thing is that we are not talking about huge chunks of money. I have three people call me a week that say I have a patent for "fill in the blank." I've already applied to the patent, I own the patent, I am an engineer, but I do not know how to commercialize the patent. But if I had a program, an administrator that fifty percent of the time that all they did was marry MBA students to IP opportunities, we would start half a dozen companies a month. Because they just do not know how to commercialize and I have MBA students that know how to build a business plan, they know what sources of funding that exist in the marketplace, they know what venture capital means, and how to value IP, but they do not have an idea. If you can eliminate the unknown unknowns, fifty percent of the people in Las Vegas will say I have an idea, I want to start a company, but where do I start. If we can eliminate some of the unknowns they will start those companies. If we can get students to work in a startup, startup needs the help, but can't pay them, the student wants to know what it is like to work in a startup because one day they want to start their own company but they can't afford not to get paid. We are talking about three grand a semester. These are not huge amounts of money.

We had a grant program at UNLV in the spring where we gave away seven thousand dollars to seven teams. Two of the companies were sold before the end of the semester because they were able to get something going and they were able to sell the company. You give an organization just a couple hundred grand to implement a programs and have an administrator to move forward on some of that stuff and it would be shocking what you could accomplish. The problem is that when we go see industry in Vegas, the only thing we do is ask for money. We have to be able to walk into the door with things that benefit them. E-sports lab at the gaming institute, hospitality lab. We have to show them the benefit and they will fund it. But we have to show benefit.

Back to Jonas's comment to organization and education components, if we can provide those things. What is Lean LaunchPad, what is a business plan, what are the sources of funding, who are the attorneys that can help us with crowdfunding opportunity. These are not huge programs, it's just applying relatively small amounts of money in very specific ways. We can talk about funding necessary to scale companies, but to me that is a different deal. I think that government does that poorly. But what we could do is fund some programs. If you took ten million dollars and applied it to student internships, mini-grant programs, education programs around Lean LaunchPad through a small business

development center. We have like three consultants at the small business development center. So just a few things and you could really leverage some of the ecosystem opportunities and whether it is house at LVGEA or some of it housed at UNLV. It is not that big of a deal in terms of monetary stuff.

Everybody talks about funding. We raised three million dollars in this market and none of it was private individuals. We scaled the company because we bought convention space. What if we had convention space that was readily available at all of these conventions for local businesses that was in essence free because UNLV sponsored the booth. They got the booth because it was free and those people were highlighted inside the convention space with the guy who flew in from Chicago and paid forty grand to come. It is not expensive to do those things, it just takes some coordination. There are a dozen things that UNLV could do that if you had a half a million bucks you could implement them all just because you had a little bit of administrative help. For someone like me it is not the opportunities, it is how many of the opportunities can I pursue.

Hutchison: Everyone has kind of been talking about the centralization of information and resources. What has been the history of trying to make that happen? Has it ever been tried? If it is not that expensive and it is easy then it is hard to conclude that it hasn't happened.

Aldan: Redflint just opened and they are a tremendous resource and space in the community. They are all about acceleration, education, and innovation. They have six free classes in the month of November for entrepreneurs. Anybody can go down there. That is what they are doing, they are marrying people. They are in their fifth week right now of their first cohort. They have seven teams focused on hospitality and what we do best, gaming. They are doing it. I highly suggest that we talk to them.

Martin: Several people in here sit on the advisory board. We know that in our minds we fail at a hospitality accelerator in Las Vegas, Nevada, we are scorched earth to the rest of the world. We have to be successful with it.

Miles: To your question, I have only been here two and a half, almost three years, I don't think that has occurred to try to pull all of the pieces together. I think that a lot of it is because you had the major industry and no one need to pull it together. I think that there is a bit of a window, as was mentioned before, that if the economy continues to go upwards econ diversity will be put on the back burner again, which is a really bad idea. I think that this is the first time that UNLV has been at CES. I think that it is maybe the first time GOED has been at CES because I have never had the contacts. We got them now, but you can't get to the right people by just buying a badge. You need the backend list. This is the

first year that we went to BIO International to hook up with all of those groups.

- Aldan: I think that the city has had several meetings but again I think that it is meetings that haven't really come into anything. They are trying to bring in the downtown community, non-profits with a big focus on schools. The city has kind of done that, but I do not think that they have put anything into place.
- Botts: When I did my balloon and spaghetti charts back when I was chairman of the Vegas Valley Angels, I was trying to get my arms around what the heck was going on in this community. What I found was masses of pieces, most of which didn't talk to anybody but each other. Some did. UNLV was beginning to communicate with centers and the business school and engineering. Outside scattered around, starting with Switch before it was all of this, and all of the other pieces and parts, no one was really talking to each other. That has to be part of the plan or no matter what we do it will be a rifle shot. It will not be a sustainable community with infrastructure.
- Wong: I have been here for sixteen years. I have been involved in here for five years. I have been involved in Reno for three years. I have three companies involved up there and three companies involved down here, two of which are involved in hospitality. I have heard about Redflint. We are dialoging with Leith and Zach on hospitality, UNLV's role. We have the talent and the infrastructure to really be dominant in a lot of these areas, but we are two million people. We've got a booming gaming industry. They have three hundred fifty thousand people up there, they've given up. The gaming industry is dead. Entrepreneurship can communicate real fast. They do not compete with each other. We still compete with each other. Downtown, Switch, two different cultures. We need to create something that maybe something that follows this task force especially if you do this up north and you do those things. If there is an entity that is moving where everyone can come together and you do not have to compete. They will come together. Even the casinos with participate, but they do not want to lead it. It needs to be something that moves its energy on its own so that these things can happen. We are a big city, but people don't talk to each other.
- Jacobson: Eugene is sitting here reading my mind. I was going to say exactly that. I think that Las Vegas is a frontier town. People come here for specific reasons to try to stake their claim for over a hundred years. That is why we come here. There is a huge part of being competitive and missing out are huge drivers as to why we do things. Like Eugene said, Innovation Center and the Downtown Project that rose basically at the same time, competition between Rob Roy and Tony Shannon to see who could attract people to set up shop in either of these places. I think that it actually benefited the city because we ended up having two great places. Las Vegas hate having to drive to one place for something. They want one in

Summerlin, downtown, so that is a good thing. But at the same time, anytime that a flag is raised there may be multiple parties that come out to compete against it so the incentives have to be more subtle or economic as opposed to saying that we are going to be the most entrepreneurial area in the city. It might need to be something like economic incentive for casinos investing in startups or starting an accelerator. Really the competition is good for us. We need investors competing to invest in these companies. We do not want one investor who holds the keys to everything. We want that competition as part of the ecosystem.

Peterson: I second that. It builds the case for some more public sector role, like a neutral coordinating entity. Maybe it is the space at the tech park, maybe it is something that LVGEA can help out with. It doesn't have to compete with what already exists, it should enhance it and add value. Maybe start that process and then companies can go out to private sector. There are many entrepreneurs that come to our market and they do not know history, the who's or the what's, where exactly they want to go, if they fit in Switch or Downtown ecosystem. But they still need a home until they figure that out and at some place that is neutral that is looking out for the best interest of the region. That I think is one of the missing ingredients.

Hutchison: Is that something that UNLV has the bandwidth for? Or LVGEA right now? Would it require additional funding? I assume it would.

Miles: Yes. The idea when we brought Gardner in was for that master developer to build an innovation district out of the research park. With that we are talking about one hundred fifty to three hundred thousand square feet dedicated to it. Take innovation. They are stuffed with people here that just have an office, but what if they needed more. What if they needed access to a super computer or a visualization chamber? What about wet lab space and they need some type of access to go after STIR, SBIR grants and link it to the university. So I say yes to the university. If we had some support from different groups we would be able to put whatever square footage we needed in there to actually plug some of those holes or dovetail in instead of competing. At the end of the day the university is one of the most non-political, neutral. The university is not competing with the private sector, we are pretty neutral so we can provide that. If we went to Gardner right now and said that we had support, we have funding, they will build it for us.

Aldan: Another group is Rocketeer. Rocketeer was formed mostly to initially help with downtown. Now they have grown and the downtown community is shifting. They have created plans for the entire ecosystems for the City of Santa Fe for multiple places. They have assessments, they have two years plans, they have everything every step of the way. I do work with them on project to project and

they have some good ideas. It might even be worth it to talk to their team and see what their recommendations are and what they have found in other cities across the nation because they have already been doing it.

Martin: From listening to this and those of us in the room are pretty aware of the a lot of the things that we have talked about, the different organization and programs that exist. It kind of brings me back to the comment Bill made with regard to some sort of event. I think that we are in a unique time, in the southern part of the state, in that the downtown project is more open to collaboration than they have ever been. There are lots of reasons for that, but that is a reality. The innovation center that exists here is a tremendous resource, but the reality is that the guys at Switch are building a multi-billion dollar business. They should be because that is going to provide them with the most profitable return. For the most part this is a really cool meeting space. But they are more open to collaboration because it is a different environment than it was when we all kicked this off four years ago. I think that it would benefit for some sort of culmination of an event that might be ongoing, once a year, twice a year, that would allow these groups to get together and continue to move forward. Whether that mean that the event include motivational speakers around what they've accomplished in other parts of the country. Maybe Rocketeer has a booth and the SBEC has a booth and the Center for Entrepreneurship has a booth and it is just table setup in a room where people can learn about the things that happen or have access to. I think that we are in a unique time because all of these organizations that might have competed in the past are no longer competing. We can probably pull together some sort of organizational structure that allows all of these people to be put in the same room that are already doing lots of things. I think that the Las Vegas Visitors Authority should be there. I think that we should have startups here in the valley in convention space in Las Vegas. Maybe that is a good way to kick it off because as it is now it is pretty fragmented. It is not fragmented for any other reason that people get busy and they just do their own stuff here and they do not get a chance to meet. I think that is a decent start to try to pull together.

One of the reasons I got involved with UNLV is because you look around and it is a very unique time. Unfortunately I agree that it is a finite window. It is a unique time in the sense that there's more cooperation than there has ever been because people are realize that three-hundred fifty million dollars sounds like a lot of money but it really doesn't buy you a lot when you start doing what needs to be done for economic diversification. Also, all of these different groups are in a different place than they were four or five years ago. I do believe that if it does start to prosper in a way that it started to prosper before I even moved here then it won't be important and we will do the same thing again in fifteen years. We'll build a crater and we will struggle. So maybe that is the past way to kick it off is a

culmination event.

**Botts:** I'd change your plan slightly and bring in the outsiders in to share their failures and successes in developing the community. It is not hype its really has got to be experiences and what we did right and wrong to influence our plan development. After that meeting it needs to be some locals brought in support this committee to build a plan. The committee can take big chunks of it but we probably need to some "shakers and movers" locally to participate in that seminar and help evolve the details of that plan. I do think that the coordination with companies and structures that center around the valley is critically important.

**Wong:** Can I make a suggestion? I see on the agenda we will talk about the other meetings and try to tie it together with what you said at the beginning. The idea is that we have a whitepaper that is very specific, very conclusive by June 30th next year. The idea is to have the north and south together to have a few quarterly meetings. I'll throw this on the table. How does this sound? Why don't we get together again in early December before CES at least with the idea that in January around CES we have the first quarterly meeting of the north and the south. It is important for the south to hear the north and the north to hear the south because we are unique. And then the second quarterly meeting of the north and the south, they will be doing their thing, we will be doing our thing, is in March, which will be before the June 30th whitepaper. And I will throw this out for the two Bills, we should have an entrepreneurs summit where the legislators can talk to entrepreneurs and we can talk to and hear about successes and challenges. Boulder and San Diego did not happen overnight. We need to hear that and figure out for ourselves in the south and figure out what they are doing and the same thing in the north and then your team ties together. We will be best prepared then for the June 30th conclusion.

**Hutchison:** The June 30th conclusion is on the regional one. June 2017 is completion of our regional recommendations, the north and south regional recommendations. Then we have another year, June of 2018, to put together our whitepaper, statewide plan.

**Wong:** When you say quarterly, regional, where you just talking about ourselves?

**Hutchison:** Just here yes, north and south. We can certainly put together combined, but when I said quarterly I meant the quarterly regional of the south and the quarterly regional of the north.

I have to get to some of these other agenda items, but I sense that there is not much interest in some of these other items, but I want to get through them and

get your thoughts about them. But I do want to know what we want to do next and how do we want to spend our time here. You all are the experts on it. If you want to say, let's spend our time putting this summit together or let's spend our time having someone come in or us formulating a plan in terms of this centralized physical space and these resources that we are talking about putting together. I think that we can't do too many things though. What is our regional plan by June 2017, our regional approach to what we need as a region. One of the things that everyone keeps talking about it this summit around CES or whatever it is and using the natural advantages that we already have and having people come in that already have the resources. Maybe that is what we develop.

Wong: If we do this entrepreneurs thing, the summit here in Vegas, it is so important to get the north involved. If you do that and don't include them, it doesn't make sense. Carson City is making decision between the two cities. They are separate and they are always going to be separate. Get them involved, they want to be involved. They come down here more than we go up there. Let's get them involved because they can't do certain things that we do and vice versa. If you want to do a summit let's do it in March before we finish our stuff. I think that they will come down here around CES.

Hutchison: I think that a lot of them will be here anyway.

Botts: I think that you are right. There are two separate deals. The experts come in and us leaning before the first whitepaper and then the entrepreneurial summit I think is really good. One of the questions that I have is that if we have to spend money to set up a seminar, can we raise that with local shakers and movers? Do you think that we could go out and get sponsors or something like that?

Wong: Let me just put it on the table too because I know that was an issue. We talked about whatever, Bill came up with twenty-five thousand, but if the entrepreneur summit is between the north and the south we can raise that money like that. I can tell you right now that UNR will chip in immediately. They want to be first. So the question is, what is our response? And if we are all entrepreneurs we should get involved. Maybe we do it and say the state matches us. Steve always says that I have all of these ideas and why don't you get UNR and UNLV to agree and maybe we will look at it but we are not leading it. It all benefits the state and all of us.

Hutchison: This is stuff that we can bring to GOED, LVGEA, and all of these different groups. A lot of potential targets.

Have we exhausted our thinking to this point? We can talk about splitting this up. How do you want to do this? We talked about all of these opportunities at CES

not for just a summit but with also people that are looking for funding, connections, and all of that kind of stuff. Is that something that we want to take on? Where are we at now? We need to bring it down. What is the next agenda item for our next meeting?

Botts: I think that we need to decide when we are going to do these two meetings and pick dates and begin putting together the plans for the two meetings. Assign one or two people from the task force to lead each of those and begin the process of finding out who would be willing to participate and how we want to structure it. Define these two things. In the meantime, that is what we need to be working on and getting to the point where we are going to pull the trigger and say we are going to do it.

Wong: What are the two meetings again?

Botts: The entrepreneurial meeting...

Hutchison: The summit where we have both the north and south.

Botts: And the meeting where we bring in other people and bring in shakers and movers and local politicians and educate what we are taking on and lessons learned, directions we should be taking. They may not know all of the pieces and parts we have laying around but they have had the same type of problems when they stepped into the breach in Boulder and San Diego. Lots of pieces and parts, but somehow they have molded it into a pretty effective community.

Wong: How does this sound? Let's say that the north/south meeting around CES, I will work on that.

Hutchison: You want to take that on?

Wong: I will do it with someone else here.

Hutchison: The entrepreneurial summit right?

Wong: The reason why is that I already know a lot of those guys out there. And the second thing is the entrepreneurial summit, the two Bill's summit, maybe sometime in March. Give yourself a quarter before the conclusive paper, how does that sound?

Hutchison: That's all fine, this is open to discussion and what you all think in terms of driving



these things. I don't want to leave anything off of the table because there are so many great ideas, but we also talked about these unique competitive advantages with our own entrepreneurial demands and needs. Is that something that we want to pursue? This centralized place where entrepreneurs can go, is that something that we want to pursue? I just want to get that first on the table before we plan our resources of this task force is. Knowing that we cannot do everything, what do we all agree to do? Some of these things we need to put on the back burner right now. Where are we at in terms of organizing this?

Botts: We need an inventory of what we've got. Do we even have a recent snapshot of the pieces and parts?

Hutchison: Entrepreneurship resources?

Botts: Yea, in the Valley here.

Martin: I probably have the closest thing.

Botts: Maybe you can take that on.

Martin: I've got it all. It was on a whiteboard in my office. I had to take a picture of it because I had to erase it. I can take that.

Peterson: I'd be happy to dive in on that as well. We have been working a similar exercise and I know that a similar groups have as well. Maybe there is a combination.

Miles: That might be one of our meetings that we can keep on the agenda there and bring Leith into that. We can talk about those.

Botts: I will volunteer Payne and I to develop a description of the summit and proposed agenda. We will even put forward some potential dates. I think that earlier maybe better than March, but somewhere in the first quarter of next year.

Wong: Would it make sense from the stand point of the special strengths on Las Vegas to have another gathering of everybody here? You have the downtown area, you have Switch, maybe in early December and before we do these other two. If you have a meeting with the north and south, you have to have this figured out.

Miles: I can take the lead on coordinating that because we have a lot of space here.

Martin: What I will do is come to that meeting with the framework that I have and then we can go through that framework and find the components that we are missing. Like this should be in ID generation phase but maybe in the

incorporation phase and where it falls into the path of commercialization and maybe we can move it around from there.

Miles: One of the pieces out of that is recommendations on if we need these pieces or it does make sense to combine these or if we did combine, do we need some type of funding.

Hutchison: Is that going to include the addressing centralization of these resources, a plan for that, a proposal, thoughts about that?

Erskine: This early December meeting you want to focus on centralization and inventory. So you want to do another meeting this quarter?

Botts: And the summit.

Erskine: And review the plan for the summit.

Wong: Jonas can communicate with these guys before December so that they are in sync. Our development plays a very key role in this.

Hutchison: Do we all know what we are doing? Are you all okay with where we are at, your involvement? Cathy's got to write this down.

Erskine: I am writing this down.

Hutchison: Let's make sure that we are clear.

Erskine: I don't want to sound like a negative Nelly here, but just realize, and I am happy you all are pitching in, but the Lieutenant Governor's Office is a staff of four.

Botts: That much?

Erskine: Between the north and the south, we had ideally planned on doing one this quarter so this would check off this one for this quarter. We didn't get to do another one this year, but for the north they will have two this year. That maybe something that we may be able to squeeze in. I am just worried about our time frame in general and of course we have other things going on, session and bill drafts and things like that. With your guys help in terms of coordinating will definitely be helpful if we want to squeeze in this extra meeting this year.

Hutchison: We can decide whether we all need to be doing this stuff. Just these subcommittees, sub groups can meet and then we all come together for our quarterly meeting.

- Wong: We just need one of the three of you at the summit.
- Erskine: Someone will show up for sure. We will have a representative there, but it is a lot of work. If you guys are willing to take on some of that, I welcome that.
- Hutchison: I just want to make sure that we walk away and understand what we are doing. In my head right now there are three things that we are doing. We are talking about two different meetings but I think that we called them both an entrepreneurial summit...
- Aldan: The first one is more centralization and inventory of the entrepreneurial community. The second one is for the summit.
- Hutchison: So Leith and Zach are doing the resources inventory and centralized resource kind of thing. Bill is going to talk with Bill about bringing in best practices, experiences, what we have done to create this ecosystem. We did this thirty years ago, listen to us kind of thing.
- Erskine: When is CES?
- Wong: January and that will be the second meeting.
- Erskine: It would be in January in conjunction with CES.
- Wong: Yes, organize a north/south meeting, just so that they know what we are doing.
- Hutchison: Is what you are talking about a separate meeting or the same meeting that Bill is talking about?
- Wong: No. Separate meeting.
- Erskine: So one in December, inventory, centralization, and a presentation on the summit proposal. January, in conjunction with CES, you would like north and south to get together.
- Wong: Yes, let them know what we are doing.
- Botts: My assignment, which we have accepted is to create a draft plan for the summit that includes description, content, potential agenda, target speakers, and budget if needed that will be submitted by the first of December to look at, buy into, finalize, whatever. That is the assignment that I think that I have taken.

- Erskine: When would you envision this summit?
- Botts: In March or earlier. Early March maybe.
- Hutchison: Eugene, yours is a joint task force that you are talking about. So we would all be first quarter together there. North and south, bring everybody together.
- Wong: For the entrepreneurial summit, the north will contribute to make it look unified.
- Botts: It needs to be a statewide summit. It happens to be here but it is a statewide summit that we are taking the lead on setting up.
- Hutchison: Hopefully they will be here, but we can probably arrange video conferencing.
- Erskine: I am sure that they have it.
- Jacobson: Just make sure that the state summit doesn't conflict with South by Southwest because a lot of the speakers and attendees will be attending that. It's like mid to end of March.
- Martin: Also keep in mind that there is a econ dev summit that EDawn puts on that was a month or so ago. It will be hosted here next year in September. There is a chance that we might be able to tag on some entrepreneurial type stuff. All of the EDawn, UNR people will be here. They did add a small business, entrepreneurial track this year, that is why I was there because I spoke at one of the tracks. I guess my point is that UNLV will in essence be hosting that here in September. That would be good timing. February or March for something September for something. It puts us all in the same room for something again.
- Hutchison: We can just coordinate from our office who is going to be at all of these things right?
- Erskine: Yes, we will absolutely have a presence.
- Hutchison: Alright great. We can walk out of here with something nailed down. We will close out the discussion of task force member comments and move on to discussion number five.

## **5. Discussion and Prioritization of Bill Draft Request Topics for the 2017 Legislative Session**

### **a. Prohibiting non-compete clauses**

Zach, I get what you are saying. What we focused on was what was not going to really move the ball, but let me tell you where these came out of. These are ideas in terms of what have other ecosystems done, what have other states done that have helped foster entrepreneurship. One of the things, believe it or not, came out of a focus group that I did. The number one thing that they said was that in California they do not have non-competes. You cannot enforce non-competes. What it allows you to do is have the free flow of human capital, human labor and human ideas. You can float through startup companies and not be locked down by non-competes. One of the things that they said is that this is a big thing that maybe we can take a look at this next legislature and can we address non-competes. Now I will tell you this. I started working on this and we have had discussion about this. It will be very difficult, if not next to impossible to say, in the state of Nevada we currently enforce non-competes and as of this next legislative we are no longer going to do that. That is a big, big, big lift. It is a seismic shift in the way that business operate and function. We tried to narrow that down and craft it around the startup world. This is what I want to have your input on and thoughts about. Let me walk you through this.

In the startup world as a matter of policy we are going to say in this state that we are not going to enforce non-compete. That is the idea. I want you to think about this. Is this a go idea, bad idea, have you thought about this? This is your world. I am just telling you from a focus group that this focus group said that this could be very beneficial in attracting entrepreneurs and developing an entrepreneur ecosystem and environment long term for the state. So that is where it is coming from.

Following with me now. It is going to revises provisions governing various business practices including non-compete and non-disclosure agreements. We are in the process of drafting language. I'd like to be able to pass it out to you all to look at and consider it. We can do that right Cathy?

Erskine: Yes, but we don't have the language yet.

Hutchison: Once we get language then. So here are the concepts. Barring the implementation of non-compete clauses among start-up businesses. Believe it or not, there is no definition of what a startup business is in any legislation in the country. Can you believe that? No legislation has ever taken that on before so we are going to take it on and be the first state that is going to define a startup. Here is where we are starting. You guys tell me what you think. Current working definition. A startup company is an incorporated legal entity of not more than five years, which meets a minimum of three of the following criteria: annual profits of less than five million; annual revenues of less than fifty million; less than fifty direct employees; market capitalization of less than one hundred

million.

Wong: That is a big business.

Botts: It's pretty big.

Hutchison: Really? Alright, give me your input on it.

Botts: I'd almost say twenty, twenty-five million in annual revenues.

Hutchison: Tell me. This is why I am throwing it out there. You are all uniformly thinking Mark, that this is not a startup, you are describing a bigger company than that. The purpose is to identify a startup and hopefully not just for non-compete but for other laws that will pass. How do we want to define a startup?

Botts: Is that in here? That write up?

Hutchison: Do they have that?

Erskine: Yea they should. Hold on. You know what, they don't.

Hutchison: Let me give it to you so you can write this down. we do not have to solve the problem now. A startup company is an incorporated legal entity... We can probably send this out.

Erskine: I think forgot a page. I forgot to print out the page. I can just email it to everybody.

Hutchison: A startup company is an incorporated legal entity of not more than five years, which meets a minimum of three of the following criteria: 1) annual profits of less than five million; 2) annual revenues of less than fifty million; 3) less than fifty direct employees; 4) market capitalization of less than one hundred million. You have to meet at least three of these.

Wong: This is market capitalization?

Erskine: If you do want to provide feedback, please send it to staff only. For open meeting purposes we cannot be having these discussions over email unless you are sending it directly to staff.

Hutchison: Meaning discussion amongst the members.

Erskine: To staff, so the three of us, is perfectly acceptable.

- Botts: So Payne and I cannot work of the agenda together?
- Hutchison: You can work on the agenda together.
- Jacobson: I caution defining startup as far as any kind of legislation goes because a startup is a term that is often defined by the current market. Is a fifty person company large in a period like the recession? Yes. Is it large when the money is flowing like a couple of years ago? No. It would be very easy for a company that was under eighteen months old to have raised five million dollars and have fifty employees, but maybe in the next six months you are back down to ten employees. It is non-traditional in terms of how businesses grow when you are talking about tech startups specifically. It is kind of defined by what is happening in the market and you can have startups at IPO, that is the language that gets used when they go very quickly from their first venture raise to IPO or you could have companies that get way to a more mature, like an Uber for example, although Uber is often called a startup even though it is valued over ten million dollars at this point. It might be kind of difficult to try to define that.
- Hutchison: For all purposes right?
- Jacobson: Yea, especially in business where the market kind of determines that.
- Botts: A startup is non-public. It is registered not a startup so market cap doesn't have any meaning. Non-public I think is an important parameter. Typically a startup would be under five million in sales.
- Hutchison: Under five million. Are you talking about revenue?
- Botts: Yes. Fifty million you are on your way to wherever you are going. But I could see at five million where you are potentially losing money and raising new money from venture capital. That to me would be the upper limit.
- Hutchison: What do you think about the idea of annual profits? Does that matter?
- Botts: It's trying to get there but if you are there one year and not the next it is immaterial.
- Hutchison: What about the number of employees?
- Wong: That is key because of market rebound. If you have ten employees you are going to get a non-compete.

- Botts: Maybe twenty of twenty-five would be a good threshold.
- Hutchison: I hear what Jimmy is saying. This is a fluid concept. This would be for the purposes of the state and saying that we want to foster policy that will not apply to this part of the entrepreneurial world. You are right, I do not think that you can define a startup for all purposes.
- Botts: It is alright to define it in the non-compete realm. Seed money, angel money, equity, self-funded, still being cash flow positive, that is what startups are.
- Martin: Jimmy when you guys hire do you have employees, do they sign non-competes?
- Jacobson: They do not sign non-competes, but we have them sign employment agreements where they say that they cannot perform similar work at the same time they are employed with us.
- Hutchison: Do you have non-disclosures where you cannot disclose private information?
- Jacobson: Yes as part of the employment agreement.
- Aldan: For us, non-disclosures is what I work with, with my entrepreneurs . We do not really do non-competes. I tell people that if you have a great company and culture that your employees are not going to leave and be vindictive. Having a non-disclosure is much more effective I think to manage that for our startups.
- Martin: The reason I asked the question is because I have never signed a non-compete. I have never had an employee sign a non-compete. I just don't want to spend a ton of effort.
- Hutchison: This is a solution looking for a problem, is that what you are saying?
- Martin: As a founder you sign a shareholder agreement and other things which are considerably more restrictive than you would with an employee, but that is a different situation. You are handcuffed because you own equity and you don't want to compete against the business. As an employee I wouldn't sign a non-compete and if they didn't offer me the job then okay.
- Hutchison: I think this is a difference between the north and the south. This came out of our meetings in the north. This was a big deal to folks. I don't know why if this is really a non-issue and you all in the practical world do not have a problem with them.
- Wong: Argentum did a lot of work and analyzed a lot of data. We should look at it. We



have it and it works fine. It can protect us.

Hutchison: What we are really talking about here is state policy. Do we want this to be a policy of the state? Is there a need to make sure that this policy becomes law because it does something for us? This is supposed to do something for us, the free flow of human capital, ideas and concepts.

Botts: It is a nightmare in California for early stage companies, even profitable companies because employees come and go, and if you do not have some sort of protection of your IP and internal knowledge you get screwed. We just fired the sales director of Sara Happ six months ago because they were secretly doing another company using our stuff. Fortunately the limit in California is not a non-compete it is confidentiality, but it wasn't enough. It is a nightmare if you have technology that you are trying to protect and an employee gets outgrown. You ought to have some level of protection.

Is this the proposal?

Hutchison: That is existing law. My question is, can we strengthen it. The idea with the legislation was that if we are going to give up the non-compete side, we need to strengthen the non-disclosure and confidentiality side. I've reached out to the business law section of the State Bar of Nevada and asked their input on this as well. Do you see away to strengthen Nevada's Trade Secrets Act and non-disclosure and use that as part of not having non-competes in the startup world we are really going to have to strengthen non-disclosure.

Botts: I almost think that this fails safe. If you are an employee going to a company that has top-secret IP and the company wants you to sign this. It is only two items, going into competition and trade secrets and if you do not want to do it then don't. If you want to join that company, you sign it. If the company finds that they cannot attract the people they need then they get rid of it. It fails safe in the commercial practical side of things.

Hutchison: Currently the law is that non-competes are enforceable in Nevada as long as they are reasonable in geographic scope and time. The Nevada Supreme Court came out two months ago with a landmark decision in this area that said that they have to be narrowly tailored. You can't stop someone from getting a job somewhere else. I've spent twenty-five years enforcing these with my corporate clients they are broadly written. I'm not looking to change the law if it is not a problem. To Eugene's point, maybe this is just the difference between the north and the south. Maybe we focus more on non-disclosure and IP more so than the non-compete.

- Botts: If I wanted you bad enough because you are a technician of note, I'll hire you anyway and vice versa. It fails safe.
- Hutchison: Any other comments on this before I go on?
- Jacobson: Is there any data associated with this?
- Hutchison: Good question. I'll need to go back to the folks in the north and talk to them more. The way that was presented to me that this is number one on our list to get things done in the legislature.
- Erskine: If this is based on geographical scope, a fifty mile radius up north, you are locked out the whole area. In terms of targeting certain industry groups, we did talk about gaming, nursing, and construction trades. They all want to opt out of something like this which is why we narrowed it down. We just don't want it to capture folks and prohibit employee mobility. What they have found that it prohibits someone from getting a job and they sit there for two years waiting. This is a problem that they are experiencing up north, even some have experienced. Some of them have faced leaving a company, but not taking any proprietary information, clients lists, or confidential information just to go work for a competitor. Right now if you work at Renown and you want to work at Saint Mary's you have to wait two years and that is basically for all of their employees. It is capturing a lot more than intended. For something like this to narrow it down, that maybe has an idea in the same industry that they can pursue their own business without having to wait two years. It is eliminating that barrier.
- Martin: This legislation won't solve the issue you just brought up right?
- Erskine: No. We've focused it just to startups because it is a big issue to tackle in general.
- Hutchison: It is tectonic plates shifting in the business world. It takes a long time and you don't do that in one session.
- Erskine: With gaming specifically in Nevada, it is unique in that we do not always think about in terms of how they operate their business. We rely on them so much as employers, for revenue and so on. We've just tailored this to focus on startups and the people who have expressed concern. Startups and people in the entrepreneurial community as opposed to the whole business community.
- Hutchison: This is helpful.

**b. Ending state requirement for venture capitalist to register as investment**

## **advisors**

Cathy maybe you can review is in terms of what the intention is and what the issue is. I want to get the groups thoughts about this.

Erskine: Forgive me because I am still a novice on securities and venture capital. Basically the overall scheme of this was to update the Securities Act. Our State Securities Act needs to be updated to reflect the changes in the Dodd-Frank Act. Our laws supersede what the federal government requires. It will bring into alignment venture capitalist not having to register as an investment advisor since they are already considered sophisticated investors. That extra layer of consumer protection really isn't needed. The second part of this is focused on the limited offering exemption which they are saying that a lot of startup companies are looking. Friends and family is the general term. We are going to change some language to make is more clear that if your transaction is exempt, specifically under the limited offering exemption and you have to meet "x" provisions then the security is exempt. Also increasing the number of purchasers in the state from twenty-five to thirty-five.

Botts: The federal number?

Erskine: It may be the federal number but also surrounding states have higher numbers. What we have heard up north is that they do not have any investors from Nevada. Partly it is due to how our law is written. It is a little out dated since we do not have the Dodd-Frank updates. Having conversations with this individual and bringing in the Secretary of States Office and really trying to understand the securities law and what the intent is and how to use this exemption. It really opened up a can of worms and I think that we finally honed in on some language that will make it more clear when someone is reading the law. It is up to you to interrupt the law and if you don't correctly you maybe under investigation, with fines and penalties associated with that. By clarifying a couple of words, in terms of securities exemptions and transactions to make it easier for a person to understand.

Botts: I agree with all of that. To have a VC have to register as an investment advisor is crazy. To have a law different than federal law with regard to the number of early state investors is also crazy. I don't know the rest of the ramifications, but that absolutely needs fixing.

Erskine: We don't have language for this yet, but those are the two main issues we are attempting to tackle in this piece of legislation.

Botts: I just wonder if some of the VC's I bring in to try to invest in Vegas Valley Angels

because of that.

Hutchison: Is there any heartburn with this or can we move on?

We've given these broad concepts to the Legislative Counsel Bureau, the lawyers who write the law. They write laws for the state of Nevada. It is a complicated thing to do. They are in the process of drafting this. I will get it out to you all form comment, thought, input on the language.

### **c. Addressing occupational licensing**

The next issue that is holding us back is occupational licensing. It is something like 240 hours required to be able to braid hair. It's crazy. Why in the world do we even have a barber regulation, isn't that the most regulated profession in the world? If I get a bad haircut I am not going back.

So that's the concept. Look at how we can go in and improve or streamline occupational licensing. Jimmy you had a great point with reciprocity and spouses, that is something that is in here as well. Is that something that the Governor has suggested or is that something we put in?

Erskine: We do not know what the Governor's office is proposing yet.

Hutchison: This is a priority for the Governor under GOED. They are going to tackle occupational licensing this coming session.

Erskine: I believe these concepts listed here, the potential exemptions for new residents and assisting entrepreneur families relocating to Nevada, out-of-state reciprocity, grace periods for new residents to operate while obtaining necessary licensure. These are ideas that come out of speaking with groups up north. I don't know if they are a component of the Governor's plan. We are planning on tracking these as they come out. There are several other legislators that are proposing some other laws dealing with occupational licensing. Again, we don't know what that looks like because we do not have language yet. Those are the general themes where we plan on starting at least.

Hutchison: Once we get these BDRs out, we'll get them out to the task force and you guys can comment on them. I am going to not only ask you to comment on these but I am going to ask you to testify during committee hearings. You can do in remotely in Vegas or you can go up to Carson City. But we need to have your input here.

It sounds like number two and three are not really controversial and you are all on board with that. We need to do that. The first one may be more problematic

and I will come back to you with an update on that.

## **6. Direction on Entrepreneurship Task Force Next Steps**

### **a. Long term goals**

I think that we have talked about this already for the most part. Develop master plan for Nevada's entrepreneurial development, we are going to do that by regions. We will do that on the state level. We will meet with key players and increase collaboration with between known entrepreneurial entities. We talked about this stuff already.

### **b. Time and date of next meeting**

We talked about that. We have that laid out.

## **7. Closing Remarks**

Any final closing remarks about anything that we talked about here for anything that we need to follow up on? We're off to a good start.

## **8. Public Comment**

Is there anyone here from the public that would like to make a comment?

## **9. Adjournment**

We are in adjournment.