

**MINUTES OF THE SOUTHERN NEVADA ENTREPRENEURSHIP TASK FORCE  
December 15, 2016**

The Lieutenant Governor's Southern Nevada Entrepreneurship Task Force was called to order by Lieutenant Governor Mark Hutchison at 11:04 a.m. on Thursday, December 15, 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/)

**1. CALL TO ORDER, ROLL CALL AND ESTABLISH QUORUM**

**TASK FORCE MEMBERS PRESENT:**

Bill Botts  
Sara Hill  
Leith Martin  
Zach Miles  
Bill Payne  
Jonas Peterson  
Heather Wilde

**TASK FORCE MEMBERS ABSENT:**

Jimmy Jacobson  
Eugene Wong

**STAFF MEMBERS PRESENT:**

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

**GUESTS PRESENT**

Russ Logan, Originate  
Rob Mallery, Originate

There is a quorum.

**2. PUBLIC COMMENT**

There was no public comment.

### **3. OPENING REMARKS**

Lieutenant Governor Hutchison welcomed and thanked members for serving on the task force. He mentioned that last week he chaired a productive meeting with the Northern Entrepreneurship Task Force and looks forward to another stimulating meeting with task force members in the south.

### **4. APPROVAL OF THE OCTOBER 19, 2016 TASK FORCE MEETING MINUTES**

**A MOTION WAS MADE BY BILL BOTTS TO APPROVE THE OCTOBER 19, 2016 MEETING MINUTES; THIS MOTION WAS SECONDED BY JONAS PETERSON. THE MOTION PASSED UNANIMOUSLY.**

### **5. TASK FORCE MEMBER COMMENTS**

Mr. Botts and Mr. Payne met with Executive Dean Dennis Bonilla of Redflint (an extension of University of Phoenix) to discuss Redflint's plans within the entrepreneurial community. Mr. Botts was impressed with Redflint's wide-ranged entrepreneurial community functionality and suggested connecting with Redflint to discuss how they may fit into the task force's long term plans.

### **6. PRESENTATION AND DISCUSSION ON NEVADA'S ENTREPRENEURIAL**

Mr. Martin and Mr. Peterson created a southern Nevada entrepreneurial ecosystem map of entrepreneurial resources. The map was organized and mapped resources by category. The categorization, from left to right, starts with early startup resources and then logically progresses. They are considering adding web links and summaries for each resource listed.

Mr. Peterson's organization (LVGEA) created an online document called "Southern Nevada Business Resource Guide: Economic Development Resources for Southern Nevada's Businesses." The resource guide details comprehensive information of organizations, tools, programs, and other resources available to entrepreneurs.

Lieutenant Governor Hutchison was impressed with resource guide and thanked LVGEA for compiling the information. He asked Mr. Peterson how he envisions the document being utilized within LVGEA.

Mr. Peterson said that the resource guide will be posted on LVGEA's website for entrepreneurs, small businesses, and the task force to utilize. He mentioned that the

resource guide will also be used through LVGEA's BizCONNECT program which focuses on regional business retention and expansion.

Lieutenant Governor Hutchison thanked Mr. Peterson and Mr. Martin for their work on compiling resources. He noted that the compiling of startup and entrepreneurial resources was an important component of what he hoped to accomplish before the end of the task force.

Mr. Martin asked task force members to let him know if any resources were missed so that they can be added to the resource list.

## **7. DISCUSSION AND IDENTIFICATION OF THE REGIONS STRENGTHS AND WEAKNESSES**

Ms. Erskine compiled a list of strengths and weaknesses discussed by the task force at the October meeting. The list is a starting point open for discussion.

Lieutenant Governor Hutchison mentioned that one of the duties of the task force is to identify the regions strengths and weaknesses and then identify some of the deficiencies in the regional plan.

Ms. Wilde was curious about the thinking behind a strength identified as "available talents and future entrepreneurs." She questioned if it was referring to the grade school level or UNLV. She mentioned her involvement with middle school ages students and the importance of spurring their interest in technology and innovation at that age. She does not see a lot of students interested in technology and noted that there needs to be a focus on attracting/recruiting people to the region.

Mr. Payne agreed with Ms. Wilde in that "available talents and future entrepreneurs" is not a strength of the region.

Mr. Miles noted that there may be a lack of available talent for large companies, but believes there are talented entrepreneurs that want to be job creators instead of employees. They just need to be helped.

Mr. Payne commented that "wanting to be an entrepreneur" is not enough. He questioned whether those individuals have what it takes to be an entrepreneur. For example, are they preparing themselves, are they willing to take the necessary risks, do they have a network, etc. to be an entrepreneur? He noted the importance of having local role models to help entrepreneurs.

Mr. Peterson said that entrepreneurship is a growth area for the region. He believes that right now there is massive opportunity to identify entrepreneurs early on. He mentioned the ability to test individual for entrepreneurial skills such as risk tolerance, ability to lead

people, social aptitude, etc. and construct a framework to foster entrepreneurial development.

Ms. Wilde believes Las Vegas is an "entrepreneurial city" and suggested adding it to the list of the region's strengths. "Entrepreneurial city" refers to entrepreneurs being able to learn and adapt quickly.

Referring to the weakness list, Ms. Hill suggested expanding on "limited access to funding" and adding lack of angel investments and seed capital for entrepreneurs to get started.

Also referring to the weakness list, Mr. Payne commented that in addition to "lack of education/awareness" there is also a lack of entrepreneurial support.

Lieutenant Governor Hutchison summarized the suggestions including reclassifying "available talent and future entrepreneurs" as a weakness.

Ms. Erskine noted that the reasoning for categorizing "available talent and future entrepreneurs" as a strength stemmed from comments from representatives of UNLV with regard to entrepreneurial graduates.

Mr. Martin remarked on the uniqueness of UNLV's student body in that the average age of undergraduate business school students is in the mid-twenties. He concluded that older graduates tend to be better equipped to starting companies and also tend to have higher success rates than younger individuals without business degrees. It is likely that those individuals have work experience and valuable skills due to their work experiences. To Mr. Martin, those are positive factors and therefore a strength.

Mr. Martin views Las Vegas as a risk tolerant community which he believes is indicative of the people in the community. He also views this as a strength.

Mr. Botts suggested prioritizing the strengths and weaknesses and refine the list as the task force sees fit.

Lieutenant Governor Hutchison agreed that the strengths and weaknesses should be a living document as the task force continues its work in developing a regional plan.

Mr. Martin stated that Nevada has distinct competitive advantages that should be leveraged. He suggested focusing on being a world leader in gaming, e-sports, hospitality, technology companies, water technology and alternative energy and that Nevada should capitalize on strengthening those industries. He believes that if there is an infrastructure built around industries that Nevada has competitive advantages around then that infrastructure will be able to support any entrepreneurial activity.

To the previous comment, Mr. Peterson said that LVGEA just launched a target industry analysis of southern Nevada. The study will focus on identifying the five top industries that have the most potential today and five years out for the southern region to grow jobs and invest capital. The study also seeks to identify potential emerging industries. LVGEA will use the data as a marketing and recruiting tool for economic development. The study is projected to be completed by March.

Mr. Payne is pleased with the overall objective of the study but questions how entrepreneurship fits in.

Mr. Peterson responded and noted the importance of identifying what emerging industries pose the most opportunity for startups and relocating companies.

Ms. Erskine asked for clarification on the group's stance with regard to the categorization of "available talent and future entrepreneurs."

Mr. Martin suggested categorizing "available talent" as a weakness due to the lack of spurring interest in technology and innovation at the grade school level. He suggested keeping "future entrepreneurs" as a strength referring to the uniqueness of UNLV's student body.

There was consensus from task force members with the suggestions and changes discussed. Ms. Erskine will update the strengths and weaknesses list for review at the next meeting.

## **8. SUMMIT PROPOSAL**

Lieutenant Governor Hutchison said that the summit proposal was discussed at the last northern Entrepreneurial Task Force Meeting and asked Ms. Erskine to provide an update.

Ms. Erskine said that the summit proposal was not well received by the northern task force. The northern task force did not see value in the summit's objective because the north is already engaged in those activities. The consensus from the group was that the summit is premature to the work they are currently trying to accomplish with regard to developing the northern regional plan.

From a staff perspective, Ms. Erskine suggested keeping with the original vision of the summit, which is a culminating event of task force's work in 2018.

Lieutenant Governor Hutchison mentioned that the northern group discussed focusing their efforts on marketing and selling northern Nevada's story through trade missions to

various California cities. Ms. Erskine added that there may be some interest after outreach and trade mission efforts.

Mr. Payne said that Nevada has struggled with building an entrepreneurial environment for years while other cities have managed to build real entrepreneurial ecosystems. He believes that northern Nevada has been no more successful than southern Nevada and feels that the problem with Nevada is that "we don't know what we don't know." The only way to forge the unknown is to bring in people that have been successful in creating entrepreneurial ecosystem. That was the purpose of the summit proposal. He does not think that having different approaches in the north and south is the best overall solution.

Mr. Botts mentioned that he has donated copies of the book *Startup Communities: Building an Entrepreneurial Ecosystem in Your City* by Brad Feld, available for task force members. He believes that it is the best book on how to form an entrepreneurial community and reiterated Mr. Payne's point of "we don't know what we don't know."

Ms. Hill recognized the benefit of learning from others and reading resources about building an entrepreneurial ecosystem, but noted the lack of execution with putting a plan in place.

Mr. Payne found Brad Feld's book helpful because it defines the roles of government, universities, large companies, existing and exiting entrepreneurs in very clear terms. He commented that it is an ecosystem that needs to be built in Nevada, but believes we are a long way from achieving it.

Lieutenant Governor Hutchison noted that the task force is not going to solve or address everything. The task force will exist for a finite period of time and there may be other things that continue on after the task force is dissolved in June 2018. The purpose of the task force is to accomplish something useful and meaningful that may result in work outside of the task force.

Mr. Peterson proposed a different approach to the summit. He suggested focusing on one specific issue related to entrepreneurship and design an event around attacking that issue.

Mr. Payne commented that he does believe that there is an access to capital problem in Las Vegas. He believes that there is not a sufficient amount of fundable entrepreneurs. He cautioned task force members to think carefully about pursuing and attacking one specific issue.

Mr. Martin stated that entrepreneurial failure cannot be categorized by a single symptom. He added that if there were more local fundable ideas then he would find funding for those ideas. He stressed the importance of fundable ideas in areas where

Nevada is unique and stated that it would guarantee success that cannot be duplicated in other markets.

Referring back to the current agenda item, Lieutenant Governor Hutchison asked where does the task force go now.

Mr. Botts recommended requiring all task force members to read *Startup Communities* and then hold a meeting with both north and south.

Ms. Erskine stressed the importance of keeping each task force focused on their regional plan before having a meeting of both task forces.

Lieutenant Governor Hutchison suggested hosting a videoconference meeting between the north and south after the regional plans are complete. He concluded that he will consider arranging the meeting of both groups and encourage members to read *Startup Communities*.

## **9. UPDATE ON BILL DRAFT REQUEST FOR THE 2017 LEGISLATIVE SESSION**

Ms. Erskine provided an update on Senate Bill 32 relating to registration requirements for venture capitalist. She said that the language in the bill was modeled after North American Securities Administrators Association's (NASAA) model rule. Changes include updates to the Securities Act as well as increasing the maximum limited offering purchasers from twenty-five to thirty-five. Thirty-five is the federal maximum number of limited offering purchasers.

Ms. Erskine provided an update on Senate Bill 82 relating to non-compete agreements and trade secrets. The bill outlines that non-competes are unenforceable if certain criteria are met. The criteria are specific to employees who leave a company for employment within a "startup company" as defined in the bill.

Lieutenant Governor Hutchison read a portion of the Legislative Counsel's digest for SB 82. "Sections 1 and 4 of this bill prohibit an employer from negotiating, executing or enforcing a non-compete agreement that purports to prohibit an employee from becoming employed by a 'start-up company,' defined as a corporation that has been incorporated for less than 5 years and meets certain other criteria. Any such agreement entered into on or after October 1, 2017, is void and unenforceable. Existing law makes it a felony punishable by imprisonment and a fine of not more than \$10,000 to wrongfully acquire a trade secret with intent to injure the owner of the trade secret. (NRS 600A.035) Section 3 of this bill increases the maximum amount of such a fine to \$100,000 per violation." He noted that the aforementioned sections have been subject of discussion by the northern task force and noted that there will be clarifications to strengthen provisions.

In reference to the definition of a startup company, Ms. Erskine explained that the definition was written broadly to capture more startup companies and not just early-staged startup companies. The northern task force suggested increasing the length of time the company is incorporated from five to seven or ten years.

Ms. Erskine also noted that the northern task force suggested including severability language to ensure a contract remained valid even if the non-compete language was void.

Lieutenant Governor Hutchison noted that non-competes are valuable tools used in business practices, but with the recent Nevada Supreme Court ruling (*Atlantis Casino Resort vs. Grand Sierra Resort*), non-competes have been severely limited in their application and enforceability. Non-competes have to be written very narrowly. In view of the direction of the Nevada Supreme Court the intent of SB82 is to limit non-competes to allow for entrepreneurs to leave large companies, start their own business, and encourage entrepreneurship.

#### **10. DIRECTION ON ENTREPRENEURSHIP TASK FORCE NEXT STEPS**

Ms. Erskine noted that she will update and share the regions strengths and weaknesses list. She suggested prioritizing the strengths and weaknesses so work can begin on developing the regions framework. She noted that a rough draft of the framework will be presented at the next meeting.

In reference to previous conversations, Lieutenant Governor Hutchison noted that there are other ways to learn from other peoples experiences with regard to fostering an entrepreneurial ecosystem. He reiterated that the idea of the summit has been tabled, but solicited suggestions on other ways to learn from others.

Mr. Botts said that Las Vegas Valley has a lot of entrepreneurial resources, but there is a lack of connectivity. He suggested creating an advisory committee composed of the top individuals with knowledge and involvement of entrepreneurship to piece together the entrepreneurial community.

Lieutenant Governor Hutchison said that the idea of an advisory committee may be a recommendation that comes out of the task force.

Mr. Botts stated that there are a lot of people involved in the entrepreneurial ecosystem and it is a good time for integration and collaboration.

Mr. Martin agreed with Mr. Botts point on collaborating and connecting the entrepreneurial ecosystem. He also mentioned the importance of capitalizing on events that attract investors, entrepreneurs, and businesses. He mentioned that the Nevada



Center for Advanced Mobility will be hosting an event around CES. He stressed the importance of these events because it pulls in local, global, and regional opportunities. He thinks these events should occur on a more consistent basis to help build local infrastructure and build Las Vegas as an identifiable central point for certain industries.

Adding to the idea of an advisory committee, Mr. Payne noted that very few of the organizations listed on the entrepreneurial inventory map focus solely on entrepreneurship. An advantage of the task force focusing regularly on entrepreneurship through some form of continuing activity is to get to acquainted with one another and build relationships.

Ms. Erskine informed the task force that the next meeting will likely be held at the end of January. She will send out a doodle poll to see which days and times work best for the group.

At the October meeting, Ms. Erskine mentioned that the Governor's Office will be proposing several bills targeting occupational licensing. No bills have been prefilled and she will provide the group with copies of the occupational licensing related bills to the as they are introduced during the legislative session. Ms. Erskine will track all bills that are entrepreneurial related.

Ms. Hill suggested also tracking bills related to investors.

**11. CLOSING REMARKS**

There were no closing remarks.

**12. PUBLIC COMMENT**

There was no public comment.

**13. ADJOURNMENT**