

MINUTES OF THE NORTHERN NEVADA ENTREPRENEURSHIP TASK FORCE
April 20, 2017

The Lieutenant Governor's Northern Nevada Entrepreneurship Task Force was called to order by Cathy Erskine at 1:10 p.m. on Thursday, April 20, 2017, in the Summit Conference Room of the InNEVation Center, 450 Sinclair Street, Reno, Nevada. Copies of the minutes and meeting materials are available on the Lieutenant Governor's website: [www.
http://ltgov.nv.gov/Resources/Entrepreneurship/](http://ltgov.nv.gov/Resources/Entrepreneurship/)

1. CALL TO ORDER, ROLL CALL AND ESTABLISH QUORUM

TASK FORCE MEMBERS PRESENT

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

TASK FORCE MEMBERS ABSENT

Kevin Lyons
Dusty Wunderlich

STAFF MEMBERS PRESENT

Cathy Erskine, Policy Analyst

2. PUBLIC COMMENT

There was no public comment.

3. OPENING REMARKS

Ms. Erskine provided an update on legislative measures. She indicated that SB 32 was amended to remove provisions relating to investment advisors and noted that the bill makes changes to the limited offering exemption. Ms. Erskine stated that the bill passed out of the Senate unanimously.

Ms. Erskine states that SB 82, relating to non-competes, has failed. She noted that Assemblyman Carrillo's bill AB 149 is moving forward and is monitoring the bill's progress.

Mr. Erwin asked how the task force should engage to ensure the intent of modifying non-competes is clear.

Ms. Erskine noted that she has not seen the amended version of AB 149, but would send out the amended version to the group for review and comment.

Ms. Jennings noted that AB 149 is a lot different than the bill proposed by the task force. She indicated that AB 149 does not appear to be very effective. She will read the amended version and get back to the group to see if it is something that the group should pursue.

Mr. Erwin noted that non-competes are important to the entrepreneurial community, but only if it is not going to make it worse. Mr. Erwin stated that he heard that the bill was recently changed dramatically.

Ms. Erskine reiterated that she will send out the amended version of AB 149 after the meeting.

Ms. Erskine noted that May 1st is Diverse Chamber Day at the Legislature and the Deputy Director of Business of Industry and Assemblywoman Bustamante-Adams invited the task force to participate by hosting a table. She noted that there will be representatives from many small business resources throughout the state to mingle and share information with legislators. Ms. Erskine invited task force members to participate and offered building an "entrepreneurial day" around the event where the group could meet with key legislators discuss entrepreneurship, increase awareness, and establish relationships.

4. APPROVAL OF THE FEBRUARY 1, 2017 TASK FORCE MEETING MINUTES

A MOTION WAS MADE BY ROB HOOPER TO APPROVE THE FEBRUARY 1, 2017 MEETING MINUTES; THIS MOTION WAS SECONDED BY DOUG ERWIN; THE MOTION PASSED UNANIMOUSLY.

5. TASK FOCE MEMBER COMMENTS

Mr. Erwin shared that the new Reno Startup Deck will be available next week.

Mr. Levy noted that in the spirit of collaboration Watershed Growth Venture, Ozmen Ventures, and Gene Wong's group funded a company from Santa Barbara, California

called Breadware. He noted that Breadware will be housed at the Innevation Center for the time being as they integrate into the ecosystem.

Members congratulated Mr. Levy.

6. PRESENTATION AND DISCUSSION ON REGIONAL FRAMEWORK

Ms. Erskine explained that the intent is to go through each of the nine categories of the framework. She said that the meeting packet included a sample framework outline which includes overarching categories taken from the Rainforest Survey with nine subcategories underneath. She indicated that naturally the nine identified categories can be pulled apart and place under the overarching categories.

Mr. Erwin noted that he and Mr. Lyons worked on creating survey questions based on the Rainforest survey, but was not sure if they were input into a survey.

Mr. Hooper asked for clarification on the framework in terms of organization.

Ms. Erskine directed Mr. Hooper to look at the framework outline for organization as indicated in the framework instructions. She noted that Mr. Howard provided a document with bullet points, while Ms. Priebe submitted a complete write-up. She said that either format would work and that the idea is to relay the information so staff can create a framework with the ideas from the task force.

Mr. Howard volunteered to discuss his category first; formal education. He noted that formal education for Northern Nevada includes Sierra Nevada College, Truckee Meadows, and UNR.

Mr. Hooper suggested adding Western Nevada College to the list.

Ms. Erskine asked about DRI.

Mr. Howard noted that DRI does not fit in the same way as the other institutions. Mr. Howard reviewed the current state of formal education as indicated on his handout.

Next, Mr. Howard outlined points of resistance as being academic silos between institutions in terms of how entrepreneurship is presented. He noted that there are academic silos within institutions, in that there are entrepreneurship activities in other schools other than the business school. He noted that there is not a lot of coordination among the different colleges within an institution and sited colleges within UNR that engage in entrepreneurial activity, such as the business, engineering, and journalism colleges.

Mr. Howard stated that entrepreneurship, when taught as subject matter, is in conflict with traditional business curriculum. He noted resistance is breaking down over time as people learn more about entrepreneurial approach to business.

Mr. Howard noted that there are two important accommodations as it relates to formal education. He noted that faculty on tenured track is receiving credit for entrepreneurial activities. He also noted that generally there is changing culture within the business school at UNR in terms of acceptance of entrepreneurial education and utilizing different techniques to solve problems. He commented that the state should not engage in formal education due to the states bureaucratic nature. He noted that you do not want to force groups to work together under a common format. The different formats provide different opportunities and different ways at looking at things.

Mr. Gautam noted that there are innovator awards for students and faculty that award about \$5,000.

Ms. Priebe commented that those awards are incentivizing.

Mr. Howard noted that he provided a flyer that outlines all the spring entrepreneurship related events. He also commented that he provided a flyer with information on the Ozmen Center's Women in Entrepreneurship Initiative during the month of May.

Mr. Erwin noted that other states provide infrastructure funding for programs that compliment formal education, like startup weekends. He asked if Mr. Howard would be opposed to infrastructure funding that would support formal education.

Mr. Howard noted that he would welcome resources from the state to put on events as long as the events are run by an entrepreneurial group.

Mr. Erwin asked if a recommendation from the task force should be to create resources from the state that can be used to host actives by the entrepreneurial community to support formal education.

Mr. Howard had assumed that state funding was not an option, but noted if they state was to provide money that groups could benefit from that. He said that the states should not be involved in consolidating or running events.

Ms. Erskine noted that the recommendation does not need to be at the state level and that the purpose of identifying recommendations was to analyze shortcomings of a category and recommend a strategy from improvement.

Mr. Howard noted that private money is typically used to support entrepreneurial activities.

Ms. Erskine asked if Mr. Howard we be opposed to receiving state dollars. She concluded from the conversation that formal education as it relates to supporting entrepreneurship is healthy and that self-sufficient.

Mr. Howard noted that if there was a budget line through the university there would be improvement. There is no budget line and all activities are funded with private money.

Mr. Gautam noted that the universities need more engagement from businesses like the US Bank and the Ozmen's and that there needs to be a focus on how to get private industry engaged.

Mr. Erwin commented that that would be a good recommendation.

Mr. Gautam continued, stating that state has negotiations with businesses moving into the community but doesn't encourage those businesses to engage with other aspects within the community.

Mr. Erwin noted that formal education alongside informal education is important. He noted that the opportunity with formal education is figuring out how to match formal education with informal education, whether it be through industry, internships or other programs. He noted that the recommendation could be to have better engagement with industry with informal entrepreneurial programming such as Startup Weekends and on the job experience through internships.

Mr. Gautam commented that formal education needed but private capital, private investment, and private engagement need to be encouraged.

Ms. Priebe asked if there was an expectation to have a recommendation out of each category.

Ms. Erskine noted that she envisions at least one recommendation out of each category.

Ms. Priebe noted that some of what was discussed in formal education could be used in startup events.

Ms. Erskine agreed that there may be some overlap with both identifying issues and recommendations.

Ms. Priebe provided an outline for her category, investors and funding. She noted that not a lot of people understand venture capital and angel funding. She also stressed that that private capital is needed within an innovation economy. Additionally, Ms. Priebe read thought the list of capital sources in Northern Nevada.

Mr. Erwin suggested adding Nevada Research and Innovation Corporation to the list of capital sources.

Mr. Gautam asked about the status of Battle Born Ventures.

Ms. Priebe noted that Battle Born Venture is still operating and that they tend to invest in later stage companies that have been vetted.

Mr. Erwin said that there are only three to five deals looked at per month and noted that there needs to be a lot more. He noted that Battle Born Venture's mandate is narrow and not functional.

Ms. Priebe asked if Battle Born Venture is controlled by the state.

Mr. Erwin replied that it is funded through federal dollars that were repurposed as loan guarantee money. He also noted that there is a list of companies that have been funded on their website.

Mr. Gautam said that the state should be listening to these comments and should receive feedback on programs.

Ms. Priebe added that they state can drive the notion of an innovation driven economy and propel the notion investing in entrepreneurial efforts.

Mr. Erwin noted that the problem is that in the past the state has set up and run programs that have been risk adverse which end up not being impactful to the ecosystem.

Mr. Howard noted that state has labeled the Battle Born Fund as an entrepreneurial activity, but in reality it is not an entrepreneurial activity.

Ms. Priebe outlined the strengths of the investors and funding category. She noted that there is a tremendous amount of wealth (high net worth individuals) that are able and willing to invest in companies. She commented that of a portion of those individuals are trained and knowledgeable about early stage investment. She also indicated that there are a fair amount of high net worth individuals that are not knowledgeable regarding the risk-reward profile for early stage investing. Ms Priebe suggested a workshop or some other training tool to educate individuals on the economic opportunity that exists in early stage investing as well as the positive impact on the local community. Ms. Priebe added that when investable companies are available, they often invest, however there are not a lot of investable companies.

Ms. Priebe noted that the linkage between sources of capital with potential investable opportunities are weak and added that the linkage is often through word of mouth. She noted that investments occur on personal relationship basis, which is an informal information flow.

Mr. Erwin indicated that he does not see one-to-one relationships as a shortcoming but rather having qualified people to vet deals along with more diverse capital sources. Mr. Erwin cited the Breadware deal, noting that within 90 days capital was secured and the company was moved. He added that there need to be more diversification in pools of capital.

Ms. Priebe agreed, adding that there also needs to be knowledge on how to invest and what to invest in. She said that the infrastructure of highly sophisticated investors that can understand and vet deals does not exist.

Mr. Erwin noted that there a lot of people who've made money in real estate that do not understand the technology sector. He added that they often get burned when they first invest in the technology sector because they are not familiar with the startup dynamic and do not invest again. He noted that it would be a good idea to utilize something like TechStars Lean Investor Workshop to educate investors.

Ms. Priebe commented on the importance of personal relationships and trust when investing.

Mr. Erwin said that he liked the goal of improving investments and funding through investment infrastructure development.

Mr. Gautam asked what would be included in infrastructure funding.

Mr. Erwin responded that it includes all the things that drive an ecosystem, such as funding for demo days, Startup Weekends, code schools, and anything that brings deals out of the ether. He noted that affording to Kauffman Foundation research, state run venture funds only put money into the fund and nothing towards the supporting the infrastructure.

Mr. Levy commented that infrastructure development to him means recruiting. He noted that in the Breadware deal the company had to move to Nevada in order to receive funding. He stated that there is a lack of fundable deals in Northern Nevada and stressed the importance of recruitment.

Mr. Erwin stated that he is concerned about the ability to bring in quality deals will outpace the investors ability to fund them. He stated that he believes that infrastructure development helps feed the "deal machine" from outside the community. He noted that

as the deal flow increases he is concerned that there is not sufficient capital.

Mr. Levy agreed and noted the need for outside capital to see Reno as a place to deploy fund and syndicate deals.

Mr. Gautam noted that there are companies with sufficient capital that are housed in other cities with high cost of living. He added that the group should think about how to position Reno to capitalize on the communities natural assets.

Ms. Priebe noted that infrastructure includes legal framework, intellectual property, company formation, financial services, and communications services. She noted that in addition to capital, the quality support services and characteristics add to the entrepreneurial environment.

Mr. Hooper noted that funding can also come in the form of new market tax credits and USDA loan guarantee through traditional lending. He noted that Greater Nevada Credit Union is the largest USDA loan guarantee lender and startup have utilized the loan guarantee as a funding source. He noted that the new market tax credit and the loan guarantee go hand in hand in that new market tax credits give you the 20% equity that you need to have in order to have USDA loan guarantee work. He noted that another way to get 20% equity is through Employment-based Visa Program (EB 5) dollars. He also cited SBA Express guarantees as a funding source, as well as treasury tax exemptions.

Mr. Erwin noted that he has not seen treasury tax exemptions work for early stage tech companies.

Mr. Hooper stated that entrepreneurship is more than early stage tech companies and more than innovation and startups. He said that the focus of the conversation on entrepreneurship cannot be narrowly on early stage tech companies.

Mr. Erwin agreed and added that there are a lot of resources that assist small businesses with funding and that there are resources in place to fund small businesses. He noted that he has difficulty getting high tech companies funding to grow their business which ultimately drives up the average wage.

Mr. Hooper stated that his point is that companies can look to other programs and sources of funding outside of private capital. He noted that for years he's helped try to find companies money and that he assesses their business and business needs to find funding.

Ms. Priebe noted that the programs referenced by Mr. Hooper, may be a value part of the investor education process. She noted that there are a lot of funding sources available that people are unaware of that need to be communicated so others may

utilize those sources.

Ms. Priebe noted that she came up with two goals to address "investors and funding." One goal identified was to improve investor capital through infrastructure development which speaks to creating networking, educational events, and mobilizing local networks. She noted that the barrier with that goal is that high net worth investors like to remain anonymous, they have a low appetite for high risk investing, as well as a lack of knowledge of such investing.

Ms. Priebe identified the second goal is to increase the funding in local companies (ie. deal flow). She noted that in the past few years, she has seen more and better deal flows than before.

Ms. Erskine asked Mr. Hooper to review his assigned category, K-12 Education.

Mr. Hooper approached his category by first assessing what programs exist public and private schools. He gave an example of a Carson City elementary school program that teaches business and economic fundamentals through community partnerships. He noted that he is looking to see if there are other programs like this in other school districts. He noted in his research so far there is a mismatch in what school districts are doing. He stated that when looking at middle school programs there seems to be a large gap and that the programming picks up again at the high school level. He noted that at the high school level there are a various clubs, shark tank-style competitions, and business skill development programs available to high school students. He noted that there is a real need to communicate to the school system as well as the teachers about what entrepreneurship is and how to incorporate that into the classroom.

Mr. Levy noted that he has been involved in a shark tank-style competition, where he was a judge and an investor. He said that he was impressed with the kids that participated in the competition.

Mr. Hooper noted that the major recommendation for improvement in the K-12 category is education support from the private sector. He also noted that it is important to educate the teachers on entrepreneurship in addition to publicizing student achievements and successes.

Ms. Erskine commented that the task force members in the south discussed the importance of connecting students with real world businesses.

Mr. Hooper noted that there is a foundation in Carson City that specifically connects companies with grade school kids.

Mr. Gautam noted that K-12 business and entrepreneurial activities happen throughout

the United States. He questioned how northern Nevada could get ahead of the game. He suggested bring the best of the best together so that the kids can see what competition is out there.

Mr. Hooper agreed and added Nevada is still trying to catch up with other parts of the county.

Mr. Erwin stated that there needs to be a change in educating kids to think like entrepreneurs.

Mr. Hooper agreed and shared that Adam's Hub entrepreneurial club emerges kids into entrepreneurial activities. He recommended cataloging and promoting entrepreneurial activities for school aged kids. He noted that there needs to be an effort to get teachers to think and teach the entrepreneurial way of thinking and work with high school counselors to provide motivation to entrepreneurship.

Ms. Jennings noted that the apprenticeship model has been making a resurgence.

Mr. Hooper agreed and noted that there are various trade associations pushing apprenticeship, but it is not at the level where it needs to be.

Mr. Levy noted that entrepreneurship is not just business, but storytelling, communications, and an overall stitching together of a variety of elements.

Mr. Howard commented that his program at the university attempts to develop diagonal thinking as opposed to conventional thinking. He noted that it is rewiring and diagonal thinking that helps you look at challenges and problem solving in a different manner.

Mr. Hooper stated that he will continue to collect information and catalogue the category according and make recommendations.

Mr. Erwin began to discuss his category, startup events and competitions. He noted the existence of a good baseline of competitions and events within the region, but there are gaps. He noted that there are not a lot of events and programming for more advanced entrepreneurs. He stated that the region does not have demo days or a startup week focused on bringing in investors and people from outside of the community.

Ms. Priebe agreed that demo days would be beneficial as a collaborative event with investors.

Mr. Erwin agreed that demo days coalesce different groups of people. He stressed the importance of multi-disciplinary events to bring people together as well as showcase events that would bring people in from outside of the community to help stimulate

entrepreneurial activity.

Ms. Priebe stated that in her observation events seem fragmented. She added that as an investor she does not know where to go to look for interesting ideas.

Mr. Erwin noted that Startup Digest sends out a weekly email that sounds out a list of upcoming startup events.

Ms. Priebe asked if events listed in the weekly email are vetted.

Mr. Erwin stated that because Startup Digest is an aggregated list of all events not every event would be relevant to someone like Ms. Priebe who has a very narrow scope of interest. He said that you will have to self-curate. Mr. Erwin suggested aggregating events around a startup week to bring different groups together with varied events throughout the week. He suggested utilizing a community calendar to bring cadence to the event throughout the year.

Ms. Priebe noted that incubators can be involved, both curated and un-curated.

Mr. Erwin agreed and recommended creating community cadence for an event calendar and end with a startup week. He noted that other communities utilize accelerators and demo days to bring groups together and believes that Northern Nevada is ready to utilize that tool.

Ms. Erskine asked Mr. Erwin if he thinks that there are enough startup events occurring on a regular basis in the region with enough funding and infrastructure to support events.

Mr. Erwin commented that the funding is not always an issue and explained that coordinating a demo day is more complex.

Ms. Erskine asked if there were people interested in leading that effort and explained that the Southern Task Force recognized a lack of leadership and funding in the southern region.

Mr. Erwin noted that Northern Nevada has a lot of entrepreneurial activity, but would like to see the level of quality and relevance increase. He stated there is not a problem with community engagement, but a more focused effort on how to create events that solve problems. He commented that there is not a problem with connectivity or access, but there is a problem with curation and quality.

Ms. Priebe added that education is also a problem.

Mr. Erwin noted that there should be a focus on community engaged coordination, such as dedicating a time of year as startup week or coordinating with other events that occur on an annual basis.

Ms. Erskine commented that the southern task force discussed capitalizing off of Las Vegas' event draw.

Mr. Erwin stated that there are lots of activities hosted by different organizations and reiterated better coordination and timing.

Ms. Erskine asked if there Startup Digest could be improved or expanded.

Mr. Erwin said that Startup Digest captures the organic activity of the community. He noted that other communities have used Startup Weeks to stimulate entrepreneurial activity. He added that there is not a shortage of entrepreneurial activity but questioned whether the events are high quality enough to generate certain results.

Mr. Hooper asked Mr. Erwin what results he is looking for and what would be like to get out entrepreneurial events.

Mr. Erwin said that he would like to see local companies raise capital to get to the next level. He noted that the goal of Startup Weekend is different than the goal of a Demo Day. A Demo Day showcases the best a brightest of our companies with the expectation that they are going to raise capital, which leads to jobs, etc.

Ms. Priebe suggested a Demo Day in conjunction with companies using the Universities labs.

Ms. Erskine asked if the purpose of hosting startup events was to engage entrepreneurs and connect them to resources. She also asked if it startup activities add to the culture of an entrepreneurial community.

Mr. Erwin stated that culture is the fabric of an entrepreneurial community and that events effectively bring together disparate groups of people.

Ms. Erskine reiterated that there is a need for additional coordination of events around what is already naturally occurring.

Mr. Erwin noted that the hope is for incubators and accelerators to turn out more fundable entrepreneurs that lead to more deal flow. He stated that overall he recommends implementing a Startup Week or a Demo Day and a more having a more organized annual calendar of events.

Mr. Gautam began to discuss his category, incubators and accelerators. He noted that the previous incubator model is a failed model. He noted that the university must have a role for driving knowledge-based innovation and stressed the importance of creating an environment that leads to innovation. He commented that accelerators can be beneficial if they are executed properly. He added that the accelerator/incubator business needs to be integrated with startup events, mentors and advisory, services, etc.

Mr. Erwin noted that generic incubators and accelerators are not as effective as niche incubators/accelerators.

Mr. Levy suggested accelerators host a 5 week boot camp to integrate and connect companies to the area.

Ms. Priebe noted that the old incubator model is failing and has been replaced with a vertically integrated model.

Ms. Jennings commented that there is a need from messaging around the vision of Reno.

Mr. Levy noted the importance of exposing entrepreneurs to the culture to Reno.

Mr. Erwin agreed and noted the need for target messaging to lure people to Reno.

Mr. Gautam showed a promotional video showcasing innovation and entrepreneurship in Reno.

Mr. Erwin noted that there is an effort for targeting messaging and noted the difficulty in creating community-wide messaging.

Ms. Jennings commented on the importance of integrating local talent from Tesla and other high-tech jobs with the entrepreneurial community.

Mr. Erwin agreed and noted that there needs to be diverse opportunities to channel local talent into the community.

Ms. Jennings began to discuss her category, government assistance. Referencing the Kauffman Foundation's policy guide, she noted the importance of supporting passive policy rather than direct policy. She cited the blockchain bill as an example, stating that the bill itself does not move blockchain forward so much as it provides certain business protections.

Ms. Erskine noted that the government assistance category also referred to governments resources/programs for entrepreneurs.

Ms. Jennings noted that the resources listed in the resource inventory document are not geared toward early stage companies, but small businesses. Ms. Jennings noted that startups typically fly under the radar with regard to laws and regulations and sometimes their first interactions are with local government trying to restrict their business. She suggested startups have a preemptive strategy with regard to state policy rather than simply playing defense.

Mr. Erwin questioned the role of the task force with regard to government relations. He noted that his experience trying to influence policy has been frustrating. He recognized that there is a learning curve and a need to better prepare in the future.

Ms. Jennings, referring to developing a preemptive strategy, stated that a lot of companies wait to be hit with fines, consequences, etc. She thinks there is a way to develop a strategy to minimize damage, but does not know what the strategy looks like.

Ms. Erskine noted that in the past entrepreneurs have not had a collective voice at the legislature. She noted that perhaps the group did not take advantage of that opportunity, but it was a step in the right direction.

Mr. Erwin noted that it has been a learning experience and he would like to be better prepared in the future.

Ms. Jennings agreed that there could have been a stronger entrepreneurial presence during the legislative session. She suggested in the future holding a "day at the legislature" to educate legislators on issues facing entrepreneurs.

Mr. Levy began to discuss his assigned category, networking and community. He noted that Reno is unique in that engaging in the entrepreneurial community is literally a phone call away and people can be rallied very quickly.

Ms. Priebe noted that focused areas could use improvement, such as coalescing investors.

Mr. Erwin suggested improving networking by involving and exposing legislators to the entrepreneurial community.

Ms. Erskine agreed and noted that the initial plan for the task force was to host a summit as a culminating event of the work done. She noted the summit can be used as a vehicle to connect entrepreneurs to legislators at a time when they are considering bill drafts.

Mr. Erwin noted that it would be beneficial to have legislators at networking and entrepreneurial events.

7. CLOSING REMARKS

Ms. Erskine said the plan is to meet one more time and review a rough draft before the deadline. She noted that staff plans to develop a media strategy around the completion of the framework.

Ms. Jennings volunteered to provide a list of pending legislative measures.

8. PUBLIC COMMENT

There was no public comment.

9. ADJOURNMENT

Meeting adjourned.