

*Lake Las Vegas is an upscale community of a few thousand households located between Las Vegas and Lake Mead in Southern Nevada. Lake Las Vegas does **not** have a stand-alone angel organization.*

Another community in North America developed this Executive Summary, Budget and Implementation Plan. The names and locations in these documents are fictitious and were adopted solely to disguise the plan, so it could be shared with others interested in starting an angel organization. We appreciate the willingness of the authors to allow this plan to be modified for our use.

*Bill Payne
Entrepreneur-in-Residence
Kauffman Foundation
December 15, 2003*

LAKE LAS VEGAS ANGELS

IMPLEMENTATION PLAN

December 15, 2003

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INTRODUCTION

Lake Las Vegas Angels (LLVA) is an invitation-only investment network made up of successful entrepreneurs and other business leaders in the Lake Las Vegas area, who provide investment capital, strategic advice and mentoring to early stage technology companies in order to help them achieve market leadership. LLVA will seek deal flow in verticals unique to Southern Nevada, specifically security and gaming software and specialized electronic equipment and devices (gaming and radiation detection). The mission of the Lake Las Vegas Angels network is two-fold: to help advance the economic base of the region through the rapid growth of technology companies and to provide LLVA members an outstanding financial return on their time commitment and their invested capital.

Lake Las Vegas Angels members are founders, CEO's, and other business and community leaders who have built world-class companies. Members mentor and coach the entrepreneurs they invest in, serve as board and advisory board members, provide business contacts, and assist the entrepreneur with team building, strategic planning and follow-on fundraising. The network will initially target 15-20 members each with a capital commitment of \$2 million and who view ROI and economic development as complementary motivations for participation in the LLVA network.

Lake Las Vegas Angels is not a traditional venture fund and does not invest as a group. While members collaborate on screening potential investment opportunities and due diligence, each member makes an individual investment decision. Lake Las Vegas Angels is a Mutual Benefit Corporation and is governed by a Board of Directors and a Manager contracted by the Lake Las Vegas Angels to provide administrative, meeting and deal flow management functions.

This document serves as a companion text to the ***Lake Las Vegas Angels Executive Summary***. Its purpose is to provide greater detail regarding the operational elements of the Lake Las Vegas Angels investment network.

MEMBERSHIP CRITERIA

Membership in the Lake Las Vegas Angels is by invitation only and is extended to individuals who share the organization's vision and are willing to actively contribute to the investment process. Lake Las Vegas Angels members:

- Are accredited investors, preferably having a net worth and/or annual income which are significantly higher than those required for accredited investor status, and who are prepared to invest a minimum of \$250K per year and \$2 million over five years, and wait several years for a return on their investments;
- Have built one or more successful companies, and/or have been influential executives in public companies or mid-size private companies, and/or have a proven track record of investing in early-stage companies;
- Have the freedom to devote up to 1-2 days per month for due-diligence and screening of potential investment opportunities;
- Have a good network within the technology industry and/or the venture community in the region;
- Have some prior investment experience in start-up companies, or have extensive business development, licensing or M&A experience in corporate positions;
- Agree to participate in at least two LLVA investments per year;
- Have a strong interest in educating and advising entrepreneurs on running their companies; and
- Have a strong interest in regional economic development.

The Lake Las Vegas Angels will provide members exposure to investment opportunities in early stage technology companies located, or doing business, in the region. In addition, members will be offered forums for education and active interchange of information and ideas, regarding the formation, development and financial structuring of early stage companies.

Prospective investment opportunities are not offered by or endorsed by the Lake Las Vegas Angels. Members are responsible for making individual and independent investment decisions, both as to suitability of an investment and as to the amount, if any, invested based on their own individual evaluation of the merits of the proposed investment. LLVA acts solely as a facilitator of the investment process, providing members with a method by which members may meet, view, analyze and monitor investment opportunities. LLVA does not provide members or others with investment advice and does not benefit from the success or failure of the investments of its members. As a condition of membership, each member must sign a **Rules of Membership and Conduct** statement (see **Appendix I**) which includes a provision that the member agrees that LLVA shall have no responsibility for the accuracy, completeness or merit of the information presented or the success or failure of any investment decision made by any member.

Members must actively participate in the LLVA process to share in the benefits of LLVA programs and to make their participation beneficial to other members. Members are expected to attend most of the investment and screening meetings and to co-invest in at least two deals per year in companies in which other members invest.

Members are also expected to make a significant contribution to the operation of LLVA including actively participating in due diligence, leading an investment opportunity, identifying investment opportunities, and serving on the board of directors or board of advisors of portfolio companies.

SIDE FUND

It is anticipated that some prospective members will not be able to meet the time commitment requirements for membership yet would like to participate by providing investment capital. To address this situation the Lake Las Vegas Angels will create a separate side fund for those interested in the concept but lacking the time to participate in meetings or assisting companies.

The side fund will not have separate management structure. Rather, investments will be made automatically when five (5) or more LLVA network members agree to invest a minimum total investment of \$250,000 in any one round. When this condition is met, the side fund would automatically invest an equal amount, up to a maximum of 10% of the total fund size. Participants in the side fund would be assessed an administrative fee similar to full network members but they would have no vote regarding investment decisions or administration. Details of the side fund include:

Investment strategy:	The side fund will automatically invest an amount equal to the total LLVA member investment when a total of \$250,000 or more is invested by at least five (5) LLVA members. The maximum amount the fund will invest in any one deal is 10% of its total fund.
Targeted committed capital:	\$20,000,000
Minimum commitment:	\$50,000 per year for five years.
Capital calls	Capital will be called on 15 days notice
Distributions:	Marketable securities and cash proceeds from investments will be distributed in accordance with capital percentages.
Expenses:	An initial contribution of 2.5% of committed capital is due upon admission to fund anticipated administrative costs. The fund will also pay a carry in the amount of 10%.
Diversification:	The fund expects to make 10 to 15 investments and will not invest more than 10% of its committed capital in any one portfolio company.
Term:	10 years
Default:	In the event an investor fails to contribute capital when due, such member's participation in new investments shall be terminated and such member's participation in existing investments will be reduced by 50%. Interest of prime plus 5% may be charged on late capital calls.
Reports:	The Partnership will distribute annual reports and financial statements.

GOVERNANCE

Lake Las Vegas Angels is an invitation-only membership organization managed by a Board of Directors. The Board of Directors of the Lake Las Vegas Angels will consist of five members of the organization plus the Manager, who serves as an ex officio, non-voting member. The directors are elected by an annual vote of the membership from a list of candidates proposed by a nominating committee appointed by the Chairman. Directors serve a three-year term and may be elected to additional terms. Member/officers and other board members will not be compensated for participation on the Board of Directors.

Responsibilities of Chairman and Manager

The Chairman of Lake Las Vegas Angels is the CEO of the organization and shall serve as Chairman of the Board of Directors. The Chairman is responsible for managing the Board of Directors and the member activities of the Lake Las Vegas Angels. The Chairman is also responsible for defining the division of duties between the members and the staff of the organization.

The Manager is responsible for managing and directing the staff of the organization. The Manager is also responsible for establishing relationships with other investing groups in the community and the region and bringing outside deals from other angel organizations or VC's before LLVA for investment opportunities. The Manager will report directly to the Chairman.

Responsibilities of Directors

Each of the five directors shall assume or share the duties of one or more of the following offices:

- Treasurer – responsible for the accounting and finances of the organization plus tracking the investment history of the members of the organization;

Membership – responsible for recruiting members into the organization and communications with the membership and with staff assistance assembling and maintaining a members' database.

- Secretary – responsible for keeping a book of minutes of all meetings of the Board and committees and for regular communications with members;
- Marketing and Outreach – responsible in collaboration with the Manager, for making the community aware of the organization, improving deal flow to the organization and for establishing relationships with other investing groups in the community and the region; and,
- Investments – responsible in collaboration with the Manager, for recruiting members for due diligence, mentoring and Board service for portfolio companies. Responsible, with the Manager, for teeing up companies for screening and investment meetings.

ADMINISTRATION

Lake Las Vegas Angels will contract with Henderson Enterprise Institute (HEI) to provide administrative and operational management for the network on a day-to-day basis.

About Henderson Enterprise Institute

Henderson Enterprise Institute is a nonprofit organization that works to accelerate the emergence and growth of technology-based businesses in the Southern Nevada region. Henderson Enterprise Institute provides high-growth entrepreneurs with strategic guidance, networking opportunities and other business development services centered on three major initiatives -- collaboration, commercialization, and capital formation. Henderson Enterprise Institute is staffed by individuals who are former founders, CEOs and other senior executive of successful technology start-up companies. As such, Henderson Enterprise Institute is uniquely positioned to provide Lake Las Vegas Angels with pre-screening, due diligence and other administrative support to help LLVA achieve maximum efficiency and effectiveness. Administrative functions provided by HEI will include:

Application Review:	Initial application review by HEI staff.
Pre-screening:	Coordination and staff support for additional review by selected network members and HEI staff.
Screening:	Coordination and staff support for investment opportunities presented to "all hands" screening meeting whose purpose find a champion for the deal.
Due Diligence:	Coordination and staff support for extensive analysis by staff and membership to validate the investment opportunity and negotiate a term sheet.
Investment Meeting:	Coordination and staff support for investment presentations of deals that pass the due diligence phase.
Post-investment Meeting Follow-up:	Coordination and staff support for multiple small meetings that are scheduled for members who did not participate in the due diligence to allow them to become comfortable with the deal and make investment decisions.
Logistics:	Coordination and staff support for arrangement and notices necessary for various network meetings.
Marketing/Promotion:	Activities to increase awareness in the community of the angel network and the process for applying for funding. Primarily directed at increasing deal flow.
Membership/Communications:	Coordination and staff support for member recruitment, communications with existing membership, meeting announcements, maintenance of membership files, and tracking of investments by individual members (who invested in what).
Monitoring Deal Flow:	Coordination and staff support for measurement of deal flow and tracking of deals within the network process
Monitoring Portfolio:	Coordination and staff support for coordinating information flow and reporting by portfolio companies over the life of the investments and gathering and disseminating reports to

	members.
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Administrative Fees

Fees paid to HEI by the Lake Las Vegas Angels will be limited to actual expenses incurred on behalf the LLVA Network. Based on the administrative task averages reported by other angel networks across the country, the following assumptions were used to determine the administrative cost calculations:

Pre-screening by HEI Staff:	1 hour per application
Pre-screening by Membership Committee:	1 hour per application
Screening Meeting:	2 hours per application
Due Diligence:	100 hours per investment opportunity
Term Sheet and Closing:	40 hours per investment opportunity
Logistics:	2 hours per meeting
Membership Administration and Communications:	30 minutes per member per month

Based on the administrative tasks outlined above, the **Budget Summary** (p. 18) summarizes the monthly administrative workload for the first two years of operation for LLVA. These budget estimates are based on deal flow expectations that include: processing ten applications per month, three deals per month are approved at a membership pre-screening meeting; two deals per month move into due diligence, one deal per month is presented at an investment meeting and one investment is closed every two months.

DUES STRUCTURE

Annual Dues

Lake Las Vegas Angels members will pay an annual fee of \$4,000 to cover the cost of network administration and reporting. These fees shall cover all administrative expenses related to the operations of LLVA and all meeting expenses (including meals) for the LLVA organization. Investors in the Side Fund will share equally in the administrative and meal-related costs incurred by the Lake Las Vegas Angels paying an annual fee of \$4,000 as well.

Preferred Return

Since investors in the side fund receive benefit from the efforts of both the HEI administrative staff and the LLVA network members, the side fund will assume the burden of a 10% preferred return (“carry”). The beneficiaries of the “carry” will receive 10% of the proceeds of each investment, after the principal is returned to the fund. In the case of liquidation, the investors get all of their money back prior to any calculation of “carry” for the beneficiaries. The carry will be split equally and used for the following purposes:

- To provide an operating endowment for Henderson Enterprise Institute; and,
- To provide a motivational pool for the Henderson Enterprise Institute associates for their in kind contribution of services.

It should be noted that most venture capital funds award their administrative management with a 20% carry or more. Furthermore, given the burden placed on the Side Fund, the carry, in reality is only 5% of all invested monies – network plus side fund.

INVESTMENT AND DEAL FLOW PROCESS

Deal Flow Sources

Lake Las Vegas Angels and Henderson Enterprise Institute will establish links to the websites of the various entrepreneurial support organizations, area universities and other economic development entities across the region to maximize the intake of investment opportunities that will be screened for investment potential. The Lake Las Vegas Angels will not pay “finders”, or similar, fees to any person or entity in connection with potential investment opportunities. Any investment opportunity that requires a finder’s, success, or similar fee to be paid to any individual or entity by the company seeking an investment from the Lake Las Vegas Angels will be declined.

Deal Flow Process

To streamline the deal flow process and ensure complete documentation of all stages within an investment decision, applications will only be accepted electronically via the Lake Las Vegas Angels secure web site. Henderson Enterprise Institute staff will evaluate each electronic application and segment as follows:

1. **Application is incomplete** – Applications that are incomplete will be returned to applicant indicating that LLVA will not review incomplete applications.
2. **Application does not meet investment criteria** – Applications that do not meet the predefined investment criteria will be notified via email that their investment opportunity does not meet the core investment parameters of the network. The message will be generic indicating that the opportunity does not meet the investment criteria of LLVA at this time. Where appropriate, HEI will refer the entrepreneur to one or more of the entrepreneurial support entities across the region to receive additional guidance and mentoring.
3. **Application meets investment criteria** – Applications that meet the predefined investment criteria will undergo further analysis by HEI staff resulting in the development of two additional documents:
 - Market Analysis – a brief, 1-2 page market analysis will be developed that will include information on the target market, geographical scope, specific market research on the core product or service and a brief analysis of the competition.
 - Summary Analysis – a summary will be developed that will include a review of the company’s business plan, financials, technology, intellectual property rights, a strengths and weaknesses assessment and a risk/return profile.

These two documents, along with the original application will be forwarded to the pre-screening committee for final sign off prior to being sent to all members at the next regularly scheduled screening meeting.

4. **Application meets investment criteria but company is outside the geographic region** – Promising opportunities will be forwarded to the pre-screening committee to determine if there is interest. If interest is shown, HEI staff will develop a Market Analysis and Summary Analysis and include in the next pre-screening session.

The following chart outlines the process and responsibilities from intake to investment decision to investment reporting.

Stage	Task / Action	Responsibility
Application Review:	<ul style="list-style-type: none"> ■ Initial review of all applications to determine completeness and scope. ■ Initial correspondence with applicant. 	<ul style="list-style-type: none"> ■ Henderson Enterprise Institute
Pre-screening:	<ul style="list-style-type: none"> ■ Detailed review of all applications to determine initial investment interest. ■ Facilitation, coordination and support for screening process. 	<ul style="list-style-type: none"> ■ LLVA Screening Committee ■ Henderson Enterprise Institute
Screening:	<ul style="list-style-type: none"> ■ “All hands” screening meetings to review applications and investment presentations. ■ Facilitation and meeting support. ■ Assist applicants with regard to presentation guidelines and logistics. 	<ul style="list-style-type: none"> ■ LLVA Membership ■ Henderson Enterprise Institute
Due Diligence:	<ul style="list-style-type: none"> ■ Detailed analysis to analyze and validate investment opportunities. ■ Negotiation of term sheet 	<ul style="list-style-type: none"> ■ LLVA Membership with Henderson Enterprise Institute assistance
Investment Meeting:	<ul style="list-style-type: none"> ■ “All hands” meeting to hear applicant presentations, due diligence results and to make individual investment decisions. ■ Facilitation, coordination and meeting support. ■ Assist applicants with regard to presentation guidelines and logistics. 	<ul style="list-style-type: none"> ■ LLVA Membership ■ Henderson Enterprise Institute facilitation
Post-investment Meeting Follow-up:	<ul style="list-style-type: none"> ■ Coordination and communication with applicants regarding investment decisions. 	<ul style="list-style-type: none"> ■ Henderson Enterprise Institute facilitation
Monitoring Portfolio:	<ul style="list-style-type: none"> ■ Coordination and support for tracking deal flow and investments. ■ Developing and disseminating reports to members. 	<ul style="list-style-type: none"> ■ LLVA Board members ■ Henderson Enterprise Institute reporting
Reporting:	<ul style="list-style-type: none"> ■ Insuring that all necessary local, state and federal filings are completed. 	<ul style="list-style-type: none"> ■ Henderson Enterprise Institute

Pre-Screening Process

Once the online proposal is approved, a pre-screening committee of three to five members of the Lake Las Vegas Angels will meet with the applicant to determine investment interest. Based on the outcome of the meeting and review, the pre-screening committee may (1) recommend the company present at the

next regularly scheduled screening session, (2) determine that the company is not likely to succeed with its application to the Lake Las Vegas Angels, or (3) refer the company to one of area incubators, mentors or other entrepreneurial support organizations as a way to better prepare the company to be eligible for consideration at a later date. The pre-screening committee will also offer guidelines and guidance on presenting to LLVA.

Presentations to Lake Las Vegas Angels

During screening sessions and investment meetings applicants will be given 15 minutes to make a formal presentation followed by 15 minutes of Q&A. To expedite the presentations LLVA members are asked to hold their questions until the conclusion of the applicant presentation. LLVA will provide an LCD projector and laptop equipped with a CD drive. Presenters are responsible supplying to Henderson Enterprise Institute, in advance of the meeting, a CD containing the presentation or as an attached email file. Presenting companies will also be required to bring a minimum of 20 copies of the following items to both the screening session and the investment meeting:

- LLVA online application
- Executive summary
- PowerPoint slides printed in handout style, two to a page.

Presenting companies will also be asked to bring two copies of their full business plan. All presenting companies will be asked to utilize 10-12 slides covering the following topics:

- Market need and business model
- Industry and market overview
- Product or service overview
- Current and future technology
- Competition
- Competitive advantages
- Strategic partners
- Management team
- Benchmarks for growth or additional funding
- Funding sought, valuation, use of funds, comparables
- Financial projections

Investment Evaluation

Each opportunity will be evaluated along five critical areas of importance – management, market opportunity, business model, competitive advantage, and deal structure:

- Management: Is there a CEO for the start-up phase? Does team have relevant domain expertise? Does company have a reasonable supporting team? Is management coachable?
- Market Opportunity: Is there a large and growing market? Is there a pressing need or problem to be solved? Are there well-entrenched competitors?
- Business Model: How well is product or service defined? Is the concept compelling? Are revenue and expense drivers identified? Does the company have a clear strategy for capturing and defending a significant market share?
- Competitive Advantage: Is there proprietary technology or other barriers to entry? Are there strategic relationships that will create a significant advantage?

- Deal Structure: Is the proposed valuation in line with the opportunity and the stage of the company? Is the company raising sufficient capital to accomplish the necessary milestones prior to seeking another round of financing? Have options been set aside for management and key hires? Will LLVA have a meaningful role in the deal?

Scores will be entered through the secure member's only section of the LLVA web site. Scores from individual LLVA members will be incorporated to determine an average for each investment opportunity.

Due Diligence

If a screening presentation generates sufficient interest, a LLVA member will be assigned to lead the due diligence process. The due diligence process is designed to uncover potential "show stoppers" – reasons not to invest. Potential areas of concern that due diligence would uncover are poor ratings in scientific analysis, untenable pre-existing agreements, disruptive or complex shareholders issues, inadequate IP protection, excessive current liabilities, and/or inappropriate use of proceeds.

During the due diligence process interested Lake Las Vegas Angel members along with staff support from Henderson Enterprise Institute will analyze the investment opportunity across a number of parameters including:

- **Investment Opportunity** – detailed business plan analysis, competition, and current capitalization;
- **Personnel** – management and board background and reference checks;
- **Financials** – detailed financial analysis;
- **Scientific Review** – independent peer review as to the merits of the technology;
- **Intellectual Property** – detailed review of patent claims and covenants;
- **Organization – review** of articles of incorporation, partnership agreements and affiliations; and,
- **Legal** – review of all customer contracts and shareholder agreements.

A complete due diligence checklist is included in **Appendix II**.

Term Sheet Negotiation

Assuming the satisfactory completion of due diligence, and one or more LLVA members have identified the amounts they desire to invest in the opportunity, the due diligence team negotiates a term sheet with the company. The term sheet is a preliminary, non-binding agreement covering the terms and conditions regarding the proposed investment. The LLVA's conditions of investment, a sample of which is shown in **Appendix III**, follow "standard" terms for financings developed over the years by Venture Capital firms and other sophisticated investors. While each member of the LLVA invests individually, all LLVA members who invest in a specific opportunity follow an identical term sheet.

Lake Las Vegas Angels will make every attempt to create a fair and equitable agreement for both the investors and the company. However, to account for the significantly greater risk that early stage investment opportunities pose versus later stage, LLVA will include the following provisions in its standard term sheet:

- Preferred shares versus common (or when negotiating valuation is a barrier to closing, a note convertible to a preferred position and priced at a discount to the next round.)
- Liquidation preference ensuring that LLVA investors will recover at least their principal before management gets any part of the distribution from a sale or acquisition.
- Basic anti-dilution to compensate for common stock-splits, stock dividends, reverse splits, etc.
- Future financing anti-dilution to protect LLVA investors if a future financing is done at a lower share price than the LLVA investors' share price.
- Board seats and/or some other voting and observation rights
- Registration rights

- Escrow and schedule for disbursements for founder or key executive shares to protect LLVA investors from the early departure of key.
- Reporting requirements regarding progress versus goals and objectives

Investment Meetings

Those companies attracting high interest among those involved in the due diligence process will be invited to present to the entire LLVA membership at one or more of the regularly scheduled investment meetings. At the investment meeting, the due diligence lead will introduce the company, followed by a 15 minutes presentation from the CEO of the company and a question and answer session. Individual members will then make personal investment decisions.

In addition to looking at new deals, investment meetings also serve as a venue to consider follow on rounds, review portfolio progress and generally socialize with other members. Depending on deal flow, an investor education component will generally be included as part of each investment meeting.

COMMUNICATIONS

Communications with and to membership, applicants and the community is a critical component for success of the Lake Las Vegas Angels. Support from Henderson Enterprise Institute staff will augment efforts to develop and maintain a comprehensive communications plan covering member recruitment, communication with existing membership, applicants, portfolio companies and the general public as well as administrative functions such as meeting announcements, maintenance of membership files, and tracking and reporting of investments by individual members and progress reports of portfolio companies. All communications with members, applicants and portfolio companies will occur via email or the LLVA website. All investments will be publicized and promoted to insure that the community is aware that deal flow is taking place and to continue to create a “buzz” around LLVA. Specific communications vehicles will include the following:

Communications Piece	Purpose	Frequency
E-Newsletter	Regularly communicate with the LLVA membership regarding deals closed, due diligence updates and screening results. Includes a calendar of events.	Monthly
Portfolio Report	E-mail and web-based summary of LLVA investments and company progress against milestones.	Quarterly
Deal Flow Summary	Web-based summary of applications, screenings and acceptance/rejection statistics.	Quarterly
Secure Web Site	Primary communications interface to LLVA members, applicants and the general public.	On-going

The primary interface to the Lake Las Vegas Angels is the secure web site. As such, design and navigation will take into account the needs of both the applicant companies (public side) and the LLVA membership (private side). Design goals will favor simple and straightforward navigation, robust content and ease of communications between members. A complete outline of the LLVA web site design is listed in **Appendix IV**.

TRAINING AND EDUCATION

A significant part of the LLVA's value add will be the continuing education offerings to LLVA members regarding the process and strategy surrounding private equity investing. As part of the initial membership criteria, all new LLVA members are required to attend the introductory Angel Seminar developed by the Ewing Marion Kauffman Foundation. The registration fee for the seminar is included in the first year's dues for new members. Ongoing advanced training sessions will be offered to members covering topics such as due diligence, company valuation, term sheet development and other topics germane to early stage investing.

EXIT STRATEGY

While both economic development and ROI are viewed as complementary motivations for participation in the network, the Lake Las Vegas Angels will evaluate opportunities where liquidation can be affected as expeditiously as possible. While Initial Public Offerings are a possibility, the likely exit for Lake Las Vegas Angel investments is merger and acquisition. In fact, research shows that the likelihood of an exit by an acquisition by a larger company outnumbers exits by IPO by at least 10:1. Therefore, Lake Las Vegas Angels will look first to public companies as the primary source to affect liquidation. Given the fact that members make individual investment decisions, there will be no roll over provision – when exits occur, proceeds will be distributed immediately and directly.

It is important that LLVA members recognize that these early stage equity investments require patience. The general expected return for an individual investment occurs in the 5-7 year time frame. As a result deals made in year three necessitate that the network and the fund exist for 10 years. In addition to patience, LLVA members need substantial risk tolerance as a majority of early stage investments return less than 100% of the invested capital to the investor.

BUDGET SUMMARY

Appendix V depicts a detailed budget for year one and year two of operations showing an overall administrative cost for the network of \$138,437 and \$130,538 respectively. This represents an annual administrative operating cost of approximately .035 percent in year one and .026 percent in the second year. The budget assumes the LLVA network has a total of 15 members in year one growing to 20 members and the side fund has a total of 10 members in the first year and the second year.

Several other budgetary assumptions are noteworthy. First, annual dues are \$4,000 per member and side fund member generating \$100,000 in year one and \$120,000 in year two. It is estimated that \$10,000 will be generated from local sponsorships in the first year of operations and \$12,000 the second.

Fees paid to Henderson Enterprise Institute for management and administration total approximately \$40,000 in year one and \$50,000 in year two based on the deal flow assumptions detailed in **Appendix V**. Henderson Enterprise Institute has discounted the actual personnel costs have by 65% in years one and two as part of Henderson Enterprise Institute's in kind contribution to the LLVA network. The year one budget assumes a one-time expenditure of \$30,000 for the creation of the LLVA secure web site. Should web site source code be donated to LLVA, this cost could be reduced.

A nominal expenditure is included in both years for accounting and legal services as well as office supplies, printing and postage. In addition a minimal marketing budget is anticipated to promote the activities of LLVA. The two largest costs in this section are fees earmarked for ongoing web site development and maintenance and fees associated with subscriptions to research databases including NERAC and Lexis-Nexis to assist LLVA members and Henderson Enterprise Institute with technology and market due diligence.

APPENDIX I – LAKE LAS VEGAS ANGELS RULES OF MEMBERSHIP AND CONDUCT

1. Membership in Lake Las Vegas Angels (“LLVA”) is a privilege that is extended on a periodic basis to individual accredited investors (“Members”), and is subject to periodic renewal, non-renewal, revocation, termination or suspension by the Board of Governors, which shall be elected from time to time by the Members of the LLVA.
2. As a condition precedent to grant, renewal or continuation of Membership, it shall be conclusively presumed that a Member has expressly agreed to abide by the LLVA Bylaws and these Rules of Membership And Conduct, as they may be modified from time to time by the Board, and to have expressly acknowledged that Membership may be revoked, terminated, suspended or not renewed by the Board upon the failure of the Member to do so. After any change in the Rules of Membership And Conduct, each Member must either accept the Rules of Membership And Conduct or withdraw from LLVA.
3. The purpose of Membership is to provide Members exposure to investment opportunities in early stage companies located, or doing business, in the region, including specific investment opportunities presented by other Members, and to provide forums for education and active interchange of information and ideas, regarding the formation, development and financial structuring of early stage companies. The prospective investment opportunities are neither offered by nor endorsed by LLVA.
4. Members must actively participate in the LLVA process to share in the benefits of LLVA programs and to make their participation beneficial to other Members. Members are expected to attend most of the investment and screening meetings and to invest in at least two deals per year in companies in which other Members invest.

Members are expected to make a significant contribution to the operation of LLVA. This may include actively participating in due diligence, leading an investment opportunity, identifying investment opportunities, and serving on the board of directors or board of advisors of portfolio companies.

5. Decisions regarding approval or denial of Membership to any applicant shall be governed by the Board of Directors. All decisions are final and as such not subject to appeal.
6. Membership does not create any rights for a Member to participate in any particular investment opportunity that may be the subject of a presentation or other educational meeting. LLVA has no authority or responsibility to accept or reject an investment by any Member in such an opportunity. The issuer, in its sole discretion, may accept or reject any potential investor, based on the issuer’s sole discretion and judgment as to which investors best meet its needs, and subject to other issuer’s provisions or restrictions, such as minimum investment requirements and maximum investment limits. Issuer may accept other investors who are not Members.
7. Members are responsible for making individual and independent investment decisions, both as to suitability of an investment and as to amount, if any, invested based on their own individual evaluation of the merits of the proposed investment. Each Member agrees that LLVA shall have no responsibility for the accuracy, completeness or merits of the information presented or the success or failure of any investment decision made by any Member.
8. Neither LLVA nor any Member shall be responsible for any other Member’s, due diligence, lack thereof, or reliance thereon. No Member is obligated in any way to share any due diligence with any other Member.

9. In no way shall LLVA, however organized, be deemed to create a joint venture or partnership among its Members, or to create between any fiduciary duty or any other kind of obligations among or between any Members or LLVA. Neither LLVA nor any Member shall have any responsibility or liability for the decision of any other Member or any issuer with respect to individual participation in any investment opportunity.
10. By execution hereof, each Member expressly waives any right to sue or bring any action of any sort on the basis of any LLVA related educational activity, information sharing or investment presentation, or otherwise, against any one or more of LLVA, its Board, any Member or any former Member.
11. The Board can suspend, revoke or terminate the Membership of any Member who, in the sole judgment of the Board:
 - a. Fails to disclose a material fact or makes a material misrepresentation in an application for Membership, regarding any relationship with an investment opportunity or other information sharing.
 - b. Has or gives the appearance of having a material conflict of interest with LLVA.
 - c. Improperly discloses information presented in confidence to Members, or makes or allows to be made any material use of confidential information presented to Members for the benefit of any persons not Members, or any entity other than the discloser, in a manner that is in conflict with any of the interest of other Members, LLVA, or the discloser.
 - d. Improperly solicits business from Members, or makes a material misrepresentation or omits a material fact in introducing another Member to an investment opportunity that has not been presented to other Members in the context of a LLVA educational forum or presentation.
 - e. Behaves in a manner that materially disrupts LLVA activities or events or, in connection with any LLVA-related activities, displays anti-social behavior toward other Members.
 - f. Engages in the conduct that reflects poorly on LLVA, or which is deemed by the Board to be against the best interest of LLVA.
 - g. Solicits or accepts any compensation for presenting an investment opportunity to, or for raising capital from, the Membership of LLVA.

Decisions regarding the revocation, termination, suspension or non-renewal of Membership by the Board are final and not subject to any appeal. The sole recourse any Member has over any disagreement with a Board decision, motion or action, regardless of its scope or nature, is to withdraw from Membership in LLVA. In case of withdrawal from or termination of Membership, dues for that calendar year will be refunded to such Member, pro rated as of the end of the calendar quarter in which such withdrawal takes place.

Agreed and Accepted

_____ Date _____

Print name

APPENDIX II – DUE DILIGENCE CHECK LIST

- **Investment Opportunity**
 - Business plan
 - Analysis and ranking of competition
 - Capitalization table
 - Term sheet
- **Personnel**
 - Organizational Chart for Mgt. And Board of Directors
 - Schedule of Management compensation
 - Verification of resumes of all key employees
 - Reference checks for all key employees
 - Credit and background checks of mgt. team
 - Employment contracts for current and significant former employees
 - Schedule of employee related liabilities & documents
 - Consulting agreements
 - Employment policies, procedures & benefits
- **Financials**
 - Historical audited statements
 - Income statement
 - Balance sheet
 - Funds statement
 - Change in equity statement
 - Year – to – date internally generated monthly statements
 - Most recent five year projections
 - Monthly sales projections
 - All financial forecasts prepared within last 12 months
 - Schedule of contingent liabilities
 - Aged a/r, a/p, and schedule of fixed assets
 - Staffing plan
 - Capital equipment budget
 - Revenues sources and drivers
 - Gross profit margins
 - Expense budgets
 - Cash flow
 - Financial statements projections
 - Future funding needs
 - Best case
 - Worst case
 - Summary or abstract of significant creditor or debt agreements
- **Scientific Review**
 - TAG results
 - Review by at least one other independent analyst
- **Intellectual Property**
 - Intellectual property summary/listing
 - Patents
 - Technology licenses
 - Restrictive covenants
 - All significant correspondence regarding intellectual property
 - Opinions of counsel regarding enforceability
 - Possible additional patents to increase coverage
- **Organization**
 - Articles of incorporation & bylaws

- Designations of rights and preferences
 - Partnership and JV affiliations and agreements
 - Board of directors minutes for the last 24 months
 - Good standing certification
 - Tax status certification
- **Legal**
 - Leases
 - Contract with customers, partners and vendors
 - Employment contracts
 - Other
- **Shareholders**
 - Schedule of stock outstanding by type and percent ownership
 - Schedule of option and warrant holders
 - Royalty agreements
 - Copies of warrants and options
 - Outstanding stock subscriptions receivable
 - Form of stock certificate for each class of stock
 - Stock transfer documentation
 - Trust agreements
 - Powers of attorney
 - Stock escrow agreements
 - Proxies and voting trust agreements
- **Shareholder Agreements**
 - Founders stock purchase agreements
 - Common stock purchase agreements
 - Preferred stock purchase agreements
 - Voting rights agreements
 - Co-sale agreements
 - Redemption agreements
 - Buy-sell agreements
 - Registration rights agreements
 - Preemptive rights agreements
 - Restrictive covenants
- **Future funding needs**
 - Critical milestones
 - Likely sources and timing for next funding
 - Exit strategy

APPENDIX III – SAMPLE TERM SHEET

**MEMORANDUM OF TERMS FOR THE PRIVATE PLACEMENT OF
SERIES A CONVERTIBLE PREFERRED STOCK**

THIS TERM SHEET SUMMARIZES THE PRINCIPAL TERMS OF THE PROPOSED FINANCING OF [NAME OF COMPANY]. (THE “**COMPANY**”). THIS TERM SHEET IS FOR DISCUSSION PURPOSES ONLY; THERE IS NO OBLIGATION ON THE PART OF ANY NEGOTIATING PARTY UNTIL ALL PARTIES SIGN A DEFINITIVE STOCK PURCHASE AGREEMENT. THE TRANSACTIONS CONTEMPLATED BY THIS TERM SHEET ARE SUBJECT TO THE SATISFACTORY COMPLETION OF DUE DILIGENCE. THIS TERM SHEET DOES NOT CONSTITUTE EITHER AN OFFER TO SELL OR AN OFFER TO PURCHASE SECURITIES.

FIRST ROUND OF FINANCING:

Amount to be Raised: \$x,xxx,xxx.xx. minimum; \$x,xxx,xxx.xx maximum

Type of Security: Series A Convertible Preferred Stock (“Series A Preferred”).

Number of Shares: XXX shares minimum; XXX shares maximum.

Purchase Price: \$x.xx per share (the “Purchase Price”), at a pre-money valuation of \$x,xxx,xxx.xx.

Investors: Certain members of the Lake Las Vegas Angels (“LLVA”) and other Qualified Investors.

Closing Date: The closing of the sale of the Series A Preferred (the “Closing”) will be on or before [Closing Date].

Post-Financing Capitalization:	Class	Number of Shares	Percent
	Founders Stock	0	0
	Other Common Stock	0	0
	Employee Options Granted	0	0
	Employee Options Unassigned	0	0
	Series A Preferred Stock Lake Las Vegas Angels	0	0
	Total	0	100.0%

***Rights, Preferences, Privileges
and Restrictions of the Preferred
Stock:***

Dividends: The holders of shares of Series A Preferred Stock shall be entitled to receive cumulative dividends in preference to the holders of Common Stock at an annual rate of 5% of the Purchase Price per share from legally available funds and when, as and if declared by the Board of Directors.

Voluntary Conversion: Each holder of Series A Preferred will have the right, at the option of the holder, at any time, to convert shares of Series A Preferred into shares of Common Stock at an initial conversion ratio of one-to-one.

Automatic Conversion: The Series A Preferred will be automatically converted into Common Stock, at the then applicable conversion rate, in the event of either (i) the election of holders of a majority of the then outstanding Preferred Stock, voting together as a class, or (ii) the closing of an underwritten initial public offering of the Company's Common Stock under the Securities Act of 1933 ("IPQ") with aggregate proceeds of at least \$15 million at a public offering price of at least three (3) times the Purchase Price.

Redemption: Commencing five (5) years after the Closing, at the request of the holders of at least 2/3 of the then outstanding Series A Preferred, the Company will redeem the Series A Preferred at a redemption price equal to the Purchase Price plus any accrued and unpaid dividends.

Anti-dilution Provisions: The conversion price of the Series A Preferred shall be subject to an adjustment to prevent dilution in the event that the Company issues additional shares of capital stock (other than common stock shares to employees, consultants, officers or directors pursuant to stock purchase or stock option plans or agreements approved by the Board, including options granted prior to the Financing) at a purchase price less than the applicable conversion price. In such an event, the conversion price shall be adjusted according to a weighted-average formula.

Liquidation Preference: In the event of any liquidation or winding up of the Company, the holders of the Series A Preferred will be entitled to receive, in preference to the holders of Common Stock, a preference amount per share consisting of 1.5x the Purchase Price plus accrued and unpaid dividends, if any. Thereafter, the remaining assets of the Company will be distributed ratably to the holders of Common Stock and the Series A Preferred on an as-converted basis.

A merger, acquisition or sale of all or substantially all of the assets of the Company in which the stockholders of the Company immediately prior to such event do not own a majority of the outstanding shares of the surviving corporation will be deemed to be liquidation for purposes of the liquidation preference.

The preference feature of this liquidation preference will be eliminated in the event of a liquidation where absent the preferential feature a liquidation of the Company would yield proceeds to the holders of Series A Preferred in excess of three (3) times the Purchase Price per share if

such liquidation occurs within three years after the issuance of Series 'A' Preferred Stock and five (5) times the Purchase Price if such liquidation event occurs on or after three years following the issuance of Series 'A' Preferred Stock.

Voting Rights: The holders of shares of Series A Preferred will have the right to that number of votes equal to the number shares of common stock issuable upon conversion.

Protective Provisions

The consent of the holders of at least two thirds of the outstanding shares of Series A preferred stock (voting as a single class on an as converted basis) shall be required for any action that (i) effects a merger or sale of the Company, (ii) changes the rights, preferences or privileges of any series of preferred stock, (iii) increases or decreases the authorized number of shares of any series of preferred stock, (iv) increases the number of directors to more than seven, (v) creates a new class of stock or shares with a preference over or on parity with the Series A Preferred with respect to voting, dividends, redemption, or upon liquidation, (vi) redeems or repurchases any shares of preferred or common stock, (vii) amends the Company's charter or bylaws, or (viii) pays cash dividends on the Company's common stock.

Employee Stock Option Pool

The Company will establish an Option Pool consisting of x,xxx,xxx shares to be granted to employees, consultants and directors of the Company pursuant to stock purchase or stock option plans or agreements approved by the Board. No more than thirty percent (30%) options of the pool shall have been granted or promised as of the closing.

Vesting of Management

A percentage, 66%, of Common Stock owned by the founders will be vested over a 30 month term based on a pro rata vesting schedule beginning on the date of funding. Thirty four, 34%, will be fully vested upon funding.

Information Rights:

So long as a holder of Series A Preferred continues to hold 25% shares of the shares of Series A Preferred or Common Stock issued to such holder upon conversion of Series A Preferred, the Company will deliver to such holder or its designee agent-member of the class annual and quarterly financial statements and report to Series A Preferred Shareholders as well as an annual budget, and to make available to holder's designee a monthly report of events and outlook of the Company.

The Company agrees to make a member of senior management available to report in person to Lake Las Vegas Angels upon reasonable request no more than twice per year. The obligation of the Company to furnish such information will terminate at such time as the Company consummates an IPO or becomes subject to the reporting provisions of the Securities Exchange Act of 1934.

Right of First Offer:

Each holder of Series A Preferred will have a right of first offer in the event the Company proposes to offer equity securities to any person (other than (i) the issuance of capital stock to employees, consultants, officers or directors of the Company pursuant to stock purchase or stock option plans or agreements approved by the Board (including options

granted prior to the Financing), (ii) the issuance of securities in connection with acquisition transactions, (iii) the issuance of securities to financial institutions or lessors in connection with commercial credit arrangements, equipment financings or similar transactions, (iv) shares issued upon conversion of the Series A Preferred, (v) the issuance of securities in a public offering, (vi) the issuance of securities pursuant to currently outstanding options, warrants, notes, or other rights to acquire securities of the Company; or (vii) stock splits, stock dividends or like transactions) to purchase that portion of such equity securities equal to (a) the number of shares of Common Stock issued or issuable upon conversion of the Series A Preferred held by such holder of Series A Preferred divided by (b) all of the Company's Common Stock then outstanding or issuable upon exercise of options or warrants or conversion of Preferred Stock. Such equity securities shall be purchased within 20 days from notice by the Company and on the same terms as the securities are purchased by other third party purchasers of the equity securities. Such right of first offer will terminate upon an IPO or the acquisition of the Company.

The Company shall have a right of first refusal to purchase Common Stock prior to a transfer to a third party. Each of the holders of Series A Preferred and the other Common Stock holders shall have the right to purchase the shares not purchased by the Company.

***Co-Sale Right in Sales by
Common Stock holders***

If at any time prior to an IPO a holder of the Company's Common Stock seeks to sell his stock holdings to a party other than the Company, the holders of Series A Preferred will each have the right to participate in the transaction at the same terms and conditions as the selling Common Stockholder on a pro-rata basis.

Registration Rights:

Registrable Securities: All shares of Common Stock issuable upon conversion of the Preferred Stock shall be deemed "Registrable Securities."

Demand Registration: After the earlier of five years of the closing or six months after the Company has completed an IPO, holders of at least 2/3 of the Registrable Securities shall have one (1) demand registration right to request that the Company file a registration statement under the Securities Act of 1933, in order to permit such holders to sell their shares (subject to cutbacks at the underwriter's discretion).

Piggyback Registration Rights: The holders of Registrable Securities shall have unlimited piggyback registration rights, subject to pro rata cutback to a minimum of 20% of the offering (complete cutbacks on the IPO) at the underwriter's discretion.

Registration on Form S-3: Once the Company has completed an IPO, the holders of at least 20% of the Registrable Securities will have the right to require the Company to register their shares of Registrable Securities on the abbreviated registration statement on Form S-3, if available for use by the Company and only if such holders are not otherwise eligible to sell their Registrable Securities under Rule 144 of the Securities Act. The Company will not be obligated to effect more than two S-3 registration statements in any twelve-month period. There shall be a limit of a total of four such S-3 registrations.

Registration Expenses: Registration expenses (exclusive of underwriting discounts and commissions, stock transfer taxes and fees of counsel to the selling stockholders) will be borne by the Company for all demand, piggyback and S-3 registrations. The Company will also pay the reasonable fees and expenses of one special counsel to the selling stockholders.

Transfer of Registration Rights: The registration rights may be transferred to a transferee who acquires at least 75% shares of the original purchaser's Registrable Securities (or all of such the transferring holder's shares, if less), provided that the Company is given prompt notice of the transfer and the transferee agrees to be bound by the terms and conditions of the Registration Rights Agreement. Transfer of registration rights to a partner or affiliate or member of the immediate family of the transferee will be without restrictions as to minimum shareholdings.

Termination of Registration Rights: The registration obligations of the Company will terminate on the earlier of (i) five years after the IPO, or (ii) with respect to any holder of registration rights, at such time as all Registrable Securities of such holder may be sold within a three (3) month period pursuant to Rule 144 or (iii) at such time as a holder holds Registrable Securities constituting less than one percent (1%) of the outstanding voting stock of the Company.

Market Standoff: In connection with the IPO, each holder of registration rights will be required not to sell or otherwise dispose of any securities of the Company (except for those securities being registered) for a period of 180 days following the effective date of the registration statement for such offering, and in connection with secondary offerings for a period of up to 120 days, if so requested by the underwriters of such offering.

Assignment of Technology:

The key employees of the Company (and/or holders of the Company's Common Stock) agree to assign to the Company all rights, title and interest in and to all technology and proprietary information owned by them relating to the Company's business.

Board of Directors:

Upon closing of the financing, the Bylaws of the Company shall provide that the Board of Directors of the Company shall consist of five directors. The holders of Series A Preferred shall be entitled to elect two of the five directors who shall be investors from the LLVA group. The holders of Common Stock, voting as a separate class, shall be entitled to elect two of the five directors, one of which shall be the CEO of the Company. The fifth position shall be an outside member chosen by the other four members of the Board. Also, there shall be a Compensation Committee and an Audit committee each comprised of two (2) members, none of the committee members shall be employees of the Company. If any future stock purchase agreement or other document causes Series A Preferred Stock investors to lose either or both of its board seats, the Company agrees to grant visitation rights to its Board meetings to no more than two designee Series A Preferred shareholders.

Purchase Agreement:

The sale of the Series A Preferred will be made pursuant to a stock

purchase agreement reasonably acceptable to the Company and the Investors, which agreement will contain, among other things, appropriate representations and warranties of the Company and the Investors, covenants of the Company reflecting the provisions set forth in this term sheet and appropriate conditions to closing which will include, among other things, qualification of the shares to be sold under applicable federal and state securities laws, and the filing of Amended and Restated Certificate of Incorporation.

The Company may close on a minimum of \$xxx,xxx. The financing may remain open for up to an additional 60 days to accept additional subscriptions. The Company will accept up to \$xxx,xxx in excess of the minimum amount.

Other Documentation:

In addition to the Purchase Agreement, the following documents will be prepared in connection with the Financing:

- a) Board and shareholder resolutions approving transaction;
- b) Amended and Restated Certificate of Incorporation;
- c) Investor Rights Agreement;
- d) Registration Rights Agreement;
- e) Investor Questionnaires;
- f) Stock certificates; and
- g) Notice pursuant to Section 25102(f)

Preparation of Documentation:

Counsel to Investors shall prepare the required documentation in this Financing.

Expenses:

If the Financing is consummated, the Company will pay the hourly fees and expenses of counsel to the Investors, not to exceed \$20,000.

Counsel to the Investors:

Counsel to be named

APPENDIX IV – LAKE LAS VEGAS ANGELS WEB SITE

The following outline provides a detail of what the LLVA web site will include:

1. DATABASE – Administration Only

- a. Contact and in-depth information
 - i. Members
 - 1. Name and contact information
 - 2. Curriculum vitae in templated format
 - 3. Education, skills and experiences (established matrix)
 - ii. Additional membership classification(s)
 - 1. Name and contact information
 - 2. Curriculum vitae in templated format
 - 3. Education, skills and experiences (established matrix)
 - iii. Sponsors
 - 1. Name and contact information
 - 2. Logo of sponsor
 - iv. Investees (companies in which the network as invested)
 - 1. Name and contact information
 - 2. Logo of investee
 - v. Other contact files
 - 1. Local and national press
 - 2. Service providers
- b. Reports and documents
 - i. Applications for funding
 - 1. Rejected
 - 2. Accepted to pre-screening and rejected
 - 3. Accepted to screening and rejected
 - 4. Rejected at due diligence
 - 5. Funded
 - ii. Funded company files
 - 1. Executive summary(s)
 - 2. Business plan(s)
 - 3. PowerPoint presentation(s)
 - 4. Due diligence documents
 - 5. Term sheet
 - 6. Investment data for each round
 - a. Valuation at each round
 - b. Total size of round
 - c. Total investment by network
 - d. Individual investments by network members
 - 7. Progress reports - financial and other (all periods)
 - a. Balance sheet
 - b. P&L versus budget
 - c. Cash flow
 - d. Milestone reports (text)
 - e. Comments by Board members and/or observers
 - 8. Exit summary by lead investor
 - iii. LLVA Organizational archives
 - 1. Board minutes
 - 2. By-laws
 - 3. Agreements
 - 4. Tax ID#
 - 5. Employer ID #

6. Bank account information
 - a. Bank contact information
 - b. Principal contact person
 - c. Account numbers
7. Tax account information
 - a. Name
 - b. Contact information

2. PUBLIC SIDE

- a. Qualifications for membership
- b. The membership process
- c. Membership application (templated format only on public side)
 - i. Contact information
 - ii. Templated curriculum vitae (not just attaching resume)
 - iii. Education/skills/experiences matrix
 - iv. Auto-email notice to membership chair
 - v. Data in suspense until membership accepted, once accepted post to database.
- d. Sponsors
 - i. Criteria for sponsors
 - ii. Logo and contact information on each sponsor
 - iii. Contact information to apply for sponsorship
- e. Investment criteria
- f. What LLVA is looking for in companies
- g. The investment process
- h. Entrepreneur's application for funding (templated format only on public side)
 - i. Templated application
 - ii. Attachments allowed
 1. Business plan
 2. Executive summary
 3. Other Word or Excel documents
 4. PowerPoint plan presentation
 - iii. Auto-email to pre-screening committee
 - iv. Note eventual disposition and file accordingly
 1. Rejected at pre-screen
 2. Rejected at screening
 3. Rejected during due diligence
 4. Investee
- i. Deals done by LLVA
- j. Calendar of (public) events
- k. Press releases, In the news
- l. Links and resources
- m. Contact us

3. MEMBERS ONLY SIDE – Password protected

- a. Membership directory
 - i. Contact information
 1. Email format click thru from email address in directory
 2. Curriculum vitae click thru from name in directory
 - ii. Position, if any, in the organization (i.e. President, Member of pre-screen team, etc.)
- b. Members skills and experience matrix
 - i. A searchable database of education, skills and experience
 - ii. Template of boxes, check off the skills/experiences of interest
 - iii. Search provide members with those skill sets
- c. Board and committees with email format links from hyperlink addresses
- d. Email blaster

- i. All
 - ii. Members
 - iii. Sponsors
 - iv. Press
 - v. Investees
 - vi. Other interest parties
 - vii. Email to a single member
 - viii. Create a group
- e. Upcoming events (a focus on current activities)
- f. Calendar/Events/Newsletters
 - i. Create an event (template)
 - 1. Name, date, time, location, contact, RSVP email link
 - 2. Post to calendar
 - 3. Email to a group (all, members, sponsors, etc.)
 - ii. Create a newsletter (template)
 - 1. Assemble documents from committee heads and officers
 - 2. Use template to create headers and short text explanations
 - 3. Hyperlink collected documents into newsletter template
 - 4. Post on public or private side (or both)
 - 5. Email to a group (all, members, sponsors, etc.)
- g. Deals LLVA is looking at
 - i. Contact info
 - ii. Industry category, stage of company
 - iii. Network relationship (referred by a member)
 - iv. Product or service
 - v. Business model
 - vi. Status
 - vii. Management and Board
 - viii. Financials
 - ix. Capitalization
 - x. Funds sought and use of funds
 - xi. Competition
- h. Deals LLVA has looked at
 - i. Contact info
 - ii. Industry category, stage of company
 - iii. Network relationship (referred by a member)
 - iv. Product or service
 - v. Business model
 - vi. Status
 - vii. Management and Board
 - viii. Financials
 - ix. Capitalization
 - x. Funds sought and use of funds
 - xi. Competition
- i. Forms and stationery (downloadable read/write documents)
 - i. Organization logo(s)
 - ii. Letterhead and envelope
 - iii. Memo format
 - iv. PowerPoint format with logo
 - v. Term sheet format
- j. Standard agreements and documents – read only (PDF) format
 - i. In-depth process explanations
 - 1. Pre-screening
 - 2. Screening meetings
 - 3. Due diligence

- 4. Investment meetings
- ii. Term sheet explanation and justifications
- iii. Sample executive summaries (outline)
- iv. Sample PowerPoint presentation (outline)
- v. Sample financial reports from investees
 - 1. Balance sheet
 - 2. P&L versus budget
 - 3. Cash flow statement
 - 4. Milestones
- vi. Job descriptions of Board members and committee chairs
- k. Document archives
 - i. Organizational archives (current version only)
 - 1. Meeting minutes
 - 2. Charter
 - 3. By-laws
 - 4. Agreements
 - 5. Tax ID #
 - 6. Employee ID #
 - ii. Due diligence documents by company
 - 1. Reports by due diligence team members
 - 2. Bulletin board for questions, comments and answers by/from members.
 - 3. Proposed/final term sheet
 - iii. Post-investment documents by company, by period (current year only)
 - 1. Balance sheet
 - 2. P&L versus budget
 - 3. Cash flow
 - 4. Milestone reports (text)
 - 5. Comments by Board members and/or observers
 - 6. Exit summary (by lead investor)

Appendix V: LLVA Budget Summary

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LLVA Year 1 Budget	1
Assumptions for LLVA Year 1 Budget	2
LLVA Year 1 Marketing Budget	3
LLVA Year 2 Budget	4
Assumptions for LLVA Year 2 Budget	5
LLVA Year 2 Marketing Budget	6
HEI Projected Staff Support for LLVA	7

Lake Las Vegas Angels Year 1 Budget

	Q1 Y1	Q2 Y1	Q3 Y1	Q4 Y1	Total
Income					
LLVA Membership Dues	\$15,000	\$15,000	\$15,000	\$15,000	\$60,000
Side Fund Administrative Fee	\$10,000	\$10,000	\$10,000	\$10,000	\$40,000
Sponsorships	\$2,500	\$2,500	\$2,500	\$2,500	\$10,000
Grants	\$30,000	\$0	\$0	\$0	\$30,000
Interest Income	\$0	\$0	\$0	\$0	\$0
Total	\$57,500	\$27,500	\$27,500	\$27,500	\$140,000
Operating Expenses:					
Management Fees					
Manager Fees	\$13,848	\$13,848	\$13,848	\$13,848	\$55,392
Staff Fees	\$3,945	\$3,945	\$3,945	\$3,945	\$15,781
Admin Fees	\$1,578	\$1,578	\$1,578	\$1,578	\$6,312
Intern Costs	\$9,769	\$9,769	\$9,769	\$9,769	\$39,076
Less HEI Inkind Contribution	(\$18,941)	(\$18,941)	(\$18,941)	(\$18,941)	(\$75,765)
Total Manager and Staff Fees	\$10,199	\$10,199	\$10,199	\$10,199	\$40,797
General and Administrative					
Screening Meeting Expense	\$1,688	\$1,688	\$1,688	\$1,688	\$6,750
Investment Meeting Expense	\$2,250	\$2,250	\$2,250	\$2,250	\$9,000
Equipment Rental	\$450	\$450	\$450	\$450	\$1,800
Office Supplies	\$250	\$250	\$250	\$250	\$1,000
Printing	\$200	\$200	\$200	\$200	\$800
Postage	\$75	\$75	\$75	\$75	\$300
Accounting	\$1,500	\$1,500	\$1,500	\$1,500	\$6,000
Legal	\$2,000	\$1,000	\$1,000	\$1,000	\$5,000
Education Fees	\$2,250	\$375	\$375	\$375	\$3,375
Misc.	\$500	\$500	\$500	\$500	\$2,000
Travel & Entertainment:					
Airfares	\$200	\$0	\$200	\$0	\$400
Lodging	\$300	\$0	\$300	\$0	\$600
Meals	\$150	\$0	\$150	\$0	\$300
Auto Rental	\$100	\$0	\$100	\$0	\$200
Conference Fees	\$400	\$0	\$400	\$0	\$800
Parking & Tolls	\$25	\$0	\$25	\$0	\$50
Total Administrative	\$22,537	\$18,487	\$19,662	\$18,487	\$79,172
Marketing & Programs					
Advertising	\$0	\$0	\$0	\$0	\$0
Collateral	\$888	\$1,488	\$138	\$813	\$3,325
Web Site Development & Hosting	\$32,105	\$3,105	\$3,105	\$3,105	\$41,420
Market Research/Database Fees	\$3,000	\$3,000	\$3,000	\$3,000	\$12,000
Sponsorships	\$0	\$0	\$0	\$0	\$0
Public Relations	\$630	\$630	\$630	\$630	\$2,520
Total Marketing & Programs	\$36,623	\$8,223	\$6,873	\$7,548	\$59,265
Total Operating Expense	\$59,159	\$26,709	\$26,534	\$26,034	\$138,437
Profit / (Loss)	(\$1,659)	\$791	\$966	\$1,466	\$1,563
Annual Administrative Cost:	0.035%				

page 1

Assumptions for LLVA Year 1 Budget

# of LLVA Members		15						
Commitment		\$2,000,000						
Annual Dues per LLVA Member		\$4,000						
# of Side Fund Members		10						
Commitment Each		1,000,000						
Annual Managemnt Fee per Fund Member		\$4,000						
Steady-State Deal Flow Assumptions								
			Time in Hours					
Applications per Month		10						
Approved Pre-Screenings		2						
Deals in Due Dilligence per Month		1.5						
Investment Presentations per Month		1						
Investments Per Month		0.5						
# Pre-Screening Meeting per Month		1						
# Screening Meetings per Month		0.5						
# Investment Meetings per Month		0.5						
Estimated Administrative Task Time Requirements			Time in Hours	Monthly Hours	Monthly Manager Hours	Monthly HEI Staff Hours	Monthly HEI Intern Hours	Monthly Admin. Hours
Percentage of Overall Assigned Task					15%	10%	65%	10%
Pre-screening by HEI Staff per Application:		1	10		2	1	7	1
Pre-screening by Membership Committee per Application:		1	10		2	1	7	1
Screening Meeting per Application:		2	4		1	0	3	0
Due Diligence per Deal:		100	150		23	15	98	15
Term Sheet and Closing per Deal:		40	60		9	6	39	6
Membership Administration per Member per Month		0.7	18		3	2	11	2
Meeting Logistics per Meeting:		2	4		1	0	3	0
			Total Monthly Hours	255.5	38	26	166	26
			Full Time Equivalent	1.50	23%	15%	98%	15%

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LLVA Year 1 Marketing Budget

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Advertising													
Creative	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Advertising	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Collateral													
Creative	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$550
Stationery	\$0	\$750	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$750
Brochure Printing	\$0	\$0	\$0	\$0	\$0	\$1,350	\$0	\$0	\$0	\$0	\$0	\$675	\$2,025
Holiday Cards	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Collateral	\$46	\$796	\$46	\$46	\$46	\$1,396	\$46	\$46	\$46	\$46	\$46	\$721	\$3,325
Web Site Activities													
Development Costs	\$30,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$41,000
Web Hosting	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$420
Total Web Site	\$30,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$41,420
Market Research													
NERAC	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Lexus Nexus	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Total Market Research	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000
Public Relations													
PR Activities	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$2,520
Contract Writing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total PR	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$2,520
Sponsorships													
Invest Southwest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
LVLSI Annual Dinner	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sponsorships	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Marketing & Programs	\$31,291	\$3,041	\$2,291	\$2,291	\$2,291	\$3,641	\$2,291	\$2,291	\$2,291	\$2,291	\$2,291	\$2,966	\$59,265

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LLVA Year 2 Budget

	Q1 Y2	Q2 Y2	Q3 Y2	Q4 Y2	Total
Income					
LLVA Membership Dues	\$20,000	\$20,000	\$20,000	\$20,000	\$80,000
Side Fund Administrative Fee	\$10,000	\$10,000	\$10,000	\$10,000	\$40,000
Sponsorships	\$3,000	\$3,000	\$3,000	\$3,000	\$12,000
Grants	\$0	\$0	\$0	\$0	\$0
Interest Income	\$0	\$0	\$0	\$0	\$0
Total	\$33,000	\$33,000	\$33,000	\$33,000	\$132,000
Operating Expenses:					
Management Fees					
Manager Fees	\$16,450	\$16,450	\$16,450	\$16,450	\$65,799
Staff Fees	\$4,686	\$4,686	\$4,686	\$4,686	\$18,746
Admin Fees	\$4,686	\$4,686	\$4,686	\$4,686	\$18,746
Intern Costs	\$11,604	\$11,604	\$11,604	\$11,604	\$46,418
Less HEI Inkind Contribution	(\$24,327)	(\$24,327)	(\$24,327)	(\$24,327)	(\$97,310)
Total Manager and Staff Fees	\$13,099	\$13,099	\$13,099	\$13,099	\$52,398
General and Administrative					
Screening Meeting Expense	\$2,700	\$2,700	\$2,700	\$2,700	\$10,800
Investment Meeting Expense	\$2,475	\$2,475	\$2,475	\$2,475	\$9,900
Equipment Rental	\$450	\$450	\$450	\$450	\$1,800
Office Supplies	\$300	\$300	\$300	\$300	\$1,200
Printing	\$250	\$250	\$250	\$250	\$1,000
Postage	\$100	\$100	\$100	\$100	\$400
Accounting	\$1,500	\$1,500	\$1,500	\$1,500	\$6,000
Legal	\$1,000	\$1,000	\$1,000	\$1,000	\$4,000
Education Fees	\$750	\$375	\$375	\$375	\$1,875
Misc.	\$500	\$500	\$500	\$500	\$2,000
Travel & Entertainment:					
Airfares	\$200	\$200	\$200	\$200	\$800
Lodging	\$300	\$300	\$300	\$300	\$1,200
Meals	\$150	\$150	\$150	\$150	\$600
Auto Rental	\$100	\$100	\$100	\$100	\$400
Conference Fees	\$400	\$400	\$400	\$400	\$1,600
Parking & Tolls	\$25	\$25	\$25	\$25	\$100
Total Administrative	\$24,299	\$23,924	\$23,924	\$23,924	\$96,073
Marketing & Programs					
Advertising	\$0	\$0	\$0	\$0	\$0
Collateral	\$638	\$2,138	\$138	\$813	\$3,725
Web Site Development & Hosting	\$3,105	\$3,105	\$3,105	\$3,105	\$12,420
Market Research/Database Fees	\$3,000	\$3,000	\$3,000	\$3,000	\$12,000
Sponsorships	\$0	\$2,500	\$800	\$500	\$3,800
Public Relations	\$630	\$630	\$630	\$630	\$2,520
Total Marketing & Programs	\$7,373	\$11,373	\$7,673	\$8,048	\$34,465
Total Operating Expense	\$31,672	\$35,297	\$31,597	\$31,972	\$130,538
Profit / (Loss)	\$1,328	(\$2,297)	\$1,403	\$1,028	\$1,462
Annual Administrative Cost:	0.026%				

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Assumptions for LLVA Year 2 Budget

# of LLVA Members		20				
Commitment		\$2,000,000				
Annual Dues per LLVA Member		\$4,000				
# of Side Fund Members		10				
Commitment Each		1,000,000				
Annual Managemnt Fee per Fund Member		\$4,000				
Steady-State Deal Flow Assumptions		Time in Hours				
Applications per Month		10				
Approved Pre-Screenings		3				
Deals in Due Dilligence per Month		2				
Investment Presentations per Month		1				
Investments Per Month		0.5				
# Pre-Screening Meeting per Month		1				
# Screening Meetings per Month		1				
# Investment Meetings per Month		0.5				
Estimated Administrative Task Time Requirements	Time in Hours	Monthly Hours	Monthly Manager Hours	Monthly HEI Staff Hours	Monthly HEI Intern Hours	Monthly Admin. Hours
Percentage of Overall Assigned Task			15%	10%	65%	10%
Pre-screening by HEI Staff per Application:	1	10	2	1	7	1
Pre-screening by Membership Committee per Application:	1	10	2	1	7	1
Screening Meeting per Application:	2	6	1	1	4	1
Due Diligence per Deal:	100	200	30	20	130	20
Term Sheet and Closing per Deal:	40	60	9	6	39	6
Membership Administration per Member per Month	0.5	10	2	1	7	1
Meeting Logistics per Meeting:	3	7.5	1	1	5	1
	Total Monthly Hours	303.5	46	30	197	30
	Full Time Equivalent	1.79	27%	18%	116%	18%

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LLVA Year 2 Marketing Budget

	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Advertising													
Creative	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Placement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Advertising	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Collateral													
Creative	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$46	\$550
Stationery	\$0	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$500
Brochure Printing	\$0	\$0	\$0	\$0	\$0	\$2,000	\$0	\$0	\$0	\$0	\$0	\$675	\$2,675
Total Collateral	\$46	\$546	\$46	\$46	\$46	\$2,046	\$46	\$46	\$46	\$46	\$46	\$721	\$3,725
Web Site Activities													
Development Costs	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000
Web Hosting	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$420
Total Web Site	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$1,035	\$12,420
Market Research													
NERAC	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Lexus Nexus	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$6,000
Total Market Research	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000
Public Relations													
PR Activities	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$2,520
Contract Writing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total PR	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$210	\$2,520
Sponsorships													
Invest Southwest	\$0	\$0	\$0	\$0	\$2,500	\$0	\$0	\$0	\$0	\$0	\$500	\$0	\$3,000
LVLSI Annual Dinner	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$800	\$0	\$0	\$0	\$800
Total Sponsorships	\$0	\$0	\$0	\$0	\$2,500	\$0	\$0	\$0	\$800	\$0	\$500	\$0	\$3,800
Total Marketing & Programs	\$2,291	\$2,791	\$2,291	\$2,291	\$4,791	\$4,291	\$2,291	\$2,291	\$3,091	\$2,291	\$2,791	\$2,966	\$34,465

HEI Projected Staff Support for LLVA

Position	HEI RATE	% LLVA Assigned	Equivalent LLVA Weighted SALARY
Manager	\$ 245,706	23%	\$55,392
Administrative Assistant	\$ 42,000	15%	\$6,312
Staff	\$ 105,000	15%	\$15,781
Intern	\$ 40,000	98%	\$39,076

Total Monthly Administrative and Management Personnel Cost

Year 2

Position	HEI RATE	% LLVA Assigned	Equivalent LLVA Weighted SALARY
Manager	\$ 245,706	27%	\$65,799
Administrative Assistant	\$ 42,000	18%	\$7,498
Staff	\$ 105,000	18%	\$18,746
Intern	\$ 40,000	116%	\$46,418

Total Monthly Administrative and Management Personnel Cost

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APPENDIX VI LLVA DRAFT BYLAWS
DRAFT BYLAWS
OF
LAKE LAS VEGAS ANGELS, INC.
A Nevada Nonprofit Mutual Benefit Corporation

PREAMBLE

SECTION 1. PURPOSE.

The purpose of Lake Las Vegas Angels, Inc. (the “Corporation”) is to engage in any lawful act or activity for which a Corporation may be organized under the Nevada Nonprofit Mutual Benefit Corporation Law. The more specific purposes of this Corporation are to enhance the investment opportunities of its Members (as defined below), who are required to be individual accredited investors, by providing forums for considering investment opportunities, by facilitating investing education for members, and by assisting in the formation, development, financial structuring and post-funding operation of early stage companies, especially those located in or doing business in the geographic region of the Corporation (as defined below).

SECTION 2. ORGANIZATION.

The Corporation shall be comprised of one or more separate operating entities whose actions with respect to the Corporation are governed by board of directors of the Corporation (the “Board”). Each Network that comprises the Corporation may be referred to individually as a “Network” or collectively as “Networks.”

ARTICLE I OFFICES

SECTION 1. PRINCIPAL OFFICE.

The Corporation’s principal office is fixed and located at Clark County, State of Nevada. The Board is granted full power and authority to change said principal office from one location to another. Any such change shall be noted on the Bylaws opposite this Section, or this Section may be amended to state the new location.

SECTION 2. OTHER OFFICES.

The Board may establish Network, branch or subordinate offices at any time, at any place or places.

ARTICLE II MEMBERSHIP

SECTION 1. CLASSES, QUALIFICATIONS AND MEMBERSHIP.

This Corporation shall have a single class of members, and membership in the Corporation requires being or becoming a member of one or more Networks. Any person, who is an accredited investor (as defined by Rule 501(a) of the Securities Act of 1933, as amended), who is dedicated to the purposes of this Corporation, and who meets membership criteria established by the Board shall be eligible for membership. An eligible person whose membership application is approved by the Board becomes a

member ("Member") of the Corporation, upon the payment of such dues and fees as the Board has in effect at that time.

SECTION 2. MEMBERS.

All Members of the Corporation whose membership has not been terminated or suspended shall have the right to vote, as set forth in these Bylaws, on the approval of the Corporation's Bylaws and on any changes thereto, on the disposition of all or substantially all of the assets of the Corporation, on any merger and its principal terms and any amendments of those terms, and on any election to dissolve the Corporation.

- (a) If the Corporation is dissolved, voluntarily or involuntary, all Members shall receive a pro rata distribution of all assets, exclusive of those held in charitable trust (if any), remaining after payment or provision for payment of the obligations and debts of the Corporation and provision for any other payment required under applicable law. Members may be subject to additional membership requirements as determined, from time to time, by the Board. Membership interests shall not be redeemable.
- (b) Notwithstanding anything to the contrary herein, in accordance with the Nevada Nonprofit Mutual Benefit Corporations Law, the Corporation may refer to persons associated with the Corporation as "members" even though such persons are not members within the meaning of the Nevada Corporations Code. The Corporation may benefit, serve, or assist persons who are not members within the meaning of Nevada Corporations Code for such consideration, if any, as the Board may determine or as otherwise authorized or provided in these Bylaws or the Articles of Incorporation.

SECTION 3. DUES, FEES AND ASSESSMENTS.

Each Member must pay within the time and on the conditions set by the Board, the Corporation dues, fees and assessments in amounts to be fixed by the Board on or before the beginning of each annual membership period. The Corporation dues, fees and assessments shall be equal for all members of the Network.

SECTION 4. TERM OF MEMBERSHIP.

Membership shall be on a calendar year basis and shall expire automatically at the end of the year unless membership is renewed; provided, however, that a Member's initial membership year begins upon proper membership approval and payment of dues and a Member's final year ends upon termination of membership. Membership renewal is not automatic, but requires that the Member be in compliance with the Rules of Membership and Conduct and these Bylaws. The Corporation may decline to renew the membership of a Member if he or she is subject to the procedures in Section 6 of this Article or for any other reason.

SECTION 5. TERMINATION OR SUSPENSION OF MEMBERSHIP.

- (a) A membership shall automatically terminate upon occurrence of any of the following events:
 - (i) Resignation of a Member to the Chairperson or Secretary of the Corporation effective upon giving notice, or if the notice specifies a later time for the effectiveness of such resignation, effective at the specified time;
 - (ii) Expiration of the period of membership, unless the membership is renewed on the renewal terms fixed by the Board; or
 - (iii) Termination of all of the Network of which such Member belongs;
- (b) A membership may be terminated or suspended by the Network to which a Member belongs or the Board upon the occurrence of any of the following events:
 - (i) Failure of the Member to pay dues, fees, or assessments as set by the Board within 30 days after they become due and payable;

- (ii) Failure of the Member to observe the Rules of Membership and Conduct;
 - (iii) Failure of the Member to comply with any requirements that apply to the Network of which such individual is a member; or
 - (iv) Engagement by the Member in conduct materially prejudicial to the purposes and interests of the Corporation or failure by the Member to otherwise satisfy the requirements provided herein.
- (c) The occurrence of any of the above in connection with the termination or suspension of a Member shall be determined in good faith by the Board. A Member's membership shall be suspended during any time in which all of the Networks to which such Member belongs is suspended under Article II hereof.

SECTION 6. SUSPENSION OR TERMINATION ACTION; DISCIPLINARY COMMITTEE.

- (a) The Board may designate its authority under this Section to a group (the "Disciplinary Committee") comprised of at least three Members who are members of the Board to conduct hearings or consider written statements and report findings and make recommendations to the full Board.
- (b) The Board may require that a suspended Member complete specific actions as a condition to reinstatement of membership. If such suspended Member fails to complete such action, the suspension shall be converted into termination of membership without requiring any additional procedures under this Article.

SECTION 7. PROCEDURE FOR TERMINATION OR SUSPENSION.

If grounds appear to exist for termination or suspension of a Member under subparagraphs (i) through (iv) of Section 5(b) of this Article, the procedure set forth below shall be followed:

- (a) The Member shall be given 15 days prior notice of the proposed termination or suspension and the reasons for the proposed termination or suspension. The notice need not specify whether the remedy sought will be termination or suspension, so long as the Member is on notice that the proposed action involves either a termination or a suspension. Notice shall be given by any method reasonably calculated to provide actual notice. Any notice given by mail shall be sent by first-class or registered mail to the Member's last address as shown on the Corporation's records.
- (b) The Member shall be given an opportunity to be heard by the Board or the Disciplinary Committee of the Board at least five days before the effective date of the proposed termination or suspension.
- (c) The Board or the Disciplinary Committee of the Board, whichever is acting, in its sole discretion, shall decide whether or not the Member should be terminated, suspended, or sanctioned in some other way. A decision by the Disciplinary Committee of the Board may be appealed to the Board. The decision of the Board on appeal, including refusal to hear the appeal, shall be final.
- (d) Any legal action challenging a termination or suspension of membership, including a claim alleging defective notice, must be commenced within one year after the date of the suspension or termination.
- (e) A Member who is suspended or whose membership is terminated shall be liable for any charges incurred, services or benefits actually rendered, dues, assessments or fees incurred before the termination, suspension or termination or arising from contract or otherwise.

SECTION 8. TRANSFER OF MEMBERSHIPS.

No Member may transfer a membership or any right arising from membership. All rights of membership cease on the Member's death.

SECTION 9. MEETINGS OF THE MEMBERS OF THE CORPORATION.

- (a) Place of Meeting. Meetings of the Corporation shall be held at any place within or outside Nevada designated by the Board or by written consent of all Members entitled to vote at the meeting. In the absence of any such designation, meetings of the Corporation shall be held at the principal office of the Corporation.
- (b) Annual Meetings of Members of the Corporation. An annual meeting of the Members of the Corporation shall be held without call or notice on the regularly scheduled day of the Corporation's November dinner meeting at 6:00 p.m. local time, unless the Corporation fixes another date or time and so notifies Members as provided in Section 9(d) of this Article.
- (c) Regular Meetings. Regular meetings of the Corporation shall be held on such dates and at such times as may be fixed by the Board (but in any event, in each year in which directors of the Corporation are to be elected at that meeting) for the purpose of conducting such elections, and to transact any other proper business which may be brought before the meeting.
- (d) Special Meetings. A special meeting of the Corporation may be called at any time by the Board, the CEO (as defined below) or five percent or more of the Members of the Corporation.
 - (i) Manner of Notice for Special Meetings. Written notice of a special meeting shall be given not less than ten nor more than 90 days before the date of the meeting to each Member entitled to vote at such meeting; provided however, that if notice is given by mail and the notice is not mailed by first-class registered or certified mail, that notice shall be given not less than 20 days before the meeting. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or actually transmitted by the person giving the notice by electronic means, to the recipient; notice by email shall be deemed to be written notice and to be in compliance with this notice provision. Oral notice shall be deemed to have been given at the time it is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient who the person giving the notice has reason to believe will promptly communicate it to the receiver.
 - (ii) Approval by the Members of the Corporation of any of the following proposals, other than by unanimous approval by those entitled to vote, is valid only if the notice or written waiver of notice states the general nature of the proposal or proposals:
 - (A) Removal and substitution of directors pursuant to the Nevada Nonprofit Mutual Benefit Corporation Law;
 - (B) Amending the Articles of Incorporation or Bylaws;
 - (C) Approving a contract or transaction between the Corporation and one or more directors, or between the Corporation and any entity in which a director has a material financial interest pursuant to the Nevada Nonprofit Mutual Benefit Corporation Law; or
 - (D) Electing to wind up and dissolve the Corporation.
- (e) Quorum. A quorum shall consist of 15% percent of the voting Members of the Corporation for a meeting of the Corporation. Notwithstanding the above, if any regular or annual meeting is actually attended in person or by proxy by less than one-third of the regular Members entitled to vote at such meeting, the only matters that may be voted on are those of which notice of their general nature was given describing the general nature of the business and the matters to be presented for action by the Members. Such notice must be given not less than ten (20 days if the notice is by mail and is not given by first class, registered or certified mail) nor more than 90 days before the date of the meeting to each Member who is entitled to vote thereat. Every act or decision done or made by a majority of the voting Members entitled to vote and present at a meeting duly held at which a quorum is present shall be regarded as the act of the Members

entitled to vote thereat, unless a greater number is required by law or by the Articles, except as provided in the next sentence. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of voting Members, if any action taken is approved by at least a majority of the required quorum for such meeting.

- (f) Waiver of Notice. Notice of a meeting need not be given to any Member who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such Member. All such waivers, consents and approvals shall be filed with the Corporation or made a part of the minutes of the meeting.
- (g) Adjournment. A majority of the voting Members present at a meeting of the Members of the Corporation and entitled to vote thereat, whether or not a quorum is present, may adjourn such Member meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given to absent Members entitled to vote thereat if the time and place is fixed at the meeting adjourned, except as provided in the next sentence. If the meeting is adjourned for more than 45 days, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the Members who were not present, but were entitled to vote, at the time of the adjournment.
- (h) Action Without Meeting. Any action required or permitted to be taken by the voting Members of the Corporation may be taken without a meeting if all Members entitled to vote on such action shall individually or collectively consent in writing to such action. Such consent or consents shall have the same effect as a unanimous vote of the Members entitled to vote on such action and shall be filed with the minutes of the proceedings of such Members.
- (i) Voting.
 - (i) Eligibility to Vote. Subject to the provisions of the Nevada Nonprofit Mutual Benefit Corporation Law, Members entitled to vote at any meeting of Members of the Corporation shall be only those Members who are members of the Corporation taking such action and whose membership have not been suspended or terminated.
 - (ii) Manner of Casting Votes. Voting may be by voice or ballot.
 - (iii) Voting. Each Member entitled to vote shall be entitled to cast one vote on each matter submitted to a vote of the Members. A person who is a Member of more than one Network, shall nonetheless be entitled to a single vote.
 - (iv) Approval by Majority Vote. If a quorum is present, the affirmative vote of the majority of the voting power represented at the meeting, entitled to vote and voting on any matter, shall be the act of the Members, unless the vote of a greater number is required by the Articles of Incorporation.
 - (v) Action by Written Ballot. Except as otherwise provided under these Bylaws, or provisions of law, any action which may be taken at any regular or special meeting of Members of the Corporation may be taken without a meeting if the Corporation distributes a written ballot to each Member entitled to vote on the matter. The ballot shall:
 - (A) Set forth the proposed action;
 - (B) Provide an opportunity to specify approval or disapproval of each proposal;
 - (C) Indicate the number of responses needed to meet the quorum requirement and state the percentage of approvals necessary to pass the measure submitted; and
 - (D) Shall specify the date by which the ballot must be received by the Corporation in order to be counted. The date set shall afford Members a reasonable time within which to return the ballots to the Corporation. Ballots shall be mailed or delivered in the manner required for giving notice of membership meetings as specified in these Bylaws, including such electronic media as may be determined by the Board.

ARTICLE III DIRECTORS

SECTION 1. POWERS.

Subject to limitations of the Articles of Incorporation and these Bylaws, the activities and affairs of the Corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the Board. The Board may delegate the management of the activities of the Corporation to any person or persons, a management company, or committees however composed, provided that the activities and affairs of the Corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board. Without prejudice to such general powers, but subject to the same limitations, it is hereby expressly declared that the Board shall have the following powers in addition to the other powers enumerated in these Bylaws:

- (a) To select and remove all the officers, managers, agents and employees of the Corporation, prescribe powers and duties for them as is consistent with law, the Articles of Incorporation or these Bylaws, fix their compensation and require from them security for faithful service.
- (b) To conduct, manage and control the affairs and activities of the Corporation and to make such rules and regulations therefore not inconsistent with law, the Articles of Incorporation or these Bylaws, as they may deem best.
- (c) To adopt, make and use a corporate seal and to alter the form of such seal from time to time as they may deem best.
- (d) To borrow money and incur indebtedness for the purposes of the Corporation, and to cause to be executed and delivered therefore, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefore; provided, however, that any such indebtedness may not exceed 25% of the Corporation's annual Board approved budget.
- (e) To designate, select and remove all the members of the Board consistent with the provisions of the Nevada Corporations Code and to increase or decrease the number of directors consistent with the limits in Section 2 of this Article.
- (f) To change the principal office or the principal business in Nevada from one location to another; cause the Corporation to be qualified to conduct its activities in any other state, territory, dependency, or country; conduct its activities within or outside Nevada; and designate any place within or without Nevada for holding any meeting of Members of the Corporation.

SECTION 2. NUMBER OF DIRECTORS.

The authorized number of directors shall be not fewer than three or more than seven until changed by amendment of the Articles of Incorporation or these Bylaws. The initial number of authorized directors shall be five.

SECTION 3. SELECTION AND TERM OF OFFICE.

- (a) Members. Only Members may serve as directors of the Board. The Manager of the Corporation, if so engaged by the Board shall be an ex officio member of the Board.
- (b) Terms. Each member of the Board serves for a three-year term commencing each January 1. There are no limits as to the number of terms directors may serve. Suspension or termination of a Member who serves on the Board automatically ends such Member's term on the Board, effective as of the date of suspension or termination.
- (c) Director Selection Process.
 - (i) Each October, the Chairperson will select one member of the board to serve as Chairman of the Nominating Committee. The Chairman of the Nominating Committee

will select two Members of the Corporation to serve with him or her for the purposes of selecting nominees to be submitted to the Membership for election to the Board. Members vote by secret ballot for the number of available vacancies at the annual meeting of the Corporation.

- (ii) Chairperson and other officers of the Corporation are elected by vote of the Board at the first meeting of the Board following election of directors. The Chairperson shall also serve as the CEO of the Corporation.

SECTION 4. VACANCIES.

- (a) Any director may resign by giving notice to the Chairperson or Secretary of the Corporation, effective upon giving notice or at a specified later time. If the resignation is effective at a future time, a successor may be selected before such time to take office when the resignation becomes effective.
- (b) Except with respect to the Immediate Past Chairperson director position, vacancies in the Board shall be filled in the manner prescribed in these Bylaws for regular election of such position; provided that such vacancies may be filled as they occur and not on an annual basis. Each director so selected shall hold office until the next annual elections or until a successor has been selected and qualified.
- (c) A vacancy or vacancies in the Board shall be deemed to exist in case of the death, resignation or removal of any director, or if the authorized number of directors is increased, and upon the suspension or termination of the membership of a director. The Board may remove, by majority vote, a director who fails to attend at least one-half of the Board meetings in any six-month period.
- (d) The Board may declare vacant the office of a director who has been declared of unsound mind by a final order of a court, or convicted of a felony, or found by a final order of judgment of any court to have breached any duty arising the Nevada Nonprofit Mutual Benefit Corporation Law.
- (e) No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of the director's term of office.

SECTION 5. PLACE OF MEETING.

Meetings of the Board shall be held at any place within or without the State of Nevada that has been designated from time to time by the Board. In the absence of such designation, regular meetings shall be held at the Corporation's principal office.

SECTION 6. ANNUAL MEETINGS.

The Board shall hold an annual meeting for the purpose of organization and the transaction of other business. Annual meetings of the Board shall be held without call or notice on the same day and at the same location as one of the Network dinner meetings during the month of December at a time, as determined in advance by the Board in accordance with Section 8 of this Article.

SECTION 7. REGULAR MEETINGS.

Regular meetings of the Board shall be held without call or notice on such dates and at such times as may be fixed by the Board.

SECTION 8. SPECIAL MEETINGS.

- (a) Special meetings of the Board, for any purpose or purposes, may be called at any time by the Chairman of the Board or any two directors.
- (b) Special meetings of the Board shall be held upon five days notice by first-class mail or 48 hours notice given personally or by telephone, telegraph, telex, email or other similar means of communication; notice by email shall be deemed to be written notice and to be in compliance with this notice provision. Any such notice shall be addressed or delivered to each director at

such director's address as it is shown upon the records of the Corporation or as may have been given to the Corporation by the director for purposes of notice or, if such address is not shown on such records or is not readily ascertainable, at the place in which the meetings of the directors are regularly held. Any such notice shall state the place, date and time of the meeting and the matters proposed to be acted upon at the meeting.

- (c) Notice by mail shall be deemed to have been given at the time a written notice is deposited in the United States mails, postage prepaid. Any other written notice shall be deemed to have been given at the time it is personally delivered to the recipient or is delivered to a common carrier for transmission, or actually transmitted by the person giving the notice by electronic means, to the recipient. Oral notice shall be deemed to have been given at the time it is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient who the person giving the notice has reason to believe will promptly communicate it to the receiver.

SECTION 9. QUORUM.

A majority of the authorized number of directors constitutes a quorum of the Board for the transaction of business, except to adjourn as provided in Section 12 of this Article. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board, unless a greater number is required by law or by the Articles, except as provided in the next sentence. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

SECTION 10. PARTICIPATION IN MEETINGS BY CONFERENCE TELEPHONE.

Members of the Board may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another.

SECTION 11. WAIVER OF NOTICE.

Notice of a meeting need not be given to any director who signs a waiver of notice or a written consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

SECTION 12. ADJOURNMENT.

A majority of the directors present, whether or not a quorum is present, may adjourn any directors' meeting to another time and place. Notice of the time and place of holding an adjourned meeting need not be given to absent directors if the time and place is fixed at the meeting adjourned, except as provided in the next sentence. If the meeting is adjourned for more than 24 hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

SECTION 13. ACTION WITHOUT MEETING.

Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board shall individually or collectively consent in writing to such action. Such consent or consents shall have the same effect as a unanimous vote of the Board and shall be filed with the minutes of the proceedings of the Board.

SECTION 14. COMMITTEES.

The Board may appoint one or more committees, each consisting of two or more directors and delegate to such committees any of the authority of the Board except with respect to:

- (a) The approval of any action for which the Nevada Nonprofit Mutual Benefit Corporation Law also requires approval of the Members or approval of a majority of all Members;

- (b) The filling of vacancies on the Board or on any committee;
- (c) The amendment or repeal of bylaws or the adoption of the new bylaws;
- (d) The amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable;
- (e) The appointment of other committees of the Board or the members thereof; or
- (f) The approval of any contract or transaction to which the Corporation is a party and in which one or more of its directors has a material financial interest.

Any such committee must be created and the members thereof appointed, by resolution adopted by a majority of the authorized number of directors then in office, provided a quorum is present. The Board may appoint, in the same manner, alternate members of any committee who may replace any absent Committee member at any meeting of the committee. The Board shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, such committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board or such committee shall otherwise provide, the regular and special meetings and other actions of any such committee shall be governed by the provisions of this Article applicable to meetings and actions of the Board. Minutes shall be kept of each meeting of such committee.

ARTICLE IV OFFICERS

SECTION 1. OFFICERS OF THE CORPORATION.

- (a) Officers. The officers of the Corporation shall be a Chief Executive Officer (“CEO”) (who shall be the Chairperson of the Board), a Treasurer, and a Secretary of the Corporation. Each of such officers of the Corporation shall be appointed and serve without fixed terms at the discretion of the Board and shall hold their respective offices until their resignation, removal or other disqualification from service, or until their respective successors shall be elected. The Corporation shall also have such other officers as may be elected or appointed in accordance with the provisions of this Article. Any number of offices may be held by the same person.
- (b) Election. The CEO shall be elected in accordance with Section 3(c)(ii) of Article III. The Treasurer and Secretary of the Corporation shall be elected by the Board from among Board members. Suspension or termination of a Member automatically ends such Member’s term as an officer of the Corporation, effective at the time of suspension or termination. Each officer may serve in the same officer position for unlimited consecutive terms, provided the qualifications for office in this Article continue to be satisfied.
- (c) Subordinate Officers. The Board may elect, and may empower the CEO, to appoint such other officers as the business of the Corporation may require. Each such appointed officer shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the Board may from time to time determine.
- (d) Removal and Resignation. The CEO, Treasurer, and Secretary of the Corporation and any other officers of the Corporation may be removed from their position as officer of the Corporation, either with or without cause, by the Board at any time. Any such removal shall be without prejudice to the rights, if any, of the officer under any contract of employment of the officer. Any officer may resign at any time by giving written notice to the Corporation, but without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

- (e) Vacancies. A vacancy because of death, resignation, removal, disqualification or any other cause, in the office of CEO, Treasurer, or Secretary of the Corporation shall be filled in the same manner prescribed in these Bylaws for regular election or appointment to such office; provided that such vacancies shall be filled as they occur and not on an annual basis.
- (f) CEO. Subject to such powers, if any, as may be given by the Board to an officer, the CEO is the general manager of the Corporation, the Chairperson of the Board and President of the Corporation and has, subject to the control of the Board, general supervision, direction and control of the business and officers of the Corporation. In the absence of the CEO, the Secretary of the Corporation shall preside at all meetings of the Board. The CEO has the general powers and duties of management usually vested in the office of president and general manager of a corporation and such other powers and duties as may be prescribed by the Board. The Chairperson shall submit an annual plan for the Corporation no later than the Board's first meeting in or after April of each year.
- (g) Secretary. The Secretary of the Corporation shall keep or cause to be kept, at the principal office or such other place as the Board may order, a book of minutes of all meetings of the Board and their committees, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Board and committee meetings, and the proceedings thereof. The Secretary of the Corporation shall keep, or cause to be kept, at the principal office in the State of Nevada the original or a copy of the Corporation's Articles of Incorporation and Bylaws, as amended to date, and shall keep the seal of the Corporation in safe custody. The Secretary of the Corporation shall give, or cause to be given, notice of all meetings of the Board and any committees thereof required by these Bylaws or by law to be given, and shall have such other powers and perform such other duties as may be prescribed by the Board.
- (h) Treasurer. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Corporation. The books of account shall at all times be open to inspection by any director of the Corporation. The Treasurer shall deposit or cause to be deposited all moneys and other valuables in the name and to the credit of the Corporation with such depositories as may be designated by the Board. The Treasurer shall disburse the funds of the Corporation as may be ordered by the Board, including the payment of employees' salaries, shall render to the CEO and the directors, whenever they request it, an account of all transactions as Treasurer and of the financial condition of the Corporation and shall have such other powers and perform such other duties as may be prescribed by the Board.

ARTICLE V OTHER PROVISIONS

SECTION 1. ENDORSEMENT OF DOCUMENTS; CONTRACTS BY THE CORPORATION.

Subject to the provisions of applicable law, any check, note, mortgage, evidence of indebtedness, contract, conveyance or other instrument in writing, and any assignment or endorsement thereof executed or entered into between the Corporation and any other person, when signed by two persons, comprising the CEO and any one of either the Treasurer or the Secretary of the Corporation, shall be valid and binding on the Corporation in the absence of actual knowledge on the part of the other person that the signing officers had no authority to execute the same. Any such instruments may be signed by any other person or persons and in such manner as from time to time shall be determined by the Board and, unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or amount.

SECTION 2. REPRESENTATION OF SHARES OF OTHER CORPORATIONS.

The CEO or any other officer or officers authorized by the Board or the CEO are each authorized to vote, represent and exercise on behalf of the Corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of the Corporation. The authority herein granted may be exercised either by any such officer in person or by any other person authorized so to do by proxy or power of attorney duly executed by said officer.

SECTION 3. AMENDMENTS.

The Board may alter, amend or repeal these Bylaws by vote of a majority of those voting thereon at any duly held regular or special meeting of the Board and subject to the approval of the Members.

ARTICLE VI INDEMNIFICATION

SECTION 1. DEFINITIONS.

For the purposes of this Article, "Agent" means any person who is or was a director, officer, manager, employee or other agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, manager, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, manager, employee or agent of a foreign or domestic corporation or organization that was a predecessor corporation or organization of the corporation or of another enterprise at the request of such predecessor corporation; "Proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative; and "Expenses" includes without limitation attorneys' fees and any expenses of establishing a right to indemnification under Section 4 or 5(b) of this Article VI.

SECTION 2. INDEMNIFICATION IN ACTIONS BY THIRD PARTIES.

The Corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any Proceeding by reason of the fact that such person is or was an Agent of the Corporation against Expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such Proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the Corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any Proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the Corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

SECTION 3. INDEMNIFICATION IN ACTIONS BY OR IN THE RIGHT OF THE CORPORATION.

The Corporation shall have the power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action by or in the right of the Corporation or brought by the Attorney General or a person granted realtor status by the Attorney General for breach of duty relating to assets held in charitable trust, to procure a judgment in its favor by reason of the fact that such person is or was an Agent of the Corporation, against Expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section 2:

- (a) In respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation in the performance of such person's duty to the Corporation unless and only to the extent that the court in which such Proceeding is or was pending shall

determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the Expenses which such court shall determine;

- (b) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or
- (c) Of Expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval, unless it is settled with the approval of the Attorney General.

SECTION 4. INDEMNIFICATION AGAINST EXPENSES.

To the extent that an Agent of the Corporation has been successful on the merits in the defense of any Proceeding referred to in Section 2 or Section 3 of this Article or in the defense of any claim, issue or matter therein, the Agent shall be indemnified against Expenses actually and reasonably incurred by the Agent in connection therewith.

SECTION 5. REQUIRED DETERMINATIONS.

Except as provided in Section 4 of this Article any indemnification under this Article shall be made by the Corporation only if authorized in the specific case, upon a determination that indemnification of the Agent is proper in the circumstances because the Agent has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article, by:

- (a) A majority vote of a quorum consisting of, directors of the Corporation, who are not parties to such Proceeding; or
- (b) The court in which such Proceeding is or was pending upon application made by the Corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney or other person is opposed by the Corporation.

SECTION 6. ADVANCE OF EXPENSES.

Subject to approval of the Board, expenses incurred in defending any Proceeding may be advanced by the Corporation prior to the final disposition of such Proceeding upon receipt of an undertaking by or on behalf of the Agent to repay such amount unless it shall be determined ultimately that the Agent is entitled to be indemnified as authorized in this Article.

SECTION 7. OTHER INDEMNIFICATION.

No provision made by the Corporation to indemnify its or its subsidiary's directors or officers for the defense of any Proceeding, whether contained in the Articles, Bylaws, a resolution of Members or directors, an agreement or otherwise, shall be valid unless consistent with this Article. Nothing contained in this Article shall affect any right to indemnification to which persons other than such directors and officers may be entitled by contract or otherwise.

SECTION 8. FORMS OF INDEMNIFICATION NOT PERMITTED.

No indemnification or advance shall be made under this Article, except as provided in Section 4 or 5(b), in any circumstances where it appears:

- (a) That it would be inconsistent with a provision of the Articles, these Bylaws or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the Proceeding in which the Expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or
- (b) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

SECTION 9. INSURANCE.

The Corporation shall have power to purchase and maintain insurance on behalf of any Agent of the Corporation against any liability asserted against or incurred by the Agent in such capacity or arising out of the Agent's status as such whether or not the Corporation would have the power to indemnify the Agent against such liability under the provisions of this Article.

SECTION 10. NONAPPLICABILITY TO FIDUCIARIES OF EMPLOYEE BENEFIT PLANS.

This Article does not apply to any Proceeding against any trustee, investment manager or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an Agent of the Corporation or Division-Network as defined in this Article. The Corporation shall have power to indemnify such trustee, investment manager or other fiduciary to the extent permitted by the Nevada Nonprofit Mutual Benefit Corporation Law.

SECTION 11. MAXIMUM INDEMNITY.

Notwithstanding anything herein to the contrary, the maximum amount of any indemnity or insurance provided under this Article VI to any particular individual shall be determined in advance by the Board.

ARTICLE VII CORPORATE RECORDS REPORTS AND SEAL

SECTION 1. MAINTENANCE OF CORPORATE RECORDS.

The Corporation shall keep at its principal office:

- (a) Minutes of all meetings of the Board of its committees and, of all meetings of Members at which a vote occurs of the Corporation indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings thereof;
- (b) Adequate and correct books and records of the Corporation's account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains and losses;
- (c) A record of the Members the Corporation indicating their names and addresses and, the termination date of any membership;
- (d) A copy of the Corporation's Articles of Incorporation and Bylaws as amended to date, which shall be open to inspection by the Members, if any, of the Corporation at all reasonable times during office hours.

SECTION 2. CORPORATE SEAL.

The Board may adopt, use, and at will alter, a corporate seal. Such seal shall be kept at the principal office of the Corporation. Failure to affix the seal to corporate instruments, however, shall not affect the validity of any such instrument.

SECTION 3. INSPECTION RIGHTS.

Every member of the Board shall have the right at any reasonable time to inspect all books, records and documents of every kind and to inspect the physical properties of the Corporation and shall have such other rights to inspect the books, records and properties of this Corporation as may be required under the Articles of Incorporation, other provisions of these Bylaws, and provisions of law.

SECTION 4. MEMBERS' INSPECTION RIGHTS.

Any Member shall have the following inspection rights, for a purpose reasonably related to such person's interest as a Member in the Corporation:

- (a) To inspect and copy the record of all Members' names, addresses and voting rights, during usual business hours on five days' prior written request to the Secretary of the Corporation, which request shall state the purpose for which the inspection rights are requested.
- (b) To inspect the accounting books and records, or minutes of proceedings of the Corporation or of the Board or committees of the Board, or governing body or committees of the governing body during usual business hours on five days' prior written request to the Secretary of the Corporation by the member, for a purpose reasonably related to such person's interests as a Member of the Corporation.
- (c) The Corporation may, within ten business days after receiving a request under this Section, make a written offer of an alternative method of reasonable and timely achievement of the proper purpose specified in the request without providing access to or a copy of the membership list, accounting records or minutes. Any rejection of this offer must be in writing and must state the reasons that the proposed alternative does not meet the proper purpose of the request. If the Corporation reasonably believes that the information will be used for a purpose other than one reasonably related to a person's interest as a member of the Corporation, or if it provides a reasonable alternative under this Section, it may deny the member access to the membership list, accounting records or minutes. Any right of inspection extends to the records of any subsidiary of the Corporation, except that a Member shall not have right of inspection as to the records of a Network of which the person is not a Member, unless the person can show good cause to the satisfaction of the Board, whose decision shall be final.

SECTION 6. PERIODIC REPORT.

The Board shall cause any annual or periodic report required under law to be prepared and delivered to an office of this state or to the Members of this Corporation, to be so prepared and delivered within the time limits set by law.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting corporate Secretary of LAKE LAS VEGAS ANGELS, INC. a Nevada Nonprofit Mutual Benefit Corporation, that the above Bylaws, consisting of ___ pages are the Bylaws of this Corporation as adopted by the Board of Directors on _____, 2003, and they have not been amended or modified since that date.

Executed on _____, 2003, at _____ Nevada.

By: _____

[Name], Secretary of the Corporation