



Ambitious



Audacious

WA

Technology Launch Center (TLC2)

Create jobs, economic vibrancy

Launch financially viable funded companies

WA/King County on the map of Innovation Friendly

Crystallize the cohesiveness of our entrepreneurial community

Agenda

- Opening Remarks
- Vision
- Economic Potential
- Demystifying
- EB5 Program
- Review
- Financials
- Next Steps

Coming together
is a beginning;

Drivers



Opening Remarks



Egils Milbergs



Executive Director
WEDC

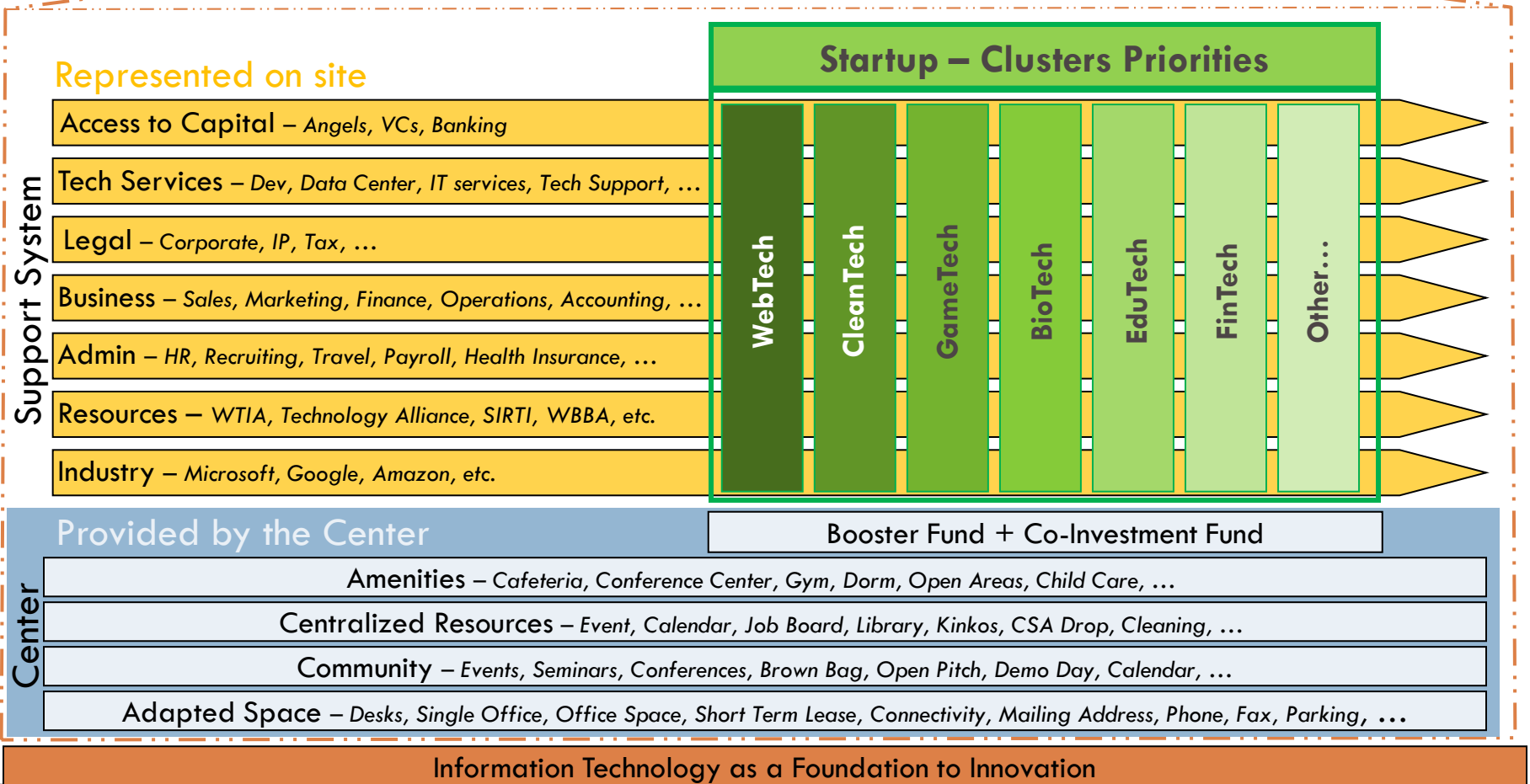
"Washington should be the most attractive, fertile and creative environment for innovation in the world by 2020."

- WEDC Mission Statement

TLC2 – Vision



Community



Incubator vs. Tech Parks vs. Launch Center

Key Differentiators

Position toward servicing clients
Focus
Funding to companies
Access to service providers
Resources under one roof
Access to lab space

Launch Center

Open to all
Open, clusters
Yes
Yes, on-site
Yes
Yes

Incubator Accelerator

Selective
Very selective
Rarely
Referrals
No
No

Research Parks

Selective
Selective
Selectively
No
Yes (except SP)
Yes

Small Bus. Dev. Center

Open to all
Open to all
No
No
No
No

Statute
Primary revenue source
Primary audience
General business assistance
Space committed (square feet)

Private
Rent & Services
Early stage
Yes
± 150,000

Private
Consulting
Early stage
Yes
± 20,000

501C3/Private
Consulting
All
No
± 150,000

501C3
Public support
Small business
Yes
± 20,000

Economic Impact Potential

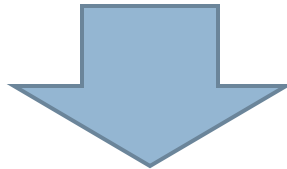
- 150,000 to 200,000 sq ft of innovation space
- ±1,000 New Jobs
 - ± 100 TLC2 center jobs
 - ± 600 startup jobs - ± 150 startups
 - ± 500 service providers jobs
 - ± 400 part time jobs
- ± 200M Capital Invested
 - \$35M capital funding (EB5):
 - \$165M of capital infusion into TLC2 graduating companies*
- ± \$70M+ in annual salaries and wages paid*
- ± \$300M+ in gross revenues from center business activities*



* Projections based on applying 2010 SIRTl results to the TLC2 capacity

Burning Questions

- Why not start with 20,000 sq ft?
 - ▣ The economic model doesn't work
 - Too small to host 50/100 startups – min req. 50,000 sq ft
 - Too small to also accommodate support structure
 - back to standard Incubator Model (and performance?)
- So go with 50,000 sq ft?
 - Doesn't pencil with startup who can't afford market rent
 - Get rent subsidized (by whom???)

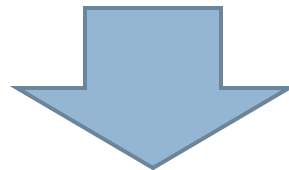
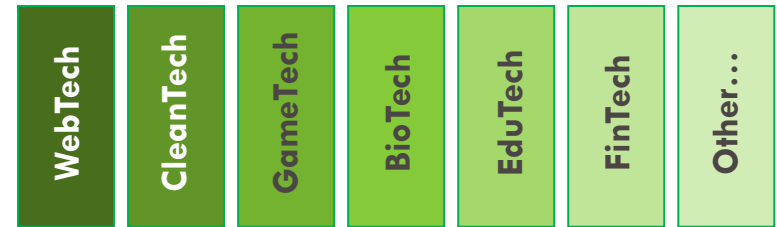


Create an economically viable mix of businesses

Burning Questions

□ How do you create a viable mix?

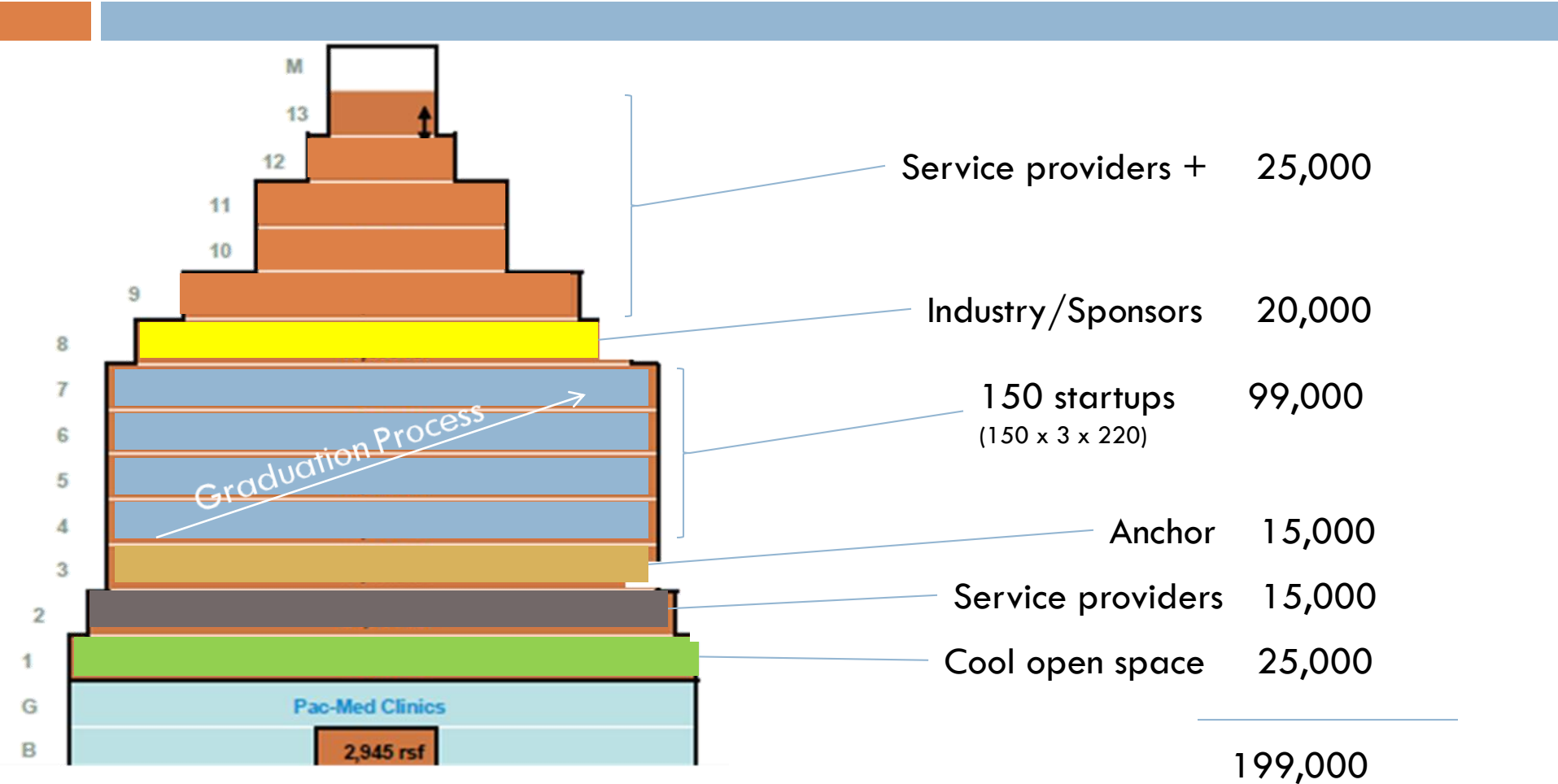
- Expand horizon beyond single cluster
- Provide access to resources onsite
 - Key anchor tenants – food court/g
 - Attract service providers → captiv
- Prime the pump
 - Affordable and cool space
 - Community – where I want to be, where I want to learn, where I want to grow
 - Seed capital to startups



150,000 sq ft

150 startups + anchor + service providers + cool open space

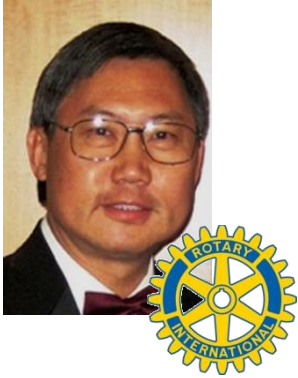
Example



Burning Questions

- All good but how do you finance it?
 - ▣ A little State/County/City support
 - ▣ Aligned interests with sponsors and community
 - Industry and service providers
 - Associations, angel groups, VC, etc.
 - ▣ Leverage strategic programs and funding sources
 - Grants and others
 - Federal programs
 - USCIS Act of 1990, The Million Dollar Visa
 - New Markets Tax Credits

Jesse Tam – TLC2 Finance Officer



Mega
Pacific
Investments

President
CEO



Mentor and Dean's
Advisory Board Member



Founder
Chairman
CEO



EB-5 – Overview

For US Economy

- Stimulate economic development encouraging foreign investment into the US
- Job creation - \$1,000,000 USD investment must create 10 US FT jobs
- Funds committed for 4 years - No-guaranteed return on funding with no dividend requirement
- Quota: 10,000 family/year

For EB5 Investors

- Offer permanent immigration / green cards
- Freedom to live, work, and retire in the US
- Qualification for US citizenship after 5 years
- No language/education requirement
- No sponsorship requirement
- Employment/investment opportunities

EB-5 Visa Usage

Fiscal Year and/or Quarter	Total EB-5 Visas Issued
FY11 Q1	1,421*
FY10	1,885
FY09	4,218
FY08	1,360
FY07	806
FY06	744

*Preliminary estimate of FY11 Q1 Visas Issued



FY10 EB-5 Visa Usage by Country of Chargeability

Country of Chargeability	Total EB-5 Visas Issued	% of Visas Issued
China – Mainland Born	772	41%
South Korea	295	16%
Great Britain & N. Ireland	135	7%
China – Taiwan Born	94	5%
India	62	3%
All Other Countries	527	28%



EB5 - Examples

□ **Los Angeles Film Regional Center**

□ Time Warner

- Investment amount: \$100,000,000
- Number of Investors: 200

Sony Pictures Entertainment

- Investment amount: \$100,000,000
- Number of Investors: 200

□ **Philadelphia Kimpton - Lafayette Hotel**

- Acquired vacant historic Lafayette Building to convert it into a 266 guestroom Kimpton hotel.
- Investment amount: \$42,000,000
- Total number of investors: 84

□ **Hawaii Kalaeloa Solar One SOPOGY -- project SOLD OUT**

- Construct, develop and operate a 4MW electric solar thermal power plant on the island of Oahu
Investment amount: \$15,000,000
- Total number of investors: 30

□ **Seattle Federal Way**

- Mixed-use development planned for downtown Federal Way for 3 high-rise condominium towers with a 200 room hotel
- Investment amount: \$400,000,000

EB-5 – TLC2 Project

- TLC2 = Public/Private Partnership
 - ▣ Federal, State, local government
 - ▣ Private sponsors, organizations, associations
- Raise \$35,000,000+
 - ▣ Job creation requirement – min. of 350 new jobs (plan >1,000)
- Funding allocation
 - ▣ \$7M to \$10M in operating capital
 - ▣ \$25M to \$28M in investment capital
 - ▣ Funding spread over 2 to 4-years
- Leverage favorable timing (China, Canada, Japan, & S. Korea)
 - ▣ Steady funding stream
 - ▣ Strong demand for foreign immigration investment

EB-5 – Key Points for Foreign Investors

- High likelihood to meet USCIS job requirements
- Risk Mitigation
 - ▣ Public / Private Partnership + strong community involvement
 - ▣ Investment model is a “co-investment”
 - ▣ Spread financial risk across a multitude of investments
 - ▣ WA is known as a state breeding technology innovation
- Benefit all parties
 - ▣ WA is a gateway to Asia
 - ▣ Regional economic development stimulating new enterprises
 - ▣ Potential future joint venture or acquisition opportunities
 - ▣ Source of international talent/advisory council / follow-on financing
 - ▣ Combines all elements: marketing, financial, social, international, etc.

TLC2 - Overview

Why?

- Opportunity to place Seattle at the top
- Access to very early stage capital
- Improve mapping of support/resources for startups
- Further mentorship and forums to exchange ideas
- Accelerate incubation/accelerator success

Strategy

- Community + Capital + Resources all on site
- Meritocracy – progress or out – bimonthly review
- Open to all / cluster focus
 - 70% → IT, BioTech, Life Science, CleanTech, EduTech, GameTech, FindTech, BuildTech
 - 20% manufacturing/other
 - 10% minority/ethnic
- Support centralization (WTIA, WTC, Tech-Alli, ...)

2011 Rankings USA Startup Accelerators

Rank	Program	Location	Website
1	TechStars Boulder	Boulder, CO	techstars.org/boulder
2	Y Combinator	Mountain View, CA	ycombinator.com
3	Excelerate Labs	Chicago, IL	exceleratelabs.com
4	LaunchBox Digital	Durham, NC	launchboxdigital.com
5	TechStars Boston	Boston, MA	techstars.org/boston
6	Kicklabs	San Francisco, CA	kicklabs.com
7	TechStars Seattle	Seattle, WA	techstars.org/seattle
8	Tech Wildcatter	Dallas, TX	techwildcatters.com
9	DreamIt Ventures	Philadelphia, PA	dreamitventures.com
10	The Brandery	Cincinnati, OH	brandery.org
11	Capital Factory	Austin, TX	capitalfactory.com
12	NYC SeedStart	New York, NY	nycseed.com
13	Betaspring	Providence, RI	betaspring.com
14	BoomStartup	Salt Lake City, UT	boomstartup.com
15	AlphaLab	Pittsburgh, PA	alphalab.org

TechCocktail.com

- Public/Private/International Partnership
 - \$30M funding via Foreign Nationals EB-5 w/ \$5m operating, \$3m booster, \$25m co-invest
 - Public – EDA grants, B&O, R&D Tax Credit
 - Private – sponsorship, support, presence

TLC2 - Overview

Why?

- Opportunity to make Seattle a magnet for talent, innovation, capital and job creation
- Ease access to very early stage capital
- Improve mapping of support/resources for startups
- Further mentorship and forums to exchange ideas
- Enhance and crystallize the cohesiveness of entrepreneurial community

Strategy

- All encompassing Tech Launch Center
- Open to all with focus: 70% state strategic clusters, 20% manufacturing/other, 10% minority
- Community + Capital + Resources all under one roof
- Meritocracy – progress or out – bimonthly review
- EB5 funding (the \$1M green card USCIS program)
- Third party providers core to the equation

Goals

- WA = entrepreneurial center of excellence
- Adapt to specific needs of startups - office, lease, infrastructure, resources, mentorship, community, ...
- Attract out-of-state talent and capital
- Deliver measured economic benefits to the region
- Accelerate successful development of financially viable entrepreneurial companies
- Create jobs and economic vibrancy

Project Summary

- $\pm 200,000$ sq ft / ± 150 startups / $\pm 1,500$ people
- Information technology as common underpinning
- Public/Private/International Partnership
 - \$35M funding via Foreign Nationals EB-5 w/ \$7m operating, \$3m booster, \$25m co-invest
 - Public – EDA grants, B&O, R&D Tax Credit
 - Private – sponsorship, support, presence

Operating Model

Startups

- Space – desk to offices – flex lease – below market
- Mentorship, classes, seminars, needs alignment, etc.
- Meritocracy – bi-monthly report, board/peer review to graduate to next level
- Capital Support
 - L 2 – \$20K booster, \pm 5% equity
 - L 3 – 25% co-invest up to \$250K – angel vetted
 - L 4 – 25% co-invest up to \$350K – VC vetted

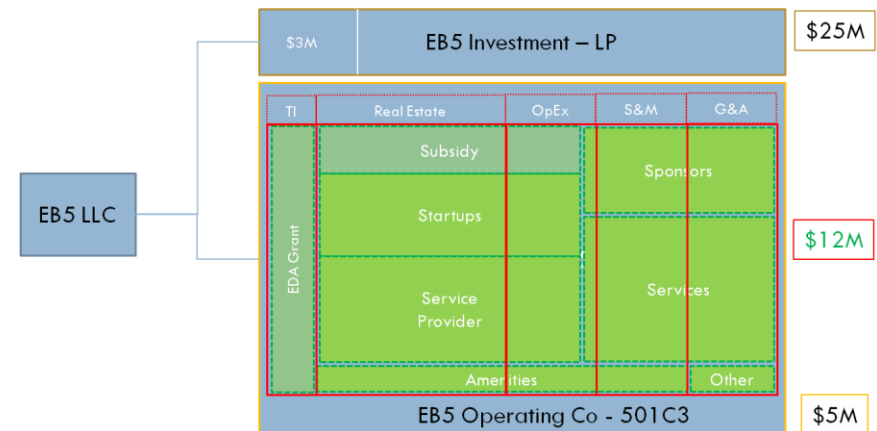
Private Sector

- Sponsors
 - On site presence, events, review reports
 - Technology: platform evangelization & support
 - Content: exec talks, dev forum, white papers, etc.
- Angels/VCs
 - Space/presence
 - Access to Open Pitch, Demo Pitch, Invest Pitch
 - Review reports

Service Providers / Associations

- Three models to be on site:
 - Office hours – membership + fees
 - Representation – private desk/office, commitment
 - Residency – offices , commitment
- Market rates at each level
- Different benefits at each level
- TLC2 credits support
- State/City B&O exemptions, etc.

Corp Structure & P & L – circa 2014



Bob Crimmins



Founder



Mentor



Advisor

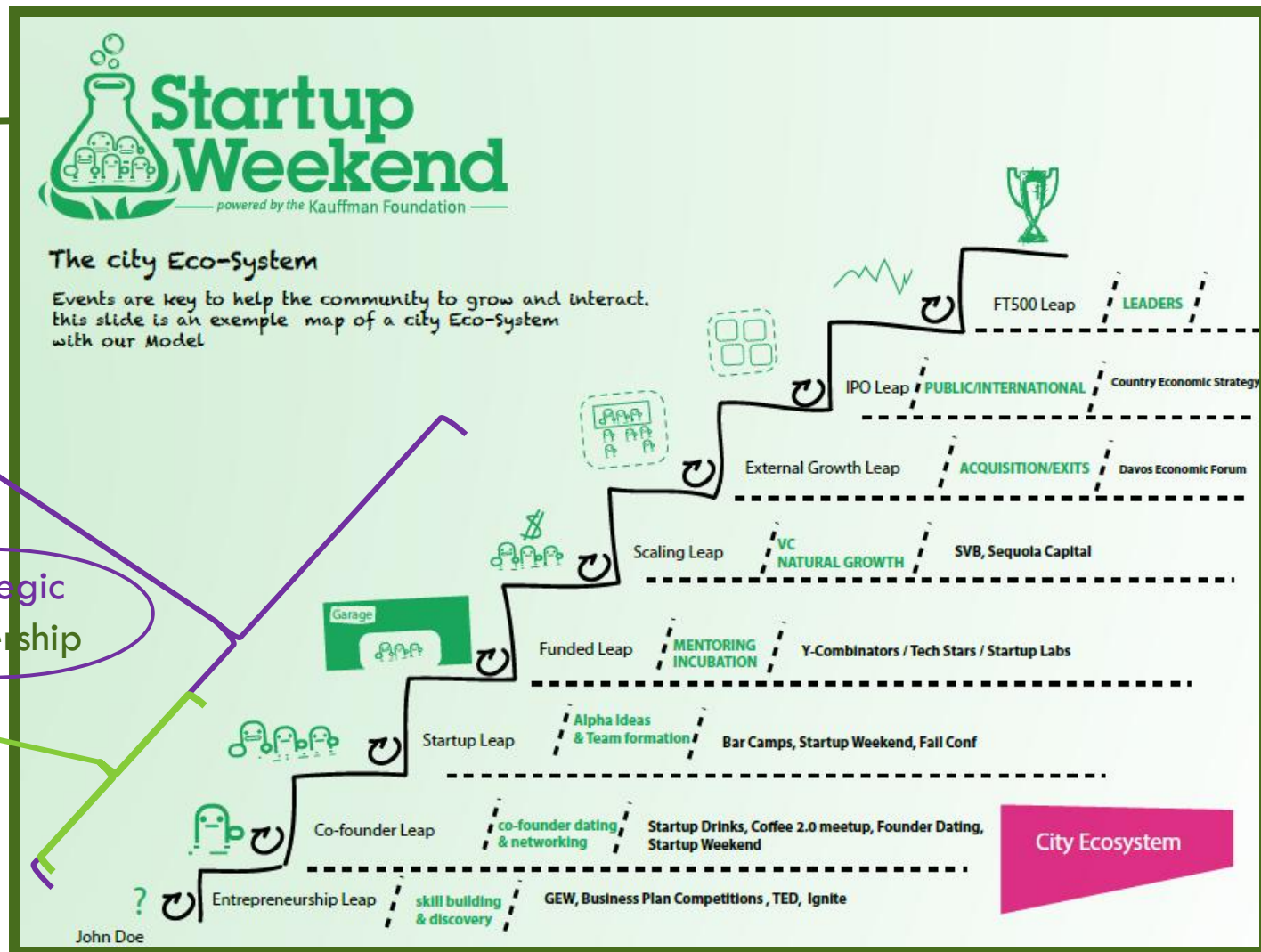
Partnership Example: Startup Weekend (SW)

Shared
Vision

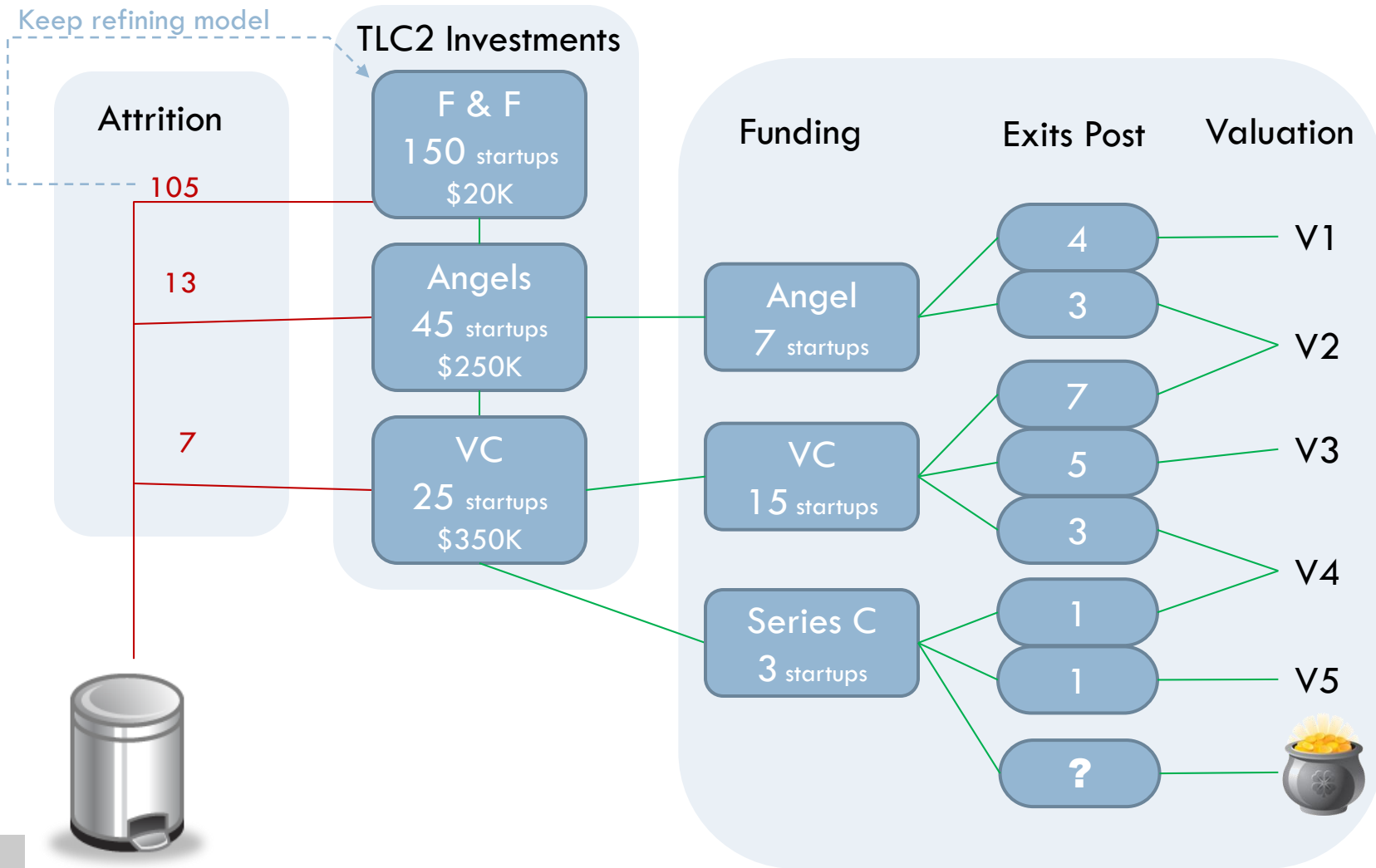
TLC2
Mission

Strategic
Partnership

The Best
WW



TLC2 Co-Investment Overview



Funding and Revenue for Operations

- Estimated yearly operating costs: $\pm \$12M$

COUNTING ON

- Revenue
 - Rent: $\pm \$4.2M$
 - Sponsors: $\pm \$2.5M$
 - Services: $\pm \$3.5M$
 - Rent Subsidy: $\pm \$1.5M$ – offset on startup rent loss

SEEKING

- Public Sector
 - New Market Credits $\pm \$5.5M$ – qualified improvements, acquisition, etc.
 - TLC2 program $\pm \$2.5M$ – net neutral to the state
- EB-5
 - Operating costs: $\pm \$7.0M$ – fund early negative cash flow
 - Investment fund: $\pm \$28.0M$ – include \$3M booster fund

EXPLORING

- Grants
 - EDA $\pm \$3.0M$ – funding of Life Science Lab
 - Local Revitalization $\$0.5M$ – cap of \$2.5M (LRF program)
 - IPZ designation $\$0.5M$ – up to \$500K

Recap: TLC2 – Value Props

Startups

- ⦿ Adapted to the specific needs of startups - office, lease, infrastructure, resources, mentorship, community
- ⦿ Community, mentorship, support, brain trust to rely on
- ⦿ Improved access to and being in front of capital
- ⦿ Defined model to drive progress and growth
- ⦿ Business skills acquisition to grow successful companies
- ⦿ Entrepreneurship education

Angels/VCs

- ⦿ Visibility into “innovation” and efficient way to possibly bump into one start up that is interesting
- ⦿ Deal flow quality – more mature companies
- ⦿ Easier to make investments quickly plus co-investment support
- ⦿ Convenient: no need to travel all over
- ⦿ Dedicated “private quarters” capability

Industry / Service Providers

- ⦿ Captive market and community
- ⦿ Efficient support of technology ecosystem
- ⦿ Competitive rent, flexible contracts, flexibility to grow
- ⦿ Visibility and recognition
- ⦿ Networking Events and Opportunities
- ⦿ Community/Stewardship

Foreign Nationals

- ⦿ Support and be immerse in USA technology dream
- ⦿ Better aligned to USCIS job creation requirement
- ⦿ Reduced risk
 - ⦿ Public/Private partnership
 - ⦿ Co-investment alongside angels/VC groups
 - ⦿ Spread risk across multiple companies
- ⦿ Transparency

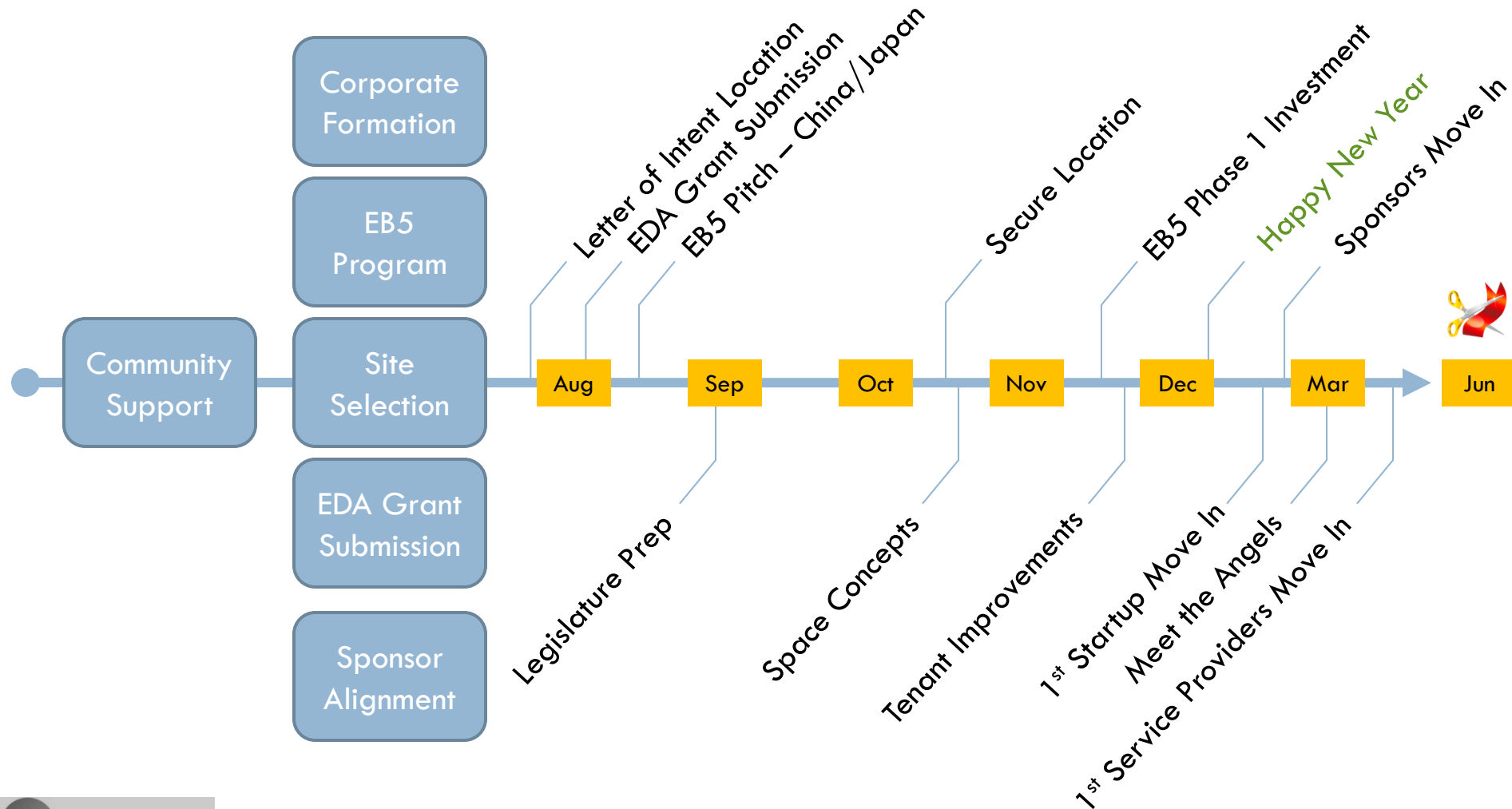
Economic Impact Potential

- 150,000 to 200,000 sq ft of innovation space
- ±1,000 New FT Jobs
 - ± 100 TLC2 center jobs
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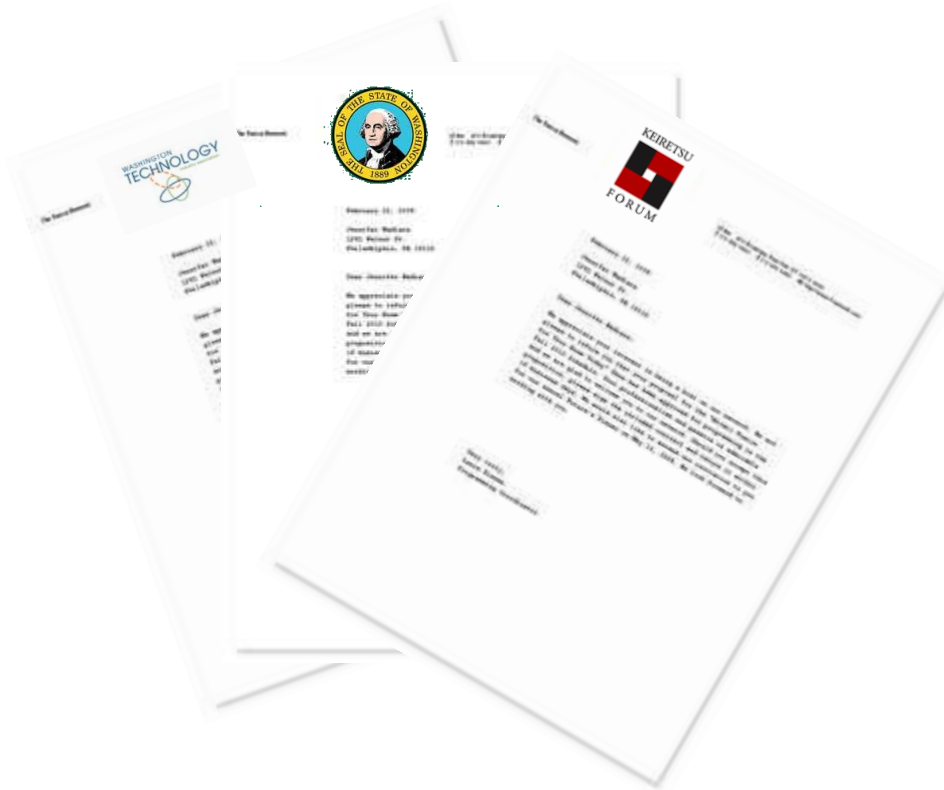


* Projections based on applying 2010 SIRTl results to the TLC2 capacity

Next Steps and Timeline



A Community Effort – Part 1

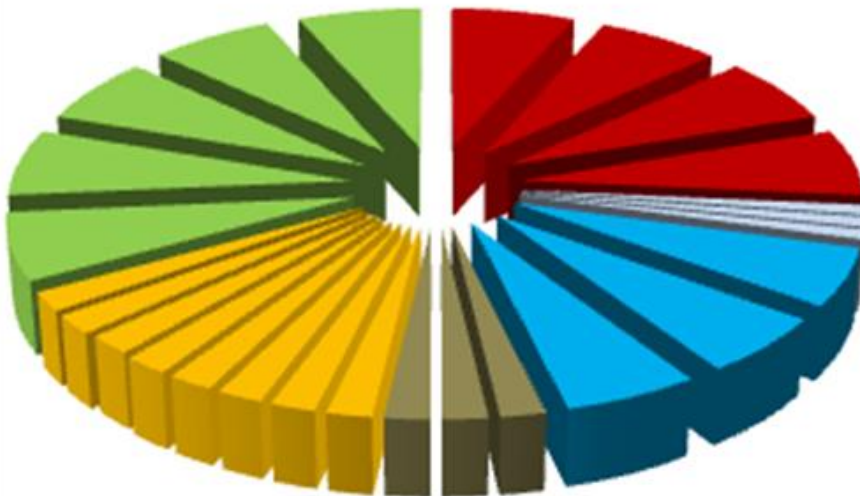


Coming together
is a beginning;
keeping together
is progress;
working together
is success.

[Henry Ford](#)

A Community Effort – Part 2

\$300,000



Coming together
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[Henry Ford](#)

■ VC

■ Angel Groups

■ State/County/City

■ Associations

■ Service Providers

■ Sponsors

Sponsorship Program - \$XX,000

- Receive (XX,000 x1.5) TLC2 Credits
- 1 Credit = \$1 TLC2 products or services
- Credits can be used for any TLC2 products
- Sponsorship > \$10,001 get Logo in entry hall
- Sponsorship > \$15,001 get Conference Room naming

Credits	Description
± 20,000	12 months rent, Class A Office Space, Premium View, 750 Sq Ft
± 2,500	One year reserved premier parking spots
± 1,000	4 passes to use at any quarterly Private Pitch events
± 1,000	6 “PNW Bi Monthly TLC2 Startup Progress News Report”
± 500	One year membership



Thank You!

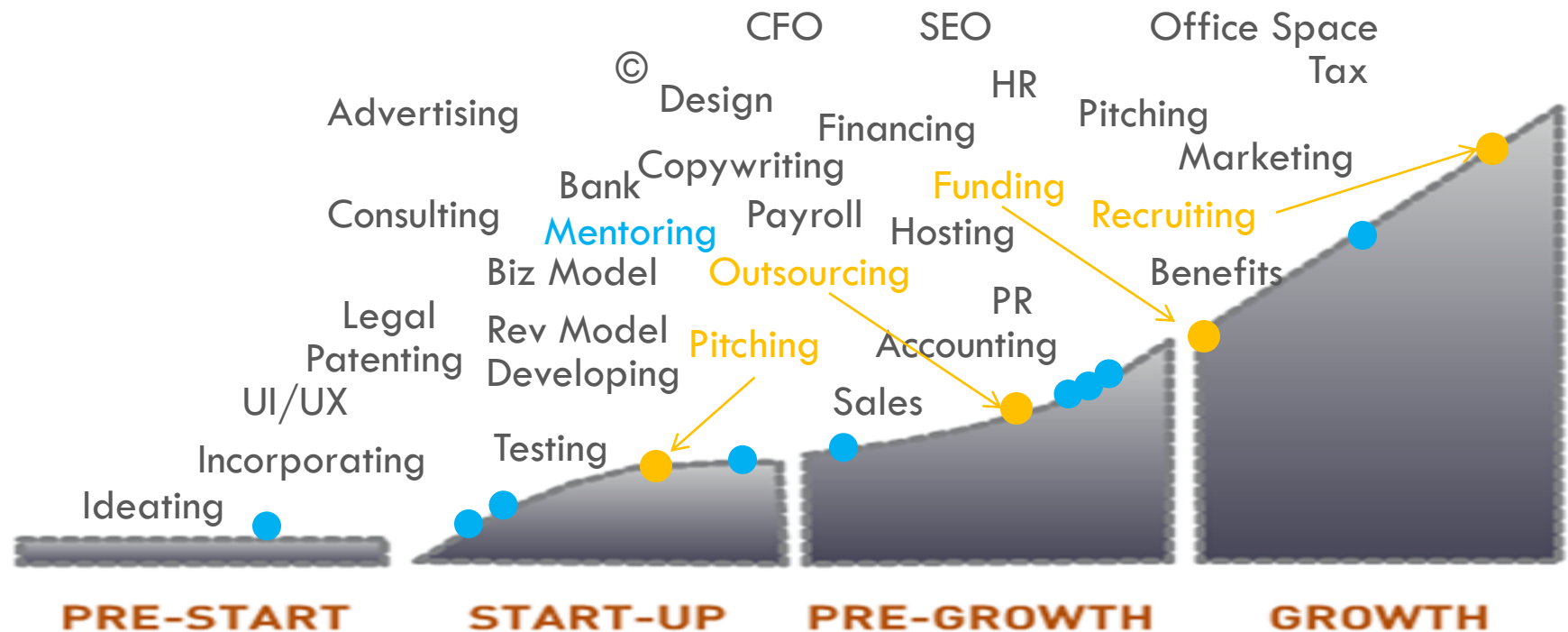
I'm a Startup

- 1 Open to all, majority co-working and desk, must progress to stay, bi-monthly review
- 2 Brown Bag, Exchange, Forum
- 3 TLC2 booster fund eligible, \$20K 1-10% equity
- 4 Open Pitch, Friends and Family Funded
- 5 Deal Screening, Demo Showcase
- 6 Angel / VC Funding Expo leading to Series A
- 7 TLC2 co-investment – 25% of round up to \$250K
- 8 VC Funding Expo leading to Series B
- 9 TLC2 co-investment – 15% of round up to \$350K
- 10 Financially stable, exit TLC2



I'm a Startup

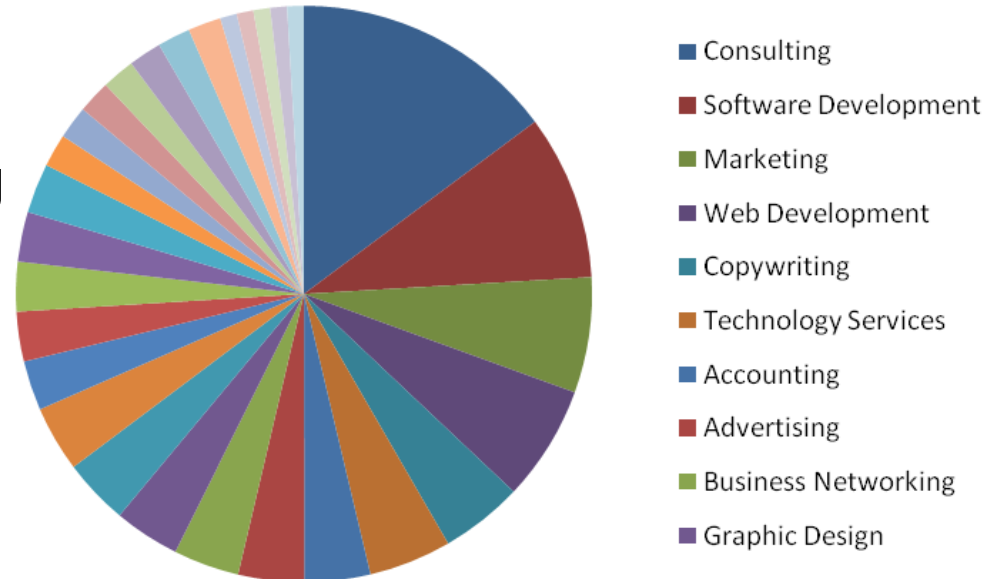
□ The Resources I Need When I Need Them



Service Provider Survey

Service Provider Survey

- Reached to 175 service provider business owners listed on Seattle 2.0
- 40 responses, 23% response rate
- A broad distribution of businesses, somewhat representing the make-up of TLC2

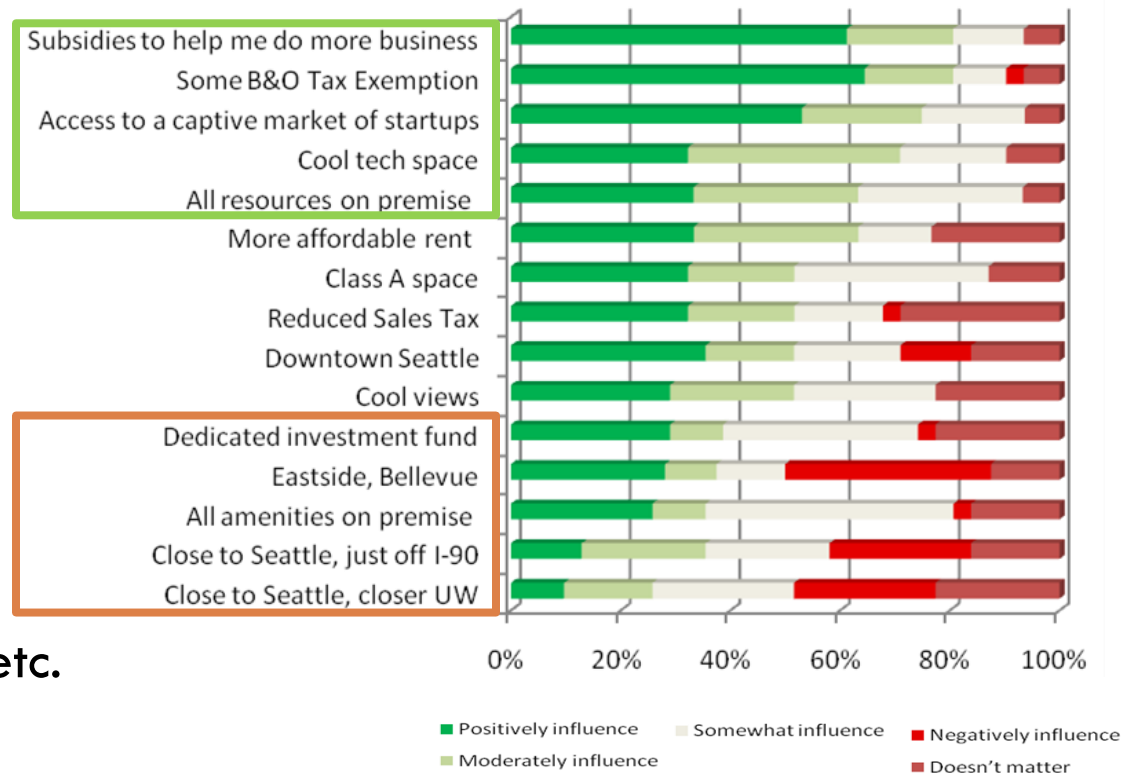


It is not about location or amenities

i.e. ping pong, dorm, etc.

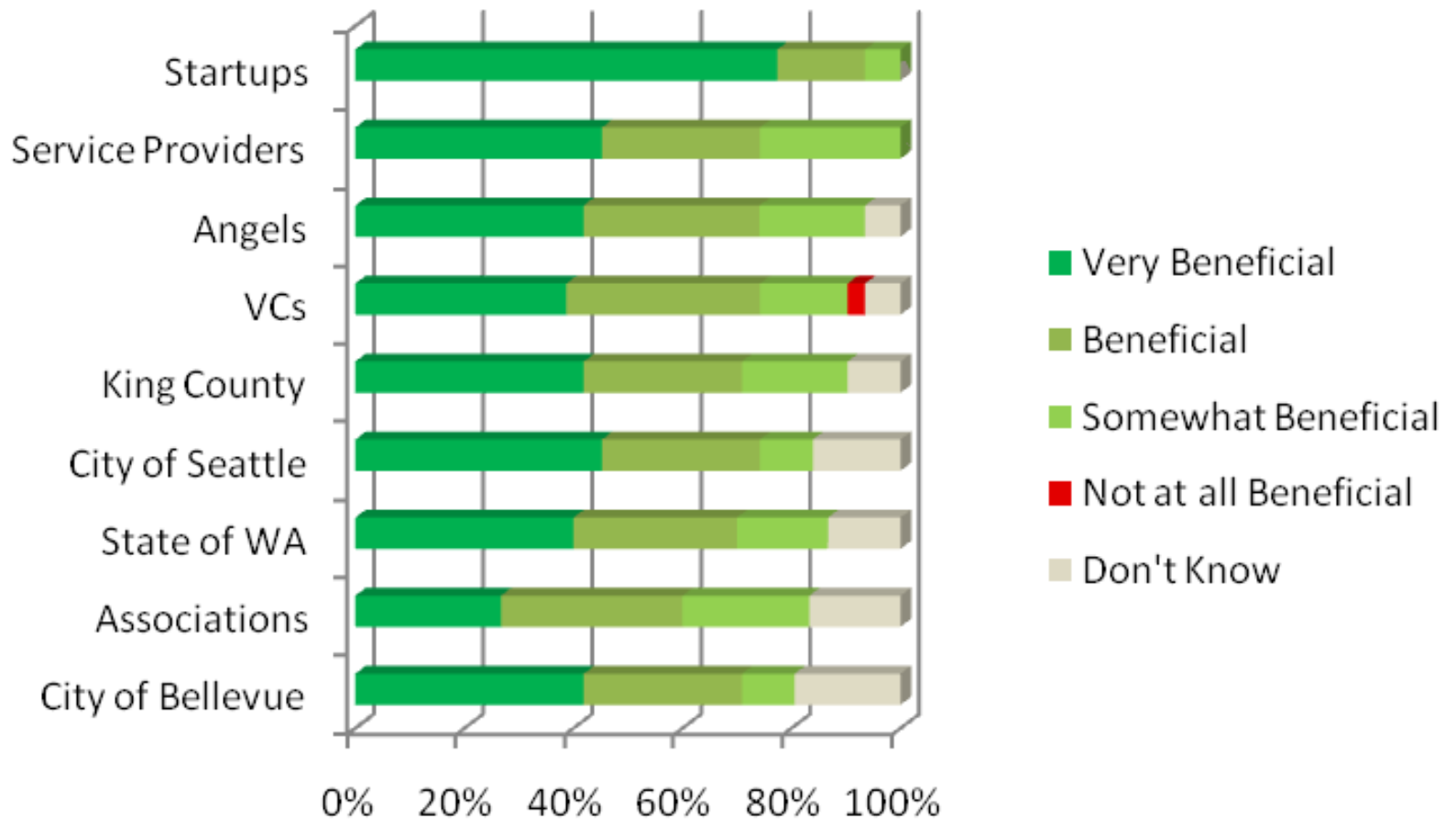
Service Provider Survey

- 3 key Influencers for participation
 - ▣ More profitable sales (subsidies, tax exemption)
 - ▣ Captive market
 - ▣ Tech space with resources on premise
- Associations
- Tech library
- Angels/VCs Industry
- Food court
- Kinkos, starbucks, etc.



To Benefit All Stakeholders

Service Provider Survey



Startup Survey

Startup Survey

- Survey sent via email to entire list of seattletechstartups.com
- 44 responses – results are “indicative”
- Majority of Respondents : experienced startup execs

1. To get started, please tell us where you work: Create Chart Download			
		Response Percent	Response Count
Startup at Friends and Family Stage	<div></div>	34.9%	15
Startup at Angel funding stage	<div></div>	20.9%	9
Startup at VC funding stage	<div></div>	9.3%	4
Service provider to the startup community	<div></div>	16.3%	7
Non profit "economic development" organization	<div></div>	2.3%	1
Small size company	<div></div>	2.3%	1
Medium size company	<div></div>	4.7%	2
Large size company	<div></div>	9.3%	4
answered question			43
skipped question			1

2. Tell us a little more about yourself. Please check all that apply: Create Chart Download			
		Response Percent	Response Count
Founder/CEO	<div></div>	63.6%	28
VP/CTO/CMO	<div></div>	36.4%	16
Super Employee	<div></div>	20.5%	9
Developer/IT	<div></div>	27.3%	12
Sales/Marketing	<div></div>	38.6%	17
Operation/Finance	<div></div>	13.6%	6
<5 years experience	<div></div>	4.5%	2
5 - 10 years of experience	<div></div>	18.2%	8
>10 years experience	<div></div>	52.3%	23
answered question			44
skipped question			0

What is lacking?

Startup Survey

#1 – Access to early stage capital

#2 – Clear mapping of support/resources

#3 – Mentoring Services

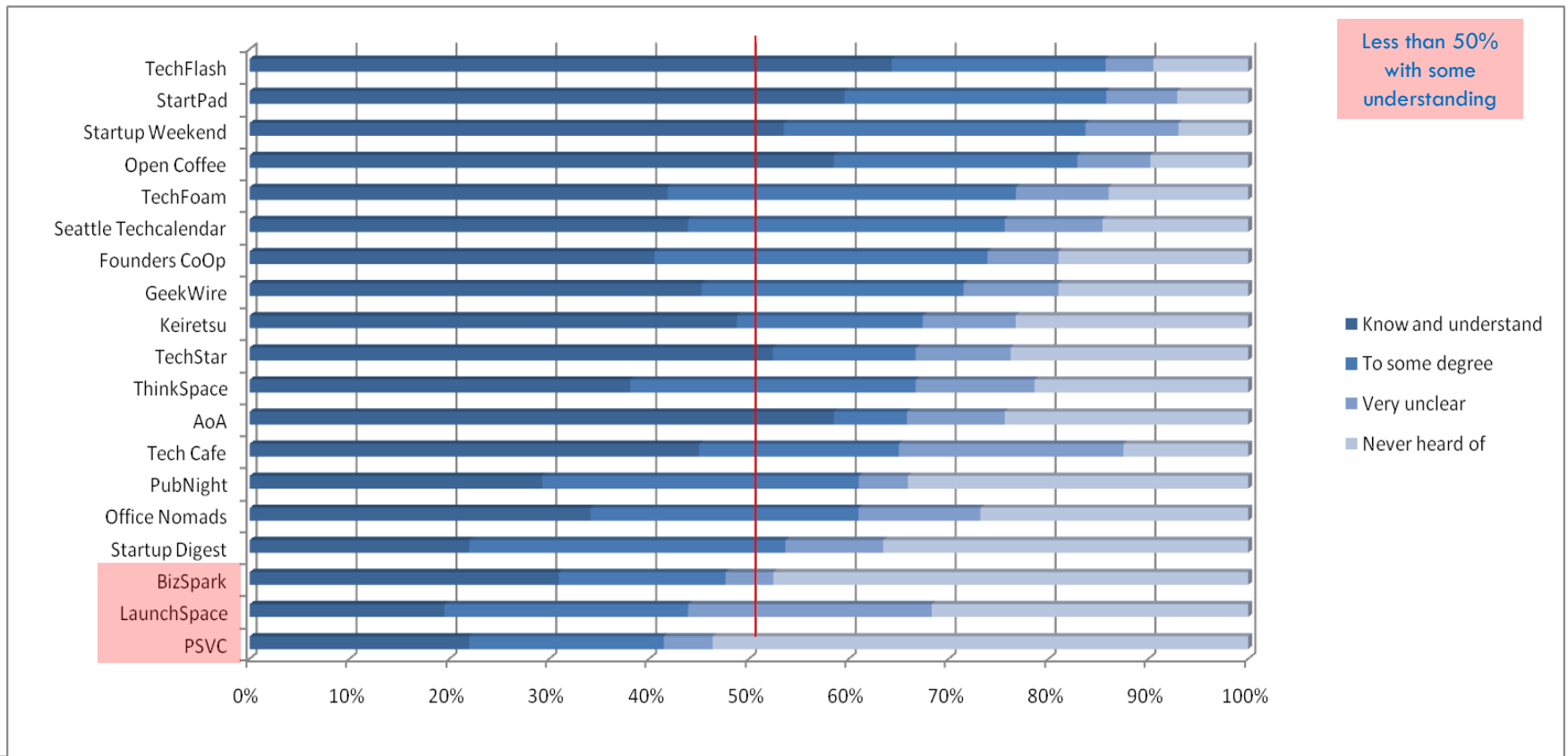
3. Of the following, which do you believe Seattle is lacking to adequately support the startup ecosystem: [Create Chart](#) [Download](#)

	Totally Lacking	Could be better	Just fine as is	Not lacking at all	Response Count
Availability of cheap office space	5.0% (2)	52.5% (21)	30.0% (12)	12.5% (5)	40
Office space adapted(expandable, no long term commit, wired)	5.7% (2)	65.7% (23)	25.7% (9)	2.9% (1)	35
Access to early stage capital	34.1% (14)	95% 61.0% (25)	2.4% (1)	2.4% (1)	41
Cohesiveness/synergies in the entrepreneurial community	11.9% (5)	42.9% (18)	40.5% (17)	4.8% (2)	42
Clear mapping of public support/resources	32.5% (13)	87% 55.0% (22)	10.0% (4)	2.5% (1)	40
Clear mapping of private support/resources	17.5% (7)	80% 62.5% (25)	15.0% (6)	5.0% (2)	40
Mentoring services	12.2% (5)	56.1% (23)	26.8% (11)	4.9% (2)	41
Easy access to cost efficient providers	10.0% (4)	52.5% (21)	32.5% (13)	5.0% (2)	40
Facilitation of deeper exchange of thoughts/ideas	2.4% (1)	54.8% (23)	33.3% (14)	9.5% (4)	42

Good Awareness of Clearly Targeted Efforts

Startup Survey

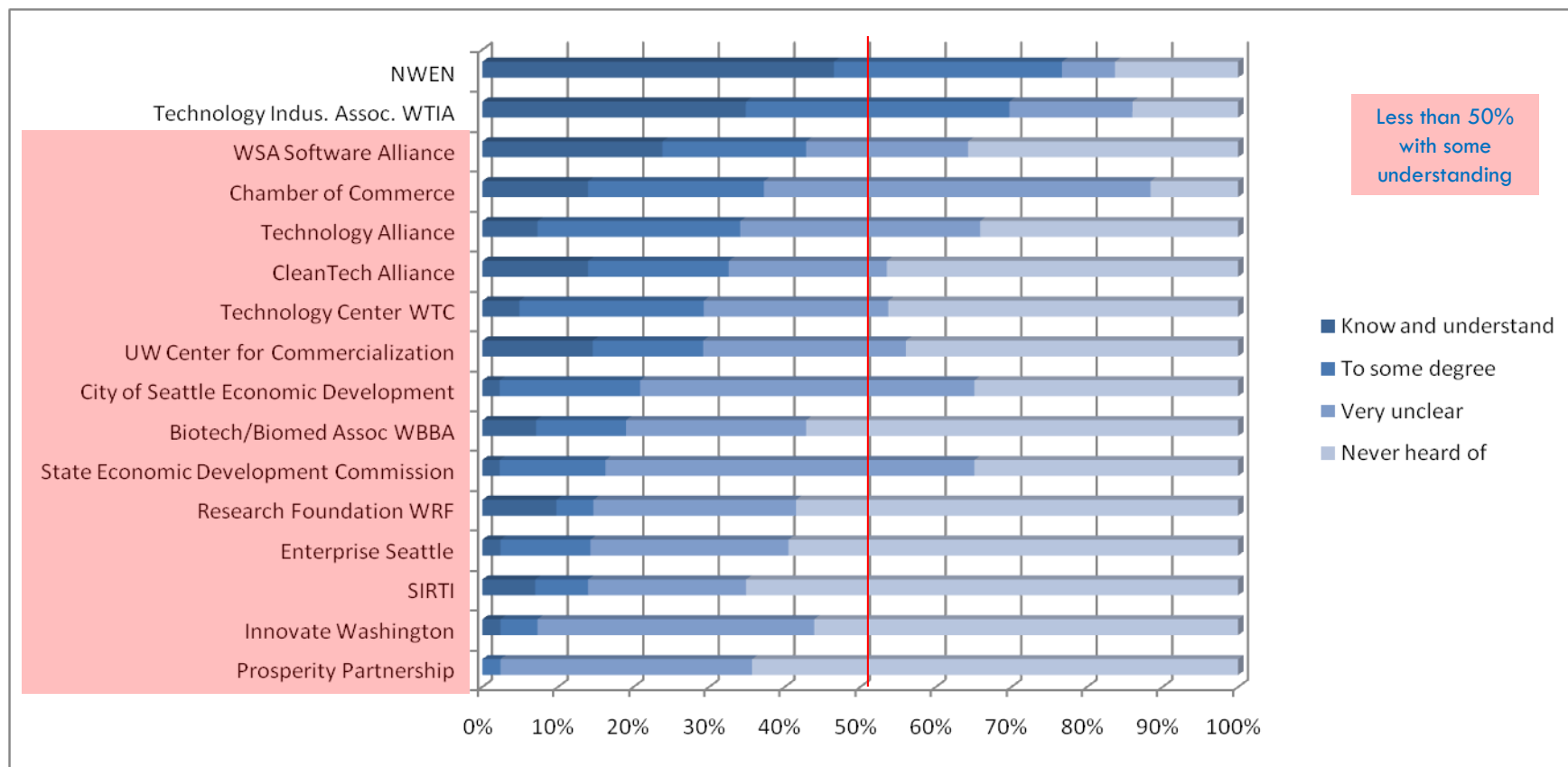
Have you heard of and do you know what services and support the various companies, organizations, associations, events listed below offer to the startup community?



Poor Awareness of Other Support Efforts

Startup Survey

Have you heard of and do you know what services and support the various companies, organizations, associations, events listed below offer to the startup community?









And if a TLC2?

Startup Survey

6. Imagine a large office facility dedicated for emerging and growing technology companies (affordable, no long term commit, expandable, wired, etc.) able to host 100+ startups in addition to hosting all business, technology and administrative services on premise which would be offered by third party independent providers (legal, technical, HR, marketing, sales support, hosting, security, parking, food court, association, angel groups, etc.)... Which best describes your position toward such an endeavor? Check all that apply:

 [Create Chart](#)  [Download](#)

		Response Percent	Response Count
I would move my company there tomorrow		25.0%	10
It is exactly what Seattle needs		37.5%	15
Why? it would be totally overkill		25.0%	10
It would definitely bring cohesion to the community		35.0%	14
It would help me identify the right resources when I need them		50.0%	20
It would help me develop the business skills needed to grow my business		15.0%	6
		answered question	40
		skipped question	4