

## MINUTES

### Whitewater University Technology Park

#### Board of Directors Meeting

Wednesday, October 26, 2016

Whitewater University Technology Park Innovation Center

1221 Innovation Drive, Whitewater, WI 53190

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**PRESENT:** Beverly Kopper, Kevin Brunner, John Chenoweth, Cameron Clapper, Mark Johnson, Kevin Kaufman, Jeff Knight, Dick Moyse, Nate Parrish, Crystal Singer

**GUESTS:** Pat Cannon, Derek D'Auria, Kristen Burton

- 1. Call to Order:** With a quorum present, Kopper called the meeting to order at 8:05 am.
- 2. Approval of Minutes of September 28, 2016 Meeting:** Knight/Chenoweth moved to approve the September 28, 2016 meeting minutes. The motion was approved by unanimous vote.
- 3. Review/Acceptance of September 2016 Financial Reports:** Kaufman/Moyse moved to approve the September financial reports. Johnson indicated that revenue is at 76% and expense at 64%. The reduction in projected expense is due to less maintenance cost, despite the increase in the contracted rate for the cleaning company. The motion to approve the September 2016 financial reports was approved by unanimous vote.
- 4. Review/Acceptance of Director's Report:** Brunner/Moyse moved to approve the Director's Report. Johnson will be finalizing the lease this afternoon for one of the clients brought in by SCORE, Odyssey Trikes. The Odyssey Trike is an electric, recumbent cycle; it can go 300+ miles on a single charge. They need our assistance to take the business to the next level, and introduce the product to the marketplace. Johnson also gave an update on the Whitewater Innovators and Entrepreneurs Meetup group. At the time of the meeting, the group had 184 members. We will monitor the effectiveness of the group by tracking how many active members (those that attend events) we have versus total members (those that joined the online group). Johnson reported the innovation Center is at 92% occupancy; of the available space, 6% is lab, and 2% is office. Christine Grimm, an educator for STEAM and STEM programs, is interested in space or possibly to become an affiliate client. Sara Amiri is a potential new client. Chris Johnson, another potential client has an online pilot training system, and has expertise in drone regulations. He will need funding and moving to Whitewater may be contingent on obtaining funding through the CDA or other sources. Sean Welsh who runs a social media management company, Car Biz Done Better, is also considering an office in the Innovation Center. Len Hotz of Extended Care Professional does want to retain his space in the Innovation Center and engage more. The motion to accept the Director's Report was approved by a unanimous vote.
- 5. Presentation to Common Council 11/1/2016:** Johnson reviewed the draft of the Common Council presentation. The presentation lists the Tech Park Board members, provides occupancy data including the names and industry classifications of the companies, and the length of time each company has been in the incubator. Five companies have been here less than a year; the average occupation for our Innovation

Center companies is 2.09 years. There are 7 affiliate clients since Kaliber moved into the Innovation Center; Johnson's goal is 10 affiliate clients by the end of the year. Some are startups and some are established businesses that need support. Another slide outlines the economic impact of the Innovation Center: there are 76 full-time employees, and 52 part-time employees. \$467,326 in wages have been paid in the last 30 days which equates to \$5.6 million per year. The most recent full year saw \$18,531,452 in gross revenues. \$469,000 total debt capital was raised, \$85,000 total equity capital, and \$3,676,821 total grants were awarded (primarily CESA). Knight inquired if most of the part-time employees were students; Johnson responded that they are mainly CESA and JEDI employees. The Tech Park budget is \$6,806 over in revenue, and -\$275 in expenses. The presentation also includes a graph on projected revenue and expense (without the Payment-in-Lieu-of-Taxes), and a slide on the PILOT progress. As agreed, the Innovation Center is fully funding the PILOT. Johnson will also discuss the marketing he is doing with Cannon for the Innovation Center and the Tech Park. Brunner asked Johnson to include number of events, attendees, and companies other than the occupants using the facility to demonstrate the benefit the Innovation Center generates for the community. Knight asked if attendees could be surveyed to see how many bought gas while they were here, ate at a restaurant, or stayed overnight. Chenoweth inquired when the debt comes off the city books. Cannon answered that the debt ends in 2027, but there will be sufficient revenue to pay it off in 2021, and the TIFs will likely be reorganized at that point. Johnson will add a slide that shows the debt will be paid by 2021, and note that the funds will stay with the Tech Park to support growth.

**6. Innovation Space Market Rate Assessment:** Johnson said Kaia Fowler and the Wisconsin Innovation Service Center did a great job of looking at comparable properties to develop a market rate for the Innovation Center. They looked at properties in 10 communities; some were skewed and the outliers removed from the calculations. The average was \$12.10 per square foot. When Whitewater is added to the mix, the recommended rate is \$13.46 per square foot. Knight noted internet and phone costs were included, but his understanding was that those services could not be provided to private companies. Johnson responded that service is being provided, but Blackthorne is the exception because they are trading in financial markets. Knight recommended backing out those costs because we can't provide the service, but Johnson responded that it is an aggregated cost that does not drill down to the company level. Parrish advised adding a bottom to the rate to cover the cost of operations. Knight said the idea is to graduate these firms into the community; how do we keep them satisfied, and keep them in the community? Parrish responded that they are anchor tenants, and Knight countered that they weren't meant to be anchor tenants. Johnson said we may be faced with bringing Blackthorne's rate down when lease is renegotiated. Parrish asked why would we lower their rate if they are not an anchor tenant? Knight said there is more open space than ever; he would like to see the assessment where it gets down to Whitewater. Shouldn't Blackthorne graduate? Parrish replied that there would be a significant loss of revenue. Knight asked, as the economy starts to improve, how much should they be nurtured? Johnson added that CESA is a little bit over \$10.00 per square foot; if they are going to continue here, they need to know what they will be paying. Knight asked if they had figured in depreciation; an argument could be made that the Whitewater rate should be funding depreciation and programming then other companies would know we are not taking away their business, but are charging the same rate they are. Johnson said, in his opinion, the rate should be in the mid-\$14.00 range. Brunner said if you look strategically at this building, we have to know if CESA is going to be done in 2021, because it will take them a few years to ramp up and move their operation; engage with them soon to discuss future lease terms. Knight acknowledged the building wouldn't be here without CESA 2. Future lease terms should be discussed now so that CESA 2 can start talking to their school districts about increased costs of operation. Johnson noted it was time to convene the Rent and Lease Committee. He has enough information to give Rob Olson a proposal for the lab space at \$18.00 per square foot, but he needs to have a discussion with the Rent and Lease Committee regarding the 5-year extension at the current rate.

**7. Tech Park and Innovation Center Marketing Update:** Ed Ganzer redesigned the site selector brochure and it looks much more professional. They can be printed at Staples or in-house. The WEDC data can be removed or updated to keep them current. Knight requested a note clarifying that Whitewater is a university town and it may impact the numbers. Parrish asked why we would want to include that information. Knight said commercial people may want it, and Parrish responded that it should be part of their due diligence. Knight noted it is better to be honest with the numbers, and Clapper noted the WEDC data includes the owner-occupied versus tenant-occupied figures. Johnson said we can get a year for the data points. Kopper requested page numbers.

**8. Tech Park Development Update:** Deloitte has notified Cannon that the Tech Park is being listed as a certified site. It was the only site certified this year. Sites 1T (26.2 acres) and 2T (8.8) acres on the Shovel Ready map represent the certified areas. Knight advised making sure the language on the location page and on the shovel ready page in the site selector brochure match. He said it also needs to be clarified on the CDA site. Cannon added it would be nice to capitalize on the WEDC site-certification and also to highlight the bike trails, hiking trails, and sports in the brochure. Johnson will add those as bullet points. Cannon also advised removing the letter "B" from "9B" in the legend under "Business Park Parcels for Sale." Brunner inquired if the DP Recycling site should be on the map. Cannon suggested adding those 11.3 acres and indicate "pending agreement." Cannon noted Scott owns the Shovel Ready map; Johnson will email changes to Cannon. Knight encouraged Cannon and Cameron to update the city and CDA websites with this information.

**9. Adjourn to Closed Session** per Wisconsin Statute §19.85(1)(e) "Deliberating or negotiating the purchasing of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session."

Moyse/Chenoweth moved to enter into closed session. Kopper called for a roll call vote to enter into closed session. Brunner: Aye; Chenoweth: Aye; Clapper: Aye; Kaufman: Aye; Knight: Aye; Kopper: Aye; Moyse: Aye; Parrish: Aye; Singer: Aye. The motion passed unanimously, and the Board went into Closed Session. Items discussed:

A. Discuss terms of Lab 118 lease to iButtonLink

Parrish/Clapper moved to return to open session with the intent/option to take action. The motion passed unanimously. The Board returned to open session with the intent/option to take action.

**10. Future Agenda Items:** Future agenda items include: rent.

**11. Future Meeting Dates:** Meeting dates for the remainder of 2016 are November 16<sup>th</sup> and December 14<sup>th</sup>. Spring meeting dates are: January 12<sup>th</sup>, February 15<sup>th</sup>, March 29<sup>th</sup>, April 26<sup>th</sup>, May 24<sup>th</sup>, and June 28<sup>th</sup>.

**12. Adjournment:** Clapper/Moyse moved to adjourn. The meeting was adjourned at 9:50 am.

Respectfully submitted,  
Kristen Burton for John Chenoweth  
Secretary of the Whitewater University Technology Park Board