VISTA 2025 Goal 4:

Establish an innovation culture that supports entrepreneurship and business growth

VISTA 2025 Goal 4 Team Meeting

March 31, 2016

<u>Meeting Notes</u>

Team Members Attending: Ed Breiner, Chad Byers, Larry Brotzge, Chris Fiorentino, Michael Ghobrial, Keith Goldan, Marnie McCoy, Michelle Patrick, Mike Harrington, Terence Farrell, Lou Kupperman, Vince Liuzzi, Stacy Martin, Marnie McCoy, Michelle Patrick, Mark Trabbold

Also Attending: Marybeth DiVincenzo, Mary Fuchs, Mike Grigalonis, Gary Smith, David Sciocchetti

Terrence Farrell

Opened the meeting at 9:00 AM and welcomed those in attendance and invited all to introduce themselves. Asked for comments on the meeting notes for the November 18, 2015, Goal Team 4 meeting. None were received.

David Sciocchetti

Noted that bio-pharma was significantly featured in VISTA 2025 and asked about the current status of the bio-pharma start-up activity in Chester County.

Stacy Martin

Described some of the issues and challenges being faced by the Innovation Center at Eagleview (ICE), which was operating as a life sciences incubator. She noted that ICE was approximately 12,000 square feet in total with lab areas ranging from 800 square feet to 1,800 square feet. She stated that currently there are 7 tenants at ICE using both lab and office space.

She pointed out that "small" is a relative term indicating that some companies only need some bench space. She also stated that there were some building and zoning concerns that had to be addressed with companies sharing lab space.

She further noted that there were economic challenges to operating ICE. She stated that the Hankin Group was currently subsidizing ICE as the revenue generated was not yet covering all of the expenses. She suggested that part of the problem was that start-up tenants were sometimes challenged to pay rent even though it was structured to allow only one total payment per month. She added that a shared lab was being added in April that they helped would help the ICE tenants. She noted that only two of the seven labs at ICE were currently available.

Ms. Martin also indicated that it appeared that there was less start-up activity in the life sciences/bio-pharma area in the recent past for reasons that were not clear.

Chris Fiorentino

Asked for clarification of the issues with the township.

Stacy Martin

Responded that standard building codes typically required demising walls between tenants in a multi-tenant building.

Lou Kupperman

Noted that this was a typical zoning/subdivision/building code issue that added to the challenge of creating incubator space.

Marybeth DiVincenzo

Stated that there were typically three aspects to business incubators – real estate (space), services and management. She noted that incubators are not necessarily the best real estate deals but they do help grow companies.

Ms. DiVincenzo also noted that the Ben Franklin Technology Center (BFTC) has historically seen about one-third of its start up in the life sciences/bio-pharma sector.

David Sciocchetti

Noted that the Chester County Planning Commission had initiated a task force to look at the impact of regulatory issued on the ability to adapt existing buildings and sites the changing market demands.

Larry Brotzge

Asked where life science/bio-pharma companies were going.

Stacy Martin

Indicated that Bucks County was one destination and the University City Science Center was another. She described two companies from Boston that ended up in New Jersey as a result of funding availability.

Larry Brotzge

Asked if there were any other locations in Chester County for start-up life sciences/bio-pharma companies. He added that these types of companies find space where they find it given their specific needs.

Mary Fuchs

Noted that ICE was the only life sciences/bio-pharma incubator in the county. Added that in 2012 there were effectively no incubators/accelerators or co-working spaces in Chester County. By 2016 there were 8 and 3 virtual start-up locations.

Ms. Fuchs highlighted the BizTract facility in Malvern, a co-working space located in a former doctor's office that seeks to mentor start-ups.

Mark Trabbold

Indicated that the Amptech facility operated as a loss leader for the main use as a plasma applications technology company. This facility currently has 6-8 companies that pay no rent but provide equity options for the use of the space.

Mary Fuchs

Noted the importance of I2n as critical to building networks to support the start-up community.

Terence Farrell

Noted that the Artisan's Exchange in West Chester was another form of business incubator not focused on technology.

David Sciocchetti

Asked about using critical equipment to attract and assist incubator tenants.

Stacy Martin

Responded that it was possible but that there were regulatory issues and operations and maintenance cost issues that made it difficult.

Lou Kupperman

Noted that while individual locations may be in competition, the overarching goal is to grow young companies and I2n is a key piece of the integration of these efforts.

Mary Fuchs

Added that i2n has a mission to support start-ups in the region. She noted that i2n grew out of the combination of the Delaware County and Chester County Keystone Innovation Zone (KIZ) programs. She added that i2n manages the KIZ tax credit program for these counties. The KIZ tax can provide up to $100,000 a year to qualifying area start-ups.

Marybeth DiVincenzo

Noted that the Ben Franklin Technology Center, Penn State Great Valley and Villanova University were part of the I2n merge.

Gary Smith

Commented that i2n (like other state KIZ programs) receives no administrative funding. This poses significant challenges for the long term future of the program.

Vince Liuzzi

Questioned whether the move of Walnut Street Labs from its location in West Chester was the result of a business model or real estate issue.

Mary Fuchs

Responded that it was both, noting that the storefront location added to the "buzz" but had a higher price.

Mike Ghobrial

Noted that co-working spaces in Philadelphia were beginning to cannibalize each other. Added that suburban locations including Norristown, Bridgeport and Conshohocken were better choices. Also described Liberty Valley Initiative as a forum for start-ups in the area. Noted that retail sites allow for social interaction and high visibility.

Terence Farrell

Questioned how a meet up approach is financially viable.

Mike Ghobrial

Responded that the goal is to reach out to entrepreneurs and get them to talk to each other. He added that using social media gets the word out and people just show up bringing many different concerns, questions and problems for discussion. One of the challenges with this approach is finding space to host the meet ups.

Chad Byers

Commented that that is the Southern California model. If you keep bringing people together someone will be able to help with your issue.

David Sciocchetti
Asked what it will take to build/strengthen this model in Chester County.

Mike Ghobrial
Responded that it is really hard to raise early stage money here. He added that space needs come later for software start-ups. He suggested that the critical issue is understanding what is actually happening. He offered the notion the West Chester is emerging as an "internet of things" hot bed with several companies in this field located there. He added that perhaps there was no real finger on the pulse of entrepreneurial activity in the county.

Lou Kupperman
Suggested that one takeaway was that we will need locations for entrepreneurial activities that are not driven by a for profit motivation.

Chris Fiorentino
Commented that it might be possible for specialized university equipment to be shared/used by entrepreneurs. He suggested that this was a concept that could be explored.

Mike Ghobrial
Noted that that engineering equipment that was installed at Penn State Great Valley for its new engineering program could be highly desirable.

Mark Trabbold
Suggested that some of this was happening in Philadelphia where places spring up and then die. He offered Benjamin's Desk as a model that seems to work.

Larry Brotzge

Stated that start-ups like to be near other start-ups. Asked who's here in Chester County. He added that Robin Hood has 35-40 members.

Chad Byers

Suggested that a virtual and variable model that would help Chester County become one of the "places to be".

Mary Fuchs

Noted that in prior years Tech-360 had been described as a tech summit. It has been somewhat modified to raise the profile of the county for "cool" companies that we don't know are here.

Keith Goldan

Suggested that Jane Hollings with NuPathe was working to bring capital to the region for the life sciences sector and could be part of this discussion.

He also noted an overlap between the county and the region. He suggested that attraction happened at the regional level but that we were responsible for creating a nurturing environment at the county level and collaborating with the rest of the region.

Mike Ghobrial

Commented that the same point had been raised in Philadelphia. Added that the Greater Philadelphia Chamber of Commerce had limited efforts in the suburbs and should be held more accountable for their lack of focus on the suburbs.

Terence Farrell

Thanked all for attending and adjourned the meeting.