

# BioAAG

## GATEWAY

### WHERE SCIENCE GROWS

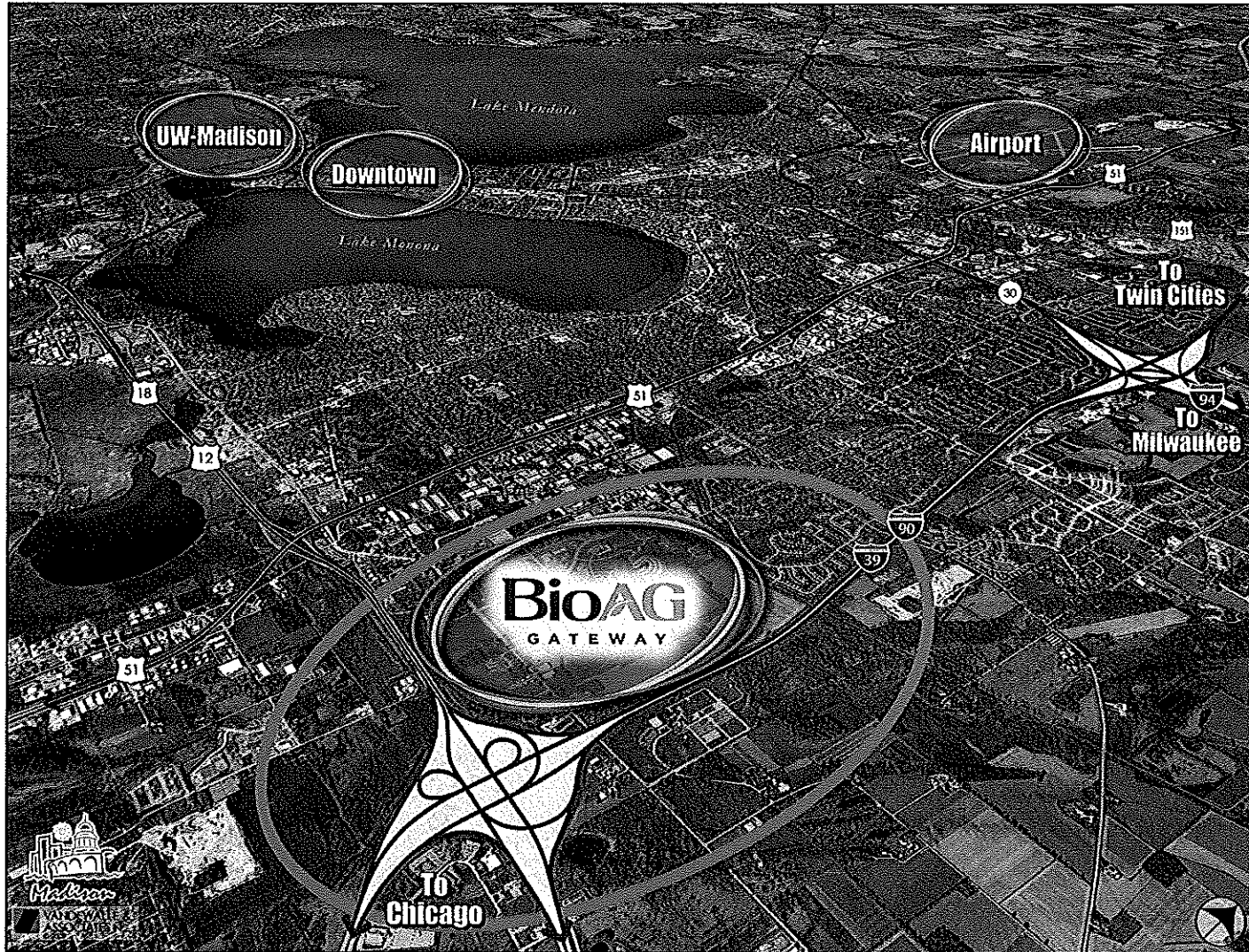
THE BIOAG GATEWAY IS A WORLD-CLASS FACILITY THAT FURTHER POSITIONS MADISON AND WISCONSIN AS A HOTBED FOR PROGRESSIVE THINKING AND DISCOVERY. WHERE INDUSTRY LEADING MINDS WILL CREATE NEW TECHNOLOGIES AND PRODUCTS TO SOLVE GLOBAL ENVIRONMENTAL CHALLENGES.

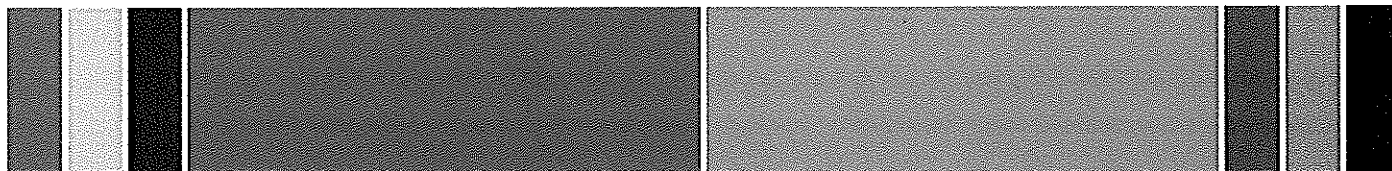
COME.

LET'S TURN BIG IDEAS INTO GREAT JOBS.

# BioAG

GATEWAY  
WHERE SCIENCE GROWS





## Extensive City Involvement

- **March 6, 2006—MDC Initial Marketing Study**  
(Legislative File ID 02991)
- **April 7, 2006—Land Acquisition**  
(Legislative File ID 03066 and 2006 Capital Budget)
- **October 4, 2006—Land Acquisition**  
(Legislative File ID 04547)
- **April 20, 2007—Stoughton Road Land Use Plan for Femrite Entrance**  
(Legislative File ID 05933)
- **September 7, 2007—Marketing Plan and Project**  
(Legislative File ID 07158)
- **January 29, 2008—Hire Marketing Consultants (Hiebing and Vandewalle) to Create Marketing Plan**  
(Legislative File ID 08316)
- **February 4, 2009—Marketing Plan Implementation Contract**  
(Legislative File ID 13367)

## 2008 Marketing Activities

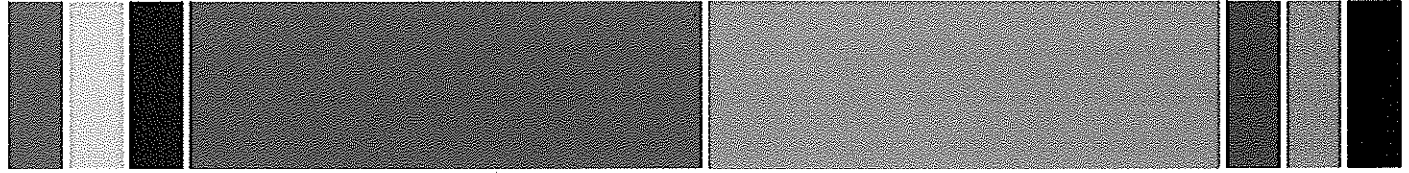
- Conducted BioAg market assessment
- Identified locational and regional advantages (agriculture, food science, biotechnology and sustainability)
- Defined scope and value proposition of the BioAg Gateway
- Created marketing plan to position the BioAg Gateway as a premier destination for bio and agriculture targets
- Defined five pillars of success
  1. University connection
  2. Corporation connections
  3. Advisory board
  4. Economic tools
  5. Strong national identity
- Developed BioAg Gateway naming and logo/tagline



# BioAg Gateway Goals in 2009

## Marketing, Infrastructure & Partnerships

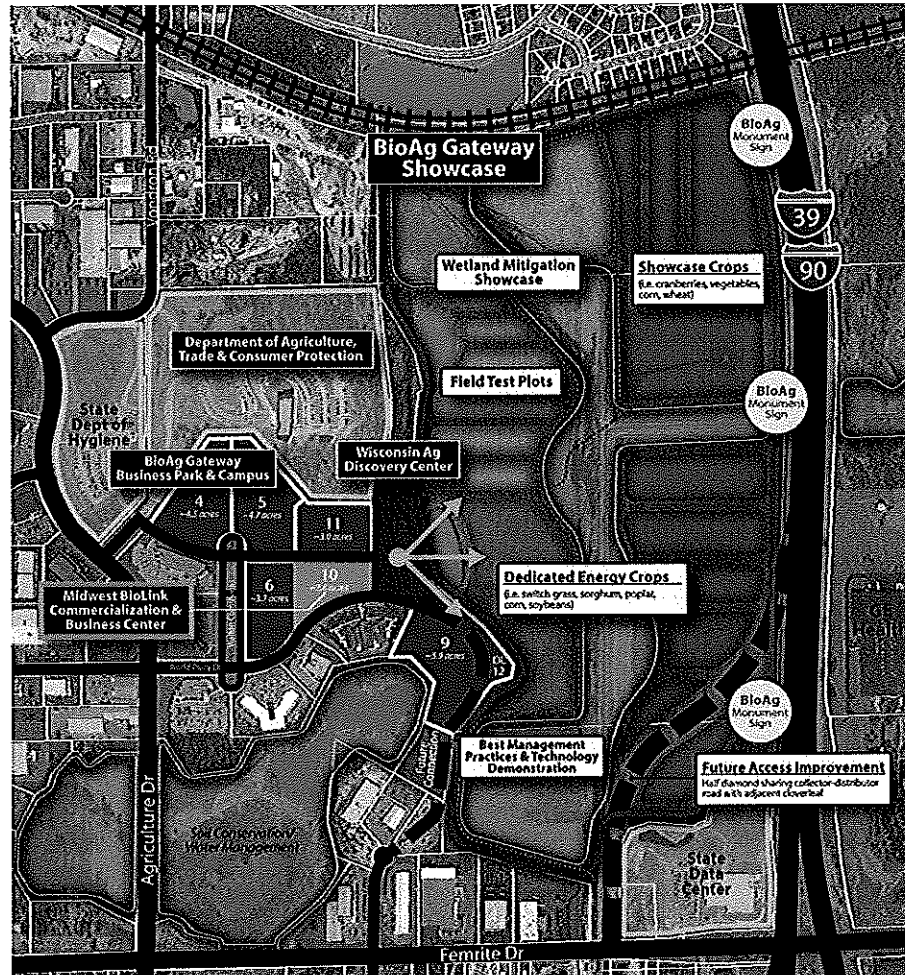
- BioLink implementation
- Funding outreach
- Marketing plan execution
  - Web site goes live
  - Signage constructed on grounds
  - Collateral materials produced and sent to target list
- Enhance state partnerships (DATCP, DOT, DCOMM, DFI)
- Establish corporate partnerships
- Assemble BioAg Gateway advisory group
- Begin infrastructure improvements
- Contact target companies and attend BioAg-related conferences



## Affiliated Partners

- City of Madison
- Madison Development Corp.
- U.S. Economic Development Administration (EDA)
- University of Wisconsin/  
State of Wisconsin
- MG&E
- Thrive
- Orbitec

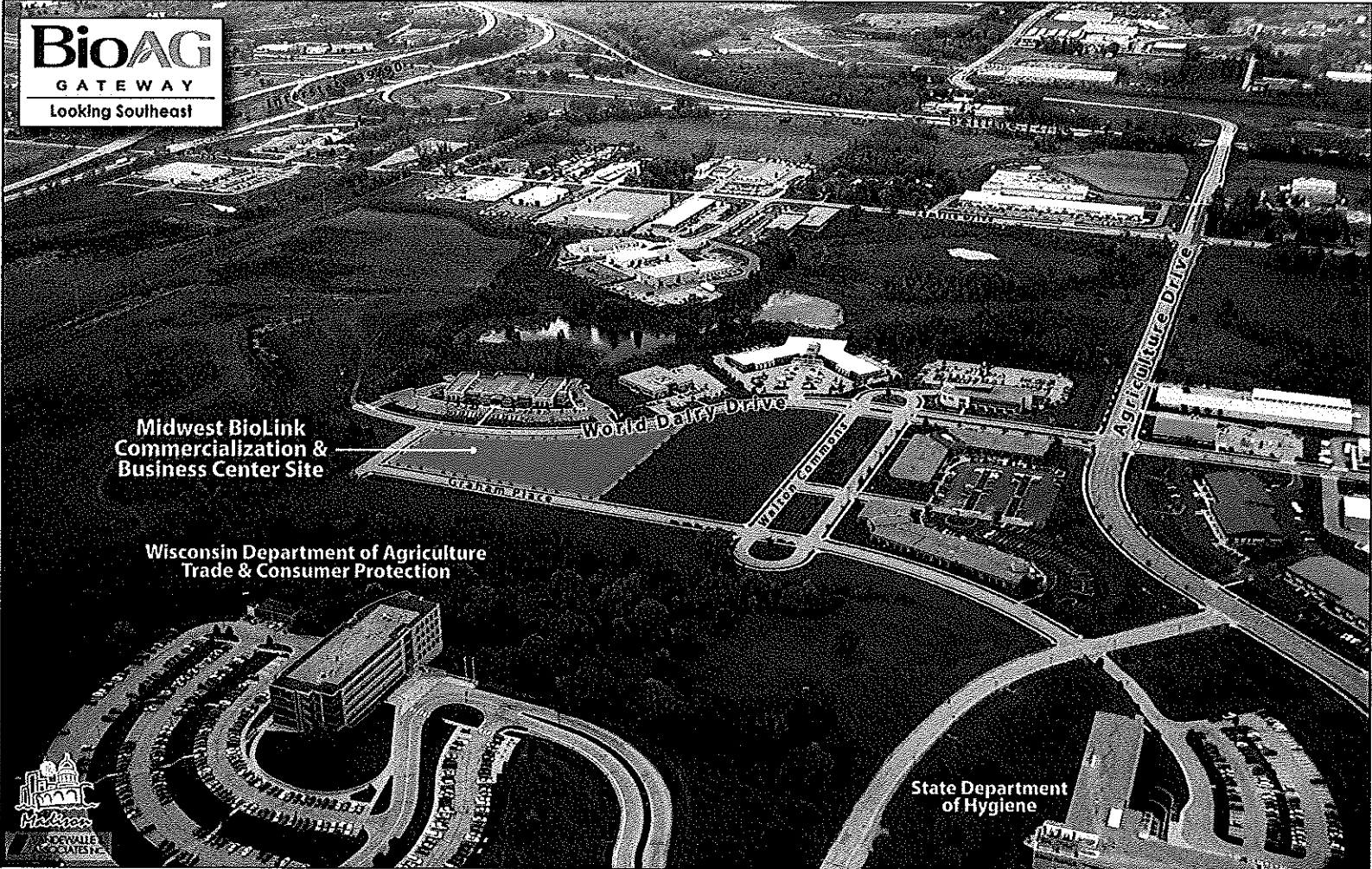
# BioAg Gateway Campus



# BioAG

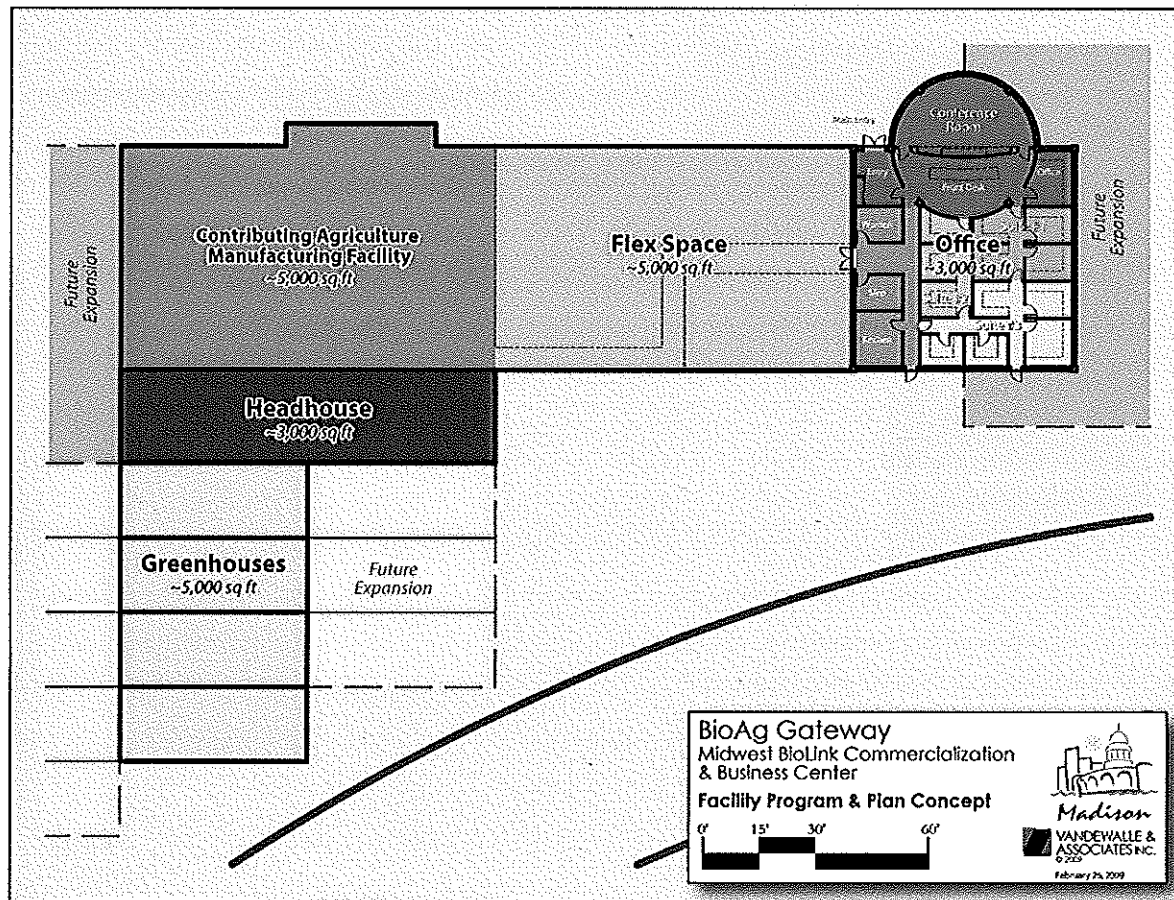
GATEWAY

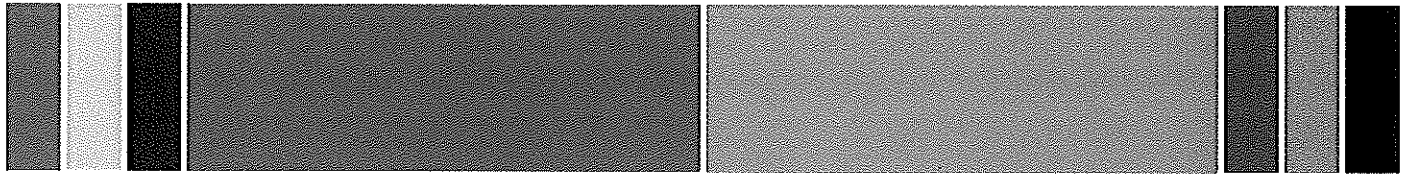
WHERE SCIENCE GROWS





# BioLink Commercialization and Business Center





# Sources and Uses

	EDA	CITY	TOTALS
<b>Capital Costs</b>			
Building	\$2,570,000	\$257,000	\$2,827,000
Site/Site Infrastructure	\$0	\$773,000	\$773,000
Equipment/Technology	\$0	\$775,000	\$775,000
Capital Costs	\$2,570,000	\$1,805,000	\$4,375,000
Contingencies (5%)		\$218,750	\$218,750
			\$4,593,750
<b>Operational Costs</b>			
Salaries	\$750,000	\$0	\$750,000
Utilities/Maintenance	\$180,000	\$0	\$180,000
Operational Costs	\$930,000	\$0	\$930,000
Totals	\$3,500,000	\$2,023,750	\$5,523,750
% Project Funding	63.36%	36.64%	100.00%

# Madison Development Corporation

## **Frank Staniszewski, President**

- Been Involved in BioAg Gateway Project Since 2006
- Long Time City Partner (Agent of the City) since 1977
  - Professional Board with Private-Public Sector Expertise
  - 7 of 13 Directors appointed by Mayor with approval of Council
- Manage Venture Debt Program for Hitech Businesses
- Manage CDBG Funded RLF Program
- Own and Manage \$12 million in real estate
- Financial and Credit Analysis Experience
  - Made over 300 loans to small business, 50 to technology companies
- Experienced with Management other Madison Incubators
  - On the Board of TEC Incubator, CFO

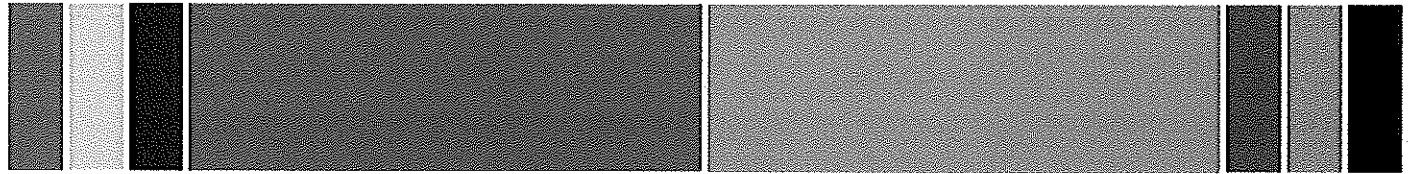


## Dr. Robert J. Calcaterra

Managing Partner StartUP Midwest Management, LLC

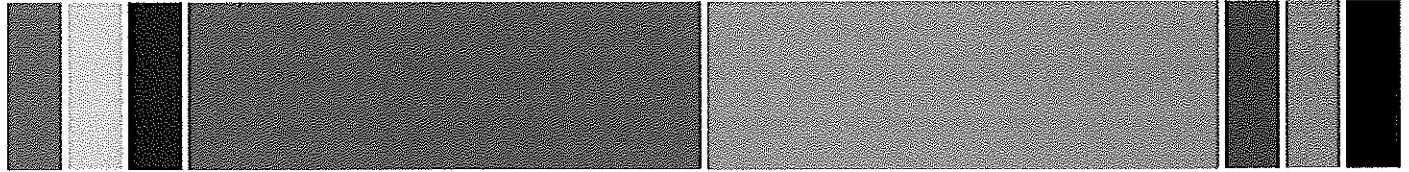
- 20 years incubator management experience
- President / CEO - Nidus Center for Scientific Enterprise
- Involved in the creation of over 50 start-up companies, raised over \$200M in equity capital and served on the board of directors for 40 of those companies
- Former president, founder and CEO of Arizona Technology Incubator (ATI) and the Boulder Technology Incubator (BTI)
- Previous work with numerous Fortune 500 companies including Adolph Coors Company, Amoco Corp., Alcoa Corp. and Monsanto Company
- Current faculty member in the Biomedical Engineering Department at Washington State University





## BioLink Mission

- To be a catalyst for BioAg technology transfer and commercialization
- Create a critical mass of agricultural-based companies bringing new jobs to the region
- Attract all stages of investment capital
- Draw highly qualified top management talent
- Achieve recognition as a world center for agriculture commercialization



# Keys to BioAg Gateway Success

- Critical mass of leading-edge research
- Critical mass of top management
- Convergence of biomass
- Access to capital (all stages)
- Adequate physical infrastructure (BioLink facility)
- Leading food companies (Organic Valley—nation's largest organic farmer-owned cooperative)
- High quality of life—great place to live

# The Opportunity Is Now

## What's the driving force?

- Exciting, new opportunities in the ag/biotech area
  - Agricultural and biotech product growth is significant compared to other products/industry clusters
- Substantial ag-related assets in the region
- Madison advantages
- Wisconsin advantages
- Ever-increasing public and private resources
- Growing need to be proactive in the creation of ag/biotech businesses and employment



# The Opportunity Is Now

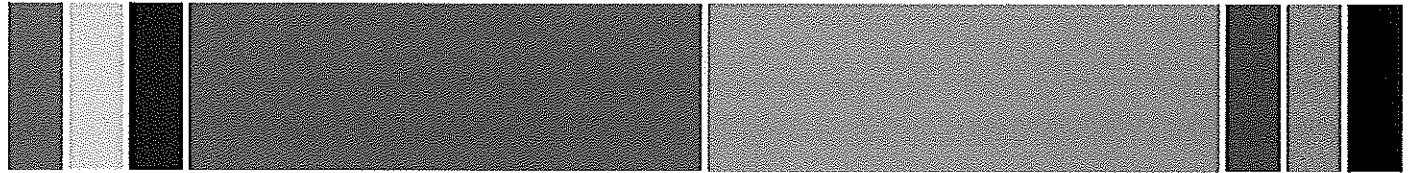
## **New areas within the ag/biotech industry:**

- Agriculture
- Food science
- Biotechnology
- Sustainability

## **Leading to new opportunities for growth in:**

- Food nutrition for health
- Plant-based medicines and vaccines
- Biomaterials and biofibers
- Plant-based biochemicals and polymers
- Biofuels/bioenergy
- Biosecurity





## Regional Economic Strengths

- Leader in “greentech”/sustainability
- Leader in food science product development (for health benefits)
- Largest R&D expenditures (60%) in U.S. with the highest growth rate (37%)
- National leader in bioscience:
  - Education (16<sup>th</sup> – 20<sup>th</sup>)
  - Employment (14<sup>th</sup>)
  - Risk capital (16<sup>th</sup>)

# Local and State Assets

## Madison Assets

University of Wisconsin:  
 Plant Sciences  
 Microbial Sciences  
 Food Sciences  
 Engineering  
 Regenerative Medicines  
 Research Stations  
 Community/Quality of Life

Federal Laboratories:  
 Great Lakes Bioenergy Research Center  
 USDA Forest Products Laboratory  
 U.S. Dairy Forage Research Center

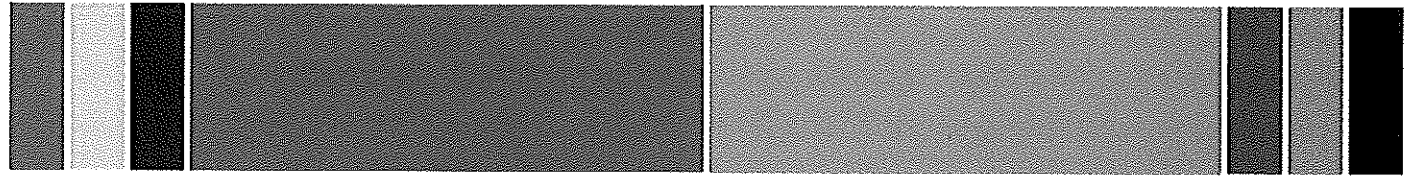
Successful BioAg Companies:  
 Danisco  
 Virent  
 Orbitec  
 Agrecol

## Wisconsin Assets

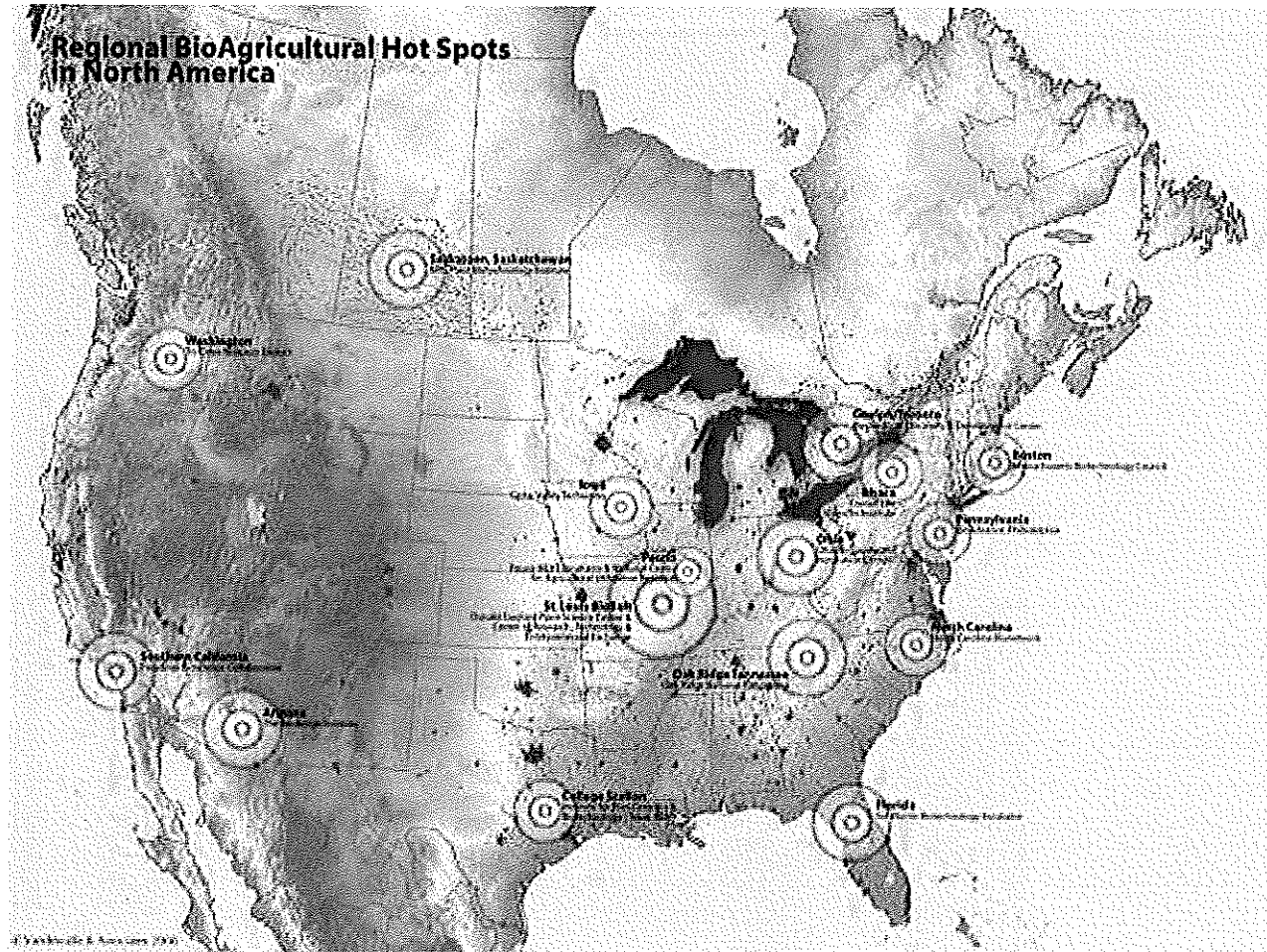
Wisconsin Department of Agriculture  
 Wisconsin Department of Commerce  
 Wisconsin Leadership  
 Food Processing  
 Dairy and Cheese Production  
 Organics  
 Biotech Cluster/Emerging  
 Therapeutics

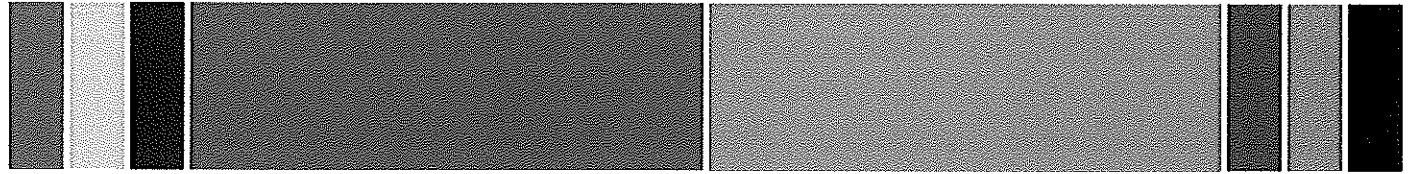
Seed Producers:  
 Mycogen  
 Syngenta  
 Batz  
 Renk International Ltd.

Organics  
 Agriculture Diversity  
 Environmental Science Legacy  
 Proximity to International (Major) Markets  
 Chicago, Minneapolis, Milwaukee



# North American Competition





# Most Competitive Regions



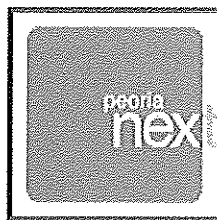
BioBelt – St. Louis



Bioproducts Innovation Center – Ohio

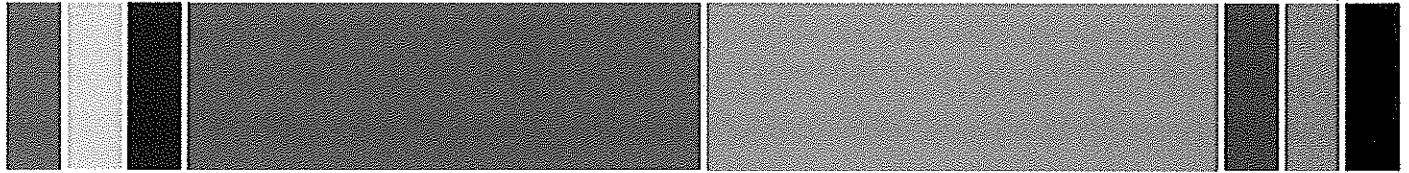


Bioproducts at Guelph – Toronto



Peoria Next - Peoria



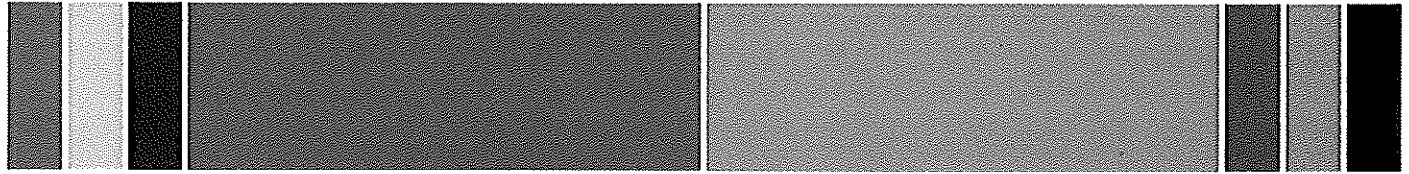


# Regional Economic Impact of BioLink

Five- and Ten-Year Economic Impact						
YEAR	2011	2012	2013	2014	2015	2020
New Client Companies	1	2	2	1	1	X
Cumulative Companies	1	3	5	6	7	20
Graduate Companies	0	0	0	1	0	5
Direct Jobs	15	25	40	50	50	100
\$M (at \$65K per year)	.98	1.63	2.60	3.25	3.25	6.50
Indirect Jobs	38	63	100	125	125	250
\$M (at \$65K per year)	1.90	3.15	5.00	6.25	6.25	12.50
Investment, \$M	1.00	5.00	15.00	30.00	60.00	150.00

# Ensuring BioLink Success

- Create BioLink organizational structure
- Determine BioLink operational structure
- Be highly selective with tenants
- Support industry best practices
- Offer other value-added services
- Strong graduation and tracking practices



# BioLink Facility Management

- Management Goals
- CEO Skills

# Financial Assumptions

## Revenue:

- Rental Rates:
  - Office: \$28/sq. ft.
  - Lab, Head House & Greenhouses: \$34/sq. ft.
- Rent Escalation: 2.5%/Year
- Occupancy:
  - Year 1: 25%
  - Year 2: 50%
  - Thereafter: 80%

## Expenses:

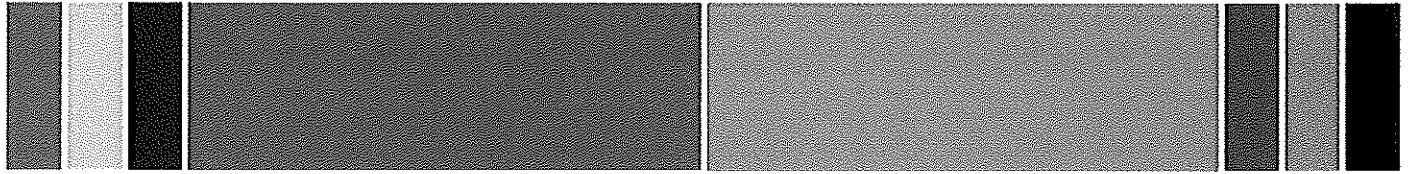
- Utilities: \$6/sq. ft.
- Maintenance and Repair: \$3/sq. ft.
- Salary, Fringe & Overhead: 60%
- Expense Escalation: 3.5%



# Financial Plan\*

YEAR	2011	2012	2013	2014	2015
<b>Income</b>					
Rent	\$619,992	\$635,492	\$651,379	\$667,664	\$684,355
Gross Income	\$72,672	\$262,172	\$522,783	\$535,811	\$549,164
<b>Expenses</b>					
Total Expenses	\$605,134	\$626,186	\$647,975	\$670,527	\$693,869
Net Income	(\$532,462)	(\$364,014)	(\$125,192)	(\$134,717)	(\$144,705)
EDA Contribution	\$532,462	\$364,014	\$33,524	\$0	\$0
Net Cash Flow	\$0	\$0	(\$91,668)	(\$134,717)	(\$144,705)

\*Based on a 21,000 sq. ft. facility



For making Madison home  
of the BioAg Gateway,  
thank you.

## Cash Flow Analysis

Year	2011	2012	2013	2014	2015
<b>Income</b>					
Rental	\$619,992	\$635,492	\$651,379	\$667,664	\$684,355
Other	\$1,680	\$1,680	\$1,680	\$1,680	\$1,680
GPI	\$621,672	\$637,172	\$653,059	\$669,344	\$686,035
Vacancy	\$(549,000)	\$(375,000)	\$(130,276)	\$(133,533)	\$(136,871)
Gross Income	\$72,672	\$262,172	\$522,783	\$535,811	\$549,164
<b>Expenses</b>					
Property Taxes	\$58,000	\$60,030	\$62,131	\$64,306	\$66,556
Water & Sewer	\$10,000	\$10,350	\$10,712	\$11,087	\$11,475
Gas & Electric	\$120,000	\$124,200	\$128,547	\$133,046	\$137,703
Insurance	\$2,500	\$2,588	\$2,678	\$2,772	\$2,869
Maintenance & Repair	\$60,000	\$62,100	\$64,274	\$66,523	\$68,851
Management	\$240,000	\$248,400	\$257,094	\$266,092	\$275,406
Admin. (Contract)	\$70,000	\$72,450	\$74,986	\$77,610	\$80,327
Other 1--Legal/Professional	\$20,000	\$20,700	\$21,425	\$22,174	\$22,950
Other 2--Tele/Data	\$21,000	\$21,735	\$22,496	\$23,283	\$24,098
Total Operating	\$601,500	\$622,553	\$644,342	\$666,894	\$690,235
Replacement reserves	\$3,634	\$3,634	\$3,634	\$3,634	\$3,634
Other	\$-	\$-	\$-	\$-	\$-
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