



02 January 2020

Dear Mayor Joines, Mayor Pro Tem Burke, Chairman Clark, and members of the City Council:

Thank you for your consideration and remarks at the last Finance Committee meeting on our proposed startup attraction and support strategy, the Venture Winston Grants. I apologize for missing the meeting - I was at home with a fever and the flu.

Venture Winston Grants is a new idea and collaboration between The WS Chamber of Commerce, Venture Cafe Winston Salem and Winston Starts. We are all committed to increasing economic development opportunities here in the city, and this initiative is focused on attracting and supporting young companies that can create numerous jobs. We are all operating in our areas of expertise for maximum impact. The WS Chamber will serve as the financial and reporting organization. Venture Cafe will run the global startup competition, and Winston Starts, a local incubator located at 500 W. Fifth Street, will provide office space and mentorship to the winners for one year.

Based on your comments at the meeting, I have put together some additional information that illustrates the impact of the Arch Grants, the St. Louis model we hope to replicate. In this packet, you will find several articles as well as our Board of Directors list and a working budget for the project. Please let me know what other information you are interested in and we will do our very best to help fill in the gaps. This is a multi-dimensional project that is a new way of thinking for all of us, and we are here to help clarify and encourage growth in every sector and every neighborhood in our city.

In addition, we are looking forward to a fact-finding trip to St Louis in January. I have already reached out to the Arch Grants Executive Director to identify potential dates on their end. They are suggesting the week of January 20th. We are coordinating with Assistant City Manager Evan Raleigh as well as Forsyth County economic development officials and county commissioners.

My understanding is that you would like to meet with the Arch Grants and some of their startups to understand their model and impact, as well as the true diversity of their cohorts. Be assured that our priority is to open doors to startup founders of all kinds to build, grow and scale their companies here in Winston Salem, creating more innovation economy jobs for our residents.

Let me be more specific and absolutely clear on this: We will actively look for MWBE startups to participate. We will give them preference in the selection process. This is an initiative designed to create opportunities in every part of our community. Studies show that tech jobs are multiplier jobs, creating five additional jobs for each tech job created. These other jobs are in services, retail, health care, etc. That is why we are interested in this model - it is a job growth engine across all sectors of the local economy. If there are other questions you have, please let me know so I can work with my colleagues in St Louis to ensure your concerns are transparently addressed.

I also heard concerns about where these startups will be located. Let me address that directly. In exchange for the \$50,000 grant, all startups will be required to move at least one co-founder and 51 percent of their operations to Winston Salem, where they will set up operations at Winston Starts for one year. Winston Starts is uniquely set up to support early stage startups with access to discounted professional services, mentors, investors and shared office space. After the mandatory one year is up, our goal is to retain as many companies as possible. This is where we will see these companies moving and expanding their operations across the city - to Whitaker Park, to the SG Atkins Enterprise Center, to a new incubator at the Airport, to the innovation suites in Bailey Power Plant. The Arch Grants reports that 90 percent of their companies choose to stay after the first year, and we aim to replicate that success here, adding 18 new startups to our economy every year for the next five years.

One of the key factors in ensuring the grant program's success is selecting the most promising startups from the applicant pool. We will create a diverse selection committee composed of stakeholders including the City of Winston Salem, Forsyth County, subject matter experts, investors, community leaders and entrepreneurs. We envision this selection committee will be diverse in terms of expertise, age, race, and city geography. To further emphasize our commitment to supporting local and MWBE startups, both will receive additional consideration and preference in the selection process. Finally, the selection committee may consider creating dedicated spots for local and MWBE startups out of the 20 finalist slots.

Let me outline a rough timeline for the Venture Winston Grants program. With \$3.75 million in private money pledged, we're hoping to finalize the public money in early Q1 2020 with approvals from the City and County. We anticipate making a formal announcement of the Venture Winston Grants shortly after. In the meantime, we are working on operational needs including job descriptions for the team. We would like to have a team in place in April, open the global startup competition in late summer. We will review applications and perform due diligence on the finalists in Q3, and announce the finalists in Q4. Our first cohort of 20 finalists will be welcomed to Winston Starts in January 2021.

As Assistant City Manager Raleigh stated in the Finance Committee meeting, he has identified a source of possible funding to reduce the budget impact of our request. By reallocating the Inmar job creation incentives money, we can still support economic growth and do it for more than just one company. This is the kind of creative problem-solving we need to accelerate opportunities and we applaud his suggestion.

Finally, as a big believer in transparency and community input, I will be leading an open Town Hall meeting at Venture Cafe's Thursday Gathering on January 9th at 7pm to share the idea, take questions and give context about how the grants program fits into the overall entrepreneurial ecosystem. I invite you to attend and hear the longer story as well as the concerns and support from the community. I look forward to seeing you there.

As always, thank you for your continued support for our City. More and more issues of great importance are being placed in the hands of local government officials like you, and we appreciate your willingness to tackle them with vision and action. I look forward to working with you on this exciting initiative.

With gratitude,



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Venture Cafe Winston Salem

Cc: David Mounts, Inmar
Mark Owens, WS Chamber
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