



UNIVERSITY OF
GEORGIA



Innovation District Task Force

Report and Recommendations

July 1, 2018

TABLE OF CONTENTS

Membership	3
Charge	3
Process	4
Executive Summary	4
General Recommendations.....	5
Vision	5
Background.....	6
Locating the District.....	8
Programming.....	12
Financing	13
Launching	15
Impacts and Metrics	16
Appendices	17

INNOVATION DISTRICT TASK FORCE MEMBERSHIP

Name	Title
Dr. Karen J. L. Burg	Harbor Lights Chair in Small Animal Studies, College of Veterinary Medicine
Dr. Michelle Garfield Cook	Vice Provost for Diversity and Inclusion and Strategic University Initiatives
Mr. William W. Douglas III	Chair, UGA Foundation Trustees
Mr. Griffin Doyle (Co-chair)	Vice President for Government Relations
Dr. Derek E. Eberhart	Director, Innovation Gateway
Susanne Hollinger	Senior Counsel and Head of Patents, The Coca-Cola Company
Mr. Kelly Kerner	Vice President for Development and Alumni Relations
Mr. Davis P. Knox	Co-Founder and CEO, Fire & Flavor
Dr. David Lee (Co-chair)	Vice President for Research
Dr. Donald J. Leo	Dean of the College of Engineering
Dr. Lisa K. Nolan	Dean of the College of Veterinary Medicine
Mr. Robert H. Pinckney IV	Director, UGA Entrepreneurship Program
Dr. Rahul Shrivastav	Vice President for Instruction
Dr. Steve Stice	Director, Regenerative Bioscience Center
Dr. W. Kyle Tschepikow	Assistant to the President

CHARGE

President Morehead's charge to the Task Force was as follows:

“The purpose of the task force is to develop a strategic vision for creating an innovation district at the University of Georgia. At a minimum, this vision should address the following key questions:

- How can the district be designed and programmed to maximize innovation and entrepreneurship among faculty and students for decades to come?
- Where is the optimal location for the district?
- How can the university prudently finance any capital projects associated with the district without overexposure to risk? What public and private partners can be identified to assume some of the risk and financial exposure?
- How can we ensure that the district connects with the local and regional economic and entrepreneurial ecosystems, including fostering new partnerships with industry and alumni?”

PROCESS

The Task Force met as a full group 12 times between December 4, 2017 and June 14, 2018. Additionally, subgroups of the Task Force met on multiple occasions to pursue specific aspects of President Morehead's charge, including location, financing, models for comparison, and internal culture. Subgroups of the Task Force visited several innovation districts or research parks as detailed in Background, and members of the Task Force met with principals of The University Financing Foundation on several occasions. Lastly, following the issuance of an RFP, the Task Force utilized the services of a consulting firm, HR&A Advisors, Inc. HR&A is an industry leader with over 35 years of experience in economic development, real estate, and public policy consulting. They have assisted universities nationwide with effective long-term growth strategies, including Columbia University, Brown University, the University of Pennsylvania, Johns Hopkins University, Auburn University, and Clemson University. The instruction to the firm was to help answer key questions regarding the development and activation of an innovation district in Athens, designed and programmed to serve UGA's mission. HR&A provided a report, which is included in the Appendix (Appendix 1). Its observations, findings, and recommendations are referenced throughout this document.

EXECUTIVE SUMMARY

The unprecedented growth of UGA's research, innovation, and entrepreneurship programs, along with the creative and entrepreneurial culture in Athens, presents a unique opportunity to enhance the regional innovation ecosystem. To leverage this opportunity, the Task Force recommends that UGA take steps to establish an innovation district at the interface between campus and town. While the development of programming for the district should begin immediately, ideally with the aid of reassigned existing space, the Task Force advocates the construction of a new building, which is referred to herein as Innovate, as soon as financing can be arranged. Innovate should be located in close proximity to downtown Athens in order to foster a 24/7 work/live/

play/learn vibe. Its design will blend: (i) open "collision" space, programmed and curated to foster new idea generation; (ii) leased incubator or co-working space for new and young companies; (iii) leased space for mature companies; and (iv) limited space for Innovate-support activities. The priority for space in Innovate must be given to fostering new activities and programming, startups, and partnerships with companies seeking to interact more closely with UGA. Ideally, the building will have limited square footage assigned to retail services, such as coffee shops and eateries, all of which would foster the live/work/play/learn vibe and generate lease income. The building also will provide limited space for Innovate staff and support functions.

Beyond these priorities, if additional space is available, it could be used profitably to house select UGA units with key roles in the innovation and entrepreneurial ecosystem. The latter may include Innovation Gateway and its I-Corps accelerator program, as well as the Entrepreneurship Program for undergraduates and its associated IDEA Accelerator. Co-location of these activities would not only foster greater synergy among them but also provide the largely missing visibility and branding that identifies UGA as an institution of excellence for innovation and entrepreneurship in the 21st century. Other elements that could be included, most likely in part-time and/or shared space, are various professional services that are valuable to startups. The overall goal of Innovate and the district is to create a vibrant entrepreneurial community that connects the university with the Athens community, the business community throughout the state, and national and international programs that promote innovation and entrepreneurship. Other impacts from Innovate include: (a) expanded entrepreneurial activities by UGA faculty, students, staff, and local entrepreneurs, including an increased number of startups; (b) an enhanced reputation for Athens as an innovative startup center; (c) increased research expenditures from industry sponsors housed in Innovate; and (d) expanded internship and experiential learning opportunities for students. The success of Innovate will depend on committed university leadership, the engagement of broad UGA interests as well as community members and industry partners, and the engagement of a dedicated team that will develop and promote virtually non-stop programming to draw people to the building and create an idea-rich environment.

GENERAL RECOMMENDATIONS

1. UGA should commit to the development of an innovation district and the construction of its first building, Innovate.
2. As soon as possible, the university should identify an individual to have primary responsibility for coordinating the development of Innovate and the district. The choice of the project leader should be made with an eye to engaging units across campus in the Innovation District project and with the understanding that planning for the district will require a significant daily commitment of time and effort.
3. The University also should appoint a Launch Team representing key UGA offices and stakeholders to work alongside the project leader. Depending on the financial model pursued by the institution, the Launch Team may issue an RFP to select a developer to act as partner for the Innovation District project. In this model, the Launch Team would work with the partner to: (i) develop a master plan for the district; (ii) establish governance and business models for the district; and (iii) initiate the design and construction of Innovate.
4. UGA should identify existing space for use prior to and during the construction of the new building to develop and implement the programming that will be a feature of Innovate and the larger Innovation District. Ideally, the existing space would be located in or near the area where Innovate and the broader district ultimately will reside.
5. UGA should immediately launch a parallel initiative to encourage a stronger innovation culture across campus. This step may require a separate task force to engage with college deans and other university leaders, faculty, and students across campus in order to identify incentives and barriers.
6. At the appropriate point in the planning and development of the district, UGA should consider initiating a national search to hire an appropriately qualified individual to serve as the Innovate/Innovation District director. This individual, supported by a team and an operational budget, will focus full time on the successful programming of the Innovation District.

VISION

The vision of the Task Force begins with an imperative: the University of Georgia must strengthen its innovation ecosystem to remain relevant and responsive as a land-grant institution in the 21st Century and to continue its rise as a premier national and international research university. The key to this important evolution is the creation of an energetic innovation district at the interface of North Campus and Downtown Athens. The district, a hub for innovation, entrepreneurship, creativity, and collaboration, will allow the university to:

- forge new synergies and partnerships within the university as well as externally with various partners, including industry, in ways that provide greater access to the deep expertise and talent of UGA subject matter experts – e.g., faculty, students, and staff;
- play an even greater role in developing novel solutions to pressing challenges facing society today;
- expand and enhance experiential learning opportunities for students; and
- become a more powerful driver of economic development in the Athens community, the state of Georgia, and beyond.

The Task Force envisions the Innovation District as a vibrant new sector of the future UGA campus. Historic North Campus reflects the university’s roots as a liberal arts college and the birthplace of public higher education in America and South Campus represents the rise of science, engineering, and professional education at UGA. The Innovation District will mark the institution’s growth as an engine of creativity, discovery, commercialization, and startups in the Innovation Age. The location of the district at the interface of town and campus will symbolize the highly collaborative nature of this new campus and its connection to the local technology-based economy and creative culture. The location also will activate the “live/work/play/learn” mentality that underpins successful ventures of this nature across the nation.

The district—at a mature stage—is envisioned to include an integrated series of facilities that span the northeast corridor of campus, cross into downtown, and eventually connect with the Athens innovation center near Dougherty Street. The facilities that comprise the district

will emerge over time and support a range of activities, programs, and users—all curated to inspire innovation, entrepreneurialism, collaboration, creativity, and economic development. The mature district will be:

- anchored to a long-term master plan adopted by the institution with input from key stakeholders;
- developed, possibly via a public-private partnership, and operated on a business model that ensures the project requires limited, continuing financial support from UGA;
- led by UGA, likely in partnership with the developer and with input from industry;
- managed day-to-day by strong, dedicated leadership that is focused on programmatic development in collaboration with local partners;
- based on a model that assumes industry anchor tenants, incubator space for startups, and sufficient space for dynamic occupancy and shared academic/industry workspaces;
- designed to adapt flexibly to changing uses over time; and
- programmed to offer external support (e.g. early stage funding) for early stage businesses as well as shared support services (e.g., legal support, marketing) essential to a thriving entrepreneurial culture.

To launch the district, the task force proposes the development of a new building in the northeast corridor of campus as close to Broad Street as possible. The initial Innovate facility, will focus on engaging, high-quality programming directed at catalyzing and nurturing startups, industry partnerships, and student experiences, which will be the lifeblood of UGA's Innovation District and ultimately determine the success of the project long-term. Future buildings and developments in the district will complement, amplify, and build upon the activities and functions of Innovate in accordance with a long-term master plan.

BACKGROUND

UGA's research, innovation, and entrepreneurship programs continue to experience record growth and play a critical role in fostering local and regional economic development. UGA total research and development expenditures reached an all-time high of \$458 million in fiscal year 2017, a 31% increase since fiscal year 2013, and more than 675 products and 160 companies based on UGA research have reached the marketplace. These developments, coupled with the vibrancy of Athens, present a unique opportunity to expand UGA's economic impact by leveraging technological and creative innovation as a cornerstone of the regional economy. As Georgia's most comprehensive research university, UGA's research enterprise and talent pipeline are critical for the state to be competitive in today's knowledge-based economy. The internet of things, robotics, precision agriculture, personalized medicine, and other new technological developments and advances will have impacts on virtually every industry and transform the economic landscape in the 21st century. Universities and cities at the forefront of this evolving landscape can trigger significant benefits for their institutions and communities. To capitalize on this opportunity, a coordinated and collaborative effort is required to develop the necessary economic infrastructure and ecosystem that incorporates talent, physical, and research assets.

The Task Force was charged with identifying a path for UGA that maximizes this opportunity. In the past, universities have utilized traditional research parks located on university land that include corporate office space, incubator space and possibly research space for faculty. However, the Task Force and our consultant, HR&A, instead recommend the innovation district concept for UGA at this point in the evolution of the university and town. While there are examples of successful university-led research parks, these parks have not typically fostered a multi-faceted entrepreneurial ecosystem. Instead, companies housed in research parks tend to work in relative isolation from the university and community.

The HR&A report states that innovation districts, or knowledge communities, have emerged as a new model of a collaborative effort involving universities, local/state government and industry partners with the unique potential to spur economic development. Innovation districts build on the research park model, but emphasize collaborative space, open innovation, and integration of amenities to facilitate a live/work/play/learn environment. These districts bring together companies, entrepreneurs, universities, researchers, and investors—across disciplines—to collaborate, produce new discoveries and launch new ventures. While many of the early examples of thriving innovation districts were located in large urban areas, university-led districts are increasingly catalyzing economic development in smaller cities.

To explore how an innovation district or research park might facilitate the growth of UGA’s innovation and entrepreneurship initiatives and facilitate regional economic growth, the Task Force conducted an initial benchmarking analysis of more than 30 innovation districts and research parks. After initial review, and in consultation with outside experts, the Task Force focused on districts that were: i) led by a public university, ideally a land grant institution; ii) based in a small city, ideally within a one to two hour drive of a major city; iii) demonstrated success in innovation-driven economic development; and iv) based on a public-private partnership.

Task Force members visited the following districts/parks and used a defined list of questions covering planning, site selection, governance partnerships, metrics, and programming to explore best practices and lessons learned.

- Research Park: Illinois, Urbana-Champaign
- Discovery Park District: Purdue University
- Innovation Quarter: Wake Forest University
- SkySong: Arizona State University
- Tech Square: Georgia Institute of Technology
- Innovation and Arts District: Auburn University

In addition to site visits, Task Force members hosted speakers at UGA and also participated in conference calls and other benchmarking activities with the following districts/parks and affiliated organizations.

- TUFF: The University Finance Foundation
- Wexford Science and Technology (developer)
- Innovate Birmingham: Innovation Depot: University of Alabama-Birmingham
- Innovation Hub: University of Florida
- Centennial Campus: North Carolina State University
- Cherokee Farm Innovation Campus: University of Tennessee
- CU-ICAR: (International Center for Automotive Research): Clemson University
- Discovery District: University of Maryland
- Innovation Park: Louisiana State University

Several key themes emerged as critical elements of successful districts:

1. University leadership is essential. The university must spearhead the opportunity and shepherd the vision focused on institutional mission and strengths. The university does not need to own everything, but it must anchor the opportunity.
2. Public-private partnerships are necessary for sustained success. Access to faculty expertise, student talent, core facilities/equipment, and intellectual capital are key drivers for industry engagement. Where a developer is used, the developer should be involved in every aspect, from facilities planning to location and real estate choices.
3. There is no secret formula—the district must be unique and authentic to the university and city. It should leverage university strengths and regional assets. Creative and authentic ways to support a live/work/play/learn environment are essential.

4. High quality and engaging programmatic offers are essential to promote interactions (a.k.a. collisions) and facilitate collaboration. Strong, dedicated leadership focused on programmatic development (e.g. a “cruise director”) is critically important.
5. Space design and location are paramount. The location should provide convenient access for faculty and students, as well as the community; an inviting gateway connecting campus and community is also important. There should be sufficient acreage to allow growth over time. The design should include flexible space suited for innovation clusters, events, programming, etc. It should also promote “collisions” of colleagues from multiple disciplines and be flexibly adaptable to changing uses over time. Practical considerations include access to parking, inviting walkways, and bike paths.
6. It must include innovation infrastructure to support entrepreneurial culture. Elements to include: i) shared academic/industry workspaces that promote open innovation; ii) incubators/accelerators/maker spaces; iii) support services such as branding, marketing, legal support for business/IP, venture capitalists, etc. that support early stage entrepreneurs and businesses.
7. The plan should be flexible to accommodate changing priorities and economic shifts.

LOCATING THE DISTRICT

As emphasized in the HR&A report and in virtually every discussion of innovation districts, optimal location and design are critical to the success of these projects. Specifically, it is imperative that location take advantage of local amenities that foster a live/work/play/learn environment, and both the location and design should encourage maximum foot traffic and be welcoming to visitors.

With these points in mind, the Task Force worked with the Office of the University Architects to identify sites owned by the university or the UGA Real Estate Foundation that are suitable for the Innovation District. The table summarizes the three groups of sites, number of parcels, and total acreage available at each location.

	Number of parcels	Total Acreage
Downtown Adjacent	9	15.6
College Station Adjacent	6	293.0
South Milledge Adjacent	4	97.8

The Downtown Adjacent group of parcels emerged as a favorite once the Task Force focused on creating a vibrant entrepreneurial district that connected the university with the greater Athens community. The images below display the parcels that are available to UGA immediately adjacent to downtown. The two western parcels are approximately 4 acres in total and are located north of the new Terry Business Learning Community (figure A).

The eastern group of seven parcels has between 11 and 12 acres total and is located west of Oconee Street (figure B). It is adjacent to university facilities such as the North Campus Parking Deck, as well as several downtown university offices. Larger maps of these sites are provided in the Appendix (Appendix 2).



Figure A - Western Parcels



Figure B - Eastern Parcels

The vision of creating a vibrant District that connects with the greater Athens community leads to the recommendation to locate the District in the group of eastern parcels adjacent to Oconee Street. This group of parcels has several desirable features:

1. Three of the seven parcels have existing facilities that could be utilized to initiate District activities in the first 6-12 months.
2. Four of the seven sites are in use currently for parking and could be used over time as sites for several buildings of the Innovation District. All parcels are located within a 15-minute walk to downtown amenities such as restaurants, nightlife, and housing.
3. The sites surrounding these parcels provide opportunities for private development of new amenities.
4. The sites provide a long-term (five to ten years) opportunity to connect to a potential ‘research park’ or ‘graduation space’ in the large parcels adjacent to College Station. This connection already exists through a walking and biking greenway that should be completed by Athens-Clarke County in a one- to three-year period. In addition, the possible construction of a connector from the District to the North Oconee River Greenway would further emphasize play amenities.

5. Conceivably, the use of trolleys on the re-activated train line that runs through the eastern parcels could provide an opportunity to connect the District with UGA’s arts campus as well.

While the eastern parcels adjacent to Oconee Street seem most attractive based on the analysis to date, the task force also recognizes several desirable features associated with the four acres located north of the Terry College Business Learning Community on Lumpkin Street, including:

1. The parcels also are a short walk to a range of downtown amenities.
2. This land is proximal to the forthcoming Student Startup Incubator on West Broad Street, set to open in January 2019, as well as first-year student housing, including Creswell Hall, the site of the Entrepreneurial Living Learning Community.
3. The size and location of these parcels may enable a site design that better accommodates vehicular traffic and parking.



DOWNTOWN ADJACENT CAPACITY STUDY

The Task Force asked the Office of the University Architects to conduct a capacity study to estimate the square footage of new space that could be constructed on the seven parcels adjacent to downtown, as the recommended location. The estimate accounted for general characteristics such as appropriate building height, amount of green space, etc., but did not take into account details such as amount of parking or the development of retail and other amenities to support the Innovation District. A similar study could be conducted on the parcels abutting Lumpkin Street.

The above figure is a notional concept of the full development of the seven eastern parcels adjacent to downtown. The buildings in yellow are 'massing concepts' that illustrate the estimated size and height

of buildings that could be constructed on the parcels. A summary of the current and potential uses of the seven parcels is provided in the table below, along with a list of any enabling projects that would need to occur to utilize the parcel for the District.

The analysis conducted by OUA estimates that the 12.195 acres of the eastern parcels could be utilized to construct approximately 466,500 square feet of new building space. The total square footage available to the Innovation District could increase to approximately 500,000 square feet if the Hodgson Oil Building were included in this project at some point in the future, although adapting that facility for this purpose is not viewed as a critical step to the overall success of the project. A parking map is provided in the Appendix to illustrate the location of relevant parking lots on campus (Appendix 3).

DOWNTOWN ADJACENT CAPACITY STUDY

Name	Size (acres)	Current Use	Potential Building Size (sf)	Enabling Project
Lot N04 (west)	0.739	Parking (54 spaces)	40,000	Potential demolition of Former Print Services Bldg.
Lot N04 (east)	0.592	Parking (46 spaces)	30,000	Replace parking
Lot N03	0.914	Parking (76 spaces)	66,000	Replace parking
Thomas St. Art and Lot N03	1.640	LDSOA Sculpture Dept, parking (29 spaces)	73,000	Relocation of LDSOA Sculpture Dept, replace parking
Hodgson Oil and Lot N03	1.58	UGA Police Dept, Emergency Preparedness, and Marketing and Communications, Parking (81 spaces)	Reuse of Hodgson Oil (32,000)	Relocation of current services
Lot N02	4.400	Parking (250 spaces)	190,000	Replace parking
Riverfront – Lot N12	2.330	Parking (252 spaces)	67,500	Replace parking; 100-year floodplain
Total	12.195		466,500	

PROGRAMMING

Reports on innovation districts, including from our consultants HR&A, uniformly stress the critical importance of programming, both with respect to building design and the programmatic offerings that occur in the building.

Building Design. The Task Force proposes that an early event in the development of the Innovation District should be the construction of a single building, Innovate, that is technology-rich and infrastructure-lite. HR&A suggests this building should be at least 60,000 to 90,000 square feet in order to have sufficient space for activation. Based on these minimums and consistent with best practices gleaned from national experiences, HR&A recommends a model in which of the total amount: i) 5,000 to 10,000 square feet is dedicated to open/free space; ii) 20,000 to 30,000 square feet to co-working/incubator space; and iii) 35,000 to 50,000 square feet to traditional office space.

The open space is where the ‘collisions’ and blue-sky thinking occur that feed the pipeline of young and growing companies that may eventually inhabit the co-working or formal office space. As described by HR&A, the open space is a “petri-dish” for new ideas. White boards and informal, easily rearranged furniture abound. This space should be accessible to a wide audience, with modest-to-no charge in order to encourage maximal use. While appearing to be loosely or un-organized, this space will require the most curation by Innovate staff, who should help to foster discussions and make connections both within Innovate and externally (e.g. UGA units, industry partners). Ideally, some Innovate space will be devoted to retail (e.g., coffee shops, eateries) that draw people into the building and encourage diverse collaborations, in addition to generating lease revenue.

The co-working or shared space will serve as an incubator, helping new and young companies grow by providing low-cost, flexible space with minimal lease terms. The Task Force expects most occupants to be UGA faculty/student/staff startups, though some mix of community-based startups (or university-community collaborations) would likely promote the entrepreneurial vibe. The Task Force envisions this co-working space as dynamic, with relatively short residency periods. (Note: this coworker/incubator space is not intended to serve lab-based life science companies; Innovation Gateway’s existing, life science incubator space will continue to house such

companies.). This co-working component may also house shared support activities, such as a maker or prototype design facility that is connected to other prototyping facilities around campus (e.g. in the Science Library).

Traditional office space will be leased to companies large and small (potentially including incubator graduates) that wish to have greater access to UGA faculty, students, staff and resources. Some resident companies may be existing UGA partners, including the three established companies that currently rent embedded research space at UGA (not counting startups), while others may be new or potential partners. The proximity of these companies to faculty and students will lead to new opportunities for UGA, including sponsored research agreements, the licensing of technologies, investment in startups, internships and experiential learning opportunities. In its report, HR&A recommends that consideration be given to including non-profits as residents, noting that selective inclusion of non-profits can contribute to the work/live/play/learn vibe in addition to generating rent income. A small amount of traditional office space will also house a limited Innovate support team.

As noted, the clear priorities for Innovate space are: the collision/convergence space; the incubator for new companies; housing for industry partner; modest space for the Innovate team, which will be heavily involved in programming and the curation of activities; and limited retail space. If additional space is available (e.g., with a larger building), there is a good argument for housing select UGA units (anchor elements). For example, HR&A lists Innovation Gateway as a potential anchor user of Innovate. This unit provides experienced incubator management, supports the university’s entrepreneurial activities, particularly for faculty and graduate students through its I-Corps accelerator program, provides intellectual property expertise, and is a key component of UGA’s comprehensive industry engagement team. Its proximity to startups and industry partners would be highly beneficial to the project goals. HR&A also lists the UGA Idea Accelerator and other programs under the umbrella of the Terry College Entrepreneurship Program as potential anchor users of Innovate. Leveraging these particular programs could help to promote student and industry engagement in the project, to create new experiential learning opportunities, and to form new student-centered synergies around innovation and entrepreneurship.

Young startup companies require various types of assistance to survive and prosper; therefore, pending space availability, Innovate could offer leasable space for experienced entrepreneurs and managers, IP attorneys, and investors. The University of Florida provides a successful model for such space utilization and suggests that these offices will be shared/rented part-time. Other examples of possible supporting activities with space in Innovate could be Law School and/or Terry College of Business clinics that assist startups with corporate law and tax matters. Related, Innovate will also have shared amenities, such as conference rooms and A/V equipment for making presentations to investors.

Programmatic Offerings and Activities. As previously noted and emphasized in the HR&A report, the success of Innovate and the larger Innovation District will require activation brought about by frequent intentional and thoughtful programming. Moreover, programming should encourage the mixing of a broad, multi-disciplinary, heterogeneous population. In particular, there should be a concerted effort to engage the arts and humanities, as well as mixing individuals from academia and the private sector.

Based on experiences across the country, these essential formal and informal interactions should include mini-lecture series (“Ted Talks”), a monthly curated and sponsored speaker series, hackathons and STEAM camps (robot camps, science fairs, arts festivals, etc.). Social events such as pop-up dinners hosted by Athens’ chefs, curated happy hours, and fitness events (e.g., yoga) also promote the work/live/play/learn atmosphere. As emphasized in the HR&A report, the inclusion of retail and food outlets in Innovate will further encourage foot traffic, help to keep building inhabitants onsite, and promote a 24/7 scene.

This intense programming will be the responsibility of the full-time Innovate director and his/her team. In programming activities, the team should engage with local partners. These partners may include local supporters of startup activity, such as Four Athens and Athensmade, Athens-Clark Economic Development, the Athens Area Chamber of Commerce, Athens Technical College, local non-profits, and K-12 schools. Innovate also will provide an opportunity to constructively engage alumni. An advisory board, drawn from these various entities, could help to guide programming.

In addition to the programming, the Innovate support team will be responsible for curating interactions in the open innovation spaces, engaging the UGA and Athens communities, recruiting companies to Innovate, supporting residents and interacting with possible partner-developers, etc. Emphasis should be placed on engaging UGA and community entities that support business development (e.g., UGA’s SBDC, the local Chamber of Commerce, the community economic development function, etc.). The Task Force believes it will be important for the director to have regular access to the UGA president.

“Plan B.” It should be emphasized that Innovate would be an extremely valuable addition to the UGA physical plant, even if this initial vision for its use and the larger vision of an innovation district are unrealized. At a minimum, the building would enable co-location of the various university programs that foster innovation and entrepreneurship, making it the go-to place for both students and faculty. Co-location of these programs would further their integration, help to achieve synergies among them, and facilitate the branding and marketing of UGA as an innovation-leading university. Programs that could be co-located in Innovate include those already named: Innovation Gateway, the UGA Entrepreneurship Program, the Small Business Development Center, the UGA IDEA Accelerator, and the I-Corps Accelerator. Furthermore, Innovate could provide incubator space for startups not requiring laboratory space. The establishment of robust accelerator programs at UGA has dramatically increased the number of new projects entering the startup pipeline.

FINANCING

The development and operation of the Innovation District will require significant investment over time. The primary expenses will include capital expenses (buildings, furnishings, and essential equipment) and operational expenses (building/equipment maintenance, personnel, and programming).

Capital expenses have been financed through various models nationally, including:

- university and/or university foundation led projects;

- developer led projects, often on university owned land (financed privately); and
- public-private partnerships (P-3) with mixed governance.

Operational expenses are typically the responsibility of the university, except in P-3 models with mixed governance, in which case, the developer and university share expenses.

Successful innovation districts also generate some revenue, primarily through rental/lease arrangements. Revenue can be generated from resident companies, startup or mature, as well as from retail services. In a P-3 model, these revenues will ordinarily benefit the developer, at least in the early years of the collaboration. While more difficult to quantify directly, the university is also expected to gain financial value from increased sponsored research and commercialization of university-based research, directly or indirectly related to the district.

While all three models for financing the Innovation District may be feasible, the Task Force recommends investigating a Public-Private partnership with mixed governance. This approach allows some degree of independence between the university and the Innovation District, which can aid in attracting private industry to the district, while allowing UGA to retain some degree of control and equity.

In contrast, a private developer-led model has the risk of turning into a real-estate transaction, with the developer looking for a specific exit and a high return on investment. A university or university foundation-led effort, with no invested industry partners, will effectively add limited new value or perspective compared to already existing facilities and programs available on campus.

There are two broad approaches for establishing a P-3 development with mixed governance:

- (1) Partnership with a fee-based developer: A fee-based developer will assist with all aspects of developing and managing such a facility including site selection/acquisition, financial engineering (exploring available tax credits and other financing options) as well as general management of the facility. The latter includes facility modifications and upkeep, lease

arrangements with external partners, and staffing to oversee “activation” of the Innovation District. In exchange, the fee-based developer enters into a multiyear, fee structure with the university that allows the developer to recoup its costs and profits. Upon completion of the terms (e.g., 30-year term), the property ownership transfers back to the university.

- (2) Partnership with a shared-risk developer: A risk-based developer will also assist with all aspects of developing and managing such a facility, as described above. However, the shared-risk developer assumes greater risks in the development and management of the facility, and draws a greater share of its income through rental and other financial arrangements. In exchange, a university typically enters into a longer-term partnership (e.g., 99-year ground lease arrangement, with some minimum space utilization arrangements) but will have lower financial commitments and less control with respect to the overall effort. The developer and the university ideally work in close collaboration, with the developer often having an “open-book” relationship with the university and ensuring that the company has some permanent staff housed at the facility.

The Task Force identified two companies that have extensive experience in working with universities and medical centers around the country to develop their innovation districts. The University Finance Foundation, Inc. (“TUFF”; www.tuff.org) is an example of a company that primarily works in a fee-based model. In contrast, Wexford Science and Tech (www.wexfordscitech.com) prefers working on a shared-risk model. However, both companies have customized arrangements around the needs, opportunities and overall vision/goals of different university clients.

The Task Force recommends that UGA issue an RFP to select an external developer who will work with the university to develop the Innovation District via a P-3 model. UGA would then work with the developer to create a master plan for the Innovation District (including the multiple buildings/spaces identified in the “Locating the District” section of this report. Once a plan is approved, individual building can then be funded through a combination of funding sources, including participation of the university foundation(s), funding through private gifts, and state/city financing or incentives.

LAUNCHING

As recommended by consultants HR&A, UGA's first steps should include identifying a project leader and corresponding Launch Team with an operational budget and the authority to engage staff and consultants as needed. The Launch Team could include representatives from some of the following university units: the Office of the President, the Provost's Office, the Office of Instruction, the Office of Research, the Office of Public Service and Outreach, Government Relations, Colleges and Schools (including the Terry College Entrepreneurship Program), Budget and Planning, and the University Architects Office. In establishing the Launch Team, UGA should decide which individual/unit has primary responsibility for overseeing the development of Innovate and the broader district.

The following are specific steps the Launch Team should take, along and a rough sequence for implementing them.

IDEATION (PHASE I)

1. Commit to a long-term vision of an innovation district, including identifying the preferred models for financing, building and operation of the Innovation District.
2. Identify reporting and oversight of this effort; which administrative leader and unit/office is ultimately responsible for the planning, launch, and long-term operation of this effort.
3. Charge a committee to develop/approve a master plan. Hire outside consultant as needed. Work with other entities, including city/county, as appropriate.
4. Draft and announce an RFP for financing and developing the district.
5. Identify and secure funding for recurring/operational costs for Innovate and the broader Innovation District.
6. Initiate early discussions with select industry partners who may be willing to commit to leasing space in Innovate and serve as anchor tenants.
7. Charge a committee to review internal UGA processes that can further enhance entrepreneurial efforts and lower the barriers for pursuing such efforts. The

committee should look at barriers and opportunities within academic units (departments/colleges) and administrative units (OVPR for research; OVPI for students; other units for staff activities).

INCUBATION (PHASE II)

1. Select development partner(s) following responses to the RFP.
2. Approve master plan in collaboration with the development partner(s).
3. Develop and approve a governance plan for the facility and the district.
4. Identify incentives and responsibilities that help attract the right industry partners in the facility.
5. Secure site for development of Innovate.
6. Secure 2-5 anchor tenants for Innovate.
7. Develop a marketing and branding plan for the district and Innovate.

ACCELERATION (PHASE III)

1. Initiate construction of Innovate.
2. Hire director and other staff to oversee and activate Innovate and the Innovation District.
3. Develop a strategy for activation of the Innovation District.
4. Continue seeking additional tenants for the Innovation District.
5. Begin implementing recommendations from the committee that reviews UGA internal processes.

LAUNCH AND SCALE (PHASE IV AND BEYOND)

1. Formal opening of Innovate, with moving-in of anchor tenants and UGA personnel.
2. Launch of various programming to activate the space.
3. Continue search of additional industry partners to occupy Innovate.
4. Planning and/or initiate additional construction depending upon demand and opportunity.

IMPACTS AND METRICS

A UGA-led innovation district can serve as a major engine for UGA's land-grant mission in the 21st century by increasing economic impact and enhancing Georgia's competitiveness in the knowledge-based economy. The district will serve as a "front door" for accessing UGA's innovation capacity and talent pipeline. The initial phase of the Innovation District will focus on creating and marketing programmatic offerings and activities to build participation and awareness. Metrics during this phase will include the number and types of users of the Innovate facility as well as measures of awareness about the Innovate facility among industry partners and other stakeholders. As the Innovation District matures, more advanced measures of a successful district would include:

Impact: Increased visibility of UGA research and innovation activities, including with industry.

Metrics:

- Improved national and international rankings of UGA research and commercialization efforts
- Increased references to UGA research and innovation in media/social media
- Occupancy of available space

Impact: Increased interactions with industry.

Metrics:

- Increased industry R&D expenditures at UGA
- Increased licensing of UGA technologies to industry
- Increased student internships and experiential learning opportunities with industry

Impact: Increased, and more successful, entrepreneurial activity involving UGA personnel.

Metrics:

- Increased number of UGA faculty/student/staff teams participating in the incubator/accelerator
- Increased number of faculty/student/staff-led startup companies launched annually
- Increased number of Small Business Innovation Research (SBIR) grants and investment funding awarded to Athens-based and UGA spinoff companies

Impact: Creation of a "startup buzz" around Athens and UGA.

Metrics:

- Increased number of community-based startup companies
- Increased Athens commercial space devoted to technology-based economic development

APPENDICES

Appendix 1: University of Georgia Innovation District Report, Developed by HR&A

Appendix 2: Innovation District Potential Parcels

Appendix 3: Parking Map Detailing Areas Impacted by Potential Building Sites



GEORGIA

UNIVERSITY OF GEORGIA
INNOVATION DISTRICT REPORT



June 27, 2018

Contents

Executive Summary	2
Introduction	2
What is the vision for a UGA innovation district and what are the essential elements?	4
What are the UGA uses/users that should anchor an innovation district?	8
What are the strengths of UGA and Athens that could drive an innovation district?	9
What are UGA's weaknesses that the effort to create an innovation center must address?	11
What are the specific components of an innovation district, and how big might the anchor facility be?	12
How is the initial phase financed?	16
What role do partner organizations play?	19
How should UGA Identify the Target Industry Partners to Create the Collaborative Environment?	20
How should the innovation district be governed and operated?	21
What is the timeline to open the first phase and what are the next steps?	23
Introduction to Selected Case Studies	24
The Frontier, Research Triangle Park	25
Tech Square, Atlanta	26
Lassonde Studios, Salt Lake City	28
Iowa State Student Innovation Center, Ames	30
Appendix A: Stakeholders Interviewed	32
Appendix B: What would best promote UGA's entrepreneurship and innovation? A Research Park or an Innovation District?	34

Executive Summary

HR&A interviewed numerous University of Georgia (UGA) stakeholders and produced the following report to assist the President's Task Force in answering a series of key questions related to the development and activation of an innovation district in Athens that is programmatically designed and driven in order to serve the mission of UGA. HR&A recommends that UGA pursue the development of an innovation district that encompasses a portion of the campus as well as the heart of downtown Athens to leverage the strength and activity of that neighborhood. HR&A further recommends that UGA not attempt to develop a costly research park at this time. Furthermore, HR&A suggests that UGA build this district around an initial convergence facility anchored by a variety of UGA programs and activities that focus on economic development, industry partnerships, and entrepreneurship. In addition to these UGA programs anchoring the building, the convergence facility should incorporate a range of partners that conduct programming and initiatives to enliven the facility and create a collaborative and inspirational environment. A unique building of convergence could be between 60,000 to 90,000 square feet; it should contain a central open innovation area that all members of the community are welcome to use for productive coworking at little to no cost. UGA could open this facility in two to three years if built as a new building, or in as little as six to nine months if instead it is an existing building that requires minor renovation. Prior to announcing the innovation district and convergence facility, UGA should first develop a business plan that addresses the details of the budget and reporting structure of the team that manages both the district and facility. In addition, UGA should establish a start-up team that will create the necessary documents and templates to engage with potential partners, oversee the physical development, initiate "convergence" programming and establish a leasing model for the new facility.

Introduction

Over the past five years UGA substantially increased the level of research conducted on its campuses and also its prestige as an institution. UGA is now looking to build-on and expand these trends by starting a research and innovation district to help attract potential industrial partners and bolster the technology sector in Athens. The U.S. News & World Report ranked UGA #16 in its 2018 listing of the best public universities in America, a rise of two spots and the second year that UGA made the top 20. With research and development expenditures of \$458 million in fiscal year 2017, \$8.7 million in licensing revenues in fiscal year 2017, over 160 startups to date based on UGA technology, and a statewide economic impact of \$5.9B, UGA has cemented its status as a top-tier research university and a powerhouse of the Georgia economy. To further advance UGA's teaching, research, and service missions, the University convened a President's Task Force ("Task Force") to develop a strategic, long-term vision for an innovation district at the University of Georgia. HR&A heard from some stakeholders during interviews that they are not clear on the distinction between a research park and an innovation district. During these interviews a research park was references as a future objective by a number of other stakeholders. In response, HR&A has provided a summary of the different approaches and an assessment of the suitability for UGA in Appendix B.

The Task Force is comprised of prominent stakeholders from throughout UGA and is charged with delivering answers to key questions related to the design, programming, location, financing, and entrepreneurial ecosystem of an innovation district. The specific objectives for the innovation district the Task Force defined in its draft vision document dated March 28, 2018 and shared with HR&A are:

- Increase the visibility of UGA research and innovation activities
- Increase the number of faculty and student teams participating in the incubator/accelerator programs to evaluate potential new business opportunities
- Increase the number of faculty and student-led startup companies launched annually
- Increase the number of Small Business Innovation Research (SBIR) grants, and investment funding, awarded to Athens-based and UGA spinout companies
- Increase industry-supported research expenditures at UGA
- Expand local talent capacity in key technology sectors
- Increase commercial space availability for economic development

The Task Force engaged HR&A Advisors, Inc. (HR&A) to help answer key questions related to the creation of the district, with a focus on the potential activating and innovation-enhancing programmatic activities and uses. HR&A is an industry leader in economic development, real estate, and public policy consulting. For over 35 years, HR&A has built a distinguished track record solving complex real estate and economic development challenges on behalf of institutional clients. In this time, HR&A has assisted universities nationwide with effective long-term growth strategies, including Columbia University, Brown University, the University of Pennsylvania, Johns Hopkins University, Auburn University, and Clemson University.

Through interviews with stakeholders from UGA and the Athens community as well as a review of data provided by UGA, HR&A developed the following recommendations to guide the creation and activation of an innovation district. The report organizes the recommendations as a series of key questions and answers covering the formation, financing, and operation of a vibrant innovation district. The questions are:

- What would best promote UGA's entrepreneurship and innovation? A research park or an innovation district? What are the advantages and disadvantages of each?
- What is the vision for this district and what are the essential elements?
- What are the UGA uses/users that should anchor an innovation district?
- What are the strengths of UGA and Athens that could drive an innovation district?
- What are UGA's weaknesses that the effort to create an innovation center must address?
- What are the specific components of an innovation district? How big might the anchor facility be?
- How is the initial phase financed?
- What role do partner organizations play?
- How should UGA identify the target industry partners to create the collaborative environment?

- How is the innovation district governed and operated?
- What is the timeline to open the first phase and what are the next steps?

HR&A's scope does not include an evaluation of the potential location of the innovation district and any anchor facilities. However, The President's Task Force should understand that location influences the governance strategy as well as the financing options. HR&A understands from our interview with the leaders of the physical location sub-group of the Task Force that UGA is evaluating several potential sites for the initial facility but is likely to construct a new building on its own campus in order to maintain control of the programming and because UGA believes that sufficient appropriate space is not currently available in town.

The remainder of this report addresses the above questions and provides HR&A's recommendations to the President's Task Force.

What is the vision for a UGA innovation district and what are the essential elements?

An innovation district requires a vision to inspire potential users and partners to guide the development and to ensure that it meets UGA's goals and objectives. HR&A recommends that UGA organize the effort to develop an innovation district around the below vision statement. The statement emphasizes the proposed theme for the innovation district of convergence and bringing together UGA and Athens' various strengths to shape and build the next big idea.

The Innovation District at UGA will be a dynamic place for learning and discovery. Embracing the living legacy of UGA, this new community of collaboration will promote greater economic growth, foster partnerships, and promote a vibrant entrepreneurial network. Bridging downtown Athens and the UGA campus, this district of creativity and innovation will be designed to promote intentional collision between science, technology, arts, and humanities: A recognized destination for a new way of thinking, working, and sharing.

The Essential Elements of an Innovation District

This vision statement points to the four essential elements that make innovation districts successful:

- 1) **Highly collaborative:** the district must contain spaces that attract people and encourages them to engage with new ideas and concepts. Deliberate activation and programming must take a physical place from solely being a collaborative space to being a highly convergent and socially engaging environment.
- 2) **Inspiring:** Inspiration can be achieved through architecture, art, or physical place making. However, it is the activity and innovation that must inspire most of all, which requires that the district include the arts and humanities to tell the story of those who drive innovation in the district and at UGA. This inspiration also requires the district be programmed with engaging events.

- 3) **Authentic:** A successful innovation district should highlight the unique culture of the area rather than imitating innovation or research facilities around the nation. This indicates that the district should leverage the strengths of the broader Athens community such as its food, music, art, education, and history to create an authentic and unique place that could not be found anywhere else.
- 4) **Accessible and Affordable:** Innovation occurs when the costs of materials are low, repercussions of failure are minimal, and a broad segment of the population feels welcome, allowing for experimentation. Creating accessible and affordable space is key to experimentation and investment by entrepreneurs in ideas that do not yet have a clear return-on-investment. It can be difficult to provide accessible and affordable spaces in new construction where the users must pay for the cost of the building. Additionally, a new building that is a signature architectural statement can make this even more challenging due to even higher construction costs, and also because many potential innovators might feel that the physical space is reserved for programs with greater perceived worth or importance. Both the cost and culture can either be a welcome mat that encourages entrepreneurship, or an unintended turn-off.

Implications of the Essential Elements for the Innovation District Program: A Convergence Facility

The four essential elements highlighted in the prior section provide indications of what the innovation district program should contain and what the programming should be. HR&A recommends that the programmatic driver or academic/research anchor of the UGA innovation district be a convergence facility, an accessible and affordable building in which a portion is open to community members for any productive use at greatly reduced cost. The convergence center is a programmed space that encourages individuals and groups from multi-disciplinary interests to engage with one another in both traditional and non-traditional ways. The space should be technology-rich and open and accessible to multiple platforms - entrepreneurial, service, social, research, arts, humanities, not-profit and for profit. In addition, it should be designed to facilitate the application of current innovative technologies and structured to permit smooth transitions to and incorporation of new technologies as they develop.

The convergence facility represents the initial beginnings of the innovation district, a place to create a critical mass of entrepreneurship and innovation from which to build the reputation of a broader district. This convergence facility brings together the four essential elements of the innovation district.

Collaborative:

In order to make a fully collaborative environment the innovation district should contain open innovation spaces: places that encourage spontaneous interactions for unanticipated connections or work on as-yet unidentified ideas and concepts. This indicates that the district should not rely on infrastructure-heavy science or lab spaces as these are typically expensive and closed to most of the community due to the high level of specialization. Furthermore, active encouragement of collaboration indicates that the district governance must include an operations team that plans and programs events in the anchor facility and throughout the district, as is further discussed in the section on governance.

Inspiring:

While the architecture, art, and physical place making may inspire visitors, broader inspiration involves telling the story of the drivers of innovation in the district and at UGA. This storytelling element requires active programming and events and indicates a critical role for the humanities as storytellers on an equal partnership with technology or science-oriented users. Encouraging UGA's humanities students and teams to use the facility will be an active effort that for example may take the form of formal programs to bring communications teams into contact with teams that are ready to commercialize a new product idea. A successful program creates a win-win opportunity by providing the humanities experts with valuable real-life learning experiences while also helping the team working on the product concept.

Authentic:

Athens' authenticity is the strength of its community and is the convergence of its arts, sciences, education, food, and music that occurs at the intersection of downtown and the UGA campus. The authenticity of this district comes from the long tradition of live music, the numerous visual arts centers, and the academic strength and vibrancy of the UGA campus. While Athens does not have an old industrial district with historic buildings whose architecture is one form of authenticity, the innovation district should instead focus on the history of Athens art, culture, and academic curiosity that is unparalleled in Georgia and unique to Athens. The convergence facility that is the first phase of the innovation district should thus plan for spaces to incorporate the arts and music that contribute to Athens' vibrant reputation.

Accessible and Affordable:

HR&A understands that the physical location subgroup to the Task Force is considering recommending the creation of a new building to anchor the innovation district: this will present challenges to providing accessible and affordable space for entrepreneurs and innovators. Requirements for a financially sustainable space indicate that users will need to cover the cost of the construction and operation of the facility, which is a particular challenge for entrepreneurs and small companies that are pursuing ideas that do not yet have a clear return-on-investment. HR&A recommends against making this building a signature architectural statement, as this increases costs further and may also have an adverse effect on the culture by creating a perception that the building is reserved for 'precious' programs rather than innovation and experimentation.

To activate the district HR&A recommends that UGA provide within the convergence facility an open innovation space that any member of the community could use for free or greatly reduced cost for productive purposes.¹ In addition, the convergence facility should include co-working space that small firms or individuals desiring more control of their surrounding could rent at affordable costs and with minimal obligation. While during initial phases the objective is to activate the building with people, as the space becomes more successful UGA should consider developing a narrower tenant profile of firm types and activities that align to the mission and competitive advantage of the innovation district. The team responsible for managing the

¹ Due to the unknown and experimental nature of innovation, "productive" is defined as the contrast to its antithesis. Productive is any use of the space that does not unduly disrupt, infringe, or molest other users. Examples of productive use might include engaging with students/faculty, freelancing, forming a new business, or holding a meeting.

long-term stabilized facility should have responsibility for developing this profile based on their observation of what firms best collaborate with UGA and utilize the facility to its full potential. This range of spaces provides affordable locations for experimentation and collaboration and are a critical element of the program to make the community feel welcome.

What are the Metrics for the Success of the Open Space in the Convergence Facility

While the open space in the convergence facility might look unplanned, it is actually a highly curated asset that UGA should evaluate using clear and measurable metrics. The initial phase when just opened should be entirely about building audience and brand awareness to get the center successfully launched and sustainable. Metrics during this phase thus should focus more on the number and type of users and the awareness among UGA industry partners and stakeholders about the facility. Once UGA achieves stabilized operations with a core of users in the open space, co-working space, and private offices, then the focus should turn to more advanced metrics. The metrics at this point to evaluate the success of this open space might be:

- Number and mix of people/repeat users (industry, government, student, faculty, entrepreneur);
- Social media presence and activity;
- Realized sponsorship opportunities for initiatives and activities; and,
- Number of initial entrepreneurial users that advance to taking leased office space in the convergence facility or outside in the broader innovation district.

The above list is a sample to demonstrate how UGA should monitor and track the outputs from this open space closely. The start-up team described in the governance section in this report should further develop the metrics for the open space as they observe how constituents use it, and as UGA and the team refine and further experiment with the role of this space in the activation and operation of the overall convergence facility.

The Role and Meaning of Economic Development & Growth

As hinted at in the objectives from the President's Task Force and called out directly in the vision HR&A recommends, economic development and growth are an important outcome of a successful innovation district. Economic development is fundamentally increasing the opportunities for Athens residents and UGA students to productively engage and contribute to society, and in so doing realize their potential. In practice, this is an expansion of high-quality firms and jobs producing goods, services, and ideas in Athens. Indicators of UGA's innovation district increasing economic development might be:

- 1) An increase in the number of start-up companies working and hiring in the Athens region;
- 2) This start-up activity generating interest in Athens from mid- and large-size investors. The convergence center thus becomes a driver of the district, and the district fuels the growth of the region;

- 3) Ultimately, this start-up engine expanding opportunities beyond Athens to other parts of Georgia.

What are the UGA uses/users that should anchor an innovation district?

HR&A recommends that UGA anchor the convergence facility with a mix of uses that combined are a portal for entrepreneurship, innovation, and research support. These uses, such as the Innovation Gateway, would collectively advance economic development, industry partnerships, and growth of UGA as a research leader. The concept of centralizing those offices focused on entrepreneurship and pairing them with 1) an open environment for exploring and commercializing ideas and 2) dedicated spaces for industry partners has the potential to create a uniquely innovative space that could not be found elsewhere on the UGA campus.

This mix of uses orient the innovation district around convergence: combining UGA's various strengths to shape and build a 'Big Idea' that may be unknown or unforeseeable at this time. UGA may consider emphasizing this theme by running periodic competitions to provide funding and space at the convergence facility to a multidisciplinary team of faculty from across UGA who come together and propose a research program around a new 'big idea'. The objective of this convergence is to uncover and release big, inspirational, and exciting ideas that could become the basis for new companies, new research centers, and new growth for UGA and or Athens. By converging strengths and increasing the flow of ideas, UGA creates opportunities that aren't currently occurring for unexpected breakthroughs or identification of concepts for exploration.

Through interviews with stakeholders, HR&A found that UGA has a variety of engaging users, but no single program that needs expansion or new space to justify construction of a new building. However, all stakeholders agreed that an innovation district would be an asset for UGA. While these stakeholders do not yet see a clear physical role for themselves or their department in the district, as the district develops and the reputation grows more UGA faculty will seek to locate there or to become more involved.

The Role of the Hard Sciences and Laboratories

Although UGA has considerable strength in the sciences, HR&A recommends against anchoring the facility primarily with a laboratory or sciences user whose facilities may be more limited with regards to public engagement. Being specialized and expensive spaces, as a rule such laboratories are a contrast to the collaborative and accessible/affordable elements of vibrant and successful innovation districts. Programming these laboratory spaces and promoting collaboration is substantially costlier as well because laboratory facilities require periodic investment and renovation to maintain them as cutting-edge facilities. Furthermore, UGA has approximately 30 existing research centers and institutes, many of which have specialized research facilities, indicating that the innovation district should have a distinct focus and value proposition rather than replicating the purpose and objectives of these existing facilities.

While we recommend against anchoring the innovation district with an infrastructure-heavy laboratory facility, there can be a role for science laboratories in the district. The innovative districts at Mission Bay, San Francisco, CA, Cortex in St. Louis, MO, and at the Wake Forest Innovation Quarter successfully incorporate a significant amount of infrastructure-heavy laboratory space into an active and dynamic innovation district.

However, these examples were a success due to significant public and private resources coming together to attract extensive laboratory related industries, coupled with large investments in community amenities such as transit, sports and recreation, and performing arts spaces.

HR&A recommends that over the longer-term UGA look for opportunities to add laboratory space as the district takes root and the growing vibrancy and reputation attracts companies and campus stakeholders that could fund this infrastructure. This might take the form of specific laboratory buildings developed in partnership with industry partners who are able to share the costs. The amount of laboratory space developed in these focused buildings should be a small portion of the total space to avoid overwhelming the district.

Potential UGA Convergence Facility Anchor Users

A broad range of UGA offices and programs that are not core academic activities and that are focused on technology, innovation, and entrepreneurship should locate in the convergence facility. While none of these programs listed below have actively stated a need to expand, HR&A anticipates that locating them together and pairing them with accessible and affordable spaces will create the environment to support innovators and entrepreneurs. These programs include:

- The offices of the Innovation Gateway that helps to connect UGA academics with industry partners that could use their technologies and research;
- Offices and activities of the UGA Idea Accelerator;
- Activities from programs that foster student-industry collaboration such as the Terry College of Business Entrepreneurship Program;
- A branch of the UGA Science Library Makerspace; and,
- A representative program from the Division of Marketing & Communications, such the University's Media Relations office.

What are the strengths of UGA and Athens that could drive an innovation district?

The elements that could activate a convergence center are Athens' authentic and inspiring strength in its unique mix of academic inquiry, music and the performing arts, and residents' desire to engage in their community. This culture, more than the hard science specialties at UGA, has the potential to power a convergence facility and to create a strong brand for the broader innovation district. HR&A heard from stakeholders that Athens' creative artists, entrepreneurs, and researchers do not have many accessible and affordable places to collaborate and to promote their work. In addition, HR&A understands that UGA produces creative graduates but that many must leave Athens to pursue their careers, and that growing businesses often relocate to larger markets due to lack of space. The convergence center has the potential to bring together Athens' strengths to create unanticipated and unforeseeable opportunities for new businesses that could help young professionals stay in the area, addressing these challenges.

HR&A did hear several compelling calls from stakeholders for a facility that encourages broad economic opportunity and linkage to the technology economy by supporting stronger industry partnership and offering opportunities to collocate. While there are clear opportunities for such partnership in the engineering and life sciences, a variety of departments also expressed a similar desire. These stakeholders noted a need for a physical site to house the Innovation Gateway program and the various initiatives that support tech transfer functions, entrepreneurship, industry engagement, and the portals for partners to the larger university.

Academic Inquiry & Entrepreneurship

UGA could increase the impressive number of start-up companies formed in Athens with a convergence center that enhances collaboration and reduces the cost of experimentation. According to the AUTM licensing survey, since 1995, 93 start-ups formed at UGA of which 65 were in the state of Georgia and 60 remain operational today. However, HR&A heard from stakeholders that new companies in Athens face challenges finding affordable and accessible space, and that many relocate to larger markets such as Atlanta as they outgrow Athens. In addition to supporting start-ups with services and accessible/affordable space, the convergence center should become a place to bring together different UGA strengths to help entrepreneurs fully explore new ideas: for example UGA has a strong food science and technology department that provides support to numerous food processing firms; The head of this department when interviewed by HR&A noted that while they support companies with the science and the manufacturing, they have not linked them to marketing and business students and professors at UGA who could help them market new products.

Music and the Performing Arts

Athens has a long history of music and performing arts that are a unique asset to the city. While the local industry has less national prominence now than in the past due to the retirement of several high-profile bands that started in Athens, there are more music venues, producers and artists operating from Athens now than ever before. These artists continue to make Athens their home because of the city's attractiveness as a place to live and due to the strong performance culture. Stakeholders cited UGA's music business program and certificate as one of the most innovative programs on campus. The alignment of entrepreneurship and culture exemplifies the objectives of a convergence facility. Incorporating Athens' music and arts scene should be a focus of the innovation district, which could lead to win-win opportunities to showcase UGA's strengths, connect with potential partners and serve the economic interests of the community. Further connecting this value with the overall food and hospitality strengths of downtown Athens begins to develop the district into a broader destination location that is a major asset in attracting partners to UGA.

Desire to Engage and Contribute

The cultural desire of residents to engage and contribute back to society is the third element that is unique and authentic to Athens and that has the potential to enliven the convergence facility. The Athens-Clark County Guide webpage of the University of Georgia Libraries lists more organizations and associations than could be easily counted, indicating the depth of the nonprofit community around UGA. HR&A's interviews with Four Athens and Athensmade revealed that many such organizations (as well as many new for-profit startups) are not able to afford the cost of renting office space in Athens and as a result work from home or coffee shops and so have limited contact with each other. The convergence center has the potential to become

a hub for these nonprofit entities, with smaller outfits working out of the discounted-cost space and larger more established entities taking up rented space in the building. Maximizing the activity level from this sector does require making the building accessible and affordable, which would be more challenging in a newly constructed space with its higher development costs.

What are UGA's weaknesses that the effort to create an innovation center must address?

Lack of 'Buzz' around the next 'BIG' and Transformative Idea to Come From UGA

Great universities of innovation are widely recognized for producing original research and having ideas that power industry sectors. Beyond the quantitative data and metrics around research expenditures and technology licensing earnings, they have a 'buzz' as being places where the next 'BIG' and transformative concept will come from, which serves as a compelling vision and unifying idea for multidisciplinary collaboration. Examples such as UC Berkeley, the University of Michigan, Stanford, and M.I.T have compelling stories about the areas in which they are recognized leaders. They are also surrounded by vibrant businesses that attribute the profitability and prestige of their local industry sector to developments and talent that originated on campus.

The data demonstrates that UGA is clearly on the upswing and has secured its place among the good universities of the United States. In addition, UGA's website showcases its wide range of impactful research that tells the story of the institution well. However, UGA lacks the reputation that it is the place that is working on one of the next BIG idea that touches all of us and will transform society.

Securing a reputation that goes beyond quality research to instead being known as a place that fosters tomorrow's industries and transformative technologies is achieved in part through proven success. UGA appears to have the other elements needed in terms of research capacities, student talent, and an attractive environment that people want to be a part of. The creation of an innovation district is a critical first step to achieving the missing proven success and securing this reputation by opening a space at UGA where unanticipated breakthroughs in new industries might happen.

Risk of Missing the Connection to UGA's Unique Strengths

The President's Task Force, in its focus and definition of innovation as technology and science-oriented research, risks imitating successful peer institutions without fully uncovering the unique strengths of UGA that would sustainably drive innovation in Athens. HR&A observed in interviews with internal stakeholders a tendency towards a vision for innovation around highly technical spaces and laboratories as well as an ongoing interest in an infrastructure-heavy research park. As an example, one stakeholder recommended that the innovation district be a traditional office park halfway between Athens and Atlanta to better allow UGA science-oriented start-ups to access finance and markets; HR&A heard from many stakeholders that bio-tech and life sciences, but interviewees were generally less readily able to connect a role in the innovation district for Athens' music, arts, and humanities.

The science and technology oriented approach appears to be a de rigeur amenity to match peer universities, rather than an assessment of the needs and opportunities in Athens. In addition, it fails to account for how the relationship between universities and industries is evolving away from traditional office parks and for how technical laboratories are generally the least active spaces in innovation districts due to their highly technical nature.

The willingness of UGA to first pursue an innovation district that embraces exploration within UGA's existing culture and to defer or possibly eliminate the research park is a highly positive step. This indicates that UGA is addressing this weakness and that the Task Force is considering UGA's unique mix of talents and moving away from narrowly defining innovation and the appropriate topics for the innovation facility to explore.

A Need for Greater Collaboration

The last weakness is a need for greater collaboration and flexibility around innovation and entrepreneurship. HR&A observed, for example, a trend towards wanting industry partners to join the innovation district at UGA on the University's terms, rather than developing a greater give-and-take collaboration. Secondly, the interest in locating the convergence facility on campus could reduce the potential involvement of external partners including the city, local businesses, and entrepreneurs if not carefully planned and curated. Lastly, this weakness manifests in the internal culture of UGA in the form of reduced connections internally. All universities struggle to overcome internal siloes due to the high costs and time required for true engagement. However, HR&A observed in interviews with internal stakeholders that despite the variety of good activities underway at UGA, connections between departments and across colleges do not appear to happen easily. This may be due to a lack of an overarching 'BIG' idea that compels multidisciplinary collaboration around innovation and entrepreneurship.

The willingness to build the innovation facility next to downtown, to open it to the public, and to focus on convergence is a highly positive sign. Achieving a fully innovative and collaborative space requires that UGA surrender some level of control to enable its partners and users to realize their full potential and also to gain the value of these relationships. Ensuring that the facility is open and welcoming and that it be located next to downtown is a good first step to addressing this weakness.

What are the specific components of an innovation district, and how big might the anchor facility be?

The core elements of a successful innovation district define the initial phase: the UGA innovation district must be programmed to encourage collaboration, have amenities to make people desire to be a part of the activities, and contain spaces that are accessible and affordable. From these essential elements, HR&A recommends that the innovation district encompass the heart of downtown Athens and a portion of the UGA campus, and that the first phase be a convergence facility that has an open or discounted space for all productive users, meeting rooms that any user could reserve, co-work spacing, rentable office spaces, and UGA's anchor users.

The Convergence Facility

The anchor of the innovation district that helps to build its brand as a place for collaboration, culture, and experimentation should be a convergence facility which has at its heart an open/free space. HR&A recommends that UGA program a building of 60,000 to 90,000 square feet as a first phase of the innovation district:

- Open/free/discounted space: 5,000 to 10,000 square feet
- Co-work space: 20,000 to 30,000 square feet
- Traditional office space: 35,000 to 50,000 square feet

The open/free/discounted space, ideally constructed with minimal infrastructure and cost, is a petri-dish for new ideas and is long-term a pipeline of young and growing companies that could inhabit co-work space or formal office space and support the cost of the building. While potentially appearing unplanned or ad-hoc, the open space must be a highly curated place where the innovation district team actively monitors participants to help them make connections and to help growing ideas formalize into companies in dedicated, rentable space. While this is an “open” space with minimal infrastructure, it should contain the basic set-up for productive office use including some meeting spaces that teams could book.

A co-work space is a good match for a convergence center because it helps new companies easily grow by providing low-cost and flexible space without long or complicated lease commitments. This co-work space requires an active management team that helps tenants find spaces and encourages them to continue collaborating and engaging with each other. The co-work space should generate revenues from its users to cover its construction and operation costs.

The office space that completes the convergence facility must contain the UGA anchor uses discussed in the prior section, with the remainder open to private companies. While initially the focus may be on finding sufficient users to make the building viable financially, over time as the district develops a strong reputation this space should become more curated. UGA should invite companies that offer a deeper relationship and greater benefit to take up space and those companies that do not meet UGA’s expectations for collaboration should not be invited back when their lease ends.

The facility requires a team dedicated to its operations as discussed further in the section below on the governance of the innovation district.

Relationship between the UGA Convergence Facility and the Proposed City of Athens Innovation Space

The City of Athens is moving forward to open its own innovation space as part of a proposed expansion of the Hotel Indigo. HR&A strongly recommends that UGA and the City collaborate to develop joint programming for the UGA convergence facility and this City-owned facility. Athens is too small to fully activate competing innovation spaces if they are disconnected and fail to collaborate. However, if programming is complimentary, the two facilities could become anchors for both ends of the innovation district and in so doing amplify its activity and energy. Complimentary programming might involve coordinating the

scheduling of events, allowing users access to the full suite of services at either facility, avoiding duplication of any specialized spaces, and coordination of formal initiatives to generate activity in both spaces.

The Innovation District

The innovation district should contain creative office space, retail amenities, and a significant residential component. Activity is a key metric of success in an innovation district and so people must want to spend time in it, making attractive streetscapes and retail essential elements. This mix of uses and attractive character exists in downtown Athens already, which has considerable energy and people at all hours, making it the natural place for the innovation district. Based on HR&A's informal walking-tour of downtown while in Athens, the neighborhood appears to have the ability to grow physically with low-density/underutilized buildings and parking lots that companies and partners could convert into office space over time.

Creative office is low-cost rentable space, often in older buildings that have not been renovated, that new companies or organizations trying to limit expenses often occupy as they establish themselves. A successful innovation district will quickly outgrow the anchor convergence facilities and see a steady pipeline of companies and entrepreneurs taking space in creative office downtown without the need for any university management. A reservoir of creative office space around the convergence facility is thus important to enable the establishment of a critical mass of entrepreneurs and innovators that exceeds the limits of the initial convergence facility. While stakeholders observe that Athens lacks a large office sector that has a significant amount of creative office space, the creative office space that is available appears to be located in the downtown.

Retail activates the streetscape and makes the district into a place where people spend time. Traditional research parks currently have difficulty attracting tenants because professionals want to be in an urban environment where they can leave the office and walk down an attractive and vibrant street. The advantage of including the heart of the downtown in the innovation district is that UGA will gain from the energy and character it brings without the need to expend resources or energy actively managing retail.

Residential uses should have a space in an innovation district because they generate activity outside of traditional working hours. Research parks suffer from the lack of people after offices close in the evenings and on the weekends, giving them a reputation as being 'dead' and uninspiring. In contrast, an innovation district with sufficient apartments will remain active on weekends and in evenings, further enhancing the reputation of the district and its attractiveness for potential UGA partners.

Programming the Convergence Facility and the Innovation District

The programming is a critical component of the effort to activate the space and the district. The teams tasked with starting-up the convergence facility and then with operating it long-term should have the flexibility and authority to pursue programming that matches the needs and opportunities they observe. This programming should reflect the interest and desires of the users of the space and of the Athens community. The exact mix of programming will evolve as the operation team experiments with events and observe the effects. A sample listing of activation programming might include:

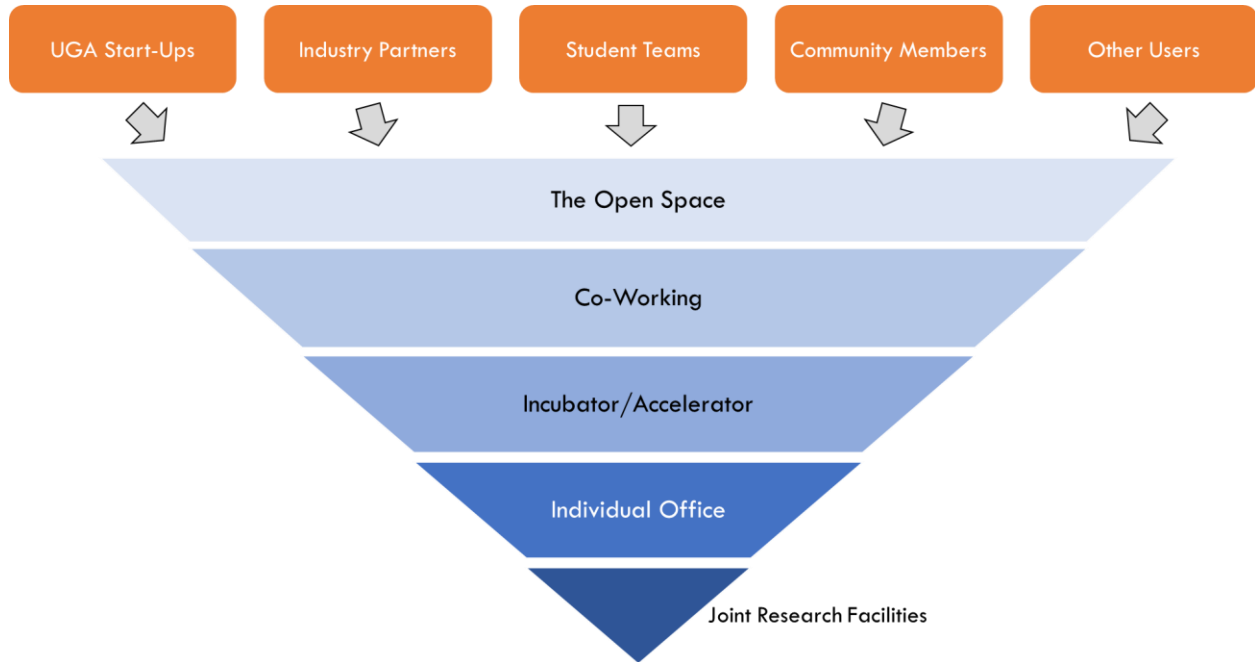
- Mini lecture series, like “Ted Talks”, which are themed and held monthly, and programmed to include faculty, students, outside “experts”, and the general public;
- STEAM camp: robot camps, science fairs, science and arts festival;
- Pop-Up dinner: local chefs creating special dinners for participants that sign-up;
- Made local market/community garden/pop-up kitchen/pop-up performance space;
- Monthly curated and sponsored speaker series: this becomes a showcase for story telling around what UGA’s research and academics are doing that transform the world around us;
- Sponsored and curated regular happy-hours;
- Hackathons; and
- Regular fitness events such as yoga

A robust nonprofit presence is a significant value for the programming of an innovation district, helping to reduce personnel and operating costs for the university. Nonprofits have programming as a core part of their mission, and in so doing inherently assume some of the responsibility for activation. At the American Tobacco Campus in Durham, North Carolina, nonprofit tenants include a YMCA, which attracts users and also additional nonprofits organizations to its facilities for events; WUNC FM radio station, another tenant, hosts a popular free Back Porch Music concert series on the American Tobacco Campus’ central open space.

The Link/Bridge Between the Convergence Facility and UGA’s Colleges

The convergence facility is a potential bridge between UGA’s colleges and faculty and potential partners, but realizing this potential requires careful curation. As shown in the graphic below, the curation of the convergence facility turns it into a funnel in which potential partners enter and are sorted in descending order based on the magnitude of potential collaboration with UGA: at the top is the open space for any productive use, followed coworking space for short-term engagement/idea creation; next is the incubator/accelerator for idea development; then is individual office/lab space for development and marketing of ideas; and lastly joint research facilities to advance intensive innovation efforts.

This funnel and the linkage to UGA’s colleges and research centers requires careful curation. Institutions have a natural tendency to silo due to the cost and time involved to truly collaborate. The convergence facility operation team should be expert in assessing the ideas mixing about the facility and reaching out to actively connect, or bridge, with UGA colleges and academics whose interests and research align to these opportunities. This curation must be dynamic and creative, such as working with a humanities department to create an initiative to provide real-world learning opportunities by advising on marketing and branding of new products being developed at the convergence facility, or directly connecting a budding company with a researcher who understands their field and could provide mentoring and guidance.



How is the initial phase financed?

The best financing option will be determined by the location, level of university participation, and desire for university control over the property. Based on UGA's objectives to limit the level of risk involved, to achieve financial sustainability, and to maintain programmatic control, HR&A recommends that UGA finance the first phase through a nonprofit financier such as The University Financing Foundation (TUFF).

There are four methods by which UGA might finance the first phase, listed in here in order of the amount of investment required up-front as well as the amount of control UGA would have over the project:

- 1) Self-Finance, through the UGA Real Estate Foundation;
- 2) Finance through a nonprofit financier whose mission is to support universities, such as TUFF;
- 3) Partner with private sector developers. UGA would provide value to the deal by providing land as well as guaranteeing to rent a portion of the building; and,
- 4) Partner with institutions such as the City of Athens that are interested in building an innovation district. UGA would provide programming expertise and may share in the financial cost. This option might still involve financing the development through a nonprofit or with a private-sector developer as described in options 2 and 3 above.

The first three options could be built on UGA's campus and remain under UGA's control, while the fourth option requires the least investment from UGA but would require the university to give up significant programmatic control and likely could not be located on the campus. HR&A believes that the fourth option

will not be viable due to UGA's objectives and because the City of Athens would probably not be willing to financially participate if the facility is located on UGA's campus.

Self-Finance

Self-financing the development of the convergence facility would give UGA ultimate control of the operation, timing, and development of the building, but would involve the greatest financial risk to UGA and require the largest level of initial investment. Self-financing would involve using reserves, taking on additional debt, or engaging in a capital campaign to raise funds to construct the building. The UGA Real Estate Foundation would likely lead this process. The Real Estate Foundation would own and operate the facility on behalf of UGA, collecting revenues for maintenance. Any general-obligation bonds issued by the State of Georgia to fund the development would require legislative approval. In addition, Self-financing might create a challenging perception within UGA that certain priorities are being funded at the expense of others.

Finance through a Nonprofit Entity such as TUFF

The second option involves financing the building through a mission-driven nonprofit finance organization that offers low-cost financing to universities for new facilities, such as TUFF. TUFF would provide the initial funding for the building while UGA would own the completed structure and control the programming decisions. UGA would make payment on low-interest loans to TUFF, who in order to meet underwriting standards would require that UGA guarantee to utilize a portion of the office space in the facility. HR&A recommends this option as it requires limited initial investment by UGA, allows UGA to own and control the facility, and gives UGA substantial control over the timing of the development and the uses.

Private-Sector Partner

UGA could enter into an agreement with a private-sector partner in which UGA provides the land and the partner builds and/or operates the convergence facility. UGA would guarantee to rent a portion of the building and could stipulate that the developer provide a portion of the building for the open/discount cost production space. This option reduces risk for UGA as the partner is responsible for making payments on the financing loans, but it also reduces UGA's control of both the development timeline and the tenant mix: The partner would not begin construction until they identify sufficient tenants, and once operational would not be able to give UGA control over the tenant mix as they require a cash-flow to support the debt payments and so have limited tolerance of vacancies.

A multi-year lease and a lease exceeding certain dollar-values would require approval from the UGA Board of Regents. HR&A does not recommend this approach because it does not appear to best match UGA's desire to control the program for the innovation district.

Partner with Other Institutions Interested in Developing an Innovation District

The final option, which minimizes the risk to UGA as well as the initial investment UGA must make, is to partner with other institutions such as the City of Athens to develop the innovation district. UGA would be a member

of the consortium that builds the facility and may participate by guaranteeing to locate certain offices in the building as well as providing expertise and active programming. The City or partner institution would construct the building. The most likely form this partnership might take would be to join the City in the development of a convergence facility at the proposed Hotel Indigo development.

While this option minimizes the investment required and the risk, it comes with the following drawbacks:

- UGA would not own the facility, minimizing risk but also preventing UGA from controlling the programming;
- It is likely that the partner would be unwilling to develop the building on UGA’s campus;

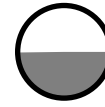
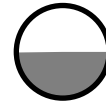
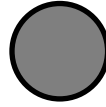
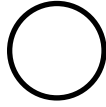
A partnership with an interested institution might still involve financing the building through a nonprofit financier such as TUFF or engaging a private-sector developer. The general requirements of those two options described above would remain the same, but by partnering UGA would bear less of their cost.

Comparison of the Financing Options

HR&A recommends that UGA finance the first phase through a nonprofit financier such as TUFF as this option appears to best match UGA’s objectives. The following table compares each option to our understanding of UGA’s objectives. A solid circle represents the best fit with UGA’s objectives while an empty circle represents a poor fit.

	Self-Finance	Nonprofit Financing	Private-Sector Partnership	Partnership with other Institution
Limited cost to construct the building				
Limited rental/operation costs				
Control of construction timing				
Control of programming and tenanting				
Reduced risk to repay loans/generate revenues				

Complexity of Deal



What role do partner organizations play?

To assist with the activation, UGA should consider forming close partnerships with Athens institutions that have a natural alignment with entrepreneurship and innovation. Existing organizations working with entrepreneurs include Four Athens, Athensmade, and the Athens Technical College, all of which expressed an interest to HR&A in being part of the programming of an innovation district.

The benefit UGA receives from partners

If UGA pursues a strategy in which it owns and controls the convergence facility, it will not likely find partners that are willing to share in the investment. However, HR&A believes that organizations with a like-minded interest in entrepreneurship would still form partnerships with UGA in which they locate programs and initiatives in the facility. In an initial phase to establish and activate the convergence facility, partners might focus on:

- Marketing and enhancing the brand of the open convergence space;
- Creating and running events and programs in the open convergence space that facilitate collaboration and create an attractive atmosphere;
- Providing an opportunity for faculty to partner in support of grant funds that would enhance innovation initiatives. For example, grants focused on economic development, education and entrepreneurship, agriculture, food, and health.
- Conducting mission-oriented nonprofit activities such as economic and entrepreneurial development initiatives like those provided by the Georgia Minority Supplier Development Council at Georgia Tech's Tech Square, or education and arts events like those provided by nonprofits WUNC FM at the American Tobacco Campus and those run by the Frontier's Triangle Community Foundation;
- Developing programming to support entrepreneurs in taking ideas from conception to commercialization; and,
- Helping to curate the facility through their attraction of entrepreneurs that outgrow the open innovation space and take up residence in the co-working space or for-rent office space.

The value-proposition UGA must offer partners

In order to attract these partners, UGA must provide these organizations with a positive value-proposition rooted in the shared focus on entrepreneurship and innovation for Athens. In exchange, UGA would provide accessible and affordable space for these entities to conduct operations, including space for the relevant

offices needed to support their programs. Providing this space may be more challenging for UGA if it pursues new construction because it would be more costly than minor renovation to an existing building. In addition to space, UGA may need to form an advisory board to give these entities a forum to provide input to the operation of the convergence facility. While this board would be advisory only, partners would need to feel that they have an appropriate level of input into key matters that affect their experience as programmers and tenants in the facility.

Example Partners and Stakeholders

To gain the full set of diverse benefits highlighted above from the external stakeholders, the team operating the convergence facility must actively engage a broad swatch of stakeholders in Athens. These stakeholders might include:

- Local supports of start-up activity such as Four Athens and Athensmade;
- Business organizations such as the Athens Area Chamber of Commerce;
- Training and other education institutions such as the Athens Technical College;
- K-12 education programs from Athens-area school districts;
- The suite of nonprofit organizations active in Athens; and,
- Individuals such as academic retirees or alumni with skills to offer start-up companies and project teams. These services might be for example as investors and mentors.

The start-up and operations team should continually seek additional stakeholders that would provide an identifiable benefit for the convergence facility or address a need. Attracting these stakeholders, similar to the effort required to attract industry partners, requires that UGA take the initiative. Stakeholders will not come to the convergence facility when it opens unbidden and without a clear value-proposition. Understanding the needs of potential stakeholders and ensuring that the terms of the partnership offered provide value to both sides is a core responsibility of the team that operates the convergence facility.

How should UGA Identify the Target Industry Partners to Create the Collaborative Environment?

Over the long-term, the industries and companies that UGA invites to take residence in the convergence facility will evolve as the team refines its strategy based on the constituent users and experience regarding what firms amplified the levels of collaboration and innovation in the building. Over this long-term, the industry partners that construct their own spaces in the innovation district will also organically evolve based on the district's growing reputation. However, initially leasing out the building and activating it will require significant effort to invite the right initial mix of companies to what is an unproven space.

This initial strategy should focus on the companies and organizations with whom UGA has existing deep and positive relationships. Businesses with limited experience with UGA are less likely to locate an office in an experimental facility and are less likely to create the collaborative environment if they have not previously

engaged in joint research with the University. Businesses with existing relationships are more likely to connect to UGA's impressive research centers, and thus through their presence could help to connect activities at and across these centers to the convergence facility. The start-up team should develop this initial partnership strategy in collaboration with UGA's office of Industry Engagement and with the leaders of UGA's more innovative centers and institutes such as the Center for Food Safety, the Complex Carbohydrate Research Center, and the Center for Tropical & Emerging Global Diseases.

In addition to private business, UGA should pursue new and continued relationships with nonprofits as potential partners at the innovation district. Nonprofits provide value as creators of programming but also as tenants that can easily expand if funding conditions allow. Partnerships with nonprofits with work in quality of life and entrepreneurial support would be valuable to both UGA and other tenants in the district.

How should the innovation district be governed and operated?

The creation of a successful innovation district requires careful curation and active management, necessitating a governance strategy. While the innovation district itself may grow in a more organic manner during the initial phase under the guidance of a steering committee, a formal governance structure is needed for the convergence facility. This governance strategy must match the capacities and strengths of UGA and address the differing needs between the initial start-up and the long-term stabilized operation.

The Role of UGA Champions – The President, Provost, and Vice Presidents

The success of the convergence facility and the innovation district starts with the UGA President who spearheads the effort and promotes the culture change towards innovation. If UGA determines to move forward with the innovation district, the President should clearly endorse the effort and should deliver the vision to key stakeholders. The President would then invite key donors and sponsors to support the project.

The Provost and other Vice Presidents also play a key role in the success of the convergence center and innovation district. These stakeholders should make engagement with the convergence center a key deliverable for their office and assign a team member to work with the responsible Vice President's office leading the effort.

The Start-Up Team

UGA's first step should be identification of a start-up team headed by an individual who has authority to engage employees, consultants, and planners as needed to support the establishment of the convergence facility. Before identifying this leader of the start-up team, UGA should establish metrics for their success and progress.

In the early stages, the start-up team would help create the branding and marketing materials to promote the concept; create the templates and contracts that must be ready when potential partners express interest in the district; manage the construction of the convergence facility; develop programming for the new facility; sign initial agreements with partners and tenants; and establish the processes and practices that stabilize the

district and make it fully operational once opened. The start-up is a more fluid period than operation, and the individuals suited to operating in this environment are not usually the same as the team that excels at stable long-term operations.

The start-up team is the necessary first step to implement the district, as described further in the following section, because partners will approach UGA once the university announces the innovation district; without a start-up team there will be no entity or group able to engage them and answer their questions. Establishing the team involves providing sufficient budget for its operations and identifying a source for that budget, defining a reporting structure, and hiring the right professionals.

Early in the process, UGA must establish a financing plan for the start-up process and determine the source of funds. In addition to the individual team lead, the start-up effort will need a reporting structure with a point person within UGA who has the authority to approve of necessary expenses and critical decisions. HR&A recommends that the point-person be the head of the division tasked with establishing the innovation district or in a similar position of authority and responsibility. HR&A recommends that UGA consider hiring outside specialists for the initial two-year start-up process as the required short-term planning and implementation skills may be more readily available outside the university system and are unlikely to be needed once this first phase is operational and stabilized. In addition, a targeted effort by outside specialists could be done at a cost savings to full-time hires.

The Long-Term Operation Team

The operation team requires a different skillset once the facility is stabilized and has a steady source of revenue. Once stabilized, UGA will be able to better determine the on-going operation budget, the leadership, and the permanent staffing that will enable the facility to thrive. At that point UGA should hire a permanent operation team that focusses on stable operation of the convergence center, evaluation of potential tenants, managing tenants needs and facilitating the signing of leases or use agreements, supporting the movement of growing entrepreneurs from the open convergence space into co-work or rentable office space, building additional partnerships, and creating programs and initiatives that build the brand of the innovation district and UGA.

To be sustainable, the budget for this long-term operation team should come from the revenue generated by the office space within the convergence facility itself. The team would require the authorization to make decision related to the day-to-day operations of the convergence facility but would still require a reporting structure within UGA for major decisions or investments. HR&A again recommends that an administrative/executive level office at UGA have oversight of the team, including providing sufficient staffing and budget.

Governance of the Innovation District

The wider innovation district encompasses a larger and more diverse portfolio than the UGA convergence facility and would not necessarily have a single governing body. The development of the district will occur organically through the actions of individual property owners, but the zoning and public investments made by UGA or the City of Athens will have a central role in determining its path. In order to align and coordinate these investments, HR&A recommends that the City and UGA establish a steering committee that would be

responsible for the overall innovation district and act as a forum to periodically consider the ongoing development of the area. This committee should hear and provide advice on proposed investments, major developments, and potential zoning or regulatory changes. HR&A recommends that the UGA representative on this steering committee be the director or a senior member of the UGA office tasked with establishing the innovation district.

What is the timeline to open the first phase and what are the next steps?

While UGA is and should be excited about the potential for an innovation district, HR&A strongly recommends that the university establish the governance and carefully consider the next steps necessary to prepare to engage with potential tenants or partner firms prior to announcing the district. The next steps involve establishing a business plan that address the details of the innovation district as well as setting up the start-up team. The creation of a governance model and business plan along with the operations budget and start-up staffing might take 6 to 9 months, while an RFP for a developer to construct a convergence facility might take 12 to 18 months.

Timeline to Develop the Convergence Facility

The choice to develop a new building as opposed to renovating an existing structure lengthens the development period of the first phase. The development of a new building for the convergence facility will likely take two to three years, whereas minor renovation to an existing building might take between nine to twelve months once the building is controlled by UGA.

Next Steps: Development of a Governance Model and Business Plan

Prior to announcing the new innovation district, UGA should put together the start-up team and prepare a business plan that addresses the details and operation of the convergence facility. This business plan would include:

- Creation of a budget for the start-up team, and for the long-term operations team;
- Communication of the intended pathway forward with the UGA community through pop-up community events on campus, formal joint UGA-Athens town hall events, presence at community events to share and gather input from the community, or an informational web page;
- Identification of the reporting structure for the innovation district start-up and long-term operation teams, including authority limits, thresholds for major decisions, and the point contacts at UGA that will oversee their activities;
- Establishment of a governance structure for the convergence facility, including identification of the office and positions within UGA that are responsible for the development of the district;
- Identification of the specific UGA programs and offices that would move to the convergence center, and their space needs;

- Development of formal partnerships with organizations that would conduct programming and enliven the facility, such as Four Athens or Athensmade;
- Development of a budget for the physical construction of the convergence facility;
- Establishment of metrics for evaluating the success of the innovation district.

Next Step: Formation of a Start-Up Team

With a governance structure and business plan in hand, UGA should then form the start-up team. Prior to the construction of the new facility the start-up team would put together:

- Vision/launch materials and general marketing documents
- Partnership agreement templates
- RFP/Fit-up templates
- Lease Agreement templates
- Branding materials and a website
- Staffing documents and materials

Once these materials are ready and UGA has a tentative schedule for construction, UGA should then announce the district. The start-up team's effort at that point would transition to engaging with potential tenants and partners using the documents listed above.

Introduction to Selected Case Studies

To identify key lessons for UGA, HR&A researched the following case studies of convergence centers from across the country. The case studies, covering the Frontier in Research Triangle Park, Tech Square in Atlanta, Lassonde Studios in Salt Lake City, and the Iowa State Student Innovation Center in Ames, Iowa, all offer different lessons to the UGA Task Force as it evaluates the nature of the first phase of the innovation district. These case studies are not meant to be prescriptive, but rather samples to generate discussion and inspire ideas. The UGA innovation district must be distinct and separate from the concepts explored below so as to remain authentic to Athens. However, each case studies provides an example of a potential path forward for UGA to consider.

The analysis in each case study includes the background, financial model, governance model for each center, programming, and how the concept built on existing strengths unique to its location. Finally, each case study summarizes key lessons for three areas, financing, partnerships, and activation strategies, to give additional direction and framing for the Task Force.

The Frontier, Research Triangle Park

The Frontier is the Research Triangle Park's (RTP) centrally located hub to collaborate, work, and connect. The 142,000 square foot Frontier is the flagship building of Park Center, an upcoming development that re-visions life and work at RTP. Park Center includes community-oriented, mixed-use commercial/co-working spaces that hosts a variety of public events and food truck rodeos to generate foot traffic and collaboration both from within and without. To create this engaging and affordable environment, the Research Triangle Foundation, in partnership with developers, gutted a 90s-era building within RTP and reoriented the lay-out to fit 21st-century office demands—specifically opening the space to promote collaboration, innovation, and co-working among a variety of tenants and organizations. Since 2015, continued success at the Frontier has helped it grow from one building to five separate buildings that house nearly 100 different businesses and 600 employees.

Finance Model

Reuse of an existing and obsolete office building kept expenses for construction and upfit low. Initial modifications were limited to replacing carpets, repainting, and reformatting to provide more open, collaborative spaces. The Research Triangle Foundation self-financed the renovations to keep control over the programming vision that would be the heart of the Frontier model.

While the open convergence space of the Frontier is free for the community to use, its operating revenues function much like a traditional co-working and private office building: rents vary based on the type of spaces young firms are looking for, ranging from small private offices to larger spaces in the newly developed expansions to the Frontier.

Governance Model

The Frontier is wholly governed by the not-for-profit that runs RTP, Research Triangle Foundation. By keeping the governance structure simple and within the same ownership structure as the building, the Frontier maintains maximum control over its tenant mix, the programming, and the possibility for eventual redevelopment with a permanent building. Frontier leadership reports directly to the Research Triangle Foundation, which has an independent Board of Directors on which leadership of area universities, including Duke, UNC Chapel Hill, NC State, and NC Central University are all represented.

Opportunity/Strength

The Frontier filled a market gap in the RTP area by providing inviting, affordable space in what had acquired a reputation as a closed-off traditional office park. By creating an affordable alternative and activating it with events and food options, the Research Triangle Foundation helped shift the narrative and brand of the entire research park. The Frontier was launched in 2015 as the immediate genesis of the Park Center master-planned mixed-use phase of RTP. Since then, the Frontier has been a success and has expanded multiple times to keep pace with rising demand, each time by taking over space in an existing building to continue minimizing costs.

Nonprofits have been instrumental in filling the Frontier's space. The second floor of the Frontier has recently evolved into a nonprofit cluster, with United Way, the Triangle Community Foundation, and the Triangle Literacy Council. These nonprofit tenants have attracted and run nonprofit oriented events, releasing some of the programmatic burden from the Research triangle Foundation. Further, The United Way has stated that the open concept of the Frontier is more accessible for their partners and the community they serve, indicating

the benefits they receive from locating in the district. With the addition of the United Way in April 2018, the Frontier is completely leased, showing that involvement with nonprofits can be beneficial from the commercial, as well as programmatic perspective of the convergence facility.

Key Lessons

- **Finance:** The Frontier utilized an existing building that, while outdated and vacant, could be converted to a convergence center at low cost and on a rapid timeline.
- **Partnerships:** While design and branding services for the building were outsourced, the ownership and governance of the Frontier remained with the Research Triangle Foundation. By limiting the number of external partners, the Foundation retained full control over its programming and tenants but was exposed to high risks. The low-cost conversion of an existing building mitigated these risks. As the success of the Frontier has grown and the demand for space increased, the Foundation has gained the ability to curate tenants in a way that adds value to the overall Frontier campus and best expresses the vision for a renewed RTP that is collaborative and connected to the rest of the Research Triangle.
- **Activation Strategies:** The Frontier brought much-needed activation to RTP with a dynamic mix of food trucks, speakers, and social and networking events. The Frontier keeps the events open to the public and either free or low-cost to attract as many interested workers or entrepreneurs to the space.

Tech Square, Atlanta

Tech Square is a university-focused innovation center in downtown Atlanta to accelerate research and facilitate collaboration between public institutions and private enterprise. It is a place where talented researchers, students, and business leaders can collaborate and take new ideas to market. Tech Square currently covers 12 buildings, with the Technology Square Research Building and Centergy most encompassing the principals of convergent design and programming. These two buildings are together 800,000 square feet and are anchors of the Tech Square neighborhood adjacent to Atlanta's thriving Midtown.

Centergy

Centergy is a 13 story, 500,000 square feet research, incubation, and community facility. It contains 16 innovation centers, collaboration space, and amenities such as a fitness center and an open space plaza, as well as 13,000 square feet of dedicated retail space. Centergy's main attraction is that it houses many elements of Georgia Tech's Enterprise Innovation Institute, including its award-winning business incubator.

Technology Square Research Building

The Technology Square Research Building (TSRB) is a six-story building containing 200,000 square feet of research and community-oriented facilities (five research institutes, a 93-seat auditorium, two banquet halls, and an open space plaza) in addition to 8,000 square feet of dedicated retail space. TSRB is designed to fill multiple demands of key partners: The building integrates the State of Georgia's demand for a "facility to develop broadband systems, devices, and chips" with the University's demand for an applied research base directly adjacent to Centergy.

Finance Model

In partnership with TUFF, Georgia Tech was able to start development of Tech Square in the early 2000s. The finance models for the two major convergence centers were spearheaded with advice, leadership, and support from TUFF. Specifically, TUFF provided land acquisition capital to Georgia Tech and devised a workable financial structure for the construction of Centergy and the nearby TSRB building. TUFF also met with the Governor of Georgia to advocate for Georgia Tech's vision and secure support for Tech Square as a state research, education, and economic development initiative.

Using tax-exempt municipal bonds, TUFF helped fund and initiate the development of the Centergy building in 2003. Today TUFF owns 5 of the 13 stories within the building and leases those floors to Georgia Tech at below-market rates. Once Georgia Tech fulfills the commitments within the master lease, the University will own the entire building. A similar structure funded the development of TSRB, which reduced the occupancy cost for both the University and the State.

Governance Model

Georgia Tech owns and operates Tech Square's facilities partially through the leasing structure with TUFF described above. The Georgia Tech Enterprise Institute, situated within the Centergy building, plays a major role in business outreach for Georgia Tech; it is the strategic support and outreach office of the University and is central to the operation of Tech Square. The Georgia Tech Enterprise Institute reports to the University's executive vice president of research while providing public connections to Georgia Tech resources, including world-class research, state-of-the-art facilities, internationally recognized experts, and high-caliber students. The Institute plays a major role in facilitating commercial leasing opportunities at Tech Square to technology entrepreneurs, investors, nonprofits, and Georgia Tech corporate strategic partners. The Georgia Tech Enterprise Institute also runs Tech Square's incubation center within the Centergy building.

Opportunity/Strength

Tech Square benefits from its prime location within Midtown Atlanta and direct connection to the main Georgia Tech campus via the purpose-built Fifth Street Bridge and pedestrian plaza. With an embedded partnership liaison organization (Enterprise Institute) that facilitates direct cooperation between the public and private sector, Tech Square is well-positioned for convergence while providing students and faculty with unique opportunities to increase the visibility of their products and innovations. Tech Square also benefited from the mutually beneficial partnership with the developer and advisor TUFF. The financing structures made available by this partnership helped get Tech Square off the ground and contributed to its continued success.

The multiple partnerships that enabled Tech Square's development also resulted in related tenants—often nonprofits—being early office space users in the development. Many of the Georgia Tech affiliated nonprofit institutes and research centers have helped attract related industries, while the State has located the Georgia Minority Supplier Development Council which directly helps to develop small business not only around the state, but locally in the Tech Square neighborhood. The Georgia Minority Supplier Development Council is a natural addition to the space as they provide significant economic development programming; through its mission driven activities this nonprofit helps the Tech Square innovation district fulfill economic development objectives.

Key Lessons

- **Finance:** The leasing structure provided by TUFF to Georgia Tech has helped Tech Square remain successful and, more importantly, was essential in initially getting the project off the ground. Rather than own the buildings entirely from the start, TUFF created a leasing structure that enables Georgia Tech to lease portions of the buildings at below-market rates, with the ability to own the building outright once the university fulfills the terms of the lease agreement.
- **Partnerships:** The partnership between TUFF and Georgia Tech has been essential in getting the Tech Square project started. Equally if not more importantly, the Georgia Tech Enterprise Institute has been successful in securing corporate partnerships and sponsorship for Tech Square's numerous innovation centers (AT&T, Coca-Cola, Home Depot, Panasonic, etc.). Many of the corporate sponsors are either headquartered in Downtown Atlanta or have a major presence in the city. This again points to Tech Square's ability to leverage its location at the center of a major city as an asset and major contributor to its success.
- **Activation Strategies:** Tech Square is a mixed-use neighborhood that offers a variety of amenities to residents, students, workers, etc. It is not a standalone project that is solely focused on providing incubation space for students, faculty, and industry leaders to interact and co-create. Tech Square offers a complete lifestyle that is not limited to its institutional use as an anchor for Georgia Tech's enterprise accelerator and corporate outreach arm. More importantly, the density of Tech Square facilitates the interaction between faculty, labs, students, startups, and corporations on a much larger scale. This density is made possible, once again, because of its prime location within Midtown Atlanta.

Lassonde Studios, Salt Lake City

Lassonde Studios is a five-story housing and innovation facility for student entrepreneurs, innovators, and creators in Salt Lake City. Opened in 2016, this 160,000 square foot newly-built convergence center at the heart of the University of Utah campus includes makerspace, living space, community open space, and a food/beverage option open 24-hour a day to foster community, collaboration, and flexibility.

Unique to most convergence centers, Lassonde Studios is primarily a residential project. The center includes 400 student residences that offer a diversity of living arrangements, including dorms, loft-style apartments, and pod suites available for both undergraduates and graduate students. From sustainability and product design, to adventure gear and media, each of the four floors has a specific theme where residents are surrounded by the tools of their trade to facilitate creative exploration at all times.

The 20,000 square foot Neeleman Hanger covers the entire first floor of the convergence center and is the heart of the convergence community both within the Lassonde Studios and also within the University of Utah campus. Space in the Neeleman Hanger includes start-up office space, prototyping equipment, and the Miller Café, which helps to activate the space day and night. The food options also help attract outside students from around campus, as the Neeleman Hanger is open to all students of the University of Utah to use at will.

Financial Model

Institutional support, philanthropy, and a unique source of revenue paid the \$45 million development cost of the Lassonde Studios. Initial funding commitments came in conjunction with the Lassonde Entrepreneur Institute (the University's undergraduate entrepreneurship accelerator headquartered within the building), \$7 million was donated by Pierre Lassonde, a mining entrepreneur and alumnus of the University of Utah. This donation, the largest single donation in the history of the University of Utah, was essential in getting the project started. It underscores the strength of the philanthropic support that educational institutions can leverage in visionary projects.

The remainder of the construction costs were funded by a revenue bond to be paid back with rents from the students. At Lassonde Studios rents are a premium as compared to other on-campus housing but are cheaper than off-campus alternatives. Rents at Lassonde Studios start at \$7,000 per semester (\$2,000 more than other on-campus options) and top out at \$9,700 depending upon the residential unit. This residential rent is the only revenue as none of the community spaces require any subscription or additional fees to use, and the Café is a University-entity and so does not generate rent.

Governance Model

The Lassonde Entrepreneur Institute, a joint venture between the University of Utah and the Lassonde family, directly governs Lassonde Studios and ensures high-quality programming that aligns with the themes and values of the project. As part of the University of Utah's student housing system, funding and programming comes in part from student housing fees, however the Lassonde Entrepreneur Institute is charged with choosing the students who will participate in the housing-startup program via an application process that promotes community participation and academic diversity. Pierre Lassonde donated \$100,000 in 2001 to launch what was then known as The Pierre and Claude McKay Lassonde New Venture Development Center. The center, housed on the university, brings together business, engineering, and science graduate students with university faculty inventors to develop commercialization plans.

The Institute's academic leadership includes administration from the dean of the School of Business, two endowed chairs, and a lecturing professor as director. There are only four Institute-wide staff, including an executive director that reports directly the dean of the School of Business, but over a dozen part-time student workers support the Lassonde Studios.

Opportunity/Strength:

Although Lassonde Studios is housed on the University campus, it does not contain administrative offices or official instructional classrooms, it is entirely a space where students can interact, utilize Institute- and University-funded equipment, and live together in an environment that is conducive to creation and collaboration. The university does not limit access to only those who pay to reside there, and the facilities are open to the public 24 hours of the day. In addition, residence is not limited to specific degrees within the University: the committee in charge of selecting residents actively chooses from a wide variety of degree programs to promote a diversity of ideas. Most importantly, the live-work environment enables students to engage in creative problem-solving and entrepreneurialism at all hours in whichever environment works best for them.

The partnership with the well-established Lassonde Entrepreneur Institute gives the center credibility. Since 2001, new companies and startups have been supported through this partnership and the programming it

runs both on and off campus. The building itself is designed specifically to be distinct from a typical student-oriented building typology. Students are allowed to interact with the pre-arranged layout and move around furniture, walls, and other building fixtures to suit their needs.

Key Lessons

- **Finance:** Lassonde is first and foremost a university residence hall; Pierre Lassonde's \$7 million donation was essential in getting the building off the ground, but the remaining \$38 million required to construct the building is underwritten by the rents from students who reside in the building.
- **Partnerships:** The Lassonde Entrepreneur Institute has been successful at the University of Utah since 2001. The funding from Pierre Lassonde himself was important, but the programming and partnership with his namesake Institute is equally important in giving credibility and purpose to the newly-opened residence hall-innovation center hybrid.
- **Activation Strategies:** The residence hall is located at the center of campus and its use is not isolated to just the students who live there. The first-floor space is open to the public to engage with residents, students, faculty as well as access to the tools (including 3D printers). The Lassonde Entrepreneur Institute runs some of its programming out of the bottom floor, including a startup pitch contests, which drives foot traffic beyond the 400 residents who live there. Additionally, the design is not typical for a student-oriented building; rather the building's architects designed Lassonde Studios specifically to be molded to fit the needs of its users. The building is built on a grid system, which allows rooms and other fixtures to easily be reconfigured to suit the needs of the students. The building is not simply a dormitory structure, but rather a tool of engagement on its own. As such, there is nothing constricting about living or working at Lassonde.

Iowa State Student Innovation Center, Ames

The Iowa State Student Innovation Center is slated to be a student-centered collaboration zone and a central hub for multidisciplinary student teams. The 140,000 square foot building is currently under construction and will open in 2020. The building will replace an engineering building in the center of campus and will integrate an existing lecture hall to fit seamlessly onto the campus. It will house institutional community space with resources and tools for students to complete their own innovative projects. The Innovation Center will also have a selection of classrooms, faculty offices, fabrication areas, a café, and an auditorium.

Finance Model

The total cost of the project is \$84 million, including demolition of the existing structure. Iowa's state legislature committed \$40 million to the project as an economic development tool that would benefit the state's entrepreneurial ecosystem. The University of Iowa secured the remaining construction funds through private donations, including an anonymous gift of \$20 million early in the process that help to galvanize excitement and attract additional funds. The reliance on public funding did slow development, however, as delays from the legislature in allocating the money pushed opening the center by more than a year. As a student-focused center, its operating income will be extremely limited. Iowa State University, as owner of the project, must source additional funds to pay for operations.

Governance Model

The ISU Student Innovation Center is a joint venture between the department of Engineering and the department of Design, but will be open to all students. Programming and classrooms will be geared towards these two sponsoring departments.

Opportunity/Strength

Like the Lassonde Studios, the ISU Student Innovation Center will be open 24-hours per day to all students. Although it is a joint venture between two major departments, its services, equipment, and rooms are not specific to students within those degree programs. The open structure of the center is intended to promote cross-disciplinary innovation in a hands-on learning environment. Staff and faculty with offices within the center will be available to provide students with direction and advice on the proper use of the equipment. The ISU Student Innovation Center will function like a modern student union with meeting space and offices for university organizations and staff but geared towards incubating startups and facilitating student-led, tech-oriented innovation projects.

Key Lessons

- **Finance:** The ISU Student Innovation Center was made possible by a joint commitment from the Iowa State Legislature to contribute 50% of the funding and private donations direct to the University. Convergence centers are a boon for state-wide economic development and for attracting new students to university campuses, which should be highlighted when securing funding from the state for construction.
- **Partnerships:** The idea for the ISU Student Innovation Center was born out of a partnership between the departments of Engineering and Design at Iowa State University. However, the key is that the services and opportunities offered at the center are not simply limited to students of those two departments. This project did not involve private partnerships with stakeholders outside of Iowa University.
- **Activation Strategies:** The ISU Student Innovation Center will function as a 21st century student union with meeting spaces, offices for staff and student-run organizations, a café, and a store selling products that were designed within the convergence center. The purpose of the ISU Student Innovation Center is not to seclude innovation but rather to foster student collaboration in an open environment available to all ISU students. The variety of amenities available within the new building will invite all students to take advantage of the tech-oriented equipment. Additionally, events and programs will be held in the auditoriums and will be open to all students outside of the departments of Engineering and Design. Lastly, like the Lassonde Studios in Utah, the site of the ISU Student Innovation Center is not isolated, but central to the campus. The building is designed to be encased with glass, deliberate eye-catching architecture that enables passerby to gaze into the building and see and become involved in the activities inside.

Appendix A: Stakeholders Interviewed

HR&A spoke to the following stakeholders to generate the recommendations in this report.

UGA Stakeholders

Dr. Merryl Alber, Director, UGA Marine Institute

Dr. Nicholas Allen, Director, Wilson Center for Humanities & Arts

Dr. Fikri Avci, Assistant Professor, Center for Molecular Medicine

Dr. Suzanne Barbour, Dean, Graduate School

Ian Biggs, Senior Associate Director, Innovation Gateway

Dr. Michelle Booden, Director, Strategic Alliances and Business Development for Biomedical Sciences

Dr. Tim Burg, Director, Office of Science, technology, Engineering and Mathematics Education

Dr. Michelle Garfield Cook, Vice Provost for Diversity and Inclusion and Strategic University Initiatives

Dr. Steve Dalton, Director, Center for Molecular Medicine

Dr. Alan Darvill, Director, Complex Carbohydrate Research Center

Dr. Charles Davis, College of Journalism & Mass Communication

Dr. Griff Doyle, Vice President for Government Relations

Dr. Derek Eberhard, Director, Innovation Gateway

Dr. Gaylen Edwards, Department Head, Physiology and Pharmacology

Dr. Linda Fox, Dean, Family and Consumer Sciences

Kristina D. Frank, Assistant Coordinator, Entrepreneurship Program

Dr. Dan Geller, Public Service Associate, SREF/College of Engineering

Dr. Don Harn, Director, Faculty of Infectious Diseases

Dr. Steve Holladay, Department Head, Veterinary Biosciences and Diagnostic Imaging

Dr. Laura Perry Johnson, Associate Dean for Extension

Dr. Dennis Kyle, Director, Center for Tropical & Global Emerging Diseases

Dr. Crystal Leach, Director, Industry Collaborations

Dr. David Lee, Vice President for Research

Dr. Don Leo, Dean, College of Engineering

Dr. Michael Martin, Director of Extension County Operations

Sean McMillan, Director, UGA Economic Development

Dr. Michelle Momany, Associate Dean, Franklin College of Arts & Sciences

Dr. Sam Pardue, Dean, College of Agriculture & Environmental Sciences

Dr. Michael "Hawkeye" Pierce, Director, UGA Cancer Center

Dr. Bob Pinkney, Director, Entrepreneurship Program

Dr. Gene Rhodes, Director, Savannah River Ecology Laboratory

Dr. Rahul Shrivastav, Vice President for Instruction

Dr. Rakesh Singh, Department Head, Agricultural & Applied Economics

Dr. Steve Stice, Director, Regenerative Bioscience Center

David Tanner, Director, Carl Vinson Institute of Government

Dr. S. Mark Tompkins, Professor of Infectious Diseases

Dr. Kyle Tschepikow, Assistant to President Morehead

Dr. Pamela Whitten, Senior Vice President for Academic Affairs and Provost

Dr. Sheri Worthy, Department Head, Financial Planning, Housing & Consumer Economics

Dr. Patricia Yager, Director, Georgia Initiative for Climate & Society

Non-UGA Stakeholders

Jordan Burke, Director, Four Athens

Tony Ferguson, Northeast Regional Director,
Georgia Power

Mary Charles Howard, Executive Director,
Athensmade

Trevor Jones, Attorney, Fortson, Bentley & Griffin

Dr. Ilka McConnell, Vice President for Economic
Development Services, Athens Technical College

Dr. Charles A. Peck, President & CEO, Piedmont
Athens Regional Hospital

Blaine Williams, Manager, Unified Government
of Athens-Clarke County Manager

Appendix B: What would best promote UGA's entrepreneurship and innovation? A Research Park or an Innovation District?

An innovation district anchored by a convergence center is a better match for UGA's academic and fiscal objectives than a research park. HR&A recommends that UGA pursue an innovation district that encompasses a portion of the campus and the heart of downtown Athens to leverage the existing vibrancy of that neighborhood. HR&A recommends against developing a costly research park that would take much longer to successfully develop, program, and activate under sole university ownership and control.

Overview of Research Parks and Innovation Districts

A university research park is a master-planned development that is fully controlled or heavily influenced by the anchor institution and in which defined research with industry partnerships occurs.

- **Type of research conducted:** University research parks are typically anchored by institutes and research teams that are identified strengths of the university, often in the hard sciences. Innovation thus occurs within defined topic areas rather than across a wide range of topics including the humanities and these topic areas are selected in a less organic and experimental fashion.
- **Development:** The university serves as the master developer or oversees the development as a controlling interest by requiring the developer secure their approval before taking specific actions regarding development and leasing.
- **Development timeframe:** The first phase of a research park, even the first building, may take several years to construct. Full build-out of a large research park and attraction of industry partners may take decades. This timeframe for the first phase includes the period to establish a team dedicated to the activation and operation of the research park.
- **Control:** As the owner or controlling interest, the university has significant control over all elements of the research park, but also has the primary responsibility of providing amenities and activation programming.
- **Role of Partners:** Industry partners locate facilities at the research park to access the university's academic researchers, student talent, and the local/regional market. Partners provide the university with opportunity to collaborate to increase its prestige and enhance its brand. In addition, partners pay the university rent for their location, helping to offset the cost of constructing and operating the park. In many cases, universities subsidize park activities to derive the overall academic and research value from such a facility.
- **Activation & Amenities:** The university is largely responsible for all activation events and programming to enliven the park and make it an attractive space for partners, requiring the focus of a dedicated staff. In addition, the university must plan for and manage the amenities that help make the park an attractive environment, such as the retail offerings.

An innovation district is a branded area that has not traditionally been master-planned or owned by a single entity, but instead organically evolves. The university might control portions of just a few buildings in the innovation district rather than owning and controlling the entire area.

- **Type of research conducted:** In contrast to research parks that have more formal and defined research agendas, an innovation district encourages experimentation of ideas and concepts that do not have an initial or clear return-on-investment, regardless of the topic. Innovation districts are rarely anchored by specialized science facilities (though these types of laboratories may comprise a portion of the program). Instead, sciences converge with a variety of mixed uses and multi-disciplines such as the humanities and the arts to find innovative solutions to problems.
- **Development:** In best practices, the evolution of the overall district occurs organically, with the owner of each property deciding how to best activate and build-out their parcel. As the innovation district is usually an existing neighborhood, the university is not responsible for the infrastructure which should already be in place. The university may control the central innovation facilities within the district that anchor the area and that contribute to the innovative brand. However, the university may also partner in the development of these buildings to reduce costs or risks and in so doing would give up some control of their programming and the construction timing.
- **Development timeframe:** The first phase of an innovation district may take as little as six months or up to several years to construct. The shorter time frame is possible if UGA develops the anchor innovation facility in an existing building requiring minor renovation rather than new construction. If the first phase involves a new building, it might take up to 3 years to make operational. This start-up period includes the timing to set up a team dedicated to the operation and activation of the anchor innovation building/space within the district.
- **Control:** The university forgoes control of the district itself in order to gain the benefit of the more organic and active environment. As noted above, the university may control facilities within the district by owning and operating those buildings or portions of those buildings.
- **Role of Partners:** Industry partners are invited to join the university within the district's anchor facilities, or to establish their own facilities nearby. Outside of the anchor facilities, the university does not control which industry partners take up residence in the district or what these partners do, unlike at the research park. Depending on the financing model, the university may control which partners take up residence in the anchor facilities themselves.
- **Activation & Amenities:** The market and environment of the district itself provides much of the activation and amenities that are attractive to and serve the resident academics and partners. Each property owner has an interest in activating their parcel with productive uses such as retail, office, or even residential options, decentralizing the development enables it to progress more rapidly. Rather than managing the entirety of the district, the university takes responsible for activating the anchor facilities with programming and events.

Assessment of Alignment with UGA's Objectives

The HR&A team recommends that UGA work with the City of Athens to support the implementation of an innovation district rather than a research park. Most UGA stakeholders interviewed do not feel that there is sufficient demand among industry partners for collocation to warrant the large investment required for a research park, and the innovation district better matches the majority of UGA's objectives, paraphrased below:

- Promotion of entrepreneurship and strengthening the technology-based economy in Athens: An innovation district that emphasizes accessible and affordable space and is programmed to encourage collaboration best promotes entrepreneurship and exploration of unknown ideas or concepts that might fail. In contrast, an infrastructure-heavy research park filled with specialized laboratory spaces does little to promote entrepreneurship and experimentation of ideas among the general UGA student population, or to enable student teams to quickly take up residence to pioneer a new idea.
- Increasing the visibility of UGA research and innovation activities: Both a successful research park and a successful innovation district will enhance the UGA brand. However, an innovation district that leverages the existing activation and vibrancy of downtown Athens is a more cost-efficient and risk-mitigated approach.
- Attracting additional industry partners to UGA: Stakeholders reported to HR&A that UGA has no appreciable difficulty accommodating partners that want to co-locate facilities, indicating that at this time a research park is not essential to deepening UGA's relationships with industry. An innovation district with anchor facilities containing office space that industry partners could rent appears sufficient for industry needs at less obligation and risk to UGA. Furthermore, having an open space for innovation at the base of this building would better increase the faculty and student team participation in incubator and accelerator programs that might engage with these industry partners.
- Financially sustainable operations: As the infrastructure and ongoing activation requirements of an innovation district are less costly than a research park, the innovation district will be easier to make financially sustainable once stable operation begins.

Appendix 2: Innovation District Potential Parcels



UNIVERSITY OF GEORGIA

July 2018

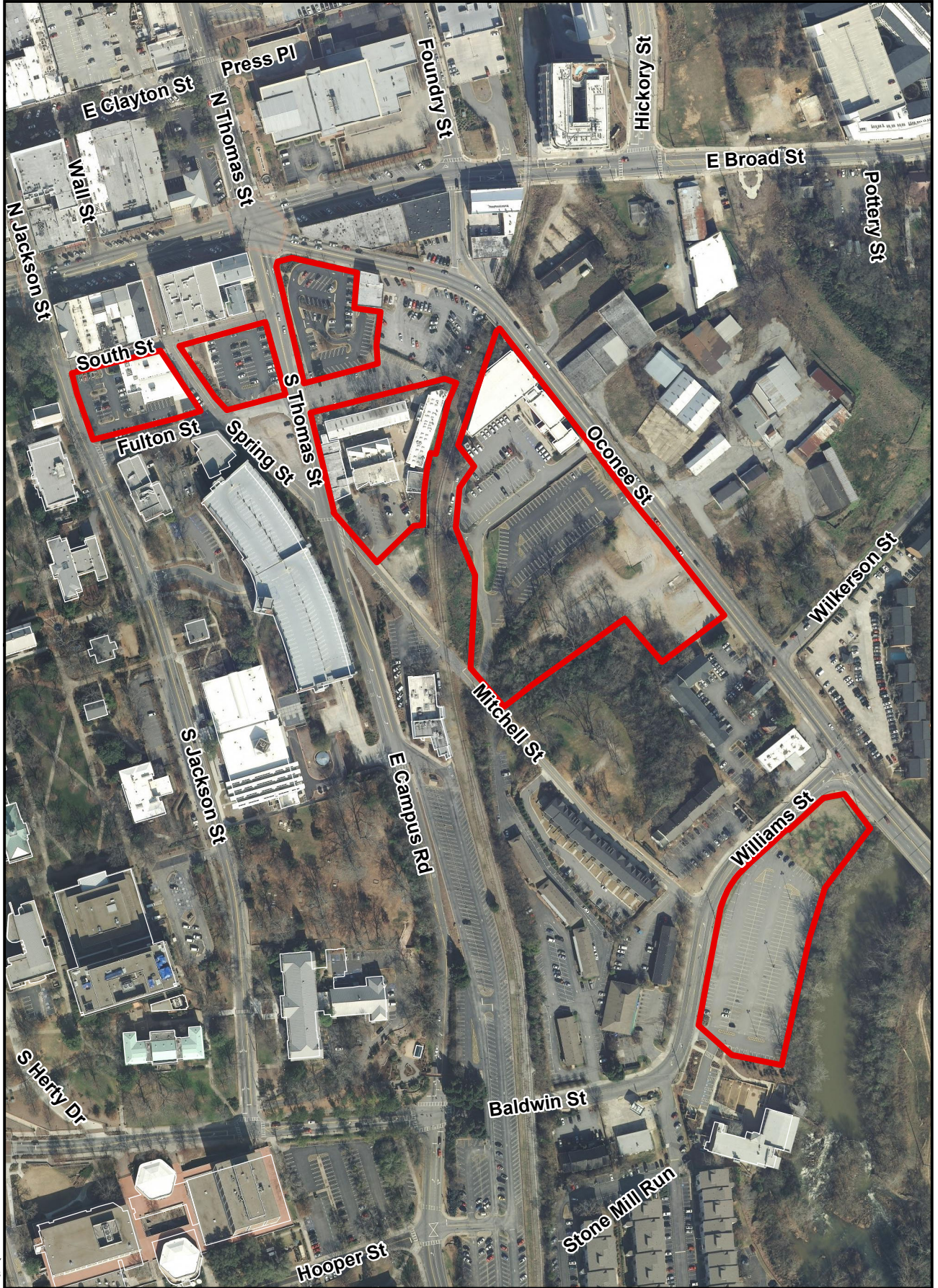
Innovation District Potential Parcels



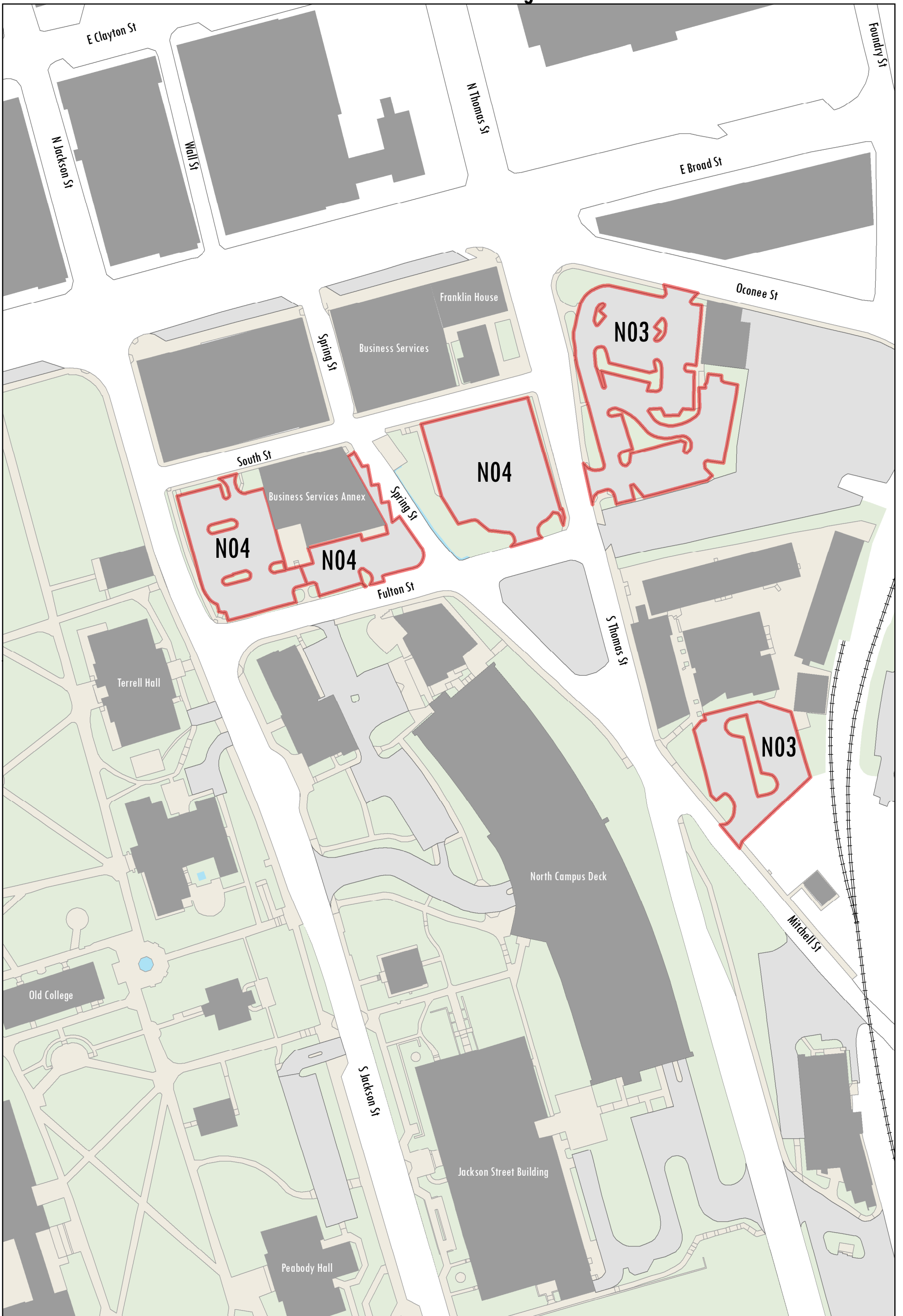
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G.I.S.

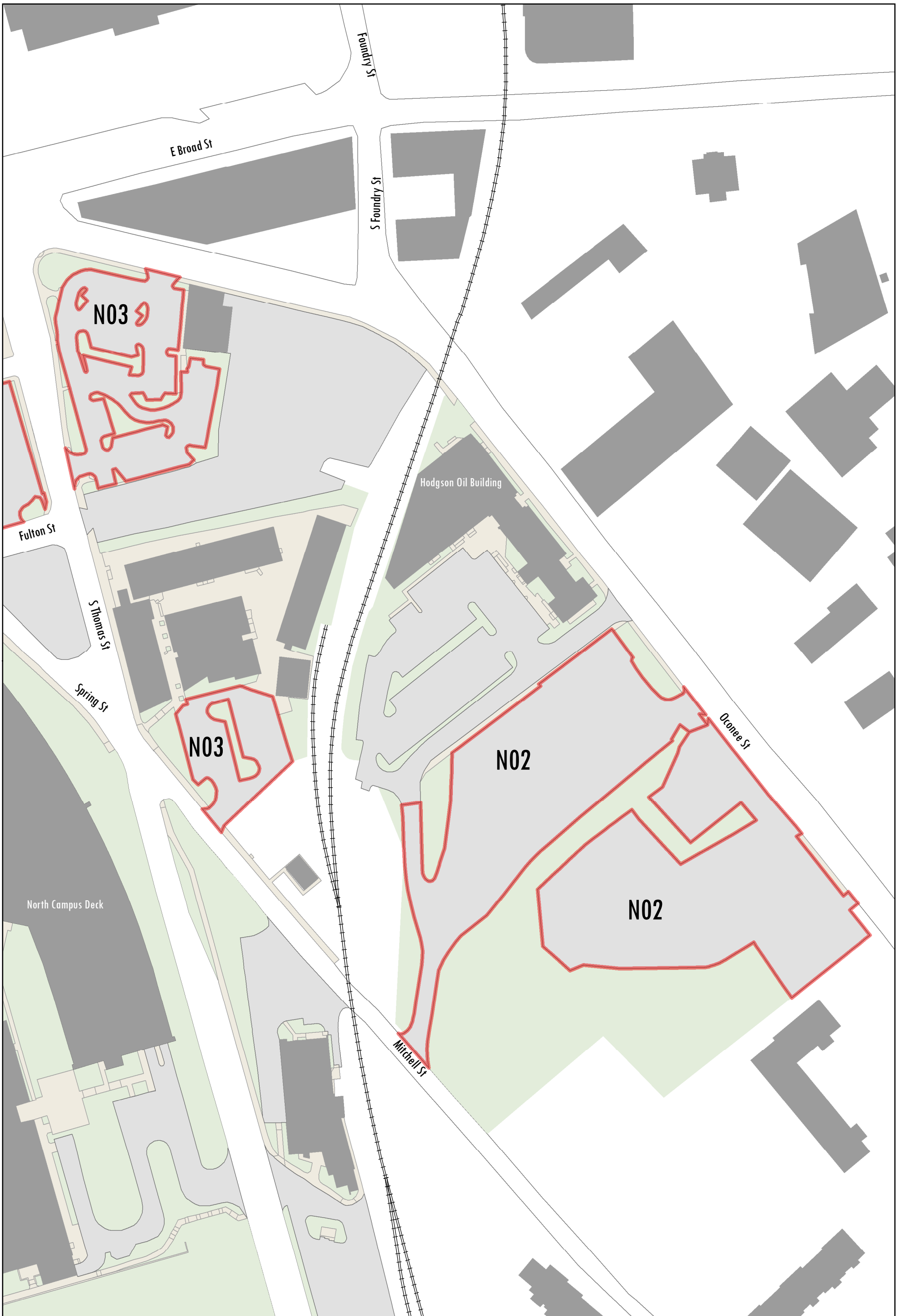


Innovation District Potential Parcels



Appendix 3: Parking Areas Impacted by Potential Building Sites





Parking Areas Impacted by Identified Building Sites

