



MEMORANDUM

DATE: January 22, 2015
TO: Members, Community Impact Fund Committee
FROM: Lydia Lee, Community Relations Administrator
SUBJECT: CO+HOOTS Foundation – Expansion Project

BACKGROUND

The CO+HOOTS Foundation mission is to influence and support community growth by engaging the power of co-workers, independent contractors and small business. It provides pro bono service, education, leadership, and community outreach and entrepreneur support programs for CO+HOOTS co-working space. Since 2010, CO+HOOTS have graduated several companies from their co-working space into their own larger offices and have created approximately 200 new jobs for the Phoenix metro area.

PROGRAM DESCRIPTION

Recognizing that its model is helping small businesses to scale, CO+HOOTS has decided to expand on its services by opening a second larger location in downtown Phoenix. Its current 4,500 sq. ft. space is at capacity, it does not have space to host events such as meet-up groups and seminars that can further its members' businesses. The Foundation indicates it will be the first co-working space in the world to specifically provide resources to for-profit and non-profit companies combined and to increase job opportunities within the community. The new space will operate in conjunction with CO+HOOTS' downtown Phoenix location at 11th Street and Washington Street and will focus on teams of two or more as well as include variable office space options and flex space.

Arizona is a leader in entrepreneurial growth and its new business creation is currently ranked first in the nation, according to the Kauffman Foundation's 2012 Index of Entrepreneurship Activity which ranks states on the number of new companies per 100,000 adults. CO+HOOTS do not target a specific industry demographic. Rather than define themselves on serving "tech" or "creative," they have simply stated that they are seeking collaborative companies. Their new space will be directed to Phoenix businesses that include one or more of the following: 1) minority, women and small businesses (typically between 1-10 employees), 2) small business entrepreneurs with high growth business models, and 3) businesses with industry sectors such as information technology.

POPULATION TO BE SERVED

The CO+HOOTS Foundation Expansion Project will provide: 1) entrepreneurship assistance and education programming to Phoenix-based startups and early-stage companies, 2) granting mentorship, guidance resources and affordable office space, 3) provide education and training to women- and minority-owned businesses and entrepreneurs to help them sustain and grow their businesses, and 4) provide job training, development, and job placement for individuals seeking employment in high-growth areas.

Local entrepreneurs have expressed the need for additional private office space that provides for 3-8 employees in addition to the collaborative desk work space that their current space provides. CO+HOOTS current goals are to assist: 1) 50 or more small businesses with affordable office space, 2) 100 or more small businesses with entrepreneurship assistance and educational programing via workshops, mentoring, and peer supports, and 3) 25 or more member companies in making their first, or a new hire in the 2015-16 fiscal year.

REQUEST

The Foundation is requesting that the Phoenix IDA invest the amount of \$100,000 (\$35,000 for tenant improvements including fixtures & furniture; \$15,000 for equipment; and \$50,000 for salaries for one full time and one part time employee) to support its expansion project. The project will be completed in four phases: acquisition of space/build-out, business application/assessment, scaling support and evaluation.

The lease on the second property is expected to be finalized by early February 2015, with implementation of the expansion to begin shortly thereafter. CO+HOOTS will be seeking sponsorships and will be supported by the monthly membership income in order to sustain its programs. CO+HOOTS donate the majority of its profits to the CO+HOOTS Foundation to manage the educational programs, community outreach and entrepreneurial support for the CO+HOOTS Community. The Foundation indicates this expansion will be fully sustained by its ongoing membership fees as well as outside sponsorships and grants.

/ll

cc: Juan Salgado

Phoenix IDA grant
January 5, 2015
CO+HOOTS Foundation Concept Paper

• Mission/Vision: Provide a general description of the organization's mission and vision statements. (100 word limit).

CO+HOOTS Foundation is an Arizona non-profit whose mission is to influence and support community growth by engaging the power of coworkers, independent contractors and small business. We provide pro bono service, education and leadership to CO+WORK, CO+BUILD and CO+CHANGE the world. CO+HOOTS Foundation provides the educational programming, community outreach and entrepreneur support programs for CO+HOOTS co-working space.

• Project Description: Provide a general description of the conceptualized project. Include the expected duration and whether this is a new or existing effort. (250 word limit).

CO+HOOTS is the only shared downtown Phoenix office location that promotes collaboration and provides a professional, inspirational and self-sustaining space to grow and nurture entrepreneurialism. Since 2010, CO+HOOTS has successfully graduated several companies from our co-working space into their own larger offices and has created approximately 200 new jobs for the Phoenix metro area. Recognizing that our model is helping small businesses to scale, we decided to expand on our services by opening a second larger location in downtown Phoenix. Our current space, which is 4,500 square feet, is sold out to capacity and does not provide us space to host events such as meet-up groups and seminars that can further our members' businesses. Coworking involves businesses and individuals working in a shared environment. The collective share the same values and interests in the collaboration and serendipity that will happen from working with talented people in the same space. These companies work independently but often times collaboratively. The Foundation will be the first coworking space in the world to specifically provide resources to for-profit and non-profit companies combined and increase job opportunities within the community. The new space will operate in conjunction with CO+HOOTS' downtown Phoenix location at 11th Street and Washington Street and focus on teams of two or more and will include variable office space options as well as flex space. CO+HOOTS Foundation will be the ideal environment for these groups to thrive and advance their missions for the benefit of many.

• Need for the Project: Identify the community indicators that demonstrate the need for the project. Share how the need was determined. (500 word limit).

Arizona is a leader in entrepreneurial growth. The old way of building business in Arizona was shaken during the recession. Locally, job creation swirled around retail, services and construction. While all new firms are start-ups — Arizona saw a quarter million open doors in 2012. Most Arizona businesses tend to remain small. That is no reflection on a firm's success; it's a matter of scale. Of the more than 400,000 entities in Arizona — proprietorships, partnerships, L.L.C.s and corporations — only 16,000 have more than 20 employees, according to the U.S. Small Business Administration. This leaves nearly 384,000 local companies who need smaller, scalable office space. The economy's future leaders are talking at networking events, sharing challenges over coffee with Startup Arizona and turning ideas into businesses in collaborative workspaces like CO+HOOTS, Seed Spot and Gangplank. Growing these companies requires an effective policy environment, a trained work force and a product or service with value to take to market. When a small company scales up, it puts more jobs into the economy. When it's a local company, roots grow deeply into the community. Currently, Arizona's new business creation is ranked first in the nation, according to the Kauffman Foundation. The 2012 Index of Entrepreneurship Activity ranks states on the number of new companies per 100,000 adults. Arizona clocked in with 520 start-ups. California and Texas tied at second, both with 440 new firms per 100,000 adults; Colorado hit 420; Georgia, 350; and Utah, 250. The new crop of baby business boomers is a reflection of necessity, creativity and public policy shift.

• Population to Be Served: The population to be served includes those who will be directly involved in the conceptualized activities. Describe the characteristics of the population including age or age range, gender, race, disability, and any unique characteristics such as needs, risk factors, barriers, etc. Include projections of the number to be served. Where applicable, and if it lends greater understanding to the concept, similar information may be included regarding the indirect population—those impacted by the project even though not directly engaged. (500 word limit).

CO+HOOTS is one of the only coworking spaces in Arizona that does not target a specific industry demographic. Rather than define ourselves on serving “tech” or “creatives,” we have simply stated that we are seeking collaborative companies. This has led to the development of a rich environment in culture and talent sets. We have developers working next to graphic designers working next to real estate agents working next to tax consultants. As long as you fit our collaborative culture, you belong at CO+HOOTS.

The project will be directed to Phoenix businesses that include one or more of the following: minority, women and small businesses; small business entrepreneurs with high growth business models; businesses with industry sectors such as Information Technology. Typically our small business members have between 1-10 employees.

• Goals, Objectives and Strategies: Outline the goals, objectives and key strategies for engaging, retaining and impacting the population that will be served. (500 word limit).

The CO+HOOTS Foundation Expansion Project will expand on our already proven successful model to include office space support that was not previously able to be provided due to budget limitations. The project will provide entrepreneurship assistance and education programming to Phoenix-based startups and early stage companies; granting mentorship, guidance resources and affordable office space; provide education and training to women- and minority-owned businesses and entrepreneurs to help them sustain and grow their businesses; provide job training, development, and job placement for individuals seeking employment in high-growth areas. Local entrepreneurs have expressed the need for additional private office space that provides for 3-8 employees in addition to the collaborative desk work space that our current space provides. We also have a significant need for event space to host entrepreneurial meet up groups and workshop activities.

GOAL 1: Assist 50 or more small businesses with affordable office space support and a collaborative community.

Objective: Provide affordable office space support to businesses with 10 or less employees.

Key Strategies: By offsetting the tenant improvement and furniture costs to CO+HOOTS Foundation, we will be able to keep our rates low for small businesses who join the community. In addition, through other collaborative grants we will be offering a scaling program for both for-profit and non-profit members to offset some of their membership fees if they are planning to hire within 6-12 months.

GOAL 2: Assist 100 or more small businesses with entrepreneurship assistance and educational programming via workshops, mentoring, and peer supports.

Objective: Provide entrepreneurship assistance and education programming to businesses with 10 or less employees.

Key Strategies: Legal assistance program, Success Lab mastermind groups, Midweek Mindtweek (MWMT) workshops, Social Media support.

GOAL 3: Assist 25 or more member companies in making their first or a new hire in the 2015-16 fiscal year.

Objective: Provide scaling support to businesses with 10 or less employees looking to hire within 6-12 months.

Key Strategies: Business model canvas workshops, Scaling Project support and mentoring, Peer support

• Projected Outcomes and Related Indicators: Detail the intended outcomes of the conceptualized project. Identify the indicators that will point to the degree that the outcomes have been attained.

Explain the evaluation methodology envisioned including a description of who will conduct evaluation activities. (500 word limit).

The Foundation Expansion Project will be completed in 4 phases: Acquisition of space/build out, Business Application/Assessment, Scaling Support, and Evaluation.

For the Acquisition/Build out phase, CO+HOOTS Foundation will acquire the final property for the coworking expansion. Funding for tenant improvements, including fixtures and furniture, will be spent. The current budget request includes for 50 collaboration desks and chairs that will be used in the collaboration area of CO+HOOTS. During this phase, equipment will also be purchased to include projection, A/V, and flat screen monitors for shared meeting spaces in the coworking space.

For the Business Application/Assessment phase, CO+HOOTS will utilize the Business Model Canvas (BMC) as our application tool for small businesses to apply for scaling support. This tool (<http://www.businessmodelgeneration.com/canvas/bmc>), which is heavily used in the lean start-up method, ensures that companies are looking at all aspects of growth and development. This tool will give businesses a road map for other areas where they may need to work on and will assist the CO+HOOTS Foundation staff with providing a roadmap for success as part of the businesses' new membership. Members will be assigned to "Ambassadors," long-term members of CO+HOOTS, who will mentor and guide the new members in taking advantage of all of the business education and peer support opportunities found in a collaborative work environment.

During the Scaling Phase, CO+HOOTS will provide HR staffing support and advisement via mentors. This will ensure that the members' hiring process provides opportunities to a diverse set of workers and that they have all of the legal documentation in place. Examples of support may include writing job descriptions, assisting with the interview process, and new-hire paperwork templates.

Following the hire, an evaluation phase will be conducted where the business and the new hire will complete surveys every quarter providing information on the progress of the hire. Additional support based on these surveys may be provided. Survey feedback will be completed in Google Forms and summaries of the information will be provided to the staff at Phoenix IDA on a quarterly basis.

All members who wish to take advantage of the Small Business Scaling Project will also be required to participate in one of CO+HOOTS' Success Labs. These mastermind groups and complementary podcast will help provide small businesses with community support to address concerns or challenges being brought up by scaling or business in general. The mastermind groups are held once every two weeks. At each group, the business leaders share challenges they

are facing, receive peer feedback, and also publicly state two action items they are going to complete before the next mastermind group. The community and accountability that is created in these groups are what really sets our model for scaling apart. We are not only providing businesses with 1:1 coaching and support via working with us on their Business Model Canvas (BMC), but we also are providing them with community connections and collaborative partners. We have found that the participants in our Success Lab groups have scaled their business with greater success than other members in CO+HOOTS. Website: <http://successlabr.com> .

• Collaborative Partners: Describe the role, relationship and value-added of other organizations key to the success of the concept. (500 word limit).

The Technical Assistance Partnership of Arizona (TAPAZ and www.tapaz.org), an Arizona nonprofit run by St. Luke's Health Initiatives, will be serving as the fiscal sponsor for this grant. TAPAZ is a 501c3 with audited financials and will provide fiscal sponsorship services specific to the direct operations of this grant opportunity for the CO+HOOTS Foundation. Services provided include accounting, check writing, expense tracking, budget analysis, grant management and financial reporting, including budget to actual expenses and periodic status and reimbursement reports. Additionally, TAPAZ brings a consultant network developed over the past 13 years that has the ability to address virtually any nonprofit capacity issue. CO+HOOTS Foundation has all of the programmatic expertise to fulfill the requirements of this proposal. TAPAZ serves as fiscal sponsor for many organizations in the Phoenix area so nonprofit organizations can focus on their mission work and know that sound financial practices are being applied to the administration of the grant funds. This arrangement also provides cost savings as fewer financial and accounting positions are required within the CO+HOOTS Foundation. CO+HOOTS Foundation is confident with us as their Fiscal Sponsor to handle the accounting and finance functions on their behalf.

Success Lab is our collaborative partner on the mastermind group for entrepreneurs. Success Lab currently runs four groups out of our current coworking space.

B LAB is our collaborative partner on B Corp certification.

• Implementation Plan: Describe the conceptualized implementation including associated timelines, contingencies and deadlines. Note key staff roles, and explain the expertise that qualifies the organization to address the described needs. (500 word limit).

The lease on the second space property is expected to be finalized by early February 2015. At that time, CO+HOOTS will begin the implementation of our expansion plans. Expansion efforts will be led by Jenny Poon (Founder of CO+HOOTS) and Kristin Romaine (Executive Director of the CO+HOOTS Foundation). Jenny has extensive experience in building out coworking

spaces not only with the development of CO+HOOTS in two separate locations, but she has also been a lead advisor on several coworking spaces both domestically and globally, including CONNECT (Tucson, AZ), coworking space Jumpstart (Glendale, AZ), Coco (Minneapolis, MN), and Confstartup (Catania, Italy). With CO+HOOTS being one of the longest established coworking spaces in the United States and recently being named one of the top 8 in the nation, we have a strong understanding of the space design and community building. Kristin Romaine has over 10 years of experience in capital campaign development, which includes both the financial aspects of garnering sponsorship support, etc. but also establishing in-kind relationships with vendors and service providers. She has worked with general contractors on large-scale projects, including Xavier College Preparatory's Founders Hall and Athletics Fields expansions as well as the St. Francis Xavier school demolition of the old school building and new school complex. Kristin will be handling all of the vendor and sponsorship relations as well as overseeing the tenant improvements, contractors, and building management communication. Jenny and Kristin will work together on the development and implementation of the expanded workshops and educational programming. We expect these programs to launch with the new space opening in late Spring 2015. We will have more solid timelines and dates to share with IDA once we have a finalized lease and can develop the tenant improvement plans with the contractors and building management. It is expected that we will be fully functioning in the new space no later than June 2015. In addition to Jenny and Kristin, 1 full-time and 1 part-time staff person will be brought on-board to assist in managing the new space. Additional staffing will be added as the space reaches full capacity. These staff members will each be given specific programs to facilitate as part of the educational programming. It is expected that the full-time staff member will be brought on board in early March 2015 and the additional part-time staff no later than June 2015. Jenny and Kristin are both Phoenix Business Journal 40 under 40 honorees, they are co-founders and co-chairs of the Phoenix Coworking Alliance. Jenny serves on several coworking global boards including COSHARE, the first national association of coworking and shared office spaces.

• Sustainability: Explain the plans for sustaining the conceptualized project and/or impact beyond the timeline associated with supported planning and/or implementation activities. (500 word limit).

CO+HOOTS Foundation will be seeking sponsorships and will also be supported by the monthly membership income of CO+HOOTS coworking in order to sustain our programs. CO+HOOTS donates the majority of their profits to the CO+HOOTS Foundation to manage the educational programs, community outreach and entrepreneurial support for the CO+HOOTS Community. This program will be fully sustained by these ongoing membership fees as well as outside sponsorships and grants.

• **Budget:** Include the actual dollar amount of the request along with the dollar amount and source of any other revenue, including in-kind resources. Provide a general description of how funds will be utilized including the main expense categories. If the budget for the project has already been developed, please attach it to the concept paper.

Tenant improvements including fixtures and furniture	\$35,000.00	50 desks/chairs, phone booths, etc.
Equipment	\$15,000.00	Apple TVs, flat screen TVs, A/V equipment
Salaries	\$50,000.00	FT \$35K, PT \$15K
Total	\$100,000.00	

Tenant Improvements, including fixtures and furniture: This will provide for the required tenant improvements in the coworking space as well as provide funding for the 50 desks and chairs needed for the collaborative office area. Private offices will be furnished by the members in those spaces.

Equipment: This will provide for the required projection, flat screen TVs, and A/V equipment necessary for the shared meeting areas in the coworking space.

Salaries: This will provide for 1 FT Staff person at \$35,000/year who will manage the programs of the CO+HOOTS Foundation that support entrepreneurs and small business. It will also provide for a part-time person at \$15,000/year who will support the mentorship and peer mentoring support programs as well as 1:1 management of the needs of the small business members.

Contact Information:

CO+HOOTS Foundation
 Kristin Romaine, Co-Founder & Executive Director
 1027 E. Washington St, #107
 Phoenix, AZ 85034
 Mobile: 602-309-1247
 Email: kristin@cohoots.com
 Website: www.cohootsfdn.com

Technical Assistance Partnership of Arizona (TAPAZ)

An Affiliate of St. Luke's Health Initiatives

George Redheffer

Associate Director, Sponsored Projects

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Email: george.redheffer@tapaz.org

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City of Phoenix

COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT

December 29, 2014

Juan Salgado
Executive Director
Phoenix Industrial Development Authority
251 W. Washington St., 9th Floor
Phoenix, AZ

RE: CO+HOOTS Phoenix IDA Award Support Letter

Dear Mr. Salgado:

It is with great privilege that I offer this letter of support for the IDA Award application submitted by CO+HOOTS, a Phoenix co-working space that is changing the face of Downtown Phoenix and the surrounding neighborhoods.

One of the most significant challenges faced in the knowledge economy is creating a place where early stage, entrepreneurial and creative companies can locate, grow and thrive. In this highly competitive marketplace, these companies, and their spaces, are sought after and often relocated into other vibrant markets who understand the value these groups bring in creating a sense of place and a locational opportunity for the knowledge workforce. These efforts then attract site location decisions by technology companies, which further enhance a Region.

As a co-working space CO+HOOTS has created a highly collaborative working environment where entrepreneurs can engage and problem solve with other creative, and technology professionals, and collaborate on larger projects, all facilitated by the space in which they are located. This amazing facility offers mentoring, workshops and programs to assist individuals in sustaining and growing their business, all of which benefit Phoenix.

CO+HOOTS is dedicated to changing the local environment, not only through their co-working space, but also through children's programming and events to engage and excite our youth in the STEM fields. CO+EXCHANGES, a program designed to bring entrepreneurs from cities around the world together to share ideas and build a more cohesive global community. Further, the CO+HOOTS Foundation, a nonprofit that supports community growth and co-working to create a more vibrant sustainable economy, bringing opportunities to all individuals regardless of their socioeconomic status.

In order to change an environment, we must support and assist organizations such as CO+HOOTS to create a sustainable economy where we are no longer dependent on growth to support the Region. Part of that support must be in the form of affordable space where these creative, connected individuals can conceive of the next new technology, world revolutionizing concept or thought provoking idea. These entrepreneurial efforts, if not supported, will grow into significant companies in other regions that understand their value and benefits. We can no longer allow Phoenix to be the breeding ground for these revolutionary ideas and early stage companies, only to have them relocate to an Austin, San Francisco, Seattle or Portland when they are ready to scale and grow into an economy supporting company. As a Community, it is time to support these concepts and spaces so that we can change the face Phoenix for decades to come.

Please accept my strong letter of support for CO+HOOTS Award application to the Phoenix IDA.

If you have any additional questions or require any information, please do not hesitate to contact me at 602-534-9049 or Christine.mackay@phoenix.gov.

Sincerely,

A handwritten signature in black ink, appearing to read 'Christine Mackay', written over the printed name.

Christine Mackay
Community and Economic Development Director

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Date: June 24, 2011

Person to Contact:

Ms. Fox id# 0195938

Toll Free Telephone Number:
877-829-5500

Employer Identification Number:
86-0975231

TECHNICAL ASSISTANCE PARTNERSHIP OF
ARIZONA
% ROGER A HUGHES
2929 N CENTRAL AVE STE 1550
PHOENIX AZ 85012-2725

Dear Sir or Madam:

This is in response to your May 16, 2011 request for information regarding your tax-exempt status.

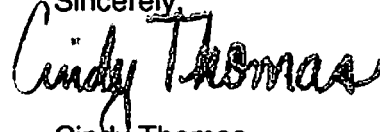
Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in June 2000.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in sections 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033 (j) of the Code on our website beginning in early 2011.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,


Cindy Thomas
Manager, Exempt Organizations
Determinations



City of Phoenix
OFFICE OF THE CITY COUNCIL

January 6, 2015

Mr. Don Keuth
President
Phoenix Industrial Development Authority
251 West Washington Street
9th Floor
Phoenix, AZ 85003

Dear Mr. Keuth:

It is my understanding that CO+HOOTS, a local working space, recently submitted a request for funding from the Phoenix Industrial Development Authority to augment their expansion efforts. I am writing today to express my strong support of this request.

The city of Phoenix is on the cusp of being a hotbed of entrepreneurial activity. As you know, we are working hard each day to create an environment in Phoenix where co-working spaces, innovators, entrepreneurs, and makers thrive. It is critical that we not only attract new entrepreneurs and businesses to our city, but that we also provide support to help existing entrepreneurs expand. I believe that the Phoenix Industrial Development Authority is poised to play a valuable role in advancing the city's efforts to grow our economy and support our entrepreneurs.

CO+HOOTS has been a leader in our community and has a proven track record of success. Last year, I traveled to our Phoenix Sister City - Catania, Italy, with the leadership team of CO+HOOTS to help launch the world's first global entrepreneur exchange. The program, created and led by CO+HOOTS, will bring entrepreneurs from around the world to Phoenix - bringing new ideas, new businesses, and job opportunities to our community. This program is just one example of the many ways CO+HOOTS is helping Phoenix become a magnet for entrepreneurs.

Thank you for your consideration of this request and for your continued support of the city's efforts.

Sincerely,

Daniel T. Valenzuela