

## Application for Federal Assistance

**ID:** 2899122  
**Applicant Name:** Colab  
**Project Title:** The Chattanooga Regional Catalyst Fund - Supporting High Growth Scalable Startups  
**Project Period:** 11/02/2020 - 10/31/2023  
**Federal Funding Requested:** \$275,000.00  
**Non-Federal Funding Requested:** \$275,000.00  
**Fiscal Year of Funding Requested:** 2020  
**Federal Application Receipt Date:** 06/14/2020  
**Submitted for:** FY 2020 Build to Scale Program  
**Notice of Funding Opportunity Number:** EDA-HDQ-OIE-2020-2006455  
**CFDA Number:** 11.020

## Application Documents for Review

File Name	Description	Page
AttachmentForm_1_2-ATT1-1238-Mayor of Chattanooga_LOS.pdf	Application attachment from Grants.gov	2
AttachmentForm_1_2-ATT2-1239-DynamoLoSCoLabFund.pdf	Application attachment from Grants.gov	3
AttachmentForm_1_2-ATT3-1240-CRF 2020 Capital Challenge LOS.pdf	Application attachment from Grants.gov	4
AttachmentForm_1_2-ATT4-1241-2020 Capital Challenge Matching Letter.pdf	Application attachment from Grants.gov	5
BudgetNarrativeAttachments_1_2-Attachments-1235-CRCF BUDGET NARRATIVE_Final.pdf	Application attachment from Grants.gov	6
Form AttachmentForm_1_2-V1.2.pdf	Application attachment from Grants.gov	12
Form BudgetNarrativeAttachments_1_2-V1.2.pdf	Application attachment from Grants.gov	13
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GrantApplication.xml	Application attachment from Grants.gov	25
manifest.txt	Application attachment from Grants.gov	26
ProjectNarrativeAttachments_1_2-Attachments-1234-CRCF_Project Narrative_COLAB.pdf	Application attachment from Grants.gov	27
SF424_3_0-1236-SF424-Q14_Colab.pdf	Application attachment from Grants.gov	37
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**This Application Report has non-PDF or "PDF Catalog" embedded attachments. To print the entire application, each embedded attachment must be opened and printed separately.**

This Application Report was produced by DoC Grants Online (<https://grantsonline.rdc.noaa.gov>) on 07/10/2020 01:15 PM EDT



# City of Chattanooga

Mayor Andy Berke

June 11, 2020

Marcus K. Shaw  
Chief Executive Officer  
CO.LAB  
1100 Market Street, Suite 100  
Chattanooga, TN 37402

Dear Marcus,

Chattanooga has been very fortunate to have The Company Lab's leadership in helping to grow our innovation ecosystem. I would be thrilled to support this next phase of work in expanding the sources of early-stage capital through the development of the **Chattanooga Regional Catalyst Fund (CRCF)** as part of the EDA Build-to-Scale Capital Challenge grant.

We designated Chattanooga's Innovation District in 2015, and it is the section of the City where entrepreneurs, students and tech-savvy innovators can collide and collaborate to conceive and implement new ideas. The past several years have seen transformative impacts related to startups and attracting new talent as a direct result of the District, and I am personally very involved along with City staff in implementing the Innovation District Framework Plan which will further the entrepreneurial and research culture that has already emerged in the heart of our Downtown. I am excited that our efforts in Chattanooga have been accompanied by growth in innovation throughout east Tennessee. The addition of new investment dollars to our ecosystem will be critical to the long-term sustainability of innovation and entrepreneurship in the Chattanooga region.

In addition, our Smart Cities Director is highly involved in the Chattanooga Smart Community Collaborative. As an expert in mobility and the ways in which Chattanooga is adopting new ideas and technologies related to transportation, the Smart Cities Director will be an excellent resource as the fund focuses on mobility and transportation investments.

All of these characteristics of our ecosystem will serve to leverage the CRCF program as our City continues to prioritize smart cities initiatives for our citizens and build a thriving economy centered around innovation. I look forward to continuing our work together.

Sincerely,

Mayor Andy Berke  
City of Chattanooga

**Dynamo Management Company, LLC**  
800 Market St, Suite 201  
Chattanooga, TN 37402  
<http://dynamo.vc>



June 11, 2020

Marcus K. Shaw  
Chief Executive Officer  
CO.LAB  
1100 Market Street, Suite 100  
Chattanooga, TN 37402

Dear Marcus,

Dynamo Ventures recognizes the value of providing seed capital to early stage companies. Since 2016 we have invested over \$20M across 26 companies in the supply chain and mobility sectors. Our experience in seed investing, startup acceleration, and corporate innovation programming gives us confidence in the model that CO.LAB is pursuing in the Chattanooga Regional Catalyst Fund initiative. While our investment thesis has a global focus, we find great value in Chattanooga's regional strength in supply chain and mobility. We endorse and support CO.LAB's regional strategy and are committed to helping the project be successful.

We believe the development of the Chattanooga Regional Catalyst Fund (CRCF), as described in the EDA Build-to-Scale Capital Challenge proposal, will be vital to provide early stage investment in regional ventures, particularly those in mobility, healthcare, and energy. We see the immense value that this fund will bring to the local entrepreneurial ecosystem and it is the perfect opportunity for enhanced collaboration between our organizations.

Sincerely,

Santosh Sankar  
Partner  
Dynamo Ventures



June 12, 2020

Mr. Marcus Shaw  
Chief Executive Officer  
The Company Lab  
1100 Market Street, Suite 100  
Chattanooga, TN 37402

Dear Marcus:

On behalf of the Chattanooga Renaissance Fund, I want to express our enthusiastic support for CO.LAB's Chattanooga Regional Catalyst Fund project as described in your EDA Build-to-Scale Capital Challenge application. I applaud and support the leadership you and your colleagues in Chattanooga's entrepreneurial ecosystem have shown in creating a needed plan to invest in regional startups and to advance our regional economy.

As you know, the Chattanooga Renaissance Fund identified early-on the lack of local venture capital to help fuel our entrepreneurs and business start-up economy and we acted to fill this crucial investment gap. Since 2011 we have invested in early-stage companies that display great habits and solid growth potential. We focus primarily on entrepreneurs that are beyond the "idea on the back of the napkin" and are still searching for mentorship and positive connections. In the same spirit the Chattanooga Regional Catalyst Fund will continue to provide this critical source of capital that fuels innovation and growth in our region. We stand ready to be an integral part of the Chattanooga Regional Catalyst Fund efforts on behalf of our regional start-up ecosystem.

As we near the end of our first fund's 10-year life and prepare to return capital to investors, we are enthusiastic to share insights and provide guidance for the development and success of the Chattanooga Regional Catalyst Fund. The Chattanooga region has a rich legacy of entrepreneurship and will continue to grow with the leadership of CO.LAB and its many partners and supporters. We are excited about the prospects of taking all our work to a greater level of impact and effectiveness for the people of our region.

Sincerely,

A handwritten signature in blue ink that reads "David A. Belitz".

David A. Belitz  
Partner

June 11, 2020

Dear Members of the U. S. EDA/ Build-to-Scale Capital Challenge Grant Review Team,

I wish to express my gratitude for the opportunity to submit our full proposal to the 2020 Build-to-Scale Capital Challenge. For regions of the county such as Chattanooga, Tennessee, funding provided through the Build-to-Scale program provides innovators, entrepreneurs, and communities with the necessary resources to leverage local assets and drive stronger economic outcomes.

The Chattanooga Regional Catalyst Fund (CRCF) is designed to meet a critical need in the region's entrepreneurship ecosystem; a sustainable source of early-stage equity capital for high-growth companies. The CRCF is directly aligned with CO.LAB's mission to increase the capability and viability of startups in the Chattanooga region by connecting entrepreneurs with expertise, resources, and community. Target participants for the CRCF project are regional high-growth companies operating in core sectors (Healthcare, Transportation/Mobility, and Energy) where regional investment is likely to catalyze job creation and economic output for the region. The CRCF project will also support investor education among a more diverse group of accredited investors.

The projected cost to form and launch the Chattanooga Regional Catalyst fund is \$657,329. CO.LAB's proposal requests a total of \$299,651 from the EDA Build-to-Scale Capital Challenge.

In total, the CO.LAB plans to contribute a total of \$357,678 as cost-share to the CRCF initiative. The matching funds aforementioned will be committed to the project for the period of performance, will not be conditioned or encumbered in any way that may preclude its use consistent with the requirements of EDA investment assistance, and will be available as needed.

I am excited about the proposal and the opportunity to bring this critical project to the Chattanooga region. Thank you for continuing to bring opportunities like the Capital Challenge to regions across the country.

Sincerely,



Marcus K. Shaw  
Chief Executive Officer

## BUDGET NARRATIVE

**Applicant:** COLAB, 1100 Market St. Ste 100, Chattanooga, TN 37402-2861

**Project:** Chattanooga Regional Catalyst Fund | Supporting Scalable Startups

**Funding:** Opportunity Number: EDA-HDQ-OIE-2020-2006455

### 6.a. Personnel

- Year 1: \$130,000
- Year 2: \$142,500
- Year 3: \$142,500

Federal share: \$185,000

Matching share: \$230,000

### Description:

**Marcus Shaw** (maximum annual salary: \$150,000)

#### **Chief Executive Officer, CO.LAB**

Marcus will dedicate approximately 21% of his effort each year to the CRCF project. Marcus will oversee the establishment of the fund and investment committee. Marcus will manage the budget for the CRCF program. Refer to match commitment letter from CO.LAB.

**Katie Hendrix** (maximum annual salary: \$100,000)

#### **Chief of Staff, CO.LAB**

Katie will dedicate approximately 25% of her effort each year to the CRCF project. Katie will lead fundraising efforts, investor relations, and manage the CRCF administrator. Refer to match commitment letter from CO.LAB.

**Kirk Burton** (maximum annual salary: \$100,000)

#### **Director of Programs, CO.LAB**

Kirk will dedicate approximately 25% of his effort each year to the CRCF project. Kirk will work with Marcus to oversee and manage all of CO.LAB's accelerator programming and support building a pipeline of promising startups for potential investment. He will also serve as the Program Manager for the projects to track performance, monitor execution, and prepare and submit required reports. Refer to match commitment letter from the CO.LAB.

**Tim Moore** (maximum annual salary: \$45,000)

#### **Communications Director, CO.LAB**

Tim will manage marketing and outreach for the fund to include maintaining relationships with appropriate media outlets, prepare press releases, contribute to the design of marketing materials, and manage preparation and distribution of marketing collateral.

**CRCF Administrator, To Be Hired** (maximum annual salary: \$50,000)

The CRCF administrator will manage all aspects of fund administration to include regulatory compliance, records maintenance, managing correspondence, and serve as the primary point of contact for members of the board. The CRCF administrator will manage the budget for the CRCF program.

**Staffing Plan:**

Name/Title	Annual Salary	Total Charged to Project Year 1	Total Charged to Project Year 2	Total Charged to Project Year 3	Percentage of Dedicated Time	Total Federal Share	Total Non-Federal Share
<b>CEO</b>	\$150,000	\$20,000	\$32,500	\$32,500	21%	\$20,000	\$66,000
<b>Chief of Staff</b>	\$100,000	\$25,000	\$25,000	\$25,000	25%	\$37,500	\$37,500
<b>Director of Programs/ CRCF-PM</b>	\$100,000	\$25,000	\$25,000	\$25,000	25%	\$37,500	\$37,500
<b>Fund Administrator</b>	\$50,000	\$50,000	\$50,000	\$50,000	100%	\$75,000	\$75,000
<b>Comm Director</b>	\$45,000	\$10,000	\$10,000	\$10,000	22%	\$15,000	\$15,000

**6.b. Fringe Benefits**

- Year 1: \$19,500
- Year 2: \$21,375
- Year 3: \$21,375

Federal share: \$27,750

Matching share: \$34,500

**Description:** Fringe benefits for this project include medical, dental and vision plans, and life insurance.

**6.c. Travel**

- Year 1: \$8,336
- Year 2: \$14,433
- Year 3: \$14,053

Federal share: \$18,410

Matching share: \$18,412

**Description:** Travel expenses cover four trips over 3 years to attend industry events related to smart cities, emerging technologies, early stage investing and entrepreneurship to build relationships with industry partners and investors and to gain knowledge on challenges and emerging solutions in the energy, healthcare, and mobility spaces. Additionally, one trip per year is included for recruiting early stage companies and connecting with investor groups. Cost of travel calculated using GSA Per Diem rates.

Purpose	# Trips (est)	Ave Cost per Trip	Description
Attend CES	1	\$ 1,980	CES provides the opportunity to meet innovators, technology leaders, investors,

			and learn about current and future state of the art solutions in energy, health care and mobility markets
Attend Smart Cities Connect	2	\$ 2,600	Smart city connect provides the opportunity to connect with municipal leaders, innovators, and investors working in the smart city technology space. Attendance provides a great opportunity to learn how other regions are support startups in the high tech sectors supporting the cities of the future including applications in the energy, health care and mobility markets
Attend SXSW	2	\$ 1,980	SXSW brings together a diverse group of innovators, startups, investors, and thought leaders. Attendance provides COLAB the opportunity to network among this group to learn what challenges are facing startups, what is working in other markets, and what hot technologies apply to the Chattanooga region.
36/86 Festival	3 1 person Yr1 2 persons yrs 2-3 for a total of 5 individual attendance trips	\$3736	3686 is an annual festival in Nashville TN that brings together entrepreneurs, thought leaders, investors, incubators and accelerators. Attendance provides COLAB the opportunity to network among this group to learn what challenges are facing startups, what is working in other markets, and current thinking of the angel and VC investors. Funding reflected on travel line supports 1 attendee in year 1 and 2 attendees in years 2 & 3
Investor & Company Recruiting/ Relationship Management	7	\$ 1,000	On trip each year to support recruitment of early stage companies, promote awareness of CRCF among investor groups, and identify potential partners from industry, startup, and investor groups

**6.d. Equipment**

- Year 1: \$0.00
- Year 2: \$0.00
- Year 3: \$0.00

**6.e. Supplies**

- Year 1: \$0.00
- Year 2: \$0.00



- Year 3: \$0.00

**6.f. Contractual**

- Year 1: \$35,000
- Year 2: \$11,500
- Year 3: \$11,500

Federal share: \$29,000  
 Matching share: \$29,000

**Description:** Contractual expenses include costs for legal and accounting services. Legal expenses are \$25,000 in year 1 to establish the fund and file all necessary documents. In year’s 2 & 3 legal expenses will be \$1,500 each year. Accounting expenses are estimated at \$10,000 each year.

**6.g. Construction**

- \$0.00

**6.h. Other**

- Year 1: \$ 9,500
- Year 2: \$ 8,000
- Year 3: \$ 8,000

Federal share: \$12,250  
 Matching share: \$13,250

**Description:** Subscription for three additional Affinity SAAS tool (CRM) licenses at \$1,500 each. The Affinity software platform is a secure data and client management tool that provides CRCF with an AI enabled capability to capture data and improve interaction with stakeholders throughout the ecosystem. By using Affinity, CRCF will be able to capture information and gain insights on investors, startups and stakeholders touched by the project. The tool will reduce administrative tasks, allowing the CRCF staff to automate workflows such as capturing contact information, investment data, and gathering business intelligence. Affinity also automatically tracks each interaction with program participants and delivers relationship intelligence to enhance interaction with prospects, mentors, trainers, investors, and partners. Finally, Affinity allows users to set reminders and triggers to encourage proactive outreach and interaction to improve recruiting and relationship management. Marketing and advertising expenses will cover the cost of developing and printing marketing materials, maintaining the fund web properties, and development of a logo and branding.

Expense Title	Year 1	Year 2	Year 3	Description
CRM and DATA Management	\$ 4,500	\$ 4,500	\$ 4,500	Subscription for three additional Affinity SAAS tool (CRM) licenses. The Affinity software platform is a secure data and client management tool that provides CRCF with an AI enabled capability to capture data and improve interaction with stakeholders throughout the ecosystem. By using Affinity, CRCF will be able to capture information and

				gain insights on investors, startups and stakeholders touched by the project. The tool will reduce administrative tasks, allowing the CRCF staff to automate workflows such as capturing contact information, investment data, and gathering business intelligence. Affinity also automatically tracks each interaction with program participants and delivers relationship intelligence to enhance interaction with prospects, mentors, trainers, investors, and partners. Finally, Affinity allows users to set reminders and triggers to encourage proactive outreach and interaction to improve recruiting and relationship management.
Marketing & Advertising Expense	\$5,000	\$ 3,500	\$3,500	Expense related to design and production of marketing materials for the fund as well as management of online presence.
<b>TOTAL OTHER</b>	<b>\$9,500</b>	<b>\$8,000</b>	<b>\$8,000</b>	

**6.i. Total Direct Charges**

- Year 1: \$202,376
- Year 2: \$197,808
- Year 3: \$197,428

Federal share: \$272,410

Matching share: \$325,162

**6.j. Indirect Charges**

- Year 1: \$20,234
- Year 2: \$19,781
- Year 3: \$19,743

Federal share: \$27,241

Matching share: \$32,516

**Description:** Colab does not have an Indirect Cost Rate (ICR) Agreement and has elected to use the de minimis rate of 10% per 2 C.F.R. Sec. 200.414(f)

**6.k. Totals (sum of 6i and 6j)**

- Year 1: \$222,570
- Year 2: \$217,589
- Year 3: \$217,170

Federal share: \$299,651

Matching share: \$357,678

## ATTACHMENTS FORM

**Instructions:** On this form, you will attach the various files that make up your grant application. Please consult with the appropriate Agency Guidelines for more information about each needed file. Please remember that any files you attach must be in the document format and named as specified in the Guidelines.

**Important:** Please attach your files in the proper sequence. See the appropriate Agency Guidelines for details.

1) Please attach Attachment 1	1238-Mayor of Chattanooga_LOS	Add Attachment	Delete Attachment	View Attachment
2) Please attach Attachment 2	1239-DynamoLoSCoLabFund.pdf	Add Attachment	Delete Attachment	View Attachment
3) Please attach Attachment 3	1240-CRF 2020 Capital Challen	Add Attachment	Delete Attachment	View Attachment
4) Please attach Attachment 4	1241-2020 Capital Challenge M	Add Attachment	Delete Attachment	View Attachment
5) Please attach Attachment 5		Add Attachment	Delete Attachment	View Attachment
6) Please attach Attachment 6		Add Attachment	Delete Attachment	View Attachment
7) Please attach Attachment 7		Add Attachment	Delete Attachment	View Attachment
8) Please attach Attachment 8		Add Attachment	Delete Attachment	View Attachment
9) Please attach Attachment 9		Add Attachment	Delete Attachment	View Attachment
10) Please attach Attachment 10		Add Attachment	Delete Attachment	View Attachment
11) Please attach Attachment 11		Add Attachment	Delete Attachment	View Attachment
12) Please attach Attachment 12		Add Attachment	Delete Attachment	View Attachment
13) Please attach Attachment 13		Add Attachment	Delete Attachment	View Attachment
14) Please attach Attachment 14		Add Attachment	Delete Attachment	View Attachment
15) Please attach Attachment 15		Add Attachment	Delete Attachment	View Attachment

## Budget Narrative File(s)

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\* **Mandatory Budget Narrative Filename:**

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To add more Budget Narrative attachments, please use the attachment buttons below.

Applicants should also review the instructions for certification included in the regulations before completing this form. Signature on this form provides for compliance with certification requirements under 15 CFR Part 28, 'New Restrictions on Lobbying.' The certifications shall be treated as a material representation of fact upon which reliance will be placed when the Department of Commerce determines to award the covered transaction, grant, or cooperative agreement.

**LOBBYING**

As required by Section 1352, Title 31 of the U.S. Code, and implemented at 15 CFR Part 28, for persons entering into a grant, cooperative agreement or contract over \$100,000 or a loan or loan guarantee over \$150,000 as defined at 15 CFR Part 28, Sections 28.105 and 28.110, the applicant certifies that to the best of his or her knowledge and belief, that:

- (1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, 'Disclosure Form to Report Lobbying,' in accordance with its instructions.
- (3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure occurring on or before October 23, 1996, and of not less than \$11,000 and not more than \$110,000 for each such failure occurring after October 23, 1996.

**As the duly authorized representative of the applicant, I hereby certify that the applicant will comply with the above applicable certification.**

\* NAME OF APPLICANT

Colab

\* AWARD NUMBER

not known

\* PROJECT NAME

Chattanooga Regional Catalyst Fund

Prefix:

\* First Name:

Marcus

Middle Name:

\* Last Name:

Shaw

Suffix:

\* Title:

CEO

\* SIGNATURE:

Marcus Shaw

\* DATE:

06/14/2020

## Project Narrative File(s)

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\* **Mandatory Project Narrative File Filename:**

[Add Mandatory Project Narrative File](#)

[Delete Mandatory Project Narrative File](#)

[View Mandatory Project Narrative File](#)

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To add more Project Narrative File attachments, please use the attachment buttons below.

[Add Optional Project Narrative File](#)

[Delete Optional Project Narrative File](#)

[View Optional Project Narrative File](#)

Application for Federal Assistance SF-424		
* 1. Type of Submission: <input type="checkbox"/> Preapplication <input checked="" type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	* 2. Type of Application: <input checked="" type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	* If Revision, select appropriate letter(s): <input type="text"/> * Other (Specify): <input type="text"/>
* 3. Date Received: <input type="text" value="06/14/2020"/>	4. Applicant Identifier: <input type="text"/>	
5a. Federal Entity Identifier: <input type="text"/>	5b. Federal Award Identifier: <input type="text"/>	
<b>State Use Only:</b>		
6. Date Received by State: <input type="text"/>	7. State Application Identifier: <input type="text"/>	
<b>8. APPLICANT INFORMATION:</b>		
* a. Legal Name: <input type="text" value="Colab"/>		
* b. Employer/Taxpayer Identification Number (EIN/TIN): <input type="text" value="26-3934828"/>	* c. Organizational DUNS: <input type="text" value="0150035650000"/>	
<b>d. Address:</b>		
* Street1: <input type="text" value="1100 Market St."/>	Street2: <input type="text" value="Suite 100"/>	
* City: <input type="text" value="Chattanooga"/>	County/Parish: <input type="text" value="Hamilton"/>	
* State: <input type="text" value="TN: Tennessee"/>	Province: <input type="text"/>	
* Country: <input type="text" value="USA: UNITED STATES"/>	* Zip / Postal Code: <input type="text" value="37402-2861"/>	
<b>e. Organizational Unit:</b>		
Department Name: <input type="text"/>	Division Name: <input type="text"/>	
<b>f. Name and contact information of person to be contacted on matters involving this application:</b>		
Prefix: <input type="text"/>	* First Name: <input type="text" value="Marcus"/>	
Middle Name: <input type="text"/>	* Last Name: <input type="text" value="Shaw"/>	
Suffix: <input type="text"/>	Title: <input type="text" value="CEO"/>	
Organizational Affiliation: <input type="text"/>		
* Telephone Number: <input type="text" value="(919) 699-0778"/>	Fax Number: <input type="text"/>	
* Email: <input type="text" value="Marcus@colab.co"/>		



**Application for Federal Assistance SF-424**

**\* 9. Type of Applicant 1: Select Applicant Type:**

M: Nonprofit with 501C3 IRS Status (Other than Institution of Higher Education)

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

\* Other (specify):

**\* 10. Name of Federal Agency:**

Department of Commerce

**11. Catalog of Federal Domestic Assistance Number:**

11.020

CFDA Title:

Cluster Grants

**\* 12. Funding Opportunity Number:**

EDA-HDQ-OIE-2020-2006455

\* Title:

2020 Build to Scale Program - Full Application

**13. Competition Identification Number:**

2877446

Title:

Capital Challenge

**14. Areas Affected by Project (Cities, Counties, States, etc.):**

1236-SF424-Q14\_Colab.pdf

Add Attachment

Delete Attachment

View Attachment

**\* 15. Descriptive Title of Applicant's Project:**

The Chattanooga Regional Catalyst Fund - Supporting High Growth Scalable Startups

Attach supporting documents as specified in agency instructions.

Add Attachments

Delete Attachments

View Attachments

**Application for Federal Assistance SF-424**

**16. Congressional Districts Of:**

\* a. Applicant

\* b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

**17. Proposed Project:**

\* a. Start Date:

\* b. End Date:

**18. Estimated Funding (\$):**

* a. Federal	<input type="text" value="275,000.00"/>
* b. Applicant	<input type="text" value="275,000.00"/>
* c. State	<input type="text" value="0.00"/>
* d. Local	<input type="text" value="0.00"/>
* e. Other	<input type="text" value="0.00"/>
* f. Program Income	<input type="text" value="0.00"/>
* g. TOTAL	<input type="text" value="550,000.00"/>

**\* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

a. This application was made available to the State under the Executive Order 12372 Process for review on

b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E.O. 12372.

**\* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes," provide explanation in attachment.)**

Yes  No

If "Yes", provide explanation and attach

**21. \*By signing this application, I certify (1) to the statements contained in the list of certifications\*\* and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances\*\* and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

\*\* I AGREE

\*\* The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

**Authorized Representative:**

Prefix:  \* First Name:

Middle Name:

\* Last Name:

Suffix:

\* Title:

\* Telephone Number:  Fax Number:

\* Email:

\* Signature of Authorized Representative:  \* Date Signed:

**BUDGET INFORMATION - Non-Construction Programs**

OMB Number: 4040-0006  
Expiration Date: 02/28/2022

**SECTION A - BUDGET SUMMARY**

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1. 2020 Build to Scale - Capital Challenge	11.020	\$ <input type="text"/>	\$ <input type="text"/>	\$ 299,651.00	\$ 357,678.00	\$ 657,329.00
2.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
3.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
4.	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>5. Totals</b>		\$ <input type="text"/>	\$ <input type="text"/>	\$ 299,651.00	\$ 357,678.00	\$ 657,329.00

**SECTION B - BUDGET CATEGORIES**

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY				Total (5)
	(1)	(2)	(3)	(4)	
	2020 Build to Scale - Capital Challenge				
<b>a. Personnel</b>	\$ 415,000.00	\$	\$	\$	\$ 415,000.00
<b>b. Fringe Benefits</b>	62,250.00				62,250.00
<b>c. Travel</b>	36,822.00				36,822.00
<b>d. Equipment</b>	0.00				0.00
<b>e. Supplies</b>	0.00				0.00
<b>f. Contractual</b>	58,000.00				58,000.00
<b>g. Construction</b>	0.00				0.00
<b>h. Other</b>	25,500.00				25,500.00
<b>i. Total Direct Charges (sum of 6a-6h)</b>	597,572.00				\$ 597,572.00
<b>j. Indirect Charges</b>	59,757.00				\$ 59,757.00
<b>k. TOTALS (sum of 6i and 6j)</b>	\$ 657,329.00	\$	\$	\$	\$ 657,329.00
<b>7. Program Income</b>	\$ 0.00	\$	\$	\$	\$ 0.00

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**SECTION C - NON-FEDERAL RESOURCES**

(a) Grant Program		(b) Applicant	(c) State	(d) Other Sources	(e)TOTALS
8.	2020 Build to Scale - Capital Challenge	\$ 357,678.00	\$	\$	\$ 357,678.00
9.					
10.					
11.					
<b>12. TOTAL (sum of lines 8-11)</b>		\$ 357,678.00	\$	\$	\$ 357,678.00

**SECTION D - FORECASTED CASH NEEDS**

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$ 98,635.00	\$ 12,104.00	\$ 28,644.00	\$ 28,944.00	\$ 28,943.00
14. Non-Federal	\$ 123,935.00	\$ 15,973.00	\$ 35,984.00	\$ 35,984.00	\$ 35,994.00
<b>15. TOTAL (sum of lines 13 and 14)</b>	\$ 222,570.00	\$ 28,077.00	\$ 64,628.00	\$ 64,928.00	\$ 64,937.00

**SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT**

(a) Grant Program		FUTURE FUNDING PERIODS (YEARS)			
		(b)First	(c) Second	(d) Third	(e) Fourth
16.	2020 Build to Scale - Capital Challenge	\$ 98,635.00	\$ 100,613.00	\$ 100,404.00	\$
17.					
18.					
19.					
<b>20. TOTAL (sum of lines 16 - 19)</b>		\$ 98,635.00	\$ 100,613.00	\$ 100,404.00	\$

**SECTION F - OTHER BUDGET INFORMATION**

21. Direct Charges: 597572	22. Indirect Charges: 59757
23. Remarks:	

## ASSURANCES - NON-CONSTRUCTION PROGRAMS

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0040), Washington, DC 20503.

**PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.**

**NOTE:** Certain of these assurances may not be applicable to your project or program. If you have questions, please contact the awarding agency. Further, certain Federal awarding agencies may require applicants to certify to additional assurances. If such is the case, you will be notified.

As the duly authorized representative of the applicant, I certify that the applicant:

1. Has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application.
2. Will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. §§4728-4763) relating to prescribed standards for merit systems for programs funded under one of the 19 statutes or regulations specified in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 C.F.R. 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee- 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and, (j) the requirements of any other nondiscrimination statute(s) which may apply to the application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply, as applicable, with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), the Copeland Act (40 U.S.C. §276c and 18 U.S.C. §874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction subagreements.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order (EO) 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.); (f) conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523); and, (h) protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. §§1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §§469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. §§2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §§4801 et seq.) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and OMB Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations."
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations, and policies governing this program.
19. Will comply with the requirements of Section 106(g) of the Trafficking Victims Protection Act (TVPA) of 2000, as amended (22 U.S.C. 7104) which prohibits grant award recipients or a sub-recipient from (1) Engaging in severe forms of trafficking in persons during the period of time that the award is in effect (2) Procuring a commercial sex act during the period of time that the award is in effect or (3) Using forced labor in the performance of the award or subawards under the award.

<p>SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL</p> <p>Marcus Shaw</p>	<p>TITLE</p> <p>CEO</p>
<p>APPLICANT ORGANIZATION</p> <p>Colab</p>	<p>DATE SUBMITTED</p> <p>06/14/2020</p>

Standard Form 424B (Rev. 7-97) Back

# DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C.1352

OMB Number: 4040-0013  
Expiration Date: 02/28/2022

<b>1. * Type of Federal Action:</b> <input type="checkbox"/> a. contract <input checked="" type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance	<b>2. * Status of Federal Action:</b> <input type="checkbox"/> a. bid/offer/application <input checked="" type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award	<b>3. * Report Type:</b> <input checked="" type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change
--	--	--

**4. Name and Address of Reporting Entity:**

Prime     SubAwardee

\* Name: COLAB

\* Street 1: 1100 Market St    Street 2: Suite 100

\* City: Chattanooga    State: NY: New York    Zip: 37411

Congressional District, if known: TN-003

**5. If Reporting Entity in No.4 is Subawardee, Enter Name and Address of Prime:**

<b>6. * Federal Department/Agency:</b> Department of Commerce	<b>7. * Federal Program Name/Description:</b> Cluster Grants
	CFDA Number, if applicable: 11.020

<b>8. Federal Action Number, if known:</b> 	<b>9. Award Amount, if known:</b> \$
--	---

**10. a. Name and Address of Lobbying Registrant:**

Prefix:    \* First Name: None    Middle Name:   

\* Last Name: None    Suffix:   

\* Street 1: not known    Street 2:   

\* City: not known    State:    Zip:   

**b. Individual Performing Services** (including address if different from No. 10a)

Prefix:    \* First Name: No lobbying activities    Middle Name:   

\* Last Name: none    Suffix:   

\* Street 1: not known    Street 2:   

\* City: not known    State:    Zip:   

**11.** Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when the transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

\* Signature: Marcus Shaw

\* Name: Prefix:    \* First Name: Marcus    Middle Name:   

\* Last Name: Shaw    Suffix:   

Title: CEO    Telephone No.:    Date: 06/14/2020

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## Embedded Non-PDF File

Filename: GrantApplication.xml

Description: Application attachment from Grants.gov

Double-click the Paperclip link above to view the file.

PDF Catalog files cannot be concatenated like regular PDF files because they can contain multiple attachments within them.

To print the entire application, embedded attachments must be printed separately.

## Embedded Non-PDF File

Filename: manifest.txt

Description: Application attachment from Grants.gov

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To print the entire application, embedded attachments must be printed separately.

## **SUPPORTING SCALABLE STARTUPS THE CHATTANOOGA REGIONAL CATALYST FUND**

### **Executive Summary:**

CO.LAB will launch the Chattanooga Regional Catalyst Fund (CRCF), a regional evergreen fund focused on directly addressing the early-stage funding gap in southeast Tennessee. Stakeholders point to gaps in the continuum of capital available to startups as a key constraint throughout the region. Many local funds that started around 2010 when Chattanooga launched its gigabit network have deployed their capital and closed. Recently, many regional companies have sought early-stage capital outside of the region, posing a risk to local jobs, growth, and stability. CO.LAB is a non-profit with a mission to increase the capability and viability of startups in the Chattanooga region by connecting entrepreneurs with expertise, resources, and community. The vision for CRCF is to invest in high-growth companies operating in sectors that reflect the region's strengths (Healthcare, Transportation/Mobility, and Energy). The fund will provide early-stage ventures with catalytic equity investments of \$50,000-150,000 to spur growth in product development and operations, expand investor networks for subsequent funding, and provide access to local support and technical assistance. CRCF expects to deploy at least \$3.5M during the three year grant period and an additional \$1.5M within seven years after grant award, investing in 60 companies and supporting over 300 jobs. Education for accredited investors will expand the investor base and increase diversity among limited partners. This project represents the formation of a critical and sustainable investment platform to aid in the recruitment, development, and retention of early-stage, high-growth startups and talent in the Chattanooga region.

### **Location and Region:**

#### ***Primary Service Area and Description of Communities/Regions Served***

Long considered “The Gateway to the South”, Chattanooga sits at the crossroads of the railroads, major highways, and the Tennessee River. During its long history, Chattanooga and Hamilton County (FIPS 47065) were known as a center of commerce, an industrial city, a tourist destination, and Chattanooga was once named on national television as the “dirtiest city in America” by Walter Cronkite. Today, Chattanooga is recognized nationally for the renaissance of its beautiful downtown, redevelopment of its riverfront, and the creation of a dynamic ecosystem supporting entrepreneurs throughout the country. A mid-sized city of about 180,000 amidst a county of nearly 370,000, Chattanooga has, in the last decade, launched the first fiber-optic network in North America capable of delivering 1-gig (and now 10-gig) speeds to any home or business, as well as the first Innovation District in a city of its size.

CO.LAB, based in Chattanooga, supports entrepreneurs and startups by helping them develop achievable goals and align resources such as people, time, capital, and equipment to the specific actions that will grow their business. Focusing on a ten-county region surrounding Chattanooga, CO.LAB programs serve a community of just over 658,000 residents. The region features both rural and urban areas and has seen a 5.4% growth in population since the 2010 census. Between 2013 and 2018 the region experienced mixed economic success. For example eight of the ten counties experienced positive compound annual GDP growth rates between 6.4% (Rhea county) and 1.1% (Bradley county) while both Grundy and Polk counties saw a decline of 0.4%. In 2018 the GDP for Hamilton County reached \$26.3B and \$37.7B across the 10 county region. The census estimates a city population approximately 56.6% white, 32.6% black and 6.1% Latino (with a county breakdown of 71.0%, 19.4% and 5.9%, respectively), illustrating the diverse communities which call this region home. A rail and logistics hub, Chattanooga and Hamilton County's centrality puts the nexus of our

primary service area within two hours of five other major southern cities and markets: Atlanta, Birmingham, Huntsville, Knoxville and Nashville.

### ***Community Needs and Opportunities***

The telling of our region's history often seems to begin the moment Cronkite uttered his line in the 1960s. The growth of the last half-century isn't the whole story, however; it's a history marked by dichotomy and steeped in challenges around equity and opportunity still facing our city, and cities like ours across the country. Since the 1800s, Chattanooga has been a hub of innovation and entrepreneurship in the Southeast. The Coca-Cola Bottling Company was established here in 1899, creating wealth which endowed philanthropic institutions that continue to invest in next-generation ideas and businesses. Chattanooga has a robust history of entrepreneurial success stories: Sanofi, founded as the Chattanooga Medicine Company in 1879, now produces 22 global brands; Unum, an international insurance company, opened in 1887 as Provident Life and Accident Insurance Company. And today, nationally-recognized innovators such as Branch Technologies, Bellhop and FreightWaves are on the forefront of a tech-driven wave of growth.

The Chattanooga region is poised for explosive growth. In recent years, the city has gained national recognition including: #1 on Forbes list of *Where The Jobs Will Be In 2020*; one of the best cities in the U.S. to start a business (Inc. magazine's 2020 Surge City Index); one of the *7 cities great for startups* (CNBC); and *One of America's Most Startup Friendly Cities* (Fortune Magazine). With a startup ecosystem composed of incubators, accelerators, industry partners and forward looking initiatives like the Chattanooga Smart Community Collaborative, Chattanooga supports a broad and progressive entrepreneurial economic ecosystem. But we need additional support to further activate that potential, expanding pathways for diverse participation in entrepreneurship, increasing mentorship, better connecting activities to regional talent-bases and market potential, and improving access to capital. Three areas in particular offer unique, regional opportunities to spur high-growth entrepreneurship - (1) Healthcare, (2) Transportation/Mobility, and (3) Energy - with data from the Chattanooga Chamber of Commerce indicating that 14% of all private-sector jobs within the region fall into those three areas.

**Healthcare:** Chattanooga's rapidly growing healthcare industry plays a crucial role in driving the region's economy and has fueled an equally explosive startup sector. Chamber data notes that six of the region's largest employers, accounting for nearly 20,000 full-time jobs, are within the healthcare industry, including Erlanger Health System, the 10th largest public hospital system in the country and a University of Tennessee teaching hospital; BlueCross BlueShield of Tennessee, the state's largest insurer; and Unum, the world's largest disability insurer. CO.LAB's HealthTech Accelerator, a crucial part of the ecosystem, focuses on advancing innovation in the healthcare industry by connecting promising startups with these leading legacy healthcare organizations in the Chattanooga region.

**Transportation/Mobility:** Located at the very heart of the United States' southeastern "freight alley," Chattanooga has been called "The Silicon Valley of Trucking." An estimated 40% of local industry is logistics dependent, with national carriers like US Express, Coyote and FreightWaves, and supply chain VC firm Dynamo Ventures, headquartered locally. In addition to a strong logistics sector, Chattanooga boasts unique assets for mobility research and commercialization. EPB, (Chattanooga's electric utility and telecom provider), partnered with the Center of Urban Informatics and Progress (CUIP) at the University of Tennessee at Chattanooga to establish an Autonomous Vehicle Test Corridor - utilizing a camera system and a variety of speed, audio and air quality sensors - along Downtown Chattanooga's Martin Luther King Boulevard, creating a test-bed for innovative mobility solutions.

Energy: In 2008, EPB started constructing America's largest community-wide, 100% fiber optic network, ubiquitously linking all of the Chattanooga area's electrical infrastructure to the more than 170,000 homes and businesses across EPB's 600 square mile service territory. A study by the University of Tennessee at Chattanooga estimates that EPB's infrastructure has contributed to the creation of as many as 5,200 local jobs during the first five years, and more than a \$1B in economic impact over that same time period. EPB's Gig Network and Smart Grid have also made Chattanooga a real-world laboratory for testing new technologies, developing real-world applications and analyzing power usage data. Through U.S. Department of Energy research programs, for example, EPB is working with Oak Ridge National Laboratory (ORNL) and nearly 20 other research institutions to develop best practices for modernizing the power grid across the United States. The presence of the Tennessee Valley Authority and its more than 3,400 local employees further illustrates the depth of the talent pool and breadth of potential markets.

Chattanooga is also home to a number of venture investment funds, which have raised approximately \$60 million for their portfolios and related investments since 2010. However, most of the funds have fully deployed their investment capital or have investment mandates that focus on broader markets, leaving little investment capital directed toward regional startups. Ironically, this drought in regional funding for regional ventures has occurred as Chattanooga is gaining more attention in the national spotlight. Chattanooga's infrastructure and entrepreneurial legacy have attracted the attention of several national partners and ecosystem builders. In 2016 the Kauffman Foundation published *Little Town, Layered Ecosystem: A Case Study of Chattanooga* highlighting an entrepreneurial ecosystem galvanized by multi-stakeholder partnerships, community collaboration, and a myriad of organizations, and the work has continued unabated.<sup>1</sup> In 2018 Chattanooga was selected as one of 5 cities for the 2018 Rise of the Rest Tour with Steve Case. This event highlighted the potential of our regional startups, particularly in the health, transportation/mobility, and energy sectors. Six of the eight pitch competition finalists were in those target sectors, and Steve Case referred to Chattanooga as the "Silicon Valley of Trucking". The proposed project seeks to provide a catalyst for high-growth ventures in a regional ecosystem that is emerging on the national radar.

### **Project Description:**

CO.LAB requests \$299,651 from EDA through the 2020 Build-to-Scale Capital Challenge. CO.LAB will use internal matching funds of \$357,678 to support the formation and launch of the Chattanooga Regional Catalyst Fund (CRCF).

### ***The Challenge and the Opportunity***

The Chattanooga Regional Catalyst Fund (CRCF) is designed to meet a critical need in the region's entrepreneurship ecosystem; a sustainable source of early-stage equity capital for high-growth companies. The Chattanooga region faces a shortage of active high-growth early stage investors. The period 2010-2016 saw several funds formed to support a burgeoning ecosystem of early-stage companies. Many of those investment vehicles fully deployed capital and closed the funds. As early investors await returns from initial investments, "investor fatigue" has become a significant challenge to attracting and retaining new high-growth companies in the region. Many local companies receive 100% of early-stage equity funding outside of the region. We see this as a risk to the growth of innovative companies in our region and find incredible value in having both companies and early stage investors originate from the Chattanooga region.

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<sup>1</sup>

[https://www.kauffman.org/-/media/kauffman\\_org/research-reports-covers/2016/chattanooga\\_entrepreneurship\\_ecosystem\\_study.pdf](https://www.kauffman.org/-/media/kauffman_org/research-reports-covers/2016/chattanooga_entrepreneurship_ecosystem_study.pdf)

Supporting the Chattanooga region with initial investments and overcoming this fatigue, is a challenge we're excited to tackle. During the development of CO.LAB's Strategic Plan in 2018, the leadership team envisioned launching an investment vehicle in 2020. The need for funding across multiple asset classes was evident; particularly equity capital for high-growth companies. In 2018 CO.LAB developed the CO.LAB Capital Network (CCN) to create a network of investors, financial institutions, and grantmaking organizations that provide capital to help grow our small businesses and startups. Through the CCN initiative CO.LAB has built a strong network of the investors and established a reputation as a prudent and trusted advisor. CO.LAB has extended its impact from programmatic acceleration and technical assistance, to help companies and investors build capital partnerships. The CCN operates as a connector between startups and funding sources across the capital stack (equity, debt, grants). The CCN team has built relationships with individual and institutional investors in the region and across the country. Since inception of the CCN, regional companies have raised over \$57 million in equity capital (almost completely from outside the region).

CO.LAB's access to deal-flow, network of investors, community reputation, and programs that provide support for growth and development, best position a local fund to address challenges and capitalize on the opportunity available. In fact, part of this opportunity that we're so excited about has come out over the last three years as six companies who came through our programs went through Techstars. Through Techstars those companies received \$800,000 in investment over the last three years. While total investment for the six companies reached \$5,740,000, only three received local investments from Chattanooga, totaling approximately \$300,000. Keeping those numbers in mind and what the Chattanooga dollar investment could have been, it's clear that local entrepreneurs need access to local capital to build and grow resilient innovative companies to contribute to job growth and economic development in southeast Tennessee.

Target participants for the CRCF project are regional high growth companies operating in regional core sectors (Healthcare, Transportation/Mobility, and Energy) where regional investment is likely to catalyze job creation and economic output for the region.

## ***Proposed Solution***

### ***Investment Product***

CO.LAB plans to form an equity investment platform that invests regionally and expands regional capital deployment. The Chattanooga Regional Catalyst Fund (CRCF) will provide a sustainable source of equity-based investment capital that supports access to funding for early-stage high growth companies in the region's most promising industries, while building a larger and more diverse base of accredited investors. The CRCF is a \$5 evergreen million fund that will invest in high-growth companies operating in sectors that reflect the Chattanooga regional strengths and acceleration programs (Healthcare, Transportation/Mobility, and Energy). The fund will reinvest a portion of returns (tentatively returns above 6%) to the fund and charge no management fee; creating a sustainable "evergreen" investment vehicle that supports broader economic returns for the community and in addition to traditional financial returns for limited partners. The CRCF will provide early-stage ventures with catalytic equity investments of \$50,000-\$150,000 that will spur growth in product development and operations, expand investor networks for subsequent funding, and provide access to local support and technical assistance. The fund will initially be formed as a 10-year fund, but will provide the option for limited partners to redeem or roll funds into a CRCF II fund.

### ***Investment Thesis & Process***

The CRCF investment platform leverages regional areas of strength and existing partnerships between CO.LAB and regional organizations. The CRCF investment thesis will focus on pre-seed and seed stage high-growth startups in Healthcare, Transportation/Mobility, and Energy located or staffed in the Chattanooga

region. We believe that startups in these clusters reflect the highest likelihood of accelerating growth in the region and maximizing reinvestment in the region. We view such growth and reinvestment as foundational for the economic prosperity of the Chattanooga region. This is evidenced by the economic impact of transportation startups such as FreightWaves and Bellhop that have created hundreds of jobs in Chattanooga at above market wages. Both companies participated in CO.LAB programs. CO.LAB will source deal flow through its highly successful GIGTANK 2.0 and HealthTech accelerators, ORNL's Innovation Crossroads accelerator and the Greater Chattanooga Chamber of Commerce's INCubator; in addition to regional university commercialization programs, and existing ventures in the region. CO.LAB will also recruit companies from across the country that we believe can leverage talent pools, physical assets, or customer opportunities in the Chattanooga region. Our thesis will also focus on founders that display the ability to build relationships, leverage opportunities, and develop skills to exceed expectations. Through our partners in the Chattanooga Smart Community Collaborative, specifically the work of Dr. Tom Lyons,<sup>2</sup> CO.LAB will use his Readiness Inventory for Successful Entrepreneurship (R.I.S.E) assessment to measure and improve founders' preparedness for investment.

CRCF will make initial investments of \$50,000 on average in 10-15 companies per year over the first 3 years and hold capital to make follow-on investments. The investment committee, composed of CO.LAB's 3-member core leadership team and up to 4 additional members, will be responsible for investment decisions and management of the fund.

#### *Fundraising and Investors*

CO.LAB will seed the CRCF fund with unrestricted assets held by the organization. CO.LAB will raise the additional capital for the CRCF through our network of regional and national partners in the foundation, government, corporate, and economic development sectors. We also will target traditional LP's that express the dual interest of generating returns and supporting positive economic outcomes in the region. The CRCF will also provide investor training programs and networking sessions to increase the awareness and participation of diverse accredited investors in the region. CO.LAB will be the homebase for supporting these local startups with our accelerator programs and technical assistance experience. We believe a fund developed out of an entrepreneur center is a natural fit with the current work we do in the Chattanooga region. Prospective EDA funding for the CRCF project will not be used for investment funds, and would be restricted to offset costs related to the development of the fund, marketing of the fund, and investor education. We will establish the fund entity in 4Q2020 and anticipate raising funds in 1Q2021.

The CRCF will provide the critical seed capital needed to help entrepreneurs in our region accelerate businesses in sectors that provide the most leverage for our community. The CRCF will operate with core values consistent with CO.LAB; including intentionality in diversity, inclusion and belonging among investment targets and investment partners.

#### **Applicant's and Essential Partners' Key Personnel**

The core team consists of senior leaders at CO.LAB that bring considerable experience in investment, fundraising, and innovation. The team is enhanced by a group of engaged and dedicated board members committed to introducing an investment vehicle that will increase access to capital for high-growth businesses in the Chattanooga region. The team represents some of the area's most talented, experienced, and well-connected investors. Nearly all the members of the team have managed venture assets and all have a strong desire to see economic growth in Chattanooga. At least 1 CO.LAB board member will serve on the investment committee. There is no collection of people better suited to form and launch the Chattanooga Regional Catalyst Fund.

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<sup>2</sup> Dr. Tom Lyons is the Clarence E. Harris Chair of Excellence in Entrepreneurship at the University of Tennessee at Chattanooga.

CO.LAB has also developed strong partnerships with several government, non-profit, and corporate institutions in the region. Our ability to leverage these partnerships has allowed our start-ups to accelerate their success, yielding positive outcomes for all stakeholders; startup, partners, and the community at-large. We anticipate the partners listed below will also play a complementary role in the CRCF project.

#### *Core Project Team*

**Marcus Shaw** - CEO; Marcus became the CEO of CO.LAB in 2017. Under his leadership CO.LAB has become a nationally recognized entrepreneur support organization and accelerator. He led the development of the current strategic plan that successfully launched accelerators and programs focused on Chattanooga's sector strengths in health, mobility, and energy. Marcus brings over 15 years of Wall Street and investment management experience, including as a Vice President at a \$3.0B institutional fund. He formerly led business development at the nation's leading diversity and inclusion non-profit, where he launched the healthcare practice. He is a board member at EPB, a Chattanooga based electric utility and telecom provider. Marcus will oversee the establishment of the fund and investment committee.

**Katie Hendrix** - Chief of Staff; For the last 15 years Katie has worked for several startups and investor organizations in Chattanooga. She has built a network among the entrepreneurial ecosystem in Chattanooga including foundations and other potential limited partners as she led fundraising and development efforts at Covenant College. Katie will be integral to fundraising efforts, investor relations, and project administration.

**Kirk Burton** - Director of Programs. For more than a decade, Kirk worked to support innovation platforms for the DoD and associated organizations. This includes leading accelerator programs and forming two non-profit companies to connect tech entrepreneurs with national security organizations. Kirk is a leader in SBIR and commercialization, supporting innovation integration with federal and private sector organizations. His experience and network will drive recruiting and pipeline development for the fund.

#### *Board Support*

<b>Charlie Brock</b> – Director, Four Bridges Capital Advisors	<b>Kristina Montague</b> – Managing Partner, The JumpFund
<b>Roy Keith</b> – Partner, Stonington Partners	<b>Santosh Sankar</b> – Partner, Dynamo Ventures
<b>Travis Lytle</b> – SVP, SmartBank	<b>Rebekah Sharpe</b> – Partner, Transparency Health

#### *Community Partners*

**Chattanooga Renaissance Fund** - The Chattanooga Renaissance Fund is a \$10M early stage closed-fund. This team will help expand our venture network and due diligence process.

**Chattanooga Smart Community Collaborative** – The 7-member collaborative will help support our accelerator, GIGTANK 2.0, and other recruiting programs. This project will complement a 2020 EDA Venture Challenge project proposed by UTC and the Collaborative. The collaborative will help with a recruitment pipeline as they span across different sectors and industries.

**Unum, Erlanger Health Systems, Parkridge Hospital** - These healthcare organizations have worked directly with CO.LAB on several healthcare startup related projects and have proven to be valuable partners for pilots and investment. These organizations recognize the importance of keeping and growing talent in the Chattanooga region and since our area is so dense with healthcare providers, they are willing to lend their capacity to this project.



**TVA and EPB** - TVA is the largest public power producer in the country and EPB operates the country's most advanced smart grid infrastructure and offers the fastest internet in the country. EPB has been a supporter of CO.LAB since inception. Both entities provide assets to attract a pipeline of energy startups seeking investment.

**Dynamo, US Xpress, FreightWaves, Covenant Transport** - US Xpress and Covenant Transport are both among the top 20 trucking companies in the US. FreightWaves is a freight data and analytics startup that has raised over \$30M. Dynamo is a \$20M early-stage investment fund, focused on global transportation

### **Outreach & Engagement**

Since its founding in 2010, CO.LAB has engaged more than 1000 entrepreneurs and 280 mentors. Our accelerator programs have graduated more than 100 companies, and raised capital exceeding \$120 million. CO.LAB is fortunate to be part of an innovation and startup ecosystem where organizations work together toward the growth of scalable high growth startups. Organizations such as the Edney Innovation Center, Hamilton County's INCubator, the Smart City Collaborative, along with the Chattanooga Chamber, and local elected officials all share expertise and data, and support hundreds of events each year to help grow the startup ecosystem.

CO.LAB also enjoys a strong relationship with local, regional, and national investors including the Chattanooga Renaissance Fund and Dynamo. These relationships allow us to enhance both deal flow and recruiting for CO.LAB programs.

As our letters of support demonstrate, CO.LAB is a valued member of the community as both a partner and a thought leader on issues of economic development, diversity and inclusion, entrepreneurship, workforce development, and keeping the startup ecosystem relevant.

### **Scope of Work**

Research & Planning - Purposeful discovery to ensure that the design and investment strategy of the CRCF support the ecosystem by investing in the most promising scalable startups and attracting additional investment to the region.

- Research investment history in the region. Identify success and challenges
- Identify investments made by funds outside the Chattanooga area
- Assess incremental capital needs
- Develop value proposition for the fund and test it

Establish The Fund Structure - Work with legal and accounting professionals to establish a separate entity that will house the fund with CO.LAB as the GP.

- Establish the Chattanooga Regional Catalyst Fund legal structure
- Develop investment strategy, governance, and a plan for sustainment
- Develop marketing materials
- Develop investor training modules

Recruiting - Identify and recruit investors for the fund including local economic development organizations, foundations, industry stakeholders in the Healthcare, Transportation/Mobility, and Energy industries, and high net worth individuals.

- Identify sources of capital including foundations, companies, and high net worth individuals - actively seek diverse investors

- Develop recruiting campaigns and a pitch for each target entity/individual
- Build relationships with other regional investors to increase and improve deal flow and create access to follow up opportunities

Create a Pipeline and Methodology for Identifying Investments - Develop process to identify companies for the pipeline from CO.LAB accelerators as well as other regional accelerator programs.

- Coordinate with the University of Tennessee Chattanooga (UTC) venture challenge and use the RISE assessment tool to improve our ability to invest in founders with the highest chance to be successful
- Work with the Chamber to understand who they are courting, and identify early stage companies tied to later stage companies
- Develop a methodology to invest capital to augment / improve pipeline and de-risk additive investment from outside the region
- Expand partnership with the Oak Ridge National Lab's (ORNL) innovation crossroads through the ORNL office in Chattanooga

### **Project Timeline**

CO.LAB will launch the CRCF in December 2020. Implementation of the project will include 4 phases: establishing the fund, investor education, fundraising and investing capital. We plan to have three fundraising cycles - the first will be \$2,000,000, the second cycle will be \$1,500,000 and the third will be \$1,500,000 for a total of \$5,000,000. In between these raises, we will have investor training and an investment time for local high growth startups.

<b>Timeline</b>	<b>Tasks</b>
December 2020	Establish the Chattanooga Regional Catalyst Fund
March 2021	Investor Training Program
May 2021	Close CRCF fundraising (round 1) - \$1,000,000
June 2021	Investor Training Program
August 2021	Invest funds from first close in initial companies
March 2022	Investor Training Program
May 2022	Close CRCF fundraising (round 2) - \$1,000,000
June 2022	Investor Training Program
August 2022	Invest funds from second close in initial companies
March 2023	Investor Training Program
July 2023	Close CRCF fundraising (round 3) - \$1,500,000
July 2023	Investor Training Program
August 2023	Invest funds from third close in follow-on investments

**Anticipated Impacts**

The CRCF project will serve a 10-county service area in southeast Tennessee. The total service area, which includes five distressed or at-risk counties, has a population of over 658,000 residents (28% are in rural counties). Much of CO.LAB’s activity has been focused in Hamilton County, TN, and in its dynamic urban center, Chattanooga. Chattanooga is the fourth largest city in TN and one of the most diverse with 178,000 residents (33% African American, 6% Hispanic, and 57% White, non-Hispanic).

Diversity, Inclusion and Belonging are core values of CO.LAB. We lead with an inclusive lens in all our activities. We believe CRCF’s diverse leadership can attract companies with underrepresented founders to the region by providing a unique mix of capital, partner access, and community. We will also actively seek diverse accredited investors and hold investor education sessions to level the playing field in access to wealth building opportunities.

The success of the Chattanooga Regional Catalyst Fund project will be evident by a new era of local investment in our high-growth startups. Our companies continue to attract capital from outside the market, leaving the region vulnerable to businesses moving out of the community. The requested grant will support the formation of the CRCF and parallel investor training will have a positive multiplier effect in the Chattanooga region; attracting companies, growing deal flow, diversifying wealth building, and creating jobs.

	<b>3-Year 12/31/2023</b>	<b>5-Year 12/31/2025</b>	<b>10-Year 12/31/2030</b>
<b>Outputs (cumulative)</b>			
Investor Training Sessions	6	10	20
Companies in pipeline from CO.LAB accelerators	40	65	125
Companies in pipeline from regional accelerators	48	70	140
Companies vetted for investment	90	125	250
R.I.S.E founder assessments conducted	75	150	300
<b>Outcomes (cumulative)</b>			
CRCF Investments	\$3,500,000	\$5,000,000	\$5,500,000
Number of companies invested in by CRCF	50	55	60
Underrepresented Investors trained	30	50	70
Jobs created/retained	200	248	300

**Sustainability Plan**

Establishing the Chattanooga Regional Catalyst Fund (CRCF) is not without risk. The key is to manage these risks in a way that reduces the risk and mitigates the chances for failure. Each identified risk is listed below along with a plan for managing it.

Risk 1: Attracting investors to the CRCF in the current economy is a risk

- Management: Develop an investment strategy and goals for the fund that aligns with the strengths of

the region and complement other sources of funds and the support of the Chattanooga startup ecosystem.

Risk 2: Identifying a robust pipeline of investable companies may prove more difficult than expected.

- Management: The presence of existing programs focused on target industries (Healthcare, Transportation/Mobility, and Energy) and support from partner organizations will mitigate risk related to establishing a strong pipeline. Use RISE to enhance best practice investment analysis by assessing founder readiness.

Risk 3: Raising the target capital for investment in the current market represents a risk to the project

- Management: The current pandemic and recession serve to highlight the importance of small businesses to our communities. We believe despite the turbulent market conditions, the combination of a modest ask \$5M and a focused investment strategy to create high growth resilient enterprises will mitigate this risk.

**Fund Information:**

Total Assets Under Management	\$5M*
Proportion of Assets Invested on Hand	\$0
Historical Performance	N/A
Proportion of Funds Invested Outside of service area	0%*
Fund Age/Start Date	December 2020*

\*Planned

**SF-424 Question #14**

Organization: Colab

DUNS: 015003565

Funding Opp #: EDA-HDQ-OIE-2020-2006455

Areas Affected By Project

**All Cities in the following Tennessee  
Counties**

<b>County</b>	<b>FIPS</b>	<b>Population</b>
Bledsoe	47007	14,755
Bradley	47011	106,727
Grundy	47061	13,346
Hamilton	47065	364,286
Marion	47115	28,575
McMinn	47107	53,285
Meiggs	47121	12,306
Polk	47139	16,898
Rhea	47143	33,044
Sequatchie	47153	14,876

**SF-424 Question # 16**

Organization: Colab

DUNS: 015003565

Funding Opp#: EDA-HDQ-OIE-2020-2006455

**Congressional Districts**

Primary Place of Performance      TN-003

Additional Districts Impacted      TN-004