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Greening San Diego

July 26, 2011

Gary Craft, Principal
Craft Consulting Group
3527 Mt. Diablo Blvd., #320
Lafayette, CA 94549

Re: Carlsbad Technology Business Incubator RFP

Dear Gary:

CleanTECH San Diego supports working with Craft Consulting Group on the Carlsbad Technology Business Incubator Project. CleanTECH San Diego is a non-profit membership organization formed to accelerate San Diego as a world leader in the clean technology economy. We are a catalyst that serves as the hub for a diverse group of stakeholders to advance a common agenda. CleanTECH San Diego's mission is to stimulate innovation and advance the adoption of clean technologies and sustainable industry practices for the economic, environmental and social benefit of the greater San Diego region. We accomplish this through a series of programs including education and outreach, policy advocacy and leadership opportunities. Our membership includes business and financial leaders like GE and Honeywell and Bank of America and Wells Fargo, academic and research institutes like UC San Diego, and government and non-profit organizations like the City of Escondido and CONNECT.

CleanTECH San Diego provides services through its Capital Formation Committee to the region's cluster of 810 cleantech companies. These services seek to support its early-stage companies by anecdotally assessing the quality and quantity of deal flow in the region. CleanTECH San Diego also strives to strengthen alliances with regional, state, national and international partners in order to attract capital to the region while accelerating the adoption of technology.

Our SCRUB program would provide leads for the Carlsbad Technology Business Incubator project. The SCRUB program is an opportunity for a small group of prescreened early-stage clean tech companies to present their business case to a group of CleanTECH San Diego board members, primarily comprised of the Capital Formation and Science and Technology Committees. We offer appropriate guidance and connections. Early-stage company referral protocol includes:

Capital Advice or Introductions:

CleanTECH San Diego and the Capital Formation Committee use their discretion to determine the most effective contacts for the early-stage company. These recommendations are informal and in no way binding or pressure incurring. For the first year, capital recommendations will not be limited to CleanTECH San Diego member companies.

Services:

CleanTECH San Diego will refer the early-stage company to all CleanTECH San Diego member service providers, so as to give an equal opportunity for each member to reach out to the young company. Additionally, this more natural process will yield the most appropriate fit between service provider and early-stage company. It will be the responsibility of the member service provider to follow up, if desired, with the early-stage company.

Regulatory or Grant Making:

CleanTECH San Diego will provide regional, state, or federal contacts to early-stage companies. Additionally, CleanTECH San Diego will provide information on potential resources where appropriate. It will be the responsibility of the early-stage company to take advantage of provided contacts and resources.

Strategic Partnership:

Upon hearing the early-stage company's presentation, if there is a potentially beneficial partnership between a member company and the early-stage company that becomes apparent, CleanTECH San Diego will informally link up the two beneficiaries.

General Networking/Advisors:

During the lunch following the presentations, the Capital Formation Committee will discuss possible networking opportunities and potential sources of advice for the early-stage companies. During the follow-up to each early-stage company's presentation, the committee will also give feedback to the early-stage company, as well as general informal advice.

CleanTECH San Diego committee members often participate as judges and mentors for various organizations as part of CleanTECH San Diego's Scrub and Capital Formation programs and would similarly look to support the Carlsbad Technology Business Incubator Project's business plan competition and brown bag events. Should one of our members have the interest and time we would be open to having a seat on the non-profit board of directors of a new nonprofit corporation that would develop, manage, and operate the incubator, and provide services to client businesses. We envision playing an active role in assisting companies in the incubator. For example, we are open to:

1. Participating in an annual venture forum where entrepreneurs in the incubator can make their elevator pitches and have them critiqued. The venture forum will also provide an opportunity for entrepreneurs to network with potential investors and learn about what is required to obtain seed capital and bring their technology business to market.
2. Participating as a judge in a Business Plan Competition that is open only to 1) students at any of the San Diego County colleges, and 2) local start-up entrepreneurs not in the incubator.
3. Holding Brown Bag Lunch & Learns where we would host periodic lunch meetings to discuss with the incubator companies what is required to obtain equity financing (seed

capital and early-stage funding from angel investors and venture capital firms) and what they have to do to get ready for funding (business plan, marketing, operations, etc.).

Additional background information on CleanTECH San Diego is attached along with a history of CleanTECH San Diego involvement in other clean tech business formation, recruitment and policy development efforts. Information about CleanTECH San Diego can also be found at <http://www.cleantechsandiego.org/>.

We look forward to working with you to develop a model technology business incubator program in the City of Carlsbad that will be part of the region's infrastructure in moving the clean tech sector forward in San Diego County.

Sincerely

Holly Smithson
Executive Vice President
Clean Tech San Diego