

SCRA ready to renovate



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The South Carolina Research Authority is set to start the serious construction work on its Charleston innovation center within the next month, but the agency was forced first to jump through an extra legal hoop as it finalizes a \$5.5 million loan for the renovation project.

Welcome to the financial crisis.

"As you can imagine, due diligence is a lot stricter than it's been in the past. ... Files are much thicker now," said **Bill Mahoney**, SCRA's chief executive officer.

He said the authority already had formally committed to completing the downtown project and a similar, \$4.5 million venture it is getting set to undertake in downtown Columbia.

But financial institutions competing for the loans asked for a legal opinion about the deals from the authority's lawyers, who in turn sought formal, separate resolutions about the funding from the board.

"It's a little bit like when the auditor wants you to do something so their bacon isn't in the fire," Mahoney said.

The resolutions were ad-

opted last week, and the SCRA plans to start converting a long-vacant mattress factory at 645 Meeting St. into offices and high-tech laboratory space by mid-February.

The building, just north of the **Arthur Ravenel Jr. Bridge**, is expected to be ready for occupancy in the fall.

"We are pedal to the metal and full speed ahead," Mahoney said Friday.

Unveiled last September, the innovation center is part of an effort to provide inexpensive "incubator" space for fledgling technology entrepreneurs, such as **Medical University of South Carolina** scientists whose research can be spun off into businesses that in turn will create good-paying jobs.

The self-funded research authority is paying for the improvements and will manage the 28,000-square-foot property, which is being leased for next to nothing from the **City of Charleston**.

Proponents say incubators are key to cultivating so-called knowledge-based economies because they nurture cash-starved startups during the most critical stage of their development.

The hope is that these firms will create jobs locally when they are ready to move out on their own, rather than relocate to the nation's bigger high-tech hot-beds, such as North Carolina's **Research Triangle Park**.

Private developers largely have balked at the concept, partly because of the high upfront costs.

Labs require special gas lines, chemical-resistant floors and other pricey extras. And the financial risks are high because incubator tenants tend to have a high failure rate.

Mahoney, whose agency is a state-chartered nonprofit organization, said the proposed high-tech amenities at the Meeting Street site include sophisticated refrigeration systems, centrifuges, water purifiers and digital dark rooms.

"It's going to be a really state-of-the-art, 'bio-based' innovation center," he said.

The idea of borrowing money for the project was sort of a foreign concept for the SCRA, which has been debt-free since paying off its **Trident Research Center** campus in North Charleston in the late 1980s, Mahoney said.

The funding is still being finalized, he said, and the authority is getting favorable financing terms, partly because of some tax credits it qualifies for, "but also because of commitments we have from a pipeline of launch companies."

Mahoney said it would be premature to identify the prospects that are negotiating for space.

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