

Minneapolis Community Development Agency

Request for City Council Action

Date: November 10, 2003

To: Council Member Lisa Goodman, Community Development Committee
Council Member Barbara Johnson, Ways and Means/Budget Committee
Council Member Scott Benson, Intergovernmental Relations Committee

Prepared by Jim Forsyth, Project Coordinator, Phone 612-673-5179

Approved by Lee Sheehy, CPED Executive Director
Chuck Lutz, CPED Deputy Executive Director _____

Subject: Authorization to Execute Affiliation Agreement with the University Of Minnesota

Previous Directives: On September 26, 2003 the City Council authorized CPED staff to develop a partnership statement with the University of Minnesota and on October 11, 2003 the City council authorized staff to apply for a State Bioscience Zone designation in Minneapolis that mandated partnership with the University of Minnesota.

Ward: Not applicable

Neighborhood Group Notification: The South East Economic Development (SEED) Committee was informed of this agreement at its meeting of October 15, 2003

Consistency with *Building a City That Works*: Goal 1: Increase the city's economic competitiveness and extend the benefits of the growing economy to all Minneapolis residents.

Objective B: Attract and expand new and existing services, infrastructure, developments and employers that position Minneapolis and the region to compete in the economy of the 21st century. Strategy 3: Develop an economic partnership with the University of Minnesota.

Comprehensive Plan Compliance: Not applicable

Zoning Code Compliance: Not applicable

Impact on CPED Budget: (Check those that apply)
 No financial impact

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- Action requires an appropriation increase to the MCDA Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves

Other financial impact (Explain): Although the agreement calls on the City to develop an off campus research park, any financial impact of a future development is not known at this time. Any resultant impact will be brought to the City Council for approval.

Living Wage / Business Subsidy: Not applicable

Job Linkage: Not applicable

Affirmative Action Compliance: Not applicable

RECOMMENDATION:

City Council Recommendation: The Executive Director recommends that the City Council authorize the appropriate City official to enter into the attached agreement with the University of Minnesota regarding the development of Technology Research and Development Facilities and Minnesota Bioscience Program Subzone Designation.

Background/Supporting Information

On September 26th this year the City Council authorized CPED staff to prepare and issue a Request for Proposals for redevelopment of the SEMI Phase 7 area as a University-related-research park. As a part of that recommendation the Council recognized that an affiliation agreement with the University of Minnesota (University) was necessary and authorized CPED staff to develop a statement of partnership with the University. On October 10th of this year the City Council authorized CPED staff to apply, on behalf of the City, for State Bioscience Zone designation. Again as a part of that report it was recognized that an affiliation agreement with the University was necessary in order to receive that designation.

Attached to this report is the AGREEMENT BETWEEN THE UNIVERSITY OF MINNESOTA AND THE CITY OF MINNEAPOLIS FOR THE DEVELOPMENT OF TECHNOLOGY RESEARCH AND DEVELOPMENT FACILITIES AND MINNESOTA BIOSCIENCE PROGRAM SUBZONE DESIGNATION. That Agreement recognizes the role of the University and City and the need to work together to promote the transfer of research and development at the University to the private sector.

Agreement Summary

The Agreement sets forth a Statement of Purpose, which is to:

- develop a joint statement of cooperation
- describe a program to transfer University technologies to the private sector
- jointly apply for Bioscience Zone designation
- describe tasks and resources each will provide and provide a framework for support of technology research facilities.

Guiding Principles are:

- to recognize “niche market” opportunities and to focus on these areas
- therapies that compliment the medical device industry; biomaterials and bioenergy; and animal and plant agricultural technology
- the development of facilities compatible with the University’s mission
- the development of facilities compatible with the City’s development process and goals
- the facilities should create a synergistic relationship
- to provide meaningful opportunities for students
- to provide opportunities for faculty
- the facilities should be high-end construction compatible with the University and community
- the facilities should be off-campus but adjacent or near to the University
- there is no exclusivity or University mandated preference for commercialization of outcomes of research in these areas
- the technologies of businesses locating in the facilities are listed

The Coordinated Program includes a process to:

- identify areas of research ready for development into products and services
- identify and contact private enterprises compatible with the program
- develop requirements for development of facilities
- attract and select developers
- educate developers

CPED is designated to apply for Bioscience Zone designation and the University is named as a participant

The University’s tasks and resources are to:

- at its discretion permit use of the University’s name and logo
- identify areas of research and technology ripe for transfer to private enterprise
- work with faculty to facilitate commercialization of research
- act as facilitator for integration of the University’s and City’s private enterprise activities
- hold science and technology forums
- provide relevant information for specific businesses and identify resources in place and available at the University
- at its discretion pursue collaborative research with businesses
- at its discretion consider licensing of University intellectual property
- at its discretion consider making University land available for development of research facilities
- at its discretion provide funds for research located at the facilities
- assist the City in identifying developers experienced in science and technology

- establish an advisory board of University, City, State, other government entities, business, nonprofits, community leaders and others. The president of the University and Mayor of the City will appoint members and officers of other organizations will be invited to make appointments. The board will help with strategic planning and development of reports.

City tasks and resources are to:

- provide leadership and expertise in development of research and technology facilities
- identify the Minneapolis Subzone area
- lead in applying for Subzone designation
- identify specific areas within the Subzone that are ready for development of research facilities
- seek and solicit developers that are experienced in science and technology
- assist in communication the University research program to private enterprises and developers
- provide City development assistance (eminent domain, loans, tax increment financing assistance, etc.) when and where appropriate, and
- undertake market studies at the City's discretion.

The term of the agreement is November 1, 2003 through December 31, 2008. However, it can be terminated by either party for any reason with 90 days written notice.

AGREEMENT
BETWEEN THE
UNIVERSITY OF MINNESOTA
AND THE
CITY OF MINNEAPOLIS
FOR THE DEVELOPMENT OF
TECHNOLOGY RESEARCH AND DEVELOPMENT FACILITIES
AND
MINNESOTA BIOSCIENCE PROGRAM SUBZONE DESIGNATION

THIS AGREEMENT, is made this _____ day of _____, 2003, by and between the **REGENTS OF THE UNIVERSITY OF MINNESOTA**, a Minnesota constitutional body corporate (the “University”) and the **CITY OF MINNEAPOLIS**, a Minnesota municipal corporation (the “City”).

WHEREAS, the University is the preeminent teaching and research institution of higher learning in Minnesota and is committed to advancing knowledge through scientific research, including research relating to biomedical and bioscience technology (collectively, “bioscience research” or “bioscience technology”), in Minnesota; and

WHEREAS, the City recognizes the benefits of scientific research, including bioscience research, and, acting through its Department of Community Planning and Economic Development (“CPED”), is committed to the development of facilities for technology research and development in Minneapolis; and

WHEREAS, both the University and the City recognize the need to work together to promote research and development in Minnesota to the extent feasible in order to achieve the benefits that can be derived from having a coordinated program capable of transferring the results of University research activities (including bioscience research) to private enterprises that will turn appropriate University’s research efforts into useful products and services; and

WHEREAS, the University and the City recognize that the Minnesota Biotechnology and Health Science Zone Program (the “Bioscience Zone Program”) creates an important and unique opportunity to foster research and development of bioscience technology in areas designated as part of the Bioscience Zone Program; and

WHEREAS, the undersigned is duly authorized to execute this agreement on behalf of Regents of the University; and

WHEREAS, the Council and the Mayor of the City by an action dated _____, 2003 have authorized the City, through CPED, to enter into this Agreement.

NOW, THEREFORE, the University and the City agree as follows:

1. STATEMENT AND PURPOSE. The University and the City recognize the public value of further developing the fruits of the University's scientific research into useful products and services, including bioscience products and services. This further development should include providing off-campus high-end technology research and development facilities to spawn and support the private enterprises that will undertake the transfer of the University's research efforts into useful products and services. With regard to bioscience technology, this further development will be greatly enhanced through participation by both parties in obtaining the benefits conferred by the Bioscience Zone Program. The University and the City agree to work together to promote, advance and develop technology research and development industries in Minneapolis and Minnesota, including the bioscience technology industry. The purpose of this Agreement is to (i) provide a joint statement of cooperation, affiliation and participation in support of technology research and development activities in Minneapolis (including bioscience research and development); (ii) describe, define and develop a coordinated program between the University and the City to enable the transfer of the University's technology research efforts (including bioscience efforts) to private enterprises that will further develop the research into useful products and services; (iii) jointly participate in the application to the State for the designation of an area or areas in Minneapolis as a Subzone under the Bioscience Zone Program; (iv) set forth the general undertakings, tasks and resources that the University and the City will provide under this Agreement; and (v) provide a framework that will advance and support the development of technology research and development facilities in Minneapolis.

2. GUIDING PRINCIPLES. The University and the City agree to abide by the following guiding principles in their respective participation and performance of this Agreement:

- a. The development of research and development facilities under the Bioscience Zone Program should recognize the "niche market" opportunities in specific areas within the medical and bioscience technology industry and focus on those areas that are most feasible for development in the Twin Cities and Minneapolis.
- b. Three areas of primary focus under the Bioscience Zone Program should be in (i) therapies that complement the medical device and diagnostics industry and other health technologies; (ii) biomaterials and bioenergy; and (iii) both animal and plant agricultural technology. The University may identify additional areas of focus, including areas of particular University strengths, emerging areas, and areas related to the University's developing collaboration with the Mayo Clinic.
- c. The development of research and development facilities should be compatible with the University's mission and programs (including programs in bioscience research), and it should complement, and not detract from, the University's scientific and technology programs and affiliations.

- d. The development of research and development facilities should be compatible with the City's development processes and goals.
- e. The development of research and development facilities should create a synergistic relationship between the University, the City, the State, other government entities and private enterprises that fosters technology research and development (including bioscience research and development).
- f. The development of research and development facilities should provide meaningful opportunities for University undergraduate and graduate students to work and learn in a "real life" environment.
- g. The development of research and development facilities should provide opportunities for University faculty to establish start-up companies or collaborate with start-up or established companies to further their research and capture the benefits resulting from the commercialization of their work.
- h. The research and development facilities should be of high-end construction, architecturally compatible with and scaled to the buildings at the University and the surrounding community, have an environmentally sensitive design, be able to attract private businesses and be suitable for research and development activities.
- i. The location of research and development facilities should be off-campus and adjacent to, or in close proximity to, the University and to the world class researchers and high-end research equipment and facilities located at the University, or in other areas deemed appropriate by the University.
- j. While it is expected that the natural advantages of proximity and established relationships with leading University research teams will lead many established businesses and start-ups to locate facilities in the Bioscience Subzone or other research and development facilities supported under this Agreement, it is understood that there is no exclusivity or University-mandated preference for commercialization of the outcomes of University research in these areas.
- k. The types of businesses locating in the research and development facilities should be doing research and development work in the areas of medical devices and diagnostics, biotechnology, the convergence between medical and biotechnology, life sciences, agricultural technology, computer sciences and other digital technologies (including bioinformatics), nanotechnology, the convergence between nanotechnology and life sciences, chemical engineering, the material sciences (including building materials and polymers), other health sciences, technology, engineering and other areas of University strength.

3. **THE COORDINATED PROGRAM.** The University and CPED will work together to develop a coordinated program to foster the efficient and orderly transfer of technology research activities at the University (including medical and bioscience research activities) to private enterprises located at the research and development facilities that will further develop the research into useful products and services (the "Coordinated Program"). The Coordinated Program will follow the Guiding Principles and will include the following elements:

- a. a process to identify those areas of scientific research (including bioscience research) that are ready for development into products and services;

- b. a process to identify and contact private enterprises that would be compatible with the University's research program;
- c. a process to develop the location and physical, architectural and community requirements for the development of specific research and development facilities;
- d. a process to attract and select developers to invest in and develop the research and development facilities; and
- e. a process to educate developers about the world class research programs developed by the University and its faculty, and for the University, the City and developers to use those programs to help attract private enterprises to become tenants in the research and development facilities, or to locate their own facilities within the Biozone Subzone or within other areas covered by this Agreement..

4. **SUBZONE DESIGNATION.** CPED will make application to the Bioscience Zone Program to have a Minneapolis Subzone Area designated as a Subzone under the Bioscience Zone Program. The University will be named a participant in the City's Bioscience Zone Program application.

5. **UNIVERSITY'S TASKS AND RESOURCES.** The University will undertake the following tasks and provide the following resources in support of this Agreement:

- a. in the University's sole discretion, permit the use of the University's name and logo in connection with the development of research and development facilities and in connection with the Bioscience Zone Program Subzone designation, where appropriate and consistent with this Agreement;
- b. identify the existing and emerging areas of bioscience research and other areas of technology and research at the University that appear to be ripe for transfer to private enterprises for further research and development;
- c. continue to work with the University's talented faculty to facilitate commercialization of research outcomes, and inform faculty of the Coordinated Program and of the opportunities for commercialization within the Biozone Subzone;
- d. act as a magnet, bridge and facilitator for the integration of the University's, the City's and private enterprise's activities;
- e. hold science and technology forums and conferences (targeted toward companies and University scientists) which identify opportunities for technology development of University discoveries and emphasize the advantages of locating research and development facilities close to the University;
- f. for specific businesses, provide case studies that demonstrate the range and depth of the University's research work which is specifically relevant to the business' interests and that identify high end research facilities and equipment already in place at the University and available for the business' use at agreed upon fees for service;
- g. commit to pursue appropriate opportunities for collaborative research with businesses that locate in the research and development facilities, and inform

- University faculty of businesses which are interested in such collaborative research;
- h. in the University's sole discretion, consider businesses that locate in the research and development facilities for licensing of University intellectual property;
 - i. in the University's sole discretion, consider making University land available for development of the research and development facilities on such terms as the University's officials responsible for real estate transactions determine are appropriate;
 - j. in the University's sole discretion, provide University funds for unique research infrastructure located at the research and development facilities to the extent that such infrastructure is available for use by University faculty and students and advances the University's mission, and assist in fundraising for such research infrastructure capital equipment where the facilities and equipment will be available for use by University faculty and students;;
 - k. assist the City in identifying and evaluating developers that are experienced in science and technology and/or have a demonstrated ability to understand the University's science and technology research capacities and to communicate those capacities to potential tenants; and
 - l. establish an advisory board/committee made up of University, City, State, other government entities, businesses, nonprofit organizations, community leaders and other representatives who have expertise in medical and bioscience technology or a stake in the development of the research and development facilities. The President of the University and the Mayor of the City will jointly appoint members to the advisory board/committee, and the Governor and chief executive officers or governing boards of other participating governmental units will be invited to make appointments. The advisory board/committee will help with the strategic planning process and the development of reports to the Regents, the City Council, other governmental units, and the State.

7. THE CITY'S TASKS AND RESOURCES. The City, through CPED, will undertake the following tasks and provide the following resources in support of this Agreement, including the development of the medical and bioscience technology industry in Minneapolis and Minnesota:

- a. provide leadership and expertise for the development of the research and technology facilities;
- b. identify the Minneapolis Subzone Area;
- c. be the lead agency in applying for the Minneapolis Subzone Area as a designated Subzone under the Bioscience Zone Program;
- d. identify specific buildings, lots and areas within the Minneapolis Subzone Area that are ready for the development of research and technology facilities in accordance with the Coordinated Program and this Agreement;
- e. seek and solicit developers for development of the research and technology facilities that are experienced in the areas of science and technology or which have a demonstrated ability to understand the University's science and technology capacities and to communicate those capacities to potential tenants

- f. assist in communicating the University's research program to private enterprises and developers to foster the development of the research and development facilities and research and development tenancies;
- g. provide City development assistance (eminent domain, loans, tax increment financing assistance, etc.) when and where appropriate in the City's sole discretion; and
- h. undertake market studies in the City's sole discretion.

8. TERM OF AGREEMENT AND TERMINATION. This Agreement will be in effect for a term commencing on November 1, 2003, and ending on December 31, 2008. This Agreement may be terminated by either party for any reason by giving the other party 90 days prior written notice of termination. Upon the termination of this Agreement as provided herein, this Agreement, as of the effective termination date, will be come null and void, and neither party shall be obligated to the other party for any claims or obligations related hereto.

9. NOTICES. Communications and details concerning this Agreement will be directed to the following representatives:

CPED: Executive Director
City of Minneapolis
Department of Community Planning and Economic Development
Crown Roller Mill Suite 200
105 5th Avenue South
Minneapolis MN 55401

University: _____
University of Minnesota

Minneapolis MN 554__

10. MERGER, MODIFICATION AND AMENDMENT. It is understood and agreed that the entire agreement between the parties hereto is contained herein and that this Agreement supercedes all oral agreements and negotiations between the parties hereto relating to the subject matter hereof. All items referred to in this Agreement are incorporated herein or attached and deemed to be a part of this Agreement. Any alterations, modifications, waivers or amendments of provisions of this Agreement will only be valid when made as an amendment in writing to this Agreement and signed by both the parties hereto.

11. NO THIRD PARTY BENEFICIARIES. This Agreement shall benefit and burden the University and the City in accordance with its terms and conditions, and is not intended, and shall not be deemed or construed to confer any rights, powers, benefits or privileges on any person, corporation or other entity, legal or otherwise, other than the University and the City.

12. APPLICABLE LAWS. The University and the City each agree to comply with all applicable federal, state and local laws, ordinances and regulations in their performance of their obligations and activities undertaken pursuant to this Agreement.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

THE REGENTS OF THE UNIVERSITY OF MINNESOTA

By _____
Its _____

**MINNEAPOLIS DEPARTMENT OF COMMUNITY
PLANNING AND ECONOMIC DEVELOPMENT**

By _____
Its _____

Approved as to Form:

Assistant City Attorney