

**MINUTES OF A REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
MASSACHUSETTS LIFE SCIENCES CENTER**

DATE: June 26, 2013

TIME: 2:00 p.m. EST

PLACE: Mack Conference Room, Room #1/2
One Ashburton Place, 21st Floor
Boston, Massachusetts

DIRECTORS PRESENT: Doug Banks (designee for Robert Caret, Ph.D.)
Edward Benz, M.D.
Secretary Greg Bialecki
Abbie Celniker, Ph.D.
Rob Dolan (designee for Secretary Glen Shor)
Eric Nakajima (designee for Secretary Greg Bialecki)
Lydia Villa-Komaroff, Ph.D.

DIRECTOR(S) ABSENT: Josh Boger, Ph.D.
Robert Caret, Ph.D.
Secretary Glen Shor

1. **Call to Order**

Eric Nakajima, designee for Secretary Greg Bialecki, called to order the meeting of the Board of Directors (the “Board”) of the Massachusetts Life Sciences Center (the “Center”) at 2:05 p.m. The meeting, having been duly convened, was ready to proceed with its business.

2. **Approval of Board Minutes**

The Board then reviewed the minutes of the May 29, 2013 Board meeting. Upon motions duly made, seconded and unanimously carried, the Board adopted the resolution to approve the minutes.

3. **Proposal: Cooperative Research Matching Grants FY ‘13**

Beth Nicklas, the Center’s General Counsel and Vice President for Academic Research

and Workforce Programs, presented to the Board the third round of the Cooperative Research Matching Grant Program and award recommendations. The program was designed to promote industry and academic research collaborations, support translational research and accelerate the commercialization of promising products and services. Ms. Nicklas summarized the program parameters and review process. She highlighted previous award recipients and the positive outcomes of those awards. She then discussed the current round, which received 21 applications, with four finalists emerging following the Board's Scientific Advisory Board (SAB) meeting.

Dr. Harvey Lodish, Chair of the Center's SAB, next presented three of the four finalist and their industry partners. The private investigators represented Boston Medical Center, Brigham & Women's Hospital, and Massachusetts General Hospital. Their industry partners were Pfizer, Merck Serono and GlaxoSmithKline respectively. Dr. Lodish explained that each project aimed to improve existing therapies for major diseases ranging from kidney disease to multiple sclerosis.

Dr. Lydia Villa-Komaroff then presented the last finalist, a principal investigator from Children's Hospital, who will be collaborating with Pfizer to address osteoporosis. She closed by relaying the Investment Committee's excitement in recommending the four projects.

After further discussion, the Board reviewed the relevant Resolution, and, upon motions duly made, seconded and unanimously carried by all voting Board members, the Board adopted the resolution authorizing the expenditure of \$2 million for the program awards.

Dr. Edward Benz recused himself from the Children's Hospital vote.

4. Update: Massachusetts Neuroscience Consortium

Dr. Susan Windham-Bannister, the Center's President and CEO, updated the Board on the progress of the Neuroscience Consortium. She discussed the importance of neuroscience research and the Center's role in establishing the Massachusetts Neuroscience Consortium. The

consortium members are Abbot, Biogen-Idec, EMD Serono, Janssen Research (Johnson and Johnson), Merck, Pfizer and Sunovion (Dianippon Sumitomo). The Center does not contribute any of its funds towards projects selected by the Consortium.

Ms. Nicklas next discussed the Consortium's first competitive solicitation that was launched on September 24, 2012. The Center received 97 pre-proposals. The Consortium collectively chose 14 applicants to submit full proposals and later selected seven of those proposals to fund. She explained that the projects will be short-term and results-oriented; if principal investigators (PIs) do not meet milestones, they will not receive additional installments of funding. Consortium members will work closely with the PIs and results will be shared with all participants. Once projects are completed, the Consortium members will be able to determine their interest in validated targets. There will be an award announcement event on July 11, 2013 at EMD Serono.

Dr. Windham-Bannister added that the White House Office of Science and Technology Policy is interested in the Consortium and hopes it will play a role in the recently announced Brain Initiative.

5. Proposal: Funds Authorization for MLSC Accelerator Loan Program
FY '14

Pamela Norton, the Center's Vice President for Industry Relations and Programs, presented to the Board a request for approval of the Accelerator Loan Program for FY14. The Accelerator Loan Program aims to support early-stage life sciences companies, grow employment, and stimulate innovation. Ms. Norton reviewed for the Board the program parameters, outreach strategy, and review process. She next highlighted the 30 awards made to date. She concluded by noting that, with Board approval, the summer round will kick off the next day.

After further discussion, the Board reviewed the relevant Resolutions, and, upon motions duly made, seconded and unanimously carried by all voting Board members, the Board adopted the resolution authorizing the expenditure of \$6 million for the next two rounds of the program.

Secretary Greg Bialecki joined the meeting at 2:39 p.m. and presided as Chair of the meeting.

6. Proposal and Discussion: MLSC Salary Analysis

Dr. Windham-Bannister, Beth Nicklas and Brad Rosenblum recused themselves from the discussion.

Secretary Greg Bialecki presented to the Board the Compensation Committee's recommendations for handling the compensation for senior executives of the Center. He began by recalling to the Board that all quasi-public organizations were required to create compensation committees as recommended by the Crosby Report, a report commissioned by Governor Patrick to determine the appropriate compensation for senior staff members. He next explained that subsequent to the Crosby Report; a statute was passed and ratified, enacting into law many of the Report's recommendations. However, he noted that there were significant changes in some of the details. One change in particular affected the roles of the Compensation Committee. Initially, the intention of the Board as a whole in delegating authority to the Committee was to delegate authority to consider the matter and make recommendations back to the Board as whole. The statutory provision that later came into effect, and is currently in effect, calls for the Committee to establish the compensation of those senior positions.

Secretary Bialecki added that the Chief Executive Officer, Chief Financial Officer, and General Counsel were the three positions recognized in the Crosby Report as positions whose compensation should be reviewed by the compensation committee. He noted that the statute goes beyond the Crosby Report by also delegating the responsibility of determining which other senior positions should be reviewed by the Committee to the Committee.

He next posed the question whether the Committee had the right composition. He explained that at the time that the Committee was approved, it was with the understanding that it would make recommendations, but the statute now gave the Committee the authority to make the final decisions that non-Committee Board members might want to participate in. Lydia pointed to the absence of some of the Board members and asked that they determine how to reconstitute the Board when all members were present. All Board members and designees present agreed with her suggestion.

Jennifer Lawrence, Secretary Bialecki's General Counsel, addressed the Board to explain that the new statute, enacted in 2012 and amended in 2013, takes precedence over the Center's previous bylaws and charters. Secretary Bialecki added that the Board will discuss the revision of the MLSC charter and bylaws when all Board Members are present.

Secretary Bialecki moved on to discuss the President and CEO's salary. Dr. Villa-Komaroff and Dr. Benz interjected that they would only discuss the President and CEO's salary with the understanding that the other senior executives' salaries would be discussed later, to which Secretary Bialecki agreed. He stated that the Board as a whole will approve and ratify the new method of dealing with senior executives' compensation moving forward. Secretary Bialecki then began the discussion regarding the President and CEO's salary by explaining that he and Ms. Celnicker hired a third party consultant to collect data on comparable salaries both within public and private sector organizations. They found that Dr. Windham-Bannister's current compensation puts her at the top of other quasi-public organizations but significantly below comparable positions in the private sector from which she was recruited. They also reviewed Dr. Windham-Bannister's performance and stated that she has been an "extraordinary leader of an extraordinarily successful organization." She has not received a raise at any time over the last five years nor has she ever asked for a raise. Thus, it is their opinion that she should receive her

current salary.

After further discussion, the Board reviewed the relevant Resolutions, and, upon motions duly made, seconded and unanimously carried by all voting Board members, the Board adopted the resolution authorizing and approving the continuance of the President and CEO's compensation at its current level.

Dr. Benz left the meeting at 3:03 p.m.

Secretary Bialecki left the meeting at 3:04 p.m. Eric Nakajima then presided as Chair of the meeting.

7. Proposal: City of Pittsfield and Pittsfield Economic Development Authority (PEDA) Planning Grant

Daniel Bianchi, Mayor of the City of Pittsfield, presented to the Board a planning proposal for a center for life sciences. Mayor Bianchi began with an overview of the history of Pittsfield and then briefly discussed why the city is well positioned to be a center for life sciences. Rod Jané, a consultant with the New England Expansion Strategies, detailed the two-phase study that will be conducted to inform the development of the Berkshire Life Sciences Center (BLSC). He explained that the grant, if awarded, will cover the first phase, the feasibility study and business plan. The study will engage external stakeholders ranging from local and state government to venture capitalists to assess the life sciences strengths and assets in the Berkshire region in order to best fit into the Massachusetts life sciences ecosystem. Additionally, he noted that the study will discover unmet needs for services and capabilities the BLSC could provide.

After further discussion, the Board reviewed the relevant resolution, and, upon motions duly made, seconded and unanimously carried by all voting Board members, the Board adopted the resolution authorizing the expenditure of \$55,000 to fund the City of Pittsfield's planning

study.

8. Proposal: MLSC Proposed Operating Budget

Brad Rosenblum, the Center's Chief Financial and Administrative Officer, presented to the Board the FY14 Operating Expenses. The total proposed budget is \$3,589,000. He noted that the proposed operating expenses are only one percent of the amount of money the Center manages (over \$460 million).

After further discussion, the Board reviewed the relevant resolution, and, upon motions duly made, seconded and unanimously carried by all voting Board members, the Board adopted the resolution authorizing and approving the Center's Operating Budget for FY14.

9. Adjournment

Eric Nakajima, upon motions duly made, seconded and unanimously carried, adjourned the meeting at 3:29 p.m.

List of Materials and Exhibits Used During Meeting:

- Minutes from May 29, 2013 Board meeting
- Executive Report
- “Cooperative Research Matching Grant Program Awards Proposal” PowerPoint Presentation
- “The Massachusetts Life Science Center Neuroscience Consortium” PowerPoint Presentation
- “Accelerator Loan Program: Proposal for Accelerator FY 2014” PowerPoint Presentation
- “Berkshire Life Sciences Center” PowerPoint Presentation