

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

DATE: February 24, 2010

TIME: 3:05 p.m. EST

PLACE: One Ashburton Place, 21st Floor
Boston, Massachusetts

DIRECTORS PRESENT: Secretary Greg Bialecki
Josh Boger, Ph.D.
Tom Chmura (Designee for Jack Wilson)
Secretary Jay Gonzalez

DIRECTOR(S) ABSENT: Marc Beer
Lydia Villa-Komaroff
Peter Slavin, M.D.
Jack Wilson, Ph.D.

OTHERS PRESENT: (Partial Listing)

Sue Windham-Bannister
Charlotte Brewer
David Constantine
Stephen Flavin
D'Anne Hurd
Jessica Long
Stephen Murray
Bernat Olle
L. Oneschuk
Brad Rosenblum
Kevin O'Sullivan
Robert Salvatelli
Punyamurtulak Shore
Jeffrey Solomon
Melissa Walsh
Rachel Yamartino

1. **Call to Order**

Secretary Gonzalez, presiding as Chairman of the meeting, called to order the meeting of the Board of Directors (the “Board”) of the Massachusetts Life Sciences Center (the “Center”) at 3:05 p.m., and announced that a quorum of directors was present. 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 January 27, 2010 meeting. Following discussion, upon motion duly made, seconded and unanimously carried, the Board adopted the resolution to approve the minutes.

3. Chair Report

Secretary Jay Gonzalez reported on the budget for FY2011 stating that a \$10M appropriation has been proposed for the Center with a \$20M cap on tax credits. The Secretary also said that the Commonwealth is still planning on funding \$34M through the capital budget. The total proposed investment for FY11 is \$64M.

“This is a new program that the Governor felt strongly about,” said the Secretary. He also commented on the “positive results” and “return on investment” from the Center. He closed by saying that this \$64M investment was being made while the Commonwealth faces at \$2.7M budget gap and a tax revenue decline of \$4B as a result of the recession emphasizing the level of commitment on behalf of the Governor.

Secretary Greg Bialecki commented on the Governor’s Small Business Jobs Bill and the Senate President’s Economic Development proposals, saying that the Center is not affected by either because the Governor feels that the Center has “been effective even with limited fiscal resources.”

4. Chair’s Report

Dr. Susan Windham-Bannister updated the Board on the second round of the Center's Internship Program which was launched on January 11th. Dr. Bannister said that six weeks into the program, the Center has received 390 applications from interns and 81 companies who would like to sponsor them. To date, 11 interns have been placed. She said that the program formally begins in May and concludes in September.

Dr. Bannister next spoke about the Small Business Matching Grant Program, also launched in January. She said that, to date, the Center had received 30 pending applications. She said that two information sessions hosted by the Center in February were well-attended with more than 40 companies being represented. Peer review of the applications will be finished by May 13th with recommendations for Board approval on May 24th.

5. Discretionary Spending Authority

Secretary Gonzalez brought before the Board a proposal which would give the CEO of the Center some spending authority that would not require advance Board approval. Secretary Bialecki said that the Investment Committee recommended a spending cap of \$250,000 per fiscal year, in increments of no more than \$50K per expenditure. All expenditures would be reported to the Board with full transparency and accountability.

Mr. Boger said it is "an excellent proposal. I have a great deal of faith that this authority is well-placed. The Center's management has been very clear about the principles guiding their programs and investments."

Secretary Bialecki said "the amount of the cap is modest in comparison with other similar quasi-public agencies."

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 approving the discretionary expenditure.

6. Accelerator Loan Program Investment

Dr. Windham-Bannister thanked the Board for their expressions of confidence in the last vote. She then brought before the Board a proposal to fund two additional rounds of the Accelerator Loan Program. Dr. Bannister said that the program was created to “bring together the public and private sectors.” She said that the feedback from the 2009 program was very positive and that there is a “great need and demand” for this type of program. The proposed total investment is \$5.5M for calendar year 2010. Dr. Windham-Bannister said that the lending cap for this round for the 5-year loans would be increased from \$500k in FY09 to \$750K. The loans are unsecured and there is a 10% interest rate. She said that the loans are payable based on a financing event of at least \$5M or at the end of five years and this year’s loans have 4% warrant coverage. The Board maintains an observer position and companies must adhere to reporting requirements. Dr. Bannister also said that the review process for upcoming rounds will include more extensive corporate due diligence.

Mr. Boger asked for clarification on the warrant coverage and Dr. Bannister and Mr. Rosenblum, the Center’s CFO, responded.

Secretary Gonzalez asked about the difference between the Small Business Matching Grant Program and the Accelerator Program.

Dr. Windham-Bannister replied that the major difference is that the SBMG companies have received federal grants. The science around these companies has been “heavily vetted” and that they are now “ready for commercialization.” By contrast, the Accelerator companies are “still proving their science” and are not ready for commercialization. She said that both kinds of companies are creating jobs.

She said that Accelerator Program is meant to assist small companies from discovery and to derisk them for their next round of funding.

Mr. Boger asked “with the success of Round 1, do you anticipate any payback events in the near term?”

Dr. Bannister responded that she was “cautiously optimistic” that one of the companies would be repaying the loan soon.

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 approving the Accelerator Loan Program Investment.

7. Gateway Park

Secretary Gonzalez brought before the Board a proposal to fund Phase II of the Gateway Park Investment. Gateway Park is a 12-acre mixed-use destination – commercial, retail and residential – located on Route 290 in Worcester. Gateway Park is proposing the construction of an 80,000 square foot lab and Worcester Polytechnic Institute (WPI) and the Massachusetts Biomedical Initiatives Incubator (MBI) have submitted two grant applications totaling \$6.6M to support design, fit-out and construction of the lab. The facility will include 17,000 square feet dedicated to the WPI Massachusetts Academy of Math and Science, a public magnet school for high school students from around the region

D’Anne Hurd, Vice President for Business Development at Gateway Park explained the funds breakdown:

-\$2.9M	Biomanufacturing Education and Training Center “BETC,” WPI
-\$1.45M	Massachusetts Academy of Math and Science, “Mass Academy,” WPI

-\$2.2M Massachusetts Biomedical Initiatives Incubator, MBI

Ms. Hurd concluded by saying that the project would create 120 construction jobs and 142 new full-time jobs. She said that Worcester was the Patrick/Murray Administrations first “growth district” and that the total direct tax revenue to the Commonwealth would total \$12.8M by 2015.

Mr. Boger asked for clarification on who owned the Gateway Park Facility. Secretary Gonzalez responded that this is a WPI facility. Mr. Boger commented, “This might get people moving from Eastern Mass to Central Mass. The State’s investment is well-placed.”

Tom Chmura commented, “This is the Center’s third major investment in Central Mass. It is fitting and significant as this is a state-wide program.”

Mr. Boger said, “Peter (Slavin) and Lydia (Villa-Komaroff) serve with me on the Investment Committee and both are in agreement that this is something the Board should approve.”

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 approving the Gateway Park, Phase II Investment.

8. Adjournment

Secretary Bialecki asked if there was any other further business to come before the Board, and, hearing none, upon motion duly made, seconded and unanimously carried, he adjourned the meeting at 4:30 p.m.

Peter Slavin, M.D.
Secretary of the Meeting

APPROVED:

Secretary Greg Bialecki
Chairman of the Meeting

