Economic Development Committee Memorandum
Board of Regents, State of Iowa

Subject: Economic Development Committee Minutes
Prepared by: Anthony Girardi
Date Submitted: July 21, 2004

Recommended Action:
Approve the minutes from the meetings of May 18 and May 27, 2004.

Executive Summary:
Minutes of these two meetings are attached.
Persons in attendance (not all-inclusive):

Committee members: Robert Downer (Chair), Amir Arbisser, Mary Ellen Becker, Owen Newlin, Sue Nieland, Jenny Rokes, John Forsyth (ex officio).


Regent Downer called the meeting to order at 11:35 a.m. He thanked everyone for their attendance and provided brief introductory comments.

Executive Director Nichols provided an overview of the Committee’s rules and operations, noting that the Committee will be operated in accordance with Iowa’s Open Meetings Law and Robert’s Rules of Order.

DRAFT RESPONSIBILITIES OF COMMITTEE AND RELATIONSHIP TO INTERINSTITUTIONAL EDTT COMMITTEE.

Highlights of discussion:

* The Regent Committee is a policy-recommending committee whereas the Interinstitutional Committee is a working committee. The Interinstitutional Committee may make recommendations to the Regent Committee and the Regent Committee may direct activities of the Interinstitutional Committee.

DRAFT COMMITTEE WORK PLAN.

Highlights of discussion:

* There was minimal discussion and no questions.

OVERVIEW OF BATTELLE REPORT.

Highlights of discussion:

* The Committee members were provided with a description of the processes that are occurring with regard to the Battelle report.

* The Governor’s remarks to the Board of Regents that morning had emphasized the importance of biosciences development to the state’s future economic
development strategy. The Regents will be directly involved in the state’s future biosciences initiatives.

* The Interinstitutional Committee wishes to ensure that the Regents are very much involved in the public policy discussion regarding the biosciences.

* Cautionary statements were made about the expectations for responsibilities and outcomes of the Regent enterprise with regard to biosciences initiatives.

* The Regents should focus on increasing their strengths in biosciences.

* Some areas of bioscience yield more immediate results than do other areas.

* Some progress has been made with the German bank that might be involved in the start-up of Iowa bioscience companies. Not much progress has been made in the Fund-of-Funds area.

* The link to capital is not quite the concern as was depicted in the Battelle report.

* Executive Director Nichols has a meeting with the Chair of the Fund-of-Funds in early June.

PLANS FOR AUGUST 3-4, 2004, MEETING IN SIOUX CITY.

Highlights of discussion:

* Data presented to the ICCPHSE a couple of weeks ago showed that Iowa on a relative basis is one of the more significant importers of young people for post-high school education. Iowa ranks in the top 10-15% of states. An exodus then occurs between when students complete their educations and then enter the job market.

* There are opportunities to take steps to keep young people in Iowa. New industries that are considering relocating to Iowa could be shown there is a pool of very high-quality young people available to work for them.

* It is timely to bring in an early report from the Iowa Learns Council. Board Office staff is supporting the team that is drafting post-secondary to work force recommendations, which will factor into connecting highly-qualified workers to meaningful employment. There are a number of regional labor studies in the state that present local views of these issues.
While Iowa ranks in the top quartile of states in the importation of young people for higher education, Iowa ranks near the bottom in retaining individuals with postsecondary education. There is a significant challenge to enticing young people with fine educations to remain in the state of Iowa.

It is not the Regents' responsibility to make sure there are jobs, but the Regents can provide leadership to the state in that regard.

There is a divergence of data regarding education and work climate in Iowa.

Iowa's higher education business generates significant funds for the state. Iowa ranks with states such as Massachusetts.

When students leave Iowa following college graduation, they go to states that are high in the new economy index. Those students do not leave Iowa for the same states where retirees are heading. Illinois was one example of where Iowa students go post-graduation.

The Regents should continue to focus on the educational aspect of the driver for economic development.

The return on Iowa's investment in the Regent enterprise is in excess of 100% and needs to be publicized. (Includes research grants, gifts, tuition paid by out-of-state students, state appropriations.)

Every time this Committee meets, the agenda will include a presentation from the host institution on its economic development activities and opportunities for interaction with business leaders, if that is the Committee's desire.

FOLLOW-UP ITEMS.

Invite persons who helped author the Battelle report to speak at the August meeting of this Committee to talk about the broader picture and to discuss their findings related to the Regents as well as answer questions about the report's platforms.

Return on Iowa's investment data in the Regent enterprise is to be included in the August meeting.

Invite community leaders from across the state to attend the August meeting of this Committee. Also get the word out to Chambers of Commerce and other economic development groups across the state about the August meeting.
sure to invite representatives of the three or four organizations that represent statewide groups. The Board Office will serve as the clearinghouse for invitations to ensure there is no duplication of invitations.

* Converse a telephonic meeting of this Committee, possibly at 4 p.m. next Thursday, to discuss financing plans for the two projects contained in the Grow Iowa Values Fund for the University of Iowa. The actual state-appropriated funds for the projects to date are less than were approved.

Meeting adjourned at 12:20 p.m.

Anthony Girardi, Asst. Dir. Acad. Affairs

Gregory S. Nichols, Executive Director

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Persons in attendance:

Committee members: Robert Downer (Chair), Amir Arbiser, Mary Ellen Becker, Sue Nieland

Others: Greg Nichol, Pam Elliott, Joan Racki, Tony Girardi, Barb Boone, Doug True, Bill Decker, Bruce Wheaton, Steve Parrott, Steve Carter, Randy Pilkington

Regent Downer called the meeting to order at 4:00 p.m.

Overview of University of Iowa Projects Approved by the Iowa Values Fund

Highlights of discussion:

- University officials provided a review of the University of Iowa projects that have been approved by the Grow Iowa Values Fund (GIVF) Board and a description of the University’s financing proposal. In October 2003, the GIVF Board approved the University’s proposal for the $10 million award that had been earmarked by the Iowa legislature for the University. The proposal was for the following two projects:
  
  1) upgrade the Center for Biocatalysis and Bioprocessing to certified Good Manufacturing Practices (cGMP) standards (cGMP project);
  
  2) create incubator laboratory space affiliated with the SUI Technology Innovation Center (BioTIC);

- Of the $10 million award, the GIVF Board scheduled the disbursement of only $4 million to the University during the first two fiscal years. The University proposes to use $3 million for the cGMP project and to move the BioTIC project forward through the Regents’ regular administrative processes in an expedited fashion with alternative financing.

- The BioTIC facility would create 20,000 square feet of lab space to be offered to private companies. University officials propose to proceed with construction of one-half (about 10,000 square feet of space) of the square footage originally contemplated using $1 million that is expected to be provided by the GIVF, and for the Facilities Corporation to assume debt of approximately $3 million. One million dollars ($1 million) of the $4 million disbursement approved to date by the Grow Iowa Values Fund Board will be applied to BioTIC architectural planning as well as to the payment of interest on the debt incurred by the Facilities Corporation during the initial period of the loan.

- If the rest of the approved funding is not provided by the GIVF, options include engaging a commercial realtor to sell the facility; leasing the facility to a private party; and the University becoming a lessee of the facility.

- The University has received a number of promising inquiries about leasing the wet lab space. University officials are reasonably certain the space could be filled fairly promptly.
• The BioTIC project has not followed the normal channels for approval of capital improvement projects; however, the University’s intent is to move forward expeditiously through University normal capital improvement project processes.

• The Grow Iowa Values Fund financial support for the project is expected in the future.

• Committee members discussed the possibility that, if the Board approves incurring debt to proceed with the project, funding may nevertheless be withheld. The Committee discussed the level of effort and resources that some state entities have invested in economic development thus far and the need for support for these activities. The Committee discussed whether the Board’s action on the University’s proposal would provide incentive for future funding.

• Committee members expressed a greater comfort level with the University’s proposal since it included a modular plan (approximately one-half of the facility would be built initially).

MOTION: Regent Nieland moved that the Economic Development Committee recommend Board approval at its June meeting of the University’s proposal to seek financing for its Technology Innovation Center. Regent Arbiser seconded the motion. MOTION CARRIED UNANIMOUSLY.

Meeting adjourned at 4:39 p.m.

Anthony Girard, Asst. Dir. Acad. Affairs
Gregory S. Nichols, Executive Director

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