

**BOARD OF REGENTS
ECONOMIC DEVELOPMENT COMMITTEE
August 3, 2004**

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).

Others: David Neil, Greg Nichols, Robert Barak, Pam Elliott, Joan Racki, Deb Hendrickson, Tony Girardi, Diana Gonzalez, Barb Boose, Barb Briggie, David Skorton, Doug True, Jean Robillard, Michael Hogan, Gregory Geoffroy, Warren Madden, Ben Allen, Mark Chidister, Andy Baumert, Robert Koob, Tom Schellhardt, Randy Pilkington, Pat Gadelmann, Jeanne Prickett and Mike Hooley.

Regent Downer called the meeting to order at 9:57 a.m. He recognized and invited State Representative Wendt to make comments.

Representative Wendt said legislators agree that funding for education is a priority. He said it was important for all levels of education to receive adequate funding, and he looked forward to assisting in that effort in the next session of the legislature.

Economic Outlook for the State of Iowa including Iowa Values Fund Update

Regent Downer stated that a number of Iowa citizens recognize the importance of reconfiguring our economy to take advantage of available opportunities. He then introduced Michael Blouin, Director of the Iowa Department of Economic Development.

Director Blouin stated that he wished to set the stage for Walt Plosila who would roll out the Battelle report. He said the Department of Economic Development contracted with the Battelle Memorial Institute's Technology Partnership Practice to help provide an understanding of Iowa's strengths in biotechnology. Battelle helped to build a strategic plan model, which Dr. Plosila would address.

The Battelle Study

Regent Downer introduced Dr. Walter J. Plosila of the Battelle Memorial Institute's Technology Partnership Practice.

Dr. Plosila provided a PowerPoint presentation of the Battelle report (Attachment A).

Regent Downer introduced three university representatives to comment on the report: Bill Decker (SUI), James Bloedel (ISU), Randy Pilkington (UNI). He stated that the

university representatives have been very involved in reviewing the drafts of the Battelle report and interacting with Dr. Plosila and his colleagues.

Interim Vice President Decker praised Walt Plosila and Simon Tripp, stating he found them both to have a very good understanding of the business of bioscience and that they had made an extra effort to understand Iowa. On behalf of the University of Iowa, he was most pleased that the report recognizes the contributions of the health and biomedical sciences. The report recommendations include biomedical imaging as a niche opportunity to be examined by the University of Iowa, where great strides in that area are being made.

Interim Vice President Decker asked for comment from Dr. Plosila about criticism in some parts of the national media that not many states could capitalize on biotechnology. Dr. Plosila stated that the Brookings Institution study on biosciences had studied only one part of biosciences – the research and testing sector – which is the youngest and smallest segment of the biosciences. He said there are approximately 19,000 biosciences companies nationally but the study looked at a sector that includes only 1,200 companies. The study assumed that because California had one-quarter of those 1,200 companies, no other state could play a role. The study ignored bio-agriculture, medical devices and instruments, most of the drug and pharmaceutical industry, and academic health centers. He stated that biosciences is a much broader area than just research and testing.

Interim Vice President Decker asked Dr. Plosila to comment on the report's finding that, in addition to opportunities for long-term commitment to the growth of a research enterprise, there are opportunities for shorter-term investments and shorter-term kinds of results. Dr. Plosila stated it was important to recognize that all the needed resources cannot be obtained immediately; however, there must be some earlier successes for the "road map" to succeed. The general experience around the country is that it takes 10 to 15 years or more to achieve the maximum economic impact. There are clearly some opportunities in the short term by building upon the Iowa Values Fund investments and what the universities have been and are doing in technology transfer commercialization. He said it is very important to continue the momentum that has already begun.

Regent Downer asked Dr. Plosila if he had any comments he cared to make regarding the Regent institutions' proposals for funding from the Iowa Values Fund. Dr. Plosila responded that he considered those projects critical to the road map and were consistent with the focus areas of the Battelle report.

Vice President Bloedel congratulated Dr. Plosila and his team on an excellent report. He said the recommendations are doable because a great deal of effort was made to align the recommendations with the areas of expertise on the campuses. He was also very pleased with the flexible language of the report. He noted that the report depends on building partnerships, and Iowa does a very good job of establishing partnerships using a spirit of cooperation. The report specified that the recommendations cannot be

accomplished as an unfunded mandate. Funding will require new money. Everyone will have to work together to establish priorities on which that funding is based.

Vice President Bloedel stated that a very important benchmark in biotechnology is wealth creation, not just job creation. He asked for Dr. Plosila's view regarding establishing benchmarks that relate to wealth creation. Dr. Plosila responded that wealth creation involves retaining jobs and making them better skilled and higher paying. The report suggests looking at the tool kits of economic development that are more wealth oriented – sales, exports, quality of jobs.

Regent Neil said that to “sell” the report to legislators, one needs to talk about job retention, wealth creation and the benefits to society. Dr. Plosila stated that one of the problems facing Iowa is the general impression that the benefits of investments in the research universities accrue mainly to the communities around the universities; that there is not widespread benefit to the entire state. He said the report suggests undertaking a detailed study of the economic impact of investments in the universities. One could also look at a methodologically sound way to determine the jobs retention and the wealth generation of the jobs retention.

Executive Director Nichols referred to statements made by the Governor at that morning's press conference about the creation of an alliance to address the recommendations of the Battelle report. He stated that Karen Merrick of the Department of Economic Development will be putting together the alliance. The question of how the Battelle report will be marketed is part of her responsibility.

Regent Newlin asked for comment about the biotechnology risk assessment project at Iowa State University. Vice President Bloedel stated the project, which is part of the BIG MAP initiative at Iowa State University, is extremely important. The initiative has become one of the national – if not international – leaders in the area of risk assessment. The initiative has established critical relationships for the state and for the University in the decision-making process pertaining to risk assessment. The impact relates to evolving a set of criteria for implementing everything from plant bio-pharma to other types of drug and food biotechnology. The initiative will be implemented in the context of risk instead of a zero tolerance to risk basis which is currently the criteria. The initiative will have a considerable impact on Iowa's economy.

Dr. Plosila noted that the Battelle report lists Iowa State University's biotechnology risk assessment project as an opportunity but it could be listed as a prerequisite for some of the platforms to move forward.

Regent Newlin asked that Dr. Plosila proceed to list in the Battelle report Iowa State University's biotechnology risk assessment project as a prerequisite.

Director Pilkington stated that the University of Northern Iowa is supportive and appreciative of the Battelle report. He said the University community supports the

Battelle recommendations. The University of Northern Iowa's role was appropriately outlined in the report, all of which will take considerable resources.

Director Pilkington referred to the national competition in biotechnology and asked for the necessary long-term commitment to make the effort sustainable.

Dr. Plosila stated that one of those lessons on how to build a bioscience-driven economy is patience and long-term perspective. He said the record time for a state to experience the fruits of its efforts in biosciences was Maryland which took 12-14 years. He stressed that building and maintaining an alliance over the long haul is critical.

Regent Downer thanked Dr. Plosila for the presentation.

Approval of Minutes

Regent Downer asked if there were any additions or corrections to the minutes of the last two meetings of the Committee. There were none.

MOTION: Regent Becker moved to approve the minutes of the May 18 and May 27, 2004, meetings of the Economic Development Committee. Regent Rokes seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

Regent Downer recognized and invited State Representative David Tjepkes to make comments.

Representative Tjepkes expressed appreciation for the opportunity to listen to the discussion. He stated that his district, which is rural and agricultural, is very appreciative for the working partnership with the University of Northern Iowa and Iowa State University in soy diesel and soy products. Education is also a very important topic. He noted that he serves on the House Education Committee.

Regent Universities Economic Development Activities

Interim Vice President Decker provided a PowerPoint presentation of the University of Iowa's economic development and technology transfer activities (Attachment B). Areas addressed in the presentation included research; intellectual property management; business incubation, recruitment, development and support; workforce development and education; and community services and development.

Interim Vice President Decker discussed the development of an economic development strategic plan, biomedical developments, the BioConference in San Francisco, the need for community "buy in" for the creation of a bio-economy, partnership building, and entrepreneurial training facility at the University of Iowa.

Vice President Bloedel provided a PowerPoint presentation of Iowa State University's economic development activities (Attachment C). He presented an outline of the University's economic development system. He stated that, in 2004, the University received a 19% increase in sponsored funding. With regard to technology transfer, 62 companies have been started since 1990. Of those companies, 67% were incubated at the ISU Research Park and only three companies failed. He then presented a summary of the business development and education programs at the Pappajohn Center.

Director Pilkington provided a PowerPoint presentation of the University of Northern Iowa's integrated activities of economic development and technology transfer (Attachment D). He discussed contributions the University has made to economic development. The University provides equity funds, market research and analysis, incubation, environmental assistance, local economic development, assistance to new lowans, ag-based industrial lubricants, commercialization, and support for faculty research. The University of Northern Iowa has projects/programs in all of Iowa's 99 counties. All of the programs are focused on the needs of the client. There is active collaboration between the Regents, community colleges and state agencies.

Regent Downer thanked the university representatives for their presentations.

Higher Education and the Iowa Economy: Summary of a Presentation by Staff of the National Center for Higher Education Management Systems

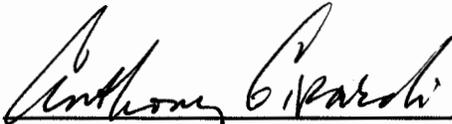
Dr. Barak stated that staff from the National Center for Higher Education Management Systems (NCHEMS) provided a presentation to the Iowa Coordinating Council for Post-High School Education in May 2004. The presentation (Attachment E) covers some factors in the relationship between education and economic prosperity in Iowa. It is organized into four major categories: 1) workforce; 2) college participation and completion; 3) net gain/loss of Iowa residents; and 4) the economy. The data is drawn from a combination of sources, including the U.S. Census Bureau, the Bureau of Economic Analysis, Postsecondary Education Opportunity, and NCES-IPEDS.

The presentation indicates that Iowa outperforms most other states on many measures related to educational performance. For example, Iowa's workforce is relatively well-educated; the state compares favorably in terms of postsecondary enrollment and graduation statistics; and the state's postsecondary institutions are addressing demand for educated workers in key fields.

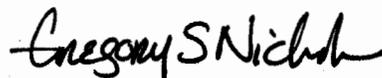
The presentation also suggests that Iowa nevertheless faces many challenges in assuring that education leads to well-paying jobs for lowans and a strong state economy. For example, the state's workforce is relatively low-paid; over a recent five-year period, Iowa experienced a net loss of 18,943 college-educated residents aged 22-29; and, during the period covered in the presentation, the state performed well below the top tier in attracting external research dollars.

Adjournment

The meeting adjourned at 11:51 a.m.



Anthony Girardi, Asst. Dir. Acad. Affairs



Gregory S. Nichols, Executive Director

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