

## ND STATE BOARD OF HIGHER EDUCATION

Minutes – September 11, 2008

Conference Call

The State Board of Higher Education met September 11, 2008, by conference call. The Board president called the meeting to order at 1:37 p.m. CT. Members present:

Mr. Richie Smith, president	Mr. Mike Haugen
Mr. Jon Backes, vice president	Ms. Pam Kostelecky
Ms. Sue Andrews	Mr. Grant Shaft
Ms. Haylee Cripe	Dr. Jon Jackson, faculty advisor
Mr. Duaine Espegard	

Presidents, campus deans, and campus representatives present:

Dr. Mike Bower, LRSC	Dr. Ken Grosz, MiSU-BC
Dr. Gary Hagen, MaSU	Dr. John Richman, NDSCS
Dr. David Fuller, MiSU	Dr. Steve Shirley, VCSU

Staff members present:

Mr. Bill Goetz, chancellor  
Dr. Marsha Krotseng, vice chancellor for strategic planning/executive director of CTEC  
Mr. H.P. Seaworth, general counsel/executive secretary  
Ms. Gina Padilla, secretary

Others present:

Mr. Mark Nisbet, Centers of Excellence Commission chair  
Mr. Shane Goettle, Department of Commerce commissioner  
Mr. Justin Dever, Department of Commerce program analyst

### BOARD BUSINESS

#### Centers of Excellence

Dr. Krotseng introduced seven proposals for economic development centers of excellence recommended by the Centers of Excellence Commission and approved by the North Dakota Economic Development Foundation Board on September 8:

- 1) North Dakota State University – Center for Biopharmaceutical Research and Production, \$2 million;
- 2) Minot State University Bottineau – Entrepreneurial Center for Horticulture, \$400,000;

- 3) North Dakota State University – Center for Integrated Electronic Systems, \$2.05 million;
- 4) University of North Dakota Research Foundation – Center of Excellence for Passive Therapeutics, \$2.65 million;
- 5) University of North Dakota Petroleum Research, Education, and Entrepreneurship Center of Excellence, \$3 million;
- 6) University of North Dakota Center of Excellence in Space Technology and Operations, \$1 million;
- 7) University of North Dakota SUNRISE BioProducts: A Center of Excellence for Chemicals, Polymers, and Composites from Crop Oils, \$2.95 million.

Mr. Mark Nisbet, Centers of Excellence Commission chair, and Mr. Shane Goettle, Department of Commerce commissioner presented the summaries of the seven applications and responded to questions. Mr. Justin Dever, Department of Commerce program analyst, also was present to address questions.

Mr. Goettle reported that two applications from the 2007 round of proposals were withdrawn due to their inability to meet established requirements of the program within the specified timeframe. The applications that were withdrawn were the Great Plains Knowledge and Data Center and the Biomedical Device Research Development and Commercialization. Funds originally designated for these projects were made available in the 2008 round.

Mr. Goettle stated four general conditions apply to all Center of Excellence applications:

- 1) The Applicant signs an acknowledgement of its responsibilities under North Dakota Center Code Chapter 15-69 including the requirement that the Center provides annual audits and any information necessary for the Commission to monitor the post award activities of the Center.
- 2) The Applicant agrees that there will be no subgrants of any kind, direct or indirect, of the funds or assets of the Center to the private sector partners with the exception of intellectual property or technology that is developed as a result of Center activities.
- 3) The distribution of funds is contingent upon sufficient documentation being provided to demonstrate that the match has been secured or committed by the private sector partners or other funding entities facilitated through the collaboration of private sector partners.
- 4) The Applicant agrees to notify the Department of Commerce of any material changes made to the Center as represented in the application or any material changes to the facts on which the Center was approved, including facts secured as part of the due diligence process.

**It was moved** by Andrews and seconded by Backes to approve the Centers of Excellence Commission funding award recommendation and designation for the North Dakota State University Center for Biopharmaceutical Research and Production, \$2 million. Andrews, Cripe, Espgaard, Haugen, Kostelecky, Shaft, Backes, and Smith voted aye. The motion carried.

**It was moved** by Backes and seconded by Espegard to approve the Centers of Excellence Commission funding award recommendation and designation for the Minot State University-Bottineau Entrepreneurial Center for Horticulture, \$400,000, subject to the additional condition that the EDA grant and the private partner funding must be obtained. Andrews, Cripe, Espegard, Haugen, Kostelecky, Shaft, Backes, and Smith voted aye. The motion carried.

**It was moved** by Kostelecky and seconded by Andrews to approve the Centers of Excellence Commission funding award recommendation and designation for the North Dakota State University Center for Integrated Electronic Systems, \$2.05 million, with the additional condition that the distribution is contingent upon the private sector partners providing the commission information to verify the in lieu of a cash match, which includes key personnel associated with the project, job descriptions of the personnel, the amount of time the personnel would be devoting to the project, and the value associated with that time. Andrews, Cripe, Espegard, Haugen, Kostelecky, Shaft, Backes, and Smith voted aye. The motion carried.

**It was moved** by Espegard and seconded by Kostelecky to approve the Centers of Excellence Commission funding award recommendation and designation for the University of North Dakota Research Foundation Center of Excellence for Passive Therapeutics, \$2.65 million. Andrews, Cripe, Espegard, Haugen, Kostelecky, Shaft, Backes, and Smith voted aye. The motion carried.

**It was moved** by Haugen and seconded by Espegard to approve the Centers of Excellence Commission funding award recommendation and designation for the University of North Dakota Petroleum Research, Education, and Entrepreneurship Center of Excellence, \$3 million. Andrews, Cripe, Espegard, Haugen, Kostelecky, Shaft, Backes, and Smith voted aye. The motion carried.

**It was moved** by Andrews and seconded by Haugen to approve the Centers of Excellence Commission funding award recommendation and designation for the University of North Dakota Center of Excellence in Space Technology and Operations, \$1 million. Andrews, Cripe, Espegard, Haugen, Kostelecky, Shaft, Backes, and Smith voted aye. The motion carried.

**It was moved** by Backes and seconded by Andrews to approve the Centers of Excellence Commission funding award recommendation and designation for the University of North Dakota SUNRISE BioProducts: A Center of Excellence for Chemicals, Polymers, and Composites from Crop Oils, \$2.95 million. Andrews, Cripe, Espegard, Haugen, Kostelecky, Shaft, Backes, and Smith voted aye. The motion carried.

Centers of Excellence background attached as Exhibit A.

The meeting adjourned at 2:15 p.m.



Executive Secretary



President

November 6, 2008

Date

## Centers of Excellence Proposal Summaries 2008 Round

### Commission-Recommended Proposals August 20, 2008

#### **North Dakota State University - Center for Biopharmaceutical Research and Production**

*Amount Recommended:* \$2,000,000

*Amount of Match:* up to \$4,742,000

*Proposed Private Sector Partners:* Aldevron, Clinical Supplies Management (CSM), ParaClin, PRACS Institute, and MeritCare.

*Proposed Job Creation:* approximately 40

*Center Designation:* Commercialization

*Summary:* The Center for Biopharmaceutical Research and Production will design, develop and produce biopharmaceutical products including efficient DNA vaccines, using biotechnology, nanotechnology and high throughput parallel experimentation and processing technologies. The Center's synergistic and sustainable relationship with academic, industry, federal funding agencies and the community will fuel biopharmaceutical and life sciences sectors to discover and develop new vaccines and other biopharmaceuticals to treat some of the most challenging diseases facing humankind. The long-term goal of the Center is to encompass vaccines and biopharmaceuticals development, preclinical and clinical studies in conjunction with the private sector partners.

#### **Minot State University Bottineau – Entrepreneurial Center for Horticulture**

*Amount Recommended:* \$400,000

*Amount of Match:* up to \$830,854

*Proposed Private Sector Partners:* North Star Organic Farm, North Dakota Farmers Market and Growers Association

*Proposed Job Creation:* 100

*Center Designation:* Commercialization

*Summary:* The Entrepreneurship Center for Horticulture will: 1) provide research and demonstration of high-skilled production methods; 2) expand and provide new opportunities for product commercialization and distribution networks in North Dakota and the region; and 2) provide the technology transfer necessary to make these business opportunities flourish.

#### **North Dakota State University – Center for Integrated Electronic Systems**

*Amount Recommended:* \$2,050,000

*Amount of Match:* up to \$4,100,000

*Proposed Private Sector Partners:* Bobcat, Pedigree Technologies, Intelligent InSites, Datacom International

*Proposed Job Creation:* 60-90

*Center Designation:* Commercialization

*Summary:* The Center for Integrated Electronic Systems will perform market-driven, research and development projects involving systems integration of electronic hardware and software. Such projects will enable private sector partner to create and manufacture new and/or improved high technology products, generate more revenue and profit, and/or be more competitive in the global marketplace.

## **UND Research Foundation – Center of Excellence for Passive Therapeutics**

*Amount Recommended:* \$2,650,000

*Amount of Match:* up to \$8,400,000

*Proposed Private Sector Partners:* Mayo Clinic; Avianax; Aldevron; Schiltz Goose R&D; Shiltz Goose Farms, North

*Proposed Job Creation:* 20 in 1-2 years; 40+ jobs in 3-5 years

*Center Designation:* Commercialization and Infrastructure

*Summary:* The purpose of the Center of Excellence for Passive Therapeutics is to develop passive (antibodies) therapeutics for people exposed to or infected with viral infections diseases using value added agricultural products. Once shown efficacious in pre-clinical and clinical trials, therapeutic products utilizing antibodies from goose eggs will be produced in their entirety in North Dakota.

## **UND – Petroleum Research, Education, and Entrepreneurship Center of Excellence**

*Amount Recommended:* \$3,000,000

*Amount of Match:* up to \$7,958,373

*Proposed Private Sector Partners:* Schlumberger, IHS, American Petroleum Institute, Five ND petroleum operators: Encore Acquisition Company, Hess Corporation, Marathon Oil Corporation, St. Mary Land & Exploration Co., Whiting Petroleum Corporation.

*Proposed Job Creation:* 100+

*Center Designation:* Infrastructure

*Summary:* The mission of the Petroleum Research, Education, and Entrepreneurship Center of Excellence is to: 1) improve our understanding of the geology, geophysics, and petroleum engineering characteristics of the Williston Basin, with special attention to the Bakken Formation, 2) develop enhanced oil recovery techniques for the entire Williston Basin, with focus on the Bakken Formation, 3) develop techniques for CO<sub>2</sub> sequestration in the Williston Basin, 4) develop engineering enhanced geothermal systems using oil field waters to generate electrical power, 5) address environmental and policy issues of petroleum exploration and production, and 6) help entrepreneurs develop new businesses and industry.

## **UND – Center of Excellence in Space Technology and Operations**

*Amount Recommended:* \$1,000,000

*Amount of Match:* up to \$4,776,391

*Proposed Private Sector Partners:* GeoOptics LLC and Broad-Reach Engineering

*Proposed Job Creation:* 25, growing to 40

*Center Designation:* Commercialization

*Summary:* The Center of Excellence in Space Technology and Operations will (1) bring to North Dakota an aerospace company, GeoOptics LLC, which will create 25 new high-value jobs within the first 5 years, growing to 40 by 8 years; (2) significantly expand one of North Dakota's targeted areas of economic development – Aerospace – such that spacecraft operations can become a major area of future growth; (3) conduct research, using a fundamentally new source of data about atmospheric conditions, to improve weather forecasts and increase the competitiveness of North Dakota universities for funding opportunities; and (4) extend important benefits to people of the region and to society in general.

**UND – SUNRISE BioProducts: A Center of Excellence for Chemicals, Polymers, and Composites from Crop Oils**

*Amount Recommended:* \$2,950,000

*Amount of Match:* up to \$9,165,132

*Proposed Private Sector Partners:* SUNRISE Renewables; Bayer Cropscience; Northwood Mills; Kadrmas, Lee, and Jackson; and Global Agricultural Solutions

*Proposed Job Creation:* 50 direct and 320 indirect

*Center Designation:* Commercialization

*Summary:* The purpose of SUNRISE is to invent, develop, and commercialize green industrial chemicals, polymers, and fiber composites utilizing crop oils as the primary raw material feedstock. The mission of SUNRISE is to 1) conduct research that contributes to solving complex energy-related problems, 2) investigate the development and improvement of sustainable source options to fuels, chemicals and polymers currently produced from fossil fuels, leading towards economic development and job creation for North Dakota, 3) increase UND and NDSU research competitiveness in sustainable source technologies, 4) and produce graduates to develop and promote sustainable source production in North Dakota, the region, and the nation, all within a unified, interdisciplinary program that translates fundamental research into commercial solutions.