

NORTH DAKOTA STATE UNIVERSITY

November 17, 2011

REQUESTED ACTION: Request authorization to:

- 1) Contingent upon Centers of Excellence Commission approval of a budget modification request for the CBRP, apply for/accept funding for the “fit-up” of the **Center for Biopharmaceutical Research and Production (CBRP)** in the Batcheller Building at the NDSU Research and Technology Park (RTP) at an estimated cost of up to \$1,750,000;
- 2) Proceed with the project, upon approval and receipt of the cash matching funds from the Greater Fargo Moorhead Economic Development Corporation (GFMEDC) to Centers of Excellence Program in the amount of \$2,000,000; and
- 3) Seek Budget Section approval.

PROJECT DESCRIPTION:

The Batcheller Building is a newer building in the NDSU Research and Technology Park (RTP) that is privately owned and financed and was built by Batcheller Real Estate, LLC. It currently houses Materials and Nanotechnology (MNT) on the second floor. NDSU leases just over 17,000 sq. ft. on the first and second floors.

This request is to allow for the completion (fit-up) of the interior construction of approximately 8,500 sq. ft. of the building’s first floor. The finished space will represent a state-of-the-art facility for CBRP to perform economically significant and market-driven research and development of vaccines and other biopharmaceuticals that address unmet medical needs in commercially relevant areas. The facility will include laboratory space for CBRP’s research and visiting scientists’ teams, office space for 15 Center employees as well as visiting scientists and research assistants, and meeting space.

CBRP is partnering with several companies to carry out their product development at the Center. In addition, CBRP aims to work with university scientists at NDSU and other educational institutions throughout North Dakota to identify and help researchers translate their work to biopharmaceutical applications. Translational research will be a priority for the Center. The Center also has a work force development component and will offer courses and training in various aspects of vaccinology, drug development, and regulatory compliance for the biopharmaceutical industry.

CONSISTENCY WITH CAMPUS FACILITY MASTER PLAN AND BUDGET:

CBRP’s success is a top priority of NDSU, which views the Center to be an opportunity for meaningful and extensive entrepreneurial activities as well as a bridge for researchers to move their work to commercialization. The Center’s major goal of advancing economic development by developing biotechnologies and creating jobs in the Red River Valley aligns with NDSU’s vision for the campus and RTP. This construction project will be funded exclusively from CBRP partners.

SBHE AND/OR LEGISLATIVE HISTORY:

July 2010: Request authorization to apply for/accept funding for the “fit-up” of the **Materials and Nanotechnology Center** in a portion of the Appareo Building (Batcheller Building) located at the NDSU Research and Technology Park (RTP) and to proceed with the project, upon approval and receipt of federal funds, at an estimated cost of \$1,000,000.

As a Center of Excellence program since 2008, the legislature has approved \$5.015M in appropriations for CBRP to create a biotechnology industry hub in North Dakota by generating an interactive industry cluster involving integration of academic research, biotechnology companies, Contract Research Organizations, and venture funds. Center partners have already provided over \$4 million in reported match and have committed another \$4 million.

ESTIMATED TOTAL PURCHASED OR DONATED COSTS:

The following costs are included within the \$1,750,000 request:

Planning, Permits and Insurance (design and preplanning costs, architect and engineer fees, permits, insurance, commissioning)	\$ 90,000
Land/Building Preparation and Purchase or Donated Costs (site survey and soil testing)	\$ 0
Demolition and Disposal	\$ 0
Construction (foundation and building construction, infrastructure and utilities, mechanical and electrical)	\$ 1,025,000
Furniture and Equipment (fixed or movable appliances, furniture and equipment)	\$ 80,000
Specialized Research Equipment	\$ 400,000
Other third party costs	\$ 0
Institutional work (value of work completed by institution staff and billed to the project)	\$ 15,000
Contingency	\$ 140,000
Hazardous Material Abatement	\$ 0
Other (please describe)	\$ 0
TOTAL	\$ 1,750,000

SOURCES OF FUNDING:

The COE Program contains mandatory 2:1 match requirements, under 15-69-05(3). Now, of the \$2:\$1 match that a COE center must show, at least \$1 of the \$2 must be cash, and at least \$0.50 of that \$1 must be from the private sector. Non-cash match is also permitted, and may include in-kind assets with itemized value. For the CBRP 2 award of \$3,015,000 of COE dollars, they are required to have at least \$6,030,000 in match, of which at least \$1,507,500 must be cash from the private sector.

The Greater Fargo Moorhead Economic Development Center (GFMEDC) will provide a cash match of up to \$2,000,000 to fund 100% of the construction project with the remaining balance to be used for CBRP operating expenses.

Greater Fargo Moorhead Economic Development Center (GFMEDC)	\$2,000,000
Less estimated costs based on the above schedule	<u>-1,750,000</u>
Balance remaining for operating expenses	\$ 250,000

FUTURE OPERATING/IMPROVEMENT COSTS AND FUNDING SOURCES:

The CBRP will be responsible for all lease payments (and CAM charges) for this space along with operating and maintenance costs.

ESTIMATED PROJECT TIMELINE AND COMPLETION DATE:

For construction to start in January 2012 with an occupancy in the summer (June-August) of 2012

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