

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE UNIVERSITY OF PUERTO RICO
AND
THE PUERTO RICO INDUSTRIAL DEVELOPMENT COMPANY**

I. PARTIES

This document constitutes an agreement between the University of Puerto Rico (UPR) and the Puerto Rico Industrial Company (PRIDCO) for the purposes herein set.

II. PURPOSE

The purpose of this memorandum of understanding (MOU) is to agree on the initial capitalization of the operation of the *Bioprocess Research & Workforce Development Complex Corporation*, as a supplemental agreement to the existing Memorandum of Understanding signed by the parties on December 31, 2004.

III. BACKGROUND

On September 2003 the University of Puerto Rico at Mayagüez (UPRM) approached the Economic Development Administration (EDA) of the U.S. Department of Commerce to seek their economic support for a facility that will allow its Industrial Biotechnology Program (IBP) to improve the human resources, training and manufacturing processes and to address research needs of the expanding biotechnology cluster in Puerto Rico. The EDA initial reaction encouraged the UPRM to submit a pre-application in March 2004 for a \$2.5 million grant to develop a Bioprocess Research & Workforce Development Complex (BRWDC) at a UPRM site known as Cornelia Hill in Cabo Rojo, Puerto Rico. This proposal was prepared by UPRM's Economic Development University Center (EDUC) and the IBP with the technical support of the Fluor Daniel engineering consulting firm. The proposed BRWDC concept incorporated the recommendations of the Puerto Rico Biotechnology Allegiance, and the Science and Technology Office of PRIDCO. The proposal was reviewed favorably and UPRM was invited by the EDA to submit a final application by June 30, 2004 in order for the project to be considered for the current fiscal year funding.

Complementary to UPRM efforts, on November 2003 PRIDCO commissioned to the Pharmabiosource, Inc. consulting firm a feasibility study for the establishment of a biotechnology pilot plant on the Island. The findings of the study were presented to industry representatives in the Innovation Forum organized by the Industry University Research Consortium (INDUNIV) in May 13, 2004. In summary, the reported conclusions and industry

feedback at the Forum validated the BRWDC concept. The study strongly recommended that the facility day-to-day operations be administered by an autonomous private corporation for assuring flexibility towards the industry needs and achieving economic sustainability. It also raised concerns on the implications for expeditious development of the project of environmental and infrastructure aspects associated to the UPRM-owned Cornelia Site and expanded the project research capabilities to include, at a minimum, a 2 liter Bioreactor. Following the Innovation Forum, and also on May 2004, PRIDCO and UPRM officials participated in a benchmarking data gathering trip to Ireland where similar facilities to the one proposed for Puerto Rico are in operation.

After consideration of the committed report results, industry feedback, and benchmarking efforts, the PARTIES understood that it will satisfy industry needs, as well as the public service mission of both agencies, to modify the pre-application submitted to the EDA and submit the final application as a joint project of both agencies by the established deadline of June 30, 2004. As a result of this understanding, UPR proceeded to prepare the final application to the EDA with assistance from Fluor Daniel and the Infrastructure Development Office of PRIDCO. The application was eventually submitted to the EDA on June 29, 2004, complying with the specified deadline. The parties filed their respective petition for EDA's \$2.5 million grant on September 2004, and were awarded on September 22nd, 2004.

Furthermore, in August 14th, 2004, the Governor of Puerto Rico, Hon. Sila María Calderon, signed Act No. 214. Act No. 214 creates the *Puerto Rico Science, Technology and Research Trust* which seeks to formulate and implement the Commonwealth of Puerto Rico's public policy in the science and technology and research and development areas. The Trust is to serve as an agent for the promotion, investment and financing of basic, applied and clinical research, specifically in the biological sciences field, including the pharmaceutical, biotechnology, medical devices and information technology sectors. Both the Secretary of the Department of Economic Development and Commerce (EDC) and the President of the UPR are trustees as per Act No. 214, which dictates that the Trust shall, among other initiatives, provide financial support to the Bioprocess Research and Workforce Development Complex (BRWDC). The Trust will be nurtured from different sources including the 20% from the Special Fund created by Section 16(c) of Act No. 135, December 2, 1997, which it is administer by PRIDCO.

On December 31, 2004, the PARTIES signed a Memorandum of Understanding which established the responsibilities of the between the PARTIES regarding the initial planning, design, development, funding, organization, construction, and ownership, of a Bioprocess Research & Workforce Development Complex, signed on December 31, 2004.

On April 21, 2005, the PARTIES incorporated at the Puerto Rico Department of State the *Bioprocess Development and Training Complex Corporation*, a non profit corporation, registry

number 47109. As agreed upon by the PARTIES, the Board of Directors of the aforementioned corporation is composed of a majority of members from the public sector.

IV. PROJECT DESCRIPTION

The BRWDC consists of a building with an area of approximately 17,300 square feet distributed in an area 8,700 square feet that would house an administration and training area and another area of 8,600 square feet that would be designed or use to house state-of-the-art bioprocess engineering laboratories with supporting infrastructure (the “Project”). The complex would serve as an educational, training, trouble shooting and process development in support of the biotechnology industry in Puerto Rico, providing, also, well-trained, highly-skilled, human resources and state of the art biotechnology process development research capacity needed to nurture this growing sector of the local economy. Once this complex is fully operational, it would be used by UPR’s faculty and students, educational institution and other public or private entity (pharmaceutical or any similar industry) subject to the regulations approved by the non-for profit corporation or any other applicable legislation or regulation.

V. LEGAL AUTHORITIES

- A. The UPR has authority to participate in the BRWDC Project with PRIDCO under the following authorities:
- (1) Act 1 of January 20, 1966, which provides that the UPR, as [an] organ of higher education, in its obligation of service to the people of Puerto Rico and its adherence to the ideals of an integrally democratic society, has as an essential mission [to attain] the following objectives, with which is consubstantial the fullest freedom of professorship and scientific research to transmit and increase learning by means of the sciences and the arts, making it serve the community through the action of its professors, investigators, students and graduates and collaborate with other organizations, within its appropriate sphere, in the study of the problems of Puerto Rico.
 - (2) Act 214 of August 18, 2004 that creates the *Puerto Rico Science, Technology and Research Trust*. Both parties recognized that this Trust is in charge of implementing and executing the task of conducting Puerto Rico to a new technological development level that will compete with other countries that has developed this type of economic activity
 - (3) Memorandum of Understanding between PRIDCO and the UPR signed February 11, 2004.

- B. PRIDCO has authority to participate in the Pilot Plan Project, under the following authorities:
- (1) Act 188, May 11, 1942, as amended, which states that PRIDCO has the duty of promoting, persuading and inducing by itself or associated with the private and other public organizations all kinds of commercial enterprises that would foster the economic growth in Puerto Rico. PRIDCO may initiate one or more of such operations on its own or by association with public or private entities.
 - (2) Act 214 of August 18, 2004 that creates the *Puerto Rico Science, Technology and Research Trust*. Both parties recognized that this Trust is in charge of implementing and executing the task of conducting Puerto Rico to a new technological development level that will compete with other countries that has developed this type of economic activity.
 - (3) Memorandum of Understanding between PRIDCO and the UPR signed February 11, 2004.

VI. RESPONSIBILITIES OF THE PARTIES

- A. According to section VI (N) of the Memorandum of Understanding signed by the PARTIES on December 31st, 2004, UPR and PRIDCO each assigned \$125,000 for the initial capitalization of the operation of the *Bioprocess Development and Training Complex Corporation* for fiscal year 2005-2006; and another \$125,000 for fiscal year 2006-2007. These amounted to a total of \$250,000 for fiscal year 2005-06 and \$250,000 for fiscal year 2006-07. Now, for fiscal year 2008-09, PRIDCO will assign the amount of \$250,000 and the UPR will assign the amount of \$250,000.
- B. The PARTIES agree that the funds described on the previous section will be deposited on a separate account at the Governmental Development Bank and will be made available to the Corporation with the signing of both PARTIES. The PARTIES agree that the Board of Directors of the *Bioprocess Development and Training Complex Corporation* will be responsible for approving all of the disbursements charged to that fund, until an Executive Director is hired. Meanwhile, these funds will be used, primary, for the hiring and compensation of an Executive Director.
- C. The Board of Directors of the *Bioprocess Development and Training Complex Corporation* should report to the PARTIES, on a quarterly basis, about the disbursements and revenues of the monies described in the previous sections.

VII. PERIOD OF AGREEMENT AND MODIFICATION/TERMINATION

This Agreement will become effective when signed by all parties and may only be amended by mutual written agreement of the parties.

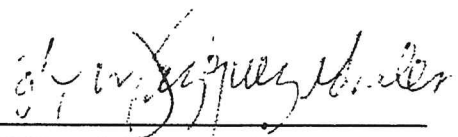
VIII. PREVIOUS AND SUBSEQUENT AGREEMENTS

This Agreement will supplement the existing agreements between the PARTIES regarding this issue. Nothing in this memorandum will prevent the PARTIES to enter into new agreements, or modifications to this one, that may be deemed necessary in the future regarding this issue. Nonetheless, no amendment to this memorandum will take effect unless it is an express written agreement.

In San Juan, Puerto Rico, this 8 of ^{May}~~March~~, 2009.



UNIVERSITY OF PUERTO RICO
Antonio García Padilla
President



**PUERTO RICO INDUSTRIAL
DEVELOPMENT COMPANY**
Javier Vázquez Morales
Executive Director

