

for Biotechnology and  
Medical Genomics

OF MINNESOTA  
MAYO CLINIC

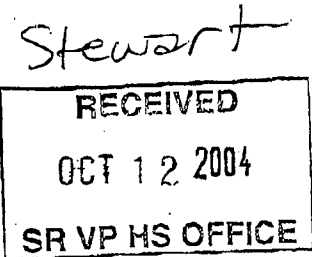
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October 5, 2004

Mr. Matt Kramer  
Commissioner  
MN Department of Employment and Economic Development  
500 Metro Square Building  
St. Paul, MN 55101



Dear Commissioner Kramer:

Attached is an update on the Minnesota Partnership for Biotechnology and Medical Genomics and an overview of Partnership budgeted expenditures, and actual expenditures through August 31, 2004. This report is required by Minnesota Laws of 2003, Chapter 128, Article 10, Section 2, Subdivision 3.

We believe the Partnership represents one of the most promising initiatives in Minnesota. Four University of Minnesota-Mayo Clinic teams are working on important research involving prostate cancer, Alzheimer's disease, obesity and heart disease - issues that affect thousands of Minnesotans. Indeed, in just a few short months, researchers have published a joint paper related to the obesity project, submitted a grant application for the Alzheimer's project, and filed a patent application, again for the Alzheimer's project. Our researchers recognize and appreciate the urgency of their work on this important initiative and have made impressive progress over a short period of time

As you know, the 2003 Legislature and Governor Pawlenty provided state funding to launch this collaboration. While there was strong bipartisan support, our \$20 million bonding request for lab space to support the partnership remains in limbo. We continue to urge resolution of the bonding bill delay in hopes that the Partnership can maintain its critical momentum.

You have heard it before, but, the fierce competition nationally and internationally in biotechnology and medical genomics creates urgency. The urgency has intensified in the last year. We need to move quickly to secure state funding in 2005. Much of this basic research can only be funded through government support which can be leveraged to attract major research funds from industry, private foundations and the federal government. More importantly, state support sends a powerful message to help recruit and retain the best and brightest research talent in this emerging field in Minnesota.

Recently, while in Rochester, the Governor reaffirmed his full support of the Partnership. We appreciate the continued positive feedback about the Partnership from throughout the state. We are optimistic that in 2005 we will see resolution of our bonding request, and the first installment of a larger state investment of \$70 million over five years. Moderate estimates show that with that level of state support, the Partnership will produce \$319 million in economic activity and more than 4,000 new jobs by 2010. We know that without state investment, Minnesota will not realize the same returns.

If you would like more information about the partnership, please do not hesitate to contact us or our legislative staff, Marty McDonough at 612.626.7372 or Frank Iossi at 507.284.7230. Thank you.

Sincerely

Frank B. Cerra, M.D.  
Senior Vice President for Health Sciences  
University of Minnesota

Hugh Smith, M.D.  
Chair, Mayo Clinic Board of Governors

Enclosure

# Minnesota Partnership for Biotechnology and Medical Genomics

Preliminary Report, October 1, 2004

| Primary Investigators  | Title   | Year 1 Budget      | Expenditures (through 8/31/04)                 | Year 2 Budget      | Total Allocation   |
|--|---|--------------------|--|--------------------|--------------------|
| Dr. Lerman & Dr. Hebbel<br>U of M: 1929-636-7542<br>MMC: 5526709900-3X1013<br>MMC: 5526729900-3X1014<br>MMC: 5571319900-3X1015<br>MMC: 5526829900-3X1016 | <i>Endothelial Genomics &amp; Phenotype<br/>in Early Atherosclerosis</i>    | \$632,536          | \$72,434<br>\$32<br>\$5,827<br>\$0<br>\$25,771 | \$632,538          | \$1,265,074        |
| Dr. Klee & Dr. Connelly<br>U of M: 1929-635-6785<br>MMC: 6083419900-3X1011   | <i>Prostate Cancer</i>  | \$468,021          | \$0<br>\$12,234                                | \$447,179          | \$915,200          |
| Dr. Poduslo & Dr. Garwood<br>U of M: 1929-646-6218<br>MMC: 5040419900-3X1010   | <i>Proteomic Design of Peptide Based<br/>Probes</i>                         | \$464,001          | \$5,450<br>\$153,003                           | \$414,708          | \$878,709          |
| Dr. Kotz & Dr. Levine<br>U of M: 1742-398-6124<br>U of M: 1865-398-3021<br>U of M: 1198-398-3020<br>MMC: 5531339900-3X1012                               | <i>Non-Volitional Activity in Obesity<br/>Resistance: Role of the Brain</i> | \$390,000          | \$29,808<br>\$4,372<br>\$3,972<br>\$10,294     | \$390,000          | \$780,000          |
| Dr. Miller & Dr. Pittelkow<br>U of M: 1198-636-2893  | <i>Cell Line Qualification</i>  | \$20,000           | \$0  |                    | \$20,000           |
| Dr. Behrens & Dr. Reed<br>U of M: 1865-636-3770  | <i>Peripheral blood cell microarrays</i>                                    | \$20,000           | \$0  |                    | \$20,000           |
| Dr. Truhlar & Dr. Pang<br>U of M: 1742-519-6989  | <i>Dimeric BAFF Inhibitors</i>  | \$20,000           | \$4,626  |                    | \$20,000           |
| Dr. Johnson & Dr. Kaufman<br>U of M: 1742-658-6093   | <i>Breast Cancer</i>  | \$20,000           | \$6,940  |                    | \$20,000           |
| Incidental Expenses<br>U of M: 1198-904-1000<br>U of M: 1865-904-1001  |   | \$50,000           | \$22,503<br>\$4,455                            | \$50,000           | \$100,000          |
| <b>Total</b>   |   | <b>\$2,084,558</b> | <b>\$361,721</b>                               | <b>\$1,934,425</b> | <b>\$4,018,983</b> |

TOTAL P.03

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