

Rochester Higher Education Development Committee

Meeting Minutes for April 28, 2006

Time: 7 a.m. – 10 a.m.

Location: Edina Realty Rochester, 1301 Salem Road SW, Rochester, MN

Members Present:

Al Berning

Al DeBoer

Drew Flaada

Dr. Wendy Shannon

Marilyn Stewart

Dr. Claire Bender

Dwight Gourneau

Dr. David Metzen

Michael Vekich

Member not present:

Jayne Rankin

Bob Hoffman

Others Present:

Dr. Cheryl Maplethorpe

Don Supalla

Dr. David Carl

Dick Westerlund

Senator Nancy Braatas

Gail Sauter

Jim Clausen

Faith Zimmerman

Manuel M. Lopez

Nathan Tesch

Dr. Patricia Simmons

Joe Marchesani

Merlin J. Ricklefs

Sea Stachera

Dr. Valerie Pace

Dr. Fred Nobrega

Gary Smith

Kent Spalding

John Hunt

Carla Nelson

Chris Branduit

Karen Ricklefs

Jane Champion

Senator Sheila Kiscaden

Ann Lynch

Rich Decker

Scott Wright

Doug Boese

Aaron Benike

Kenneth Young

Edie Grossfield

7:07 a.m. Chair Stewart called the meeting to order and reviewed the handouts for the meeting. Chair reported that the \$5 million for Rochester Higher Education Development Committee is still making its way through the legislative process.

Member Vekich moved to approve the February 3 minutes. Seconded by Member Berning. Motion passed.

Staff Maplethorpe reported that the University of Minnesota had received the grant contracts for the technology Office and the Curriculum Development and the contracts were being reviewed by the University.

Simon Tripp presented his Economic Impact report. The report and the Powerpoint presentation will be on the Rochester web page. The report used the numbers from the University of Minnesota because the institution will be an expansion of the University of Minnesota Rochester. It will boost the economy of the state. It will not overlap what other institutions are offering.

To support innovation the faculty must be given time off to communicate and discover and patents and discoveries must be counted towards tenure. There must be more licensing of inventions. Income for the University should not be the main goal. Licenses should be sold locally even if it is for a lower price.

Member Flaada said that perhaps businesses that contribute toward the partnerships can get a lower price if they wanted to license the inventions generated.

Mr. Tripp said there should be an advisory board from local industry. The University extension should be involved so that local industry doesn't have to go into a formal contract in order to get help. The industries should create internships for the students. The resulting innovation will make the existing businesses more productive. Rochester will not be the lowest cost place in the world so it will be hard to attract new business in. The University of Minnesota Rochester should try to build the businesses that are already here.

The rate of return should be between 3.7 and 8.1 based on what computer and medical device companies are getting now.

Member Berning asked if those numbers were based on actual events in other industries.

Mr Tripp said they were. The numbers were higher than one gets from the University in general because the University is not focused on business start-ups and expansion. The University of Minnesota Rochester will be very practical and focused. Twenty percent of the nation's largest public companies are in Minnesota. The leading patents generated match the focus of the industries that will be created and expanded by the University of Minnesota Rochester future direction.

Member Flaada said at IBM Rochester 40 people had produced 198 patents in the life sciences arena in the last three years.

Mr. Tripp suggested that the University of Minnesota Rochester look at Computer Science in addition to medical programs. Faculty should be hired to do research. China can buy the latest technology and it has natural resources. What counts the most is people and education is key.

China pays \$1 an hour and the US pays \$20 an hour. That means that the US workers must be 20 times more efficient than the Chinese workers.

A stronger University of Minnesota Rochester will help the Rochester companies recruit staff. Transferring innovation into production is more important than ever. This would be an MIT kind of institution. University of Minnesota Rochester will boost the economy not compete with other institutions. The businesses in Rochester are located in many other states and countries. The competition will rise in those other places.

CONCLUSIONS

- **The expanded University of Minnesota Rochester will be a positive investment for the state – providing between a three and eight fold return on the states investment.**

- **The University will significantly strengthen and build Minnesota’s position in the modern technology-driven 21st Century economy.**
- **The University effectively leverages, and builds upon, the existing strengths of the Minnesota and SE Minnesota economies. It emphasizes pragmatic R&D aimed at generating innovation-based economic development, and will help to meet demand for skilled human capital in key technology growth fields and strategic employment sectors.**
- **By focusing on advanced R&D and associated technological and bioscience education the University will fill a unique opportunity – working to complement other higher education institutions in the state, rather than directly competing with them.**
- **It is the opinion of Impact Economics LP that the University represents an eminently logical strategic move for Minnesota.**
- **The state is in competition with other technology-based economies in the US and overseas and it is critically important that Minnesota invest wisely to secure maximum returns from its current and developing assets.**
- **Organizations such as the Mayo Clinic and IBM have major operations in multiple states and they can choose to direct their R&D and investment resources to where the best opportunities present themselves. A substantial volume of data support the fact that a research university is a critically important catalyst for building sustainable R&D and innovation-based economies, and without the expansion of the University of Minnesota Rochester it is likely that existing assets in Rochester may be slowly lost to competing states and the substantial potential for technology-based economic development in SE Minnesota left unrealized.**

Mr Tripp said that the University of Minnesota Rochester has a unique opportunity because it can put all the energy into building and not waist energy fighting those who don’t want change.

Senator Nancy Braatas asked if others who invested in education had to fight the backlash that Rochester is receiving against this project.

Mr. Tripp No. When the investment was focused like it is in the University of Minnesota Rochester, the other institutions did not complain. In other states like Iowa the politicians want to spread the businesses all around the state but that is not how innovation happens. It happens around centers.

Senator Braatas said that Olmstedcounty gives more to the state than it receives.

Member DeBoer pointed out that as a business model, the slow growth would not be acceptable. Politics is slowing this down.

Mr. Tripp said that across the nation bureaucracy is a problem. Across the nation private institutions show more innovation because they can move faster and benefits come back to the institution. They can license to the highest bidder and general business globally. Around the country Rochester is seen as taking a risk. Others are surprised that the state sponsored the Rochester Higher Education Development Committee.

Member DeBoer said that Rochester’s assets are underutilized.

Member Berning asked if there was anything else the Committee needed to do.

Mr. Tripp said the project needed a “signature” person who would not let the project die.

Member Berning asked if the comparison to Rochester would be Scripps Institute.

Mr. Tripp said that Scripps does not have the teaching mission that the University of Minnesota Rochester has. Rochester is unique. The biggest problem is that the average member of the population is just beginning to realize what globalization means. Other countries will grow faster than the United States grew because they have better tools and better communication than the United States had. The old way of doing things is going away. There will be serious winners and serious losers. The losers will be those that don't make this investment.

Member Metzen asked how to create a sense of urgency.

Mr. Tripp said the Committee should talk about the competition and the investment being made in other states. Since 9/11 there has been a dramatic change in this country. It has taken the eye off the ball. Economic decline is the real threat.

It is too bad that the "signature institution doesn't have a signature name – too bad you can't get the word Mayo into the name.

From the audience Senator Kiscaden said that the Committee has put into formal language what the community has been saying for 15 years. The two public systems are the most resistant. This is the same amount of money that we asked for in 1999. We fought World War II in four years. Why has this taken so long? The University of Minnesota has not fought for this. They don't fight for Rochester. I would say to the Regents that the University of Minnesota has not stepped up to make this happen. The University of Minnesota needs to look at the autonomy of the University of Minnesota Rochester. It needs to look at the financial support. There are a whole set of decisions that need to be made.

Mr. Metzen agreed. He said that Governor Perpich advised those who wanted change to "create a political climate that will make me do it." We need to create a sense of urgency so the legislature will move.

From the audience, John Hunt said he was disappointed the University of Minnesota Rochester was with drawing from the University Center Campus. Money is short. If the UMR abandons the campus it is saying the UMR does not want to be involved with the area. Being downtown won't help Rochester. People will not like the downtown campus. The UMR should not abandon the University Center Campus.

Mr. Tripp said the University of Minnesota needed to be downtown to be near Mayo for collaboration.

Mr. Hunt said the undergraduate programs should not leave the University Center.

Chair Stewart said Winona and Rochester Community and Technical College could provide the basic undergraduate classes at the University Center Campus.

Mr. Tripp said the Committee didn't want to create another four-year undergraduate institution.

Regent Simmons wanted Chair Stewart to comment on what the University of Minnesota should do to support this project.

Member Berning suggested that the Committee needed to get the most out of the report by making a presentation to the Board of Regents and the MnSCU Trustees.

Member Berning moved that the Committee have Mr. Tripp make a presentation to the Board of Regents and the MnSCU Trustees. Seconded by Member Vekich. Passed unanimously.

Member DeBoer said the University of Minnesota leadership needs to hear the report.

Member Shannon asked about fund raising. Research dollars come into faculty and we don't have faculty yet.

Mr. Tripp suggested that the UMR hire proven researchers. Universities are slow. The expectations from Intellectual Property are too high. The University expects to make money on Intellectual Property. The Technology Transfer Office should be funded and not be expected to fund itself with licenses. You can leverage government funding 2 to 4 times through donations. It will take a lot of private work.

Senator Braatas said that Mr. Hunt was concerned that the UMR was moving off the University Center Campus. Winona State has 4 programs on that campus.

Mr. Tripp said that Winona State is not a research university. You can't take a teaching university and make a research institution. The University of Minnesota has a huge research infrastructure. And has relationships with research funders.

Faculty get tenure through teaching and publishing. Publishing doesn't help intellectual property and licensing because everyone has access. This should not be a tenure driven institution. Be liberal on what the faculty gets for licensing.

From the audience (white hair dark brown jacket) UMR needs to relocate to a new site to grow faster. We also need to identify a person to insure its success. That must be part of the commitment. We don't have 10 years.

Mr. Tripp said that biomedical informatics has 20 institutions putting a push on that area. UMR needs a "signature" individual who has power to push it forward. The individual needs a track record of communication.

An audience member said, "If we don't make this work IBM can be making investments elsewhere. I worked on this in 1972. What does a professor cost in terms of an endowment?"

Mr. Tripp One or two million dollars.

Senator Braatas said the problem was that faculty were not enthusiastic about moving to Rochester.

Mr. Tripp said to "seed" it with new people. Don't poach existing programs.

Member Vekich moved to adopt the report. Member DeBoer seconded the motion. Passed unanimously. Member Flaada said that the Committee should report to the Board of Regents about the report.

There was some discussion about what to do next. Member Vekich said the Leadership needs to be at the table.

Member Berning said the report was great but as we go through the legislative process, let's not waiver on governance.

Member Metzen suggested that the next Committee meeting be after the legislature is finished.

Member Vekich said that the Committee should ask the University how they will implement the changes and then the Committee should react.

Member DeBoer said there were some key points in the report that the University needs to address. The University must address how it is going to be different.

Member Metzen said the UMR needs a dynamic leader in Rochester to make this work. It can't be the usual bureaucracy. We need to keep the Regents involved. The closer you are to the boss, the better the possibility that your ideas will be implemented. We need a direct line to the President. The Carlson School of Management is a great model not hindered by bureaucracy.

Member Berning said that the next steps the Committee takes will be just as important as the last steps they have taken.

Chair Stewart wondered if the Committee could get faculty leaders and Regents at a presentation from Mr. Tripp.

Member Metzen said the Mr. Tripp was a good choice for the Economic Impact study. The Committee thanked Mr. Tripp for his work.

9:45 a.m. PUBLIC COMMENTS

NONE

9:45 a.m. Meeting adjourned

FUTURE MEETINGS: None scheduled at this time.