

1-5-2012

## 2012 January 5 -- Agenda and attachments

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University of  
Connecticut

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T R U S T E E S

VOL. 112 JANUARY 5, 2012

**SPECIAL MEETING  
UNIVERSITY OF CONNECTICUT BOARD OF TRUSTEES**

**AGENDA**

University of Connecticut Health Center  
Academic Research Building  
Conference Room EG013  
Farmington, Connecticut

January 5, 2012

**OPEN SESSION**

Call to order at 10:00 a.m.

1. Public Participation (limited to agenda items)
2. Items for discussion and approval: Lease Agreements
3. Adjournment



# University of Connecticut Health Center

To: Board of Trustees  
Board of Directors

From: Thomas Q. Callahan

Date: January 5, 2012

Subj: Lease Agreements with Jackson Laboratory for Genomic Medicine (Jax)

## **RECOMMENDATION**

That the Board of Trustees approve two lease agreements that will enable the Bar Harbor Maine based Jackson Laboratory to permanently establish the Jackson Laboratory for Genomic Medicine at the UConn Health Center Farmington campus. A temporary 30 month lease, effective April 2012, will provide approximately 11,000 square feet of dry and wet lab space, primarily located in the UCHC Administrative Services Building from which Jax can immediately commence its Connecticut operations. UCHC will also convey a 17 acre campus site pursuant to the terms of a 98 year ground lease for Jax to construct a 175,000 square foot permanent research facility and related parking facilities.

## **BACKGROUND**

Last October, the General Assembly approved Governor Malloy's plan to establish a Connecticut Bioscience Collaboration Program. Through the program the state will finance, with \$291 million of loans and grants administered by Connecticut Innovations, the co-location of a newly established Jackson Laboratory for Genomic Medicine on the Health Center's Farmington campus. This plan is expected to create 600 new, high paying, permanent bioscience research related jobs. It reinforces Bioscience Connecticut, Governor Malloy's plan to invest in the Health Center to strengthen the state's economy through bioscience research and commercialization and to improve health care.

The principal business of JAX in Connecticut will be biomedical research, including research on stem cells, DNA, systems genomics and genome-based medicine. To accomplish this work, JAX will establish an institute for personalized medicine and systems genomics to accelerate discovery in personalized medicine. The key goals for JAX Genomic Medicine are to: 1) achieve an understanding of the complex gene networks that cause disease; and, 2) create a roadmap for comprehensive diagnostic and individually tailored therapeutic interventions.

Co-locating JAX on UCHC's campus will foster close collaboration with a global leader in genetics and genomics research, (the scientific underpinning of personalized medicine), provide clinical research opportunities to JAX investigators, and enhance the research productivity and institutional reputation of both organizations. For example, JAX currently has an Aging Center that is supported by the National Institutes of Aging. Expansion of this program at JAX Genomic Medicine would complement and augment the longstanding program in aging research at UCHC. Other areas of medical focus shared by JAX Genomic Medicine and UCHC will depend on interest, expertise and mutual strengths. Currently, these strengths include behavioral and cognitive neuroscience, cancer, aging, stem cell and reproductive biology. Computational genomics will likely be a key engagement point with the UCHC's clinical/

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translational community. JAX Genomic Medicine's expected emphasis on systems computational biology will also create synergy with the UConn School of Engineering.

The attachments that follow have been prepared by counsel and highlight the essential roles, rights and obligations of the parties. They include:

- Attachment A: Pullman & Comely nine point summary of the agreements between the parties and summaries of key provisions of the temporary and ground leases.
- Attachment B: Cantor/Coburn memo summarizing the key terms of the UCHC/Jax Collaboration agreement. (*This agreement does not require Board approval; information purposes only.*)
- Attachment C: Connecticut Innovations comparison of the major provisions of the final agreements versus legislation. (*Information purposes only*)



Attachment A:

*Pullman & Comely summary  
of agreements between  
the parties &  
summaries of key  
provisions of temporary  
and ground leases*



**SUMMARY OF BIOSCIENCE COLLABORATION AMONG  
CONNECTICUT INNOVATIONS ("CI"),  
UNIVERSITY OF CONNECTICUT HEALTH CENTER ("UCHC")  
and  
THE JACKSON LABORATORY ("Jax")**

1. Jax will establish The Jackson Laboratory for Genomic Medicine at UCHC
  - a. Jax to design, construct, equip and operate a research laboratory and office space of approximately 173,000 square feet (the "Facility")
  - b. Jax commits to establish at least 300 jobs within 10 years
  - c. Jax commits to establish 90 Senior Scientist positions within 10 years (or 30% of the total number of employees, whichever is higher)
  - d. Jax commits to pay an Average Annual Wage equal to 125% of the Connecticut average wage
  - e. Jax commits to use best efforts to hire Connecticut residents so long as they meet all job qualifications (scientists excluded)
  - f. Jax commits to using Connecticut vendors where cost-effective and scientifically sound
  - g. Jax commits to enter into a Community Workforce Agreement for construction of the Facility
2. Jax will enter into a Temporary Facility Lease and a Land Lease with UCHC
  - a. Term of Temporary Facility Lease lasts until permanent Facility is built; rent is \$500,000
  - b. Land Lease is 98 year lease for \$1 per year provided that Jax has option to purchase property for \$1 once Jax creates 600 jobs in Connecticut
  - c. UCHC to provide 17 acres and to demolish existing structures and deliver environmentally clean site at the State's cost or alternatively to find Jax another suitable site
3. Jax will enter into a Collaborative Research Agreement with UCHC providing for the pursuit of research related to system genomics and personalized medicine and the sharing of the faculty, resources and Intellectual Property ("IP")

- a. Provides for collaboration in supporting ten Principal Investigators
  - b. Provides for sharing of IP developed through the collective efforts
4. CI will provide Jax with a \$191.7 million in forgivable loans to build and equip the Facility
  - a. \$145 million loan to design and construct the Facility in accordance with plans, budget and schedule approved by CI
  - b. \$46.7 million loan to fund furniture, fixtures, equipment and technology ("FF&E") to fit out Facility in accordance with plans, budget and schedule approved by CI
  - c. Loans to bear deferred interest at rate of 1% per annum and to be forgiven if Jax attains Employment Obligation within 10 years
  - d. Loans to be secured by a Mortgage on the Facility and a security interest in the FF&E
  - e. Advances under loans made by CI subject to confirmation by CI of construction work at Facility and verification of FF&E purchases
5. Remedies if Loans are not forgiven
  - a. Jax forfeits ownership of the Facility and the FF&E to CI
  - b. CI obtains the right to commercialize the IP developed at the Facility
  - c. If Jax has met 75% of the Employment Obligation, Jax has option to lease the Facility from CI for 5 years (with a 5 year option to renew) at the fair rental value
6. CI/UCHC right to purchase facility after Loan is forgiven if Jax decides to sell or abandon Facility
  - a. For a period of 4 years after Loans are forgiven, and if Jax decides to sell, or lease substantially all of, the Facility, UCHC, as assignee of CI, has right to purchase the Facility and the FF&E from Jax at discounted fair market value determined by appraisal – year 1 – 75% discount; year 2 – 50% discount; year 3 – 25% discount; year 4 – no discount; provided no discount applies if Jax relocates to comparable facility with same level of employment elsewhere in Connecticut. If Jax rejects the appraised value, there is no sale.
  - b. If after discount purchase period, Jax wants to sell the Facility, UCHC as assignee of CI, has option to make first offer to purchase the Facility at fair market value determined by appraisal; provided that, if Jax rejects that offer and has offer for more than appraised value, Jax can sell to the party other than UCHC.

- c. At all times, UCHC to maintain right to approve party to whom Facility is to be sold; no transfer can be made to certain prohibited entities.
- 7. CI to make Grants in a maximum amount of \$99 million to Jax over ten-year period
  - a. Grants are subject to annual request and approval by CI of Jax Business Plan, Annual Budget and Organizational Plan
  - b. Jax to file Annual Report and Audit with CI relating to performance of prior year
  - c. Grants may be reduced in subsequent years if Jax fails to meet Employment Obligation for prior year
  - d. CI share of IP royalties to increase if Jax fails to meet annual financial metrics
- 8. CI Intellectual Property Rights
  - a. CI to get IP License to use Jax IP to conduct research at the Facility
  - b. CI to get IP License that provides CI with rights to commercialize IP developed at Facility upon a Jax default
  - c. CI to share in Jax Connecticut IP royalty revenues as follows: for first 10 years – 10% of proceeds of transfer of any IP up to \$3 million and 50% above \$3 million; for first 10 years – 50% of any royalty revenues in excess of \$3 million; for years 10-25, 10% of the first \$3 million of royalty revenues and 50% of all royalty revenues in excess of \$3 million
- 9. Remedies Upon Defaults by Jax or CI
  - a. If Jax defaults, CI has no obligation to make further Loans or Grants and CI gets Facility and FF&E and IP License rights to commercialize IP
  - b. CI default limited to failure to fund under Agreement; if CI defaults, Loans are forgiven, mortgage and security interest released, discounted right to purchase Facility terminates, and royalty sharing arrangements cease



**LEASE SUMMARY**  
**TEMPORARY LEASE – ASB BUILDING**

**Landlord:** State of Connecticut acting by and through  
the University of Connecticut

**Tenant:** The Jackson Laboratory

**PREMISES AND TERM:**

**Premises:**

Office Space: Approximately 9,300 rentable square feet located on the first (1st) floor of the Administrative Services Building ("Building") as shown on the plan attached to the Lease as Exhibit A.

Wet Lab Space: Up to 4,000 square feet of "wet" laboratory space to be designated by the University of Connecticut Health Center ("UCHC"), subject to Tenant's reasonable approval, either on the campus or at other facilities owned or operated by UConn as part of the UCHC campus and within a three (3) mile radius of the Building. The Wet Lab Premises may consist, in whole or in part, of designated work areas within a larger shared wet laboratory.

**Lease Commencement:** The later of (a) April 1, 2012, (b) thirty (30) days after Tenant shall have substantially completed the Tenant's Work (as described in Exhibit B to the Lease) and received a certificate of occupancy or other certificate of compliance with the State building code; or (c) Landlord's completion of the installation of a new air handler for the 1<sup>st</sup> floor of the Building.

**Expiration Date:** December 31, 2014 or such later date that is sixty (60) days following the issuance of a certificate of occupancy or other certificate of compliance with State building code for the new Jackson Labs facility constructed pursuant to the Ground Lease.

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**RENT**

**Fixed Rent:** Basic Rent of Five Hundred Thousand Dollars (\$500,000) is payable in eleven (11) equal quarterly installments of \$45,454.55 on or before the first day of each and every calendar quarter during the Lease term (i.e. January 1, April 1, July 1 and October 1). In the event the Expiration Date does not occur on or before December 31, 2014, Tenant shall pay to the Landlord, as Additional Rent, the sum of \$16,666.67 per month, in advance on the first day of each month thereafter, commencing on January 1, 2015 and continuing until the Expiration Date or Lease termination.

**Additional Rent Paid by Tenant:** If Tenant requires or requests any services provided by Landlord to be furnished in excess of the amount or frequency currently available and being provided to the Premises, then Landlord reserves the right to charge Tenant, as Additional Rent, a reasonable sum as reimbursement for the direct cost of such added services, and to charge Tenant for the cost of any additional equipment or facilities or modifications thereto which are necessary to provide the additional services, and/or to discontinue providing such excess services to Tenant.

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**CONSTRUCTION OBLIGATIONS**

**Landlord:** Install new air handler for the first floor of the Premises.

**Tenant:** Perform certain tenant improvements known as "Tenant's Work" as set forth and described on Exhibit B to Lease, subject to UCHC approval and conditions set forth therein.

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## TENANT OPERATIONS

### Permitted Uses & Restrictions:

Office Premises: general office and administrative purposes (including conference rooms) and a "dry" laboratory (i.e. a laboratory for making computer simulations or for data analysis especially by computers), and for no other purpose whatsoever without the Landlord's prior written consent.

Wet Labs: a "wet" laboratory, subject to the UCHC safety rules relating to the use, handling and storage of hazardous materials and subject to all applicable established NIH/CDC guidelines as well as all applicable laws, rules and regulations imposed by the EPA, CT DEEP and the NRC. Tenant shall also be subject to the UCHC EHS management provisions relating to waste disposal (biological, radioactive & chemical) as set forth in the Lease and summarized below.

Parking: Tenant shall have the non-exclusive right, in common with others, to use the unrestricted and unreserved parking areas allocated to the use of tenants of the Building without charge. Upon Tenant's request, Landlord shall use reasonable efforts to make additional parking areas available for the use by Tenant to insure that Tenant has available to it at least 80 total parking spaces, whether such facilities are on the campus or on such other land owned or controlled by Landlord. Such additional parking shall be subject to the same terms and conditions as imposed upon other users of such parking facilities, including the payment of fees for such use, if any. Campus parking requirements shall apply to all Tenant vehicles.

### Landlord Provided Services:

Office and Wet Lab: Landlord will provide and pay for (a) electricity, (b) heating and cooling of the Premises, (c) hot and cold running water and sewer systems, and (d) security patrolling the property. Landlord shall also provide janitorial services to the Premises, at Landlord's cost, as set forth in the Janitorial Schedule attached to the Lease as Exhibit D, rubbish removal, access control systems for the Building and the Premises, window washing and grounds maintenance (including landscaping, snow and ice removal) and make available to the Office Premises, to the same extent as available to the Building, stand-by power for fire and safety equipment in the Building and for the data center on the 2<sup>nd</sup> floor of the Building, at no additional cost.

EHS Management. Landlord shall provide environmental, health and safety management services to the Tenant in accordance with the following:

(a) Radioactive materials: If UCHC is able to incorporate Tenant's research programs into the overall UCHC NRC program, UCHC will provide radiation safety oversight and disposal of Tenant's generated P32 waste at Landlord's expense; otherwise, such oversight and disposal will be Tenant's sole responsibility and at its sole cost. Tenant's use or storage of any radioactive materials at the Premises shall be subject to the prior approval of the Landlord through the UCHC radiation safety committee.

(b) Biological materials: Tenant will be responsible to provide, at its cost, biological safety officer oversight for its activities at the Premises. UCHC will pick up BSL2 and BSL1 biological waste and provide treatment at no additional cost to Tenant.

(c) Chemical Hygiene: Tenant will be responsible to provide, at its cost, chemical safety oversight for its activities at the Premises. Tenant will coordinate chemical waste disposal using UCHC's vendor and scheduled deliveries but will be solely responsible for the payment (or reimbursement of UCHC) for such disposal fees.



Data Center in ASB: Tenant will have the right to access and use the "Data Center" located on the second (2nd) floor of the Building for the installation, storage and use of up to four (4) racks of dedicated computer equipment (including peripherals) consisting of, but not limited to, servers, storage, switches and hubs.

Signage: Landlord to provide and install signage with Tenant's name in Building lobby, in 1<sup>st</sup> floor hallway and in front of Building. Tenant shall have the right to remove at termination of Lease provided any damage caused is repaired.

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## CASUALTY

**Conditions of Lease Termination:** If (a) the Premises or the Building are damaged by fire or other cause to such an extent that, in Landlord's reasonable judgment (i) the damage cannot be substantially repaired within one hundred twenty (120) days after the date of such damage, or (ii) insurance proceeds and other funds allocated to Landlord for the repair are not sufficient to reasonably repair such damage or (b) the Premises are damaged during the last twelve (12) calendar months of the Term, then either the Landlord or the Tenant may terminate this Lease by giving written notice to the other party.

**Landlord Obligation to Reconstruct:** If the Premises are damaged by fire or other cause, Landlord shall, as soon as practicable after such damage occurs, repair such damage at the expense of Landlord, provided, however, that Landlord shall only be obligated to repair such damage to the extent funds for repair are allocated and available to the Landlord and proceeds of any available insurance are actually received by Landlord, however, Landlord has no obligation to repair or restore any of the Tenant Property (as defined in the Lease).

**Rent Abatement:** If the Premises are unusable and the Tenant is reasonably required to close its operation while such repairs are made, the Rent shall abate during such period of repair while such operations have ceased and the Premises are completely closed. If the Tenant continues to operate on the Premises during such repairs, but is unable to use a substantial portion of the Premises, then the Rent shall be prorated in the proportion which the area of unusable leased space bears to the total Premises for the period that said space is unusable.

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## ASSIGNMENT, SUBLETTING, SUBORDINATION AND ESTOPPEL

**Assignment and Subletting:** Tenant shall not assign, transfer, mortgage or otherwise encumber the Lease or sublease all or any part of the Premises, nor shall any assignment or transfer of this Lease occur by operation of law or otherwise. However, Tenant shall be permitted to assign the Lease to a wholly-owned affiliate without Landlord's consent but with at least 10 days prior notice to Landlord. For purposes of the Lease, a transfer of ten percent (10%) in the aggregate, or more, of an interest in Tenant will be deemed an assignment of this Lease. Any other assignment or subletting, including assignment by operation of law, shall be null and void and shall constitute an Event of Default.

**Estoppel Certificate Required of Tenant.** Within 30 days of request, Tenant shall acknowledge and deliver to Landlord a written estoppel certificate certifying, among other things, that the Lease is unmodified and in full force and effect; (b) that the Term has commenced and that Tenant is presently occupying the Premises; (d) the amounts of Rent and Additional Rent currently due and payable by Tenant; (e) that any improvements to the Premises required by the Lease to have been made by Landlord have been made to the satisfaction of Tenant; and (f) that Tenant has no knowledge of any then uncured defaults by either Landlord or Tenant under the Lease.

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## REPAIR OBLIGATIONS

**Repair by Landlord:** Landlord shall keep and maintain in good repair and working order the Building, any building in which the Wet Lab Premises are situated, the Common Areas, the Parking Areas that are required for the normal maintenance and operation of the Premises and the Building, all in a manner as currently provided by the Landlord with respect to the Building and the UCHC campus.

**Repair by Tenant:** Tenant shall maintain and repair at its expense, Tenant's Property and any equipment, fixtures or other improvements installed as part of Tenant's Work as defined in Exhibit B and shall repair, at its sole cost and expense, any and all damage caused by Tenant or Tenant's agents, employees, contractors, subcontractors or invitees, to the Premises, the Building and the Common Areas. Tenant shall not be required to make any repair to, modification of, or addition to the structural components of the Building and/or the Building mechanical systems except to the extent any such repairs are necessitated as a result of the negligence of the Tenant or Tenant's agents or employees.

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## INSURANCE

**Tenant Insurance Requirements:** (same as ground lease, as applicable)

Commercial General Liability: Not less than a combined single limit per occurrence of \$2,000,000.00 with a \$2,000,000.00 general aggregate.

Workers Comp and Employers Liability.

Umbrella Liability: \$15,000,000 per occurrence and in the aggregate.

Builder's Risk: In amounts reasonably satisfactory to Landlord (applicable when work being performed by Tenant at Premises).

Personal Property Casualty: Special Form (All Risk) property insurance policy insuring all of Tenant's Property for not less than the full replacement cost of the same. (Proceeds shall be used solely for the repair or replacement of Tenant's Property).

Landlord reserves right to require higher coverage amounts or different types of insurance if customary for comparable facilities.

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## OTHER LEASE PROVISIONS

**Tenant Defaults:** (a) Tenant fails to pay Rent within thirty (30) days after written notice from Landlord, provided that no such notice shall be required if at least two (2) such notices shall have been previously given during the Term; (b) Tenant fails to observe or perform any other term, condition or covenant of the Lease within thirty (30) days after written notice from Landlord, provided that so long as Tenant has commenced good faith and diligent efforts to cure the default within the initial thirty (30) day period and thereafter Tenant diligently and in good faith continuously pursues those efforts, such failure shall not constitute an Event of Default; (c) Tenant abandons or vacates the Premises; or (d) there shall be an event of default under the Ground Lease or a Material Default in the Project Financing documents.



**Alterations During Lease Term:** Except for Tenant's Work, Tenant may not make any Alterations to the Premises without the prior written consent of Landlord and then subject to the terms and conditions of the Lease.

**Dispute Resolution:** Upon notice by either party of a bona-fide dispute under the Lease, the Landlord and Tenant agree to submit the issue to a mutually acceptable mediator, for non-binding mediation. The parties shall request the mediator determine whether a dispute exists and, if so, the mediator shall then specify a reasonable time and manner for curing or resolving the dispute; provided, however, that no determination by the mediator shall provide for a resolution that would require more than six (6) months to cure/resolve the dispute from and after the date of the mediator's determination. The mediator shall render his/her recommendation within sixty (60) days of submission of the issue to such mediator. In the event, mediation fails to resolve the dispute within the time periods as hereinbefore described, the parties shall then be free to pursue the rights and remedies afforded to such party under the Lease.

**Removal of Property:** All personal property, moveable trade fixtures and other Alterations of the Tenant (excluding the Tenant's Work) must be removed at the expiration of the Term unless otherwise directed by the Landlord. The Landlord may direct the Tenant to remove those portions of the Tenant's Work that are specialized, however, all other portions of the Tenant's Work shall remain in the Premises at the expiration of the Term. Tenant shall be allowed to remove its computer equipment and certain specialized lab equipment from the Premises

**Environmental Responsibilities:** Tenant is generally prohibited from transporting, using, storing, maintaining, generating, manufacturing, handling, disposing, releasing or discharging any hazardous materials at or from the Premises other than hazardous materials allowed under the Lease pursuant to the following policy: (i) Tenant agrees to provide the UCHC Office of Research Safety a list of all hazardous materials to be used or brought into the Premises; and (ii) no radioactive materials may be brought into the space until authorization is approved by the UCHC Radiation Safety Committee, which authorization shall not be unreasonably withheld, conditioned or delayed. The UCHC Office of Research Safety may prohibit the use of certain materials and the Tenant agrees to comply with the requirements and prohibitions of the UCHC Office of Research Safety.

**Environmental Audit:** During the last six (6) months of the Term, Landlord may, at its expense, have an environmental audit of the Premises conducted by an independent environmental expert selected by Landlord. If such audit discloses that Tenant has violated its covenants under the Lease, including, the improper use or storage of any hazardous materials, or is in violation of any environmental law, Tenant shall promptly take action as may be required by the Lease and reimburse the Landlord for the actual and reasonable costs and expenses of any such audit within thirty (30) days of demand.

**Rules and Regulations:** Tenant's use and occupancy shall be subject to certain rules and regulations typical for office use as well as compliance with UCHC Rules of Conduct. Tenant's pre-employment background checks to be accepted by UCHC prior to employment on campus and photo ID's issued for all employees.

**Mandatory State Provisions:** Included in Lease

**Bond Commission Approval:** Either party can terminate if Bond Commission has not authorized bonds for Facility financing by March 31, 2012.

## **GROUND LEASE SUMMARY**

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### **PARTIES, PREMISES AND FACILITY**

**Premises:** Approximately 17 acres of land commonly known as 299 Farmington Avenue and a portion of 263 Farmington Avenue, Farmington, Connecticut. The Premises will be delivered in two phases, referred to in the Lease as the "Phase 1 Premises" and the "Phase 2 Premises", each is shown on the plan attached to the Lease as Exhibit A-2.

**Tenant:** The Jackson Laboratory

**Landlord:** State of Connecticut acting by and through the University of Connecticut

**Facility to be Constructed:** (i) a research laboratory building initially comprised of approximately 173,000 square feet, (ii) approximately 300 initial parking spaces, and (iii) related site amenities (collectively, the "Facility")

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### **TERM; COMMENCEMENT; RENT**

**Term:** 98 Years from the Phase I Delivery Date.

**Phase 1 Premises Delivery Date:** The date on which: (a) Tenant shall have received all permits necessary to start construction of the facility to be constructed by the Tenant ("Facility"), (b) Landlord shall have received all permits which Landlord is required to obtain, (c) any required remediation with respect to the Phase 1 Premises has been completed by Landlord, (d) Landlord has completed demolition of all existing improvements on the Phase 1 Premises, and (e) the plans for the Facility construction are approved by Landlord.

**Phase 2 Premises Delivery Date:** The date on which (a) Landlord has completed any required remediation with respect to the Phase 2 Premises, and (b) Landlord has completed demolition of all existing buildings located on the Phase 2 Premises.

**Early Access Rights:** Subject to Tenant's satisfaction of certain requirements (e.g. non-interference with Landlord's work, insurance, indemnification, etc), Tenant is granted the non-exclusive right from the Effective Date to enter the Premises (both Phase 1 and Phase 2) to perform such investigations as Tenant deems necessary for the construction and operation of the Facility.

**Rent:** \$1.00 for the entire Term, however, the Lease is "Triple Net" in that, except as expressly provided in the Lease, the Lease shall be without cost or expense to the Landlord. Tenant shall be responsible for, any pay at its sole cost and expense, all maintenance, repair, insurance, taxes and other costs and expenses associated with the use and operation of the Premises.

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### **CONSTRUCTION AND PERMIT OBLIGATIONS; TITLE TO IMPROVEMENTS**

**Landlord Work:** Landlord shall use commercially reasonable efforts to demolish the existing improvements on each the Phase 1 Premises and Phase 2 Premises prior to the Phase 1 Premises Delivery Date and the Phase 2 Premises Delivery Date, respectively. Landlord must remediate the Premises in accordance with and as required by the CT Transfer Act (RCSA 22a-133k-1, et seq), since the Premises



have been designated as an "Establishment" under that act as a result of prior activities at the site involving the use of hazardous materials. Portions of the required remediation may, subject to approval by DEEP, be satisfied by the recording of an environmental use restriction on the Premises.

**Permits to be Obtained by Landlord:** Landlord is to obtain an Environmental Impact Evaluation in accordance with the Connecticut Environmental Policy Act ("EIE"); a State Traffic Commission Permit from the DOT ("STC") which will allow for the Facility to be constructed and the expansion of the main hospital; demolition permits for the removal of the existing structures on the Premises; and any other permits required in order to perform the work required to be performed by Landlord prior to the delivery of the Premises. Tenant is to reimburse Landlord for 50% of its costs in connection with applying for and obtaining the EIE and STC permits.

**Tenant Work:** Tenant shall construct the Facility in accordance with the final plans and specifications approved by Landlord and all applicable laws and building codes. No work may be done or any equipment or materials "staged" on the Phase 2 Premises until the Phase 2 Premises Delivery Date.

**Permits to be Obtained by Tenant:** Tenant is to obtain all permits and approvals that are necessary in order for Tenant to construct the Facility in accordance with the plans and specifications approved by Landlord.

**Review and Approval of Plans:** Tenant must submit to Landlord, for its review and approval, Schematic Plans, Design Documents and Construction Drawings (in that order) in accordance with Section 3.04(h) of the Lease.

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## **OWNERSHIP AND REMOVAL OF IMPROVEMENTS**

**Title to Improvements:** Tenant shall be the owner of the Facility and all other improvements constructed by Tenant upon the Premises during the Term. Unless Tenant exercises its purchase option upon satisfaction of the job-creation requirements of the loan from Connecticut Innovations, Inc. and as defined in the Collaboration Agreement, (the "Employment Obligation") upon the expiration of the Term, title to the Facility and all other improvements on the Premises shall revert to Landlord.

**Removal of Improvements:** Unless Tenant purchases the Premises pursuant to its purchase option in Section 24.01 of the Lease, upon expiration or termination of the Lease, Tenant shall immediately surrender the Premises and Facility and FF&E to Landlord and remove all of its personal property from the Premises and Facility. Tenant has no obligation to remove any of the improvements or the Facility.

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## **ALTERATIONS**

Following completion of the Facility, Tenant has the right to make alterations to the Facility provided that it complies with certain conditions and limitations, including approval of plans by the Landlord for certain alterations and consent of the Landlord for alterations costing more than \$1 million, would be visible from the exterior of the Facility or would have any adverse impact on the UCHC campus.

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## **USE AND OPERATION**

**Permitted Use:** The Premises may be used solely and exclusively for the construction and operation of a Biomedical Research Facility pursuant to the requirements of the Collaboration Agreement, and reasonably

related activities contemplated in the Special Act, including, but not limited to, general office and administrative purposes (including conference rooms), "dry" laboratories (i.e. laboratories for making computer simulations or for data analysis by computers), and "wet" laboratories (i.e. laboratories for the handling, research and/or storage of certain biohazards, chemicals or other hazardous substances in compliance with all applicable Environmental Laws and the terms of the Lease). No other use may be made of the Premises unless with the prior written consent of the Landlord, which consent may be withheld in the Landlord's sole discretion.

**Services:** Tenant is responsible for all utility services to the Premise and the Facility. Landlord shall provide or arrange for fire and security response services as provided to the overall UCHC campus.

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## INSURANCE

Tenant's Required Insurance:

- (a) all risk fire and casualty insurance on a full replacement value basis of the Facility;
- (b) after Tenant's commencement of operations at the Facility, pollution legal liability environmental insurance covering all of Tenant's operations at the Facility and the Premises, with limits of not less than a coverage amount to be reasonably determined by Landlord (but not higher than the coverage amounts being carried by similar research facilities handling similar materials;
- (c) commercial general liability: in minimum amounts of not less than \$2,000,000 combined single limit per occurrence with a \$2,000,000 general aggregate.
- (d) all risk property, boiler & machinery and business interruption.
- (e) workers compensation and employers liability:
- (f) Umbrella liability coverage of at least \$15,000,000 per occurrence in the aggregate. The umbrella liability coverage shall provide excess liability limits for the general liability policies required above.

**Insurance Reviews:** Landlord reserves the right, from time to time, to require Tenant to obtain higher minimum amounts or different types of insurance provided it is customary for owners or tenants of properties comparable to the Facility to carry insurance of such higher minimum amounts or of such different types.

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## CASUALTY; CONDEMNATION

**Casualty:**

**Restoration Obligation:** If the Premises or Facility are damaged in any material way, regardless of cause, Tenant shall restore the damaged Premises and Facility to their condition prior to such damage or destruction, to the extent reasonably practicable. Tenant shall commence such restoration or removal within one hundred eighty (180) days after the date insurance proceeds in sufficient amount to fund such restoration or removal are received by Tenant or are made available by the Leasehold Mortgagee, and



complete such repairs in accordance with the requirements of the Lease applicable to the original construction of the Facility.

**Termination:** If 50% or more of the square feet in the Premises are untenable for more than twelve (12) consecutive months, then, Tenant shall have the right to terminate this Lease by written notice to Landlord within ninety (90) days after the date of such damage or destruction.

**Use of Insurance Proceeds:** If Lease is not terminated, proceeds will be used to repair or restore the Premises subject to the Leasehold Mortgagee releasing the same to the Tenant. If the Lease is terminated, then, subject to the limitation on Tenant's Monetary Liability set forth in Section 14.06 of the Lease, (i) if such casualty occurs prior to Tenant's satisfaction of the Employment Obligation, all insurance proceeds payable with respect thereto shall be turned over to the Leasehold Mortgagee and Landlord; and, (ii) if such casualty occurs after to Tenant's satisfaction of the Employment Obligation, Tenant shall demolish the Facility and other improvements and clear the Premises of all improvements and debris and deliver the same in the condition they were in upon each delivery date.

**Condemnation:**

**Restoration Obligation:** If the Lease is not terminated, Tenant shall make all repairs and other work necessary so that the Facility shall be, as nearly as may be practicable, the same as immediately prior to such taking.

**Termination:** If the whole or materially all (i.e. 40% or more of the gross floor area of the Facility which renders the remainder unusable for the Permitted Use) of the Premises are taken by eminent domain or by agreement between Landlord and those authorized to exercise such right, the Lease shall terminate and expire on the date of such taking. If a portion of the Premises shall be taken such that the remaining portion of the Premises are uneconomic, as reasonably determined by Tenant, for the continued use and operation of the Premises for the Permitted Use, then Tenant shall have the option to terminate this Lease by written notice to Landlord within ninety (90) days after the date of such partial taking.

**Use of Condemnation Award:** Subject to the rights of any Fee Mortgagee and Leasehold Mortgagee, the entire award (for a taking that does not result in a termination), after the payment of all fees and expenses incurred in connection with the collection of such award, shall be paid to Landlord, and Landlord shall hold, apply and pay over the same towards the cost of demolition, repair and restoration. If the award shall be insufficient to repair/restore the Facility, Tenant shall pay any deficiency.

**Ownership of Condemnation Award:** Landlord owns that portion of the award that is attributable to the land in an unimproved and vacant state, Tenant is entitled to that portion of the award that is attributable to the value of the buildings constructed by Tenant, and, if there are any funds left over after that division, the remaining sum goes to Landlord.

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## **ENVIRONMENTAL PROVISIONS**

**Environmental Testing:** The parties will jointly pay for the services of Woodard and Curran to undertake a Phase II Environmental Site Assessment in order to determine what Pre-Existing Environmental Conditions are present at the Premises. The Phase II Assessment will also include an estimate of costs associated with remediating such Pre-Existing Environmental Conditions. Assuming the estimate of costs allows for a reasonable costs associated with such remediation, the Landlord shall undertake such remediation at its sole cost.



**Environmental Remediation:** As stated above, it is anticipated that Landlord will undertake the remediation of the Premises. Such remediation will be done in accordance with Connecticut's Remediation Standard Regulations, and in such a fashion so that Tenant's construction of any improvements on the Premises may commence no later than December 31, 2012. Should a Transfer Act filing need to be undertaken prior to Landlord's completion of the required remediation, the Landlord will be the "certifying party" under the Transfer Act and will assume any remediation obligations under the Transfer Act. If a Transfer Act filing is required after Landlord completes its remediation of the Premises and provides Tenant with a fully-remediated site, Tenant will be responsible for any certifications under the Transfer Act.

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## **ASSIGNMENT; SUBLETTING; ENCUMBRANCES**

**Assignment/Subletting:** Tenant shall not assign or otherwise transfer any interest in this Lease, or any part thereof, or sublease any or all of the Premises or Facility without the prior written consent of the Landlord; provided, however, that so long as Tenant is not in Default or Material Default of the Lease, Tenant may, prior to the forgiveness of the Loans under the Collaboration Agreement, and subject to other conditions set forth in Section 16.01, assign the Lease to an affiliate of the Tenant or to any successor in interest to all or substantially all of Tenant's assets, provided that such affiliate and/or successor satisfies the conditions set forth in Section 16.01, including, without limitation, that the affiliate and/or successor cannot be a Prohibited Occupant (as defined below). Notwithstanding the foregoing, for so long as the University of Connecticut Health Center is being operated on property adjacent to the Premises, then it shall not be unreasonable for Landlord to withhold consent to a proposed assignment of the Lease, or to a proposed sublease of all or any portion of the Premises, to a health care provider or to any educational institution of higher learning (a "Prohibited Occupant"). A Prohibited Occupant does not include independent research institutes, including, without limitation, those that are members of the Association of Independent Research Institutes, or its successor organization, that may offer educational programs and/or grant doctoral degrees; nor shall the prohibition apply to research collaborations and visiting investigators in the ordinary course of academic affairs.

### **Encumbrances:**

**Restrictions Against Tenant:** During the Lease, Tenant shall not mortgage, pledge, lien, transfer, or otherwise encumber Tenant's interest in this Lease, the Premises or the Facility without Landlord's prior written consent, provided, however, that Landlord has consented to Tenant's granting of a mortgage upon its leasehold interest to Connecticut Innovations Initiative, Inc. as Leasehold Mortgagee, in order to secure the Facility Loan.

**Restrictions Against Landlord:** Landlord shall not mortgage, pledge, lien, transfer, or otherwise encumber all or any portion of the Premises without Tenant's prior written consent. In addition, Landlord may encumber title to the Premises with a fee mortgage provided Landlord procures the release of such fee mortgage prior to a transfer of title to the Premises to Tenant pursuant to its option to purchase under the Lease.

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## **PURCHASE OPTIONS**

**Tenant's Purchase of Premises:** Provided Tenant has satisfied the conditions set forth in Section 24.01 of the Lease relating to the completion of the Project, satisfaction of the Employment Obligation and the absence of a default, Tenant shall have the option to purchase the fee simple title to the Premises for the purchase price of One Dollar (\$1.00). Closing is to occur within ninety (90) days of Landlord's receipt of Tenant's written notice exercising the purchase option.

### **Landlord's Purchase Rights:**

**Purchase of Facility and FF&E:** If during the period of four (4) years immediately following forgiveness of the Facility Loan pursuant to the Collaboration Agreement, Tenant decides to (i) sells or abandon the Facility, or (ii) assign this Lease, or (iii) sublease all, or substantially all, of the Premises and Facility for all, or substantially all, of the then remaining Term, then, Landlord (and CI or other Leasehold Mortgagee) shall have the right to purchase the Facility and the furniture, fixtures and equipment located in the Facility upon the price and conditions and formulas contained in Sections 25.01, 25.02 or 25.03, as applicable, of the Lease.

**Purchase of Premises:** If Tenant (or its successors or assigns) shall, at any time sell, lease or sublease (in either case, all or substantially all) the Premises and/or the Facility, then, in any such events, Landlord shall have a first-priority, exclusive and continuing right of first offer to purchase the Premises and the Facility. The purchase price will be determined by an appraisal obtained by the Landlord and the closing will take place in accordance with the terms of Exhibit G to the Lease. This right applies to any future owner of the Premises and Facility.

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### **OTHER PROVISIONS**

**Mandatory State Provisions:** Mandatory state provisions are included in the Lease as Exhibit F.

### **Tenant Defaults:**

**Material Default.** Tenant is in "Material Default" under the Lease if Tenant:

- (a) is in Material Default under the Collaboration Agreement;
- (b) uses the Premises in material violation of its permitted use that results in a material adverse affect on UCHC;
- (c) is in material violation of any laws including environmental, fire and building code;
- (d) permits a prohibited assignment or sublease of the premises;
- (e) fails to pay a monetary judgment obtained by Landlord against Tenant in the aggregate sum in excess of \$5,000,000 within one hundred-eighty (180) days after judgment;
- (f) fails to pay sums in excess of \$5,000,000 due to Landlord under Tenant's indemnification obligations within one hundred-eighty (180) days after the date such amounts become due;
- (g) knowingly commits any act or omission that subjects the Landlord to criminal liability;
- (h) demolishes all or substantially all of the Premises.

**(Non-Material) Tenant Default.** Tenant is in "Default" under the Lease if Tenant:

- (a) fails to make payment (whether Annual Rent, Additional Rent or otherwise) within thirty (30) days after written notice from Landlord; or



(b) fails to observe or perform any of the material covenants, conditions or provisions of the Lease which have a material adverse impact on Landlord, or the use and occupancy of the UCHC campus, and such failure continues for ninety (90) days after written notice from Landlord provided, however, that if the failure is of a nature that more than ninety (90) days are reasonably required for cure, then Tenant shall not be deemed to be in default if Tenant commenced such cure within the initial ninety (90) days and thereafter diligently pursues the same to completion. The remedies for a Material Default and a Default are different under the Lease.

**Monetary Liability.** The Tenant has an obligation of monetary liability only for the following:

- (a) environmental indemnification and remediation obligations, but only to the extent such obligations would have been covered by insurance required under the lease, plus deductibles, plus 50% of any amounts in excess of the required insurance coverage up to a maximum excess of \$2 million;
- (b) failure to turn over insurance proceeds if the Premises are damaged at the time of lease termination failing which Tenant is responsible to pay the amount of insurance that would otherwise be payable;
- (c) liability incurred by Landlord or the State as a result of Tenant's violation of law; and
- (d) damages Tenant may owe as a result of its hold-over after lease termination.

Tenant's monetary liability at the expiration of the Lease is offset by the value of the Fair Market Value of the Facility and the FF&E upon expiration of the term of the Lease.

**Landlord's Defaults:** If the Landlord fails to observe or perform any of the covenants, conditions, or provisions imposed upon Landlord under the Lease and such failure continues for ninety (90) days after written notice by Tenant specifying the Landlord failure, provided, however, that if the failure is of a nature that more than ninety (90) days are reasonably required for cure, then Landlord shall not be deemed to be in default if Landlord commenced such cure within the initial ninety (90) day period and thereafter diligently pursues such cure to completion.

**Resolution of Tenant Defaults:**

**Material Default:** In the event of a Material Default (other than a Monetary Default, defined above) which is not cured during the designated cure period and has a material adverse affect upon the Landlord, Landlord has as its sole remedy the right to terminate the Lease. In all events, a Material Default shall not exist unless so determined by the affirmative vote of no less than 2/3rds of all members of Landlord's board of trustees.

**Non-Material Defaults:** Upon notice of a Default (other than a Material Default), the Landlord and Tenant shall attempt to negotiate a resolution of the default in accordance with the Dispute Resolution Process. In the event that the parties are unable to negotiate a resolution of the default and the Landlord wishes to pursue the matter, then the parties shall submit the issue to a mutually acceptable mediator for non-binding mediation. The parties shall request the mediator determine whether a default exists and, if so, the mediator shall then specify a reasonable time and manner for the defaulting party to cure. The mediator shall render his/her recommendation within sixty (60) days of submission of the issue to such mediator. In the event Tenant (x) does not accept the mediator's recommendation, or (y) accepts the mediator's recommendation but then fails to cure the default in accordance with the mediator's recommendation, then, the Landlord shall be able to pursue the remedies set forth in the Lease.

**Resolution of Landlord Default:** Upon notice by Tenant to the Landlord of a Landlord default, the parties shall attempt to negotiate a resolution of the Landlord default for a period not to exceed sixty (60) days from the later of: (i) the date that notice of the Landlord default is delivered to the Landlord; or (ii) the end of any applicable cure period. In the event that the parties are unable to negotiate a resolution of the Landlord default and Tenant wishes to pursue the matter, the parties shall attempt to resolve the matter pursuant to the Dispute Resolution Procedures, failing which Tenant will be able to avail itself to the remedies set forth in the Lease, subject to the limitations set forth in the Lease.

**Limitation on Tenant Remedies:** If Landlord is in default under the Lease and the default is not cured as provided in the "Default Resolution" provision above, then, Tenant, as its sole and exclusive remedy, may initiate a claim against Landlord in accordance with the procedures set forth in Chapter 53 of the Connecticut General Statutes (Claims Against the State). The Tenant shall not to initiate legal proceedings in any State or Federal Court in addition to, or in lieu of, said Chapter 53 proceedings. The Tenant acknowledges that the procedures set forth in such Chapter 53 are, except as provided in "Default Resolution" provision above, the sole and exclusive means for the presentation of any claim against the Landlord arising from the Lease.

**Restrictive Covenant:** The Premises are to be conveyed to Tenant under the purchase option described above subject to a recorded restrictive covenant which shall limit the Tenant's right to lease or transfer the Premises to a Prohibited Occupant.



Attachment B:  
*Cantor/ Coburn Memo  
summarizing key terms  
of the UCHC/ Jax  
Collaboration  
agreement*



**Summary of Agreements Between  
the University of Connecticut and The Jackson Lab**

**Introduction**

The University of Connecticut, including the University of Connecticut Health Center (collectively hereinafter referred to as "UC") will enter into a Collaborative Research Agreement and an Intellectual Property Management Agreement with The Jackson Lab (hereinafter "JAX"). The Collaborative Research Agreement is intended to address the details of the collaborations between the parties, including researchers to be hired and related faculty appointments. The Intellectual Property Management Agreement is intended to address the management of intellectual property that arises out of the Collaborative Research Agreement, including ownership, revenue sharing, patent prosecution and enforcement of such intellectual property rights.

**Collaborative Research Agreement**

1. UC will either fund itself or provide funding to JAX to support the equivalent of ten (10) full time equivalent faculty positions during the period from 2014 to 2022 and will provide such faculty with start-up packages commensurate with the experience and level of appointment of such faculty. (Article 1.2)
2. JAX agrees to hire approximately twenty (20) researchers who will be eligible to apply for UC faculty appointments. (Article 1.2)
3. JAX faculty who maintain a UC faculty appointment will have access to post docs and graduate students in the same fashion as all other UC faculty. (Article 1.2)
4. JAX faculty will have access to UC Core facilities at the same discounted rates available to UC faculty. (Article 1.2)
5. UC collaborative faculty will have access to JAX Core facilities at JAX's facility in Maine and JAX's facility in Connecticut under the same terms as JAX offers to its own faculty. UC faculty, other than the UC collaborative faculty, will have access to JAX Core facilities at JAX's facility in Connecticut at the same price that JAX offers to third parties. (Article 1.2)
6. UC and JAX will agree upon the submission of grant applications in connection with collaborations. The collective intent is to submit such grant applications in the name of the University of Connecticut and/or the University of Connecticut Health Center whenever practicable and the parties have agreed to make their good faith efforts to do so. The parties will agree to an equitable allocation of indirect costs attendant to grant awards taking into account the respective financial and scientific contributions of the parties. (Article 2)

**Intellectual Property Management Agreement**

1. The parties' technology transfer offices will cooperate to manage the intellectual property arising from any collaboration ("Foreground IP") and will escalate to an IP Committee decisions on any matters on which the technology transfer offices are unable to reach agreement. (Article 2)
2. The IP Committee shall consist of not more than three representatives of UC and three representatives of JAX. Connecticut Innovations will have the right to be informed of the undertakings of the technology transfer offices and IP Committee and will have the right to have at least one representative attend all meetings of the IP Committee. (Article 2)
3. A party that solely develops Foreground IP will solely own the Foreground IP. Any Foreground IP jointly developed will be jointly owned. (Article 3.2 and 3.3)
4. Each party will grant the other a license to use Foreground IP and background IP for research purposes. (Article 4.1)
5. The sole owner of any Foreground IP has the sole right to commercialize it (including the right to file patents) and to assert patents against third parties. However, if compensation paid to the developer of the Foreground IP was jointly funded then (a) the technology transfer offices will decide which party takes the lead on prosecution and how prosecution costs are shared; and (b) the owner will share with the other party (i) revenue generated by the licensing or assignment of the Foreground IP (including through enforcement) or (ii) profit margin generated by a party by the sale of any products or methods covered by the Foreground IP, generally in an amount proportional to the amount of joint funding. (Articles 4.2(a) and (b); Articles 5.2(a) and (b) and Articles 6(a) and (b))
6. If the commercialization of any solely owned Foreground IP requires the use of the other party's background IP, the other party will grant a license to use the background IP, provided, however: (a) issues related to commercialization and patent prosecution of that Foreground IP will be decided by the technology transfer offices; and (b) the parties may share in the revenue generated by the (i) licensing or assignment of the Foreground IP or (ii) profit margin generated by a party by the sale of any products or methods covered by the Foreground IP, generally based upon the respective proportional contributions of the Foreground IP and background IP to the product or service that generates the revenue. (Article 4.2(c) and (d))
7. The sole owner of any Foreground IP has the sole right to assert any related patents against third parties. However, if the commercialization of the solely owned Foreground IP requires the use of the other party's background IP, then (1) all decisions regarding the patent assertion (e.g. choice of counsel and sharing of costs) would be decided by agreement of the parties' technology transfer offices and (2) the parties would generally share in any proceeds generated from the enforcement (after recoupment of costs of enforcement) in amounts proportional to the respective amounts of funding for the litigation provided by each party. (Articles 6.2(c))
8. All issues related to the commercialization of jointly owned Foreground IP (including the right to file for patent protection and the right to assert any related patents against third parties) will be determined by the technology transfer offices and revenue generated by the commercialization



may be shared between the parties generally based upon the proportional technological contribution of each party to the jointly owned Foreground IP. (Articles 4.3, 5.3 and 6.3).



Attachment C:

*Connecticut Innovations  
comparison of major  
provisions of final  
agreements vs.  
legislation*



**SUMMARY OF BIOSCIENCE COLLABORATION AMONG  
CONNECTICUT INNOVATIONS ("CI"),  
UNIVERSITY OF CONNECTICUT HEALTH CENTER ("UCHC")  
and  
THE JACKSON LABORATORY ("Jax")**

As announced in September, Jackson Lab will design, construct, equip and operate a research laboratory and office space of approximately 173,000 square feet (the "Facility") at University of Connecticut Farmington. Since the announcement and subsequent approval by the General Assembly in late October, the deal has been fully negotiated and executed. Summarized below are the key terms as originally described and as finally negotiated.

<u>Transaction as passed in October, 2011</u>	<u>Final Negotiated Transaction</u>
<p>10 Year Loan</p> <ul style="list-style-type: none"> <li>• \$192 Million forgivable loan, structured as a construction loan for building, fixtures, equipment</li> <li>• Loans to bear deferred interest at rate of 1% per annum and to be forgiven if Jax attains Employment Obligation within 10 years</li> <li>• The loans will be forgivable if JAX creates and retains 300 jobs by the 10<sup>th</sup> year</li> </ul>	<p>Identical terms with the following additional components:</p> <ul style="list-style-type: none"> <li>• \$145 million loan to design and construct the Facility in accordance with plans, budget and schedule approved by CI</li> <li>• \$46.7 million loan to fund furniture, fixtures, and equipment ("FF&amp;E") to fit out Facility in accordance with plans, budget and schedule approved by CI</li> <li>• Loans to be secured by a Mortgage on the Facility and a security interest in the FF&amp;E</li> <li>• To fully secure the loan, CI to get an IP License to use Jax IP to conduct research at the Facility as well as rights to commercialize IP developed at Facility upon a Jax default</li> <li>• Draws against the construction are subject to confirmation construction work at Facility and verification of FF&amp;E purchases by CI and its inspector</li> <li>• Jax commits to establish at least 300 positions within 10 years, of which 90 will be Senior Scientist positions (or 30% of the total number of employees, whichever is higher).</li> <li>• Jax commits to pay an Average Annual Wage equal to 125% of the Connecticut average wage</li> <li>• The loans will not be forgiven until these employees are in place at the required Average Annual Wage for at least six months.</li> </ul> <p>Remedies to CI if Loans are not forgiven or if there are defaults:</p> <ul style="list-style-type: none"> <li>• Jax forfeits ownership of the Facility, fixtures and furniture to CI</li> <li>• If Jax materially defaults, CI has no obligation to make further Loans or Grants and CI gets Facility and IP License rights to commercialize IP</li> </ul>

	<ul style="list-style-type: none"> <li>• Should Jax leave Connecticut within a period of 4 years after Loans are forgiven (Jax has created the required 300 jobs), CI has right to purchase the Facility from Jax at discounted fair market value determined by appraisal – year 1 – 75% discount; year 2 – 50% discount; year 3 – 25% discount; year 4- no discount, but no ability to sell to a third party; however, there will be no discount to CI if Jax relocates to comparable facility with same level of employment elsewhere in Connecticut.</li> <li>• If, after discount purchase period, Jax wants to sell the Facility, UCHC has option to make first offer to purchase the Facility at fair market value determined by appraisal; provided that, if Jax rejects that offer and has an offer for more than appraised value, Jax can sell to that party</li> <li>• At all times, UCHC maintains right to approve party to whom Facility is to be sold</li> </ul>
<p><b>\$99 Million of grants will be provided to support research and related activity</b></p>	<p>Remedies Upon Defaults by CI</p> <ul style="list-style-type: none"> <li>• CI default limited to failure to fund under Agreement; if CI defaults, Loans are forgiven, mortgage and security interest released, discounted right to purchase Facility terminates, and royalty sharing arrangements cease</li> </ul>
<p><b>Land Lease:</b> The land upon which the building is built will be leased by UCHC to JAX. When JAX creates 600 jobs (expected in approximately year 20) the land will be deeded to JAX</p>	<ul style="list-style-type: none"> <li>• CI to make Grants in a maximum amount of \$99 million to Jax over ten-year period</li> <li>• Grants are subject to annual request and approval by CI of Jax Business Plan, Annual Budget and Organizational Plan</li> <li>• Jax to file Annual Report and Audit with CI relating to performance of prior year</li> <li>• Grants may be reduced in subsequent years if Jax fails to meet Employment Obligation for prior year</li> <li>• CI share of IP royalties to increase if Jax fails to meet annual financial metrics</li> </ul> <p>UCHC to provide 17 acres and to demolish existing structures and deliver environmentally clean site at the State's cost</p> <ul style="list-style-type: none"> <li>• Land Lease is 98 year lease for \$1 per year.</li> <li>• Jax has option to purchase property for \$1 once Jax creates 600 jobs in Connecticut</li> <li>• UCHC retains the right of first offer to purchase should Jax decide to sell</li> </ul>



**Other Terms not in the original deal**

**Workforce Arrangements**

- Jax commits to give preference to Connecticut residents when hiring, so long as they meet all job qualifications (scientists excluded due to the need to conduct international searches)
- Jax also commits to using Connecticut vendors where cost-effective and scientifically sound
- Jax commits to enter into a Community Workforce Agreement for construction of the Facility

**Collaboration Agreement (UCHC and Jax)**

- Jax will enter into a Collaboration Agreement with UCHC providing for the pursuit of research related to system genomics and personalized medicine and the sharing of the faculty resources
- Provides for collaboration in supporting 10 Principal Investigators
- UConn and Jax will share in any royalty proceeds derived through their collaborative IP efforts

**Intellectual Property (IP) Sharing (CI and Jax)**

- Starting in the 10<sup>th</sup> year and running for 15 years, CI will receive 10% of any royalty proceeds from IP up to \$3 million and 50% of any royalty proceeds above \$3 million.
- During the first 10 years, if Jax monetizes IP through conversion of stock, warrants or other interest, CI will have the same sharing arrangement described above. CI will also share 50% of any proceeds over \$3 million.

**Other**

- UCHC will provide Jax temporary space (until construction complete) at a cost of \$1million so that Jax can begin Connecticut operations in the first half of 2012.
- If Jax fails to meet full employment obligation yet has met 75% of the Employment Obligation, Jax has option to lease the Facility from CI for 5 years (with a 5 year option to renew) at the fair rental value