

# ***Massachusetts General Laws Chapter 23I***

## **CHAPTER 23I. THE MASSACHUSETTS LIFE SCIENCES CENTER.**

Section 1. The general court finds and declares that:

(1) research in the life sciences and regenerative medicine presents a significant opportunity of yielding fundamental biological knowledge from which may emanate therapies to relieve, on a large scale, human suffering from disease and injury;

(2) the extraordinary biomedical scientists working within institutions of higher education, research institutes, hospitals, biotechnology companies and pharmaceutical companies can contribute significantly to the welfare of mankind by performing outstanding research in these fields;

(3) promoting the health of residents of the commonwealth is a fundamental purpose of state government;

(4) promoting life sciences research to foster the development of the next generation of health-related innovations, to enhance the competitive position of the commonwealth in this vital sector of the economy, and to improve the quality and delivery of health care for the people of the commonwealth is a clear public purpose and governmental function;

(5) public support for and promotion of the life sciences will benefit the commonwealth and its residents through improved health status and health outcomes, economic development, and contributions to scientific knowledge, and such research will lead to breakthroughs and improvements that might not otherwise be discovered due to the lack of existing market incentives, especially in the area of regenerative medicine, such as stem cell research;

(6) public support for, and promotion of, life sciences research has

the potential to provide cures or new treatments for many debilitating diseases that cause tremendous human suffering and cost the commonwealth millions of dollars each year;

(7) it is imperative for the purposes of the commonwealth's competitiveness to invest in life sciences research, biotechnology, nanotechnology and bio-defense, to leverage revenues and to encourage cooperation and innovation among public and private institutions involved in life sciences research and related applications;

(8) the purpose of this chapter is to establish a life sciences center, to grant that center the power to contract with other entities to receive other funds, and to disburse those funds consistent with the purpose of this chapter;

(9) the life sciences center is intended to: (i) promote the best available research in life sciences disciplines through diverse institutions and to build upon existing strengths in the area of biosciences in order to spread the economic benefits across the commonwealth; and, (ii) foster improved health care outcomes in the commonwealth and the world; and

(10) the investments of the life sciences center are intended to support future statewide, comprehensive strategies to lead the nation in life sciences-related research, innovations and employment.

Section 2. As used in this chapter the following words, shall unless the context clearly requires otherwise, have the following meanings:—

“Board”, the board of directors of the Massachusetts Life Sciences Center.

“Bonds”, when used in reference to the Center, any bonds, notes, debentures, interim certificates, or other financial undertakings for the purpose of raising capital, including, but not limited to, lines of credit, forward purchase agreements, investment agreements and other banking or financial arrangements, issued by or entered into by the Center pursuant to section 6.

“Center”, the Massachusetts Life Sciences Center established

pursuant to section 3.

“Contribution agreement”, any agreement authorized under this chapter in which a private entity or public entity other than the commonwealth agrees to provide to the Center contributions for the purpose of promoting life sciences research.

“Federal agency”, the United States of America , the President of the United States of America , and any department of or corporation, Agency or instrumentality heretofore or hereafter created, designated or established by the United States of America .

“Fund”, the Massachusetts Life Sciences Investment Fund.

“Life sciences”, advanced and applied sciences, including but not limited to, stem cell research, regenerative medicine, biotechnology and nanotechnology.

“Life sciences research”, advanced and applied sciences, including, but not limited to, stem cell research, regenerative medicine, biotechnology and nanotechnology, that has, as a result, significant chance of yielding fundamental biological knowledge from which may emanate therapies to relieve human suffering from disease and injury, vanguard medical therapies, or advanced scientific development and other areas of scientific research and development vital to the state’s economy.

“Person”, any natural or corporate person, including bodies politic and corporate, public departments, offices, agencies, authorities and political subdivisions of the commonwealth, corporations, trusts, societies, associations, and partnerships and subordinate instrumentalities of any one or more political subdivisions of the commonwealth.

“Public body”, the commonwealth, and any body politic and corporate of the commonwealth, including any political subdivision or instrumentality thereof, which is empowered to issue bonds secured by a pledge of revenues or other special funds or assets, including any municipality or district for which the issuance of debt is governed or limited by the provisions of chapter 44.

“Revenues”, any receipts, fees, rentals or other payments or income received or to be received on account of obligations to the Center including, without limitation, income on account of the leasing, mortgaging, sale or other disposition of a project or proceeds of a loan made by the Center in connection with any project and also including amounts in reserves or held in other funds or accounts established in connection with the issuance of bonds and the proceeds of any investments thereof, proceeds of foreclosure and any other fees, charges or other income received or receivable by the center other than the industrial mortgage established pursuant to section 4 with respect to a project or the financing thereof.

Section 3. (a) There is hereby created a body politic and corporate to be known as the Massachusetts Life Sciences Center. The center is hereby constituted a public instrumentality and the exercise by the center of the powers conferred by this chapter shall be considered to be the performance of an essential governmental function.

The center is hereby placed in the executive office of economic development but shall not be subject to the supervision, or control of said office, or of any board, bureau, department, or other center of the commonwealth, except as specifically provided in this chapter.

(b) The center shall be governed and its corporate powers exercised by a board of directors consisting of the secretary of administration and finance or his designee; the director of economic development or his designee; the President of the University of Massachusetts or his designee; 2 members who shall be appointed by the governor, 1 of whom shall be a physician licensed to practice medicine in the commonwealth and 1 of whom shall be a chief executive officer of a Massachusetts based life sciences corporation which is a member of the Massachusetts Biotechnology Council. Each member shall serve for a term of five years. Any person appointed to fill a vacancy in the office of a member of the board shall be appointed in a like manner and shall serve for only the unexpired term of such member. Any member shall be eligible for reappointment. Any member may be removed from his appointment by the governor for cause.

(c) Three of the directors shall constitute a quorum and the affirmative vote of a majority of directors present at a duly called meeting where

a quorum is present shall be necessary for any action to be taken by the board. Any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if all of the directors consent in writing to such action and such written consents are filed with the records of the minutes of the meetings of the board. Such consents shall be treated for all purposes as a vote at a meeting.

The members of the board shall serve without compensation, but each member shall be entitled to reimbursement for his actual and necessary expenses incurred in the performance of his official duties.

(d) The provisions of chapter 268A shall apply to all ex-officio directors or their designees and employees of the center. The provisions of chapter 268A shall apply to all other directors of the center, except that the center may purchase from, sell to, borrow from, loan to, contract with or otherwise deal with any person in which any director of the center is in any way interested or involved; provided, however, that such interest or involvement is disclosed in advance to the members of the board and recorded in the minutes of the board; and provided, further, that no director having such an interest or involvement may participate in any decision of the board relating to such person. Employment by the commonwealth or service in any agency thereof shall not be deemed to be such an interest or involvement.

(e) The Board shall have the power to appoint and employ an executive director, and to fix his compensation and conditions of employment. The executive director shall be the chief executive, administrative and operational officer of the center and shall direct and supervise administrative affairs and the general management of the center. The executive director may, subject to the general supervision of the board, employ other employees, consultants, agents, including legal counsel, and advisors, and shall attend meetings of the board.

(f) Neither the center nor any of its officers, agents, employees, consultants or advisors shall be subject to the provisions of sections 9A, 45, 46 and 52 of chapter 30, or to chapter 31, or to chapter 200 of the acts of 1976.

(g) The board shall bi-annually elect 1 of its members as chairperson, 1 of its members as secretary. The secretary shall keep a record of the proceedings of the board and shall be custodian of all books, documents, and papers filed by the board and of its minute book and seal. The secretary shall cause copies to be made of all minutes and other records and documents of the center and shall certify that such copies are true copies, and all persons dealing with the center may rely upon such certification. The treasurer shall be the chief financial and accounting officer of the center and shall be in charge of its funds, books of account and accounting records.

(h) All officers and employees of the center having access to its cash or negotiable securities shall give bond to the center at its expense in such amounts and with such surety as the board may prescribe. The persons required to give bond may be included in one or more blanket or scheduled bonds.

(i) Board members and officers who are not compensated employees of the center shall not be liable to the commonwealth, to the center or to any other person as a result of their activities, whether ministerial or discretionary, as such board members or officers except for willful dishonesty or intentional violations of law. Neither members of the center nor any person executing bonds or policies of insurance shall be liable personally thereon or be subject to any personal liability or accountability by reason of the issuance thereof. The board of directors may purchase liability insurance for board members, officers and employees and may indemnify said persons against claims of others.

(j) The center shall continue as long as it shall have bonds or insurance or guarantee commitments outstanding and until its existence is terminated by law. Upon the termination of the existence of the center, all right, title and interest in and to all of its assets and all of its obligations, duties, covenants, agreements and obligations shall vest in and be possessed, performed and assumed by the commonwealth.

(k) Any action of the center may take effect immediately and need not be published or posted unless otherwise provided by law. Meetings of the center shall be subject to section 11A 1/2 of chapter 30A; but,

said section 11A 1/2 shall not apply to any meeting of members of the center serving ex officio in the exercise of their duties as officers of the commonwealth so long as no matters relating to the official business of the center are discussed and decided at the meeting. The center shall be subject to all other provisions of said chapter 30A, and records pertaining to the administration of the authority shall be subject to section 42 of chapter 30 and section 10 of chapter 66. All moneys of the center shall be considered to be public funds for purposes of chapter 12A. The operations of the center shall be subject to chapter 268A and chapter 268B and all other operational or administrative standards or requirements to the same extent as the office of the state treasurer.

(l) Any documentary materials or data whatsoever made or received by any member or employee of the center and consisting of, or to the extent that such materials or data consist of, trade secrets or commercial or financial information regarding the operation of any business conducted by an applicant for any form of assistance which the center is empowered to render or regarding the competitive position of such applicant in a particular field of endeavor, shall not be deemed public records of the center and specifically shall not be subject to the provisions of section 10 of chapter 66. Any discussion or consideration of such trade secrets or commercial or financial information may be held by the board in executive sessions closed to the public notwithstanding the provisions of section 11A1/2 of chapter 30A, but the purpose of any such executive session shall be set forth in the official minutes of the center and no business which is not directly related to such purpose shall be transacted nor shall any vote be taken during such executive session.

Section 4. (a) The center shall have all powers necessary or convenient to carry out and effectuate its purposes, including, without limiting the generality of the foregoing, the powers:

(1) to adopt and amend bylaws, regulations and procedures for the governance of its affairs and the conduct of its business without regard to chapter 30A;

(2) to establish standards requiring that any grant, loan or other appropriation of funds pursuant to this chapter be subject to an

intellectual property agreement between the center and the recipient person; provided said intellectual property agreements balance the opportunity for the commonwealth to benefit from the patents, royalties, and licenses with the needs to ensure that essential medical research is not unreasonably hindered by the intellectual property agreements;

(3) to adopt an official seal and a functional name;

(4) to maintain offices at places within the commonwealth as it may determine and to conduct meetings of the center in accordance with the by-laws of the authority and the second paragraph of section 59 of chapter 156B;

(5) to sue and be sued, to prosecute and defend actions relating to its properties and affairs, and to be liable in tort in the same manner as a private person; provided however, that the center is not authorized to become a debtor under the United States Bankruptcy Code;

(6) to appoint officers and employees and to engage consultants, agents and advisors;

(7) to enter into contracts and agreements and execute all instruments necessary or convenient thereto for accomplishing the purposes of this chapter; such contracts and agreements may include, without limiting the foregoing, construction agreements, purchase or acquisition agreements, loan or lease agreements, partnership agreements including limited partnership agreements, joint ventures, participation agreements, service agreements with biotechnology entities, nanotechnology entities, bio-defense entities, health care, educational or other financial institutions or intermediaries, and agreements with one or more persons for the servicing of loans made by the center including the receipt by such servicer of payments made by a user under a financing document. Any such payments shall constitute trust funds to be held and applied solely as provided in such agreement for the servicing of loans, shall constitute pledged funds of the center and shall be entitled to the same protection when received by a person for the servicing of loans, without the need for filing and recording of the servicing agreement under the provisions of chapter 106 or otherwise except in the records of the center, as is

afforded to funds received by an issuer and pledged to a trustee under section 14 of chapter 40D.

(8) to acquire real and personal property, or any interest in real or personal property, by gift, purchase, transfer, foreclosure, lease or otherwise including rights or easements; to hold, sell, assign, lease, encumber, mortgage or otherwise dispose of any real or personal property, or any interest therein, or mortgage any interest owned by it or under its control, custody or in its possession; to release or relinquish any right, title, claim, lien, interest, easement or demand however acquired, including any equity or right of redemption in property foreclosed by it; to take assignments of leases and rentals, proceed with foreclosure actions, or take any other actions necessary or incidental to the performance of its corporate purposes;

(9) to invest any funds held in reserves or sinking funds, or the Massachusetts Life Sciences Investment Fund, or any funds not required for immediate disbursement, in such investments as may be provided in any financing document relating to the use of such funds, or, if not so provided, as the board may determine;

(10) to review and recommend changes in laws, rules, programs, and policies of the state and its agencies and subdivisions to further the enhancement of life sciences financing, infrastructure and development within the commonwealth;

(11) to appear in its own behalf before boards, commissions, departments or other agencies of municipal, state or federal government;

(12) to obtain insurance;

(13) to apply for and accept subventions, grants, loans, advances and contributions from any source of money, property, labor or other things of value, to be held, used and applied for its corporate purposes, provided however, that the center shall not accept funding from any source, including any federal agency, if the receipt of said funding would limit the center's ability to promote all forms of biomedical research or scientific inquiry;

(14) to borrow money, issue bonds and apply the proceeds thereof as provided in section 8, in order to implement the purposes of this chapter and, without limiting the generality of the foregoing, to augment the means of securing financing authorized by law for or otherwise available to public bodies and other users;

(15) to lend money to and to acquire or hold obligations issued by public bodies or other users at such prices and in such manner as the center shall deem advisable and sell such bonds acquired or held by it at prices without relation to cost and in such manner as the center shall deem advisable and to secure its own issues of bonds with such obligations held by it, all as provided in section 8;

(16) to issue notes or bonds for any of the purposes provided in this chapter;

(17) to act as the central entity and coordinating organization of life sciences, advanced sciences, biotechnology and nanotechnology initiatives on behalf of the commonwealth. The center shall work in collaboration with governmental entities, bodies, centers, institutes, and facilities operating within the public domain and promote biotechnology, nanotechnology, stem cell research and related physical technology fields, in order to advance the commonwealth's

interests and investments in biotechnology, life sciences, nano-manufacturing, bio-manufacturing, so-called, and other advanced technologies;

(18) to enter into agreements with public and private entities that deal primarily with biotechnology, nanotechnology, and related physical technology fields with preference to but not limited to stem cell research, bio-manufacturing, and nano-manufacturing, in order to distribute and provide leveraging of monies or services for the purposes of furthering scientific research in the commonwealth, aiding in the promotion the health of residents, fostering jobs in the life sciences, and promoting overall economic growth within the commonwealth by fostering collaboration and investments in life sciences in the commonwealth;

(19) to provide and pay for such advisory services and technical assistance as may be necessary or desired to carry out the purposes of this chapter;

(20) to establish and collect such fees and charges as the center without further appropriation shall determine to be reasonable; and to receive and apply revenues from fees and charges to the purposes of the Center or allotment by the commonwealth or any political subdivision thereof;

(21) to make loans to any person for the acquisition, construction, alteration, or any combination thereof, or other financing of a project, including but not limited to loans to lending institutions under terms and conditions requiring the proceeds of such loans to be used by such lending institutions for the making of loans to users for qualified projects;

(22) to disburse, appropriate, grant, loan or allocate funds for the purposes of investing in life sciences, emerging technologies, stem cell research, biotechnology, nanotechnology, bio-defense and advanced sciences as directed in this chapter;

(23) to provide assistance to local entities, local authorities, public bodies and private corporations for the purposes of maximizing opportunities for the expansion of life sciences and advanced technologies in the commonwealth and attracting new life sciences entities and advanced technology investments to Massachusetts, fostering new innovative research applications to the commonwealth and creating new manufacturing and development initiatives in the commonwealth;

(24) to prepare, publish and distribute, with or without charge, as the center may determine, such studies, reports and bulletins and other material as the Center deems appropriate;

(25) to exercise any other powers of a corporation organized under chapter 156B; and

(26) to engage accountants, architects, attorneys, engineers, planners, real estate experts and other consultants as may be necessary in its judgment to carry out the purposes of this act and fix their compensation;

(27) to take any actions necessary or convenient to the exercise of any power or the discharge of any duty provided for by this act;

(28) enter into agreements or other transactions with any person, including without limitation any public entity or other governmental instrumentality or agency in connection with its powers and duties under this chapter;

(29) to institute and administer the Massachusetts Life Sciences Investment Fund, established pursuant to section 5 for the purposes of making appropriations, allocations, grants or loans to leverage development and investments in stem cell research, pursuant to chapter 111L, biotechnology, nano-manufacturing, advanced sciences, facilities of higher education whose work and mission applies directly to the aforementioned applications and industries, including, but not limited to, health care, advanced medical technologies and related areas. The center shall implement an application and grant process for these purposes.

Section 5. (a) There is hereby established and placed within the corporation a fund to be known as the Massachusetts Life Sciences Investment Fund, hereinafter referred to as the fund, to be held by the corporation separate and apart from its other funds, to finance the activities of the Massachusetts Life Sciences Center established pursuant to section 3, hereinafter referred to as the center. The fund shall be credited any appropriations, bond proceeds or other monies authorized by the general court and specifically designated to be credited thereto, such additional funds as are subject to the direction and control of the center, any pension funds, federal grants or loans, royalties or private investment capital which may properly be applied in furtherance of the objectives of the fund, any proceeds from the sale of qualified investments secured or held by the fund, any fees and charges imposed relative to the making of qualified investments, as the same shall be defined by the center created pursuant to section 3, secured or held by the fund, and any other monies which may be available to the center for the purposes of the fund from any other source or sources. Any revenues, deposits, receipts, or funds received through the receipt of royalties, dividends, or the sale of equity instruments, inclusive, shall be deposited in the fund, and shall

be available expressly to the life sciences center established pursuant to 3 for the purposes described in this section, without further appropriation.

(b) The center shall invest and reinvest the fund and the income thereof, except as hereinafter provided, only as follows: (1) in the making of qualified investments approved by the board, pursuant to rules approved by the board; (2) in defraying the ordinary and necessary expenses of administration and operation associated with the center; provided, however, that said administrative and operational expenses shall not exceed 15 per cent of the total assets of the fund in any one fiscal year; (3) in the investment of any funds not required for immediate disbursement in the purchase of such securities as may be lawful investments for fiduciaries in the commonwealth; (4) for the payment of binding obligations associated with such qualified investments which are secured by the fund as the same become payable; and (5) for the payment of principal or interest on qualified investments secured by the fund or the payment of any redemption premium required to be paid when such qualified investments are redeemed prior to maturity; provided, however, that monies in the fund shall not be withdrawn at any time in such an amount as would reduce the amount of the fund to less than the minimum requirement thereof established by the center, except for the purpose of paying binding obligations associated with qualified investments which are secured by the fund as the same become payable.

(c) The fund shall be held and applied by the center, subject to the approval of the board, to make qualified investments designed to advance the following public purposes: (1) to stimulate increased financing for the expansion of research and development in the areas of life sciences, nano-technology, biotechnology and stem cell research in the commonwealth by leveraging private financing for highly, productive state-of-the-art research and development facilities and by providing financing related thereto including, without limitation, financing of the construction or expansion of such new facilities; (2) to

make targeted investments in the areas of life sciences, nano-technology, biotechnology and stem cell research and to spur manufacturing activities for new or existing advanced technologies and life sciences in the commonwealth; (3) to make matching grants to universities, colleges, public instrumentalities, companies and other entities to induce the federal government, industry and other grant-funding sources to fund the expansion of research and development in the areas of life sciences, nano-technology, biotechnology and stem cell research in the commonwealth, and to thereby serve to increase and strengthen the commercial and industrial base of the commonwealth and the economic development and employment opportunities related thereto; and (4) to provide bridge financing to universities, colleges, public instrumentalities, companies and other entities in anticipation of the receipt of grants of the type described in clause (2) awarded or to be awarded by the federal government, industry or other sources.

The center shall make no such qualified investment pursuant to clause (1) of subsection (b) unless: (i) said investment has been approved by a majority vote of the board; and (ii) the center finds that, to the extent possible, said qualified investment is such that a definite benefit to the economy of the commonwealth may reasonably be expected therefrom; provided, further, that, in evaluating any request or application for funding, the Center shall consider the following: (1) the appropriateness of any proposed project; (2) whether the project has significant potential to expand life sciences related employment opportunities in the commonwealth; (3) the project's potential to enhance technological advancements in the life sciences; (4) the project's potential to offer a breakthrough medical treatment for a particular disease, or medical condition; (5) the project's potential for leveraging additional funding, or attracting resources to the commonwealth; (6) the project's potential to stimulate life sciences manufacturing in the commonwealth; and (7) evidence of potential royalty income and contractual means to recapture such income for the purposes of this chapter, as the center considers appropriate. In addition, the center shall make no such qualified investment pursuant to said clause (1) of said subsection (b) unless such qualified investment is in conformity with rules adopted by the Center and

approved by the board.

Said rules shall also set the terms and conditions for investments which are to constitute qualified investments, which may include, without limitation, loans, guarantees, loan insurance or reinsurance, equity investments, grants made only pursuant to clause (3) of subsection (c), or other financing or credit enhancing devices, as made by the center directly or on its own behalf or in conjunction with other public instrumentalities, or private institutions, or the federal government; provided further, that said rules and regulations shall provide that each such qualified investment made pursuant to clauses (1) and (2) of said subsection (c) shall involve a transaction with the participation of at least one at-risk private party.

Said rules shall, in addition, set forth the terms, procedures, standards and conditions which the center shall employ to identify qualified applications, process applications, make investment determinations, safeguard the fund, advance the objective of increasing employment opportunities for the citizens of the commonwealth, oversee the progress of qualified investments, and secure the participation of other public instrumentalities, private institutions, or the federal government in such qualified investments; provided, further that said rules shall provide for negotiated intellectual property agreements between the center and each recipient of a qualified investment which shall include the terms and conditions by which the fund's support thereof could be reduced or withdrawn.

(d) The center may solicit investments by private institutions or investors in the activities of the fund and may reach agreements with such private institutions or investors regarding the terms of any such investments including, without limitation, the rights of such investors to participate in the income or appropriation of the fund. In furtherance of the objective of securing investments by private institutions or investors in the activities of the fund as set forth in the

preceding sentence, the center may develop a proposal relative to the creation of a separate investment entity which would allow for the commingling of the resources of the fund with the maximum participation by such private institutions or investors in a manner which is consistent with the public purpose of the fund and under terms and conditions calculated to protect and preserve the assets of the fund.

(e) Copies of the approved rules, and any modifications thereto, shall be submitted to the chairs of the house and senate committees on ways and means, the chairs of the joint committee on economic development and emerging technologies, the chairs of the joint committee telecommunication, utilities and energy and the clerks of the house of representatives and senate.

(f) Qualified investment transactions undertaken by the Center pursuant to the provisions of this section shall not, except as specified in this act, be subject to the provisions of chapter 175, or any successor thereto, and shall be payable solely from the Massachusetts Life Sciences Investment Fund, established by this section and shall not constitute a debt or pledge of the faith and credit of the commonwealth, the Center or any subdivision of the commonwealth.

(g) The center shall not at any time make expenditure from or commitment of the assets of the fund, including, without limitation, the making of qualified investments secured by the fund, if following the making of said qualified investment, the amount of the fund shall be less than the minimum requirement established by the board.

Section 6. (a) The exercise of the powers granted by this chapter shall be in all respects for the benefit of the people of the commonwealth and for the improvement of their health and living

conditions and as the operation and of the center shall constitute the performance of essential governmental functions, the center shall not be required to pay any taxes or assessments, except as otherwise provided by this chapter and the notes or bonds issued under this chapter, their transfer and the income therefrom, including any profit made on the sale thereof, at all times shall be free from taxation by and within the commonwealth.

(b) The lands and tangible personal property of the center shall be deemed to be public property used for essential public and governmental purposes and shall be exempt from taxation and from betterments and special assessments.

Section 7. The center shall annually submit to the governor, the chair of the senate committee on ways and means, the chair of the house committee on ways and means, the chairs of the joint committee on economic development and emerging technologies, the secretary of administration and finance, and the comptroller within 90 days after the end of its fiscal year a complete and detailed report setting forth its operations and accomplishments; its receipts and expenditures during such fiscal year; and, its assets and liabilities at the end of its fiscal year.

Section 8. The books and records of the center shall be subject to a biennial audit by the auditor of the commonwealth.