

C. The Research Foundation – Krabbe Disease Research Working Capital (W753)

August 19, 2009

Grantee: The Research Foundation of State University of New York
(the “Research Foundation”)

**Beneficiary
Organization:** New York State Center of Excellence in Bioinformatics and Life
Sciences (the “COE”)

ESD Investment: A grant of up to \$940,000 to be used for operating costs related to
Krabbe Disease research.

Project Location: 701 Ellicott Street, Buffalo, Erie County

NYS Empire Zone (or equivalent): N/A

Project Completion: June 30, 2010

Grantee Contact: Dr. Bruce Holm, Executive Director
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Project Team:

Project Management	Diego Sirianni
Affirmative Action	Helen Daniels
Environmental	Soo Kang

Project Description:

Background

Grantee

The Research Foundation of State University of New York is a private, 501(c) (3) not-for-profit educational corporation that administers externally funded contracts and grants for and on behalf of the State University of New York. It is a separate not-for-profit corporation, and as such is not supported by state appropriated tax dollars, nor does it receive support services provided to New York State agencies. The Research Foundation provides the administrative flexibility to respond quickly to the special demands of externally funded contracts and grants in a manner that facilitates their scientific or technical execution.

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Beneficiary

The Hunter James Kelly Research Institute (the “Institute”) is a partnership between the Research Foundation and the Hunter’s Hope Foundation (the “HHF”), which is a not-for-profit organization founded in 1997 to increase public awareness of leukodystrophies, including Krabbe Disease, and to raise funding for earlier detection and treatment. Krabbe Disease is a rare, inherited degenerative disorder of the central and peripheral nervous systems. The Institute is a research sub-unit of the COE, and it also utilizes the Research Foundation as its fiduciary agent.

All HHF-funded research is coordinated through the Institute, which includes intramural research conducted at the COE and extramural research conducted at other locations. The intramural research will be dedicated toward the study of remyelination techniques, while the extramural research will focus on studying the biology and pathophysiology of Krabbe Disease. This dual approach is expected to provide a total solution for children with Krabbe Disease. In addition, research on remyelination techniques will not only help children with Krabbe and other leukodystrophies, but also patients with multiple sclerosis, strokes and other diseases in which there is damage to the brain.

The Buffalo Life Sciences Complex is a collaborative effort of the Roswell Park Cancer Institute, the University of Buffalo and the Hauptman-Woodard Medical Research Institute. The new complex builds on longstanding academic and research collaborations among the partners by physically linking the facilities and allowing for shared core research laboratories. While each of these structures will house distinctly different research functions, the work is synergistic and represents a continuum in the development of new therapeutics and diagnostics for a wide range of diseases.

In December 2006, the ESD Directors approved a \$6 million Capital Projects Fund capital grant to the Research Foundation for laboratory equipment to support the establishment of a center for research into leukodystrophies (project U446). To date, no funds have been disbursed for this project. Management at the Research Foundation and the Institute believes that it would not be prudent to expend funds for the highly specialized equipment needed for this research prior to the hiring of the person who will be directing the research.

The Project

The \$940,000 project involves operating funds that will be used to attract and retain talent to the Institute. ESD funds will be used for salaries, wages and fringes, as well as non-capital office and lab supplies for newly hired personnel, including a director of basic science (the “Director”) and Institute researchers. Once a Director is recruited, further expenditures will be made under his/her direction with regard to hiring, as well as for specific state-of-the art laboratory equipment necessary to outfit the Institute. A portion of these equipment purchases will be reimbursed by ESD’s \$6 million capital grant.

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ESD funding for the capital and working capital projects will progress concurrently, and is expected to leverage private funding for the continued support of the Institute, resulting in additional targets for diagnostic and therapeutic products that can be commercialized through the COE.

Upon completion of the project, the Grantee will furnish a final report, describing the impact and effectiveness of the project.

Financing Uses	Amount	Financing Sources	Amount	Percent
Salaries, Wages and Fringes	\$700,000	ESD Grant	\$940,000	100%
General office supplies and lab equipment (including chemicals, glassware, solvents, gloves, etc.)	\$240,000			
Total Project Costs	\$940,000	Total Project Financing	\$940,000	100%

Financial Terms and Conditions:

1. The Grantee will be obligated to advise ESD of a material adverse change in its financial condition prior to disbursement.
2. Up to \$940,000 will be disbursed to Grantee no more frequently than quarterly, upon documentation of eligible working capital costs, assuming that all projects approvals have been completed and funds are available. Payment will be made upon presentation to ESDC of an invoice and such other documentation as ESDC may reasonably require. Expenditures must be incurred on or after April 1, 2009 to be considered eligible project costs.
3. ESD may reallocate the project funds to another form of assistance, at an amount no greater than \$940,000, for this project if ESD determines that the reallocation of the assistance would better serve the needs of the Grantee and the State of New York. In no event shall the total amount of any assistance to be so reallocated exceed the total amount of assistance approved by the Directors.

Statutory Basis – Aid To Localities – Local Assistance:

The project was authorized in the 2006-2007 New York State budget and reappropriated in the 2009-2010 New York State budget. No residential relocation is required as there are no families or individuals residing on the site.