

Dual Gateways Hold Promise for Minneapolis Economy

Recently, when the Mayor's delegation visited our Sister City in Ibaraki, Japan, the curtain went up on a new vista: Ibaraki is the Gateway to the Kansai Region, the cradle of lifesciences and biotechnology in Japan. From Ibaraki City one has ready access to Osaka University and the Kobe 'Port City' Science Center. World-class research and development is being done in this region with considerable national resources having been provided by the Japanese government.

The national will to stay the course and to fund a given economic/scientific sector over a long-term horizon is one of the virtues of Japanese central planning. As a sister city, Minneapolis can benefit from this development as a natural consequence of the goodwill that exists between the two sister cities.

With all of the resources of human and physical capital, there is still a hunger or need on the part of the researchers and the administrators in these centers of excellence for high level business and financial connections with U.S. companies and investors in general as well as to high level business and financial connections with the management teams of the major medical device companies and financial institutions here in Minnesota. The Japanese have a clear understanding of the key role that the City of Minneapolis can provide as a Gateway Center to both of these groups.

With the ready recognition of the fact that Mutual Gateways exist between the two sister cities, there is much that can be built upon by the private and public sectors in Minneapolis and Ibaraki. It seemed obvious to us based upon our discussions that the Japanese are keen on working these connections towards the long-term mutual benefit of both communities.

The Mayor and the City Council are urged to capitalize on this 'natural resource' of our sister city being located in the epicenter of lifesciences/biotech development in Japan and the keen interest of the sister city in being the bridge to Minnesota in respect of its own sister communities in the Kansai region.

The Japanese are also keen on the opportunity to avail themselves of the indirect benefits of Minneapolis' sister city relationship with Uppsala, Sweden, a world renown center of excellence in biotech, lifesciences and other disciplines of interest to the Japanese. It is likely that a conference will be organized in the next six months or so that will afford the Japanese an opportunity to showcase their leading edge technologies to a group of investment professionals that will be in Minneapolis in early May for the International Business Forum conference. Genesis Business Centers is helping to organize this effort on the private sector side.

The following information is a brief overview of the biosciences delegation to Ibaraki Japan November 12 – 17, 2005.

Overview of Minneapolis Delegation trip to Ibaraki Japan November 12 – 17, 2005.

As noted by Dave Durenberger representing the following organizations:

Minneapolis Lifesciences Corridor
Elliot Park Lifesciences Institute
Gustilo Medical Education Center
Midwest Orthopaedic Research Foundation
Hennepin Faculty Associates

And Harlan Jacobs representing the following organizations:

Genesis Business Centers
Minneapolis Lifesciences Corridor and Capital Fund
Elliot Park Lifesciences Institute

Saturday, November 12th

After arriving in Ibaraki Japan and the JAL Nikko hotel on Saturday evening, the Minneapolis delegation received a warm welcome from many members of the Ibaraki International Friendship Association. The following day was spent touring the city of Kyoto and many of its magnificent temples and pagodas.

Monday, November 14th

Harlan Jacobs and I went to Kobe where we met with several members of the Japanese External Trade Organization (JETRO) based out of the Kobe office. JETRO is a Japanese Government related trade organization responsible for the marketing and the establishing of partnerships regarding export and trade. The United States Regional office is located in Chicago Illinois and is well recognized at Minnesota based medical related conventions and conferences.

We toured Port Island, an economic development project that was born out of the 1995 Kobe earthquake that leveled a great deal of the city of Kobe. Already established at Port Island are several facilities dedicated to bioscience research and development. The strategy of Port Island is to be the mainstay for regenerative medicine, developmental biology and imaging opportunities that support the lifesciences industry. Further collaboration with the remainder of the Kansai region's supercluster will allow Port Island to develop further opportunities to be recognized as a world leader in regenerative medicine and developmental biology.

Supporting Port Island to date are the following resources:

- Institute of Biomedical Research and Innovation (IBRI)
- Riken Center for Developmental Biology (CDB)
- Translational Research and Informatics Center (TRI)
- Business support center for biomedical research activities (BMA)
- Kobe University Business Incubation Center (BT Center)
- KIMEC center building
- Medical Device Development Center – animal research facility
- RIKEN Molecular imaging Research Center (under construction)
- Kobe Airport (Open 2/6/2006)
- Kobe City General Hospital (To open 2010)

Further a large ultra modern hotel and conference center are located within walking distance of the heart of Port Island. There are currently 76 companies of various stages located on Port Island that are taking advantage of these resources. The campus is connected by monorail that shuttles from the airport, through Port Island and into the city of Kobe.

There are also a number of financial incentives available to companies choosing to locate within Port Island. These include:

- Kobe Biomedical Venture Fund
 - Established by Sumitomo Mitsui Banking Corp. and backed by government.
 - 6.3 billion yen or about 54 million US dollars
- Kobe Lifesciences IP Fund
 - Seed capital for early stage Lifescience companies.
 - 481.6 million yen or about 4.2 million US dollars

Tuesday, November 15th

The Minneapolis delegation spent the day touring Osaka University. We began with an overview of the University of Osaka and received a great deal of information regarding their core competencies and rankings in several categories within the Japanese University system. The Tokyo University, in general, is ranked first in the nation in most categories and is the most difficult university to attain admittance. Osaka University generally ranked second or third in most categories and is therefore recognized as a national university of choice with strengths in medicine, science, and engineering.

Osaka prefecture, being the centerpiece of the Kansai region, is the city with the most opportunity to develop a long-standing and committed relationship with respect to the lifesciences program. Utilizing the sister-city relationship with Ibaraki, the city of Minneapolis should have the ability to access these resources by building on the partnership that has been established with the elected officials in the city of Ibaraki.

Osaka University has many opportunities to provide research, education, and development services in partnership with Minneapolis. By focusing on the strengths mentioned above, the human health side of the bioscience initiative can be highlighted as an opportunity for local start-ups as well as mid-sized device companies to gain exposure to the Japanese market as well as the knowledge base that exists at Osaka University.

We were impressed at the infrastructure established on the campus that supported these efforts. While maintaining a very select group of undergraduates and a nearly equal complement of graduate and medical students, Osaka University has positioned itself as a national campus for the advancements of bioscience initiatives and potential technology transfer into business opportunities. The resources available on the campus of Osaka University include:

- The Center for Advanced Science and Innovation
 - Incubation building
 - Collaborative Research Building
 - Venture Business Laboratory Building
 - Advanced Research Building
- Institute for protein research
- Osaka University Hospital
 - 1200 bed facility
 - Medical Center for Translational Research
- Spring -8 Synchrotron X-ray Generator
- 400 -800 MHz Nuclear Magnetic Resonance for Protein Analysis
- Research Center for Structural and Functional Proteomics
- Research Institute for microbial Diseases
- National Cardiovascular Research Institute

Also, the city of Osaka is home to the Osaka airport and minutes away from the Kansai International airport. An intricate rail system of rapid, super rapid, and bullet trains transport the population throughout the city, region, and country very quickly and efficiently. The Northern Osaka region, with the leadership of the Ibaraki city government, is developing a biomedical cluster and leading the initiative in the Kansai Region.

Wednesday November 16th

The Minneapolis delegation spent the day touring the very impressive Ibaraki or Northern Osaka (Saito) Bio-medical cluster. We began the morning with an in depth review by the secretariat of Northern Osaka Bio-medical cluster and the Senri Lifescience Foundation regarding the collaboration with the Universities and industry. A program has been developed whereby technology is transferred out of the various Universities lead by Osaka University and Kyoto University. This technology is then incubated and partnerships are formed with private industry to provide collaborative, supportive research opportunities to synergize the process.

Of note was the fact that a 5 year national funding project was well underway with the aid of the Japan Health Science Foundation (government and private partnership). This is an \$8.4 million fund directed at pharmaceuticals, toxicogenomics, and proteomics. Further, a \$75 million fund was established through the Ministry of Education, Sports, Science, and Technology to fund these regional clusters.

The Kansai region makes up 25% of Japans total effort in the bioscience initiative. The Osaka prefecture and Ibaraki in particular are the hub of this activity. The Kansai region has an historically large number of mature pharmaceutical companies, some dating back more than 200 years. Drug development, disease models and animal/primate research are the core strengths of this region.

With the convergence of pharmaceutical and biologic combination products to the device industry, this region is ready to have the medical device industry develop a strong presence here as well. Currently, Tokyo boasts the highest concentration of medical device industry and R&D within Japan, but the future could belong to the Kansai region.

This area has a number of nationally sponsored and directed resources supporting its capabilities. Among these are the following:

- Osaka Chamber of Commerce and Industry
- Osaka Pharmaceutical Manufacturers Association
- Osaka Industrial Promotion Organization
- Osaka Science and Technology Center
- Ministry of Economy, Trade, and Industry
- Ministry of Education, Culture, Sports, Science, and Technology
- National Cardiovascular Center
- Osaka Bioscience Institute
- Biomolecular Engineering Research Institute
- Osaka Medical Center for Cancer and Cardiovascular Disease
- Advanced Industrial Science and Technology
- Super Photon ring 8-GeV
- Bio Venture Fund
- Saito Bio Incubator Programs
- Saito Liaison Office

The Saito Lifescience Park is a newly constructed Lifescience city that is currently being developed on just under 300 acres of land nestled into the side of a mountain just north of Ibaraki. The views from this site were breathless. We were taken to the roof of the National Institute of Biomedical Innovation where we were able to look to the south and see the cities of Ibaraki, Osaka, and the Pacific Ocean.

The Saito bio incubator currently has 22 tenants in its facility and is at 100% capacity. The next building is in the process of being built and is already 50% leased. A 3rd incubator building is in the planning stages and is anticipated to be leased up prior to its completion. This incubator program provides all of the opportunities mentioned previously. However, it does have something that none of the others have, a primate facility that houses 2000 primates. This is something that is very difficult to find in the United States (Atlanta comes to mind) and this is a very valuable resource for drug discovery companies to have access to.

The Saito programs annual budget is \$50,000,000 and has been funded by the national government to the tune of \$80,000,000. The national government will continue to support the operating budget reducing it by 3% per year for 10 years before pulling out its financial support and expecting it to cash flow. It will derive revenues from rental income (approx. \$25 per square foot) as well as fee for service activities, Intellectual Property, and future royalties.

The National Institute of Biomedical Innovation (NIBIO) is also located within the Saito Park. NIBIO is a 150,000 square foot facility that was built at a cost of about \$67 million. It is an independent administrative institution launched by the Ministry of Health, Labor, and Welfare (The Japanese equivalent to the US FDA). It is focused on pharmaceutical R&D and has a staff of 95. Its 2006 budget is \$97 million of which about \$75 million is dedicated to research.

This truly is becoming a research city. Among the resources that have been created to support the research and development activities are also new housing construction, roads, light rail transit and shops. The surrounding community includes :

- Senri's Lifescience Center
- Osaka Bioscience Institute
- Biomolecular Engineering Research Institute
- Expo '70 Commemoration Park
- National Museum of Ethnology
- Osaka Prefecture International Institute for Children's Literature
- Osaka University Hospital
- Senri International School Foundation
- Osaka University of Foreign Studies
- Saito Bio Incubator Support Center

Thursday November 16th

Prior to departing for the airport, Minneapolis City Council President Paul Ostrow, along with council member Barbara Johnson, Dave Durenberger, Harlan Jacobs, Jim Ulliyot, and John Berquist presented Mayor Nomura and members of the Ibaraki Assembly and staff follow up opportunities that will strengthen the business partnership opportunities as well as the sister city relationship.

These opportunities included sharing resources and developing an intern and Fellowship exchange program that focuses on medicine, research, and engineering. Joint conferencing opportunities, and follow up visits that will gauge, measure, and build on the strengths and opportunities of Ibaraki and Minneapolis will also play a key role in the future of this relationship. Finally, a visit in September 2006 by another Minneapolis delegation lead by Mayor RT Rybak was the "icing on the cake".

Mayor Nomura was very pleased with the outcomes of this trip and delighted to see that the delegation had worked diligently and thoughtfully on developing next steps that would certainly launch our sister city relationship on a new path that will meet and hopefully exceed both expectations as an economic development model that spans the globe in collaboration.

Please see attachments:

1. Trip Itinerary
2. List of delegation members
3. Outline of proposed next steps
4. Kobe contact list
5. Osaka and Ibaraki contact list

ITINERARY

Minneapolis Ibaraki Sister City Association
November 11-17, 2005

Friday, November 11

8:49 am Depart Minneapolis/St. Paul International Airport
Northwest Airlines Flight 752

11:30 am Arrive Detroit Metropolitan Airport

1:05 pm Depart Detroit Metropolitan Airport
Northwest Airlines Flight 69

Saturday, November 12

5:10 pm Arrive Osaka Kansai International Airport

7:00 pm Arrive Hotel Nikko Ibaraki Osaka

7:30 pm Arrive Hotel Crest Dio

Sunday, November 13

8:45 am Depart Hotels

9:00-7:00 Sightseeing in Kyoto accompanied by Mr. Morimoto and Mrs. Okada

7:00 pm Return to hotels

Monday, November 14

- 7:00 – 5:00 Dave Durenberger and Harlan Jacobs depart for Kobe and Port Island
- 9:00 – 4:00 Meet with Dick Sommerstad of the University of Minnesota and members of JETRO
- 9:30 Depart Hotels
- 10:00-11:00 Visit with Mayor Nomura and Assembly Chairman
- 11:30-2:00 Lunch with IIN Members – City Council members will be hosted by Ibaraki Assembly Members
- 2:30-5:00 Tour Expo Park – City Council members will be hosted by Ibaraki Assembly Members
- 6:00-8:00 pm Minneapolis-Ibaraki City 25th Anniversary Celebration at Hotel Nikko
- 8:15 pm Arrive Hotel Crest Dio

Tuesday, November 15

- 9:30 am Leave Hotels
- 10:00-5:00 Visit Osaka University – Suita Campus and Biotechnology Research
- 10:00-10:30 Introduction of Osaka University
- 10:30-12:00 Industry – University Cooperation
- 12:00-1:00 pm Lunch
- 1:00-5:00 pm Tour Labs
- 5:30 pm Return to Hotel

Wednesday, November 16

- 9:30 am Leave Hotel
- 10:00-5:00 Visit Saito Life Science Park
- 10:00-12:00 Cluster Project

Wednesday, November 16 (continued)

12:00-1:00 pm Lunch

1:30-2:30 pm Tour NIBIO

3:00-5:00 pm Tour Bio Incubator

5:30-7:30 pm Dinner with International Friendship Association of Ibaraki Board Members

7:45 pm Arrive Hotel Crest Dio

Meeting of Minneapolis City Council Members, Biotech Delegates and selected MISCA Members

Thursday, November 17

9:45 am Depart Hotel Crest Dio

10:00 am Depart Hotel Nikko Ibaraki Osaka for Osaka Kansai International Airport

11:15 am Arrive Osaka Kansai International Airport

1:25 pm Depart Osaka Kansai International Airport
Northwest Airlines Flight 70

11:20 am Arrive Detroit Metropolitan Airport

1:38 pm Depart Detroit Metropolitan Airport
Northwest Airlines Flight 749

2:30 pm Arrive Minneapolis/St. Paul International Airport

Delegation Members

Minneapolis City Council Members:

Mr. Paul Ostrow, President, Minneapolis City Council (Ward 1) - Head of Delegation

Ms. Barbara Johnson, Minneapolis City Council (Ward 4)

Ms. Lisa Goodman, Minneapolis City Council (Ward 7)

Mr. Scott Benson, Minneapolis City Council (Ward 11)

Bio Technology:

Mr. David Durenberger, President, Gustilo Medical Education Center

Mr. Harlan Jacobs, President, Genesis Business Centers, Ltd.

Mr. Dick Sommerstad, Asst. Director, Office of Business Development, University of Minnesota

Dr. Jon and Dr. Yuko Moon, Partner and Chief Technology Officer, Devicix

Greater Minneapolis Convention and Visitors Association Delegates:

Ms. Sharon Bredeson, Board Chair of Greater Minneapolis Convention and Visitors Association

Mr. John Bergquist, Executive Vice President/General Manager

Mr. Bill Deef, Vice President Tourism Sales and MISCA representative

Ms. Yuko Miyamoto, International Account Executive - Asia

Minneapolis Ibaraki Sister City Association Delegates:

Mr. Jim Ulyot, MISCA

Mr. Doug Spurgeon, MISCA

Mr. Karl Reinhardt, MISCA

Mr. Dan Rolf, MISCA

Gayle and Judith Fleming, 2nd Vice President, MISCA

Don and Pat Katagiri, 1st Vice President, MISCA

Mr. Tom Tamura, Vice President, MISCA

Jim and Eiko Hoffman, Treasurer, MISCA

Ms. Lois Sonstegard, President, MISCA

**City of Minneapolis Summary
Outline of Proposed Next Steps with
Ibaraki in the Development of Bio-technology Partnership
November 17, 2005**

We would like to express our deep appreciation for the many opportunities we have had in Ibaraki. In particular, we are grateful to Mayor Nomura, Chairman Fukui, Vice Chairman Nakamura and the other city council members who have broadened our thinking and opened our eyes to many, many possibilities. This experience has been invaluable. We are eager to return to Minneapolis and share our experiences with Mayor Rybak and fellow council members.

We are thoroughly energized and look forward to establishing a new level of collaboration on a business and scientific level.

First, on a city council level, we are eager to learn from you many things. Especially, we seek discussions regarding;

- Your process for land development—We are impressed with the planning and layout of Saito. We would like to learn how you go about addressing planning issues such as Saito.
- Your energy programs
- Your environment approach and priorities—especially the methods you have used in obtaining the community involvement you seem to enjoy.
- Your approach and process for transportation planning

Second, regarding Bio-technology,

- The City of Minneapolis will endeavor to establish a Bi-Lateral Program to encourage trade, investment, joint ventures, and other forms of collaboration on a business level between companies in both communities.
- The City of Minneapolis will endeavor to establish on going scientific and technical exchange programs including the encouragement of graduate students spending a year in the sister city. The program will include both business and scientific students who will work on projects in the respective incubator programs (-the Elliot Park Lifesciences Institute in Minneapolis) and the Saito Biological Incubator program in Ibaraki City.
- The City of Minneapolis will endeavor to encourage private sector organizations in Minnesota to organize a venture capital conference on an annual basis to showcase promising new companies from Ibaraki. And it is hoped that the City of Ibaraki will organize a similar program for Minnesota companies to be showcased to Japanese scientific, business and financial leaders.

- The City of Minneapolis will endeavor to organize a presentation at appropriate international forums in which the Ibaraki/Minneapolis collaboration program can be showcased to economic development leaders from around the world. We propose the first target program to be the annual Technopolis Conference in Helsinki, Finland in early June, 2006.
- The City of Minneapolis will organize an annual conference of its sister cities beginning with Uppsala, Sweden and Ibaraki in order to promote multi-lateral collaborations among the sister city communities. The target event would be in early May 2006 for the International Business Forum (IBF) Conference to be held in Minneapolis. It would likely be held a day earlier than the start of the regular conference.
- The City of Minneapolis will endeavor to promote the visibility of Ibaraki as the Gateway to the Kansai Area-Wide Super Cluster and to hold its conferences at the Nikko Hotel or other suitable venue in Ibaraki in order to assure the leadership position of Ibaraki as the Super Cluster gains worldwide attention.

Third, we would like to engage in bio-technology educational exchanges. We propose the development of an International Fellowship/Internship Exchange Program with Osaka University and the City of Ibaraki and Minneapolis and other appropriate institutions. To achieve this goal, we have the following resources to contribute to the effort:

- University of Minnesota
- Midwest Orthopedic Research Foundation—Dr. Richard Kyle
- Minneapolis Medical Research Foundation
- Children’s Hospital—Dr. Mary Braddock
- Minnesota Cardiovascular Research Institute—Dr. Robert Schwartz

Currently, our programs focus upon industry and government funded research particularly in the following fields:

- Orthopedics—
 - Joints, fracture Models
 - Osteogenics
 - Spine
 - Trauma
 - Infectious Disease
- Pediatrics
- Cardiac/Cardiovascular
 - Stints
 - Tissue Engineering

We have many industries which can be involved in this effort. Among them are:

- | | |
|-----------------|---------------------------|
| • Zimmer | • Inion |
| • Stryker | • Pharmaceutical Industry |
| • Smith Nephew | • Boston Scientific |
| • Sofamer Danek | • Medtronic |
| • Synthes | • St. Jude Medical |
| • Depuy J.J | • Guidant |

And, as you know, we have the support of:

- Minneapolis Ibaraki Sister City Association
- City of Minneapolis Bio Technology Corridor
- City of Minneapolis

Regarding education, opportunities can be divided into:

- Immediate opportunities are for collaborative research
- Phase I, II, and III clinical trials utilizing resources at
 - Hennepin County Medical Center
 - University of Minnesota
 - Abbott Northwestern Hospital
 - Children's Hospital
- Industry funded or spinouts of Osaka University or Saito and Kansai Region
- Develop new opportunities for two-way collaboration and access to MHLW and FDA process as projects mature to market.

We are enthused about these possibilities and are eager to return in 2006 with Mayor Rybak.

Paul Ostrow
President, Minneapolis City Council

List of contacts made in Kobe

JETRO Kobe

www.investjapan.org

1. Yuji Watanabe – Chief Director
Yuji_watanabe@jetro.go.jp
2. Mayu Kasukawa – Chief
Mayu_kasukawa@jetro.go.jp

Foundation for Biomedical Research and Innovation (FBRI)

www.cluster.ibri-kobe.org

3. Ryoji Yano, Ph.D. – Research Deputy Director and coordinator (Kobe cluster)
zano@fbri.org
4. Akihiko Ueda – Managing Director (Kobe cluster)
a-ueda@fbri.org
5. Dr. Gregory Rall – Coordinator (Pro-Cluster Kobe)
Gregory-rall@fbri.org
6. Makoto Asakawa – Research Co-ordinator (Pro-Cluster Kobe)
asakawa@fbri.org
7. Kunihiro Tanaka – Advisor (Pro-Cluster Kobe)
Tanaka92@fbri.oeg

Other

8. Kozo Mori – Manager (Medical Industry Development Project. New Corporate Development Department; Kobe city government)
Kozo_mori@office.city.kobe.jp
9. Douglas Sipp – Manager (Riken Kobe Institute; Center for Developmental Biology) www.cdb.riken.jp
sipp@cdb.riken.jp
10. Shin Kawamata, M.D., Ph.D. – Senior Research Scientist (Foundation for Biomedical Research and Innovation)
kawamata@fbri.org

List of contacts made in Osaka and Ibaraki

Osaka University Hospital
www.med.osaka-u.ac.jp/pub/hp-mctr/

11. Hiroyuki Shiono, M.D. – Associate Professor
hishiro@surg1.med.osaka-u.ac.jp

Secretariat of Cooperative Link of Unique Science and Technology for Economy Revitalization

www.senri-lc.co.jp

12. Hidehiko Nakagawa, Ph.D. – Science and technology Coordinator
Naka-lsf@senri-lc.co.jp
13. Bunji Kageyama – General Manager
Gm-lsf@senri-lc.co.jp

Osaka University
www.protein.osaka-u.ac.jp/rcsfpi

14. Haruki Nakamura, Dr of Science – Professor/Head of Protein Data Bank Japan
harukin@protein.osaka-u.ac.jp
15. Yukio Fujisawa, Ph.D. – Specially appointed professor; Intellectual Property office
Fujisawa-yukio@ipo.osaka-u.a.jp

Saito Lifescience Park

16. Tadashi Tamura – Head, Saito Bio Incubator (Bio-Sight Capital, Inc)
www.bs-capital.co.jp
ttamura@bs-capital.co.jp
17. Kazuhiro Ueda – Assistant Deputy Manager (International Culture Park Corp)
www.saito-kokubun.co.jp
ueda@saito-kokubun.co.jp

Osaka Government

18. T. Yokokouji – Osaka Prefecture connection, city of Ibaraki
T_yokokouji@city.ibaraki.osaka.jp

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- Stryker
- Smith Nephew
- Sofamer Danek
- Synthes
- Depuy J.J
- Inion
- Pharmaceutical Industry
- Boston Scientific
- Medtronic
- St. Jude Medical
- Guidant

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