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February 7, 2014

Mayor Bob Bratina
City of Hamilton
Hamilton City Hall
71 Main Street West
Hamilton, ON L8P 4Y5

Dear Mayor Bratina,

This letter is to bring to your attention what we believe to be a very strategic opportunity for the City of Hamilton and McMaster University.

The Fraunhofer-IZI Institute for Cell Therapy and Immunology, based in Germany, has expressed significant interest in working with McMaster University and the City of Hamilton. Fraunhofer-IZI has a keen interest in a number of research areas in which McMaster University is recognized as a global leader. Among these is the production of human cells for therapeutic applications. Cell therapies are being developed for numerous clinical applications and there is a growing need for instruments that will enable parallel production of 100s – 1000s of autologous cell products. This emerging industry in bioprocessing will require new instrumentation, novel materials for the consumables associated with instruments and, quite likely, automation – all areas of expertise at McMaster. Point-of-care diagnostics and bio-interfaces are other major areas of mutual interest. For example, researchers at McMaster and the Fraunhofer-IZI are collaborating on the development of a handheld infectious disease management system, which will address a major global health issue by reducing the cost of TB diagnosis, while enabling more effective treatment selection. Fraunhofer-IZI develops technologies and solutions at the interfaces of medicine, life sciences and engineering. The Institute conducts contract research for some of the world's top biotech, pharmaceutical and medical technology companies and has established strong partnerships with companies who use it as a valuable resource.

Fraunhofer-IZI has expressed a strong interest in locating a project centre at the McMaster Innovation Park that will focus on cell therapies and bio-engineering. This will allow German and Canadian personnel to work seamlessly with each other and with industry partners. At maturity, such a facility is expected to employ some 70 - 100 highly qualified personnel, many of whom will be relocating to Hamilton with their families from across Canada and from overseas. Moreover, the facility will attract visiting scientists and industry researchers from around the world, as they collaborate on research projects unique to the Hamilton facility.

As a result of this expression of interest, the University has signed a Memorandum of Agreement with IZI to govern the relationship that is expected to generate significant opportunities for collaboration and for business attraction and investment in Hamilton.

This collaboration between McMaster and Fraunhofer-IZI has attracted the attention of many companies, some of which are clients of Fraunhofer, and are interested in locating in the vicinity of where this work will take place. Three German companies currently located in Leipzig, Germany, next to IZI, have already indicated an interest in locating some of their operations in Hamilton, next to the proposed new project center.

This is a unique and ideal opportunity for Hamilton to capture the true economic value of the research that is conducted in McMaster's facilities. The University, working in partnership with the City of Hamilton, can secure this opportunity which is guaranteed to attract investment and create valuable jobs. Other benefits to the City we believe include: developing a new industry focused on cell therapies and bio-engineering; attracting highly qualified scientists to Hamilton and expanding global reputation.

We anticipate that the new facility, initially, will occupy some 40,000 to 50,000 square feet at MIP. We plan to renovate space in the current "warehouse" – the same facility that is the home of the McMaster Automotive Resource Centre (MARC). We estimate the total construction cost to be \$20M.

Our proposed sources of funding currently include the Fraunhofer-IZI Institute, McMaster University, the Province of Ontario, the Federal Economic Development Agency for Southern Ontario (FedDev) and we are also asking for support from the City of Hamilton.

Proposed sources of funding breakdown:

1. McMaster University: Access to 40,000 – 50,000 sq. ft. at the MIP warehouse (@ \$100/sq ft) \$4M
2. Province of Ontario: \$4M
3. Federal Economic Development Agency for Southern Ontario (FedDev): \$8M
4. City of Hamilton: \$4M

TOTAL - \$20M

There is a sense of urgency regarding this opportunity and expression of interest, and therefore, it is our hope Mayor Bratina that you and Council are equally as excited about this, and that we can immediately begin dialogue with Mr. Murray and the appropriate city staff as to the feasibility of this request.

Sincerely,

A handwritten signature in black ink, appearing to read "M. A. Elbestawi". The signature is fluid and cursive, with the first name "M. A." and the last name "Elbestawi" clearly distinguishable.

Mo Elbestawi
Vice-President, Research and International Affairs

cc: Patrick Deane, President and Vice-Chancellor, McMaster University
Chris Murray, City Manager, City of Hamilton