

Commonwealth Health Research Board Meeting Minutes for April 13, 2017

Members in Attendance:

Cynda A. Johnson, M.D., M.B.A., Chair
L. Matthew Frank, M.D., Vice Chair
Kenji M. Cunnion, M.D., M.P.H.
Robert W. Downs, Jr., M.D.
Thomas W. Eppes, Jr., M.D.
Julia A. Spicer

Members Absent:

John R. Onufer, M.D.

Others in Attendance:

Anne C. Pace, M.P.A.
Raya Mandler, Ph.D.
Merrill Mitler, Ph.D.
James O'Donnell, Ph.D.
Arnold Revzin, Ph.D.
Carla R. Collins

Nancy Vorona

Bob Stolle

Administrator
Scientific Consultant
Scientific Consultant
Scientific Consultant
Scientific Consultant
Senior Assistant Attorney General,
Office of the Attorney General
Vice President, Research Investment,
Center for Innovative Technology
Sr. VP Operations, Center for Innovative Technology

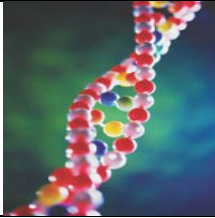
Call to Order:

Chair Cynda A. Johnson, M.D. called the meeting to order at 9:55 a.m. The meeting was held at the Wilton Center, University of Richmond, Virginia 23173. A quorum was present for the transaction of business throughout the meeting.

Chair Cynda A. Johnson, M.D., M.B.A., introduced the newest member of the Commonwealth Health Research Board, Thomas W. Eppes, Jr., M.D. and welcomed two new potential Scientific Reviewers, Raya Mandler, Ph.D. and Arnold Revzin, Ph.D. Drs. Eppes, Mandler and Revzin each provided a brief overview of their current and past work history and experience. Dr. Johnson also congratulated Matthew Frank, M.D. and Julia Spicer on their reappointments to the Board from the Joint Rules Committee and the Governor, respectively.

Approval of Minutes:

Dr. Frank moved to approve the minutes of the December 15, 2016 meeting. Dr. Cunnion seconded the motion. The motion was voted upon and passed unanimously.



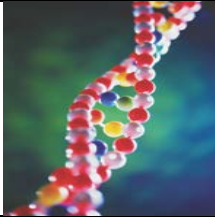
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Virginia Retirement System (VRS) Financial Reports:

Dan Whitlock, CFA, DAIA, Director of Global Equity for the Virginia Retirement System (VRS) was unable to attend the meeting but provided the following information:

1. Commonwealth Health Research Fund Activity through December 31, 2016 which reflects the CHRF balance at \$35,296,332.08.
2. Performance Summary Rolling Periods as of December 31, 2016 which reflects Total VRS Fund Performance for various periods ranging from 1 year to 10 years.
3. VRS Asset Allocation as of December 31, 2016 for the Total VRS Fund: \$69.9 billion.

Asset Base at the end of the quarter was \$35 million dollars	
VRS Performance as of December	Positive absolute returns for 1, 3, 5, 10, 15, 20, 25 years
Asset Allocation – Diversified portfolio:	40.6% Public Equities 16.8% Fixed Income 18.5% Credit 12.8% Real Assets 8.3% Private Equity 2.2% Strategic Opportunities 0.9% Cash
Economic Update – mid to late cycle depending on who you ask	GDP positive, lower than long term averages Real GDP was +2.0% YoY through December (20 year average is 2.6%, 50 year average is 3.1%) Unemployment is low at 4.7% through February, lower than the 50 year average of 6.1% Inflation is rising: CPI is at 2.7% YoY as of February, below long term averages at 2.5%
Market Update –	Market is digesting the likelihood of both proposed Trump reforms and rising interest rates. Tax and deregulation policies may be additive to earnings. Seeing cyclical sectors strongly outperform defensive sectors. U.S. Market is trading at 22x trailing earnings. Getting a bit rich for some – long term expectations of pricing around 15, 16x. If interest rates continue to march upward, this will put downward pressures on the multiple.



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CLOSED SESSION: Personnel and Budget Discussion

Chair Cynda A. Johnson, M.D. moved that the Board go into closed session pursuant to Virginia Code § 2.2-3711 (A)(7) and 2.2-3711 (A)(1) for the purpose of consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the Board, and consultation with legal counsel employed or retained by the Board regarding specific legal matters requiring the provision of legal advice by such counsel regarding a personnel matter pursuant to Virginia Code § 2.2-3711(A)(1).

The motion was seconded by Ms. Spicer. The motion was voted upon and passed unanimously.

Dr. Johnson moved that the Board reconvene in open session. Dr. Cunnion seconded the motion. The motion was voted upon and passed unanimously. The Board adopted the following resolution by roll call vote.

CERTIFICATION

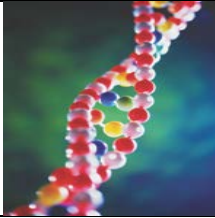
WHEREAS, the Commonwealth Health Research Board has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of The Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the *Code of Virginia* requires a certification by this Board that such closed meeting was conducted in conformity with Virginia law;

NOW, THEREFORE, BE IT RESOLVED, that the Commonwealth Health Research Board certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Board.

A roll call vote of members present was taken. Each approved this certification.

Dr. Downs moved that the Board approve contracts for two additional scientific consultants: Raya Mandler, Ph.D. and Arnold Revzin, Ph.D. for the period April 13, 2017 to June 30, 2017 at up to 40 hours each. These contracts include the scope of work, compensation, and terms and conditions governing the scientific consultants as independent contractors of the CHRB. The contracts for the scientific consultants will include a confidentiality clause and a conflicts of interest clause. Dr. Frank seconded the motion. The motion was voted upon and passed unanimously. The contracts were executed before the Board proceeded further with its meeting.



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CLOSED SESSION: Legal Consultation

Chair Cynda A. Johnson, M.D. moved that the Board go into closed session pursuant to Virginia Code § 2.2-3711 (A) (7) for the purpose of consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the Board, and consultation with legal counsel employed or retained by the Board regarding specific legal matters requiring the provision of legal advice by such counsel regarding the CHRB and VBHRC collaborative project and prospective Grant Agreement.

The motion was seconded by Dr. Downs. The motion was voted upon and passed unanimously.

Dr. Johnson moved that the Board reconvene in open session. Dr. Downs seconded the motion. The motion was voted upon and passed unanimously. The Board adopted the following resolution by roll call vote.

CERTIFICATION

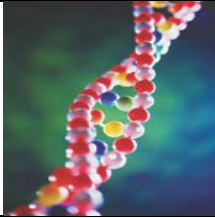
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A roll call vote of members present was taken. Each approved this certification.

Following the Closed Session, Dr. Downs moved that the Board approve \$200,000 to Eastern Virginia Medical School (EVMS), the prime university, and the Principal Investigator, Jerry Nadler, M.D., over a two-year period; subject to satisfactory grant progress and compliance with the provisions of the grant agreement monitored by CHRB. EVMS will subcontract with George Mason University (GMU) for services. Sanyal Biotechnologies, Inc. serves as the Industry Partner for this project. Dr. Downs further moved that the Board delegate the authority to the Board Chair to negotiate the terms of the grant agreement, clarify the role and responsibilities of VBHRC for the grant award, and endorse the agreement on behalf of the Board. Dr. Cunnion seconded the motion; which was voted upon and passed unanimously.



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Presentation from Center for Innovative Technology (CIT) Representatives:

Nancy Vorona, Vice President, Research Investment, and Bob Stolle, Senior Vice President Operations, from the Center for Innovative Technology (CIT) made a presentation to the Board regarding the CIT and its Commonwealth Research Commercialization Fund (CRCR).

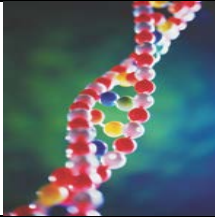
The Center for Innovative Technology (CIT) creates technology-based economic development strategies to accelerate innovation, imagination and the next generation of technology and technology companies. Created in 1985, CIT, a non-profit corporation, plugs gaps at the earliest stages of the Innovation Continuum – commercialization and seed funding – as it helps entrepreneurs launch and grow high-growth technology companies and create high-paying jobs for the future. CIT also creates partnerships between innovative technology start-up companies and advanced technology consumers. CIT carries out its mission through five service lines: CIT Entrepreneur, CIT R&D, CIT Connect, CIT Broadband and Commonwealth Support Programs.

The Commonwealth Research Commercialization Fund (CRCF) awards contribute to the Commonwealth's overall plan to enhance economic development through technology research and commercialization and must further the goals set forth in the Commonwealth Research and Technology Strategic Roadmap. The CRCF makes \$50,000 to \$100,000 grant awards.

Since the inception of the CRCF program in FY 2012, 620 proposals have been received from all of the Commonwealth's 10 technology regions. From these proposals, \$19.9 million has been funded for 232 projects with 100% matching funds provided by recipients. The ten technology regions are: Charlottesville, Fredericksburg, Hampton Roads, Northern Virginia, Region 2000, Richmond, Roanoke-Blacksburg, Shenandoah Valley, Southern Piedmont and Southwest Virginia.

Other outcomes include: new companies formed, follow on investments, technologies licensed, intellectual property created, jobs created, products and services in market and revenue generated. There is an evaluation process in place. CRCF 2017 awards will be announced in two months.

Dr. Johnson thanked Ms. Vorona and Mr. Stolle for their presentation and stated that the Board looks forward to working with them in the future on collaborative research efforts in Virginia.



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CHRB Financial Reports:

CHRB Revenue and Cash Balance as of February 28, 2017

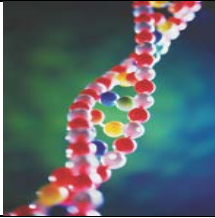
Administrator Pace provided that the cash balance for CHRB administrative and grant budgets amounted to \$231,861.95 as of February 28, 2017.

Approved FY 2016/2017 CHRB Administrative and Grants Expenses [through February 28, 2017 which represents 8 months of the fiscal year]

Administrator Pace provided the Board with FY 2016/2017 year-to-date [YTD] administrative and grant expenses through February 28, 2017: [Per the CARDINAL System, the Commonwealth's new financial system which replaced the Commonwealth Accounting and Reporting System (CARS) effective January 1, 2016.]

FY 2016/2017	APPROVED FY 2016/2017 Administrative Budget	YTD 2016/2017 Expenses [as of February 28, 2017 or 8 months of the FY]	Expenses YTD as a % of Budget	Special Notes:
Total Administrative	\$ 217,328.55	\$ 153,101.44	70%	The majority of expenses are related to personnel expenses for the CHRB Administrator and services provided by scientific consultants, legal counsel and the Department of Accounts who serves as the CHRB's fiscal agent.
Total Grant Disbursements*	\$ 1,213,983.00	\$ 1,055,626.19	87%	Majority of funds disbursed in July 2016 for initial grant payments

*Please note that the Grants Budget of \$1,213,983 is the total of the 2016 Grant Awards. The disbursements for these 2016 grant awards will occur over a period of one or two years.



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Grant Funding Available for FY 2017/2018 CHRB Grant Awards

Administrator Pace provided updates regarding grant funding available for 2017 Grant Awards. Various funding scenarios ranging from 3.5% up to 6.0% were provided. VRS and CHRB Administrative Expenses, as well as outstanding CHRB Grant Obligations will be subtracted from the grant funding available to provide the amount of CHRB funds available for new FY 2017/2018 grants.

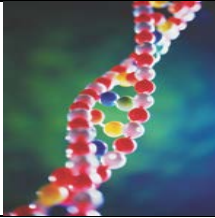
Funds available for 2017 Grant Awards

Calendar Year		Market Value as of 12/31/xx	
January 31 - December 31, 2011	Year 1	\$27,511,097.32	Source: VRS Finance Division CHRF Activity Report for through December 2011
January 31 - December 31, 2012	Year 2	\$29,885,251.45	Source: VRS Finance Division CHRF Activity Report through December 2012
January 31 - December 31, 2013	Year 3	\$33,153,077.91	Source: VRS Finance Division CHRF Activity Report through December 31, 2013
January 31 - December 31, 2014	Year 4	\$34,600,580.37	Source: VRS Finance Division CHRF Activity Report through December 31, 2014
January 31 - December 31, 2015	Year 5	\$34,052,161.12	Source: VRS Finance Division CHRF Activity Report through December 31, 2015
	Total	\$159,202,168.17	
Average Market Value*		\$31,840,433.63	

*Five-year average market value amount of \$31,840,433.63 is based upon figures provided by the Virginia Retirement System. This amount is the average market value of the previous five calendar years.

Available Grant Funding and Funding Scenarios	4.00%	4.50%	5.00%	5.50%	6.00%
Average Market Value = \$31,840,433.63	\$31,840,434	\$31,840,434	\$31,840,434	\$31,840,434	\$31,840,434
Available Grant Funding based upon average market value and % scenario	\$1,273,617	\$1,432,820	\$1,592,022	\$1,751,224	\$1,910,426
Less estimated VRS administrative expenses	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600
Less estimated CHRB administrative expenses	\$217,328	\$217,328	\$217,328	\$217,328	\$217,328
Grant funding available less VRS & CHRB administrative expenses	\$1,053,689	\$1,212,892	\$1,372,094	\$1,531,296	\$1,690,498
Grant funding available less outstanding grant expenses to be paid in FY 2017/2018	\$644,357	\$644,357	\$644,357	\$644,357	\$644,357
Grant funding available to award FY 2017/2018	\$409,332	\$568,535	\$727,737	\$886,939	\$1,046,141

Grant funding to be paid in FY 2017/2018 = FY 2015/2016 final grant payments of \$119,361 and FY 2016/2017 final and initial second year payments of \$524,996 for a total of \$644,357.



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CLOSED SESSION: FY 2017/2018 CHRB Grant Process

Step Two: Discussion of Full Proposals recommended for a presentation to the Board

Chair Cynda A. Johnson, M.D., moved that the Board go into closed session in accordance with the provisions of Sections 2.2-3711 (A)(7), 2.2-3711(A)(30), and 2.2-3705.6 (17) of the Code of Virginia, for the purpose of

Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in open meeting would adversely affect the negotiating or litigating posture of the Board, and consultation with legal counsel employed or retained by the Board regarding specific legal matters requiring the provision of legal advice by such counsel regarding :

records submitted as a grant or loan application, or accompanying a grant or loan applicationto the extent such records contain proprietary business or research-related information produced or collected by the applicant in the conduct of or as a result of study or research on medical, rehabilitative, scientific, technical, technological, or scholarly issues, when such information has not been publicly released, published, copyrighted, or patented, if the disclosure of such information would be harmful to the competitive position of the applicant. Virginia Code § 2.2-3705.6 (17).

Dr. Downs seconded the Motion, and it passed unanimously. Chair Cynda A. Johnson, M.D. moved that the Board reconvene in open session. Dr. Eppes seconded the motion. The motion was voted upon and passed unanimously. The Board adopted the following resolution by roll call vote.

CERTIFICATION

Chair Cynda A. Johnson, M.D. moved the adoption of the following resolution:

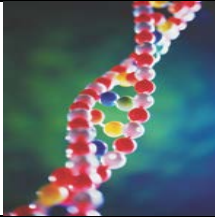
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NOW, THEREFORE, BE IT RESOLVED, that the Commonwealth Health Research Board certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Board.

A roll call vote of members present was taken. Each approved this certification.

The following motions were made after the Closed Session, voted upon and passed unanimously:

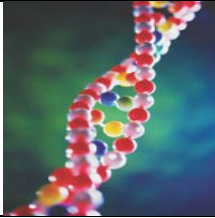


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[1] Dr. Downs moved that 10 Full Proposals will be presented to the CHRB on May 18, 2017; which was seconded by Dr. Frank. Administrator Pace will contact those 10 Principal Investigators requesting that each make a presentation to the Board. Administrator Pace will also provide reviewer comments to those Principal Investigators from whom Full Proposal submissions will not be requested.

[2] The Board unanimously approved a motion by Dr. Cunnion, which was seconded by Dr. Downs, for the following three Principal Investigators to receive second-year funding to continue their CHRB grant award initially funded in FY 2016/2017. Administrator Pace will contact the following Principal Investigators regarding the outcome of the Board's decisions:

Institution/ Organization	Principal Investigator	Grant Title
Virginia Commonwealth University	Matthew Hartman, Ph.D.	<i>Development of an oxygen-independent strategy for targeted phototherapy of cancer</i>
Virginia Commonwealth University	Masahiro Sakagami, Ph.D.	<i>A salvianolic acid B derivative: HIF1 α/STAT3-directed VEGF stimulation for lung repair in emphysema</i>
Virginia Commonwealth University	Erdem Topsakal, Ph.D.	<i>Implantable Biosensors for Long-Term Continuous Glucose Monitoring</i>



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Other Business to come before the Board:

Election of Officers: The Board unanimously approved the election of CHRB officers for FY 2017/2018: Cynda A. Johnson, M.D., M.B.A. was reelected as CHRB Chair and L. Matthew Frank, M.D. was reelected as CHRB Vice Chair.

CHRB Website Redesign and Enhancements: Administrator Pace updated the Board with news that the CHRB Website was being redesigned to be more user friendly with the hopes of introducing the new website around July 1, 2017.

Proposed CHRB Grant Guidelines FY 2018/2019, CHRB Policies and Procedures, CHRB Grant Agreement and CHRB Bylaws [to be voted on at the May 18, 2017 meeting and effective July 1, 2017]: The Board discussed amending the Bylaws to delegate authority to the CHRB's Administrator to request additional information from a grant applicant during the review of a Concept Paper or Full Proposal as part of the Administrative and Technical Compliance Review Process. The Board discussed its desire to ensure that scientific reviews are not denied applicants solely based upon minor technical issues with an application that could be resolved by a phone call from the Administrator to the applicant. The Board then decided by consensus to defer further discussion of any proposed revisions to any of the CHRB's governing documents until the May 18, 2017 meeting due to time constraints at the current meeting.

Next meeting:

Chair Cynda A. Johnson, M.D., moved that the meeting be adjourned. The motion was seconded by Ms. Spicer, voted upon, and passed unanimously by the Board. The meeting adjourned at 2:30 p.m. The Board's next meeting will be Thursday, May 18, 2018 at the Jepson Alumni Center, University of Richmond. At this meeting, presentations will be heard from 10 grant finalists. The Board will also make decisions regarding those finalists that will be awarded a CHRB Grant.