



Commonwealth Health Research Board Meeting Minutes for April 10, 2014

Members in Attendance:

Robert S. Call, M.D., Chairman
George E. Broman, Jr., M.D., Vice Chairman
Kenji M. Cunnion, M.D., M.P.H.
L. Matthew Frank, M.D.
Cynda A. Johnson, M.D., M.B.A.
Cynthia E. Keppel, Ph.D.

Members Absent:

Others in Attendance:

Anne C. Pace, M.P.A., Administrator
James O'Donnell, Ph.D., Scientific Consultant
Carlos Caban, Ph.D., M.P.H., Scientific Consultant
Carla R. Collins, Assistant Attorney General III, Office of the Attorney General

Call to Order:

Chairman Robert S. Call, M.D. called the meeting to order at 10:00 a.m. The meeting was held at the Wilton Center, University of Richmond, Richmond, Virginia 23173. A quorum was present for the transaction of business throughout the meeting.

Chairman Robert S. Call, M.D. welcomed our newest member to the Board, Dr. Kenji M. Cunnion.

Approval of Minutes:

The December 12, 2013 meeting minutes were approved unanimously by the Board with non-substantive edits recommended by counsel and the following edit submitted by Administrator Pace:

Page 6, delete sentence, "Mrs. Pace will provide a report to the Board at its April 2013 meeting in the hopes of implementing this review"

Page 6, insert sentence, "Administrator Pace will provide a report to the Board at its April **2014** meeting in the hopes of implementing this review"

Virginia Retirement System (VRS) Financial Reports:

Dan Whitlock, CFA, CAIA, Director of Global Equity for the Virginia Retirement System (VRS) was not in attendance at the meeting due to a scheduling conflict. However, he provided comments and several documents in advance of the meeting for distribution to members. [Source of documents: VRS Finance Division]



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VRS Comments:

Asset Base Increasing over the quarter to \$33.2 million dollars

- The CHRF quarter's return and VRS return match
- + 4.3% for the quarter

VRS Performance

- Strong absolute performance across board – 10, 5, 3, and 1 years
- Strong relative performance across board - beating benchmark in all periods

Asset Allocation – Diversified portfolio

- 44% Public Equities
- 19% Fixed Income
- 18% Credit
- 10% Real Assets
- 8% Private Equity
- 1% Strategic Opportunities

Economic Update – Still recovering

- GDP positive, at long term averages
 - Real GDP was to 2.6% YoY through December (20 year average is 2.6%, 50 year average is 3.1%)
- Unemployment is still high at 6.7% through February, but much lower than the 9.9% peak in 12/09, but higher than the 50 year average of 6.1%
 - With less than a high school diploma it is 9.8%
 - With a bachelor's degree or higher it is 3.4%
- Inflation: CPI is still low at 1.1% as of 2/28, below long term averages at 2.5%

Market Update

- Market is setting new highs - Our 1 year global benchmark return for 2013 was +23%
- Overall, earnings in the U.S. have been solid and are ~20% above 2007 peaks
- Even though earnings were positive and healthy, most of the high returns for developed markets globally in 2013 were from P/E expansion
 - people have more confidence in the market and are willing to pay more for exposure
 - people don't see as attractive opportunities in bonds
- U.S. Market trading at 17.4x trailing earnings, 15.5x forward earnings
 - Reasonable, close to long term averages, perhaps a bit rich



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Documents distributed to the members included the following:

1. Commonwealth Health Research Fund Activity through December 31, 2013 which reflects the December 31, 2013 CHRFB balance at \$33,153,077.91.
2. Performance Summary Rolling Periods as of December 31, 2013 which reflects Total VRS Fund Performance for various periods ranging from 1 year to 10 years.
3. Virginia Retirement System Asset Allocation as of December 31, 2013 for the Total VRS \$62.3 billion VRS Fund.

Dr. Frank asked Administrator Pace to follow up with Mr. Whitlock to request a graph depicting a five-year moving average [for CHRFB funds] and to ask for Mr. Whitlock's recommendation regarding how much grant funding the Board should award for the FY 2014/2015 grants cycle in light of the current status of the Fund and its most likely future status.

CHRB Financial Reports:

CHRB Revenue and Cash Balance

Administrator Pace provided that the cash balance for CHRB administrative and grant budgets amounted to \$208,546.91 as of February 28, 2014.

Approved FY 2013/2014 CHRB Administrative and Grants Expenses [through February 28, 2014 which represents 8 months of the fiscal year]

Administrator Pace provided the Board with FY 2013/2014 year-to-date [YTD] administrative and grant expenses through February 28, 2014: [Per the Commonwealth Accounting and Reporting System (CARS)]

FY 2013/2014	APPROVED FY 2013/2014 Administrative Budget	YTD 2013/2014 Expenses [as of February 28, 2014 or 8 months of the FY]	Expenses YTD as a % of Budget	Special Notes:
Total Administrative	\$ 185,483.75	\$ 109,162.14	59%	Greatest expenditures are for salaries and management services
Total Grant Disbursements	\$ 746,688.00	\$ 667,435.86	89%	Majority of funds disbursed in July 2013 for initial grant payments



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Grant Funding Available for FY 2014/2015 CHRB Grant Awards

Administrator Pace provided updates regarding grant funding available for 2014 Grant Awards. Various funding scenarios ranging from 3.5% up to 6.0% were provided. VRS Administrative Expenses, CHRB Administrative Expenses and outstanding CHRB Grant Obligations will be subtracted from the grant funding available to provide the amount of CHRB funds available for new FY 2014.2015 grants.

Funds available for 2014 Grant Awards

Calendar Year		Market Value as of 12/31/xx
January 31 - December 31, 2008	Year 1	\$22,749,283
January 31 - December 31, 2009	Year 2	\$25,803,429
January 31 - December 31, 2010	Year 3	\$28,320,007
January 31 - December 31, 2011	Year 4	\$27,511,097.32
January 31 - December 31, 2012	Year 5	\$29,885,251.45
	Total [rounded]	\$134,269,068
	Average Market Value [rounded]	\$26,853,814

Five-year average market value amount of \$26,853,814 is based upon figures provided by the Virginia Retirement System. This amount is the average market value of the prior five calendar years.

Available Grant Funding and Funding Scenarios	Average Market Value of 4%	Average Market Value of 4.50%	Average Market Value of 5%	Average Market Value of 5.50%	Average Market Value of 6%
Average Market Value = \$26,853,814	\$26,853,814	\$26,853,814	\$26,853,814	\$26,853,814	\$26,853,814
Available Grant Funding based upon average market value	\$1,074,153	\$1,208,422	\$1,342,691	\$1,476,960	\$1,611,229
Less estimated VRS administrative expenses	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600
Less estimated CHRB administrative expenses	\$185,484	\$185,484	\$185,484	\$185,484	\$185,484
Grant funding available less VRS & CHRB administrative expenses	\$886,069	\$1,020,338	\$1,154,607	\$1,288,876	\$1,423,145
Grant funding available less outstanding grant expenses to be paid in FY 2014/2015	\$518,548	\$518,548	\$518,548	\$518,548	\$518,548
Grant funding available to award FY 2014/2015	\$367,521	\$501,790	\$636,059	\$770,328	\$904,597

Grant funding to be paid in FY 2014/2015 = FY 2012/2013 final grant payments of \$74,660 and FY 2013/2014 final and initial second year payments of \$443,888.



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Proposed FY 2014/2015 CHRB Administrative Budget

The FY 2014/2015 CHRB proposed administrative budget will be distributed to the members prior to the May 15, 2013 meeting. Administrator Pace and Chairman Robert S. Call, M.D., are in the process of finalizing the proposed CHRB FY 2014/2015 administrative budget.

FY 2014/2015 CHRB Grant Process

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

CLOSED MEETING

MOTION

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, Chairman Robert S. Call, M.D. moved that the Board go into closed meeting 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 :

determining the appropriate action for violations of the CHRB's Policies and Procedures and the terms and conditions of a Grant Agreement regarding a pending grant and records submitted as a grant or loan application, or accompanying a grant or loan application.....to 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. Frank seconded the Motion, and it passed unanimously.

CERTIFICATION

Chairman Robert S. Call, M.D. moved the adoption of the following resolution:

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



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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 approved this resolution unanimously.

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

[1] Thirteen Full Proposals will be presented to the CHRHB on May 15, 2014. Separate motions were made, voted upon, and passed unanimously regarding each of two additional grant applications. Dr. Cunnion recused himself from voting on a grant application from EVMS. Dr. Keppel recused herself from voting on a grant application from Hampton University. Those additional Full Proposals will be presented to the CHRHB on May 15, 2014, as well, which means that a total of fifteen Full Proposals will be presented. Administrator Pace will contact those 15 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] Five two-year CHRHB Grant Awards will receive second year funding. Administrator Pace will notify the following Principal Investigators regarding continued second year funding.

Principal Investigator	Institution/Organization	Grant Title
Stephen Deutsch, M.D., Ph.D. #274-11-13	Eastern Virginia Medical School	Identifying NMDA Receptor Interventions for the Treatment of Impaired Sociability in Autism Spectrum Disorders using an Automated High-Throughput Screening Technology
Rebecca Heise, Ph.D. #236-05-13	Virginia Commonwealth University	Development of Extracellular Matrix Hydrogels for Lung Regeneration
Michael Leopold, Ph.D. #307-01-13	University of Richmond	Amperometric Biosensors Incorporating Nanoparticle Networks: Monitoring Sepsis using Lactate Measurement
Michael Neale, Ph.D. #236-11-13	Virginia Commonwealth University	Whole Exome Sequencing to Improve Stem Cell Transplant Outcomes
Laurie Wellman, Ph.D. #274-13-13	Eastern Virginia Medical School	Oxytocin and Exposure Therapy: A Novel Approach for Treating PTSD



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[3] The weight to be given to criteria in reviewing Concept Paper and Full Proposal submissions to the Commonwealth Health Research Board has been revised to require a double weighting of the “Approach” criteria. This revised weighting of review criteria will be implemented beginning with the FY 2015/2016 grant process for grants awarded July 1, 2015 and will be used in all scientific reviews of grant applications and in the identification of the scientific scores for grant applications.

Other Business to come before the Board:

Election of Officers: The Board approved the election of CHRBR officers for FY 2014/2015: Robert S. Call, M.D. was reelected as CHRBR Chairman and Cynda A. Johnson, M.D. was elected as CHRBR Vice Chairman.

CHRBR Grant Guidelines and Policies and Procedures: CHRBR Grant Guidelines and Policies and Procedures will be distributed to the members, for their review and input, prior to the May 15, 2014 meeting.

On-line Review of CHRBR Grant Applications: Administrator Pace is working with the Department of Accounts [DOA] Information Technology staff to develop a system to allow CHRBR members to review grant applications [Concept Papers and Full Proposals] “on- line” versus receiving numerous emails with individual grant applications and summary reviews. Administrator Pace will provide a report to the members with related costs prior to or at the May 15, 2014 meeting. If approved by the Board, implementation would not take place until the summer of 2015 in preparation for the FY 2016/2017 CHRBR Grants Process.

CHRBR Webinar: Administrator Pace provided the Board with an update on a CHRBR Webinar. The software package, *Camtasia*, has been purchased to allow Power Point training modules to be added to the CHRBR Website. Currently, Power Point presentations for both the CHRBR Grant Guidelines and the CHRBR Policies and Procedures are available on the CHRBR Website. DOA IT staff is working with Administrator Pace to set voice to the presentations [The anticipated period of completion is the summer of 2014]. Interested grant applicants will be able to see and hear an overview of the CHRBR Grant Guidelines and CHRBR Policies and Procedures. The training modules will emphasize compliance with these documents and answers to frequently asked questions.

Administrator Pace is also working with DOA IT staff to develop a “live” webinar, in lieu of a grants training workshop, to allow grant applicants, Offices of Sponsored Programs and other interested parties an opportunity to review the documents online and ask questions. Administrator Pace will provide a report to the members regarding this initiative prior to or at the May 15, 2014 meeting.



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Next meeting:

Chairman Robert S. Call, M.D. moved that the meeting be adjourned. The motion was seconded by Dr. Keppel, voted upon, and passed unanimously by the Board. The meeting adjourned at 12:35 p.m.

The Board's next meeting will be Thursday, May 15, 2014 at the Gottwald Science Center, University of Richmond. At this meeting, presentations will be heard from 15 grant finalists.