

Commonwealth Health Research Board Meeting Minutes for April 9, 2015

Members in Attendance:

Robert S. Call, M.D., Chairman
Cynda A. Johnson, M.D., M.B.A., Vice Chairman
Kenji M. Cunnion, M.D., M.P.H.
L. Matthew Frank, M.D.
John R. Onufer, M.D.

Members Absent:

Others in Attendance:

James F. O'Donnell, Ph.D.
Carlos E. Caban, Ph.D., M.P.H.
Stephen F. Adelaar, CFA
Carla Collins

Scientific Consultant
Scientific Consultant
Investment Officer, Virginia Retirement System
Assistant Attorney General III, Office of the
Attorney General

Call to Order:

Chairman Robert S. Call, M.D. called the meeting to order at 10:01 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. Vice Chairman Cynda A. Johnson, M.D., M.B.A., thanked Chairman Call for his ten-year service to the CHRB and presented him with a Commonwealth of Virginia flag that was flown over the State Capitol in his honor.

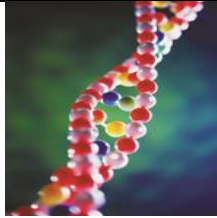
Approval of Minutes:

Dr. Call moved to approve the minutes of the December 11, 2014 meeting. Dr. Cunnion seconded the motion. The motion was voted upon and passed unanimously.

Virginia Retirement System (VRS) Financial Reports:

Stephen F. Adelaar, CFA, Investment Officer for the Virginia Retirement System (VRS) reviewed the following information with the Board:

1. Commonwealth Health Research Fund Activity through December 31, 2014 which reflects the December 31, 2014 CHRFB balance at \$34,600,580.37
2. Performance Summary Rolling Periods as of December 31, 2014 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, 2014 for the Total VRS \$65.9 billion VRS Fund.



Commonwealth Health Research Board Meeting Minutes for April 9, 2015

Mr. Adelaar stated that the quarter-ending December 31, 2014 return of 1.5% for the Commonwealth Health Research Fund [CHRF] matches the overall VRS portfolio return. Performance over recent years has been strong on both an absolute return basis and relative to respective benchmarks. Markets continued to trend upward in the 2014 calendar year, although there was more volatility than 2013. The US stock market performed well and continued to outperform international markets. Bonds continued to do surprisingly well, especially long-term US treasury bonds which returned over 25% in the past calendar year.

In reference to the VRS Asset Allocation handout which reflects the total VRS Fund market value at \$65.9 billion; Public Equity comprises 43% of the total investments while Private Equity represents 8% of the total. Credit strategies amount to 18%, Fixed Income 19%, Real Assets 11% and Cash 1%.

Administrator Pace referenced a document entitled, **History of the CHRB and Investments** which provides a history of the Commonwealth Health Research Board and Fund and its investments. Dr. Johnson had requested this historical information at an earlier meeting.

CHRB Financial Reports:

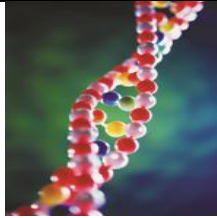
FINAL FY 2013/2014 Final CHRB Expenses [through June 30, 2014]

Administrator Pace provided a summary of the FY 2013/2014 Final CHRB Administrative and Grant expenses:

FY 2013/2014	APPROVED FY 2013/2014 Administrative Budget	YTD 2013/2014 Expenses [as of June 30, 2014]	Expenses YTD as a % of Budget	Special Notes:
Total Administrative	\$ 185,483.75	\$ 181,661.67	98%	Greatest expenditures are for salaries and management services
Total Grant Disbursements	\$ 746,688.00	\$ 962,409.22	93%	Majority of funds disbursed in July 2013 for initial grant payments

CHRB Revenue and Cash Balance as of February 28, 2015

Administrator Pace provided that the cash balance for CHRB administrative and grant budgets amounted to \$228,970.15 as of February 28, 2015.



Commonwealth Health Research Board Meeting Minutes for April 9, 2015

Approved FY 2014/2015 CHRB Administrative and Grants Expenses [through February 28, 2015 which represents 8 months of the fiscal year]

Administrator Pace provided the Board with FY 2014/2015 year-to-date [YTD] administrative and grant expenses through February 28, 2014: [Per the Commonwealth Accounting and Reporting System (CARS)]

FY 2014/2015	APPROVED FY 2014/2015 Administrative Budget	YTD 2014/2015 Expenses [as of February 28, 2015 or 8 months of the FY]	Expenses YTD as a % of Budget	Special Notes:
Total Administrative	\$ 191,172.58	\$ 135,378.06	71%	Greatest expenditures are for salaries and management services
Total Grant Disbursements	\$ 1,017,500.00	\$ 887,691.81	87%	Majority of funds disbursed in July 2014 for initial grant payments

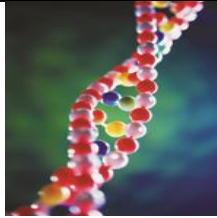
Grant Funding Available for FY 2015/2016 CHRB Grant Awards

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 2015.2016 grants.

Funds available for 2015 Grant Awards

Calendar Year		Market Value as of 12/31/xx
January 31 - December 31, 2009	Year 1	\$25,803,429
January 31 - December 31, 2010	Year 2	\$28,320,007
January 31 - December 31, 2011	Year 3	\$27,511,097.32
January 31 - December 31, 2012	Year 4	\$29,885,251.45
January 31 - December 31, 2013	Year 5	\$33,153,077.91
	Total [rounded]	\$144,672,862.68
	Average Market Value [rounded]	\$28,934,572.54

Five-year average market value amount of \$28,934,572.54 is based upon figures provided by the Virginia Retirement System. This amount is the average market value of the previous five calendar years.



Commonwealth Health Research Board Meeting Minutes for April 9, 2015

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 = \$28,934,573	\$28,934,573	\$28,934,573	\$28,934,573	\$28,934,573	\$28,934,573
Available Grant Funding based upon average market value	\$1,157,383	\$1,302,056	\$1,446,729	\$1,591,401	\$1,736,074
Less estimated VRS administrative expenses	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600
Less estimated CHRB administrative expenses	\$197,922	\$197,922	\$197,922	\$197,922	\$197,922
Grant funding available less VRS & CHRB administrative expenses	\$956,861	\$1,101,534	\$1,246,207	\$1,390,879	\$1,535,552
Grant funding available less outstanding grant expenses to be paid in FY 2015/2016	\$666,875	\$666,875	\$666,875	\$666,875	\$666,875
Grant funding available to award FY 2015/2016	\$289,986	\$434,659	\$579,332	\$724,004	\$868,677

Grant funding to be paid in FY 2015/2016 = FY 2013/2014 final grant payments of \$110,625 and FY 2014/2015 final and initial second year payments of \$556,250 for a total of \$666,875.

CLOSED SESSION: Personnel and Budget Discussion

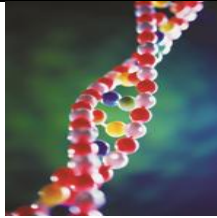
Chairman Robert S. Call, M.D. moved that the Board go into closed session pursuant to Virginia Code § 2.2-3711 (A)(7) and 2.2-3711 (A)(1) for the purpose of consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation 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 Dr. Frank. 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



Commonwealth Health Research Board Meeting Minutes for April 9, 2015

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.

Dr. Call moved that the Board approve the proposed FY 2015/2016 CHRB Administrative Budget in the amount of \$197,921.97. The motion was seconded by Dr. Cunnion. The motion was voted upon and passed unanimously. The approved CHRB Administrative Budget includes \$17,892.36 for fiscal services provided by the Department of Accounts [DOA] to the Board. A breakdown of the DOA fiscal fee is provided in Attachment A. The contents of Attachment A are incorporated here by reference as if fully set forth here. The approved CHRB Administrative Budget includes a 2.5% salary increase and corresponding fringe benefits for the Administrator, Anne Pace and an increase in the hourly fee paid to the scientific consultants from \$100 per hour to \$105 per hour. The Board also delegated authority to Chairman Robert S. Call, M.D. and authorized him to complete a performance review of the CHRB Administrator and to develop any contracts or contract amendments necessary to establish the scope of work, compensation, and terms and conditions governing the scientific consultants as independent contractors of the CHRB.

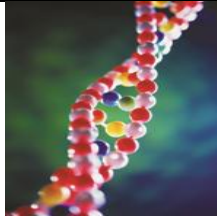
CLOSED SESSION: FY 2015/2016 CHRB Grant Process

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

Chairman Robert S. Call, 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-



Commonwealth Health Research Board Meeting Minutes for April 9, 2015

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. Onufer 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

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.

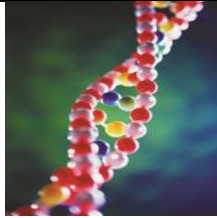
A roll call vote of members present approved this resolution unanimously.

The following motion was made after the Closed Session, voted upon and passed unanimously:

Ten Full Proposals will be presented to the CHRB on May 14, 2015. 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.

CLOSED SESSION: Progress of Ongoing CHRB Grant Awards and Discussion Concerning #45-10 Grant Award

Chairman Robert S. Call, 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



Commonwealth Health Research Board Meeting Minutes for April 9, 2015

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 and regarding CHRB Grant Award #45-10.

Dr. Onufer 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

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] Decisions regarding second-year funding for six two-year grant awards will be made at the May 14, 2015 meeting. Interim reports were due March 31, 2015 and reviews are ongoing.

[2] The Board was given an update on the issue regarding CHRB Grant Award #45-10. The Board discussed the issue and delegated authority to Administrator Pace, counsel, and the Board's Chairman to proceed with negotiations within certain parameters concerning this issue.



Commonwealth Health Research Board Meeting Minutes for April 9, 2015

CHRB Grant Related Documents

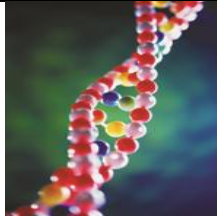
Administrator Pace reviewed the following proposed grant related documents with the Board with a focus on significant changes. The Board will vote on the approval of these documents at the May 14, 2015 meeting.

[1] CHRB Grant Guidelines and Application Instructions FY 2016/2017 [effective July 1, 2015]

- Concept Paper submissions will be due on September 17, 2015.
- Times New Roman 12 point font style must be used for the Concept Paper and Full Proposal research plan narrative.
- Format of Concept Paper and Full Proposal submission and number of required attachments.
- Budget rationale document can also be used to explain any special circumstances related to the project participants as they relate specifically to the applicant institution or organization e.g. salary increases, calculation of fringe benefits, what fringe benefits are included as it relates to IRS student exemption, etc. A summary of how the matching funds will be spent e.g. salaries, supplies, animal costs, etc. must also be provided.
- Revise the definition of a Collaborator to align with the definition of a Co-Investigator.
- Add role of Advisor/Mentor to provide limited advisory services and/or services as a mentor to the Principal Investigator.
- Clarify and strengthen wording as to when a Graduate Student enrolled in a pre-Master or pre-Doctoral Program can participate in a CHRB grant project to read: A Graduate Student enrolled in a pre-Master or pre-Doctoral Program can participate in a CHRB grant project only as a research assistant at no greater than 20% effort during the academic year and summer (since this individual is likely dedicating significant effort to dissertation research). CHRB policies reflect the expectation that dissertations are to be based on original research by the Pre-Masters or Pre-Doctoral student that would be significantly different from the research conducted as a research assistant under a CHRB grant. The CHRB project, including findings and data from it, cannot be used in the student's thesis or dissertation research. CHRB does not fund training grants, and no CHRB funds can be used to support thesis or dissertation research.

[2] CHRB Policies and Procedures [effective July 1, 2015]

- Under Requests for Reconsideration during Grant Application Review Process, clarify that the Principal Investigator, in a written request for reconsideration, must allege the specific factual errors that constitute the basis for the request. The reconsideration request is not an opportunity to provide additional information to supplement the original Concept Paper or, if applicable the Full Proposal submission.
- Revise the definition of a Collaborator to align with the definition of a Co-Investigator.
- Add role of Advisor/Mentor to provide limited advisory services and/or services as a mentor to the Principal Investigator.



Commonwealth Health Research Board Meeting Minutes for April 9, 2015

- Clarify and strengthen wording as to when a Graduate Student enrolled in a pre-Master or pre-Doctoral Program can participate in a CHRB grant project to read: A Graduate Student enrolled in a pre-Master or pre-Doctoral Program can participate in a CHRB grant project only as a research assistant at no greater than 20% effort during the academic year and summer (since this individual is likely dedicating significant effort to dissertation research). CHRB policies reflect the expectation that dissertations are to be based on original research by the Pre-Masters or Pre-Doctoral student that would be significantly different from the research conducted as a research assistant under a CHRB grant. The CHRB project, including findings and data from it, cannot be used in the student's thesis or dissertation research. CHRB does not fund training grants, and no CHRB funds can be used to support thesis or dissertation research.

[3] CHRB Grant Agreement [effective July 1, 2015]

- Changes were made to align wording with the CHRB Policies and Procedures.
- Clarified and strengthened wording regarding the Institutional Review Board [IRB] and Institutional Animal Care and Use Committee [IACUC] to require that the Grantee Institution or Organization and Principal Investigator agree that any modifications to the project that require resubmission to the IRB or IACUC for approval will also require the approval of the CHRB as this would constitute a change in scope. Updated copies of modified or updated protocols must also be provided to the CHRB Administrator in a timely manner.

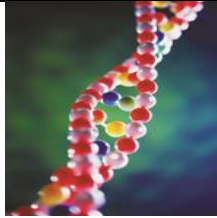
[4] CHRB By Laws [effective July 1, 2015]

- Expanded the authority delegated to the CHRB Chairman.
- Expanded the authority delegated to the CHRB Administrator.

Other Business to come before the Board:

Election of Officers: The Board approved the election of CHRB officers for FY 2015/2016: Cynda A. Johnson, M.D., M.B.A. was elected as CHRB Chairman and L. Matthew Frank, M.D. was elected as CHRB Vice Chairman.

CHRB CLOUD Project [On-line Review of CHRB Grant Applications]: Administrator Pace provided an update to the Board: Work continues on the Cloud project. The supporting database structures have been built, and screens are currently being designed and coded. The existing Grant Submission system has been expanded to allow the upload of 10 files per application, and Anne and Trish worked to establish file formats and naming conventions so that the files will be compatible with the new Cloud system. In addition, the existing Grant Submission system was tested for security vulnerabilities by VITA, and the security improvements recommended are being incorporated into the Cloud project as well. Testing will take place in phases; it is anticipated that the first round of testing will take place in June.



Commonwealth Health Research Board Meeting Minutes for April 9, 2015

Recodification of Title 23: Code of Virginia: Administrator Pace provided information to the Board regarding recodification of Title 23 [which will not occur until the 2016 General Assembly Session]

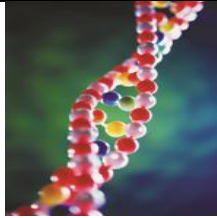
Background: Periodically, the Virginia Code Commission reviews an existing Title of the Code of Virginia for provisions that need to be reorganized, need to be updated, or have become obsolete. One of the main purposes of a recodification is to improve the organization of the Title. As sections are added, amended, and repealed over the years, the title loses its organizational structure. The Code Commission is charged with gradually revising the Code of Virginia one Title at a time. Typically, the Code Commission reviews a Title every one or two years. Title 23 of the Code of Virginia is now under review which includes the **Commonwealth Health Research Board and Fund** and the **Christopher Reeve Stem Cell Research Fund** under Title 23, Subtitle V. under “Other Educational Institutions”.

CHRB Administrator Anne Pace and Assistant Attorney General Carla Collins, with approval from the CHRB Board Chairman, have been working on suggested revisions for the recodification of Title 23. The Recodification of Title 23 workgroup will be meeting over the summer and into September to finalize changes to Title 23. The CHRB statute will be discussed at the September 24, 2015 workgroup meeting. Any final recommended changes to CHRB language will be presented to the Board for their review, edit and approval. Suggestions thus far include:

[1] Move the CHRB and Fund and the Christopher Reeve Stem Cell Research Fund to its own chapter in Title 32.1 (lines 1-187).

Regarding the placement of the CHRB's governing law within the Code, the CHRB would like to propose that it be relocated to Title 32.1 and given a new designation of Chapter 5.3 within that Title. This would group the provisions with others concerning health-related law and locates it right after provisions concerning human research and cloning. This seems to be an appropriate placement since the CHRB funds human health research and is responsible for the Christopher Reeve Fund, as well.

[2] Clarification regarding Board terms. Our understanding of the language is that if a member is appointed to serve an unexpired term, he or she can serve 2 **additional** 5-year terms subsequent to the expiration of the term for which he or she originally was appointed. The way it reads with the language now proposed, it could be interpreted to mean that the unexpired term is part of the total time for which he or she may serve. We suggest the following language: "No member shall serve more than two consecutive five-year terms, unless he or she was appointed to complete the unexpired term of another. In that case, the member shall be eligible to serve two consecutive five-year terms following the expiration of the term for which he or she originally was appointed."



Commonwealth Health Research Board Meeting Minutes for April 9, 2015

CHRB Audit by the Auditor of Public Accounts [APA]: Normally the APA completes an audit of the CHRB every two years. The next audit would be for FY 2013/2014 and FY 2014/2015. However, per the APA, the next CHRB audit will not be completed until January 2016 due to staffing issues.

Next meeting:

Chairman Robert S. Call, M.D. moved that the meeting be adjourned. The motion was seconded by Dr. Onufer, 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 14, 2015 at the Gottwald Science 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.