

Commonwealth Health Research Board Meeting Minutes for December 13, 2018

Members in Attendance:

L. Matthew Frank, M.D., Vice Chair
Robert W. Downs, Jr., M.D.
Thomas W. Eppes, Jr., M.D.
Eric Lowe, M.D.
Julia Spicer

Members Absent:

Cynda A. Johnson, M.D. M.B.A., Chair

Others in Attendance:

Anne C. Pace, M.P.A.
Carla R. Collins

Raya Mandler, Ph.D.
Merrill Mitler, Ph.D.
Arnold Revzin, Ph.D.

Position:

Administrator
Senior Assistant Attorney General
Office of the Attorney General
Scientific Consultant
Scientific Consultant
Scientific Consultant

Call to Order:

Vice Chair, L. Matthew Frank, M.D. called the meeting to order at 9:50 a.m. The meeting was held at the Jepson Alumni Center, Rosenbaum Conference Room, University of Richmond, Virginia 23173. A quorum was present for the transaction of business throughout the meeting.

Approval of Minutes:

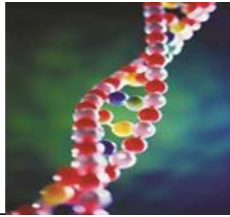
Dr. Downs moved to approve the minutes of the May 18, 2018 meeting. Dr. Eppes seconded the motion. The motion was voted upon and passed unanimously.

Virginia Retirement System (VRS) Financial Reports

CHRB Administrator Anne Pace provided several documents with the members to include [Source of documents: VRS Finance Division]

1. Analysis of Commonwealth Health Research Fund Activity Report reflects the September 30, 2018 CHRF ending balance at \$38,810,120.98.
2. Performance Summary Rolling Periods ending September 30, 2018 which reflects Total VRS Fund Performance for various periods ranging from 1 year to 10 years.
3. Virginia Retirement System Asset Allocation as of September 30, 2018 for the Total VRS \$80.2 billion VRS Fund.

CHRB Administrator Anne Pace added that Patricia “Trish” Bishop, VRS Director, and Barry Faison, VRS Chief Financial Officer, will be invited to the April 4, 2019 meeting to provide an overview of VRS and CHRF investments.



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CHRB Financial Reports:

FINAL FY 2017/2018 (July 1, 2017 - June 30, 2018) CHRB Administrative & Grants Expenses

Administrator Pace provided the Board with FY 2017/2018 FINAL administrative and grant expenses through June 30, 2018: [Per the Commonwealth's CARDINAL accounting system]

FY 2017/2018 Revenue and Cash Balance

CHRB Revenue and Cash Balance as of June 30, 2018	\$ 227,587.29
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FY 2017/2018 Final Expenses

CHRB Final Expenses as of June 30, 2018	Approved	Expenses	Difference
Administrative	\$ 244,464.94	\$ 256,865.39	\$ (12,400.45)
Grant Disbursements	\$1,119,696.00	\$1,072,061.63	\$ 47,634.37

The majority of the shortfall was related to expenses in the categories of Attorney Services, Department of Accounts (DOA) Fiscal Services, and Management Consultants. The Budget shortfall in the Attorney Services category resulted from a change in the manner of paying for services from a one-year lag in billing to paying a retainer advance with a cap of \$10,000. The increase in expenses in the DOA Fiscal Services category resulted from salary increases for individuals assisting the CHRB. The increase in expenses for Management Consultants is a result of additional responsibilities for one of the scientific reviewers.

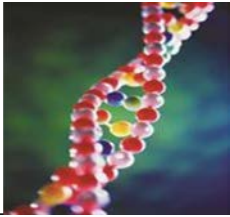
Year-to-Date 2018/2019 (July 1, 2018 – June 30, 2019) CHRB Administrative & Grants Expenses through October 31, 2018

FY 2018/2019 Revenue and Cash Balance

CHRB Revenue and Cash Balance as of October 31, 2018	\$ 543,944.76
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FY 2018/2019 Year to Date (YTD) Expenses

CHRB Final Expenses as of October 31, 2018	Approved	Expenses through October 31, 2018 or 4 months of the fiscal year	Expenses YTD as a % of Budget	Notes:
Administrative	\$ 249,871.16	\$ 77,748.52	31%	Greatest expenditures are for salaries, management services (scientific consultants and attorney services).
Grant Disbursements	\$1,251,185.00	\$1,108,959.98	89%	Majority of funds disbursed in July 2018 for initial grant payments.



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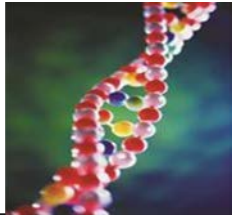
Grant Funding Available for FY 2019/2020 CHRB Grant Awards

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, were subtracted from the grant funding available to provide the amount of CHRB funds available for new FY 2019/2020 grants.

Funds available for 2019 Grant Awards

DRAFT

Calendar Year		Market Value as of 12/31/xx	
January 1 - December 31, 2013	Year 1	\$33,153,077.91	Source: VRS Finance Division Activity Report through December 31, 2013
January 1 - December 31, 2014	Year 2	\$34,600,580.37	Source: VRS Finance Division Activity Report through December 31, 2014
January 1 - December 31, 2015	Year 3	\$34,052,161.12	Source: VRS Finance Division Activity Report through December 31, 2015
January 1 - December 31, 2016	Year 4	\$35,296,332.08	Source: VRS Finance Division Activity Report through December 31, 2016
January 1 - December 31, 2017	Year 5	\$38,776,234.09	Source: VRS Finance Division Activity Report through December 31, 2017
	Total	\$175,878,385.57	
	Average Market Value	\$35,175,677.11	
Funds available for 2019 grants based on 5% of the average market value	5.00%	\$1,758,784	
Less Administrative Expenses:			
Less Operating Expenses (using FY 2018/2019 Operating Expenses)		\$249,871	
Less VRS Administrative Fees		\$2,600	
Total Administrative Expenses		\$252,471	
Funds Available for 2019 grants less estimated expenses:		\$1,506,313	

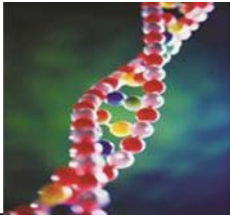


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Available Grant Funding Scenarios	4.00%	4.50%	5.00%	5.50%	6.00%
Average Market Value = \$35,175,677.11	\$35,175,677	\$35,175,677	\$35,175,677	\$35,175,677	\$35,175,677
Available Grant Funding based upon average market value and % scenario	\$1,407,027	\$1,582,905	\$1,758,784	\$1,934,662	\$2,110,541
Less estimated VRS administrative expenses	\$2,600	\$2,600	\$2,600	\$2,600	\$2,600
Less estimated CHRB administrative expenses	\$249,871	\$249,871	\$249,871	\$249,871	\$249,871
Grant funding available less VRS & CHRB administrative expenses	\$1,154,556	\$1,330,434	\$1,506,313	\$1,682,191	\$1,858,070
Grant funding available less outstanding grant expenses to be paid in FY 2019/2020	\$737,796	\$737,796	\$737,796	\$737,796	\$737,796
Grant funding available to award FY 2019/2020	\$416,760	\$592,638	\$768,517	\$944,395	\$1,120,274

Grant funding to be paid in FY 2019/2020:

	Final Grant Payment Year 2	Final Grant Payment Year 1	Initial Grant Payment Year 1	Total
For CHRB Grants Awarded in FY 2017/2018	\$113,092			\$113,092
For CHRB Grants Awarded in FY 2018/2019		\$174,704	\$450,000	\$624,704
Total	\$113,092	\$174,704	\$450,000	\$737,796



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CLOSED SESSION: FY 2019/2020 CHRB Grant Process

MOTION

Dr. Frank 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 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. Eppes seconded the motion; which was voted upon and approved unanimously.

Dr. Frank 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 (After closed meeting; roll call vote)

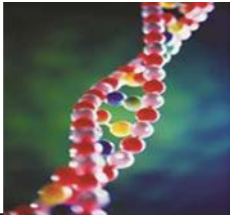
Dr. Frank moved the adoption of the following resolution:

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.



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Dr. Downs made a motion that 23 Concept Papers be developed into Full Proposals. Ms. Spicer seconded the motion. The motion was voted upon and passed unanimously. Administrator Pace will contact these 23 Principal Investigators regarding the CHRB's request for a Full Proposal submission. Administrator Pace will also provide reviewer comments to those Principal Investigators from whom Full Proposal submissions will not be requested.

A motion was made by Ms. Spicer to enter into a contract with Digital Science in the amount of \$3,000 for "Dimensions", a modern research information system designed to provide a longitudinal view of the research life cycle from idea to impact and which includes an extensive, inter-lined and growing database of funding grant awards and related data. The contract term would be for one year. This action is subject to the review of legal counsel and the parties' agreement to any revised terms and conditions. Dr. Frank seconded the motion; which was unanimously approved.

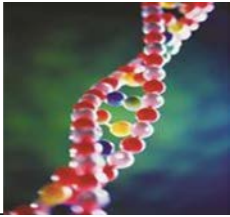
Other Business to come before the Board:

CHRB Grant Progress for Ongoing Awards:

An overview of the status of ongoing 2018 CHRB Grant Awards was provided to include reporting periods and interim report review comments.

Annual Financial Disclosure Forms due by February 1, 2019:

Virginia Conflict of Interest and Ethics Advisory Council has issued a reminder regarding the submission of an annual financial disclosure from each of CHRB's members. The filing covers the prior calendar year of January 1, 2018 to December 31, 2018. All disclosures must be submitted electronically through the online filing system. Administrator Pace will coordinate this process with the members.



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Proposed Deletion of Language:

On October 5, 2018, on behalf of the Commonwealth Health Research Board (CHRB), two budget amendment requests were submitted to Emily Grimes, Department of Planning and Budget (DPB) by the Commonwealth Health Research Board (CHRB) with a copy to Carter Hutchinson, Deputy Policy Director, Office of the Governor:

Recognizing that the Virginia Biosciences Health Research Corporation (VBHRC) has had its budget restored in 2018, it is no longer in need of supplementary funding granted in 2017 by the General Assembly from the Commonwealth Health Research Board (CHRB) AND because CHRB is able to function in a fiscally more responsible manner when funds for grants applications are certain, the CHRB requests the following State Budget modifications by the Department of Planning and Budget:

(A) Remove Language from

Item 103. G.8., Chapter 2, 2018 Special Session I, Acts of Assembly, Approved June 7, 2018

Up to \$2,500,000 of the funds managed by the Commonwealth Health Research Board (CHRB), created pursuant to § [32.1-162.23](#), Code of Virginia, shall be directed toward collaborative research projects, approved by the boards of the VBHRC and CHRB, to support Virginia's core bioscience strengths, improve human health, and demonstrate commercial viability and a high likelihood of creating new companies and jobs in Virginia.

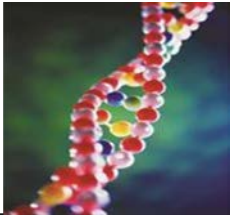
(B) Add language to

Item 269. Chapter 2, 2018 Special Session I, Acts of Assembly, Approved June 7, 2018

The CHRB will continue to collaborate with other scientific and health research organizations in Virginia to the extent permitted by law and consistent with its statutory purpose.

The CHRB will submit the first budget amendment proposal (“A” above) directly to the Department of Planning and Budget (DPB). (The CHRB understands that Ms. Emily Grimes, DPB will coordinate this request with the Budget Analyst/Manager responsible for the Office of Commerce and Trade as this language appears under the Office of Commerce and Trade in Chapter 2, 2018 Special Session I, Acts of Assembly, Approved June 7, 2018.)

The CHRB will submit the second request (“B” above) to the Department of Accounts who will forward this language addition to the Department of Planning and Budget.



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Addendum 1: Current Legislative Language:

Chapter 2, 2018 Special Session I, Acts of Assembly, Approved June 7, 2018

Item 103. G.8.

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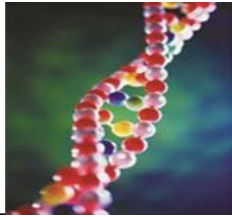
Item 269.

Department of Accounts Transfer Payments (162)

	Item Detail First Year FY 2019	Item Details Second Year FY2020	First Year FY2019	Second Year FY2020
Item 269.	Financial Assistance for Health Research (40700)		\$1,549,871	\$1,580,906
	Health Research Grant Administration Services (40701)	\$1,549,871	\$1,580,906	
	Fund Sources: Dedicated Special Revenue	\$1,549,871	\$1,580,906	

Authority: Title 2.2, Chapter 8, Code of Virginia

The Department of Accounts is authorized to disburse, as fiscal agent for the Commonwealth Health Research Board, funds received from the Virginia Retirement System pursuant to § 32.1-162.28, Code of Virginia.



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Addendum 2: Proposed Legislative Changes

(1) Remove Language

~~Item 103. G.8.~~

~~Up to \$2,500,000 of the funds managed by the Commonwealth Health Research Board (CHRB), created pursuant to § 32.1-162.23, Code of Virginia, shall be directed toward collaborative research projects, approved by the boards of the VBHRC and CHRB, to support Virginia's core bioscience strengths, improve human health, and demonstrate commercial viability and a high likelihood of creating new companies and jobs in Virginia.~~

(2) Add language

Item 269.

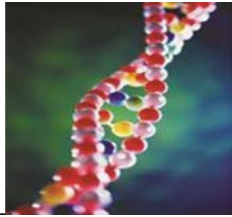
Department of Accounts Transfer Payments (162)

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Item 269.	Financial Assistance for Health Research (40700)		\$1,549,871	\$1,580,906
	Health Research Grant Administration Services (40701)	\$1,549,871	\$1,580,906	
	Fund Sources: Dedicated Special Revenue	\$1,549,871	\$1,580,906	

Authority: Title 2.2, Chapter 8, Code of Virginia

The Department of Accounts is authorized to disburse, as fiscal agent for the Commonwealth Health Research Board, funds received from the Virginia Retirement System pursuant to § 32.1-162.28, Code of Virginia.

The CHRB will continue to collaborate with other scientific and health research organizations in Virginia to the extent permitted by law and consistent with its statutory purpose.



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Addendum 3: Supporting Historical Details

[1] The CHRB has complied with this language change by collaborating with VBHRC on, and providing funding for, a joint project awarded to Eastern Virginia Medical School, George Mason University and Sanyal Technologies, LLC. Additionally, this language serves no current purpose because the VBHRC's funding has been restored and the CHRB voluntarily continues to work collaboratively with health and scientific research organizations across the Commonwealth.

[2] VBHRC's need for additional funding was addressed through subsequent amendments to Chapter 836, 2017 Virginia Acts of Assembly, approved on April 28, 2017, and continues at the same level of funding through Chapter 2, Special Session I, approved on June 7, 2018.

[3] The Budget amendment that provided for the collaboration between the VBHRC and the CHRB was approved because the General Assembly had reduced the VBHRC's second-year funding. Subsequent to that amendment and the parties' collaboration, however, the 2017 Budget was approved with an increase of \$1,250,000 in the VBHRC's second-year funding. Because the VBHRC's funding has now been restored and the CHRB has already complied with the terms of Item 103: G.8., Chapter 2, 2018 Special Session I, of the Acts of Assembly, which was approved on June 7, 2018, the language no longer serves any purpose and should be removed.

[4] Chapter 2, 2018 Special Session I, approved on June 7, 2018, reflects \$3,750,000 in FY 2018/2019 and \$3,750,000 in FY 2019/2020 from the General Fund to be provided for the VBHRC.

[5] The CHRB voluntarily continues to proactively explore opportunities for collaboration with scientific and health research organizations in Virginia such as the Virginia Biosciences Health Research Corporation (VBHRC), the Virginia Research Commercialization Fund (VRCF) and the Virginia Research Investment Fund/Committee (VRIF/VRIC).

[6] As part of the CHRB's Grant process for FY 2017/2018 and FY 2018/2019, Concept Papers were reviewed for future potential commercialization. Identification of research projects with the potential for future commercialization will continue with the FY 2019/2020 grant process, as well.



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VBHRC and CHRB Collaborative funding project: EVMS/GMU/*Sanyal Technologies*

The CHRB in collaboration with the Virginia Biosciences Health Research Corporation [VBHRC] have joined together to provide funding for Eastern Virginia Medical School [Prime University/Grantee Institution], George Mason University [First Partner University], and Sanyal Biotechnology LLC [Industry Partner]. The CHRB has contributed **\$200,000** to Eastern Virginia Medical School for this jointly funded research project while the VBHRC has contributed **\$100,000** towards this project.

Second Interim Scientific Review:

The report was prepared and provided to CHRB by Dr. Nadler.

This report was dated February 16, 2018 and is comprised of a 13-page PDF file. The following three aims are re-stated and progress to date is discussed in detail.

Aim 1: Building a tissue bank of mouse liver, serum, and other tissues to further scientific characterization of the model and boost sales.

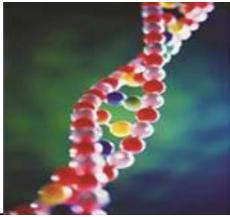
AIM 2: Characterization of changes in immune cell populations in the liver and adipose tissue.

AIM 3: Characterization of gut microbiome changes in the DIAMOND™ mouse model over time.

Progress on these three aims extends nicely from what was reported on August 28, 2017. Generally, planned milestones have been reached. The PI concludes from the scientific literature and from his study that differences in gut microbiome composition may contribute to the pathogenicity of nonalcoholic fatty liver disease, not only in animal models, but also in human patients. Results have been reported in a poster presentation and another abstract is being written up for AASLD (Fall 2018, San Francisco). Results from the analysis at George Mason will be combined with results generated in Sanyal Bio internal R&D and submitted to a peer reviewed journal.

This reviewer judges progress to be commendable. The PI's plans for Western blot analysis of key inflammatory pathways in liver tissues promise to be informative. The request to make budget adjustments should benefit the overall project. Approval is recommended.

Final scientific and fiscal reports are due to the CHRB by February 15, 2019.



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Next meeting:

Dr. Frank moved that the meeting be adjourned. The motion was seconded by Dr. Lowe, voted upon and passed unanimously by the Board. The meeting adjourned at 2:15 p.m.

The Board's next meeting will be Thursday, April 4, 2019 in Richmond, Virginia at the Jepson Alumni Center, Rosenbaum Conference Room, University of Richmond. The meeting will begin promptly at 10:00 a.m. At this meeting, as part of the 2019/2020 grant review process, the Board will review the recommendations of the review panel and determine which Full Proposals should be presented to the Board.

For planning purposes, please note that presentations to the Board are scheduled for Thursday, May 9, 2019 at the Gottwald Science Center, University of Richmond.