

Commonwealth Health Research Board Meeting Minutes for December 11, 2019

Members in Attendance:		Members Absent:
-------------------------------	--	------------------------

Cynda A. Johnson, M.D. M.B.A., Chair
Robert W. Downs, Jr., M.D., Vice Chair
Thomas W. Eppes, Jr., M.D.
Eric Lowe, M.D.
Julia Spicer

Others in Attendance:		Position:
------------------------------	--	------------------

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

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

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

Call to Order:

Chair, Cynda A. Johnson, M.D., M.B.A., called the meeting to order at 10:01 a.m. The meeting was held at the Jepson Alumni Center, Quigg Conference Room, University of Richmond, Virginia 23173. A quorum was present for the transaction of business throughout the meeting.

Approval of Minutes May 9, 2019 CHRB Meeting:
--

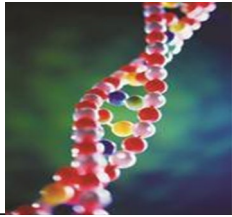
One change was proposed by Carla Collins, Senior Assistant Attorney General, Office of the Attorney General; on page 7 of the draft meeting minutes:

Delete: “The Board’s next meeting will be Thursday, December 12, 2019 in Richmond, Virginia at either the Gottwald Science Center Conference Room or the Rosenbaum Conference Room at the Jepson Alumni Center at the University of Richmond.”

Add: “The Board’s next meeting will be Wednesday, December 11, 2019 in Richmond, Virginia in the Quigg Conference Room at the Jepson Alumni Center at the University of Richmond.”

Dr. Johnson, Chair of the CHRB, moved the Board to approve the minutes of the May 9, 2019 meeting, as amended. Ms. Julia Spicer seconded the motion. The motion was voted upon and passed unanimously.

The Board also unanimously changed the Thursday, April 16, 2020 meeting to Wednesday, April 22, 2020 by consensus.



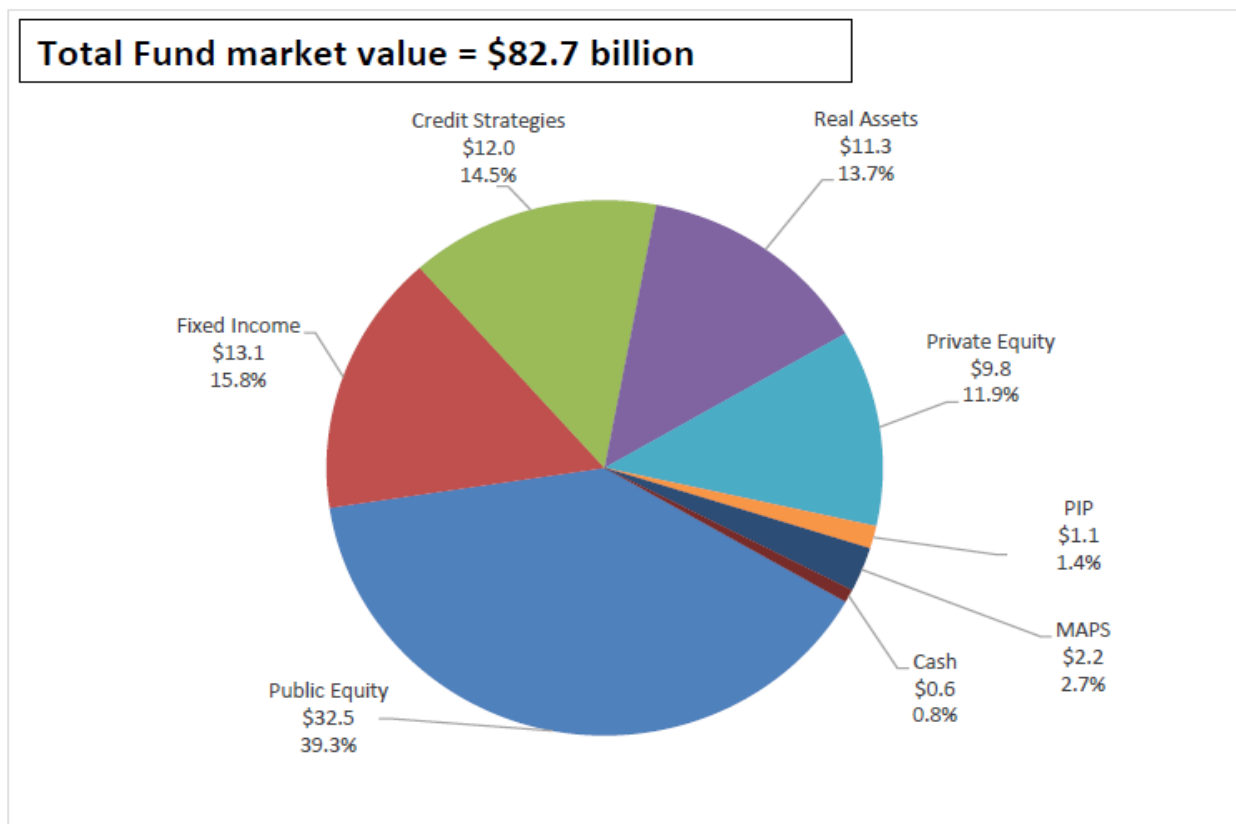
Commonwealth Health Research Board Meeting Minutes for December 11, 2019

Virginia Retirement System (VRS) Financial Reports

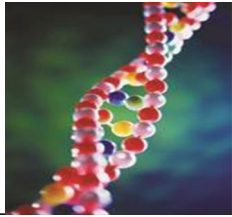
CHRB Administrator Anne Pace discussed several documents with the members to include the following: [Source of documents: VRS Finance Division]

1. VRS Defined Benefit Plan Investment Policy Statement, Approved by the VRS Board of Trustees on June 15, 2006 and Updated November 14, 2018.
2. Analysis of Commonwealth Health Research Fund Activity Report reflects the September 30, 2019 CHRF ending balance at \$39,329,455.92.
3. Performance Summary Rolling Periods ending September 30, 2019 which reflects Total VRS Fund Performance for various periods ranging from 1 year to 10 years.
4. Virginia Retirement System Asset Allocation as of September 30, 2019 for the Total VRS \$82.7 billion VRS Fund. See pie chart below for more detail. Source: <https://www.varetire.org/pdf/publications/performance-and-asset-allocation-2019-09-30.pdf>

Dr. Johnson asked why the VRS report reflects, “Transfers to CHRF Board,” rather than “Transfers to CHRF”. Administrator Pace will ask VRS to reflect this to read accurately, “Transfers to CHRF (Commonwealth Health Research Fund).”



Source: Bank of New York Mellon



Commonwealth Health Research Board Meeting Minutes for December 11, 2019

CHRB Financial Reports:

FINAL FY 2018/2019 (July 1, 2018 - June 30, 2019) CHRB Administrative & Grants Expenses

Administrator Pace provided the Board with FY 2018/2019 FINAL administrative and grant expenses through June 30, 2019: [Per the Commonwealth's CARDINAL accounting system]

FY 2018/2019 Revenue and Cash Balance

CHRB Revenue and Cash Balance as of June 30, 2019	\$ 319,940.02
---	---------------

FY 2018/2019 Final Expenses

CHRB Final Expenses as of June 30, 2019	Approved	Expenses	Difference
Administrative	\$ 249,871.16	\$ 262,638.63	\$ (12,767.47)
Grant Disbursements	\$1,251,185.00	\$1,080,163.05	\$ 171,021.95

The majority of the shortfall was related to expenses in the categories of Attorney 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.

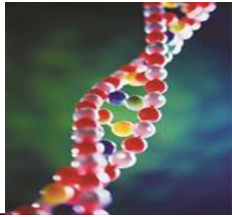
Year-to-Date 2019/2020 (July 1, 2019 – June 30, 2020) CHRB Administrative & Grants Expenses through October 31, 2019

FY 2019/2020 Revenue and Cash Balance

CHRB Revenue and Cash Balance as of October 31, 2019	\$ 583,615.28
--	---------------

FY 2019/2020 Year to Date (YTD) Expenses

	Approved	Expenses through October 31, 2019 or 4 months of the fiscal year	Expenses YTD as a % of Budget	Notes:
Administrative	\$ 264,623.59	\$ 71,734.56	27%	Greatest expenditures are for salaries and management services.
Grant Disbursements	\$1,399,997.00	\$1,274,741.11	91%	Majority of funds disbursed in July 2019 for initial and ongoing grant payments.



Commonwealth Health Research Board Meeting Minutes for December 11, 2019

Grant Funding Available for FY 2020/2021 CHRB Grant Awards and Commonwealth Accounting and Financial Reporting (CAFR)

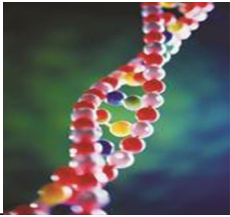
Per the Code of Virginia § 32.1-162.28 E. An amount not to exceed six percent of the moving average of the market value of the Fund calculated over the previous five years or since inception, whichever is shorter, on a one-year delayed basis, net of any administrative fee assessed pursuant to subsection E of § 51.1-124.36, may be expended in a calendar year for any purpose permitted by this chapter.

Administrator Pace provided updates regarding grant funding available for 2020/2021 Grant Awards.

**Funds available for 2020/2021
Grant Awards**

DRAFT

Calendar Year		Market Value as of 12/31/xx	
January 1 - December 31, 2014	Year 1	\$34,600,580.37	Source: VRS Finance Division Activity Report through December 31, 2014
January 1 - December 31, 2015	Year 2	\$34,052,161.12	Source: VRS Finance Division Activity Report through December 31, 2015
January 1 - December 31, 2016	Year 3	\$35,296,332.08	Source: VRS Finance Division Activity Report through December 31, 2016
January 1 - December 31, 2017	Year 4	\$38,776,234.09	Source: VRS Finance Division Activity Report through December 31, 2017
January 1 - December 31, 2018	Year 5	\$36,998,370.93	Source: VRS Finance Division Activity Report through December 31, 2018
	Total	\$179,723,678.59	
Average Market Value		\$35,944,735.72	
Funds available for 2020 grants based on 5% of the average market value	5.00%	\$1,797,237	
Less Administrative Expenses:			
Less Operating Expenses (using FY 2019/2020)		\$264,464	
Less VRS Administrative Fees		\$2,600	
Total Administrative Expenses		\$267,224	
Funds Available for 2020 grants less estimated expenses:		\$1,530,013	



Commonwealth Health Research Board Meeting Minutes for December 11, 2019

CLOSED SESSION: FY 2020/2021 CHRB Grant Process

MOTION

Dr. Downs 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. Downs moved that the Board reconvene in open session. Dr. Lowe 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)

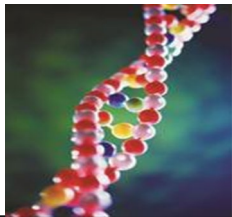
Dr. Downs moved the adoption of the following resolution:

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.



Commonwealth Health Research Board Meeting Minutes for December 11, 2019

Dr. Downs made a motion that 22 Concept Papers be developed into Full Proposals. Ms. Julia Spicer seconded the motion. The motion was voted upon and passed unanimously. Administrator Pace will contact these 22 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.

In regards to a request from a Principal Investigator ("P.I.") for grant award 207-11-19, the Board unanimously denied the P.I.'s request to hire two graduate students at 50% effort each because this does not comply with the CHRB Grant Guidelines and Application Instructions and CHRB Policies and Procedures. The Board did approve a reallocation of funds to hire an additional graduate student(s) at no greater than 20% effort each and/or a Postdoctoral Participant at up to 100% effort.

Other Business to come before the Board:

Virginia Academy of Science, Engineering, and Medicine (VASEM):

Since 1863, the National Academies have tapped the expertise and experience of the nation's most accomplished and innovative leaders in science, engineering, and medicine and tasked them with providing guidance to decision makers on the challenging issues of the day.

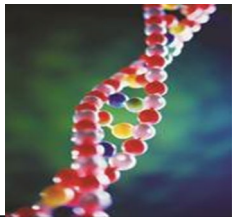
In 2013, with the support of Senator Mark Warner, National Academy members and other key individuals from Virginia formed a similar group to serve the Commonwealth: the Virginia Academy of Science, Engineering, and Medicine (VASEM). The VASEM holds annual summits on issues of concern from the future of transportation to preparedness for emerging disease.

On October 2, 2019, CHRB Chair Cynda Johnson, M.D., M.B.A., CHRB Administrator Anne Pace, and Scientific Consultant, Merrill Mitler, Ph.D. attended the VASEM Annual Meeting held at the National Academy of Sciences Building in Washington, D.C.

An Evening of Recognition: Honoring Recipients and Leadership of Virginia's Research and Commercialization Programs:

On November 12, 2019, CHRB Vice Chair Robert Downs, Jr., M.D., CHRB Member Julia Spicer, CHRB Administrator Anne Pace, and CHRB Legal Counsel Carla Collins attended "An Evening of Recognition: Honoring Recipients and Leadership of Virginia's Research and Commercialization Funding Programs" at the Executive Mansion.

Grant recipients from the Commonwealth Health Research Board, the Virginia Catalyst, the Commonwealth Research Commercialization Fund and the Virginia Research Investment Fund were congratulated on their accomplishments.



Commonwealth Health Research Board Meeting Minutes for December 11, 2019

Proposed elimination of Budget Amendment Language: Item 103. G.8., Chapter 854, 2019 Virginia Acts of Assembly, Approved May 2, 2019:

The Governor's Proposed Budget for the FY 2018/2020 Biennium HB 30, introduced on December 18, 2017, did not incorporate CHRB's requested budget amendments and includes this same language:

I.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.

On September 10, 2019, the Commonwealth Health Research Board (CHRB) submitted a request to the Department of Planning and Budget to:

(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.

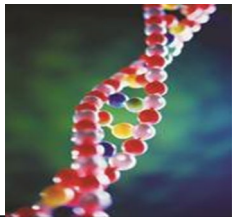
Governor Ralph S. Northam will present his biennial budget for fiscal years ending 2021 and 2022 to the General Assembly on December 17, 2019. Administrator Pace will provide an update thereafter concerning the CHRB's budget amendment requests.

CHRB Participation in VBHRC Presentations and Round 10 Grant Process

The Virginia Biosciences Health Research Corporation (VBHRC)/Virginia Catalyst extended an invitation to the CHRB to participate in their Grant Round 10, which began in April of 2019 and will conclude in October of 2019. Based upon a review of the initial letters of intent, the VBHRC requested 22 teams to submit a full application by August 28. After a review of the full applications was completed by the VBHRC, they advised that they would request that the Top 8 Applicant Teams present their proposal on September 26, 2019.

On behalf of Cynda Johnson, M.D., M.B.A., CHRB Chair, and our members, a response was sent to Suzänne Taylor, PhD, MBA, Vice President of Operations, VBHRC regarding this request. As the current CHRB grant process is underway with a total of 70 grant submissions to be reviewed, staff was not able to commit the time or resources to review 22 full proposals. However, CHRB agreed to:

- (1) Review the Top 8 Applicant Teams' final grant proposals, selected by Virginia Catalyst in its Grant Round 10, for scientific merit and whether any of them appear to meet the CHRB's requirements and mission; and,
- (2) Attend the September 26, 2019 meeting and participate in the presentations of the Top 8 Applicant Teams who will present their proposals to the Virginia Catalyst.



Commonwealth Health Research Board Meeting Minutes for December 11, 2019

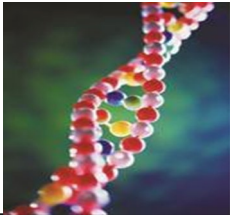
The CHRB also advised in writing and agreed that, similar to the CHRB's previous jointly-funded collaboration with Virginia Catalyst (Eastern Virginia Medical School, George Mason University and Sanyal Biotechnology LLC), the CHRB members envision that the CHRB could contribute a maximum of \$200,000 towards another jointly-funded project with the Virginia Catalyst only under certain conditions:

1. The successful applicant for any jointly-funded project is to be determined by the CHRB and will be based upon the CHRB's scientific review of the Top 8 Applicant Team proposals, the CHRB's evaluation of the September 26, 2019 presentation from each of the Top 8 Applicant Teams, satisfaction of the CHRB's requirements, and compatibility with the CHRB's mission. The CHRB will only consider providing funding for a Prime University, not a private industry partner, and will require the statutorily-required match of any Prime University for which it decides to provide any funding.
2. As was the case with the previous collaboration between the VBHRC (now known as Virginia Catalyst) and the CHRB, execution of a grant agreement requiring compliance with all of the CHRB's guidelines, policies, procedures, and reporting requirements will be required of any CHRB-selected project participant.
3. If the CHRB selects one of the Top 8 Applicant Team proposals for a jointly-funded project, the CHRB will be responsible solely for reviewing the scientific and fiscal reports of the Prime University and for ensuring the Prime University's compliance with the CHRB's Policies and Procedures.
4. The CHRB will not be responsible for reviewing any of the milestones or progress of the industry partner nor compliance with any of the Virginia Catalyst's policies, rules, regulations, or requirements.
5. The CHRB Members will consider the proposals at the CHRB's December 12, 2019 meeting and that any funding decisions must be made at a public meeting at which a quorum of the CHRB Board is present and pursuant to a recorded vote at that meeting.

After completion of individual non-disclosure agreements, CHRB Vice Chair, Robert Downs, Jr., M.D., CHRB Administrator, Anne Pace, and CHRB Scientific Consultant, Merrill Mitler, Ph.D. attended the September 26, 2019 VBHRC presentations.

On November 18, 2019, Governor Northam announced that the Virginia Catalyst had awarded \$3.3 million in grants to six innovative life science and bioscience collaborations.

Julia Spicer made two motions, which were seconded by Dr. Eppes and approved unanimously by the Board: (1) It was previously agreed to by both the CHRB and the Virginia Catalyst that the CHRB could not make any funding decisions regarding a grant award until the December 11, 2019 meeting. Given that the press release announcing the Virginia Catalyst's grant awards was published prior to the CHRB meeting, the CHRB will not be making a joint CHRB/VBHRC grant award to the Virginia Catalyst's Round 10 Grant Process; and, (2) The members have delegated authority to CHRB Vice Chair Robert Downs, Jr., M.D. and CHRB Administrator Anne Pace to work collaboratively with the Virginia Catalyst, and pursuant to consultation with legal counsel as requested by CHRB, to establish a process by which VBHRC scientific proposals can be considered as part of the CHRB annual grant process. Most of the proposals submitted to the Virginia Catalyst are for product commercialization and business development and lack scientific detail/proof of concept. However, some of the Virginia Catalyst proposals are research opportunities.



Commonwealth Health Research Board Meeting Minutes for December 11, 2019

Reorganization of technology and life science research in Virginia

Administrator Pace provided the Members with an update concerning the proposed reorganization of technology and life science research in Virginia and the subsequent proposed 2020 legislative recommendations.

In summary: Proposed legislation would create the Commonwealth of Virginia (COV) Innovation Partnership Authority to fall under the purview of the Commerce and Trade Secretariat.

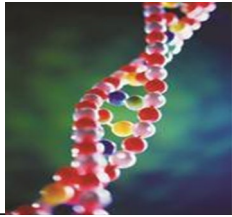
The COV Innovation Partnership Authority would be governed by a Board of Directors consisting of nine members to include:

- ↻ COV Secretary of Commerce and Trade;
- ↻ Two citizens from the investor community with experience as a partner in a venture capital fund with a minimum of \$35 million under management;
- ↻ Two citizens from the technology sector with experience as a founder of a science or technology-based business and who has raised equity capital from a science or technology company with operations in Virginia and with annual revenues in excess of \$100 million;
- ↻ Two citizens with experience directly acquiring or commercializing intellectual property from a university or other research organization; and,
- ↻ Two citizens with experience in entrepreneurial development or entrepreneurial community and network development

The COV Innovation Partnership Authority will:

- ✓ Promote technology-based economic development of the Commonwealth by building, attracting and retaining innovation and high technology jobs and businesses in Virginia;
- ✓ Increase industry competitiveness by supporting innovative technologies that improve productivity and efficiency;
- ✓ Attract and provide additional private and public funding in the Commonwealth to expand the scientific and technological research commercialization of the institutions of higher education;
- ✓ Attract and provide additional private and public funding in the Commonwealth to support innovation-led entrepreneurship ecosystems and coordination of existing activities throughout the Commonwealth creating new job opportunities and diversifying the economy.

The COV Innovation Partnership Authority would serve as the Board of the Managing Not-For-Profit (NewCo). NewCo will utilize, leverage and build on existing Center for Innovative Technology (CIT) and the Virginia Research Investment Committee (VRIC) staff resources, expertise and infrastructure as its core and provide continuity for the lines of business and programs that would be retained. Assets would transition from the CIT and VRIC to the new Authority.



Commonwealth Health Research Board Meeting Minutes for December 11, 2019

Revisit Dimensions Product for CHRB evaluation purposes:

At the December 13, 2018 CHRB meeting, the members approved a motion to enter into a contract with **Digital Science** in the amount of \$3,000 for the **Dimensions** product, a modern research information system designed to provide advanced on-line grants management solutions used by research funders, public bodies, NGOs, and foundations worldwide. Within Dimensions, one can search and filter across more than 100 million documents for publications, leveraged funding from other sources and patents. The contract term would be for one year. However, this action was subject to the review of legal counsel and the parties' agreement to any revised terms and conditions necessary for the parties to contract with one another. Dr. Frank seconded the motion; which was unanimously approved.

Legal Counsel reviewed the proposed CHRB contract with **Digital Science** and determined that the proposed Dimensions contract would be governed by New York law. As such, the proposed contract was objectionable to a Virginia government entity, such as the CHRB, who must insist that all of its contracts be governed by Virginia law. Legal Counsel could not advise the CHRB to endorse the proposed contract and could not represent the CHRB in any future dispute if the CHRB chose to contract with Digital Science contrary to legal advice that it was not in the CHRB's best interests to do so under the terms and conditions proposed by Digital Science as non-negotiable.

Since that time, the CHRB Administrator has made inquiries regarding companies that provide similar services and that are located in Virginia; however, no similar companies have been identified. The Board agreed not to pursue a contract with **Digital Science**.

Updates concerning New CHRB Members:

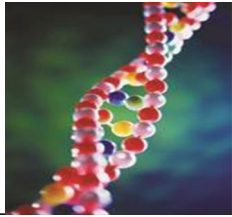
Administrator Pace has been in contact with Cheryl Wilson, Deputy Director with the Joint Rules Committee, regarding two new appointments to the CHRB. Updates will be provided to the Board as we move forward.

CHRB Grant Progress for ongoing awards:

A progress update for all ongoing CHRB grant awards was provided in Excel format highlighting interim and final report dates.

Annual Financial Disclosure Forms due by February 1, 2020:

Virginia Conflict of Interest and Ethics Advisory Council has issued a reminder regarding the requirement that each of the CHRB's members submit an annual financial disclosure form. The filing covers the prior calendar year of January 1, 2019 to December 31, 2019. All disclosures must be submitted electronically through the online filing system. Administrator Pace will coordinate this process with the members.



Commonwealth Health Research Board Meeting Minutes for December 11, 2019

Next Meeting:

Dr. Johnson 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 2:58 p.m.

The Board's next meeting will be Wednesday, April 22, 2020 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 2020/2021 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 14, 2020 at the Jepson Alumni Center, Rosenbaum Conference Room, University of Richmond.