



health sciences & services authority of spokane county

**HSSA BOARD OF DIRECTORS  
Minutes of the July 7, 2010 Meeting  
665 N. Riverpoint Boulevard, Spokane, WA**

**Members Present:**

Nancy Isserlis, Board Chair; Earl F. “Marty” Martin, Vice Chair, Kelsey Gray, Alethea McCann, Kevin Oldenburg and Jason Thackston. Mike Wilson participated by phone.

**Members Absent:**

Dr. Patricia Butterfield and Dr. Jeff Collins.

**Staff Present:**

Susan Ashe, Acting Executive Director.

**Providing Legal Counsel:**

James Emacio, Spokane County.

**Guests:**

Tom Paine, ISM; Dr. Stephen Warren, Dr. Jeff Cronk and Dr. Jeff Watson, Gonzaga University, and Dr. Travis Denton, Eastern Washington University.

1) Call to Order

Nancy Isserlis welcomed everyone and called the meeting to order at approximately 3 p.m. A quorum was established. She welcomed to the Board **Dr. Kevin Oldenburg**, President, MatriCal, Inc., who replaces Mari Thomas. Kevin has worked on “peptides on phage,” a virus on bacteria and has been a staff scientist and one of the first employees at Affymax, a biotech startup which was subsequently sold to GSK in 1985. MatriCal builds scientific equipment, a lot of large systems, large robotic systems, bench-top equipment, some injection molding, it’s all to help R& D for scientific purposes. The company started in Kevin’s garage in Chadsworth, PA, and started with him and two engineers, and now employs 42 people and is located across the river in the Riverwalk Building, but the company initially started in the Sirti building. The company designs scientific equipment and outsources manufacturing to all local companies. Matri-Cal gets the parts in and assembles the equipment.

2) Approval of Minutes

Marty Martin moved to approve the minutes of the April 13, 2010 Board meeting, and Jason Thackston seconded the motion. The motion unanimously passed.

3) Board Actions

- a) Marty Martin moved and Mike Wilson seconded a motion to accept the recommendation of the HSSA Grant Subcommittee to fund at 75% of their respective requests the top three ranked proposals responding to HSSA's RFP #3, the Woodworth Collaborative health Service Delivery Challenge Grant for a total of \$180,000.

4) Chair's Report

A) Authorization to Pay Warrants

The Chair informed the Board that she and Earl Martin had signed a number of warrants, May's totaling \$102,122.63, and June's totaling \$42,905.49. She reminded the Board that she has the authority to sign any warrant up to \$10,000, above which it requires two signatures.

B) HSSA Notification to BOCC to Bond

The Chair also reported that she had signed the letter to the Board of Spokane County Commissioners in which this Board requests that the County authorize Bonds up to 100% (\$13,880,000), and that may be issued, sold and delivered in one or more series. This Board also requested that the first series of Bonds be in the principal amount of not to exceed 75% (\$10,880,000). With this letter, which has been reviewed by our counsel, bond counsel and myself, and we have now set the bonding process in motion.

In response to a question from the Chair, Mr. Emacio said that the County CEO, Marshall Farnell, has indicated that he is looking at going out to bond within the next ninety (90) days, but under the letter we can get bond anticipation notes also, which would simply be a loan from the Spokane County Investment Pool. The amount of money that we can generate is more than what we had heard earlier, and that's simply because the interest rates to borrow money either from the County Treasurer or the bond market are substantially less, so that will generate more money available for the HSSA to spend on its projects, he said. Ms. Ashe wanted to remind everyone that whether it is bond anticipation notes or actual bonds, the process needs to be completed by the end of the year. Mr. Emacio agreed, and he reminded the Board that although the issuance of the bonds has been authorized, it still needs to determine how it will allocate those proceeds.

C) GU/EWU Research Presentation

The Chair introduced Dr. Stephen Warren, Gonzaga University, who had sent an e-mail to the Board asking for the opportunity to further discuss the research he and his colleagues have been working on at Gonzaga, which they believe meets HSSA's mission.

Dr. Warren introduced Dr. Jeff Cronk, Associate Professor of Chemistry and Biochemistry at Gonzaga University; Dr. Jeff Watson, also an Associate Professor of Chemistry and Biochemistry at Gonzaga, and Dr. Travis Denton of EWU and whose background is in Medicinal Chemistry like Dr. Warren's. Dr. Cronk introduced the Board to their research, "Attacking Antibiotic Resistance through a Molecular Ambush – A Novel Genomic Systems Approach to Upfront Design of Combination Therapies." Rather than single target drug therapies, the GU/EWU research team is designing combination therapies in which two or

more drugs are administered. Resistance to the therapy should be less, particularly for diseases such as AIDS and tuberculosis, but costs should also be reduced. The team will demonstrate a more rational approach to combination therapy by design, or “molecular ambush,” on vulnerable targets. The group will focus its research around the combat of tuberculosis, a worldwide pandemic.

Dr. Jeff Watson said the project has been separated into two phases. Phase I they target the bacterial anhydrase and includes Lead Generation, Cell Testing and Genomics. The team is already underway and has completed two components of three under Lead Generation. He said that the anticipated cost of the total project will be approximately \$3 million over 5 years. This includes costs for capital equipment, salaries for faculty, a postdoctoral associate, eight undergraduate students, and supplies.

Dr. Warren said he believes this research fits with HSSA’s mission. The overall concept and goal of this project is to develop a new process by which drugs will be developed that combat resistance has the potential for a wide range of applications. This would leverage into a larger biotechnical economy or community here in Spokane. In addition, demonstrating skill in this arena in Spokane, which is will be important for developing additional funding also. From the point of view of sustainability, NIH has already funded this research. It’s pretty widely recognized in the public that NIH doesn’t do a very good job of taking public money and producing products, and I think that’s one of the focuses of HSSA, so the fact that we’re sort of beyond NIH stage; they don’t fund the application stage to actually produce products and that’s what we want to do here. The life-blood of technology is intellectual property, and we have the potential to create two types of intellectual property: process IP, which would be very valuable in terms of establishing reputation, and in addition, composition of matter IP, which will be actual drugs we would discover. Lastly, health care benefits. Multi-drug resistance is becoming a problem in the U.S., Washington State, and tuberculosis is also been a problem in the Native American community.

Dr. Travis Denton, EWU researcher, discussed stimulating employment in Spokane County and collaboration between the public and private sectors, and catalyzing the connection between higher education and health care. That is where this team would really stimulate Spokane County. We have wonderful health care, really good infrastructure, but no basic science connection to the health care in this County. Stimulating employment in the county, initial hires 4 Ph.D. scientists as faculty, each with two undergraduates. These universities also have graduated students who are working at MatriCal and Hollister-Stier, Signature Genomics. We also want to build an intellectual infrastructure here in Spokane so that not only do we have people staying in-county after graduation, but also successful in having graduates place in Ph.D. programs at well-known universities here.

Mike Wilson asked if HSSA has had someone with a background in molecular biology look at this proposal to determine the viability of the project in actually developing new products or directions for new products. Dr. Warren responded by saying that the team isn’t actually making a proposal to HSSA since HSSA hasn’t yet issued its RFP, but that they wanted to ask that HSSA consider the scale and this type of project when you do issue your RFP. Secondly, Mike asked that when there is IP involved that could possibly result in a business,

a business product and substantial income, if you were to receive a grant from HSSA, would you be willing to consider that grant as an investment in your company, as opposed to merely a gift or grant to your company. Dr. Warren responded that they would be willing consider lots of things, and actually he recently read HSSA's IP policy, and from perspective would like to see HSSA enhance it somewhat so that the IP had more potential in staying in Spokane and stimulating Spokane companies as opposed to easily being sold off to out-of-county or out-of-state companies.

#### 5) Acting Executive Director's Report

In the interest of outreach on behalf of the HSSA Board, Ms. Ashe reported the following:

- She attended the WSU Chancellor's Breakfast 6/3; presentation by Patricia & Phil Butterfield on a National Children's Study on the "science of rare events." Study of 100,000 children to be followed over 21 years in a study of the environment in health and non-healthy children. There are 105 sites around the country; NIH expanded number of sites by 30; working with 28 hypotheses. In our state, the study sites are in King, Thurston and Grant counties. Patricia and Phil are involved in the study in Grant County because it is rural with a large Hispanic population (58% of births to Hispanic population). Mattawa's 2,500 population swells to 5,000 during summer harvest. The initial findings will be available within a few years.
- She attended a GSI/WSU Tripp Umbach Economic Impact Study pre-presentation along with the Empire Health Foundation (Antony Chiang) and the Inland NW Foundation (Mark Hurtibise) on 6/10. National firm Tripp Umbach was hired to study the potential economic impact of a full-blown four-year medical school in Spokane. To quickly summarize, the Tripp Umbach study found that the four-year med school would create about \$1.6 Billion in sustainable economic activity by 2030 and create 9,287 jobs. Total Eastern WA government revenue impact would be \$111 million.
- WBBA 3<sup>rd</sup> Annual Life Sciences Leadership meeting in the WSU Academic Center on 6/30. Attended by about 75 people and the third such annual meeting in Eastern WA. Subsequently, Nancy and I met with WBBA President Chris Rivera. At the leadership meeting, we heard life sciences reports from Spokane & Pullman, Tri-Cities and Western WA, including from Lee Huntsman of the LSDF, who confirmed their loss of about 40% of funding from state. In 2006, it was found that there are about 22,000 direct and 77,000 total life sciences-related jobs in our state. Chris stated that the LSDF report measures life sciences economic impact to the state and found that it's 10:1 to every dollar that LSDF has granted.

WSU President Dr. Elson Floyd spoke to the importance of animal and plant life sciences, as well as biomedicine and biotechnology... "bio will heal, fuel and feed the world." He said the state needs to take a serious look at the impediments to life sciences here and quickly fix them because the life sciences will be transformative. Dr. Floyd said that we have a "silent crisis," in that we are falling behind the world and our researchers and scientists are increasingly coming from outside our borders; immigration issues have

been difficult; growing minority and women population means that we have to change the pipeline in life sciences or we won't have the workforce of the future that we need. He said collaboration on all fronts is critical, and that WSU aligned itself with the City of Spokane and businesses across the state; the 4-year medical expansion here is critical and an example of that collaboration; we must commercialize research much faster than our past experience, and that the ultimate goal is to grow the life sciences in WA state for innovation, to grow capital, talent, policy.

6) Board Committee Reports

**a) Finance Committee**

Alethea McCann, Finance Chair, issued the following report as of May 31, 2010:

- She had, along with Jason Thackston, reviewed the financials as of May 31, 2010, and finds the HSSA to be in good financial shape.
- The County allocated \$220,619 for the periods of April and May to HSSA from county-wide sales and use tax, plus \$13,180 in interest earnings for the same period.
- HSSA's ending balance in Spokane County Allocation Account as of May 31<sup>st</sup> is \$2,233,953.
- Administrative costs for April and May are \$18,835, 8.1% of the HSSA total revenue.
- HSSA disbursed \$82,968 to Project Access
- HSSA disbursed \$30,684 to ISM

**b) Grant Subcommittee**

Kelsey Gray, Grant Subcommittee member made the following report and recommendations.

Ms. Gray referred Board members to a document in their Board packet that provided a summary of the six proposals HSSA received in response to its modified RFP. These were good applications, very complete.

She said that the HSSA Grant Subcommittee members (Patricia Butterfield, Mike Wilson and herself) had read each proposal and scored the proposals on a set of 16 criteria and ranked them on a scale of 1 to 9, with 1 being the highest or best score and 9 the lowest. They tallied those rankings and established the mean, or average score for each of the six proposals as follows:

WSU/GSI Graduate Medical Education Expansion (Request: \$100,000)	45.5
Northeast Community Center Health Care & Dental Care Expansion (Request: \$100,000)	52.3
Providence "Strengthening Response to Aids" (Request: \$40,000)	55.3
Partners w/Families & Children Child Neglect Study (Request: \$100,000)	55.6
Communities in Schools Planning Funding (Request: \$25,000)	70.0

INHS/CHER Colorectal Cancer Screening/Prevention	
Media Campaign	77.0
(Request: \$28,065)	

She briefly described each proposal and noted the clustering of the top four. The Subcommittee’s recommendation to the Board was for it to approve an additional \$80,000 in funding (to bring the funding total to \$180,000) and fund the top 3 proposals at 75% as follows:

WSU/GSI Graduate Medical Education Expansion	\$ 75,000
Northeast Community Center Health Care & Dental	
Care Expansion	\$ 75,000
Providence “Strengthening Response to Aids”	\$ <u>30,000</u>
Total:	\$180,000

Mike Wilson, a member of the Grant Subcommittee, also weighed in with his thoughts via phone, said he thought a lot of thought went into all six. It seemed to him that there were three of particular note, and when the three are looked at it seems that they all have a fairly good chance of success and of being measurable to some extent. He said that the WSU/GSI, the NECC program and the Partners with Families study came out on top. He said that he had no concern whatsoever to exceeding the \$100,000 number if it makes sense to fund these. Ms. Gray said that there was a discussion about whether or not to go over the \$200,000 mark as these were really close together.

Marty Martin clarified to Mr. Wilson that the committee did not recommend Partners for funding, and he said that he was alright with that and spoke to the need of the aids program. The Chair said that she had no problem with the funding levels that the committee recommended, but she would suggest adding the fourth grant proposal – Partners at 75% -- because it is so close to the score of the third proposal, and it is a worthwhile project and worthy of consideration. Secondly, we have over \$2.2 million in the bank at the end of May and should be circulating in the community. Alethea McCann opposed the request because she believes that Northeast Community Center Expansion are so close to completing their project, she would prefer that any additional money be given them so that they are close to the \$700,000 to being able to complete their project and get to 3,500 people served.

Marty asked Jim Emacio if there were any of HSSA exceeding the proposal limit, to which Mr. Emacio said that legally there was not and that HSSA has the right to modify as it sees fit.

As follow-up, the Executive Director, on behalf of the Board, will notify the awardees as well as those not receiving funds. She will discuss with the awardees the Grant Award Agreements that will need to be negotiated and signed, as well as the reimbursement process. She will also issue a media release about the awards.

Marty Martin moved to accept the Grant Subcommittee’s recommendations to fund WSU/GSI’s Medical Education Expansion, the Northeast Community Center and Providence Aids program at 75% each of what they requested for a total of \$180,000. Mike Wilson seconded the motion.

Jason Thackston asked for further discussion on the fourth proposal, the Partnership with Families & Children Child Neglect Study. Mike Wilson commented that he was very familiar with the Partners program and had served on its Board for a number of years, and the proposal put forward is to do what has always been anticipated and that is not only to provide the clinical and emotional support for the children, family counseling and family guidance, but the third rail was to put the family into employment. That had always been one of the goals of the program. I know that it is very consistent with what they had in mind but they just had not had the dollars to proceed. The Chair asked if it was Mr. Wilson's understanding of this grant request would be dollars utilized in Spokane County with local folks and families. He said that the Partners is housed in Spokane and their clients are from the county. Jason looked at the criteria and said that given there is only .3% difference between the third and fourth proposals that it is worth and merits additional discussion, and if we are going to increase the grant above the \$100,000, then it makes sense to expand it to the fourth project.

The Vice Chair suggested that as a matter of procedure the Board could take up the motion and second on the floor, voting on that and even approving it, would not preclude the Board from then taking up the motion of the Partners proposal. Kelsey Gray called for the question, and the motion on the floor to accept the Grant Subcommittee's recommendations to fund WSU/GSI's Medical Education Expansion, the Northeast Community Center and Providence Aids program at 75% each of what they requested for a total of \$180,000 was voted on and passed with one abstention by Kevin Oldenburg, who indicated he did not know enough about it to vote given this was his first meeting.

The Chair then opened for discussion by the Board whether or not to devote additional funds beyond \$180,000 to fund all or part of the fourth-ranked grant proposal from Partners.

The Vice Chair said that the fit of this proposal (Partners) with a health care focus, to the extent that you get families into employment you can impact their overall well-being to include mental health and physical health, but that's an indirect outcome, not a fundamental goal. Ms. Gray said that the subcommittee's discussion around this and it really is a question of definition to whether or not child neglect was a health issue. She said that the Subcommittee that it was a health issue, and that employment and financial well-being for families contributed to health care and better health.

Mr. Wilson said that the philosophy is that the cycle of violence and abuse that Partners is trying to make a major dent in is a combination of the desperation of the parents, their historic inclination toward violence and ultimately to treat the children and the families. But the theory is that in order to break out of that cycle, employment is a significant element and the sense is if you are able to get these families employed that will further contribute to resolution of the violence and abuse. The Vice Chair said that he did not dispute these facts. Mr. Wilson said that what they are going to measure is whether there is a further measurable decline in violence to children for those for whom there is employment.

Ms. McCann asked if these are CPS and DSHS cases where they take away the kids and there are foster kids involved and they're working with the parents to be better parents. The Chair said

often times referral to Partners, these children are in the system, they have had dependency actions filed by the State of Washington, but instead of removing the children and putting them in foster care, this is an alternative under the state's supervision to see if it will work. It has been around for a long time and used to be called Casey Family Partners. Ms. McCann asked whether this research has ever been done before. Mr. Wilson said the research is very unique as there aren't very many efforts to quantify that this intervention in fact makes a difference. Mr. Oldenburg said that if you had the same three people score again, items 3 and 4 could reverse, there's only .3 difference because you had three people scoring over 16 categories. He said that he thinks that it would be grossly unfair not to fund it. The Vice Chair said that he didn't disagree with that as a matter of funding, but being a step removed from health care. Any improvement in your life conditions – stress, enhanced employment – will arguably improve your overall health. We could fund any number of things if we're willing to be a step removed and could qualify for funding from us. Ms. McCann said that she agreed. The Chair said that if we had a finite amount of money and we had to make some tough decisions, and eventually we will have to do that, and in her mind, the fact that the hospitals have been involved for such a long time, clearly they believe that alleviating child neglect has some kind of direct health care benefit.

The Vice Chair said that he didn't disagree, but this is about facilitating employment as a means of effecting child neglect, all great stuff, we just have a charter and mission focused on health care whether it be access or life sciences research and infrastructure development. We have a certain universe in which we're supposed to be operating in, so are we stepping outside our bounds and using money that really has been earmarked for a certain category of activity in a way that wasn't anticipated.

The Board decided to have the Executive Director send out the RCW, the HSSA Mission Statement, the Evaluation Criteria, along with the Partners proposal, the Board would finalize the discussion at its August meeting.

The Chair said that the minutes will reflect that the motion to approve the top three proposals at 75% has been approved, the fourth-ranked proposal will continue to be discussed at the August 4<sup>th</sup> meeting, and the fifth and sixth applications will not be funded.

The Chair adjourned the meeting at 4:30 p.m. The next HSSA Board meeting will be August 4, 2010.