



health sciences & services authority of spokane county

**HSSA BOARD OF DIRECTORS
Minutes of the September 5, 2012 Meeting
665 N. Riverpoint Boulevard, Spokane, WA**

Members Present:

Nancy Isserlis, Board Chair; Earl F. “Marty” Martin, Vice Chair; Gary Pollack, Jason Thackston, Dave Vachon, Frank Velàzquez and Mike Wilson

Members Absent:

Jeff Collins, Kevin Oldenburg

Staff Present:

Susan Ashe, Acting Executive Director
Gaylene Lewin, Consulting Accountant

Counsel Present:

James Emacio

Guests:

Daniel Smith, Stephen Warren, Gary Mallon

1) Call to Order

Nancy Isserlis welcomed everyone and called the meeting to order at approximately 3 p.m.

2) Approval of Minutes

Dr. Frank Velàzquez moved to approve the minutes of the August 1, 2012 Board meeting with two corrections to pages 2 and 3. Jason Thackston seconded the motion, which passed unanimously.

3) Chair’s Report

A) Authorization to Pay Warrants

Chair Isserlis informed the Board that she signed Warrant No. 1251 for \$15 to the Washington State Department of Revenue to register HSSA with Employment Security and Labor & Industries, and will sign Warrant Nos. 1253 through 1262 for a total of \$173,849.59.

Vice Chair Marty Martin will today sign two warrants over my signing authority, and Dave Vachon signed a warrant to Fidelity Insurance for \$3,547 for our Director and Officers

Liability Insurance. If anyone needs a copy of that policy let Susan know and she will get a copy to you.

B) Executive Director Agreement

The Chair reported that she and Ms. Ashe had come to an agreement on a total salary and benefits package within the parameters set by the Board. Mr. Emacio suggested that the Chair would execute a Letter of Engagement with the Executive Director that sets forth the issues that we've talked about, the fact that she's at will, her hours and the benefits she gets, just so we have a record in the event we have an audit challenge on it. Mr. Emacio offered to work with Susan to get that accomplished.

4) Grants Committee Report

Mike Wilson made a brief Grants Committee report prior to his having to leave, and prior to introducing the guest speaker. He reported that the Committee met and reviewed the new Evaluation Criteria for RFPs 5, 6 and 7. That criteria is now divided into two distinct sections, mandatory criteria for the RFP, and if that criteria is not met then the proposal is not qualitatively judged beyond that point, and then second is a ranking section of qualitative criteria. The Committee approved these criteria, which were actually put in place before for RFP #8.

The second order of business was to review a proposal under RFP #7, and that was a proposal from the Providence Research Center. I recused myself and left the meeting, and it was reported to me afterwards that there were some follow-up questions for the applicant prior to a ranking of that proposal. A letter was sent to the applicant for further information before it could proceed. That is the end of the Grants Committee report.

The Chair asked when the Board might expect to hear about the recommendation, and Dave Vachon responded that he thought it could be ready by the Board's next meeting.

John DesRosier, Executive Director, Life Sciences Discovery Fund

Mike Wilson introduced John DesRosier, head of the LSDF, an organization created with funds from the state's tobacco settlement fund. John is the Executive Director, and he will share with us today background on that fund, and we believe, more important, is the potential for an opportunity to couple the work of that fund with the work we're doing to maximize some of the granting that we're doing out of HSSA as well.

John briefed the Board from a PowerPoint presentation (attached).

LSDF Program grants range from \$2-7 million and 15 had been made. These fund major new initiatives that have a variety of different foci, generally multi-institutional, multi-disciplinary, but not really highly focused. These are likely to have a lot of different outcomes. We have funded three of these on this side of the mountains: John Roll here at WSU Spokane on rural drug abuse; one at PNNL in Dick Smith's lab in advanced blood analytical technology called proteomics; and one is in Pullman with Guy Palmer, an e-coli cattle vaccine project under the

Washington Vaccine Alliance. We aren't able to make grants of this magnitude anymore because of the budget cuts.

Project grants: 19 at \$0.2 -1.5 million. 4 in Pullman, one at PNNL and a cross-mountain one.

Commercialization grants (22 @ \$150k). These are highly focused. The whole goal is very targeted experimentation, proof of concept type work, prototype development, whatever you want to call it. The idea is to try to lower the risk to commercialization so that the work will attract further resources in the future. One is at Pullman and one is at PNNL.

Opportunity grants (2 at \$2-5 million). These are opportunistic, something has bubbled up with a short time line. We have a significant ability to leverage our funding against other funding, and one of those \$2 million award leveraged a \$25 million federal award, and our \$5 million award leveraged a \$20 million award by a venture capital group.

Some highlights:

- 58 grants to date; \$88.6 million/\$55 million reimbursed
- Economic impact: \$428 million or 7.8X reimbursements (34 awards report an economic impact)
- 46 grants aimed at commercialization; that research will not lead to an improvement in health or health care unless there is a new commercial product or service developed; just under 80% of our grants here have a corporate partner (LSDF has a grant payback policy, so if they make money they have to pay the grant back)
- 13 grants show translation into clinical populations
- Debbie Nickerson at UW has brought in another \$132 million in funding to human genome center; it's like she's printing money
- Over 3,000 direct and indirect jobs anticipated over the next 3 years through LSDF funding and follow-on funding
- At least \$950 million in statewide economic activity due to LSDF funding and follow-on funding enabled by LSDF support

This shows the potential, in part, HSSA has in the Spokane area. He said that the LSDF is making two kinds of grants only this year:

Proof of Concept Grants (up to \$250k); intended for both for-profits and non-profits. If you are a non-profit the whole idea is to try to push promising intellectual property out of the institution and into the corporate environment to really make sure some of these ideas are good and have a potential commercial application. If we make them to a young company, that's to help them become more successful than raising equity investment.

Opportunity Grants (up to \$1.4 million each; probably make 3 or 4). We will try to leverage our money and ask for a substantial match at the time of the award.

Mr. DesRosier and the Board discussed ways in which the two organizations could partner on grants in Spokane County, and better leverage one another's grant funding. He and Ms. Ashe will collaborate on a proposal for their respective boards to review.

5) Executive Director's Report

The Executive Director reviewed a number of meetings she has had since the last board meeting which she described as outreach to inform people about HSSA and its grant potential, and to discuss potential partnership. She also described initiative the GSI and HSSA are working on together to further market HSSA grants to improve the local economy.

Chair Isserlis noted that she and Susan met with Sen. Lisa Brown a few weeks' earlier. She was doing a "check-in" as her term in the Senate concludes, to find out what was going on and giving us some helpful ideas as we move into the future. One of the ideas that we talked about was collaborating with LSDF in a more meaningful way, and we will report to her that we are doing so. It was a good meeting in all respects.

6) Board Committee Reports

A) Finance Committee – Jason Thackston, Chair

Mr. Thackston noted that Board members have financial reports in their packets, and that HSSA continues to be in good shape. As of the end of June, our cash balance was \$13.3 million. Our operating budget is below the target 10% at about 9%. These are operating expenses as a percentage of revenues, and we have committed and not yet paid just under \$1.6 million in grants. There is a list in the packet you have before you. State tax remittance for June was just over \$126,000, and I calculated that was about \$4,000 over what we budgeted in June. The bond payment is due December 1st and we are on target to make that payment.

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7) Counsel's Report – James Emacio

There was no report from Counsel.

8) Board Member Comments and Announcements

There were no board member comments or announcements.

Board Chair Isserlis adjourned the meeting at approximately 4:05 p.m.

The next HSSA Board meeting will be October 3, 2012, 3 p.m. at Innovate Washington, 665 N. Riverpoint Boulevard, and 4th Floor Board Meeting Room.