

**HSSA Board of Directors**  
**Strategic Investment Plan Review Special Meeting**  
**August 6, 2014, 12 Noon**  
**McKinstry SIERR Building, Roundhouse 1 & 2**

**Attendees:**

Nancy L, Isserlis, Board Chair; Earl F. “Marty” Martin, Board Vice Chair; Jason Thackston, Board Finance Chair; Mike Wilson, Board Grants Chair, and Dr. Jeff Collins, Kevin Oldenburg, Gary Pollack, and Dr. Francisco Velázquez.

**Not Attending:**

Dave Vachon

**Staff & Counsel:**

Susan Ashe, Executive Director  
Jim Emacio, Legal Counsel  
Gaylene Lewin, Financial Counsel

**Guests:**

Guest speakers attending were **Antony Chiang**, President, Empire Health Foundation; **Colleen Kerr**, Vice President, External Affairs and Government Relations, Washington State University; **John Roll**, Senior Vice Chancellor, WSU Spokane; and **Roger Woodworth**, Vice President & Chief Strategy Officer, Avista Corp.

**KEY INFORMATION LEARNED & PROPOSED ACTIONS**

**WSU Presentation**

- **Colleen Kerr**, Vice President External Affairs and Government Relations, and **John Roll**, WSU Spokane Senior Vice Chancellor, briefed the HSSA Board.
- One-quarter of WSU’s colleges are located in Spokane
- WSU is a land grant university and through its county extension program, touches every county in the state; four branch campuses, three research locations
- Public Health Institute is close to announcement; Behavioral health research on public health present opportunities for funding
- WSU continues to plan toward a community-based medical school of its own, justified by the need in that much of Washington state is medically underserved; other facts to support the need for more doctors: 120 entering medical school in Washington state; 700 doctors needed each year to replace retiring doctors (WA ranks highest in nation for physicians near retirement age – 28%); more than 800 Washington residents apply to medical school in Washington and only 120 are accepted; to reach projected demand for doctors by 2030, Washington should add 375-400 new seats each year.

**Avista Corporation Presentation**

- **Roger Woodworth**, Avista Corp. Vice President and Chief Strategy Officer discussed the need for broader business support systems for Spokane’s University District and health corridor; really 3 elements for break-out growth:

- Business Accelerator Services
  - Re-boot the Innovate WA Foundation (like the old Sirti but much more targeted)
  - Provide affordable office and wet lab space for rent and business development support
- Capital Access Network
  - Technology Growth Fund (Sirti/Innovate WA) to about \$2.6 million; loan non-bankable start-up businesses
  - Intellectual Property Development System (working with Lee & Hayes to create an accelerated IP fund that could reduce cash requirements for entrepreneurs)
- Enabling Support Systems
  - Source non-dilutive funding
  - Enable infrastructure (rent bench tops, use shared space including lab space)
  - Flex-fund – someone to backstop rental agreement; co-sign loans; strategic and financial investor; California QB3 – 3 universities shared resources, e.g. a start-up could rent a sink, lab and chair in shared space)
- We should think more broadly about all this; how we can improve the world ... One Health Spokane

### **Empire Health Foundation (EHF) Presentation**

- **Antony Chiang**, EHF President, Announced EHF-HSSA- GSI receiving a \$145,000 in new grant funds from JP Morgan Chase for the development of a commercialization strategy. He proposes to create a working group to improve strategies to recruit health sciences companies to the region and it proposes to engage commercialization and finance experts. EHF would put in \$5,000 and assumes about \$3 million of HSSA research funds. Also proposes to manage the funded projects, etc. (This grant may actually be for \$125,000).  
EHF desires to have a public announcement of this grant and its intent, which may be premature until further details are known.
- Presented an overhead which suggests for Board consideration a “stacked financial model” for HSSA that includes grants, debt and equity.

### **Financial & Performance Reviews**

- **Jason Thackston**, HSSA Finance Chair, presented on life-to-date financials for the organization, which included an overview of Income both year-to-date date of \$8.5 million and projected income of \$12.6 million now through 2022 (corrected Income graph attached), and Expenses. The organization’s Bond Debt Service also was discussed, and at this time HSSA anticipates a surplus once the debt has been repaid. Overall, HSSA’s finances are in very good shape.
- **Susan Ashe**, Executive Director, provided information on all three grant categories included committed Health Research and Access to Care grant funds with anticipated funding to total slightly more than \$22 million through 2022, including a 10% Administrative fund. She provided further detail on each fund as follows:
  - **Health Sciences Research** grants have totaled \$5,385,096 to date with an estimated balance of \$6,853,857 through 2022.
  - **Access to Care** grants have awarded \$1,037,238 to date with a projected balance of \$2,271,980 through 2022.

- **Administrative** fund has spent \$702,595 to date with \$1,503,550 projected balance through 2022.

Ashe informed the Board that to date HSSA's investments have created a total of 469 jobs and total economic activity of \$52,223,280. Ashe was asked by one Board member to provide information about how this economic development information was derived.

She concluded her presentation to the Board with top-line information gathered in focus groups and a survey of health science community leaders.

### **HSSA Board & Staff Discussion & Actions**

Several questions by facilitate Jason Swain, Swain & Associates, prompted the Board's discussion during the final section of the meeting that resulted in the following alignment, findings and/or actions.

- One "sacred cow" that the HSSA Board follows is that its mission is tied to the law, RCW 35.104 under which it was created.
- The HSSA Board welcomes members with experience in health sciences research or that provide innovative health care to people. It recognizes that at times there may be conflicts of interest and has established a policy to address this concern. That policy will continue to provide guidance to the Board and/or its subcommittees.
- The split in funding grants at 75% for health sciences research and 15% for access to care innovations, along with the "no more than 10% in administrative funds," was agreed to by the former Higher Education Coordinating (HEC) Board (no longer exists) and the Board of Spokane County Commissioners. The Board understands that it can change this allocation if it so desires by making a request to Spokane County.
- The Board is interested in exploring an overall goal of Spokane "becoming the healthiest county in the world."

### **HSSA Research Grants**

- **HSSA RFP #5 (Invest in Human Capital to Accelerate Spokane's Health Sciences Research Capacity)**, currently an approximate \$4.5 million fund. The Board discussed the following changes:
  - New/separate RFPs for the following:
    - Current Grants with Established Researchers – match up to \$1.5 MM (same)
    - Rising Stars – match sum of researcher's grants total plus HSSA funding
    - The HSSA Board would like staff to further explore undergraduate Research funding to faculty for summer intern research, and/or a focus on support to undergraduate researchers
    - Consider naming grants rather than (or in addition to) numbering the grants, at least in certain cases.

- **HSSP RFP #6** (Fund innovative research to expedite commercialization and spur job growth), currently an approximately \$4.5 million fund in which researchers must have SBIR/STTR matching grants or other “proof-of-concept” matching grants
  - The Board asked the Executive Director to further explore the Empire Health Foundation grant from J.P. Morgan Chase that addresses commercialization strategies.
    - Legal Counsel and Executive Director will conclude whether HSSA may enter into debt/equity contracts given the state’s constitution. The Executive Director will check with the Life Sciences Discovery Fund.
  - A Grantee is allowed a total of two (2) HSSA grants for no more than \$1 million total funds, or up to \$500,000 per year over two years.
  - The Board will further discuss strengthening commercialization requirements in this grant or others.
  - After discussion, the Board did not approve a fund for smaller \$10,000-\$50,000 grants, nor did it approve a fund for Proof-of-Concept grants of up to \$250,000.
  
- **HSSAP RFP#7** (Support innovative research that advances Spokane as a national leader in health care delivery), currently an approximately \$1 million total fund.
  - The Board would like to conduct more outreach and test with universities and there could be a great deal more potential than is currently understood. Consider the Board’s discussion about the goal of Spokane County being the healthiest county in the world.

**Access to Care Annual Grants**

- Given the advance of the Affordable Care Act and the significant coverage by Medicare of many of the under- and uninsured in Spokane County, HSSA will take the emphasis of under- and uninsured in this RFP in the future and refer to “at risk populations.”
- Dr. Jeff Collins will send to the Executive Director information about population’s disparities in health in Spokane County.

**Further Discussion**

Q1: How might we increase the pipeline of proposal for grant funding?

A1: Patience; more outreach; website/marketing tools

Q2: Should we partner to fund other community needs, e.g. health sciences research lab space, commercialization efforts, and/or marketing/communications, etc.?

A2: Yes. Fund facilities/space for start-ups; establish a “flex-fund” from which to fund these investments.

Q3: Does the HSSA Board agree that it wants to sustain HSSA beyond its 2023 authorization and increase funding opportunities to the organization so that it may have an even greater impact

on the region's economy, or does the Board desire to spend the money it has and conclude its operations in 2023?

A3: Yes, we should explore increasing funding to HSSA, including increasing the .02 county-wide sales tax. The Board needs to see a Reauthorization Plan with actions, timelines, etc.

Q4: Should HSSA develop a sustainability plan to include private and public fundraising, reauthorization, development/partnership/investment in joint health science research funding initiative(s)?

A4: Yes, but consider how/when. HSSA doesn't want to take away money/funding from other entities in order to increase its funding; it has to consider the consequences to the overall ecosystem.

Nancy Isserlis, Board Chair, adjourned the special meeting of the HSSA Board of Directors -- the HSSA Strategic Investment Plan Review -- at approximately 4:30 p.m.