



health sciences & services authority of spokane county

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HSSA BOARD OF DIRECTORS
Minutes of the February 3, 2010 Meeting
665 N. Riverpoint Boulevard, Spokane, WA

Members Present:

Nancy Isserlis, Board Chair; Earl F. “Marty” Martin, Vice Chair; Patricia Butterfield, Grant Subcommittee Chair; Dr. Jeff Collins; Alethea McCann and Mike Wilson. Kelsey Gray participated by conference phone call.

Members Absent:

Dr. Jeff Collins.

Staff Present:

Susan Ashe, Acting Executive Director/Consultant

Providing Legal Counsel:

James Emacio, Spokane County

Guests:

John Lederer, Washington State Higher Education Coordinating Board; Chris Lynch, Foster Pepper PLLC; Steven Warren, Gonzaga University, and David Condon, representing U.S. Rep. Cathy McMorris Rodgers.

1) Call to Order

Nancy Isserlis called the meeting to order shortly after 3 PM.

2) Approval of Minutes

Marty Martin moved to approve the minutes of the January 6, 2010, Board meeting, and Mike Wilson seconded the motion. The motion unanimously passed.

3) HSSA Board Mini-Retreat

A. **Review of Strategic Goals/Initiatives.**

Chair Isserlis led the Board through a discussion of the HSSA’s Goals, Strategic Initiatives, Categories of Interest, Funding Eligibility and Outcomes/Evaluation Criteria that had been developed at the Board’s first retreat in May, 2009. Minor changes were made to the document, “Mission & Strategic Plan,” and are reflected in the new document. These include the addition of a third strategic initiative “to increase community awareness of HSSA and for HSSA funding opportunities; to add an item under funding eligibility, “Grantee must agree to the HSSA Intellectual Property Policy,” and to change the word “grants” to “awards” in the first sentence in Outcomes/Evaluation Criteria.

The Board also agreed that this work was very well aligned with that of the Higher Education Coordinating Board's Strategic Goals, Strategies and Performance Measures and did not submit any further changes at this time.

B. HSSA Intellectual Property Policy Discussion.

Chris Lynch, Foster Pepper LLC, a 23-year patent attorney invited to present by Jim Emacio, provided the Board a presentation about funded research and the four main areas of intellectual property, as follows:

Three Kinds of Funded Research:

- 1) **Corporate-funded research** where the corporation is giving money to the scientist and the corporation is going to own everything, and that the scientist will be thanked for his/her contribution and be sent on his/her way.
- 2) **Governmental-funded research** which the universities have done for years, but now the universities are taking more seriously, the notion of technology transfer. Most every school has an office of technology transfer. For example, Foster Pepper currently represents the entrepreneur-in-residence to WSU, who is basically a liaison between the business community and the WSU Foundation to try to marry the research that's been completed at the school with those corporate entities. At the end of the day, the school isn't becoming an equity partner in any of those companies, and the school isn't taking any sort of percent ownership of the fruits of the research as perhaps this draft HSSA policy suggests you do. But the school is basically getting licensing fees that are coming back to it. Generally, that's the way it works as WSU has structured it. So, governmental entities are picking up some business-like traits with respect to their research.
- 3) **Foundational (charitable) research** which is the opposite of the corporate-funded research where the foundation gives the researcher some money with no expected return, but for the research to do good work with the funding.

Where is HSSA in that continuum? Mr. Lynch said that HSSA is probably somewhere in between the governmental and charitable-funded research. He said that after reading the HSSA's charter, the state seems to present HSSA with the possibility of good flexibility in that HSSA has the ability to enter into contracts with public and private entities for research to be conducted in the state.

Four Main Areas of Intellectual Property:

- 1) **Trade Secret** (information that gives someone a competitive advantage, not generally known)
 - Free
 - Treatment protocols
 - Data
- 2) **Trademark**
 - Free

- Pharmaceutical name, devices (maybe raise awareness of HSSA, so in grants we may want the grantee to let the world know that HSSA was behind this, so here's a way to get your name out)
 - Free-as soon as you use
 - Register
- 3) **Patent** (\$5,000-20,000 each; invention)
- Process (computer software; Supreme Court decision imminent on medical processes that will make this more clear)
 - Machine (media device, e.g. Dr. Bagley's back surgery cage and tools to use it)
 - Composition of matter (drug)
 - Only lasts for 20 years
 - All patents are public
 - Disclosure (PHOSITA ... Person Having Ordinary Skills In the Art)
 - Claims (here's exactly how to use/make)
- 4) **Copyright** (Anything written or fixed in a tangible media such as sound recording, written paper, photo, etc.)
- Free
 - Protects the expression and not the idea, not the facts (Internet, the Drudge Report – in living room re-reporting the facts because the underlining facts are protected, and he can't copy someone else's articles because that's the expression; in HSSA world, the research may want to publish the research)
 - Researcher may have copyright, but the underlying facts are in the public domain (Often the grantor will require the researcher to give them access to the underlining facts and have full use of these facts, so "data," so NIH will give you the grant but they want the data)

The HSSA Board discussed the continuing development of its Intellectual Property (IP) Policy and asked that the IP Policy Subcommittee continue to work on the IP Policy and to provide a draft of the document for the full Board's consideration. *The Board reached consensus that it desires a simpler Intellectual Property Policy that says HSSA would seek an interest in intellectual property rights where appropriate and in the public interest, and that it addresses this issue on a case-by-case basis.* The Board agreed that it wants to retain flexibility and did not want to give up the opportunity to seek its interest to address the issue of sustainability, one of its goals. It also confirmed that award recipients must agree to HSSA's IP Policy.

C. **HSSA Fund Allocation Discussion.**

Chair Isserlis summarized the intent of this agenda item as a discussion of how funds would be allocated in the future. She said that in HSSA's first year, the HSSA Board had made the decision to only spend the money it had received through tax revenues for grants in one or two-year cycles. The Board may want to continue this strategy or to devise some other strategy such as spending funds it anticipates receiving through bonding or some other creative funding. The subject will continue to be discussed by the

HSSA Board, but *generally the Board agreed that it wanted the opportunity to assess statewide research potential with demonstrable and direct benefits in Spokane County. It concluded that it was willing to issue a health sciences request for proposal that would not include a funding cap or specific duration in order to see the range of potential projects, and will require strong deliverables including those in economic development.* The Board is interested in funding levels of grants – large, medium and small – depending on the nature and scope of the proposals it receives. The Grant Subcommittee will continue to visit this issue and bring forward its thoughts to the Board for further discussion and recommendations.

4) Chair's Report

The Chair informed the Board that she had signed warrant numbers 1040-1043 dated February 3, 2010, for a total of \$11,444.98.

5) Acting Executive Director/Consultant Report

The Acting Executive Director reported on her January trip to Olympia the second week of the state legislative session where she visited key Spokane-area legislators. Ms. Ashe thanked Sen. Chris Marr (D-6) for sponsoring SB 6727, which incorporates three HSSA-desired technical fixes to the HSSA authorizing legislation, and is working its way through a difficult legislative session. She also reported that she had been informed by staff of the Spokane County Board of Commissioners that it had initially approved appointing Jason Thackson, Vice President of Finance for Avista, to the HSSA Board. The BOCC would take final action at its Tuesday, February 9th meeting.

6) Board Committee Reports

a) **Finance Committee**

Alethea McCann, Finance Chair, issued the following report as of December 31, 2009.

- The County reports that \$117,642.77 is the December allocation to HSSA from county-wide sales and use tax.
- The County also reports that the HSSA ending balance as of December 31st is \$1,801,830.04.
- Administrative costs for the 12-month period ending December 31st are \$80,331.49 or approximately 5.4% of the HSSA total revenue (county-wide sales and use tax at 0.02% to date).
- Total operating expenses are \$4,108 less than budgeted for the year.
- Total actual revenue is \$37,286 less than budgeted for the year.
- HSSA Grants awarded in 2009 totaled \$900,000, and expected to be awarded in 2010 at \$550,000, for a total of \$1,450,000 for four grant competitions in 2009-10.
- HSSA is in good financial shape.

b) **Grant Subcommittee**

Patricia Butterfield, Grant Subcommittee Chair. On behalf of the full Board, the Grant Subcommittee will redraft RFP #4 for health sciences research with a more general intent to provide HSSA the opportunity to assess statewide research potential with demonstrable and direct benefits in Spokane County. The RFP will not have a funding cap or specific duration in order to see the range of potential projects, and will require strong deliverables including those in economic development.

- 7) Counsel Report. There was no Counsel report.
- 8) Executive Session. There was no Executive Session meeting of the HSSA Board.
- 9) The meeting was adjourned at approximately 5:20 p.m.
- 10) **The next meeting of the HSSA Board will be Wed., March 3, 2010, at Sirti, 4th Floor Board Room, 665 N. Riverpoint, beginning at 3 p.m.**

Note: Subsequent to the February 3rd meeting, the March 3rd meeting was cancelled, and the HSSA Board will meet at it regularly scheduled meeting Wednesday, April 7, 2010.