health sciences & services authority of spokane county

HSSA BOARD OF DIRECTORS
Minutes of the October 5, 2011 Meeting
665 N. Riverpoint Boulevard, Spokane, WA

Members Present:
Nancy Isserlis, Board Chair; Patricia Butterfield, Dr. Jeff Collins, Kevin Oldenburg, Jason Thackston, Dave Vachon and Mike Wilson.
Members Absent:
Earl F. "Marty" Martin, Board Vice Chair
Kelsey Gray
Staff Present:
Susan Ashe, Acting Executive Director.
Counsel Present:
James Emacio
Guests:
Tony Bonanzino, Amy Johnson, Rich Anderson and Paul Brown, ISM; Stephen Warren, Gonzaga University.

1) Call to Order

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

Approval of Minutes

Jason Thackston moved to approve the minutes of the September 7, 2011 Board meeting, and Jeff Collins seconded the motion, which passed unanimously.

Board Actions

A. Mike Wilson moved and Jason Thackston seconded the motion to approve Amendment No. 1 to extend the duration of the GSI/WSU Grant Award Agreement by three months. The motion passed with one abstention by Dr. Patricia Butterfield, WSU faculty.

2) Chair's Report

A) Authorization to Pay Warrants

Chair Isserlis informed the Board that she would sign Warrant Nos. 1165 through 1173 amounting to $118,359.48, a few of which will require a counter signature by Jason Thackston, Finance Committee Chair.

B) ISM Presentation

Chair Isserlis said it was her pleasure to introduce a couple people who are well known to HSSA, Tony Bonanzino and Amy Johnson, who would present ISM's report to the board pursuant to our very first grant, RFP #1 to increase infrastructure capacity for bioscience research, which was released in June, 2009.

Tony Bonanzino said that they would present ISM's year-end report, and that the grant actually concludes in December at which time ISM will have a final report. He introduced Rich Anderson, Amy Johnson, Chief Operating Officer, and Paul Brown. He said they were able to entice Mr. Brown to join ISM as a fund development director.

Mr. Bonanzino thanked HSSA for the $675,000 two-year grant. The said that the intent was to develop research infrastructure for the region in dealing with biomedical research. He introduced Amy Johnson to provide an update to the Board on the Clinical Data Repository, as well as the projects now secured for the Bio-Specimen Repository. He said the CDR was fully engaged at this point, and that they were moving cautiously on the Bio-Specimen Repository in order to get it right.

He said that what ISM told HSSA two years' ago was that $675,000 for an undertaking like this is almost seed money to make this go forward. We made it go forward at this point, he said; we have these tools; we are supporting the academic and clinical researchers in the community, but the infrastructure is not fully developed, has some ways to go yet. He emphasized that this infrastructure project is essential to be in concert with the experience that is taking place across the street, the medical school. In order to bring top level researchers to this community, there has to be some type of research infrastructure in place to help attract these people.

He added that over the last two years, for whatever reason, it continued to come up that ISM was originally developed in 2005-06 and there were an enormous amount of funds that were pushed into ISM, not from this Authority, as it was not even formed at that time, but essentially the County, the State, private investors, Gonzaga University, WSU … all of these entities gave ISM roughly $5 million. And we seem to forget that 2.5 years' ago that original plan was completely disbanded. At about that time Mr. Bonanzino was asked to come on board for about three months to help ISM get out of this hole they were in. They had spent that $5 million, they had developed nothing. In two years we have taken this $675,000, completely revamped ISM with a new set of people, and $675,000 represents about 13% of that original investment for that old group, and we've produced two major projects to build an infrastructure. So, I want people to keep in mind the accomplishment

that we've made using the funds generously contributed by this Authority. He then introduced Amy Johnson.

Ms. Johnson gave a PowerPoint presentation (attached). The past year that she has been at ISM, it has made a lot of headway and it's been exciting, and she said she knows this is a huge contribution and a central component to what we are experiencing in the Spokane region as far as expanding our academic health sciences as well as our clinical research ability.
The Spokane Clinical Data Repository (SCDR), which met all milestones in the Grant Award Agreement, discussed an active web-based tool which currently posts the Washington State Hospital data, CHARS data, which is 24 years of data, about 13 million patient records. When IMS's website is up and running within the next two weeks, these tools will be available to the general public. That tool will be on there and all researchers will be able to go on-line and see what type of data is available to them, which currently they can do if they call the Department of Health and talk to an epidemiologist. This tool allows quick access to decide exactly what it is they want, as well as our quality improvement tool which we are working on with Providence right now, which gives them the ability to ping into our system and get a report back on their mortality rates for cardiac patients.

She turned the presentation over to Rich Anderson to show both of the tools, who also shared an I-Pad with the Board members to see the tool. Mr. Anderson explained that the website would be up and running in a couple weeks.

He said that what this does with the CHARs data, which anyone can get for a small administrative fee, but it is really difficult to perform any queries on the data in such a way that researchers want to look at data and kind of iterate through what they are trying to come up with for a research project. There are four different fields you can choose from. Right now we have the entire state, or you can narrow in on just Spokane. If you want to look at Spokane hospitals, we have defined 21 different populations, all based on ICB 9 codes; we certainly can develop more and that's something we're planning to do over this next year with the Scientific Advisory Board, but we can provide information to a larger research base so that hopefully we can get more research dollars into the area. If we wanted to look at chronic kidney disease and kidney transplants, and you wanted to see length of stay, you can display that. It gives you a picture (graph) giving you length of stay. Right now there are 840 different queries by using this tool.

We also have the social security death index, with a subscription from the Social Security Administration, and right now we are working with Providence on mortality for thoracic surgeries. It essentially takes them about a week of time to process this data, and they want to look at 30 to 60 days at what their mortality rate is for thoracic surgeries. We provide that service by developing this tool, and it will automatically check their entire database of social security numbers and tell them whether or not at 60 days past surgery whether or not the patient has passed away. ISM works with Rollie Harris at Providence, who was gracious enough to work with them to develop this tool, so it is an in-kind service, not for

fee. Essentially, this work takes him about 40 hours to get through all that, and we can get done for him in a day.

Ms. Johnson reported that the Spokane Bio-Specimen Repository had met several milestones, and continues to develop the standard operating procedures based around a BSR. The reason that all those milestones are not met is that there is a heavy regulatory piece involved in the development of a bio-specimen repository. That's one piece of it. The regulatory requirements – there's several federal agencies we will be dealing with – the FDA, Transportation, HIPPA, all those found involved in bioscience research. In order to get a bio-specimen repository up and running to the fullest extent, it takes a significant capital investment. A good example, Rich and I went back to Cleveland to visit the fetal umbilical cord blood bank. They had a $7.5 million investment for three years to get their clinic and organization up and running. We looked at how ISM can efficiently use the funds that we do have committed to the bio-specific repository. We looked at the operating procedures, the regulatory environment that we needed to develop, have the correct staff in place, as well as the correct regulatory agencies that we needed to report to. We also took a look at what will it take equipment-wise, location-wise, profitable. So we do have four established projects.

We've been working with Dr. Gregory Loewen, a pulmonologist in town who started the Stacy Scott Lung Registry in New York. He's been here at Providence for about four years, and has been talking and working with us. What he would like to do is have ISM collect and store his specimens as he continues to develop and build the registry that he has. So, basically having another wing of it (the registry) here in Spokane.

The other two are around umbilical cord blood banking, and the reason for that are the collection of stem cells. So with Deaconess Medical Center and Inland NW Blood Center, we're looking at a three-pronged approach for research, private and public banking. The first two, private banking, that's a shared revenue projection and I'll talk about that in just a second, gives parents the ability to bank their baby's umbilical cord blood for any type of future use that they may need. Public banking is just like your blood banking; you bank that umbilical cord blood, it's put into a national registry, and then you match those stem cells for therapeutic purposes. Those samples that are viable for therapeutic purposes can be used for research purposes. Of course, involved in this, is a whole entire layer of patient consent. So that's the three-pronged approach that we're looking at with both Deaconess and Inland NW Blood Center to give us self-sustaining revenue generation.

When we project out into a 10-year business plan for ISM, using both projects, we have a revenue generation potential of about $200 million. With the data sets from CDR, which Rich showed you, you – drive through the expansion of not only local researchers, but into additional WWAMI states, in particular, Idaho, Montana, the entire state of Washington, and Montana. With the bio-specimen repository, again looking at that three-pronged approach, you have private, public and research, then you have a revenue generation potential for tissue samples for research purposes, about $7 million; private banking, $148 million; therapeutic purposes, about $47 million. The way those revenue projections are derived, again using those same states, population estimates based on 2010 census as well

as birth statistics for the last two years, projecting out those statistics using a very conservative percentages over those 10 years that we can take a look at. I have to say, too, that the national marrow donor program was extremely helpful in helping us project the revenue, the costs for an umbilical cord blood bank. So, that's our presentation. Any questions?

Q: Are you still working with INHS on that rich source of data, or what is the status?
A: We worked very hard with INHS to try to acquire identified data that we could put into the clinical data repository to make it available to researchers. What we found is that they were not able to provide us that data outside their fire wall, which is what we needed to be able to do to match with other sources. We also found it to be extremely cost prohibitive. They were going to allow ISM about two weeks' worth of access to their data for about $90,000, and two weeks isn't enough for researchers. As Ken was looking at his research, he needed to have subsequent months to be able to compare the outcomes. So, we put that on hold. We went through many iterations, we worked with staff at INHS to try to figure out how we get to that point while keeping in mind the IRB requirements we were facing, as well, for security. So the bottom line is that it is on hold, perhaps we can look at it again when they have other mechanisms in place to provide that information. We've also been working with the Institute for Translational Health Sciences in Seattle on helping really inform the federal regulations around the security and privacy data. They are trying to use their IRB as a model IRB for assessing safety of systems that are mining health care data. They are working with a project in Montana to be able to develop those. That would be extremely beneficial to us. One of the things we ran up against was our Institutional Review Board (IRB) just because this is a new area, and it's so quickly changing, even the HIPPA regulations, cannot keep up with it. The federal government right now is going through some changes on that. We will continue to assess how we can access identified data. We went through those audits; our systems are secure. All of our systems are housed here at the WSU data center, and our systems are secure as they can be.

Q: You have $211 million in gross revenue, what was your net profit over the 10- years projected?
A: I wish that I could give that to you, but right now we're still looking at the tax implications of how the revenue matches up to the entity that we have to have that makes it a success. Mr. Bonanzino added that what Ms. Johnson was saying is that ISM is still in the evaluation phase of whether the bio-specimen repository should remain a not-for-profit entity or be a for-profit entity. And we're having that discussion with our attorneys now because there is a huge tax implication one way or the other.

Q: You have shown what your revenue generation is over a period of 10 years, how much revenue have you generated in 2011?
A: None.

Q: What is your business plan for generating revenue in 2012?
A: Focusing on the Clinical Data Repository, with additional funding possible, we will look at expanding the QI tool, as well as expanding the CDR. The key to that is that we

have the tool up and running now, and we need to be able to have the ability to market that tool, not only to researchers, but to be able to go out and find those additional data sets that we can include in our data repository, as well as marketing that to additional health care organizations such as Providence that we've been working with on the QI tool.

Q: Do you have a cash flow analysis?
A: No.

Mike Wilson commented to the Grants Committee members of the Board that this request by ISM for one year of funding ought to be in response to a specific RFP, and ought to be evaluated by submission of a specific set of criteria that was established by the Grants Committee. This is sort of an ad hoc presentation today. Are we planning on inviting them seek a request through a formal grant process. I don't think there's any methodology for us to approve something outside of a process. Chair Isserlis said he was correct.

Tony Bonanzino stated that HSSA has RFP#1 from which $675,000 was granted. At the time of the grant, ISM indicated that this was essentially a start-up organization and that that funding would not be sufficient and we would come back. Is this request still a part of RFP#1 or an extension of RFP#1 or are we now creating a new RFP? Mr. Wilson said that he did not know the answer to that because it had not been discussed by the Grants Committee.

Patricia Butterfield apologized for being late and for missing part of the presentation. One of the things that the Grants Committee has had some dialogue about is the issue of duration of funding. In terms of HSSA as a grant issuing body, one of the things about building a bridge is that as you are walking over it at the same time is how far out can you go in terms of just building the process. So what we tried to do was address the public good by pushing out as much grant as possible. I'm not sure we've ever been at the development level in our organization to really look at a renewal procedure or a competitive renewal procedure, which would be analogous to NIH (where there would be a competitive procedure for the duration of an additional 24 months). I can't say anything in terms of yes or no on the merits of the project, but as a member that's finishing my term on the Board, I have enough history to say that we were probably never there in terms of the decisions about renewal, and there may possibly should had been greater intentionality about that renewal process, but frankly we were spending our effort really at how to get public good out there. That's my recollection as we looked at the release of the award of the first grant, then the second grant to Project Access, then the subsequent grants that we have issued addressing community need in different dimensions.

Mr. Wilson said that if there's just a consistency issue, he would see that having Project Access, which received dollars in RFP#2, they had to apply again in RFP#4 for dollars again. We've at least set that standard, but again, we have to talk about that. And he personally, with the number of Providence letters in this packet of the projects associated with Providence, would need legal counsel to give him advice on whether he should even participate.

Q: So this would be your formal request as well as your final report, is that correct?
A: We have spent the last few months trying to get an idea of exactly what, as you were going through your strategic planning process, what ideas you might have had in mind for ISM. That changed a little bit from the last year, you expected us to come back with a proposal. It would be very beneficial to us to have that guidance as to what exactly you were looking for. We do have that information, Kevin, I can give it to you. This was kind of a quick, we'd love to have a revised proposal from you.

Tony Bonanzino said he understands what Patricia and Mike are saying, but asked that HSSA look at it from the ISM perspective, as well. We were continually under the impression, and we always indicated to this Authority that this was not the end-game for us, that we'd be back because we would need more funding. We were under the impression over the two- year period, that absolutely, ISM should come back and we understand, it's not the right amount. And then, over the past six months, I think there was some confusion from this Board as to whether we would be allowed to move forward or not. We've been working on that proposal, yes, this is going forward. Then it suddenly reversed and we were told there would be no consideration for additional funding. We were revising our plan, trying to figure out what to do next, and simply one week ago we were told to come back with a proposal for one year. What is your one-year need, one and final need. It wasn't entirely clear from one month to the next what this Authority was looking for, so we have been flexible enough and adjusting continually and we are now here with a one-year proposal.

Q: Tony, what's your burn rate right now and how much cash on hand do you have? How long can you survive?
A: We are good until the end of the year because, I believe, we've been extraordinarily good stewards of this $675,000. One of the reasons we didn't engage INHS was simply the value for the funding they were requesting was absolutely de minimis. They wanted $90,000 for two weeks of service and five years of data. We went to the Department of Health and paid $250 for 24 years of data and 13 million records. We've been able, with the help of people like Rich, to consolidate that into a tool that's useable by researchers and others.

Q: You are estimating $450,000 a year on average for the CDR research purpose and Quality Improvement tools. When is that going to be up and running that you're going to be generating off of those, because that's $900,000 per year, and you're asking HSSA for a half million dollars. The question is, when is that going to be up and running to support? Is it going to take another year to get to the $450,000? That's why I asked originally what your cash flow projections and revenue projections were. Saying that's out 10 years, is that $148 million for the storage specimens hit in year 10, or how do your revenues ramp up over time to see that this is actually a viable operation?
A: We have to ramp that up within the next 12 months, and we have to be pulling in revenue within the next 12 months because we are planning to be self-sustaining within the next 12 months. That's one of the reasons Paul Brown is in the room. Paul Brown has an extensive history of not only in the sciences, but of raising money, and we are beginning the process of talking to other groups now, very quickly, because we expect to be funding

this bio-specimen repository outside of HSSA by June of next year, and funding at a very high level. Because Kevin, as you know, it's a $7 million start-up process for a true bio-specimen repository.

Chair Isserlis said that we may have gotten a little off track and she wants to be sure that ISM has adequate time to finish its presentation.

Mr. Bonanzino, while appreciative of the Chair's concern, said this was actually the heart of the discussion. What's the future economic impact? …

Q: How receptive are the private equity markets to your business model?
A: Paul Brown said that there's some work ISM is doing right now to look at this, but people he is talking with are very interested. Again, we're working on it. Mr. Bonanzino said that they are not only working on it locally, but with some private equity groups out of New York and their counter-part in Los Angeles.

Q: Patricia said that HRQ would certainly be the group at NIH that would be funding this type of work on quality or health effectiveness research, and didn't know if the scientists have looked at the RFAs through HRQ and submitted or seen if there's a bid or anything?
A: Ms Johnson said that they could certainly take a look at it; the next round is due December 5th.

Mr. Bonanzino said that frankly, they were looking at the bio-specimen repository as a private venture to support the entire organization. Kevin, you know, the grants take a long time; his experience in private equity is that they can develop a term sheet and turn a project in two or three months.

We have the economic impact of $675,000. Currently we have two full-time employees. We've had over the two years up to 13 contract employees, and involved in 20 local organizations. What's the future as we see it? That's more important. We've looked at the September 17th meeting down the hall which dealt with the strategic research investment plan. Strategic Goal #1, the return on that goal is to recruit well-funded principal investigators. To do that you need some infrastructure to attract people. I'll just quote Dr. Pollack who spoke at that in support of the strategic goal: "the investment in trying to bring faculty who hold two investigator-initiated RO1 grants that would be transferrable to Spokane, I think is admirable, and certainly when you can find those people you want to snap them up. But, the number of faculty nation-wide who are funded at that level is small. The number who are willing to move is smaller. The number who would be a good fit for this health sciences campus at this stage in its development would be smaller still. Perhaps more importantly, we do not have the research infrastructure at this point in time, that highly funded faculty are used to at other campuses."

And that's what we are trying to help, Mr. Bonanzino said. This isn't the total answer. This is the assistance. We are trying to help achieve that Strategic Goal No. 1. And, obviously, Strategic Goal No. 2, we've proven an economic benefit to this community already. We've hired people, we have contract people, and we're working to the benefit of about 20

organizations. If we can be funded for about one more year, we can accomplish that. So, going forward, we have a plan. You have in your packet letters of support from a number of people, all whom have been involved in the medical school project very heavily. We have solid partnerships that we have developed and that we're developing further. We have a staff of very passionate people who, frankly, have given a lot of time and effort with very little financial return to themselves in order to see this thing going forward. We just think it would be a shame to let it die at this point. So our one-year maintenance request is for $553,000 and that will support the continued development of the CDR and support the organization, that's roughly $250,000 for the CDR. Everyone who's ever tried to start a company knows what it takes, and how many years it takes to get these things going, we have $292,000 in requested money for the administrative functions for this. That's our one-year maintenance request. It will be incumbent upon your organization to decide what the process is to deal with a new RFP, or a renewal of RFP#1.

Mike Wilson said he was really disappointed that ISM could not mine that INHS database. The difference between the CHARS database is dramatic. The CHARS database does not drill below the diagnosis, length of stay and such. You can't get into lab results or x-ray films, or really any of the discrete clinical data that would be so useful across the population of research. And that's what I wonder about this CHARS database. As you go forward, what is it that is unique that you can do other than play with what more or less is utilization data rather than distinct clinical data. To me, that is the real question.

Amy Johnson answered by saying that the Department of Health, once they saw the tool, was pretty excited that this now makes this data more assessable to researchers. And we certainly haven't given up on being able to process that identified (e.g. INHS) data, we discussed the potential with the VA (local Veterans Affairs) already. It may be a matter of grabbing it in other ways.

Rich Anderson said that the CHARS project has really allowed the organization to develop the infrastructure, develop the tools to go through the actual IRB process with the INHS system because we understood what we needed to do to be able to handle identified data. The CHARS database allows us to build the infrastructure without putting any identified data at risk. So we are at that point of being able to take the next step and getting the identified step and we're much better off.

Mr. Bonanzino added that they had so many dollars to spend, it would not have been feasible to spend $90,000 or whatever sum would have been negotiated between INHS and ISM. That doesn't mean the issue is forever gone, but we have to see a stronger value for the amount of funding. In addition to that, we have been working with the hospitals, Deaconess is one, and they are going up on a new system next year, and we're working with them to tap into their data at the clinical level you are speaking to.

Mr.Vachon asked if ISM was amenable to any other type of bids? Was it strictly a flat payment or would they consider fee per query or something to that effect?

Mr. Bonanzino said that they were open to a significantly reduced fee, but the real challenge for ISM is that ISM would have had no control of any of the data. We had to stay behind their firewall, and that just wasn't the model that would work for ISM.

Ms. Johnson added that the value to the researchers and the data they were willing to give us was just that two week period.

Ms. Isserlis thanked the presenters, and said this is something HSSA would have the Grants Committee meet to discuss and to provide a recommendation back to the Board.

C) The Chair recognized Patricia Butterfield whose term is concluding. Her time on the Grants Committee has been invaluable to HSSA, as we all know, and we will miss her very much. Chair Isserlis grew up in Hawaii, so you never say goodbye to anyone, you just say, "Aloha", because it has all kinds of connotations. It is a nice way to say many thanks for all Patricia's wonderful energies, insights, and talents. She presented a certificate of appreciation to Dr. Butterfield.

   Patricia thanked the Board for the opportunity to serve.

D) The Chair asked Ms. Ashe to explain the GSI/WSU Medical Education/Outreach grant. She explained that GSI has requested a three-month extension of the duration of their grant award. There is precedent as at last month's meeting this Board allowed Project Access to received its one-year grant reimbursed payments in six months. So, we have thanks to our legal counsel, Amendment No. 1. It is a timing issue, no more money is involved. Mr. Wilson moved to approve the Amendment and Mr. Thackston seconded the motion, which passed with one abstention from Dr. Butterfield as WSU faculty.

3) **Executive Director's Report**

Ms. Ashe reported that she has been asked to serve on the Washington Biotechnology & Biomedical Association "Life Sciences Innovation NW" program committee, and will attempt to participate mostly by phone, although there could be an occasional need to meet with the full group in Seattle. That event will occur July 10-12, 2012. Last year was the first for this event and people attended from 20 states, Washington, D.C. and 14 countries, including Australia, Canada, China, Denmark, Germany, India, Japan, Poland and the United Kingdom.

Although the year started with a balanced budget, the most recent revenue forecast for the state predicts a budget gap of at least $1.4 billion. The Governor has called a special session of the legislature to convene in Olympia November 28th. Because of needs to have some reserves for emergencies, the legislature will need to find about $2 billion in service cuts, efficiencies and additional revenue. She said that she had been asked by the HEC Board about the amounts of revenue HSSA received in FY2011 that "otherwise would have flowed to the state"), which she provided. Department of Commerce is collecting this information. We will continue to monitor this situation.

She referred Board members to the Providence Sacred Heart Foundation HIV Clinic final report as submitted by Debbie Simpson, HIV Specialist. Knowing that this grant was coming to a close, Ashe toured the facility, located at the Internal Medical Residency Spokane facility, a few weeks' ago and came away incredibly impressed with the quality and commitment of staff and residents, the important work the staff does, as well as the very crowded quarters in which they work serving this growing patient population. She invited the Board to read the final report, but covered a few key accomplishments.

Goal #1: Improve health of HIV/AIDS patients: exceeded goal of adding 2 patients per month for a total of 24 patients for the year. 30 new patients added, 125% of goal.

Goal #2: Train physicians in comprehensive care of HIV/AIDS patients: 21 residents are assigned HIV patients to follow in clinic for 1:1 care and training. Education of graduate physicians of Family Medicine Residency Program has expanded. IMR residents complete annual evaluation about previous year and the residents rate The HIV Clinic experience in terms of value to learning 4.3 overall out of 5. As residents graduate in 3 years they will be tested on knowledge and tracked to allow program outcomes to be measured objectively.

The HIV Clinic also engages in community education.

Goal #3: Expand institutional collaborations and community involvement. Spokane Regional Health District and the state Department of Health are the two new collaborations developed during the term of this grant. The Clinic also expanded existing relationships as outlined in the report.

HSSA's grant helped fund 1 full-time person whose salary is in the $80-120k range. HSSA's grant also leveraged another $17,500 in grants.

4) Board Committee Reports

A) **Finance Committee –**Jason Thackston, Chair, reported for the Finance Committee

I will highlight a few things for you. The HSSA is considered to be in good shape. In August, we received just over $136,000 in state sales and use tax revenues, another $13,000 in interest, and year-to-date just over a million dollars of earnings for both the state tax remittance and sales tax revenues, and that's about $30,000 over what we budgeted to date.

Our ending cash balance August 31st is $13.7 million; $1.4 million is restricted for the bond debt, and then we have about $380,000 reserved for current grants payable. Administrative costs in August were about $9,000, which is 6% of revenues. We have paid our first bond payment.

If you go into the packet, we have the reports that you've seen every month, but we have a little more details this month, which we may not provide monthly but will provide on a regular basis, a little more detail on grants payable and payments made.

Other than that everything is consistent with what we have reported in prior months. We have sufficient funds and anticipated funds to pay our principal and interest payments on the bonds, and things are consistently healthy from a financial standpoint.

We may want to summarize the grants information on a few pages.

B) **Grants Committee –** Mike Wilson, Chair, reported for the Grants Committee

The Grants Committee has had a couple of really good meetings, the most recent one thanks particularly to Susan putting together some drafts for RFPs 5, 6 and 7. The Grants Committee said that rather than continue to issue RFPs, it would recommend that HSSA establish a document that is an "open" document in each of these areas, and as applicants come forward we would evaluate them rather than have a specific time. We spent the last two meetings reviewing the detail within each of the three RFPs. The elements of the RFP: there's boilerplate about HSSA (overview), the Strategic Investment Plan tends to be reasonably boiler plate. What is distinct in each one is a reference to the strategic goal and the actual application requirements for receiving grants. We thought we had done a good job on this, and had great dialogue, but we also received comments by Marty Martin, which really represent his clear effort to look at each of these RFPs to make suggestions concerning that, a lot of which has to do not just with content but with structure, and as Mr. Wilson read through it he did not think it possible to incorporate these remarks in this Board meeting, particularly without Mr, Martin here. He suggested that we consider these to be drafts, we invite the rest of the Board to look at these drafts. The Grants Committee will meet and will get a cleaner draft to the final meeting.

The Chair said that she didn't believe that HSSA was in any particular time crunch, particularly since the Empire Health Foundation, a collaborator in this strategic investment plan, met and after a long meeting did not get everything completed, so they will meet again in October to complete. A lot of this is driven by the joint shared strategic investment plan, so we have some time to be thoughtful about this. Marty Martin has been invited to and will attend the next Grants Committee meeting to discuss his comments.

Patricia Butterfield made a proposal for the Grants Committee and Board to think about is having a condition of the grant award is that a certain percentage of personnel related funds be expended in Spokane County. That means you can still buy your confocal microscope from Italy if that's the best value, these are taxpayer funds from Spokane County, and I just wonder in terms of whether their personnel funds … if those paychecks should be written in Spokane County.

For the sake of disclosure, Mr. Wilson said, we did know about the possibility of a proposal coming from ISM, and it was our comment at the Grants Committee, there was an inclination to

want to talk about it at the Grants Committee but we thought we should wait and see what they said. We had a conversation in the Grants Committee that any re-funding should be made in response to a Request for Proposal, but we didn't really act on that because we didn't know exactly what they were going to present. That was the tenor of the discussion.

The Board spent some time discussing a variety of grant-related matters, and Mr. Wilson concluded the discussion by thanking Patricia Butterfield for her service to both the Grants Committee and Board.

5) Counsel's Report – James Emacio

There was no report by counsel.

7) Board Member Comments and Announcements

There were no board member comments or announcements.

8) Executive Session

There was no Executive Session.

Board Chair Isserlis adjourned the meeting at approximately 4:45 p.m.

The next **HSSA Board meeting** will be November 2, 2011, 3 p.m. at Sirti, 665 N. Riverpoint Boulevard, 4th Floor Board Meeting Room.