

**Life Sciences Discovery Fund Authority**  
**Board Minutes**  
**Tuesday, March 20, 2007 | 10:00a-3:00p**  
**Capitol Court Building, Olympia WA**

**Trustees Present:** Lura Powell, Jim Cook, Sen Jerome Delvin, Tony Hey (via tel), Bruce Montgomery, Rep Skip Priest, Cheryl Scott (via tel), Rita Colwell (via tel), Sen Lisa Brown, Rep Jeff Morris

**Trustees Absent:** Gov Gary Locke

**Others Attending:** Lee Huntsman, John Des Rosier, Pamela Anderson, Shan Mullin (via tel), Brad Jurkovich, Alden Jones, Lisa Stewart, Lewis Rumpler, Jack Nagan, Ken Spitzer, Rich Murphy, Mark Hertle

**MINUTES**

**Welcome and Approval of Minutes** – Board approved minutes from the January 3, 2007 board meeting.

**Progress Reports**

- **Fund Raising** (Huntsman) - Gift from one major donor still pending.
- **Coalition** (Mullin) – Active in advocacy during legislative session (see Legislative Issues below). Coalition will continue until tobacco funding arrives. Currently sufficient funds through spring. Next steps: work plan and budget for 2008.
- **Legislative Issues** (Jurkovich) – There were six bills with links to LSDF this session: three in House relating to stem cell policy; one in Senate relating to commercialization (for which Powell and DesRosier testified and which Sen Kastama thereafter determined need not move out of committee); one in Senate making available LSDF funds for ISM (Rumpler noted ISM did not endorse this bill and apologized for any confusion); and a House bill looking at streamlining technology organization functions. As of March 20<sup>th</sup>, no bills have moved beyond house of origin.
- **Programs** (DesRosier) – New Web site is up and several public information sessions held (reaching over 700 people) since last board meeting. LSDF 07-01 launched on February 28<sup>th</sup> with Letters of Intent (LOI) due March 28 and full proposals due May 23. Mark Hertle, newly hired LSDF Senior Program Officer introduced. Peer review contractor selection process is underway with two vendors (AIBS and AAAS) submitting proposals.
- **Communications** (Huntsman) – Executive summary of Pyramid Communications final report shared with trustees. Board requested focused discussion of this plan and overall communication strategy in greater detail at May meeting. Questions to consider include: what information can be publicly disclosed? How do we communicate effectively with partners like the Coalition and the WBBA?
- **Grants Administration** (Stewart) – LSDF considered two grant administration software vendors. Cybergrants was selected over Microedge due to preferred features, functionality, maintenance, security, customer service and cost. Stewart provided on-line demo of Web based grant software.
- **Operations** (Jones) - Staff has moved into 2324 Eastlake Ave E space with WBBA. Procedures in place to account for shared expenditures. Web site developed in four weeks for \$7K. Budget under spent due to more gradual hiring and pending tenant improvement costs. WBBA/LSDF Open House scheduled for 4/27.

**Discussion Topics**

- **Legal** – Anderson reported that letter outlining LSDF conflicts policy to Executive Ethics Board has not been sent as conflicts process still evolving. Trustees agreed to defer sending until more in depth review at May meeting. Discussion ensued re volunteer commitments, e.g. serving in advisory capacity to eligible institutions, and concern re appearance of conflict. Anderson noted degrees of conflict: 1) holding a trustee role at an eligible institution involving

decision making, compensation, and/or personal enrichment vs 2) a volunteer role with no decision making authority, compensation or personal enrichment. Anderson advocated disclosure in both instances, but anticipates no major conflict re the latter. In anticipation of potential recusal, the board requested list at May meeting of institutions and PIs (including departments) who have submitted LOIs for LSDF 07-01. Anderson then spoke of public disclosure as it relates to the information within an applicant's/ eventual grantee's proposal(s) and what is/is not exempt per our legislation. She said Washington State courts interpret public disclosure quite liberally, but that our exemptions allow us to withhold information if a party is likely to suffer. Trustees considered whether information in unfunded proposals would remain confidential while only summary information of funded proposals becomes public domain once awarded. Board suggested asking applicants early and directly (in the LOI phase) if they want to keep their information confidential. Anderson will work with staff on proper wording on this and in the interim asked LSDF not to address the issue in public. Anderson then also noted that trustee public financial disclosure (F-1) forms need to be filed by April 16. Jones to provide trustees instructions on filing.

- **Grant Programs/Looking Forward Big Picture** – Des Rosier proposed complexion and schedule of grants for 2008. Recommends balance between LSDF funding programs (competitive and opportunistic) totaling \$24M, and projects (offering general and focused theme, the latter to include community input) totaling approximately \$8-9M. Board is comfortable with this distinction between programs and projects in future granting.
- **Grant Programs/LSDF 07-02 Second Competition** – Des Rosier proposed applying the 2008 structure to remaining 2007 programs: devote LSDF 07-02 to programmatic grants; initiate LSDF 07-03 and devote to project grants with two aims: a general and a focused theme; and launch opportunity fund. Total 2007 granting budget \$31M. Board suggested 2-3 years maximum duration for grants and publishing dollar funding range vs committing to an exact number. Board agreed to proceed with LSDF 07-02 RFP with programmatic thrust followed by LSDF 07-03 with project emphasis. Anderson recommended formalizing RFP language at May meeting and to note as discrete approval item on agenda.
- **Grant Programs/Indirect Costs** – Various eligible institutions recently expressed concern re F&A/indirect cost rate (15% allowance for LSDF 07-01 due to donor constraints). In their opinion, even 20%-26% proposed for LSDF 07-02 is too low and may preclude them from applying for grants. Using a straw man budget as an example, Des Rosier proposed LSDF alter its approach to allow greater flexibility in how grant monies are used, and to accept some of the indirect cost items as *direct* costs of performing research. Trustees open to building concept into LSDF 07-02 provided budget has line items for facilities and administration.
- **Grant Programs/Opportunity Grants** – Per request from January 3 board meeting, Des Rosier presented more in depth information re opportunity grants. Features to include: open-ended application schedule, flexible with regard to size and duration of grant, eligibility mirrors LSDF programmatic grants, pre-proposals required, peer reviewed, trustees final say, approx 30-45 day turnaround, reporting milestones. Board anticipated this will be popular funding vehicle and questioned whether there should be a cap on the number of times an institution can apply and whether there will be adequate funds. Board suggested revisiting the topic later in the year.
- **Grant Programs/Funds to Companies** – Addressing the ongoing question of whether LSDF funds can flow to company partners of LSDF grantees, Des Rosier outlined the current constraints in LSDF 07-01 and spoke to how this issue might be dealt with in future competitions. In theory, funds can flow to industrial partner via purchase of deliverables, via goods and services produced on best effort basis, and via subcontract for original research performed on a best effort basis. Board agreed there are circumstances under which LSDF would consent to passing along funds to companies, but questions such as: "what is defined benefit to state?", "who is responsible for economic development?", "who's keeping value/IP?" all need to be articulated in the proposal process.

Powell noted **next board meetings** (May 8, July 17 and September 18) will be held at LSDF new office in Seattle. November 13 meeting to be held in Spokane (potentially at SIRTII).

*Respectfully submitted,*  
*Lee Huntsman*