

Life Sciences Discovery Fund Authority
Public Board Meeting Minutes
Tuesday, April 8, 2008 8:30a-10a
Talaris Conference Center, 4000 NE 41st St, Seattle WA

Trustees Present: Lura Powell, Jim Cook, Sen Chris Marr, Rep Jeff Morris, Bruce Montgomery (for Executive Session via telephone), Rep Skip Priest, Cheryl Scott, Sen Jerome Delvin

Trustees Absent: Rita Colwell, Tony Hey, Gov Gary Locke

Others Attending: Lee Huntsman, John Des Rosier, Mark Hertle, Kelly Moutsos, Alden Jones, Dianne Needham, Cathy Manner, Brenda Stav, Pamela Anderson (AG's office), Ed Derrick (AAAS), Mark Milutinovich (AAAS), David Boerner (ethics observer), Mike Tribble (AG's office), Bill Grinstein (Coalition).

MINUTES

PUBLIC SESSION

Welcome – Chair welcomed group and noted board members Colwell, Hey and Montgomery officially confirmed by the Senate. New LSDF communications manager, Dianne Needham, MPE, and program officer Cathyryne Manner, PhD introduced by Huntsman.

Approval of minutes from January 8, 2008 meeting – minutes approved with no changes.

Reports/Updates

- **Finance** (Huntsman) – Washington State Auditor's Office independent accountability audit report for period July 1, 2005 through June 30, 2007 resulted in no findings or serious issues. 2008 spending through February on track. 2009 proposed budget approved by board. Per Anderson, no change predicted in amount that tobacco companies will hold in abeyance from Master Settlement Agreement. Latest estimate for 2008: \$44M bonus, \$33M monetized, less estimated 10% escrow set aside, nets approximately \$30M. 2008-2009 operations, 07-02 and 08-01 to be paid out of this amount.
- **Coalition** (Grinstein) – Coalition administrative transition to Washington Biotechnology and Biomedical Association complete. Shan Mullin to stay engaged. Group acknowledged accomplishments to date and thanked Brad Jurkovich for his assistance in updating legislators regarding Life Sciences Discovery Fund activities.
- **07-01 Competition** (DesRosier) – All grant agreements signed and detailed grantee profiles posted online. First progress report due May 1, 2008. Two grantees have requested additional funds. Trustees discussed these requests and the subsequently approved policy statement that financial supplements will not be considered unless they are tied to catastrophic circumstances beyond the control of the grantee.
- **08-01 Competition** (DesRosier) – 30 public information sessions conducted in 20 different venues around the state. 140 letters of intent received for 08-01: 107 Puget Sound, 33 non-Puget Sound; 20 different organizations; 68 multi-organizational submittals; mean request of \$957K, median \$823K. Proposals due April 16, 2008. Board evaluation meeting July 29, awards announced August 5.
- **08-02 Competition** (DesRosier) – "Program" competition. 64 letters of intent received: 50 Puget Sound, 14 non-Puget Sound; 17 different organizations; 43 multi-organizational submittals; mean request of \$4.25M, median \$4M. Proposals due June 4, 2008. Board evaluation meeting September 16 and December 9, awards announced December 16.
- **Intellectual Property** (DesRosier) – From information gathered at ad hoc subcommittee meeting of the Board (Powell, Montgomery, and Morris), feedback meeting with eight applicant organizations, and due diligence with states and foundations, staff presented two trial IP proposals: 1) a pay back to LSDF in event that IP achieves certain threshold of revenue return from commercialization; and 2) non-exclusive, royalty-free (NERF) license to the state for non-

commercial purposes, including royalty-free sales. After deliberating pros and cons of both options, Board adopted amendment to LSDF IP policy that requires grantee pay back 1x grant amount in the event that IP generates substantial (e.g. 5x-10x) licensing revenues. A NERF provision was not pursued further.

- **Board Retreat Topics** (DesRosier) – Proposed major topics include: lessons learned from first two competitions, role of commercialization in grant programs, benchmarking, and future plans. Trustees also suggested conversations around: messaging priorities, accountability to state in terms of legislative intent, concern for smaller eligible organizations, overlap between State’s legislative issues/priorities and what we’re funding, and the role of competitive clusters in economic development.

Executive Session Preview – (DesRosier and Derrick)

- **Recap of 07-02 Metrics and Evaluation** - 120 LOIs, 75 proposals, 9 interviewees, TBD awards. AAAS organized proposal review and assigned “Highly Recommended”, “Recommended”, or “Not Recommended” ratings for advancement to the interview round. On March 17-18, AAAS conducted interviews in Seattle with panel of five experts and 2-6 LSDF trustees in attendance. AAAS expert panel rated interviewees for funding using HR, R, and NR format. \$18-20M pool for “Innovative Programs to Advance Health Research” to position institutions for future competitive success.
- **Disclosure of Board Deliberations on Proposals** – Staff requested direction regarding sharing board deliberations around unfunded semi finalist proposals. Board authorized executive director to allow program staff to provide verbal, high-level feedback to unfunded applicants.

10a **Conclusion of Public Meeting**
10a-5:00p **Executive Session – to discuss 07-02 grant applications and awards**

Respectfully submitted,
Lee Huntsman
Executive Director, Life Sciences Discovery Fund Authority