

Life Sciences Discovery Fund Authority
Public Board Meeting Minutes
Tuesday, May 19, 2009 8:30am-3:30pm PST
At Talaris Conference Center (Maple Room), Seattle WA

Trustees Present: Lura Powell (board chair), Jim Cook, Sen Chris Marr, Sen Jerome Delvin, Rep Jeff Morris, Cheryl Scott

Trustees Present Via Telecon: Tony Hey, Rep Skip Priest

Trustees Absent: Bruce Montgomery, Rita Colwell

Others Attending: Lee Huntsman, John Des Rosier, Mark Hertle, Kelly Moutsos, Dianne Needham, Alden Jones, Cathy Manner, Brenda Stav, Pamela Anderson (AG), Mike Tribble (AG)

MINUTES

PUBLIC SESSION

Welcome and Updates – Powell welcomed the group. Minutes from the March 17 meeting were approved.

- **Trustee Terms** (Powell) – Cook and Scott are willing to serve another term if reappointed (through October 2013). Morris and Priest have been confirmed by WA State House of Representatives to serve through June 2013. Powell asked trustees to send her names of possible candidates to fill Locke's open position.
- **Competitions Update** (Des Rosier) – *Update on awards:* 07-01 second progress reports are in; 07-02 first progress reports are in; 08-01 agreements are active with five of the six awards; and 08-02 grant agreements are in progress. *Update on current competitions:* 09-01 (projects) - 61 proposals (out of 80 submitted LOIs) received from 17 organizations (four new); 09-02 (programs) – 29 LOIs received from 10 organizations (one new), proposal date postponed to July 22; 09-03 (winter commercialization) – seven proposals received (out of 23 submitted pre-proposals) from three organizations (one new); and pre-proposals due July 15 for 09-04 (summer commercialization).
- **Communications** (Needham) – Recent news articles that referenced or covered LSDF were handed out. LSDF is participating in the “We Work for Health” initiative (Huntsman is co-chair along with Chris Rivera and Rogers Weed) to raise public awareness of the life sciences sector. WBBA has a new communications task force that will work to “brand” the association's identity; Needham is on the task force. LSDF sent out an e-bulletin to relevant constituents regarding a Call for Pre-Proposals for the Summer Commercialization Grant Competition. Powell referenced the need for a concise set of talking points and slides for each award for the trustees' use. Marr suggested the following messaging points post-budget cuts: 1) LSDF is doing its part by cutting back grant spending; 2) LSDF has downscaled to minimum levels; and 3) LSDF, even with the budget cutbacks, will have a positive economic impact in the state.
- **Finance** (Jones) – Composite financials as of April 30, 2009 were presented. No significant deviations from budget forecast. LSDF received its share of the MSA payment on April 17 in the amount of \$33,185,535.56; of which \$18,592,738 was encumbered for 08-02 program competition awards.

Fiscal Overview and Biennium Plan (Huntsman) – After recapping LSDF response to House and Senate inquiries during the recent session, as well as laying out the implications of the outcome (40% budget cut for LSDF), Huntsman provided overview of proposed 2009-2011 biennium fiscal plan. The board approved 2009-2010 pro forma operating budget, including the transfer of Microsoft's restricted gift to unrestricted status. The Board also approved a scaled-back 2009-2010 grant making budget: up to \$5M for projects and up to \$15M for programs (in addition to the already funded commercialization grant competitions). An allocation for a proposed Opportunity Fund (see below) in the next biennium will be determined at a future board meeting. Trustees also advocated for a carry-over into 2011 of less than \$5M in unallocated funds.

Budget Subcommittee Report (Scott, Des Rosier) – At the board's request, a budget subcommittee met on April 21 to discuss grant budgets, cost sharing, an opportunity fund and corporate involvement. As it relates to grant budgets, trustees would like to see more clarity around budget items prioritization. To that end, staff will move

the budget justification from the proposal narrative to a separate document to encourage greater detail. Also, AAAS reviewers will be asked to provide more explicit feedback on proposal budgets. Trustees agreed that staff should continue to make “no-cost extensions” (NCE) determinations; reporting to and seeking board input as needed. As it relates to cost sharing/leveraging, the board approved the proposed working definitions presented with the additional recommendation that for both project and program RFPs, the definition intent is to be descriptive and explicit, but not prescriptive. Regarding an opportunity fund, the board suggested staff recast the draft version to include more in-depth information on the review process and then do some diligence with stakeholders for feedback. The board also recommended that (in this climate) when awards are being deliberated, economic leverage should be the primary criteria. Regarding the possibility of requiring a company partner for LSDF grant applications, the board first advocated “going to school” on outcomes of LSDF commercialization grants along with an attempt to identify the missing pieces along the commercialization path.

Break for lunch

Revised Ethics and Conflict of Interest Policy (Anderson) – The board approved the revised policy with the following suggestions: 1) In the event of a conflict between the legislative ethics policy and ours, LSDF legislative trustees will adhere to their policy; and 2) Continued attendance of an independent ethics observer at LSDF decision meetings who would make an opening and closing statement.

WA State Directed Economic Development Efforts (Des Rosier) – In June 2008, the WA Economic Development Commission released an inventory of economic development programs in the state. LSDF was not included in the report, nor was the life sciences research community to any significant degree. LSDF plans to work with CTED on inclusion in and metrics for the next inventory.

Preparation for Upcoming Proposal Review and Decision Meetings (Des Rosier) – The board will convene on July 28 at Talaris Conference Center to decide on the 09-01 project and 09-03 commercialization grant awards. The September 15 meeting will be a business meeting and may be convened via teleconference.

Changes to COI disclosure policy will be streamlined as of the July meeting. Henceforth, trustees will make “generic” disclosures once per year. Staff will then “pre-populate” disclosure documents with “generic” conflicts. Trustees will still need to review all proposals for new or overlooked conflicts (e.g. with investigators, subject matter, co-applicants, etc.).

*Respectfully submitted,
Lee L. Huntsman, Ph.D.
Executive Director
Life Sciences Discovery Fund Authority*