

**VIRGINIA RESEARCH INVESTMENT COMMITTEE (VRIC) MEETING
OCTOBER 12, 2016**

DRAFT MINUTES

Mr. Blake (chair) called the meeting to order at 12:40 p.m. in the SCHEV Boardroom, 9th Floor, James Monroe Building, Richmond, Virginia.

Committee members present: Peter Blake, Ric Brown, James Dyke, Karen Jackson, Robert Vaughn, John O. “Dubby” Wynne

Committee members absent: Betsey Daley, Heywood Fralin, Charles W. “Wick” Moorman

WELCOME AND INTRODUCTIONS

Mr. Blake introduced himself as the director of the State Council of Higher Education for Virginia (SCHEV), whom the Committee’s enabling statute designates as the VRIC chair. He noted that the meeting agenda and all materials and handouts are located on the Committee webpage of the SCHEV website (www.schev.edu/VRIC). Mr. Blake invited Committee members to introduce themselves. He then introduced members who were not present, as well as staff to the Committee from his agency, Dr. Alan Edwards and Ms. Lynn Seuffert.

He then invited all attendees in the audience to introduce themselves.

DISCUSSION OF ENABLING LEGISLATION AND BUDGET ALLOCATIONS

Mr. Blake asked Mr. Brown and Mr. Vaughn to provide executive-branch and legislative-branch perspective on the Committee’s enabling legislation. Secretary Brown stated that the Governor had an interest in diversifying the economy. He said the Governor envisioned new processes and products to create high-paying jobs. The executive branch especially valued peer review of projects in the form of VRIC and also saw collaboration as an important aspect of the legislation.

Mr. Vaughn provided the legislative perspective of the House Appropriations Committee (HAC). He said the HAC had been concerned with protecting the investments already made in research. The members wanted a rigorous process and tie-in back to GO Virginia (Growth and Opportunity for Virginia). Mr. Vaughn conveyed the perspective of HAC chair Del. Chris Jones that collaboration is key to the initiative and mentioned the potential for Virginia’s two National Cancer Institute (NCI) designated cancer centers to collaborate.

He described the Center for Innovative Technology’s (CIT’s) Research and Technology Strategic Roadmap as “silos of opportunity” and emphasized again the importance of tying projects funded by the Virginia Research Investment Fund (VRIF) back to the Roadmap. He also mentioned his personal interest in the potential of VRIC to prioritize a research agenda for the state, rather than issuing generic solicitations for research.

Mr. Blake invited Mr. Jason Powell and Ms. April Kees to provide perspectives from the Senate Finance Committee (SFC) on behalf of Ms. Daley. Mr. Powell said that the SFC discussed the need to “string” together the Virginia Biosciences Health Research Corporation (VBHRC, aka the Catalyst), the Commonwealth Health Research Board (CHRB), and the Commonwealth Research Commercialization Fund (CRCF) administered by CIT on behalf of the Innovation and Entrepreneurship Investment Authority (IEIA). Mr. Powell mentioned budget requests received by the General Assembly for research projects, but noted that the Senate doesn’t have scientific expertise to vet those proposals. Thus, the SFC sought a more rigorous review process in the

form of the VRIC. They also recognized that it costs money to effectuate that process, which is why they added the proceeds of the sale of CIT property to the corpus of funding available.

In follow-on discussion, Secretary Jackson said that she was pleased that the VRIF is not just incremental investments, but an opportunity to craft the future of technology. The future of the Commonwealth is banking on these investments, she said.

Mr. Wynne, who had been elected chairman of the GO Virginia board earlier that morning, provided the GO Virginia perspective by emphasizing collaboration. He said that there is not enough funding to go around; entities have to collaborate. He reiterated GO Virginia's sole purpose: to create high-paying jobs by working through the regions.

He mentioned the need to prioritize and leverage these dollars against existing university resources, locality resources, etc. He mentioned past successes of incentivizing change through new money to pull people together.

Mr. Wynne reviewed GO Virginia's goals and potential project categories, highlighting the "start-up, then scale up" aspect. He would like proposed projects to leverage \$3 or \$4 for every \$1 invested. He believes regional economic development entities aspire to bring bioscience and related projects to their regions.

Mr. Dyke reviewed the history of CIT and his role as Secretary of Education under Governor Wilder in transferring it out of the Education secretariat and into the Economic Development secretariat in order to fund research with commercial potential. He said he is excited about VRIF. He sees lots of potential, with several areas ripe for development.

Mr. Blake then stepped through the legislation, highlighting criteria for award. He mentioned that the budget language amplifies the legislation. He stated that \$4 million per year is tied to the sale of the CIT building, in addition to general fund and bond appropriations.

In response, Mr. Dyke questioned whether impediments exist to faculty commercializing research and asked whether opportunities exist for VRIC to make it easier. Mr. Blake responded that this issue would need deeper discussion in the future.

A concern was raised about the use of bond funds when private entities are partnering with public institutions. Mr. Vaughn mentioned the roles of taxable vs. tax-exempt debt.

Mr. Vaughn stated that Del. Jones needs to have confidence in the process in order to sustain this effort and continue budget appropriations.

DISCUSSION OF DRAFT BYLAWS

(This discussion was initially moved at the chair's discretion to the end of the agenda; ultimately and in the interest of time, it was tabled without discussion until the next meeting.)

DISCUSSION OF RESEARCH UNIVERSITIES' PRIORITIES

Mr. Blake introduced Dr. Deborah Crawford, Vice President for Research at George Mason University (GMU). She explained that the chief research officers of the seven research universities had spent the prior four months deliberating over the GO Virginia and VRIC legislation. All seven institutions are members of the Virginia Research Alliance, formed in 2015.

Dr. Crawford introduced a presentation that prioritized two main research areas: Cyber security (“Internet of Things”) and bioscience (neuroscience, which also includes big data and data analytics).

Dr. Theresa Mayer, Vice President for Research and Innovation at Virginia Tech, presented the cyber section, and Dr. Phil Parrish, Interim Vice President for Research at the University of Virginia, presented the neuroscience section.

General discussion occurred throughout and following the presentation.

Mr. Vaughn questioned whether investing in more faculty makes institutions compete against each other. He wants to see universities share faculty instead of competing for faculty. Dr. Mayer responded that a base foundation should exist across institutions, but with sector-specific expertise at each university.

Dr. Crawford stated her belief that Virginia should compete with other states, not institution against institution within the state. She cited as an example the Cyber Range, which shares faculty expertise across the Commonwealth.

Mr. Wynne requested that institutions create faculty slots for the future, rather than where the state of the research has been, and suggested looking ahead 20 to 30 years.

Sec. Brown stated that the legislation allows faculty recruitment. Institutions should figure out the current resources and where the gaps are, then use this funding to fill those expertise gaps.

Mr. Vaughn reminded everyone of the strategies in institutions’ six-year operating plans to re-deploy assets to areas with greater interest and stop offering programs that are waning.

Sec. Jackson suggested that new faculty recruits were not the traditional professors of yesteryear – but instead, they are multi-disciplinary.

Dr. Parrish mentioned institutions’ interest in hiring in clusters.

DISCUSSION WITH POTENTIAL REVIEW ENTITIES

Mr. Blake introduced Mr. Mike Grisham, President and CEO of the VBHRC; Mr. Ed Albrigo, President and CEO of CIT; Mr. Andrew Densmore, Executive Director of the Virginia Academy of Science, Engineering and Medicine (VASEM) and Dr. Patricia Dove, VASEM President; and Ms. Anne Pace, Administrator of the CHRB.

Mr. Blake asked, “What value can these organizations bring to VRIC? How can we all collaborate?”

Mr. Grisham said that he has seen culture change in Virginia higher education over the past five years; when he was in Silicon Valley, the word was that Virginia universities were fiercely independent.

He talked about VBHRC, also known as the Catalyst. The mission, goals, governance, and metrics were created before his arrival; his expertise is operations. The Catalyst creates competitive critical mass through collaboration. It focuses on economic development through translational research and aggregating capital from multiple sources.

The creation of VBHRC's governance structure and grant award process took 18 months. It strives to be open and transparent, with clear, measureable objectives and accountability.

Mr. Grisham echoed earlier comments from Mr. Wynne when he said that the VBHRC focuses on "where the puck is going." It picks research areas in which Virginia can be better than other regions of the country and where Virginia can be a leader. Universities contribute their own money for the Catalyst. The College of William and Mary has just asked to join, for a total of seven partner institutions.

Mr. Wynne asked whether and how these entities can collaborate? Mr. Grisham responded that he is willing to do whatever VRIC requests. Mr. Vaughn reminded everyone that the legislation calls for applicants to declare other state funding they are receiving.

Mr. Albrigo distributed a handout detailing the characteristics of the subject-matter experts employed by CIT to review proposals for CRCF funds.

He said that the R&T Strategic Roadmap identifies opportunities; it does not identify priorities. CIT supports young, early stage companies. He suggested that VRIC can set priorities and revisit how the sectors in the Roadmap are prioritized, not only by-region but also multi-region priorities.

He suggested the possibility that a pipeline could be created whereby an individual project could progress through multiple or all of the state-funded research funds and competitions.

He concluded by stating CIT's goal to take the lessons learned from start-ups of cyber companies and get that information back to universities.

Dr. Dove then offered an overview of VASEM, which started in 2013 and includes members of the three national academies who live and work in Virginia. VASEM is a non-partisan resource for the Commonwealth. Members' expertise has been nationally recognized. She said she looks forward to working with VRIC.

DISCUSSION OF INOVA BUDGET ITEM

Mr. Blake asked for feedback on Budget Item 478.20 regarding public university partnerships with INOVA on genomics and bioinformatics and the Committee's role in reviewing applications for funds appropriated for such purposes. He stated that, beyond the criteria in the budget item, VRIC was not ready to provide guidance to the universities or INOVA at the meeting. Mr. Vaughn suggested that INOVA present its plan at the next VRIC meeting.

DISCUSSION OF PRIORITIES FOR NEXT STEPS

Mr. Blake invited each VRIC member to provide closing remarks.

Mr. Wynne said he is keenly interested in coordination and was encouraged by what he heard from the institutions.

Mr. Dyke stated that this meeting was a good first step. He echoed the need for concrete coordination of steps and asked for follow-up from universities on obstacles. He asked institutions to consider the pipeline of talent to high-demand jobs, including any opportunity for coordination with K-12 and community colleges.

Mr. Vaughn again raised his concern that the state's two NCI-designated cancer centers are competing and asked: What are the synergies in research and therapies?

Sec. Jackson said that she is excited that institutions chose cyber as a priority, especially the linkage between cyber and bioscience. She reminded attendees that Virginia is already building an ecosystem in cyber, like Mr. Dyke suggested, but needs key investments to take it to the next level.

Sec. Brown thanked all the entities who are participating. He expressed appreciation that common goals had been highlighted. He said this meeting opened up avenues to work together. Virginia is doing what we need to diversify its economy.

ADJOURNMENT

On motion by Mr. Wynne and second by Mr. Blake, the meeting adjourned at 2:40 p.m.

Peter Blake
Chair, Virginia Research Investment Committee

Lynn Seuffert
SC HEV Associate for Research Investment