

VRIC

**VIRGINIA RESEARCH INVESTMENT COMMITTEE
MEETING
MARCH 14, 2017
MINUTES**

Mr. Blake (chair) called the meeting to order at 9:30 a.m. in the SCHEV Main Conference Room, 9th Floor, James Monroe Building, Richmond, Virginia.

Committee members present: Peter Blake, Ric Brown, Betsey Daley, Jim Dyke, Heywood Fralin, Robert Vaughn, John O. “Dubby” Wynne

Committee member absent: Charles “Wick” Moorman

PUBLIC COMMENT

Mr. Blake reported that there were no requests for public comment prior to the meeting in accordance with the process published in the public meeting notice. Mr. Blake called for public comment from attendees and there was none.

ACTION ON MEETING MINUTES (OCT. 12 AND DEC. 5)

Upon a motion by Mr. Fralin and seconded by Mr. Dyke, the minutes from the Oct. 12 and Dec. 5 meetings were approved unanimously.

Mr. Fralin requested that acronyms be defined more clearly in future minutes.

REVIEW OF RELEVANT LEGISLATION AND BUDGET ACTIONS

Mr. Blake called on Dr. Edwards to review pending legislative changes and budget items.

Dr. Edwards stated that the pending amendments enable VRIC to better perform the role assigned by the statutes. He began to highlight the pending amendments in the enrolled bills.

After Dr. Edwards described the amendments to §23.1-3131, Mr. Wynne asked for background on the decision-making process for including the research focus areas in the original statute. Ms. Daley and Mr. Vaughn responded that those were the prevailing themes at the time. Ms. Daley noted the language that expands the focus areas to “other areas designated in the general appropriations act” and offered that, should VRIC members discover an additional research area of value that is not in the Research and Technology Strategic Roadmap, the appropriations language could be revised to incorporate that new area.

Mr. Blake called members’ attention to the wording, “shall include but not be limited to,” in support of the idea that additional focus areas could be added.

Regarding the phrase “initial guidelines” in §23.1-3133, Mr. Blake commented that, in the agenda for today’s meeting, the phrase “Round 1” is synonymous with “initial guidelines.”

Regarding the addition of §23.1-3134, effective Jan. 1, 2018, the Research and Technology Strategic Roadmap, Mr. Wynne commented that the Roadmap and the situational analysis discussed at previous VRIC meetings were not the same. Mr. Blake stated that the next VRIC meeting would provide sufficient time to discuss the alignment of the two efforts. Mr. Wynne said that the activities described in the new budget language (Budget Item 255) could be informed by the situational analysis.

Mr. Blake asked Mr. Wynne and Mr. Vaughn to step through the budget language. Mr. Vaughn stated that the activity would start with an inventory of what is currently going on in Virginia. Mr. Wynne said that in addition to information about all the good efforts now underway, the analysis should build on that and add best practices, alternative thinking, and information about what is happening in other states.

DISCUSSION OF VRIF BEYOND ROUND 1

Mr. Blake asked Ms. Seuffert to provide an overview of the state-funded research-related programs in other states. Ms. Seuffert briefly highlighted the six attributes that are common to the programs, with examples of the variations that each state has chosen within those attributes. Members asked clarifying questions about the information in Agenda Item 5, Document A.

Ms. Seuffert then explained the rationale behind the illustration on the final page of the Staff Report – Virginia Areas of Research Strength, which includes academic research expenditures, Virginia patent production, and areas of research mentioned in the statute. The illustration shows that the areas of research listed in the statute are supported by expertise at Virginia institutions and have a history of leading to production of patents, indicating a potential to culminate in the commercialization of research.

Mr. Blake asked for comments and insights from attendees.

Dr. Francis Macrina, Vice President for Research and Innovation at Virginia Commonwealth University, suggested that an additional indicator of areas of research that have commercial potential is money generated from intellectual property and patents. This is an indicator of the quality of the patent, not just the quantity of patent production. He stated that, at high-performing institutions, a few patents generate the majority of the revenue. He also stated that the Association of University Technology Managers collects data from institutions that could help inform VRIC regarding which areas of research have potential to translate to the marketplace and suggested they would sell that data to VRIC.

Dr. Jerry Nadler, Vice Dean of Research at Eastern Virginia Medical School, said he agreed with Dr. Macrina that the number of patents was not the most important indicator, but it is relevant. Patents that are licensed are also important. Institutions must vet whether a patent is worth the investment to obtain it. He said that expertise in life sciences is a strength for Virginia.

Michael Grisham, CEO of Virginia Bioscience Health Research Corporation (VBHRC), said that VBHRC has deep domain expertise in life sciences, both on its Project Management and Oversight Panel and on its Board of Directors. He stated that the commercialization of life sciences research is a global game, and a competitive analysis should include what is happening around the country and internationally. An analysis should also look at “where will the puck be in the future.” He suggested another metric: New capital brought to Virginia. Virginia should identify a few core competencies where Virginia has the strength to capture federal, industry, and philanthropic dollars. He suggested that VRIC “focus, focus, focus.” He also expressed concern that Virginia invents and then starts companies, but loses those companies to Boston or San Francisco.

Jeffrey Gallagher, CEO of Virginia Bio, stated that he was delighted when the General Assembly created VRIC as an economic development tool to draw on the expertise of universities. He suggested that VRIC structurally and systematically look at the need and demand in the market and not just the supply. Consumers pay for technology only if there’s a need and the technology solves the need.

Dr. Theresa Mayer, Vice President for Research and Innovation at Virginia Tech, suggested that VRIC measure the downstream impact of research by measuring new product development. She suggested that revenue generated from patents doesn't tell a complete story because licenses are sometimes granted royalty-free and not all intellectual property is patented. Virginia Tech tracks new investments, both private capital and federal, and company formation.

ADVICE TO SCHEV ON VRIF ROUND 1

Mr. Blake called on Dr. William Murray, chair of Council's ad hoc committee on research.

Dr. Murray stepped through the document entitled, Strategic Opportunities for Consideration by VRIC. He then asked Ms. Seuffert to briefly explain the rationale behind each item of the Organizing Principles and state whether the item was required by statute or discretionary. VRIC members asked clarifying questions which Dr. Murray answered.

Mr. Wynne stated that proposals submitted for Round 1 should be clear about the value of the project in the larger marketplace.

Mr. Vaughn stated that he hopes to use Round 1 as an opportunity to learn more about the research and commercialization efforts at the institutions. He also suggested that all the appropriated funds might not be awarded in Round 1.

Regarding the recommendation of a range of \$1 million to \$5 million for Round 1 awards (Item 8 in the organizing principles document), members discussed whether to omit the amount reflecting the top of the range. Although Council's ad hoc committee had not suggested that \$5 million be a definitive maximum award, some members wondered whether applicants would perceive it as such and expressed their interest in receiving proposals for higher amounts. Staff informed members that omitting an indicator at the top end of the range could signal to applicants that VRIC was willing to award the full \$41 million available to a project that scored highly and met all the criteria. Members did not reach consensus on whether they were willing to award only one grant and also did not reach consensus on an alternate higher amount to suggest for the top of the range. Members wanted to reserve the option to revisit this issue.

Secretary Brown raised three items: First, he mentioned the aspect of the timing of grant awards and alignment with fiscal years, along with the timing of associated bond issues. Second, he supports the goal of job creation through the commercialization of research, but also believes that jobs can be created by the research enterprise itself, such as the high-paying jobs associated with a research center or institute. Third, he suggested that the grant awards be tailored to or take into account the availability of additional funding and capital from private sources.

NEXT STEPS

Mr. Blake returned to the potential for a VRIC meeting on the morning of April 6. Mr. Gallagher asked to speak and was recognized by Mr. Blake. Mr. Gallagher stated that April 6 is the date of an event hosted by Virginia Bio called Thrive. This event is widely attended by many of the same people who have been attending VRIC meetings. He advocated that VRIC choose an alternate date. VRIC members discussed April 7, but not all were available.

Mr. Blake suggested that the April 6 meeting would focus on the requirements of the contents of a Request for Proposals to procure consultant services for the situational analysis.

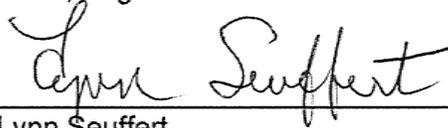
Mr. Blake also suggested that INOVA might request funding at the April 6 meeting. **It was later determined that INOVA would request funding at a meeting later in the spring.**

ADJOURNMENT

Mr. Blake adjourned the meeting at 11:30 a.m.



Peter Blake
Chair, Virginia Research Investment Committee



Lynn Seuffert
Associate for Research Investment