



CANCER PREVENTION AND RESEARCH INSTITUTE OF TEXAS

**May 21, 2014 Open Meeting
Minutes**

1. Meeting called to order

Meeting called to order by William Rice, M.D. (chair) at 10:01 a.m.

2. Roll call/excused absences

Secretary Mitchell called the roll.

Present:

Angelos Angelou
Gerry Geistweidt
Pete Geren
Ned Holmes
Will Montgomery
Cynthia Mulrow
William Rice
Craig Rosenfeld

3. Adoption of minutes from February 19, 2014 meeting

There being no discussion, a motion to approve the minutes of the February 19, 2014, Oversight Committee meeting was made by Mr. Angelo and seconded by Dr. Mulrow.

MOTION CARRIED UNANIMOUSLY

4. Public Comments

Dr. Rice (chair) announced a change in the normal order of the agenda. Noting the critical nature of public input and CPRIT's commitment to transparency and accountability, Dr. Rice explained today and in the future the public comment agenda item will appear at the beginning of Oversight Committee meetings.

Two requests for public comment were heard by the Oversight Committee:

- Dr. John Morony, biologist/college professor of biology-retired, submitted a one-page summary of his comments (Attachment 1). His wife is a survivor of malignant melanoma but received her treatment in Mexico, where she was cured in three weeks. He is a proponent of a biological protocol based on the stem cell/trophoblast paradigm of cancer. He requested that Dr. Rice and Dr. Kripke accept copies of his book for review.
- Dr. Greg Aune, a pediatric oncologist and physician scientist at The University of Texas Health Science Center San Antonio, is a childhood survivor of Hodgkin's

Lymphoma. He spoke as a childhood advocate for childhood cancer research funding and thanked the Committee for their service.

5. Chief Executive Officer Report

New Employees, Title Changes and Status of CPRIT staff vacancy postings

- ***The following new employees were introduced to the OC:***
Dr. Tom Goodman, Chief Product Development Officer
Cameron Eckel, Attorney
Dan Limas, Grant Accountant
Mary Gerdes, Special Assistant to the Chief Executive Officer
- ***The following employees have title changes:***
Sandra Balderrama, Grant Specialist Manager
Oralia Huggins, Grant Accountant
- ***The following positions are filled effective June 1:***
Purchaser
Three Grant Specialists
- ***Manager of Internal Audit*** – The position description will be modified again and reposted. Mr. Roberts explained that State Auditor John Keel told him that these positions are difficult to fill for a variety of reasons. Mr. Keel suggested the changes in the new job postings. At the November 1, 2013, meeting the Oversight Committee decided that CPRIT staff would screen initial applicants and identify candidates to be interviewed by the Audit Subcommittee. The subcommittee would then recommend a finalist to the Oversight Committee for final approval.

Status of Grant Funds Available for Awards in August (Dashboard)

A verbal update was given by Mr. Roberts. He presented a spreadsheet estimating the amount of funds remaining for grant awards in August from FY 2014 appropriations (Attachment 2).

Facilities Update

The agency is required to move into temporary space in August due to the fact that the Facilities Commission moved the availability date of our permanent space in the Travis Building to February of 2015. However, CPRIT's lease at 211 7th Street expires at the end of August, which is why the agency must move into temporary space until the Travis building is ready. CPRIT will see a considerable saving, approximately \$2 million, by moving to state-owned space.

Status of Funds Available

If the Oversight Committee approves the \$82.3 million in recommendations today, the remaining balance will be \$63.2 million, which Mr. Roberts considered good news. The net amount could go up if recruits reject offers. The Program Integration Committee (PIC) considers funds available in making its recommendations.

Quarterly Meeting Book

The meeting book has become much thicker than it was a couple of years ago. More information is included to provide as much transparency as possible.

6. Chief Compliance Officer Report

The Chief Compliance Officer is responsible for creating, supporting, and promoting an effective Ethics and Compliance Program and assuring the CPRIT Oversight Committee controls are in place to prevent, detect and mitigate compliance risk. In addition, the Chief Compliance Officer must inquire into and monitor the timely submission status of required grant recipient reports, and notify the Oversight Committee and General Counsel of a grant recipient's failure to meaningfully comply with reporting deadlines.

Monitoring Submission Status of Required Grant Recipient Reports

Mr. Reisman gave the following report: As of May 9, 2014, the date the report was run, information regarding delinquent grant recipient reports was as follows:

- 42 grant projects, either active or in close out, at 15 separate entities, have not fulfilled required quarterly financial status (FSR) reports by the deadline. At the last Oversight Committee meeting, on February 19, 2014, Mr. Reisman reported that 20 grant projects had not filed required FSR's by the deadline. An FSR is due to CPRIT within 90 days following the close of the fiscal quarter. Of the 42 delinquent reports, 11 are less than 30 days overdue. Thirteen are more than 30 days but less than 90 days overdue. Eighteen FSR's are currently 90+ days overdue.
- Ten grant projects, either active or in close out, have not filed required progress reports by the deadline (at the last meeting 7 projects were reported). All grant projects must file annual progress reports; prevention projects are also required to file quarterly progress reports. Annual progress reports must be filed with CPRIT within 60 days following the anniversary of the contract effective date. Of the 10 delinquent progress reports, two are less than 30 days overdue and eight are currently 90+ days overdue.
- On March 7, 2014, a report indicated 76 overdue FSR's and 18 overdue progress reports. Mr. Reisman asked the research and prevention programs, and the CPRIT finance division, to address the issue of late FSR's and progress reports by researching these delinquencies and by making contact with the grantees to identify where and what issues might be preventing them from submitting those outstanding reports. The research and prevention program staff contacted the grantees and has made progress identifying issues and facilitating the filing of many late reports. However, from information gathered in consultation with program staff and review of the CPRIT Grants Management System (CGMS) records, the issue of overdue FSR's and progress reports continues and is

estimated to continue for at least the next several months while CPRIT staff addresses the processing of late report filings.

Additionally, CPRIT program staff identified that the report identifying delinquencies run from CGMS identifies whether an FSR is overdue. However, additional quarterly FSR's, that may have become due from a grantee while that FSR is waiting to be either submitted and/or approved, are not identified by the report. In some instances several FSR's are "backed up" waiting in line for the initial FSR to be filed and approved, and then each subsequent FSR must be individually processed and approved before each succeeding FSR may be submitted. As a result, the actual number of delinquent FSR's is difficult to quantify due to the daily changes in filings, but is estimated to be significantly greater than the number identified in the report on delinquencies run from CGMS.

The causes for the number of reports on the delinquent report may be attributed to several factors including grants that are coming off the grant moratorium, resulting in past reports being immediately due, delinquencies in filing by the grantees, and the ability of CPRIT staff to process the incoming reports. While these are separate factors, due to the timing of grants coming off the moratorium, and limitations of staff, the factors do affect each other, and can compound the overall delinquency issue.

CPRIT staff is working to resolve these issues. Program staff contacting grantees regarding submission of delinquent reports has resulted in a significant reduction in the number of delinquent reports, as well as an opportunity to educate grantees. Also, in April, CPRIT sent a memo to all grantees that had one or more outstanding FSR's. The memo noted the issue of the backlog of FSR's and requested the grantees' assistance by submitting their next FSR within ten days after the approval of one FSR to diminish the time between FSR approvals. Another communication was sent to all grantees to educate them on the consequences of new administrative rules, with respect to late FSR deadlines, as well as other requirements going into effect June 1, 2014. It will take some time and effort to work through the FSR issues because new grants are coming in and need processing in addition to the end of quarter reports coming in and working through the backlog. CPRIT has hired an additional staff member for the finance division and three grant specialists to work with grantees on grant monitoring, including upcoming reporting deadlines and overdue reports. A third grant accountant is expected to be hired in late May or early June.

These actions should help to address the issue of delinquent reports. However, CPRIT should continue to examine current procedures and possible causes, and continue to identify and implement solutions to resolve this issue. Agency management is committed to attaining full reporting compliance for CPRIT grantees.

Discussion:

Dr. Rice noted that on the dashboard there are delinquent progress reports but not delinquent FSR's. He asked if that is something that could be added along with

information indicating which grants have multiple FSR's delinquent. Mr. Reisman indicated that information could be added.

Dr. Rice then asked who in the organization is responsible for the solutions to the delinquent FSR's. Mr. Roberts responded that he is ultimately responsible, as well as Ms. Heidi McConnell as Chief Operating Officer and the Grant Accountants who report to her. The Grant Specialists have split reporting responsibility to both the General Counsel, Ms. Kristen Doyle, and the Chief Compliance Officer, Mr. David Reisman. Now that the agency is near fully staffed, there will be weekly staff meetings to continue to work through the reasons for these delinquencies. Mr. Roberts is not willing to wait until the numbers are fully parsed to take action. Mr. Roberts expressed that he felt while some of the issues are due to staffing, some issues are due to the moratorium. CPRIT had 118 research and prevention awards that have now all been contracted for, along with 26 recruits. So the grantees could now be three or four quarters behind in reporting just due to the timing of the contracts. As soon as a grantee gets one FSR done, another is already due and taking its place in the count. Mr. Roberts explained that it's going to take some time to work through all of those, but the agency is committed to seeing this resolved. Until that time, the numbers will fluctuate. CPRIT's goal is complete compliance.

Mr. Geren explained in his limited experience, entities are serious about the research but not about the reporting and that CPRIT needs to find a way to have them comply willingly without always having to tell them to comply. Mr. Reisman responded that CPRIT is in a reactive mode right now but that improved communications is meant to change the noncompliance culture. Mr. Roberts said it is CPRIT's goal to prevent noncompliance before action is needed.

Mr. Roberts commented that universities don't worry about funding being dependent on reporting because they will pay researchers from other funds until the reporting catches up and the CPRIT funding is released. The rules have been changed such that if they don't report on time, the funding will be forfeited. CPRIT has notified grantees of this change, though CPRIT has not yet had to implement it. Before it gets to that point, though, Mr. Roberts expects our tracking to be such that he will call the president of a delinquent institution or non-profit and alert the president to the possibility of forfeiture of funds.

Mr. Geren asked how NIH handles delinquencies. Mr. Roberts responded that NIH does draw-downs of funds, where CPRIT does reimbursement of funds. Mr. Roberts characterized CPRIT's process as more stringent.

Dr. Rosenfeld commented that requiring reports every six months instead of quarterly would possibly make the reporting less onerous for the grantees and also lessen CPRIT's monitoring burden. Mr. Reisman responded that waiting longer could just increase the possibility of delinquency.

Dr. Rice asked for more information on the reporting requirements of NIH and whether or not CPRIT's reporting requirements are seen by grantees as too burdensome. Mr. Roberts said he would continue collecting the metrics on this,

but at this point he is a long way from recommending shortening the reporting periods.

Ms. Doyle commented that the provision waiving the reimbursement for the period of reporting delinquency is found in the Administrative Rules at Section 703.21. She explained, this was part of the administrative rules project changes that were adopted by the Oversight Committee on January 24, 2014. For rulemaking projects, the public is provided 30 days to comment on rule changes. CPRIT did not receive any public comments from any of the institutions. CPRIT has received comments on other rules projects and changes, but none have been received suggesting there should be fewer reporting cycles or on the waiver issues. In the automated reporting system being developed, there is a process for the grantee to seek a deferral if they can't file their reimbursement request within the allotted period. Additionally, grantees have 90 days from the close of the quarter to file and a 30 day grace period during which CPRIT can be communicating with them.

No further discussion.

7. Chief Operating Officer Report

Financial Overview for Fiscal Year 2014, Quarter 2

Ms. McConnell gave the following report:

FY 2014, Quarter 2 Operating Budget

CPRIT expended or obligated approximately \$2.2 million in Indirect Administration in the second quarter (slightly more than 50%). It is expected, with the cost of the peer review meetings, all funds will be expended by the end of the fiscal year.

The agency has also expended almost \$4.9 million in Grant Review and Award Operations (slightly less than 50%). It is expected that with actions today and in August, all funds will be expended.

Debt Issuance History

The agency authorized a \$47 million debt issuance in March, providing \$7.3 million for agency administration—approximately half a year of the agency's total operations including grant review—and \$1.5 million for the transfer to the Department of State Health Services for Texas Cancer Registry operations. The remaining \$38.2 million allows CPRIT to make reimbursement payments due to grant recipients for award expenses.

Ms. McConnell stated changes to CPRIT's reimbursement periods could significantly affect bond issuances. Projecting these will become more difficult, especially if reporting periods are extended. She noted that some of CPRIT's smaller grantee organizations have asked the agency previously to reimburse them on a monthly basis (though all grantees must be treated equally so this has not occurred).

Items Requiring Oversight Committee Action:

1. Amendment to the SRA International Pre- and Post-Award Grants Management Support Contract

- This is the fifth year that SRA has provided support services for CPRIT's pre- and post-award grant operations.
- The contract for this year is about \$7.8 million and is needed to augment CPRIT staff resources for grant applications processing, peer review meeting support, and programmatic review of grant award progress reports. The amount includes direct costs for peer review travel, honoraria, and meeting costs. CPRIT estimated only one full award cycle would take place.
- SRA has submitted a contract amendment for approximately \$1.3 million to continue providing these services and to pay other direct costs from June through August 31, 2014, as it estimates the current contract budget will be fully expended sometime in June. This is because CPRIT has actually completed one grant cycle for 2014 and has started the first cycle for fiscal year 2015.
- With approval from the Oversight Committee, CPRIT will seek authority from the Legislative Budget Board to transfer money from the Research Grant Award appropriations strategy to the Grant Review and Award Operations appropriations strategy to support this cost.

2. Approval to transfer funds to CPRIT's capital budget to pay for construction expenses

- Texas Facilities Commission estimates the cost of moving to new offices in the state-owned Travis Building in February 2015 to be \$1.3 million, the bulk being constructions expenses (estimated to be \$955,700) to prepare the space for occupancy.
- CPRIT does not have capital budget authority for the construction project costs associated with preparing the space in the Travis Building.
- The General Appropriations Act requires the agency's governing board to request approval from the Governor and Legislative Budget Board for CPRIT to transfer from a non-capital budget item to a capital budget item to pay for a capital expenditure.

Mr. Montgomery asked if the SRA was doing a good job. Ms. McConnell responded that SRA has been doing a good job supporting all CPRIT's grant management operations and that CPRIT could not have done what it has in the past five years without that external contract. Mr. Roberts stated that within a year, when the contract is renegotiated, CPRIT may have options that will allow CPRIT to do more of its own support.

Mr. Montgomery asked whether the move to the Travis Building would take care of the agency for a "lifetime." Mr. Roberts responded the space will give CPRIT room for the 32 employees currently authorized, in a mostly cubical style. In the future if CPRIT is authorized more FTE's, the ability of the space to

accommodate that increase is unknown. Also, since the space is state-owned, occupancy is controlled by the Texas Facilities Commission.

Dr. Rosenfeld asked if there were any special or high-priced items in the construction budget. Ms. McConnell responded there is sound proofing and wiring for video conferencing units that is more than some other state agencies require. However, CPRIT owns the equipment and would like to continue to utilize it. Mr. Roberts stated CPRIT will not have full video conference capabilities in the temporary space because of the expense to set up the equipment. The equipment will be put in safe storage and the expense of wiring the temporary space will be saved.

Ms. Mitchell stated that the cost of construction seemed reasonable for the amount of space being renovated.

Mr. Angelou presented the Audit Subcommittee Report:

The Audit subcommittee met on May 16th to discuss various audit issues, including a proposed amendment of CPRIT's contract with SRA International for pre- and post-award grant management services. The Audit subcommittee recommends approval of an amendment to the SRA contract for additional costs associated with grant application processing, peer review meeting support, and programmatic review of grant award progress reports. The contracted amount also includes other direct costs for peer review travel, honoraria, and meetings costs.

Motion:

There being no further discussion, a motion to approve an amendment to the SRA International contract for approximately \$1.3 million was made by Dr. Mulrow and seconded by Ms. Mitchell.

MOTION CARRIED UNANIMOUSLY

Motion:

There being no discussion, a motion to approve CPRIT's request to transfer funds from non-capital budget items to a capital budget item to pay for construction project expenses was made by Mr. Angelou and seconded by Ms. Mitchell.

MOTION CARRIED UNANIMOUSLY

8. Chief Scientific Officer Report

Dr. Kripke gave the following report:

Update on the Research Grants

The Scientific Review Council met on April 17, 2014, to review 25 applications. The number of reviews was unusually high due to the moratorium. The RFA responses

evaluated were for Recruitment of: Established Investigators, Rising Stars, and First-time Tenure Track Faculty.

There were 583 responses to the RFA's for Individual Investigator and High Impact/High Risk grants and are currently under peer review. The peer review meetings will be held next week in Dallas and recommendations will be forwarded to the Scientific Review Council for prioritization.

Dr. Kripke explained that because they are the most popular award, two more individual investigator RFA's are open right now: one untargeted RFA, and two new RFA's for CPRIT: one RFA targeted towards Prevention and Early Detection Research, and one RFA for Cancers of Children and Adolescents. These will close July 26, 2014. New recruitment awards are also open and will run continuously.

In July, it is expected that CPRIT will release RFA's for Multi-Investigator Research (very popular, large and complex to review), Core Facility Support grants that support a number of different investigators), and another round of High Impact/High Risk awards, which provide seed money for generating more grants.

Research Subcommittee

The Research Subcommittee met twice since the last Oversight Committee Meeting. In March the subcommittee discussed the advisory committees and decided to call a meeting of the University Advisory Committee. The subcommittee also discussed nominations to the peer review panels, and the program priorities project. In May, the subcommittee received an update on the pending recruitment awards, reviewed additional nominations, and a follow-up discussion of the meeting with the University Advisory Committee. The subcommittee presented to the Oversight Committee 42 nominations for review panels. Dr. Kripke acknowledged that this is a lot and, when the Review Councils saw how many applications were being received, more review panel members were added.

University Advisory Committee

The University Advisory Committee (UAC) convened on April 30, 2014, in Houston. Dr. Kripke explained this is a statutorily mandated committee. Mr. Roberts requested that the university presidents or provosts nominate people for the 9-member council, whose makeup is also mandated by statute. The minutes were included in the meeting book. The UAC discussed the fact that the majority of grants were in urban areas of the state and that few go to places like West Texas. CPRIT staff and Dr. Rice were part of the meeting and asked the UAC about CPRIT's processes for feedback. Dr. Rice also asked the UAC about the program priorities. The UAC will have a second meeting to discuss input into the priorities project.

Mr. Roberts commented that he was interested in talking to the UAC about diversity to expedite the work of the Oversight Committee Diversity Subcommittee meeting in a while. The UAC understood CPRIT's desire to increase underrepresented groups participation in its programs. CPRIT has training grants that partially serve underrepresented people in the Research program. In addition, state agencies are required to meet state targets for contracting with historically underutilized businesses, but CPRIT has not done comparatively well due to its large contract with SRA.

Dr. Rice commented that he attended the UAC meeting noted that the participants were well engaged. He considers them an asset to the Oversight Committee and asked that members keep them in mind for future consultations.

Mr. Roberts agreed and invited other Oversight Committee members to attend the next UAC meeting. Mr. Roberts also invited OC members to the peer review meetings in Dallas, even if only for a short time.

Dr. Mulrow inquired if CPRIT could use the UAC as a way to inform the universities of our compliance issues. Dr. Rice agreed that it could be an agenda item for the UAC.

Mr. Geren asked how the two new programs were selected (referring to the two RFA's going out). Dr. Kripke's staff proposes RFA's and the committee approves.

Dr. Rice clarified that Mr. Geren was asking how the two particular areas (Prevention or Pediatric research) were chosen—how did Dr. Kripke get the information to make the decision. Dr. Kripke responded that it was mostly based on her experience of being on the President's Cancer Council and working in the cancer field.

Program Integration Committee Recommendations

Mr. Roberts announced that Dr. Kripke would make the presentation of the PIC committee recommendations for Research awards.

Summary of Awards:

Application ID	Institution	Nominated Candidate	Budget*
RR140023	The University of Texas Southwestern Medical Center	First-Time Tenure-Track – Gary Hon	\$2,000,000
RR140027	The University of Texas M.D. Anderson Cancer Center	First-Time Tenure-Track – Priscilla Brastianos	\$2,000,000
RR140052	The University of Texas M.D. Anderson Cancer Center	Established Investigator - John Tanier	\$6,000,000
RR140025	The University of Texas Southwestern Medical Center	First-Time Tenure-Track – Jian Xu	\$2,000,000
RR140042	The University of Texas Southwestern Medical Center	First-Time Tenure-Track – Laura Banaszynski	\$2,000,000
RR140012	The University of Texas M.D. Anderson Cancer Center	First-Time Tenure-Track – Cullen Taniguchi	\$2,000,000
RR140035	Rice University	First-Time Tenure-Track – Samira Azarin	\$2,000,000
RR140036	The University of Texas Southwestern Medical Center	First-Time Tenure-Track – Weibo Luo	\$2,000,000
RR140038	Baylor College of Medicine	First-Time Tenure-Track – Andre Catic	\$2,000,000
RR140033	Baylor College of Medicine	Established Investigator - Matthew Ellis	\$6,000,000
RR140049	The University of Texas Southwestern Medical Center	Established Investigator - Marco Durante	\$3,000,000
RR140053	Texas A&M University Health	First-Time Tenure-Track – Yun	\$1,800,000

	Science Center Institute of Biosciences and Technology	Huang	
RR140013	University of Houston	First-Time Tenure-Track – David Mayerich	\$2,000,000
RR140008	Texas Tech University Health Sciences Center	Rising Stars – Kevin Pruitt	\$2,539,259

Certification of the Slates

Mr. Reisman certified that the three award slates followed procedures and certified them for the Oversight Committee’s consideration.

Conflict of Interest Notifications

Dr. Rice noted for the record that the following members reported conflicts of interest with the some of the applications to be considered. Specifically:

Ms. Mitchell reported conflicts with the following applications: RR140008, RR140012, RR140013, RR14023, RR140025, RR140027, RR140033, RR140035, RR140036, RR140038, RR140042, RR140049, RR140052, and RR140053.

Mr. Montgomery reported conflicts of interest with the following applications: RR140013, RR14023, RR140025, RR140035, RR140036, RR140042, RR140049, and RR140053.

In accordance with CPRIT’s rules, Ms. Mitchell and Mr. Montgomery were recused from the discussion or action on the applications where they had reported conflicts of interest.

Motion:

There being no discussion, a motion was made by Mr. Holmes and seconded by Dr. Rosenfeld to approve the following seven recommendations made by the Program Integration Committee for First-Time, Tenure-Track Faculty Recruitment Awards: RR140023, RR140025, RR140042, RR140035, RR140036, RR140053, RR14013.

Ms. Mitchell and Mr. Montgomery abstained from voting.

MOTION CARRIED UNANIMOUSLY

Motion:

There being no discussion, a motion was made by Mr. Angelo and seconded by Dr. Mulrow to approve the following three recommendations made by the Program Integration Committee for First-Time, Tenure-Track Faculty Recruitment Awards: RR140027, RR14002, and RR140038.

Ms. Mitchell abstained from voting.

MOTION CARRIED UNANIMOUSLY

Motion:

There being no discussion, a motion was made by Mr. Montgomery and seconded by Mr. Geren to approve the following recommendation made by the Program Integration Committee for one Rising Star Recruitment Award RR00014.

Ms. Mitchell abstained from voting.

MOTION CARRIED UNANIMOUSLY

Motion:

There being no discussion, a motion was made by Mr. Geistweidt and seconded by Mr. Holmes to approve the following recommendation made by the Program Integration Committee for an Established Investigator Recruitment Award to be awarded to UT Southwestern for the Recruitment of Marco Durante.

Ms. Mitchell and Mr. Montgomery abstained from voting.

MOTION CARRIED UNANIMOUSLY

Motion:

There being no discussion, a motion was made by Dr. Mulrow and seconded by Mr. Geren to approve the following recommendation made by the Program Integration Committee for the following 2 applications recommended by the PIC for Established Investigator Recruitment Awards: RR140052 and RR140033.

Ms. Mitchell abstained from voting.

Motion:

Having approved the PIC recommendations for the recruitment grant awards, a motion to delegate contract negotiation authority to the Chief Executive Officer and CPRIT staff and to authorize the Chief Executive Officer to sign the contracts on behalf of the Institute was made by Mr. Montgomery and seconded by Dr. Mulrow.

MOTION CARRIED UNANIMOUSLY

9. Chief Product Development Officer Report

Dr. Goodman gave the following report:

Contract Terms for Product Development Grants

Dr. Goodman presented information on product development grants program principles and strategies. Dr. Goodman identified program strategies and explained how CPRIT should use its resources. He further explained his philosophy for rate of compensation required from commercial grant recipients and revenue sharing. Discussion followed.

Mr. Geren asked why the cap on returns was needed for fairness if the grant was given with the specification of an amount of return and the grantee agreed to those terms. Dr. Rice suggested a detailed discussion could be held by the Product Development Subcommittee and brought back to the committee as a whole for consideration.

Mr. Geistweidt inquired whether CPRIT has received any return revenue. Mr. Roberts responded that it had, around \$700,000. Mr. Geistweidt then inquired where the revenue goes. Mr. Roberts explained that the money goes into a fund and it cannot be spent without legislative appropriation.

Mr. Montgomery asked Dr. Goodman to explain the favorable terms at the start up and end to a company. Dr. Goodman explained the rationale is that CPRIT wants to encourage companies to build businesses in Texas. He further explained that if the company exercises a buyout earlier, then risk is reduced for CPRIT.

Dr. Mulrow expressed concern for companies that might fail early on while funded by CPRIT. Dr. Goodman explained that is why the contracts contain tranches for the grantee to meet.

Dr. Rosenfeld asked what happens when a grantee goes into bankruptcy. Ms. Doyle responded that grant funds and the purchases made with those funds by non-profit organizations are handled differently in bankruptcy. If that situation arises, CPRIT would work with the Attorney General's Office to determine to what CPRIT has rights. Mr. Rosenfeld then asked about intellectual rights. Ms. Doyle responded CPRIT does not have rights to intellectual property of grantees under our contracts.

Mr. Montgomery inquired if there were other models on which rates could be based and how much CPRIT might be leaving on the table. Dr. Goodman replied that the current models are based on balance and he would research other models used.

Dr. Rosenfeld brought up the idea of the state having an observatory board position on various grantee's boards. Ms. Doyle explained that would require a statutory change to have CPRIT sit on the board of a grantee.

Dr. Rosenfeld then presented the Product Development Subcommittee recommendation to execute the awards pursuant to the terms as presented by Dr. Goodman.

Conflict of Interest

Dr. Rice noted that Ms. Mitchell had previously disclosed a conflict of interest with two of the companies, ESSA Pharmaceuticals and DNATRIX, and she was recused from the discussion or action on this application.

Motion:

There being no further discussion a motion to delegate authority to the CEO to execute award contracts consistent with the terms discussed here today for the companies Beta Cat

Pharmaceuticals, CerRX, and ProPep Surgical was made by Mr. Angelou and seconded by Mr. Montgomery.

MOTION CARRIED UNANIMOUSLY

Motion:

There being no further discussion a motion to delegate authority to the CEO to execute award contracts consistent with the terms discussed here today for the companies ESSA Pharmaceuticals and DNATRIX was made by Mr. Angelou and seconded by Mr. Montgomery.

Ms. Mitchell abstained from voting.

MOTION CARRIED UNANIMOUSLY

Established Company Product Development Award Recommendations

Dr. Goodman presented the Program Integration Committee's recommendations for two Established Company awards: AERase (\$19,806,145) and Mirna Therapeutics (\$25,147,614).

Established Company Product Development Award Recommendations

Summary of Slates

Application ID	Company Name	Project	Budget
DP140031	AERase, Inc.	Pre-IND Development, Phase I Clinical Trials, & Predictive Evaluation, for Engineered Human Arginase Targeting the Metabolic Vulnerability of Tumors	\$19,806,145
DP140067	Mirna Therapeutics, Inc.	Preclinical and Clinical Development of Synergistic MicroRNA + Targeted Drug Combinations	\$25,147,614

Certification of Slates

Mr. Reisman certified that the slates followed procedures and certified them for the Oversight Committee's consideration.

Dr. Rosenfeld inquired about the budget. Ms. Doyle explained that the amount approved by the Oversight Committee is just a maximum amount.

Conflict of Interest

Dr. Rice stated Ms. Mitchell had reported a conflict of interest with application ID number DP140067. In accordance with CPRIT's rules, Ms. Mitchell was recused from the discussion or action on this application.

Motion:

There being no further discussion, motion to approve the PIC's funding recommendation for the AERase to receive an Established Company Product Development Award in an amount not to exceed \$19,806,145 was made by Dr. Rosenfeld and seconded by Mr. Holmes.

MOTION CARRIED UNANIMOUSLY

Motion:

There being no further discussion, a motion to approve the PIC's funding recommendation for Mirna Therapeutics to receive an Established Company Product Development Award in an amount not to exceed \$25,147,614 was made by Mr. Montgomery and seconded by Dr. Rosenfeld.

MOTION CARRIED UNANIMOUSLY

Ms. Mitchell abstained from voting.

Motion:

Having approved these companies for product development slates, a motion to delegate contract negotiation authority to the Chief Executive Officer and CPRIT staff was made by Mr. Holmes and seconded by Mr. Angelou.

MOTION CARRIED UNANIMOUSLY

Authorization to Disburse Grant Funds by Advance Payment

Mr. Rice stated that Mr. Roberts notified the Oversight Committee by letter on May 15, 2014, indicating that he seeks authority to disburse grant funds in advance to AERase and Mirna Therapeutics, as well as for the six companies with awards ratified at the February 2014 meeting.

Mr. Rosenfeld asked for an explanation of advance payment. Ms. Doyle stated advance payment of grant funds is done only after an executed contract is signed and only with Oversight Committee approval after receiving justification for the advance payments.

Motion:

Pursuant to the General Appropriations Act, Article IX, Section 4.03(a), a motion to authorize CPRIT to disburse grant funds via advance payments to the eight Product Development Award recipients (CP130013, CP130020, CP130023, CP130050, CP130058, CP130066, DP140031, and DP140067) was made by Mr. Holmes and seconded by Mr. Montgomery.

MOTION CARRIED UNANIMOUSLY

10. Chief Prevention and Communications Officer Report

Dr. Garcia presented the Chief Prevention and Communications Officer Report. There were no prevention grants up for approval by the Oversight Committee. However, for the next review cycle Dr. Garcia explained two RFA's will be released: Evidence-Based and Competitive Continuation/Expansion. Dr. Garcia gave a communications update and told the Oversight

Committee that there was approval for CPRIT to work with Hahn Public Communications, which is important to promote the work of CPRIT. Dr. Rice asked if there were any questions or discussion. None was heard.

12. CPRIT's Programs Priority Project

Dr. Rice asked Dr. Garcia and Mr. Roberts to provide an update on the Programs Priority Project. Dr. Garcia gave a brief introduction of the project, which is to set priorities for CPRIT. As requested, a facilitator had been identified to guide the agency through this process. Robert Mittman was introduced and gave a presentation to the Oversight Committee of the project process.

Mr. Geren commented that CPRIT is responsible to the Legislature for responsible use of public funds. He suggested CPRIT should think of the state as a whole to determine where Texans would want their funds invested. He requested the agency examine the incidence of certain types of cancers in Texas and areas where more cancer appears and consider those when setting priorities.

Mr. Mittman commented that would be a logical way to proceed.

Dr. Mulrow would like to see more background information about environmental effects on cancer and whether CPRIT might be able to help fill gaps in that area.

Mr. Geren asked Mr. Mittman to compare Texas to other states and have that information available as CPRIT considers priorities.

11. Appointments to Scientific Research and Prevention Programs Committees

Dr. Rice recognized Mr. Holmes to lay out the Nominations Subcommittee recommendation related to the Chief Executive Officer's appointments to the Scientific Research and Prevention Program Committees.

Mr. Holmes stated the subcommittee discussed the Chief Executive Officer's appointments and recommended approval of the CEO's 58 appointments to CPRIT's Scientific Research and Prevention Program Committees, which were provided electronically to the Oversight Committee.

Dr. Rosenfeld commented that several of the people nominated had exceptional qualifications.

Motion:

There being no further discussion, a motion to approve the Chief Executive Officer's appointments to the Scientific Research and Prevention Programs Committees was made by Mr. Angelo and seconded by Ms. Mitchell.

MOTION CARRIED UNANIMOUSLY

13. Acceptance of a Donation Pursuant to Texas Health and Safety Code §102.054

Dr. Rice called on Ms. Doyle to explain the donation. Ms. Doyle stated the agency is statutorily authorized to accept gifts and grants for any purpose. CPRIT's Administrative Rule §702.7 requires gifts exceeding \$10,000 to be accepted by the Executive Subcommittee of the Oversight Committee. However, there is no such subcommittee currently. Therefore, the donation is being presented to the full Oversight Committee. The \$29,877 donation is from the Texas Cancer Coalition Liquidating Trust and is a result of the settlement with the CPRIT Foundation. CPRIT staff notified the Audit Subcommittee of the donation and it was discussed at the subcommittee's May 16, 2014, meeting.

Dr. Rice then called on Mr. Angelo as chair of the Audit Subcommittee, to give their recommendation. Mr. Angelo stated the subcommittee recommends the Oversight Committee accept the donation on behalf of the Institute.

Motion:

A motion was made by Mr. Geren and seconded by Ms. Mitchell to accept the donation of \$29,877 from the Texas Cancer Coalition Liquidating Trust and to designate the use of the funds for peer review expenses.

MOTION CARRIED UNANIMOUSLY

Dr. Rice stated this gift will be listed on CPRIT's website.

14. Agency Strategic Plan

Dr. Rice called on Mr. Roberts and Ms. McConnell to present the agency's Strategic Plan.

Ms. McConnell stated the plan is a required legislative report at the beginning of the biennial budget cycle. CPRIT's plan is due on June 23, 2014. The structure of the plan is set by the Legislative Budget Board and the Governor's Office of Budget, Planning and Policy. The document must be signed by the chair of the Oversight Committee.

Mr. Angelo, Chair of the Audit Subcommittee, stated that the subcommittee met on May 16 to discuss the Strategic Plan and recommends that the Oversight Committee give its approval.

Motion:

There being no further discussion, a motion to authorize the Chair to sign a final draft of the Strategic Plan and approve transmittal to the appropriate offices was made by Mr. Montgomery and seconded by Mr. Angelou.

MOTION CARRIED UNANIMOUSLY

15. Legislative Appropriations Request

Ms. McConnell stated the Legislative Appropriations Request (LAR) is due in early August. The draft LAR reflects a request for \$600 million in general obligation bond proceeds for the 2016-17 biennium, \$300 million per year. The structure of the plan is set by the Legislative Budget Board and the Governor's Office of Budget, Planning and Policy. The Oversight Committee must approve the document and its transmittal to the appropriate offices.

Mr. Angelo, Chair of the Audit Subcommittee, stated that the subcommittee met on May 16, 2014, to discuss the LAR and recommends approval. In the event the Oversight Committee does not meet again before the LAR is due, the Audit Subcommittee will review the final LAR prior to submission.

Motion:

There being no further discussion, a motion to approve the draft LAR, subject to final review by the Audit Subcommittee, was made by Mr. Angelo and seconded by Mr. Montgomery.

MOTION CARRIED UNANIMOUSLY

16. Authorization for Request for Financing to Texas Public Finance Authority and Bond Review Board

Dr. Rice called on Ms. McConnell to describe the resolution that needs to be approved in order for the Texas Public Finance Authority (TPFA) to issue debt on behalf of CPRIT in FY 2015.

Ms. McConnell stated that CPRIT expects to request that TPFA issue \$241.6 million in commercial paper notes four times in FY 2015 on behalf of CPRIT to pay for administrative operations and reimbursement/advance disbursement of grant funds made in FY 2011-2014, and potentially 2015. The resolution requesting these issuances must be signed by the Oversight Committee chair and attested to by the Secretary. The resolution and description of the process is provided in the Oversight Committee Meeting book.

Mr. Angelo stated that the Audit Subcommittee met on May 16, 2014, to discuss the request for financing and recommends approval of the resolution.

Motion:

There being no further discussion, a motion to approve *A Resolution Authorizing A Request for Financing and the Execution and Delivery of Documents Required to Effect Such* and to authorize the Oversight Committee Chair and Secretary to sign the resolution was made by Mr. Angelou and seconded by Mr. Holmes.

MOTION CARRIED UNANIMOUSLY

17. Internal Audit Report Status

Ms. McConnell provided an update on the status of the Internal Audit. Three audits (Expenditure, Governance, and SRA-managed IT systems) are currently underway. Two more audits (Information Technology and Grants Management) are scheduled to begin in June.

There were no questions for Ms. McConnell.

18. Proposed Amendments to 25 T.A.C. Chapters 701-703 and Authorization to Publish in the Texas Register

Ms. Doyle summarized the rule changes contained in the agenda packet. The proposed changes will be published in the Texas Register so that public comment can occur. A final version is expected to be considered at the August meeting.

Dr. Rice noted a memo from the Board Governance Subcommittee Chair recommending approval of the proposed changes.

Motion:

There being no further discussion, a motion to instruct staff to publish the proposed rule amendments to Chapter 702 and 703 in the *Texas Register* in accordance with the requirements of the Administrative Procedure Act as proposed was made by Mr. Geren and seconded by Ms. Mitchell.

MOTION CARRIED UNANIMOUSLY

19. Proposed Amendments to Bylaws and Code of Conduct

Ms. Doyle was called to address the proposed changes to the Oversight Committee Bylaws and Code of Conduct. She stated that the proposed changes were located in the agenda packet.

Bylaws:

- Change at Section 4.4(a)(ii) to delete text to remove a conflict with a statutory provision.
- Change at 8.6(b) to update the name of the “Commercialization Advisory Committee” to the “Product Development Advisory Committee.”

Code of Conduct:

- Section IV “Gifts and Entertainment” recommending the wording “Chief Compliance Officer” to track the exact words of the Penal Code.

Dr. Rice stated that there was a memo from the Board of Governance Subcommittee Chair recommending approval of the changes.

Motion:

There being no further discussion, a motion to adopt the amendments to the Oversight Committee Bylaws and Code of Conduct as proposed by made by Mr. Geren and seconded by Ms. Mitchell.

MOTION CARRIED UNANIMOUSLY

20. Subcommittee Business

Dr. Rice stated that CPRIT staff provided a schedule for standing subcommittee meetings to be held the two weeks prior to each Oversight Committee Meeting. Setting the standing meetings would ensure that only one subcommittee meeting is held per day. It would allow members to plan for these meetings in advance.

21. Consultation with General Counsel

The Oversight Committee went into closed session at 2:37 p.m. to consult with CPRIT General Counsel pursuant to Texas Open Meetings Act § 551.071.

The board reconvened in open session at 3:22 p.m. No action was taken.

22. Future Meeting Dates and Agenda Items

Dr. Rice announced the next Oversight Committee meeting would be held on August 20, 2014. CPRIT staff will circulate a tentative agenda prior to the meeting.

23. Adjourn

There being no further business, Chair Rice moved to adjourn the meeting and Dr. Mulrow seconded.

MOTION CARRIED UNANIMOUSLY

Meeting adjourned at 3:23 p.m.

Amy M. Mulheil
Signature

8/20/14
Date