



CANCER PREVENTION AND RESEARCH INSTITUTE OF TEXAS

Minutes

November 22, 2013

1. Meeting Called to Order

The meeting of the Oversight Committee of the Cancer Prevention and Research Institute of Texas (CPRIT) was called to order by Interim Chair Pete Geren on Friday, November 22, 2013 at 12:03 p.m.

2. Roll Call /Excused Absences

Interim Secretary Gerry Geistweidt called the roll.

Committee Members Present:

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

3. Oath of Office

Interim Chair Geren welcomed Will Montgomery to the Oversight Committee. Mr. Geren reported that Mr. Montgomery had been appointed by the Speaker of the House to the CPRIT Oversight Committee on November 20th.

Interim Chair Geren administered the oath of office to Mr. Montgomery.

4. Adoption of Minutes from November 1, 2013 meeting

Interim Chair Geren called for discussion or corrections to the minutes as written. Hearing none, the chair called for a motion to approve the minutes of the November 1, 2013 Oversight Committee Meeting.

Motion to approve the minutes of the November 1, 2013 Oversight Committee as written made by Mr. Angelou and seconded by Dr. Rosenfeld.

MOTION CARRIED UNANIMOUSLY

5. Election of Officers

Interim Chair Geren advised that Section 5.2 of the Oversight Committee bylaws requires the committee to elect a Chairperson and Vice Chairperson at the first meeting following the adoption of the bylaws. Interim Chair Geren opened the floor for nominations for Chairperson, Vice-Chairperson and Secretary.

Mr. Holmes nominated Dr. Bill Rice as Chair, Pete Geren Vice-Chair and Amy Mitchell Secretary. As part of his motion, Mr. Holmes stated his intention that all three positions be voted on at one time. Seconded by Mr. Geistweidt.

MOTION CARRIED UNANIMOUSLY

Mr. Geren turned the gavel over to newly elected Chair William Rice.

6. Personnel Matters

Chair Rice reminded members that at the last meeting, the Oversight Committee directed CPRIT staff to post the CEO position internally for 10 days and for the Board Governance subcommittee to review applications, interview qualified applicants and make a recommendation to the Oversight Committee.

Chair Rice informed the members that the Board Governance subcommittee notified him that the subcommittee intends to address this issue in closed session.

Chair Rice called the Oversight Committee into closed session at 12:07 p.m. pursuant to Texas Open Meetings Act section 551.074 to discuss personnel issues as listed on the posted agenda. The Oversight Committee members moved to the ante-room at this time.

Chair Rice reconvened in open session at 12:28 p.m. He called on Amy Mitchell, the interim chair of the Board Governance subcommittee, to convey the subcommittee's recommendation.

Ms. Mitchell reported that the Board Governance Subcommittee worked with CPRIT's staff to draft and post a position for the Chief Executive Officer. The position was posted internally for 12 days. The Board Governance subcommittee reviewed the application submitted and interviewed the candidate.

Ms. Mitchell stated that on behalf of the Board Governance Subcommittee, the Subcommittee recommends to hiring Wayne Roberts to serve as CPRIT's Chief Executive Officer at a salary of \$250,000. The salary will be effective December 1, 2013.

Chair Rice called for a motion to hire Mr. Roberts to serve as CPRIT's Chief Executive Officer at a salary of \$250,000. The salary will be effective December 1, 2013.

A motion was made by Mr. Holmes and seconded by Ms. Mitchell to hire Mr. Roberts to serve as CPRIT's Chief Executive Officer at a salary of \$250,000. The salary will be effective December 1, 2013.

MOTION CARRIED UNANIMOUSLY

7. Chief Executive Officer Report

The Chair recognized Mr. Roberts to provide the Chief Executive Officer's Report.

Mr. Roberts stated his appreciation for the Oversight Committee's support for his work with the agency. Mr. Roberts reported on the following topics:

- *Live Webcast and Video*

This meeting is being webcast live and a video will be posted on CPRIT's website after this meeting. As of this morning, there were 30 views of the U-Tube link of the November 1st meeting. According to Senate media, 13 mobile devices and 97 desk top computers viewed the live webcast of our November 1st meeting.

- *Administrative Rules*

At the last Oversight Committee meeting, Members authorized staff to post changes to the administrative rules. The proposed rules were published in the *Texas Register* on November 15, 2013. The proposed rules are also posted on CPRIT's website. CPRIT will accept public input on the new rules and rule changes through December 16, 2013. Kristen Doyle, CPRIT's General Counsel, will prepare the comments for member review as part of the formal adoption of the proposed rules in January.

- *Staffing*

A decision has been made regarding the **Chief Compliance Officer** and an announcement will be made next week in time to meet the statutory requirement to fill this position by December 1, 2013.

The **Chief Product Development Officer** position posting is being refined with the Product Development subcommittee and the Product Development Review Council among others and should be posted in December.

The **Internal Auditor** position, which is a direct report to the OC, is posted until December 13.

An **attorney position** will be posted today to assist General Counsel and Chief Compliance Officer positions.

The **Procurement Specialist** position will be filled quickly. This position will provide redundancy in our accounting process. A Reimbursement Specialist will also be hired to assist our grant desk review analyst.

The 83rd Legislature authorized CPRIT to add eight additional positions. These are intended to be primarily compliance and grant monitoring. The job description for the **grant specialists' positions** is still in the development stage. Tasks identified thus far:

- Ensure and facilitate programmatic and fiscal integrity
- Interact and support with three mid-level program specialist
- Support the Chief Officers of each program area including Compliance
- Customer Service orientation.
- Assist grant recipients once awards are made. This could be answering questions or concerns, facilitating timely response by other CPRIT staff and, where appropriate, review. Will also help grant recipients to meet contractual deadlines such as reporting and other requirements in a timely manner.
- Compliance element which will include onsite and desk reviews of grantees. Grant Specialist will examine, investigate and review records, reports, financial statements, management information systems, and management practices to ensure adherence to state statutes and agency regulations.
- Will conduct financial and some limited programmatic review of grants.

- *Agency Move*

Approval has been received from the Legislative Budget Board (LBB) to delay the state budget directive to move agency from the current facility to state space in the Capitol Complex March 31, 2014. Mr. Roberts stated that the agency is committed to working with the Facilities Commission, the LBB, and the current landlord to accomplish this.

- *Agency Resuming Operations*

State Leadership lifted the moratorium and allowed CPRIT to resume full grant-making operations on October 30, 2013, including finalizing award contracts for grant projects that had been left pending during the moratorium. CPRIT has executed 29 award contracts this month. Grantees are reviewing and updating contract documents to reflect any changes to the statement of work, the project budget, and timelines.

In March, State Leadership authorized CPRIT to finalize recruitment grants that had been approved by the Oversight Committee in August and December 2012... Of the thirty-one grants, ten potential recruits declined because they had accepted offers elsewhere, nineteen signed and moved to Texas, one award is in negotiations with the host institution and one is still pending the recruit's decision. CPRIT is the final inducement in attracting these individuals. Due to nature of these awards, institutions cannot begin negotiations with a

candidate until CPRIT has approved the award and not all recruitment targets accept the host offer.

- *Requests For Applications (RFAs)*

Mr. Roberts reminded the members that the Oversight Committee had discussed the impending issuance of a number of RFAs at its November 1st meeting. At this time, CPRIT expects to release seven for Scientific Research RFAs, three for Prevention RFAs and three Product Development RFAs. Mr. Roberts explained that it is important to issue the RFAs now because the time required for the review process is lengthy. Due to the moratorium, CPRIT anticipates that there may be significant pent-up demand that could affect the peer reviewer workload. Release of these RFAs should not significantly affect the OC's ability to prioritize among and within the programs. As the Oversight Committee's priorities are established, CPRIT can realign funding, if necessary, for the remainder of this fiscal year and FY 2015. As implied, a delay in this process could reduce CPRIT's ability to use all of its 2014 grant appropriations.

It is important for the committee to know that despite the turmoil in 2012 and the January 2013 audit report, no one ever questioned the quality, appropriateness or release of CPRIT's RFAs. The RFAs are broadly written to cast a wide net in soliciting a range of applications. Mr. Roberts stated that the Oversight Committee may wish to narrow future RFAs to their specific areas of interest. Release of these RFAs will not prevent winnowing prioritization down as the agency goes forward. He pointed out that the Oversight Committee is under no obligation to fund any of these awards if they are not satisfied.

- *Slates*

Mr. Roberts reported that he is recommending two slates for Prevention awards: Evidence-Based Cancer Prevention Services grant slate and the Health Behavior Change through Education slate. Mr. Roberts stated that these slates reflect the recommendations provided to him by the Prevention Review Council. He asked the Chair to recognize Dr. Rebecca Garcia, CPRIT's Chief Prevention Officer, to explain CPRIT's Prevention program and present the two slates. Mr. Roberts advised Members that the Compliance Officer will certify the slates before the OC can take action on these recommendations.

8. Prevention Officer Report Grant Award Recommendations and Certification of the Slates

The Chair recognized Dr. Garcia to provide the Prevention Officer Report and to introduce the Chief Executive Officer's Grant Award recommendations for Prevention grant awards.

Dr. Garcia provided an overview of the Prevention program and the peer review process. She explained that the slates being presented today were submitted to CPRIT before June 14, 2013; therefore, SB149 directs that the law in effect at the time the application is submitted governs the review process.

Hearing no further discussion, the Chair recognized Kristen Doyle, acting compliance officer, to provide the compliance certification for the award slates.

Ms. Doyle advised members that they play a role in the grant award process and are subject to CPRIT's conflict of interest standards.

Ms. Doyle noted for the record that Oversight Committee member Amy Mitchell requested to be recused from taking action on any of the Prevention award slates that will be announced in this meeting because Ms. Mitchell may have a conflict of interest with these applications. Ms. Doyle also noted that Mr. Montgomery was appointed two days prior to the meeting and has not received any grant application information. He will therefore abstain from any action on the Prevention award slates.

Ms. Doyle explained that these award recommendations are subject to the laws in effect at the time that the applications were submitted. This means that the Oversight Committee will follow the Chief Executive Officer's funding recommendations unless two-thirds of the Oversight Committee members vote to disregard the recommendations.

Ms. Doyle advised that as CPRIT's acting compliance officer, she is responsible for reporting to the Oversight Committee regarding the agency's compliance with applicable statutory and administrative rule requirements during the grant review process.

Ms. Doyle certified both slates by stating the following: "I have reviewed the compliance pedigrees for the grant applications submitted to CPRIT for Cancer Prevention grant awards originally intended to be made in the first prevention grant cycle of FY2013. I have conferred with staff at CPRIT and SRA International (SRA), CPRIT's contracted third-party grant administrator, and studied the supporting grant review documentation, including third-party observer reports for the peer review meetings. I am satisfied that the application review process that resulted in the two Cancer Prevention grant award slates recommended by the Chief Executive Officer-the Evidence-Based Cancer Prevention Services grant slate and the Health Behavior Change Through Public Education grant slate, followed applicable laws and agency administrative rules. I certify these award slates for the Oversight Committee's consideration."

Chair Rice advised that the two Prevention slates will be taken up separately.

Chair Rice entertained a motion to disregard the Chief Executive Officer's funding recommendation for the Evidence-Based Cancer Prevention Services Award Slate.

Chair Rice entertained a motion to disregard the Chief Executive Officer's funding recommendation for the Health Behavior Change through Public Education Award Slate.

Hearing no motion to disregard either slate, Chair Rice asked for a motion to delegate contract negotiation authority to the Chief Executive Officer and the General Counsel and to authorize the Chief Executive Officer to sign the contracts on behalf of the Institute.

A motion to delegate contract negotiation authority to the Chief Executive Officer and the General Counsel and to authorize the Chief Executive Officer to sign the contracts on behalf of the Institute was made by Mr. Holmes and seconded by Ms. Mitchell

MOTION CARRIED UNANIMOUSLY

9. Chief Scientific Officer Report

The Chair recognized Dr. Margaret Kripke to provide the Chief Scientific Officer's report.

Dr. Kripke reported that several Research Program activities were interrupted by the moratorium that was imposed on CPRIT in December 2012. In order to resume operations now that the moratorium has been lifted, a number of actions are being taken. In order of urgency, they are:

- Execute contracts for grant programs that were approved in August and December of 2012 by the Oversight Committee
- Initiate the peer review of 5 first-time faculty recruitment grants by the Research Review Council.
- Issue Requests for Applications (RFAs) for the continuation of 5 Multi-investigator Research Awards and 7 Research Training Awards.
- Issue new RFAs for the recruitment awards, Individual Investigator Research Awards and High Impact/High Risk Awards.

Chair Rice opened the floor to discussion or questions. Hearing no questions or discussion, the Chief Scientific Officer report was accepted as presented.

10. Product Development Officer Report

The Chair recognized Kristen Doyle, Interim Chief Product Development Officer, to provide the Product Development Officer's report.

Ms. Doyle reported that the Product Development (PD) subcommittee met on November 18, 2013, and discussed the review process for applications, the PD portfolio, applications pending and the RFAs issued in the past. She stated that RFAs will be issued as soon as possible so that pent-up needs can be addressed. RFAs for PD have always been structured fairly broad. The OC will be able to screen what is being received and determine where they want to go in terms of their program priorities.

Ms. Doyle informed the members that PD had been affected by the moratorium in the same manner as Research and Prevention. Some applications were frozen in the review process. At the time of the moratorium, there were four applications that had made it all the way through the review process, past due diligence and were ready to be reviewed by the Product Development Review Council (PDRC.) In addition, as reported by Ms. Doyle, three had just emerged from the in-person presentation round of review. The next step after that would have been due diligence in both business operations and Intellectual Property. These three were recommended to proceed toward due diligence on December 17, 2012 and the moratorium was initiated on December 18, 2012.

Ms. Doyle stated that it was prudent to reach back out to the frozen applications and ask for updates on the project progress once the moratorium was lifted and whether activities over the last year impacted the scope of their project and budget.

Ms. Doyle advised that the Product Development Review Council has reviewed the updated information provided by each of the applicants and made recommendations in terms of moving them forward in the process. Two of the applicants had significant changes in their scope of work. The PDRC asked for additional due diligence. The Review Council and the primary reviewers provided questions in areas that required additional due diligence based on the updates received. No recommendations have been made for these seven applications. Ms. Doyle reports that recommendations may be ready by the January 24, 2014 OC meeting.

Ms. Doyle related that she is receiving calls every week from companies that are very eager to apply for CPRIT funding. It should be expected that we will receive a large volume of applications. A change in CPRIT's application process will be to ask applicants to submit a letter of intent to aid the agency in determining the number of reviewers needed. There are currently two panels with fifteen reviewers each that alternate review cycles. When the moratorium was instituted, there were three review cycles per year with plans to increase to four review cycles. Because of the moratorium, both panels may be required for the first round of applications. We will also reach out to reviewers that have been inactive because of the moratorium to determine their interest in continuing as a CPRIT reviewer.

Chair Rice opened the floor for discussion or questions for Ms. Doyle. Hearing no questions or discussion, the Product Development Officer report was accepted as presented.

11. Appointments to Scientific Research and Prevention Programs Committees

The Chair recognized Mr. Holmes, Interim Chair of the Nominations Subcommittee, to discuss the subcommittee's recommendation regarding the Chief Executive Officer's appointments to the Scientific Research and Prevention Programs Committees.

Mr. Holmes advised the Members that the Nominations subcommittee met on November 19, 2013 to discuss the appointment of Dr. Tom Sellers to the Scientific Research and Prevention Programs Committee by Mr. Roberts. Mr. Holmes stated that the Nominations subcommittee recommended that the Oversight Committee approve the appointment of Dr. Sellers to CPRIT's Scientific Review Council.

Chair Rice called for a motion to approve the Chief Executive Officer's appointment of Dr. Sellers to the Scientific Research and Prevention Programs Committee.

A motion to approve the Chief Executive Officer's appointment of Dr. Sellers to the Scientific Research and Prevention Programs Committee was made by Dr. Rosenfeld and seconded by Mr. Holmes.

MOTION CARRIED UNANIMOUSLY

12. Health & Safety Code Section 102.1062 Waivers

Chair Rice advised the members that he had received a formal request from Mr. Roberts for the Oversight Committee to consider two waivers from CPRIT's conflict of interest requirements. Texas law requires that the Oversight Committee vote on the requested waivers. The chair recognized Mr. Roberts to present the waiver requests.

See Attachment A for Waiver Request

Chair Rice opened the floor for discussion or questions.

Dr. Rosenfeld stated that all members consider Conflict of Interest waivers a serious matter especially in light of previous events. He inquired about the term "exceptional circumstances." He asked if it meant unique person or unique circumstance. He also asked how both of these requests fall under the term unique circumstances.

Mr. Roberts stated that the compelling reason remains that Dr. Kripke would lose her value to members as the Chief Scientific Officer if she is not allowed to attend peer review meetings. He related that the Chief Scientific Officer is the eyes and ears of the Oversight Committee during the peer review process. While CPRIT staff are not allowed to participate in the review panel's discussion or vote on a grant application, they can bring back valuable information to the Oversight Committee about why particular grants were recommended for funding. Dr. Lakey's situation is somewhat different in that his participation on the PIC is statutorily required. The legislative offices were informed that the Department of State Health Services receives grant monies from CPRIT. His waiver addresses that particular situation.

Ms. Doyle commented that there has to be a compelling reason for exceptional circumstances. She stated that another situation that would arise would be if a review is being done for a unique or specialized application. There could be a smaller pool of reviewers due to the uniqueness of the application which could potentially require a waiver to Conflict of Interest rules. Ms. Doyle informed members that another unusual aspect about this situation is that according to CPRIT's proposed rules, the type of conflict that Dr. Kripke and Dr. Lakey have is a considered a "super" conflict. She advised that this meant that without the waiver, they would be barred from participating in any grant discussion by the PIC. She stated that in the assessment the Oversight Committee is making, they must decide if there are compelling reasons. Ms. Doyle reiterated that it is part of CPRIT's process to use a third party observer when award decisions are made, so the Oversight Committee will have someone outside of CPRIT reporting from a non- agency perspective on how the PIC functions. Ms. Doyle advised that the alternative to Dr. Lakey's waiver would be that the Department of State

Health Services would no longer be allowed to receive CPRIT grants. She further stated that without a waiver, Dr. Kripke's value to the agency on the Oversight Committee would be significantly diminished

Dr. Rosenfeld asked Mr. Roberts if he had spoken with any major institutions in the state such as Baylor College of Medicine or UT Southwestern about how they would view a waiver for Dr. Kripke. Mr. Roberts responded that he had not spoken with them directly about the waiver, however when he first arrived at CPRIT he had numerous conversations with various institutions about conflict of interest concerns and their sensitivity to them.

Mr. Roberts informed the members that by law the agency must go through this public waiver process and then post the waivers on our website. Mr. Roberts stated that he is required to inform the Governor, Lt. Governor, Speaker, Chair of the Health & Human Services Committee and the Chair of the Committee on Public Health if the waiver is approved. Mr. Roberts added his personal belief that Dr. Kripke's academic and intellectual integrity is such that she can operate within the constraints of this waiver.

Dr. Rosenfeld inquired about a plan to monitor the conflict. Ms. Doyle responded that an independent observer is required to attend peer review meetings. She advised the members that CPRIT staff are prohibited from participation in the review process. The independent observer documents adherence to the requirement.

Mr. Roberts stated that he would like to add that with respect to her recruitment and the search committee for her, the Executive Vice Chancellor for Health Affairs for the University of Texas System was a member of that committee and was aware of her relationship with MD Anderson. Mr. Roberts commented that people need to recognize that the cancer community in Texas and the United States is a relatively small pool of people and that it is very difficult to operate a program of this magnitude without people knowing each other.

Mr. Geren inquired about the communication with state officials regarding the proposed waivers. Mr. Geren asked Mr. Roberts to identify legislators with whom he had discussed these waivers ahead of time. Mr. Roberts stated that he didn't remember all of the legislators but that he certainly talked with staff of Senator Nelson and Representative Keffer, sponsors of the bill creating CPRIT. Mr. Roberts further advised that in the past week he had spoken to staff for the Governor, Lt. Governor and the Speaker who are responsible for handling these CPRIT issues.

Mr. Holmes commented that conflicts occur all the time which is why you develop processes to deal with them. He asked Mr. Roberts to repeat for the record his belief that all requirements to grant the waivers for both individuals had been satisfied. He further asked

for affirmation that it would be a continuous monitoring process and the waivers could be withdrawn at any time. Mr. Roberts responded that he believed all requirements had been met. He further stated that he takes the integrity of CPRIT seriously and understands that this matter is important to the citizens of Texas and the legislature. Mr. Roberts informed the members that he had received serious warnings from legislators and he took them as such. Mr. Roberts stated that he believes CPRIT has been given the appropriate tools to move forward.

Dr. Mulrow inquired about the process for peer reviews such as the names of the peer reviewers and what grants they reviewed and asked if any type of report is available to the public. Mr. Roberts deferred the question to Ms. Doyle who informed the members that going forward a de-identified list of all scores assigned by the review committee would be publicly available. She advised that members have the right and duty to question the processes followed.

Dr. Mulrow reiterated that the members would be able to see if all of the positive comments for a particular application came from a particular place and Ms. Doyle responded yes.

Dr. Rice questioned how the members would have visibility to the whole process. Ms. Doyle stated that one of the agenda items for the January meeting will be to show how the new rules will be implemented. Most of the new requirements and responsibilities fall on CPRIT and will dramatically increase the amount of documentation required. Members will also receive an affidavit from the CEO for every grant application recommended for funding.

Dr. Mulrow commented that it sounded like there are some transparency protections already put into place. Mr. Roberts affirmed that there were.

Chair Rice called for a motion finding that exceptional circumstances exist and to approve the waiver proposed for Dr. Margaret Kripke that will waive the conflict of interest specified in Texas Health and Safety Code Section 102.106(c)(3).

A motion finding that exceptional circumstances exist and to approve the waiver proposed for Dr. Margaret Kripke that will waive the conflict of interest specified in Texas Health and Safety Code Section 102.106(c)(3) was made by Mr. Geren and seconded by Ms. Mitchell

MOTION CARRIED UNANIMOUSLY

Chair Rice called for a motion finding that exceptional circumstances exist and to approve the waiver proposed for Dr. David Lakey that will waive the conflict of interest specified in Texas Health and Safety Code Section 102.106(c)(3).

A motion finding that exceptional circumstances exist and to approve the waiver proposed for Dr. David Lakey that will waive the conflict of interest specified in Texas Health and Safety Code Section 102.106(c)(3) was made by Mr. Holmes and seconded by Mr. Angelou.

MOTION CARRIED UNANIMOUSLY

Chair Rice inquired of Mr. Roberts if both waivers would be publicly posted on CPRIT's website and provided to the Governor, Lt. Governor, and Speaker of the House, as well as to the statutorily designated legislative committees with oversight for CPRIT operations. Mr. Roberts confirmed that they would.

13. Subcommittee Business

Approval of subcommittee charters and chairs

The Chair reported on Subcommittee business stating that the Oversight Committee approved appointments to the subcommittees at the previous OC meeting on November 1, 2013. He stated the Oversight Committee Bylaws require each subcommittee to adopt a subcommittee charter that will be approved by the Oversight Committee. Six of the seven subcommittees have met and have adopted subcommittee charters.

The Bylaws also require that each subcommittee will have a chairperson, who will be selected by the Oversight Committee at large. For the record, nominated interim chairs are:

Audit – Interim Chair Angelos Angelou

Board Governance – Interim Chair Amy Mitchell

Nominations – Interim Chair Ned Holmes

Prevention – Interim Chair Cynthia Mulrow

Product Development – Interim Chair Craig Rosenfeld

Scientific Research – Interim Chair Bill Rice

The Chair called for a motion to approve the proposed subcommittee charters.

A motion to approve the proposed subcommittee charters was made by Mr. Geren and seconded by Dr. Rosenfeld.

MOTION CARRIED UNANIMOUSLY

14. Board Governance Subcommittee Report

The Chair recognized Board Governance Interim Chair Amy Mitchell to report on the Board Governance subcommittee.

Ms. Mitchell reported that at the last Oversight Committee meeting, the Committee referred issues related to the 2014 CPRIT Conference and the Strategic Communications contract to the Board Governance subcommittee.

Ms. Mitchell stated that the Board Governance subcommittee met November 18th and discussed these issues with CPRIT staff. The subcommittee recommended instructing CPRIT staff to develop and release a Request for Proposals (RFP) to solicit venues in several major Texas cities to hold a November 2014 CPRIT conference to enable CPRIT to assess venue interest and viability of a conference. Issuing the RFP will not commit CPRIT to holding the conference. However, unless staff begins now, it may be difficult to hold a conference in 2014 because of the substantial lead time it will take to organize.

Ms. Mitchell advised that the Board Governance subcommittee also recommended that the staff prepare a RFP for the Comptroller of Public Accounts to issue on CPRIT's behalf for a strategic communications program for FY2014 and FY2015. This program would include communications planning, public outreach, public affairs, CPRIT publications support, and web site redesign and content expansion. Before any such contract can be awarded, approval from the Oversight Committee and the Legislative Budget Board will be required.

The Chair called for a motion to direct CPRIT staff to release a Request for Proposals to solicit venues in major Texas cities to hold a potential November 2014 CPRIT conference.

A motion to direct CPRIT staff to release a Request for Proposals to solicit venues in major Texas cities to hold a potential conference on November 2014 CPRIT was made by Mr. Geistweidt and seconded by Mr. Angelou.

MOTION CARRIED UNANIMOUSLY

The Chair called for a motion to direct CPRIT staff to prepare an RFP for a strategic communications program for FY2014 and FY2015.

A motion to direct CPRIT staff to prepare an RFP for a strategic communications program for FY2014 and FY2015 was made by Mr. Geistweidt and seconded by Mr. Holmes.

MOTION CARRIED UNANIMOUSLY

15. Chief Operating Officer Report

The Chair recognized Heidi McConnell, CPRIT's Chief Operating Officer, to present the Chief Operating Officer's Report.

Ms. McConnell reported that the FY2014 request for financing to issue \$300 million in debt authorized by the Oversight Committee at its November 1st meeting was sent to the Texas Public Finance Authority (TPFA) the same day. The TPFA and the Bond Review Board met on November 7th and November 21st, respectively, and both approved the request. With that approval, a request was sent to TPFA to issue \$55.2 million in commercial paper notes as soon as possible. The notes will be sold on Monday, November 25th.

Ms. McConnell gave an update on the FY 2014 Operating Budget submission to the Governor's Office of Budget, Planning and Policy (GOBPP) and Legislative Budget Board (LBB). A summary of CPRIT's \$297 million operating budget (\$300 million less the \$3 million transfer to DSHS for the Texas Cancer Registry) was presented at the last OC meeting on November 1, 2013. The agency has prepared an operating budget in a format prescribed by the GOBPP and LBB which must be submitted to both of those offices. The format requires agency budget and expenditure information for the current fiscal year and previous two fiscal years in a variety of schedules, including strategy level, method of finance, object of expense, outcome performance measures, and estimated revenue collection supporting schedules.

Ms. McConnell advised that the Oversight Committee does not have to take any action on this item but the submission will require the signature of the Oversight Committee's presiding officer as well as of the Chief Executive Officer and Financial Officer to certify that the paper copy CPRIT submits to those offices does not differ from the electronic copy submitted. The budget is due to the GOBPP and LBB by December 1.

16. Compliance Report

The Chair recognized Kristen Doyle who is acting as CPRIT's Interim Compliance Officer to present the Chief Compliance Officer's Report as follows.

Ms. Doyle stated that an Ethics and Compliance Program is a critical component of an organization's internal control processes and absolutely necessary when the organization is entrusted with taxpayer funds. Compliance activities have been a function of CPRIT operations since inception. Examples include ethical conduct policies, audit policies and conflict of interest policies and procedures. CPRIT created the position of Compliance Officer in August 2012 to ensure organizational compliance and to establish a formal compliance program that promotes a culture of ethical conduct and adherence to the law.

CPRIT's statute was amended during the 83rd legislative session to specifically provide for a compliance program. See Health & Safety Code Section 102.263. Establishing a compliance program is a deliberative process requiring the commitment and resources of the entire organization. CPRIT's compliance program must assess and ensure compliance with applicable laws, rules, and policies, including ethics and standards of conduct, financial reporting, internal accounting controls, and auditing. Many changes made to CPRIT's administrative rules flesh out and implement the statutory mandate related to the compliance program.

Ms. Doyle related that the Chief Compliance Officer is responsible for creating, supporting, and promoting an effective Ethics and Compliance Program and assuring the CPRIT Oversight Committee that controls are in place to prevent, detect and mitigate compliance risk. One of CPRIT's proposed administrative rules, Rule 701.7, provides in part that, "The Chief Compliance Officer is responsible and will be held accountable for apprising the Oversight Committee and the Chief Executive Officer of the institutional compliance functions and activities." The required reporting includes quarterly updates to the Oversight Committee on CPRIT's compliance with applicable laws, rules and agency policies (701.7(c) (2) (A)). In addition, the 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.

Ms. Doyle informed the Members that CPRIT has recently implemented the CPRIT Grants Management System (CGMS). CGMS is an electronic portal system that facilitates CPRIT's execution of grant contracts and the ongoing monitoring and management of grant awards, including required Grant Recipient reports and submissions. Prior to CGMS, almost all of the paperwork associated with grant contracts and grant monitoring activities were exchanged between CPRIT and the grant recipients either as physical documents or as PDF applications, which made contract execution and grant monitoring a time-intensive process. CGMS not only allows for comprehensive status update review for all required reports, but it also automatically notifies grant recipients of upcoming deadlines. The automatic notices help grant recipients maintain full compliance.

A compliance program is constantly evolving to meet the current and continuing needs of the Institute. The compliance program, however, must assure the Oversight Committee that controls are in place to manage risk, be transparent and ensure the public's trust.

With regard to monitoring submission status of required grant recipient reports, Ms. Doyle reported that as of the date of this report, CGMS information regarding delinquent grant recipient reports is as follows:

- Five active grant projects have not filed required quarterly financial status (FSR) reports by the deadline. An FSR is due to CPRIT within 90 days following the close of the fiscal quarter. Of the five delinquent reports, one grant project is less than 30 days overdue. Two are more than 30 days but less than 90 days overdue. Two grant projects are currently 90+ days overdue. For purposes of this report, I have excluded grant projects where contract execution was affected by the moratorium on new CPRIT awards.
- Three active grant projects have not filed required progress reports by the deadline. 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. The three projects are more than 30 but less than 90 days overdue. For purposes of this report, I have excluded grant projects where contract execution was affected by the moratorium on new CPRIT awards.
- One grant project in close-out status has not filed a required FSR. The required report is more than 30 days but less than 90 days overdue. A grant project enters “close out” status on the date of the termination date stated in the contract. The close out period extends for 145 days from the termination date. During close out the grant recipient must file all final reports required by the contract.

Ms. Doyle advised that CPRIT staff will follow up with the grant projects that have delinquent reports. Currently, CPRIT may cease reimbursing or advancing grant proceeds if FSRs or other required reports such as progress reports are not on file for the grant project. The failure to timely submit required reports may also be considered an “event of default” under CPRIT’s grant contract, which leads to grant termination unless the default event is cured to CPRIT’s satisfaction. The Oversight Committee will be notified by the Chief Executive Officer and General Counsel in the event that the contract default option is pursued for any grant contract.

CPRIT’s proposed administrative rules provide new options to address delinquent reports. For example, proposed rule 703.21(b)(2) provides, “...The Grant Recipient waives the right to reimbursement of project costs incurred during the reporting period if the financial status report for that quarter is not submitted to the Institute within 30 days of the due date. The Chief Executive Officer may approve an extension of the submission deadline if, prior to the FSR due date, the grant recipient submits a written explanation for the grant recipient’s inability to complete a timely submission of the FSR.”

The addition of new grant monitoring staff authorized by the legislature, together with the automatic notification features in CGMS, and additional tools in the proposed administrative rules should work together so that CPRIT can ensure that grant recipients are achieving full compliance with applicable rules, requirements and policies.

Ms. Doyle reported that in the course of CPRIT's contract execution activities for grant awards that were subject to the moratorium, an issue was brought to the Chief Executive Officer's attention. She stated that she was asked to investigate the issue and report to the Chief Executive Officer and to the Oversight Committee regarding any compliance concerns. Ms. Doyle recommended that no Oversight Committee action is necessary. Because the issue raises some questions regarding impartiality of a former CPRIT employee Ms. Doyle recommended that the issue be reported to the Oversight Committee in an open meeting.

A background report on the issues was given by Ms. Doyle. At the December 5, 2012, Oversight Committee meeting, the Committee ratified three individual investigator CPRIT grant awards that were specifically designated as "Carson Leslie Awards for Pediatric Brain Cancer Research." Carson Leslie, a Dallas native, died of medulloblastoma at the age of 17 in 2010. His family established the Carson Leslie Foundation to raise funds for pediatric brain cancer research. One of Carson's last wishes was that his brain be used to enhance understanding of his disease.

To that end, CPRIT collaborated with the Carson Leslie Foundation to provide peer review of submitted applications, as well as funding and contract administration for any grant awards recommended by the reviewers and ratified by the Oversight Committee. CPRIT's Request for Application provided that any funded application must "meet CPRIT's usual high standards."

- "Applications must be submitted following the procedures and instructions for CPRIT Individual Investigator Research Awards, and applications will be reviewed in the same way, using the same criteria as all other applications submitted to this award mechanism. Both the Carson Leslie Foundation and CPRIT are committed to maintaining very high standards in choosing recipient(s) of this special award..."

Three academic institutions were recipients of these special awards: Baylor College of Medicine, Texas Tech University, and U.T. Southwestern. The three awards totaled \$3,016,389. The Carson Leslie Foundation will also contribute funds for these awards. CPRIT's former Compliance Officer Patricia Vojack and Special Advisor Billy Hamilton conducted the compliance review of all award recommendations subject to the grant moratorium and concluded that the these awards were in compliance with CPRIT's processes and procedures.

However, it has recently come to CPRIT's attention that when the applications were considered by the scientific research peer review committees, Dr. Al Gilman, CPRIT's Chief Scientific Officer at the time, was also a Scientific Advisory board member for the Carson Leslie Foundation. According to Foundation personnel, Dr. Gilman's position was unpaid and largely ceremonial.

Ms. Doyle reported that CPRIT employees are governed by the agency conflict of interest rules and must recuse themselves from participation in the grant review process if the employee “has an interest in the outcome of an application such that the individual is in a position to gain financially, professionally, or personally from either a positive or negative evaluation of the grant proposal.” 25 T.A.C. § 702.11(a). CPRIT’s conflict of interest rules mandates that a professional conflict of interest exists if an individual subject to the rule “is a member of the board of directors, other governing board or any committee of an entity or other organization receiving or applying to receive money from the Institute.”

Ms. Doyle stated that pursuant to CPRIT’s rules in force at the time, she has concluded that Dr. Gilman did not have a professional conflict of interest requiring recusal. Although he was a member of a committee of the Carson Leslie Foundation, the Foundation was not receiving or applying to receive money from CPRIT. CPRIT Grant award proceeds are paid to the academic institutions that are the recipients of the Carson Leslie Awards.

Ms. Doyle further stated that although Dr. Gilman’s position with the Carson Leslie Foundation did not violate conflict of interest provisions, his association might raise questions concerning the review of the applications for this award. Ms. Doyle stated that, nothing in her investigation indicates that the projects approved for Carson Leslie grant awards were subject to anything less than CPRIT’s high standards and full peer review process. The final overall evaluation scores for the three funded projects ranged from 1.9 – 2.85 (on a scale from 1 – 9, with 1 being the most favorable score) and were well within the range of fundable scores for the Individual Investigator awards.

Ms. Doyle pointed out that it is important to note that CPRIT’s established policy prohibits CPRIT employees from actively participating in peer review committee meetings regardless of whether the employee has a conflict. This means that the Chief Scientific Officer may attend the peer review committee meetings as an observer, but may not participate in the substantive discussion of any grant application, may not score any application, and may not vote on any application. CPRIT contracts with an independent third-party observer to document that CPRIT’s observer policy is followed. I reviewed the third-party observer report for the peer review committee meetings that discussed these applications. The independent observer reported that Dr. Gilman did not participate in the discussion, scoring, or vote on any of these applications. Ms. Doyle stated that no Oversight Committee action was necessary.

Hearing no discussion or questions, the Compliance Report was accepted as presented.

17. Future Meeting Dates and Agenda Items

The Chair advised members that the next Oversight Committee meeting has not yet been set,

but it is anticipated that it will be in the latter half of January – most likely January 24th, 29th, 30th or 31st. At this time, issues related to CPRIT’s Scientific Research and Product Development programs, as well as the peer review and grant monitoring processes will be addressed. CPRIT staff will circulate a tentative agenda.

18. Public Comment

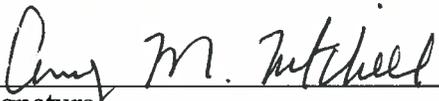
There were no requests for public comment.

19. Adjourn (Chair)

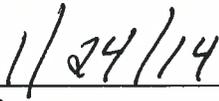
As there was no further business the Chair moved to adjourn, seconded by Dr. Rosenfeld.

MOTION CARRIED UNANIMOUSLY

This meeting stands adjourned at 3:15 p.m.



Signature



Date