



VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP  
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October 29, 2015

The Honorable Terence R. McAuliffe  
Governor of the Commonwealth of Virginia  
Patrick Henry Building, 3rd Floor  
1111 East Broad Street  
Richmond, Virginia 23219

The Honorable Walter A. Stosch  
Co-Chair, Senate Committee on Finance  
Post Office Box 396  
Richmond, Virginia 23218

The Honorable Charles J. Colgan  
Co-Chair, Senate Committee on Finance  
Post Office Box 396  
Richmond, Virginia 23218

The Honorable S. Chris Jones  
Chair, House Committee on Appropriations  
Post Office Box 406  
Richmond, Virginia 23218

Re: Virginia Biosciences Health Research Corporation

Dear Governor McAuliffe, Senator Stosch, Senator Colgan, and Delegate Jones:

Chapter 665, Item 101:J of the 2015 Acts of Assembly includes funding for the Virginia Biosciences Health Research Corporation (VBHRC), a 501(c)(3) non-stock corporation, to serve as a catalyst to accelerate and focus life science research momentum at Virginia's universities.

Chapter 665, Item 101:J.5 requires you be provided by November 1 of each year a written report summarizing the activities of the consortium, including, but not limited to, a summary of how any funds disbursed to the consortium during the previous fiscal year were spent, and the consortium's progress during the fiscal year in expanding upon existing research opportunities and stimulating new research opportunities in the Commonwealth.

The detail hereafter provides an update on the specific progress of this initiative to date.

### **Background**

Efforts of VBHRC center on stimulating collaborations and partnerships with our research universities and industry. These efforts are meant to have a positive economic impact to the Commonwealth by increasing corporate-sponsored research resulting in commercializing new technologies, starting new companies and expanding the involvement of bio and pharmaceutical companies in Virginia. The founding members are Virginia's premiere research institutions: Virginia Commonwealth University, Eastern Virginia Medical School, George Mason

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University, Virginia Polytechnic Institute and State University and the University of Virginia. Old Dominion University became the sixth member of the consortium effective January 2014.

The Commonwealth committed funding for Fiscal Years 2013 and 2014 to establish the core objectives of the consortium and, in addition, the President of each member university agreed to commit a cash contribution to participate. The Commonwealth's commitment over these two years totaled \$5 million, supplemented by a \$100,000 contribution from each member university distributed as \$50,000 each year.

In Fiscal Year 2015, VBHRC did not receive any funding from the Commonwealth or its member universities. For Fiscal Year 2016, VBHRC received \$2,500,000 in funding from the Commonwealth and a total of \$300,000 (\$50,000 each) from its member universities.

The VBHRC is governed by a 13-member Board of Directors. The primary duties of the Board include recruitment and selection of a Chief Executive Officer, development of the policies and goals of VBHRC, and the review and approval of research partnerships as recommended by a Project Management and Oversight Panel. The Board is comprised of the following:

- Representatives of the six (6) university members, with 1 member appointed by the President of each member university:
  1. Eastern Virginia Medical School: William J. Wasilenko, Ph.D. (elected Board Secretary 07/25/13)
  2. George Mason University: Emanuel "Chip" F. Petricoin, Ph.D.
  3. University of Virginia: Erik Hewlett, M.D.
  4. Virginia Commonwealth University: Francis L. Macrina, Ph.D.
  5. Virginia Polytechnic Institute and State University: Timothy Long, Ph.D. (elected Board Treasurer 03/06/15)
  6. Old Dominion University: Morris Foster, Ph.D.
- Secretary of Commerce and Trade: Maurice A. Jones
- The President and CEO of the Virginia Economic Development Partnership or his or her designee: Seat is currently vacant following the death of Jerry W. Giles.
- A representative of the United States Department of Veterans Affairs: David X. Cifu, M.D. (elected Board Chair 10/22/15).
- Two (2) representatives of statewide health care system providers in Virginia:
  1. Sentara Healthcare: David Bernd
  2. Inova Health System: J. Knox Singleton (elected Board Vice-Chair 03/06/15)

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- Two (2) directors, one of whom is to be a representative of a venture capital firm that regularly invests in life science companies and the other of whom is to be a representative of a life sciences company.
  1. Tonya Mallory
  2. Jason Walsh, Business Director of Corning Life Sciences' Cell Culture Media Products and Vice President of Mediatech, Inc.

The VBHRC Project Management and Oversight Panel is comprised of the following 10 members:

- Science and clinical appointments:
  1. Stanley A. Hefta, Ph.D., Professor, Director, Strategic Planning and Business Development, Virginia Bioinformatics Institute of Virginia Tech
  2. Dr. Ali Andalibi, Associate Dean of Research, George Mason University
  3. Dr. Jerry L. Nadler, M.D., Professor and Chair, Department of Internal Medicine, Eastern Virginia Medical School
  4. Gerard Eldering, President, Innovate Tech Ventures
  5. Dr. James P. Bennett, Jr., M.D., Ph.D., Professor and Chair, Department of Neurology, School of Medicine, Virginia Commonwealth University
  6. Scott Meza, Shareholder and Attorney at Law, Greenberg Traurig
- Venture Capital firm appointments:
  7. Thomas D. Roberts, III, Partner, Harbert Venture Partners
- Life Science company appointments:
  8. Rony Thomas, President & CEO, LifeNet Health, Inc.
  9. James C. Powers, Chairman and CEO, Hemoshear, LLC
  10. Jeff Conroy, Founder, Embody, LLC

Each of Messrs. Andalibi, Eldering, Meza, and Conroy were appointed to the panel on March 6, 2015, to fill vacancies. The other panel members were most recently appointed on September 15, 2014.

Non-government related positions on the Board, as well as the Project Management and Oversight Panel, are filled on a pro bono basis by qualified individuals who hold important bioscience-related expertise, value the public service nature of this position and possess a sincere interest in helping to advance Virginia's bioscience community.

The Project Management and Oversight Panel, the CEO, and the Board developed criteria in the first year to govern project solicitation from universities and companies, funding awards, project review and continuation, and related project management issues and decisions. VBHRC's two

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strategic initiatives center on the neurosciences and cardiovascular metabolics fields. From these two initiatives, VBHRC has developed three main focus areas that include bio-informatics and medical informatics, point of care diagnostics, and drug discovery and delivery.

### **Progress on Core Objectives**

The following detail breaks down milestones and accomplishments in Fiscal Year 2015, with information on VBHRC's structure, governance, research, and project activity.

#### **August 2014**

- August 29: VBHRC Board of Directors meeting held and all agenda items executed, including approving amendments to the published project funding guidelines relating to the required cash funding match and the indirect overhead rate paid to universities in connection with VBHRC funded projects and approving three (3) Round 3 projects in an aggregate amount of \$1,391,000.

#### **September 2014**

- Resolutions adopted by VBHRC Board of Directors in lieu of a 2014 annual meeting

#### **January 2015**

- VBHRC CEO, Mike Grisham, attended the J.P. Morgan Healthcare Conference in San Francisco in a business development role for VBHRC.

#### **March 2015**

- March 6: VBHRC Board of Directors meeting held and all agenda items executed, including approving the election of Board officers, the election of Jason Walsh to the Board, and the appointment of new members of the Project Management and Oversight Panel.
- VBHRC CEO, Mike Grisham, attended the Medimmune Conference.

#### **June 2015**

- VBHRC CEO, Mike Grisham, attended the BIO International Conference in Philadelphia.
- VBHRC CEO, Mike Grisham, participated in a meeting at the University of Virginia to explore the creation of a drug development consortium comprised of Virginia Commonwealth University, Eastern Virginia Medical School, George Mason University, and the University of Virginia. A statewide planning meeting has been scheduled for May 2016.

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### **Ongoing Activity**

The VBHRC Board met on August 31, 2015, and approved Round Four of grant disbursements for five projects, totaling \$2,233,500 in funding. The Board also received an overview of strategic initiatives and priorities, including an update on the status of the Neuroscience Initiative (the “Brain State” initiative) and the Cardiac Metabolic Initiative, and approved the initiation of Round Five of funding in the amount of \$864,118. Round Five is to be focused on neuroscience projects, with one element of project scoring being the ability to demonstrate interest by “big pharma” or “big biotech.”

VBHRC and its CEO, Mike Grisham, assisted in coordinating a Virginia Bioscience Commercialization Luncheon at the Virginia Biotechnology Research Park on September 10, 2015, entitled “Neuroscience research, therapies and partnerships in Virginia: Forming a new collaborative network to take on the challenge of our generation and those to come.” Leading neuroscientists from Virginia participated in a panel discussion, and the VP and Global Head of Neurosciences at Astra Zeneca and Michael Friedlander, Executive Director of the Virginia Tech Carillion Research Institute discussed plans for a cooperative multi-Virginia university – corporate - state research initiative to address ALS. VBHRC has played a key role in facilitating the initiative.

On September 18, 2015, Jerry W. Giles lost his long battle with cancer. Jerry was a driving force behind the formation and success of VBHRC and served as its Chair from inception until his death. Jerry was a trusted colleague and a cherished friend and mentor to many in the economic development, life sciences, and research and development communities and beyond, and each benefited from his principles, commitment, and dedication to excellence. Following Jerry’s passing, the Nominating Committee of the Board of Directors of VBHRC unanimously recommended David X. Cifu, M.D. as Chair of VBHRC, and the Board of Directors elected him to that position on October 27, 2015.

On October 15, 2015, VBHRC CEO, Mike Grisham led a Virginia Bioscience Commercialization Luncheon at the Virginia Biotechnology Research Park entitled, “The Catalyst: Raising Capital to Accelerate Commercialization of University Technologies through High-Powered Collaboration”. In addition to a presentation by Mr. Grisham, there was a panel discussion by representatives of collaboration teams that have received VBHRC grants.

VBHRC is encouraged by the progress it has made in the short time since its inception and looks forward to continuing its work with public and private partners in the coming years to administer

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this innovative and exciting initiative. As always, please do not hesitate to contact me with questions or requests for more information at any time. Thank you for your continued support.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Thorup', is written over a light gray rectangular background.

Alexander R. Thorup  
Manager, Legislation & Policy

cc: Ms. Betsey Daley, Staff Director, Senate Committee on Finance  
Mr. Robert P. Vaughn, Staff Director, House Committee on Appropriations  
The Honorable Maurice A. Jones, Secretary of Commerce & Trade