

STRONGER by DEGREES



MEETING AGENDA

Lung Cancer Research Governance Board

Wednesday, July 12, 2017

Conference Room C and ZOOM Video Conferencing

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AGENDA

Kentucky Lung Cancer Research Program Governance Board

Council on Postsecondary Education

Wednesday, July 12, 2017

3:00 PM

Conference Room C and ZOOM Video Conferencing

1. Welcome and Call of Roll
 2. ACTION - Approval of Minutes, March 15, 2017 and June 14, 2017 3
 3. Cash Activity Report 7
 4. ACTION - 2017-18 Budget Proposals
 - a. University of Kentucky 8
 - b. University of Louisville 9
 5. Other Business
 - a. 2016 Lung Cancer Research Fund Expenditures - Letter from Auditor 10
 6. Adjourn
- Next Meeting Date, August 30, 2017**

To comply with state open meeting rules, members attending must participate in person or by video conference.

To participate via video conferencing, visit the following link:

<https://zoom.us/j/621835145>

or

Dial: 646-558-8656 (US Toll) or 408-638-0968 (US Toll)

Meeting ID: 621 835 145

Kentucky Lung Cancer Research Program Governance Board – Special Meeting

March 15, 2017

Meeting Minutes

The Kentucky Lung Cancer Research Program Governance Board met via Zoom video conferencing on Wednesday, March, 2017, at 2:00 p.m., ET, at the Council on Postsecondary Education, Conference Room A, Frankfort, Kentucky. Travis Powell presided over the meeting.

WELCOME AND ROLL CALL

The meeting of the KLCRP Governance Board was called to order by Travis Powell (CPE). Roll Call was taken and the following members were present via Zoom: Amtullah Khan (MAL), Don Miller (UL), Tim Mullett (UK), Mark Evers (UK) and Jason Chesney (UL, conference line only). Dan Flanagan (CPE Board) and Rajan Joshi (MAL) were absent.

Others present were: Dianne Konzen (UL), Nathan Vanderford (UK), and Travis Powell CPE) via Zoom, and Shaun McKiernan (CPE) and Debbie Weakly (CPE staff assigned to LCRB).

APPROVAL OF MINUTES

Travis Powell called for a motion to approve the minutes of August 31, 2016. A motion was made by Don Miller and seconded by Tim Mullett. The motion was approved.

Travis called for a motion to approve the minutes of February 15, 2017. A motion was made by Don Miller and seconded by Tim Mullett. The motion was approved.

GRANTS

Travis asked Nathan Vanderford to discuss the grants request for UK. Nathan indicated that they were requesting the approval of four grants at \$150,000 each and gave a brief description of each grant. Travis called for a motion to approve the grants for UK. A motion was made by Don Miller and seconded by Tim Mullett. The motion was approved.

Travis asked Don Miller to discuss the grants request for UofL. Don indicated that they were requesting the approval of five grants at \$150,000 each and gave a brief description of each grant. Travis called for a motion to approve the grants for UofL. A motion was made by Jason Chesney and seconded by Don Miller. The motion was approved.

PROPOSED 2017-18 BUDGET

Travis stated that the same percentage distribution was applied to UK and UofL for 2017-18 as it was for 2016-17. He asked for a motion to approve the 2017-18 budget allocation. A motion was made by Don Miller and seconded by Jason Chesney. The motion was approved

DISCUSSION ITEMS

Board members had raised several questions related to the lung cancer program and master tobacco settlement funds at the February meeting. The questions were shared with Travis Powell (CPE General Counsel and Associate Vice President) and Shaun McKiernan (CPE Senior Associate for Budget) and the following responses were provided to the Board.

Tobacco Settlement Funds (responses obtained from the Office of the State Budget Director)

1. Are there any impending legal threats to the master tobacco settlement funds?
Response: There is not a threat to the funds in the entirety; but there are still significant disagreements as to the impact of the Non-Participating Manufacturers (NPM), how the states are diligently enforcing the NPM restrictions contained in the MSA, and how to decide the level of the NPM Adjustment. The NPM Adjustment settlement from 2014 between Kentucky, plus 22 other States, and the tobacco manufacturers is still being negotiated. Overall, these issues threaten Kentucky's payments in the \$3-10 million range each year, but have the potential in another decade or more to be large enough that Kentucky could lose 50-75% of an annual payment.
2. Are there any more legal suits ongoing from the AG's office and what was the final result if not?
Response: There is an ongoing issue, but not yet a legal action that would hope to modify the ruling in 2013 concerning Kentucky's diligent enforcement decision for the 2003 sales year. The courts in other states (Pennsylvania, for example) have ruled that the pro-rata structure of the penalty was not correct. If successful, Kentucky could potentially recover approximately \$25 million that was removed from our 2014 annual payment. Unfortunately, OSBD does not have a potential timeline for the legal challenge, but they would hope that it could be resolved by 2019.
3. Does anyone know the economic impact if the receipts are recurring now and not on the 20 year sunset timeline?
Response: The MSA payments are in perpetuity, but the NPM Adjustment issue, as mentioned above, could return as a major threat to the payments in 10-15 years. Coupled with the overall decline in smoking and the rise in e-cigarette use, there is the potential for the payments to fall to approximately 50-75% of current levels.
4. Does anyone know why FY18 budget allocation is higher than FY17 and is there is a trend for the future years?
Response: The Consensus Forecasting Group (same group that estimates General Fund revenue and other state revenue for the biennial budget) provides an official estimate of MSA payments expected to be received. Page 190 of the budget bill outlines these estimated receipts: \$88,100,000 in 2015-16, \$87,000,000 in 2016-17, and \$92,800,000 in 2017-18. If estimated receipts are higher, it translates into more funding for the Lung Cancer Research Program, since the program receives a set portion of those receipts.

According to the budget office, the long-term expectation is that, with fewer and fewer smokers, the Tobacco Master Settlement Agreement receipts will be in decline.

Dr. Mullett asked if there would be an impact on the funds allocated for Ovarian Cancer if the total allocation is reduced and Travis responded those funds should be impacted as well. Dr. Miller asked when the next budget request would be submitted and Shaun responded November 15, 2017. Travis stated that the Lung Cancer funds were part of the CPE agency request and that we had never requested funds be allocated specifically for Ovarian Cancer but they are always included in the final enacted budget.

Advocacy Work

5. What is the distribution plan for the brochure? Where, when, how to send the brochure?

Response: Nathan indicated the brochure is basically done and just needs a few minor adjustments. Travis asked when UK and UofL typically presented to the Health and Welfare Cabinet and Dr. Miller responded in the spring. Travis stated that may be an appropriate time to begin the distribution of the brochure in anticipation of the next legislative session and he could begin to set up some meetings with legislative leaders during the summer or early fall.

6. Should there be any advocacy work happening right now while the Legislature is in session?

Response: According to OSBD, there was no need for any advocacy for the program during the short legislative session.

Membership Status

7. What is the standing on board appointments and is there anything CPE/Board can do to assist or help further process? The current number on the board makes it difficult to obtain a quorum.

8. Will the Council board or the Governor's Office replace Dan Flanagan as the CPE member designated to the Lung cancer board?

Response: Travis stated that in his absence recently, Debbie had received a call from Brett Gaspard in the Governor's Office regarding membership and they seem interested in making some appointments. He tried to make contact with Brett, but has not received a call in return. Dan Flanagan's term as one of the CPE representatives will end once the Governor has appointed a replacement for him on the Council, but Dan could serve as a member-at-large if he is interested. Travis asked that if any of the Board members knew of anyone interested to send those applications to him and he would make contact with them to determine their interest and forward on to the Governor's Office.

Travis announced that the next meeting of the Lung Cancer Board will be held on June 14th. With no further business, the meeting adjourned at 3:10 p.m.

Kentucky Lung Cancer Research Program Governance Board

June 14, 2017

Meeting Minutes

The Kentucky Lung Cancer Research Program Governance Board met via Zoom video conferencing on Wednesday, June 14, 2017, at 2:00 p.m., ET, at the Council on Postsecondary Education, Conference Room A, Frankfort, Kentucky. Travis Powell presided at the meeting. A quorum was not present. Once it was determined that a quorum could not be reached, the meeting was adjourned with no business being conducted.

Council on Postsecondary Education
Lung Cancer Research, Tobacco Settlement Fund (6349 fund)
FY17 Cash Activity Report as of June30, 2017

Date	Description	Interest	Ovarian	Combined LC Pool	UK Lung Cancer		UofL Cancer		Total Allocation (Calculated)	comment	CASH
					Grants	Programs	Grants	Programs			
FY16 Carry-Forward Balance as of 6/30/2016		32,938.52	-	-	832,096.44	-	-	0.93			865,035.89
	YTD Interest Earnings as of 6.5.17	6,580.17									871,616.06
8/5/2016	AUDIT: LUNG CANCER RESEARCH FUND FY ENDING 6/30/15	(7,488.00)									864,128.06
1/23/2017	UK payment - Lung Cancer Sypmposium	(7,449.78)									856,678.28
2/2/2017	UK payment - Lung Cancer Sypmposium	(512.71)									856,165.57
5/1/2017	UK payment - Lung Cancer Sypmposium	(2,036.21)									854,129.36
4/11/2017	FY17 appropriation - JV2T - 415- 1700001378 5/1/17	4,706,100.00									854,129.36
	Governance Board approved appropriations (June 2016)		800,000.00		750,000.00	1,395,500.00	750,000.00	1,010,600.00	4,706,100.00		5,560,229.36
4/11/2017	UK grant payment				(150,000.00)						5,410,229.36
5/11/2017	UK program payment					(1,395,500.00)					4,014,729.36
5/11/2017	UK ovarian program payment		(800,000.00)								3,214,729.36
5/15/2017	UL program and grant payments						(750,000.00)	(1,010,600.00)			1,454,129.36
Cash Balance		22,031.99	-	-	1,432,096.44	-	-	0.93			1,454,129.36

Kentucky Lung Cancer Research Program FY 18 Budget Proposal - UK

Description	Item Cost	Initiative Total
KENTUCKY CLINICAL TRIALS NETWORK		
Physician Scientist - Principal Investigator (Timothy Mullett, 10%)	\$ 50,388	
Assistant Director for Clinical Research (Kris Damron, 55%)	\$ 63,649	
Research Associate Clinical III (Mindy Dowden-Kruger, 100%)	\$ 78,190	
Research Associate Clinical III (Michelle Hughes, 100%)	\$ 78,190	
Non-Therapeutic Research Manager (Joseph Alexander, 100%)	\$ 81,065	
Travel	\$ 11,700	
Training for clinical trial sites	\$ 5,800	
Space rental	\$ 32,240	
Operating Expenses including minor equipment	\$ 58,877	
		\$ 460,100

NCI DESIGNATION		
<i>Research Faculty Support</i>		
Regular Title Series Markey Cancer Center (Yadi Wu, 50%)	\$ 62,287	
Regular Title Series Toxicology and Cancer Biology (Zhen Qi, 27.5%)	\$ 33,364	
Regular Title Series Markey Cancer Center (Cai Huang, 64%)	\$ 81,803	
Regular Title Series Direct Phase I Clinical Trials (Jill Kolesar, 75%)	\$ 158,422	
Research Title Series Markey Cancer Center (Jing Li, 50%)	\$ 67,079	
Research Title Series Markey Cancer Center (Qingding Wang, 49.7%)	\$ 72,706	
Research Title Series Markey Cancer Center (Piotr Rychahou 30%)	\$ 35,594	
<i>Shared Resource Facilities Support</i>		
Research Title Series, Cancer Research Informatics (Eric Durbin, 50%)	\$ 85,798	
Research Title Series, Cancer Research Informatics (Sally Ellingson, 50%)	\$ 60,389	
Research Title Series, Cancer Research Informatics (TBN, 50%)	\$ 30,194	
Regular Title Series, Cancer Research Informatics (Venkata Kavuluru 20%)	\$ 35,708	
Regular Title Series, Biostatistics and Bioinformatics SRF (Jinze Liu, 25%)	\$ 40,864	
Administrative Research Assistant, Shared Resource Facilities Administration (Jennifer Dolly)	\$ 60,360	
Statistician, Biostatistics and Bioinformatics SRF (Quan Chen 67%)	\$ 58,967	
Statistician, Biostatistics and Bioinformatics SRF (Rani Jayswal 75%)	\$ 55,499	
<i>Core support</i>		
Facilities Specialist (Leif Magnuson, 50%)	\$ 33,470	
Facilities Specialist (Warren Rummage, 50%)	\$ 26,624	
Assitant Director of Finance (Elisha Maxson, 25%)	\$ 25,366	
Grant Support Specialist (Sarah Dickerson, 100%)	\$ 85,438	
Assistant Director of Administration (Carla Repass 41%)	\$ 45,681	
Assistant Director of Research (Nathan Vanderford, 1%)	\$ 1,671	
travel	\$ 717	
		\$ 1,158,000

ADMINISTRATION		
Assistant Director of Research (Nathan Vanderford, 1%)	\$ 1,671	
Assistant Director of Finance (Elisha Maxson, 10%)	\$ 9,852	
Assistant Director of Administration (Carla Repass, 34%)	\$ 37,882	
travel	\$ 595	
		\$ 50,000

TOTAL OF ABOVE INITIATIVES **\$ 1,668,100**

INVESTIGATOR-INITIATED GRANTS [5 @ \$150,000]	\$ 750,000	\$ 750,000
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TOTAL OF ALL INITIATIVES **\$ 2,418,100**

INSTITUTION: University of Kentucky
SUBMITTED BY: Elisha Maxson

Kentucky Lung Cancer Research Program FY 18 Budget Proposal

James Graham Brown Cancer Center

Description	Item Cost	Initiative Total
NCI DESIGNATION		
<i>Biorepository</i>		
Technical salary (Andrei Smolenkov), 100%	\$ 86,263	
Operating Expenses	\$ 987	
<i>Grid Computing Network (outreach)/Molecular Modeling Core</i>		
Jonathan Maguire, 25% salary	\$ 23,187	
<i>Partial Recruitment costs - associate professor/investigator (\$175,000)</i>		
Salary (faculty)	\$ 100,000	
Salary (technical)	\$ 60,000	
Travel	\$ 5,000	
Operating Expenss (including small equipment)	\$ 60,000	
Equipment	\$ 30,000	
<i>Partial Recruitment costs - associate professor/investigator (\$175,000)</i>		
Salary (faculty)	\$ 100,000	
Salary (technical)	\$ 60,000	
Travel	\$ 5,000	
Operating Expenss (including small equipment)	\$ 60,000	
Equipment	\$ 30,000	
<i>Equipment</i>	\$ 35,000	\$ 655,437

FELLOWS		
2 fellows at \$42,000 + 40% fb	\$ 117,600	\$ 117,600

CLINICAL TRIALS NETWORK [remaining UofL funds from this initiative go to the KTCN]		
Manager, Clinical Trials Research (Karen Carter, 50%)	\$ 49,396	
CTO Research Nurse (Jennifer Schoenbachler; 50% salary)	\$ 44,622	
CTO Laboratory Research Coordinator (Belma Kantardzic, 50% salary)	\$ 43,118	
CTO Research Coordinator (Melissa Hall, 50% salary)	\$ 38,651	
Travel	\$ 1,500	\$ 177,287

ADMINISTRATION		
<i>JGBCC Sr. Associate Director of Administration</i>		
Milton C. Pierson, 25% salary	\$ 52,710	
BCC KLCRP Coordinator - Diane Konzen (35% salary)	\$ 32,911	
BCC KLCRP Financial Coordinator - Courtney Jenkins(25% salary)	\$ 27,056	
		\$ 112,677

EXTERNAL REVIEW OF Investigtor-Initiated GRANT APPLICATIONS		
UofL applications - reviewer honoraria (at \$250 per review)	\$ 20,000	\$ 20,000

EARLY DETECTION		
Two one-year pilot projects @\$62,500	\$ 125,000	\$ 125,000

TOTAL OF ABOVE INITIATIVES **\$ 1,208,000**

INVESTIGATOR-INITIATED GRANTS [5 @ \$150,000]	\$ 750,000	\$ 750,000
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TOTAL OF ALL INITIATIVES **\$ 1,958,000**

INSTITUTION: University of Louisville

SUBMITTED BY: Diane Konzen



MIKE HARMON
AUDITOR OF PUBLIC ACCOUNTS

Robert King, President
Kentucky Council on Postsecondary Education
1024 Capital Center Drive, Suite 320
Frankfort, KY 40601

Independent Accountant's Report

We have reviewed the expenditures of the Lung Cancer Research Fund from July 1, 2015 to June 30, 2016. The Kentucky Council on Postsecondary Education is responsible for ensuring expenditures reported within the Lung Cancer Research Fund are complete and accurate. Our responsibility is to express a conclusion on the expenditures reported within the Lung Cancer Research Fund based on our review.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require us to obtain limited assurance about whether any material modifications should be made to the expenditures reported within the Lung Cancer Research Fund. A review is substantially less in scope than an examination, the objective of which is to obtain reasonable assurance about whether the expenditures reported within the Lung Cancer Research Fund are complete and accurate in all material respects, in order to express an opinion. Accordingly, we do not express such an opinion. We believe our review provides a reasonable basis for our conclusions.

Based on our review, we are not aware of any material modifications that should be made to the expenditures, as recorded in the enhanced Management Administrative Reporting System (eMARS) by the Kentucky Council on Postsecondary Education for the year ended June 30, 2016, in order for them to be complete and accurately reported within the Lung Cancer Research Fund.

The report is intended solely to fulfill the review requirement established in Kentucky Revised Statutes (KRS) 164.476 and is not suitable for any other purpose.

Sincerely,

Mike Harmon
Auditor of Public Accounts

April 24, 2017

