

BEFORE THE
INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE
TO THE
CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE
ORGANIZED PURSUANT TO THE
CALIFORNIA STEM CELL RESEARCH AND CURES ACT
REGULAR MEETING

VOLUME II

LOCATION: LUXE HOTEL
SUNSET BALLROOM
11461 SUNSET BOULEVARD
LOS ANGELES, CALIFORNIA

DATE: MAY 5 AND 6, 2008

REPORTER: BETH C. DRAIN, CSR
CSR. NO. 7152

BRS FILE NO.: 80810, 80811

BARRISTERS' REPORTING SERVICE

I N D E X

ITEM NO.	PAGE
CALL TO ORDER	3, 162
ROLL CALL	4, 166
APPROVAL OF MINUTES FROM MARCH 12TH, 2008 ICOC MEETING.	43
EXECUTIVE PRESENTATIONS:	
CHAIRMAN' S REPORT	5
PRESIDENT' S REPORT	12
ACTION ITEMS:	
CONSIDERATION OF NEW SCIENTIFIC MEMBERS FOR THE GRANTS WORKING GROUP.	43
CONSIDERATION OF CONCEPT PLAN FOR TRAINING GRANTS II PROGRAM.	53
CONSIDERATION OF CONCEPT PLAN FOR TECHNICAL TRAINING AWARDS.	59
CONSIDERATION OF FINAL ADOPTION OF GRANTS ADMINISTRATION POLICY FOR FOR-PROFIT ORGANIZATIONS.	82
CONSIDERATION OF UPDATE FROM LOAN TASK FORCE.	85
CONSIDERATION OF AMENDMENTS TO CIRM INTERIM GRANT ADMINISTRATION POLICY FOR MAJOR FACILITIES GRANTS.	214
CONSIDERATION OF RECOMMENDATIONS FROM FACILITIES WORKING GROUP AND GRANTS WORKING GROUP ON MAJOR FACILITIES APPLICATIONS.	102, 168
DRAFT TERMS OF DISCOUNT OFFER	124, 190
CONSIDERATION OF DEFINITION OF "CALIFORNIA SUPPLIER."	230
CONSIDERATION OF EQUIPMENT FUNDING FOR MAJOR FACILITIES PROGRAM.	206
PUBLIC COMMENT	253

BARRISTERS' REPORTING SERVICE

1 LOS ANGELES, CALIFORNIA; MAY 7, 2008

2 09:18 AM

3
4 CHAIRMAN KLEIN: THANK YOU VERY MUCH. WE
5 WILL CONVENE THE SESSION. THANK YOU VERY MUCH FOR
6 COMING. IF WE CAN BRING THE MEETING TO ORDER. IN
7 SETTING THE STAGE FOR THE DISCUSSION THIS MORNING,
8 IT SHOULD BE EVIDENCE TO THE AUDIENCE THAT THIS IS A
9 BOARD WITH MEMBERS WITH A ROBUST AND VERY LIVELY
10 PARTICIPATION WITH GREAT IDEAS COMING FROM A NUMBER
11 OF DIFFERENT BACKGROUNDS.

12 I'D LIKE TO SET SOME CONTEXT FOR THE
13 DISCUSSION TODAY FOR THE PUBLIC AND FOR THE BOARD
14 MEMBERS. SPEAKING BOTH AS AN INDIVIDUAL MEMBER OF
15 THIS BOARD AND FROM MY PERSPECTIVE AS CHAIRMAN OF
16 THE BOARD, I WOULD SAY THAT I PERSONALLY ENTERED THE
17 MAJOR FACILITIES MEETING WITH WHAT I THINK WAS A
18 COMMON GOAL. TO PROVIDE SOME CONTEXT FOR THE
19 MEETING THIS MORNING, I'D LIKE TO PROVIDE YOU THE
20 PERSPECTIVE THAT IT IS OUR GOAL TODAY TO BUILD A
21 PORTFOLIO OF SCIENTIFIC AND CLINICAL CAPACITY OF
22 EXCELLENCE.

23 IT IS NOT OUR GOAL TO BUILD ONLY THOSE
24 INSTITUTIONS WITH THE HIGHEST SCORES REGARDLESS OF
25 THE FACT THAT, SPEAKING AS A PATIENT, I'M DEEPLY

BARRISTERS' REPORTING SERVICE

1 APPRECIATIVE OF THEIR EXCELLENCE AND THEIR
2 LEADERSHIP, AND IT IS NOT OUR GOAL TO EMPHASIZE ONE
3 AREA OF DISEASE EXCELLENCE OVER ANOTHER. BUT IT IS
4 OUR GOAL TO MAKE CERTAIN THAT WE HAVE COVERED THE
5 SPECTRUM OF EXCELLENCE ACROSS THE DISEASE FIELD
6 WHERE STEM CELLS CAN BE OF THE GREATEST POTENTIAL
7 THERAPEUTIC VALUE.

8 CERTAINLY HAVING PARTICIPATED IN HUNDREDS
9 OF HOURS OF PEER REVIEW SESSIONS, I PERSONALLY
10 RECOGNIZE THAT THERE ARE INSTITUTIONS WITH LOWER
11 SCORES TODAY, ALTHOUGH EXCELLENT SCORES
12 SCIENTIFICALLY, THAT MAY HAVE AREAS OF EXCELLENCE
13 THAT ARE WHERE THEY EXCEL ON SPECIFIC AREAS OF
14 DISEASE RESEARCH AND THERAPY DEVELOPMENT ABOVE
15 INSTITUTIONS WITH HIGHER GENERAL SCIENTIFIC SCORES.
16 IF WE WERE TO ONLY AWARD THOSE INSTITUTIONS WITH THE
17 HIGHEST SCIENTIFIC SCORES, WE WOULD POTENTIALLY
18 LEAVE OUT INSTITUTIONS THAT COULD BE THE SOURCE OF
19 BREAKTHROUGHS IN DISEASES THAT THEY HAD NOT COVERED
20 AS WELL.

21 WE KNOW, IF WE LOOK AT INDIVIDUAL
22 INSTITUTIONS, THAT THERE ARE SPECIALTIES THAT UC
23 DAVIS USING EMBRYONIC STEM CELLS TO REGROW THE HAIR
24 FOLLICLES IN THE INNER EAR THAT CAN RESTORE HEARING.
25 WE KNOW THAT AT IRVINE THEY HAVE LED THE WAY WITH

BARRISTERS' REPORTING SERVICE

1 FEDERAL FUNDS FREE LABS IN DEVELOPING THE GROUNDWORK
2 THAT GERON IS BUILDING ON WITH REMYELINATION. WE
3 KNOW THAT UCLA, WHICH WE BORDER ON HERE ALMOST, HAS
4 A GREAT HISTORY IN CANCER RESEARCH DEVELOPING
5 HERCEPTIN FOR BREAST CANCER, MAKING A HUGE IMPACT ON
6 THAT DISEASE, AND GLEEVEC DEALING WITH LEUKEMIA.

7 WE NEED TO CAPTURE ALL OF THESE AREAS OF
8 SPECIALIZED EXCELLENCE AND LEADERSHIP AND BUILD A
9 BROAD PORTFOLIO OF EXCELLENCE BECAUSE CERTAINLY, AS
10 WE ADVANCE THIS FIELD, IT IS THE CHALLENGE THAT
11 FACED RECOMBINANT DNA IN 1977 WHERE THE SAME
12 CHALLENGES WERE MADE, THAT THIS INVESTMENT WOULD
13 NEVER LEAD TO THERAPIES. NEVER IN OUR LIFETIME OR
14 OUR CHILDREN'S LIFETIME, THE SCIENTISTS WERE TOLD,
15 WOULD THERE BE ANY BENEFIT FROM RECOMBINANT DNA
16 RESEARCH.

17 AND IT IS INSTRUCTIVE THAT IN 1978, AFTER
18 THE LABS AT HARVARD WERE SHUT DOWN BY PROTESTERS IN
19 1977, THAT IT IS THE UNIVERSITY OF CALIFORNIA SAN
20 FRANCISCO AND THE CITY OF HOPE, A COLLABORATION
21 BETWEEN A RESEARCH HOSPITAL AND A GREAT UNIVERSITY
22 RESEARCH CENTER, THAT ANNOUNCED THE FIRST PRODUCT,
23 ARTIFICIAL HUMAN INSULIN.

24 IT IS INSTRUCTIVE TO US THAT WE MUST BUILD
25 A PORTFOLIO OF EXCELLENCE THAT INCLUDES ACADEMIC

BARRISTERS' REPORTING SERVICE

1 RESEARCH CENTERS THAT HAVE CLINICAL CAPACITY,
2 CENTERS WITHOUT CLINICAL CAPACITY, BUT GREAT BASIC
3 AND APPLIED RESEARCH, AND ESPECIALLY INSTITUTIONS
4 THAT MAY HAVE, AS UC SANTA CRUZ DOES, AN EXPERTISE
5 IN SYSTEMS BIOLOGY THAT MAY BE THE KEY TO, IN A
6 COLLABORATIVE FASHION, UNLOCKING MANY OF THE ROUTES
7 TO AN INTEGRATED THEORY OF HOW TO APPROACH THESE
8 DISEASES.

9 SO IT IS IN THAT CONTEXT THAT I RECOMMEND
10 TO YOU AN APPROACH THAT WILL BUILD A BROAD
11 PORTFOLIO. AND IN DOING SO, I WOULD LIKE TO DRAW
12 YOUR ATTENTION, AS WE GO THROUGH THE VOLUNTARY
13 DISCOUNT DISCUSSION, THAT THERE ARE INSTITUTIONS OF
14 VERY HIGH RANK THAT HAVE VOLUNTARILY AGREED TO A
15 PROPOSED DISCOUNT, SUBJECT TO APPROVAL OF THIS
16 BOARD, AS A PART OF A TEAM APPROACH TO SCIENCE AND
17 MEDICINE WHERE THEY UNDERSTAND THAT IF THE CUTS ARE
18 TOO DEEP TO ANY ONE INSTITUTION, IT COULD DESTROY A
19 VITAL PART OF THIS PORTFOLIO.

20 SO I THANK, FOR EXAMPLE, STANFORD WHO HAS
21 EXTREMELY HIGH FACILITY SCORES AND EXTREMELY HIGH
22 SCIENTIFIC SCORES FOR RECOGNIZING THAT AS A STATE A
23 COMPLETE PORTFOLIO OF EXCELLENCE IS IN THE BEST
24 INTEREST OF PATIENTS, IT'S IN THE BEST INTEREST OF
25 THE CITIZENS OF THE STATE, AND THE CITIZENS OF THE

BARRISTERS' REPORTING SERVICE

1 WORLD.

2 WITH THAT, I WOULD LIKE TO CALL THE ROLL,
3 AND I BELIEVE WE HAVE OUR QUORUM, AS MELISSA KING
4 ASSURES ME, AND WE WILL COMMENCE THE FORMAL DEBATE
5 ON THE FIRST ITEM.

6 MS. KING: DONALD DAFOE FOR RICARDO AZZI Z.

7 DR. DAFOE: HERE.

8 MS. KING: ROBERT PRICE FOR ROBERT
9 BIRGENEAU.

10 DR. PRICE: HERE.

11 MS. KING: FLOYD BLOOM.

12 DR. BLOOM: HERE.

13 MS. KING: DAVID BRENNER.

14 DR. BRENNER: HERE.

15 MS. KING: SUSAN BRYANT.

16 DR. BRYANT: HERE.

17 MS. KING: MARSHA CHANDLER.

18 DR. CHANDLER: HERE.

19 MS. KING: MARCY FEIT. MICHAEL FRIEDMAN.
20 LEEZA GIBBONS.

21 MS. GIBBONS: HERE.

22 MS. KING: MICHAEL GOLDBERG. SAM HAWGOOD.

23 DR. HAWGOOD: HERE.

24 MS. KING: BOB KLEIN.

25 CHAIRMAN KLEIN: HERE.

BARRISTERS' REPORTING SERVICE

1 MS. KING: SHERRY LANSING. GERALD LEVEY.
2 DR. LEVEY: HERE.
3 MS. KING: TED LOVE.
4 DR. LOVE: HERE.
5 MS. KING: TINA NOVA. ED PENHOET.
6 DR. PENHOET: HERE.
7 MS. KING: PHIL PIZZO.
8 DR. PIZZO: HERE.
9 MS. KING: CLAIRE POMEROY.
10 DR. POMEROY: HERE.
11 MS. KING: FRANCISCO PRIETO.
12 DR. PRIETO: HERE.
13 MS. KING: JOHN REED. DUANE ROTH.
14 MR. ROTH: HERE.
15 MS. KING: JOAN SAMUELSON. DAVID
16 SERRANO-SEWELL.
17 MR. SERRANO-SEWELL: HERE.
18 MS. KING: JEFF SHEEHY. JONATHAN
19 SHESTACK. OSWALD STEWARD.
20 DR. STEWARD: HERE.
21 MS. KING: JANET WRIGHT.
22 DR. WRIGHT: HERE.
23 CHAIRMAN KLEIN: THANK YOU VERY MUCH. AND
24 COULD YOU LEAD US IN THE PLEDGE OF ALLEGIANCE.
25 (THE PLEDGE OF ALLEGIANCE.)

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: THANK YOU VERY MUCH. WE
2 WILL PROCEED WITH THE ITEM WE LEFT OFF ON YESTERDAY,
3 WHICH IS ITEM 14. AND I WOULD LIKE DAVID
4 LICHTENGER, FOR THE BENEFIT OF THE AUDIENCE MEMBERS
5 WHO WERE NOT HERE YESTERDAY AND THE BOARD MEMBERS
6 WHO CAME, IF YOU COULD SUMMARIZE, BUT PRESENT, AS
7 CHAIRMAN OF THE FACILITIES WORKING GROUP, YOUR
8 REPORT.

9 MR. LICHTENGER: THANK YOU, MR. CHAIRMAN.
10 FOR THOSE OF YOU WHO WERE HERE LAST NIGHT, I
11 APOLOGIZE IN ADVANCE. THIS WILL BE A REHASHING A
12 BIT OF WHAT WE WENT OVER LAST NIGHT.

13 THE REVIEW OF THE FACILITIES WORKING GROUP
14 MAJOR FACILITIES RFA OCCURRED ON APRIL 4TH AND 5TH
15 WITH THE REAL ESTATE MEMBERS OF THE WORKING GROUP
16 ACTING AS THE REVIEWERS OF THE APPLICATIONS. I'M
17 PLEASED TO TELL YOU THAT WE FOUND THE APPLICATIONS
18 TO BE QUITE RESPONSIVE AND INNOVATIVE IN THEIR
19 APPROACH TO THE RFA.

20 THE RESULTS OF THE MEETING ARE CONTAINED
21 IN YOUR BINDERS THAT YOU SHOULD HAVE ON YOUR TABLE.
22 SO FOR EACH APPLICATION, YOU WILL SEE ON THE
23 GOLDENROD PAPER A REVIEW, THE SUMMARY OF THE REVIEW
24 BY THE FACILITIES WORKING GROUP. SECOND IS THE
25 SUMMARY REVIEW OF THE GRANTS WORKING GROUP, WHICH IS

BARRISTERS' REPORTING SERVICE

1 ON WHITE PAPER. YOU PREVIOUSLY VIEWED THIS IN YOUR
2 JANUARY MEETING. AND NEXT ON THE BLUE PAPER ARE THE
3 EXECUTIVE SUMMARIES OF THE APPLICATION AND THE STAFF
4 ANALYSIS. NEXT YOU HAVE THE CIRM LABORATORY
5 PLANNING EXPERT, STEVEN COPENHAGEN FROM COPENHAGEN
6 CANNON DID HIS REVIEW AS WELL. AND FINALLY, THE
7 APPLICANTS WERE AFFORDED THE OPPORTUNITY TO RESPOND
8 TO THE ANALYSIS, AND THAT'S ON THE YELLOW PAPER.

9 AFTER THE WORKING GROUP CONCLUDED A VERY
10 DETAILED AND THOROUGH EXAMINATION OF THE
11 APPLICATIONS, THE VICE CHAIR, DAVID SERRANO-SEWELL,
12 PRESIDED OVER THE PROGRAMMATIC REVIEW PORTION OF THE
13 EVALUATION. WITH SOME KEY ADVICE FROM OUR PRESIDENT
14 ALAN, WE DECIDED THAT THE RECOMMENDATIONS TO THE
15 ICOC SHOULD MIRROR OUR TECHNICAL REVIEW OF THE
16 APPLICATIONS. THEREFORE, THE SCORING WAS DECIDED TO
17 TIE INTO THE AMOUNT OF FUNDS REQUESTED TO ARRIVE AT
18 OUR RECOMMENDED FUNDING AMOUNT BASED ON THE
19 TECHNICAL REVIEW THAT THE FACILITIES WORKING GROUP
20 USED.

21 SO AS YOU CAN SEE FROM THE SLIDE, THE
22 PROCESS ENDED UP WITH A RECOMMENDED AMOUNT OF 286
23 MILLION -- 288.6 MILLION, MUCH CLOSER TO THE 262
24 MILLION. BUT RATHER THAN HAVING THE WORKING GROUP
25 CONSIDER FURTHER REDUCTIONS, THE ENTIRE FACILITIES

BARRISTERS' REPORTING SERVICE

1 WORKING GROUP ELECTED TO RECOMMEND THAT AMOUNT TO
2 THE ICOC AND HOPEFULLY HAVE THE ICOC COME UP WITH
3 SOME WAY TO ADDRESS THE \$27 MILLION GAP BY
4 CONSIDERING A VARIETY OF OPTIONS, INCLUDING
5 INCREASING THE TARGET BUDGET FOR THE RFA, OR COMING
6 UP WITH CREATIVE IDEAS THAT THE CHAIRMAN HAS PUT
7 FORTH LAST NIGHT.

8 AND THAT IS MY SUMMARY OF MY REPORT THIS
9 MORNING. AND IF ANYONE HAS ANY QUESTIONS, I'M HAPPY
10 TO ANSWER THEM. THANK YOU.

11 CHAIRMAN KLEIN: ALL RIGHT. DAVID, IF WE
12 CAN ALSO PROVIDE SOME HISTORICAL CONTEXT. THE
13 SCORING SYSTEM THAT THESE SCORES WERE BASED UPON
14 WERE INITIALLY RECOMMENDED AFTER THE PUBLIC HEARINGS
15 THAT WERE HELD BY THE FACILITIES WORKING GROUP TO
16 THE BOARD. ON AUGUST 7TH, 2007, THE BOARD LOOKED AT
17 THE SCORING SYSTEM AND THE VALUES ASSIGNED TO EACH
18 CATEGORY. THERE WAS A MOTION TO ASSIGN 20 PERCENT
19 OF WEIGHT TO EACH CATEGORY. THAT WOULD HAVE, FOR
20 EXAMPLE, MADE THE VALUE CATEGORY 20 POINTS INSTEAD
21 OF 25, THE LEVERAGE CATEGORY 20 POINTS INSTEAD OF
22 25, URGENCY WOULD HAVE STILL BEEN 20 POINTS, AND
23 SHARED RESOURCES AND FUNCTIONALITY WOULD HAVE EACH
24 COME UP FIVE POINTS. THAT MOTION DID NOT CARRY, AND
25 THE FOLLOWING MOTION WAS APPROVED BY THE BOARD THAT

BARRISTERS' REPORTING SERVICE

1 ASSIGNED THE ACTUAL VALUE, BUT THE POINTS WOULD HAVE
2 ONLY VARIED 5 PERCENT BY CATEGORY.

3 DUANE, YOU SECONDED THE MOTION THAT WOULD
4 HAVE SET IT AT 20 POINTS EACH. BUT WHAT I WANT TO
5 POINT OUT IS THAT THE POINTS SCORES HERE AND THE
6 CATEGORIES WERE APPROVED BY THIS BOARD SO THAT WE'RE
7 WORKING WITHIN A CONTEXT THAT THE BOARD HAS SEEN
8 BEFORE AS A FOUNDATION FOR EVALUATING THESE
9 PROPOSALS.

10 IT WAS ALSO IMPORTANT TO NOTE THAT ALL OF
11 THIS CAME TO THE FACILITIES COMMITTEE AFTER THERE
12 WAS THE SCIENTIFIC SCORES REPORT TO THIS BOARD AND
13 THE BOARD ACTED, ELIMINATING FIVE OUT OF 17
14 PROPOSALS. SO FIVE PROPOSALS IN A VERY ACTIVE
15 MEETING. SOME OF THOSE PROPOSAL ELIMINATIONS WERE
16 CONTESTED, WERE ELIMINATED TO MAKE SURE THAT GOING
17 FORWARD WE HAD A PORTFOLIO OF EXCELLENCE.

18 AT THIS POINT I WOULD LIKE TO CALL ON OUR
19 PRESIDENT, DR. ALAN TROUNSON, TO SUMMARIZE HIS
20 COMMENTS FROM LAST NIGHT, IF HE COULD PLEASE, SO
21 THAT WE COULD GO FORWARD WITH THE FULL SPECTRUM OF
22 INFORMATION THAT WE DISCUSSED IN INTRODUCING THE
23 SUBJECT LAST NIGHT. DR. TROUNSON.

24 DR. TROUNSON: THANK YOU, CHAIR. AGAIN,
25 APOLOGIES TO THE BOARD MEMBERS AND PUBLIC THAT WERE

BARRISTERS' REPORTING SERVICE

1 HERE YESTERDAY.

2 THE OBJECTIVES OF THIS RFA WERE TO
3 INCREASE THE CAPACITY OF STEM CELL RESEARCH IN
4 CALIFORNIA, I MEAN IN AMERICA REALLY ESSENTIALLY,
5 PROVIDE RESEARCH SPACE THAT IS CURRENTLY NOT
6 AVAILABLE, WAS NOT AVAILABLE WHEN PROPOSITION 71 WAS
7 FORMULATED, IS STILL NOT AVAILABLE NOW. THE GROWTH
8 IN RESEARCH AND MEDICINE IN THESE GREAT INSTITUTES
9 IN CALIFORNIA HAS MEANT THAT IN MANY INSTANCES THE
10 STEM CELL INITIATIVES ARE BORROWING SPACE AND
11 THEY'RE IN SPACE WHICH REALLY HAD BEEN ALLOCATED FOR
12 OTHER PURPOSES; BUT WITH THE GROWTH THAT HAS COME
13 FROM CIRM FUNDING AND THE EXCITEMENT THAT'S AROUND
14 THIS INITIATIVE, THESE AREAS NEED TO BE DEVELOPED.

15 THE OTHER IMPORTANT PART, OF COURSE, IS TO
16 BRING THE SCIENTISTS TOGETHER. I'VE DONE THIS
17 SEVERAL TIMES IN MY LIFETIME. BRINGING SCIENTISTS
18 TOGETHER IN ONE SPACE HAS AN INCREDIBLE CAPACITY TO
19 ACCELERATE THE PRODUCTIVITY BECAUSE THE SCIENTISTS
20 ARE THEN MOVING OFF ONE ANOTHER, CHALLENGING ONE
21 ANOTHER, THE EXCITEMENT IS DRIVING, THERE ARE
22 VISITORS COMING TO THAT SPACE. IT'S A NATURAL
23 CAULDRON OF EXCITEMENT. AND IN THOSE SPACES YOU GET
24 GENERALLY A MUCH BETTER OUTCOME THAN IF YOU DISPERSE
25 THE SCIENTISTS BROADLY ACROSS THE SPACE.

BARRISTERS' REPORTING SERVICE

1 WE WANT TO PROVIDE COLLABORATION
2 PARTICULARLY WITH THOSE SCIENTISTS, BUT ALSO OUTSIDE
3 AND BETWEEN INSTITUTES. I THINK IT WAS A TREMENDOUS
4 RESPONSE BY THE INSTITUTES. PARTICULARLY SEVERAL OF
5 THEM ACTUALLY PUT DOWN THEIR OWN INTERESTS AND
6 CREATED A SPECIAL ENTITY. I THINK THAT WAS
7 EXTRAORDINARY. BUT THE OTHER INSTITUTES HAVE JOINED
8 WITH EACH OTHER AND MADE A VERY COMPREHENSIVE
9 PROPOSAL. AND I WAS DELIGHTED TO BE PART OF THAT
10 LAST YEAR TO GET A BIRD'S-EYE VIEW, A THOUSAND-FOOT
11 VIEW OF WHAT SCIENCE WAS HAPPENING IN THESE GREAT
12 INSTITUTES, AND PARTICULARLY THESE ONES THAT PROPOSE
13 TO COME TOGETHER.

14 THE ANALYSIS OF THE SCIENTIFIC AREAS, I
15 THOUGHT, BY THE REVIEWERS WERE EXCELLENT. I THINK
16 EVERYBODY GOT A VERY GOOD SCORE. IN FACT, IF YOU
17 SORT OF TAKE THE U SCORES THERE, THERE ARE ONLY TWO
18 OF THOSE CENTERS THAT WERE UNDER 80 PERCENT. THAT'S
19 AN EXTRAORDINARILY HIGH MARK. AND ARGUABLY THERE IS
20 NOT MUCH SIGNIFICANT DIFFERENCE BETWEEN SOME OF
21 THOSE MARKS, WHILE THE SPREAD BETWEEN, I THINK, 96
22 AND 80 ESSENTIALLY REFLECTS SOME OF THE SORT
23 BRILLIANCE THAT IS THERE. BUT THE ONLY TWO CENTERS
24 THAT WERE IN THE 70S ARE THESE TWO EMERGING
25 INSTITUTES, MERCED AND SANTA BARBARA. AND I THINK

BARRISTERS' REPORTING SERVICE

1 THEY' RE A POTENTIAL POWERHOUSE FOR GROWTH. AND I
2 STRONGLY ENDORSED ON THE SCIENCE SIDE THAT IN MY OWN
3 PRIVATE RESPECT THAT THIS WAS A VERY GOOD DECISION
4 TO INCLUDE THEM.

5 OF COURSE, I WAS CERTAINLY NOT PART OF ANY
6 VOTE OR ANY ARGUMENT IN SUPPORT OF THEM, BUT I
7 REJOICED IN THE DECISION REALLY. AND I AGREED WITH
8 THE BOARD WHEN THEY MADE THE CUT THAT SEPARATED
9 THOSE OTHER CENTERS, UNFORTUNATELY, FROM THOSE THAT
10 WERE RECOMMENDED TO GO FORWARD.

11 THE AWARD OF 262 MILLION IS BASED
12 ESSENTIALLY ON THE CEILING THAT'S IMPOSED IN
13 PROPOSITION 71. AND SO THAT IS THE CEILING FOR THE
14 BRICKS AND MORTAR, WHICH I THINK IS, AGAIN, A
15 TERRIFIC IDEA BECAUSE OTHERWISE YOU COULD SPEND A
16 VERY SIGNIFICANT AMOUNT OF MONEY IN BRICKS AND
17 MORTAR, AS YOU CAN SEE FROM THE WHOLE OVERESTIMATE
18 OR THE ESTIMATES THAT HAVE BEEN PRESENTED TO YOU FOR
19 THE WHOLE DEVELOPMENT OF THIS PROGRAM.

20 AND THERE WAS A LACK OF SPACE BECAUSE OF
21 THE COMPLEXITY OF UNITING SCIENTISTS WITH FEDERAL
22 FUNDING AND THOSE WITH CIRM FUNDING. I WOULD HOPE
23 THAT THAT'S NOT SUCH A PROBLEM GOING FORWARD. AND
24 MY DISCUSSIONS WITH NIH WOULD INDICATE THAT
25 CERTAINLY IN THE FUTURE THEY DON'T EXPECT THAT TO BE

BARRISTERS' REPORTING SERVICE

1 A PROBLEM.

2 SO THE TENTATIVE FUNDING THAT WAS SET UP
3 BY THE BOARD IS BY BUCKETS OR CATEGORIES. THIS WAS
4 SOME INDICATION TO THE FACILITIES WORKING GROUP
5 ABOUT THE KIND OF ALLOCATION THAT MIGHT BE MADE, AND
6 THAT WOULD CLEARLY BE VARIED ACCORDING TO THE
7 ARGUMENTS THAT CAME FROM THE FACILITIES WORKING
8 GROUP. THE FACILITIES WORKING GROUP SHOWN ON THE
9 RIGHT-HAND SIDE ALLOCATED THOSE BUCKETS. THERE'S
10 SOME VARIANCE FROM THE TENTATIVE, BUT NOT VERY MUCH.
11 AND, AGAIN, YOU SEE THAT THERE'S A DIFFERENCE
12 BETWEEN 262 MILLION, WHICH WAS THE TENTATIVE
13 AVAILABLE MONEY FROM THE ICOC; THAT IS, THE CEILING
14 FOR THE FACILITIES THAT INCLUDES A COMPONENT FOR
15 EQUIPMENT, LEAVING US WITH A DIFFERENCE OF 26.6
16 MILLION.

17 SO THE FACILITIES WORKING GROUP, USING THE
18 FORMULA THAT YOU RECOMMENDED, GAVE THE INSTITUTES
19 THE MARK OUT OF 100. AND OUT OF 100, THE PERCENTAGE
20 WAS THEN USED TO REDUCE THE REQUESTED ALLOCATION BY
21 THE INSTITUTES BACK \$47 MILLION. SO THE
22 RECOMMENDATION THAT CAME FROM THE GROUP WAS TO BRING
23 IT BACK \$47 MILLION ON THE BASIS OF A PERCENTAGE
24 WHICH WAS ALLOCATED BY THE COMPOSITE OF THE INDEX
25 RECOMMENDED BY YOU TO THE FACILITIES WORKING GROUP.

BARRISTERS' REPORTING SERVICE

1 SO WE HAVE TO MAKE UP SOMEWHERE AN AMOUNT
2 OF 26.6 MILLION. AND THIS IS THE SIMPLE ARITHMETIC
3 THAT'S THERE. THE DIFFERENCE TO MAKE THAT UP, OF
4 COURSE, WOULD MEAN THAT WE WOULD NEED TO MAKE
5 FURTHER CUTS OF 26.6 MILLION. OF COURSE, THAT WOULD
6 HAVE TO BE DECIDED BY THE ICOC IN SOME WAY. THE
7 COMPONENTS OF THE CAPITAL FUND, 227 MILLION, AND OUR
8 EQUIPMENT FUND OF 35 MILLION, YOU, AGAIN, MADE THOSE
9 RECOMMENDATIONS.

10 SO THE FUNDING GAP OF 26.6 MILLION, HOW
11 ABOUT WE TRY AND CLOSE THAT. THE RECOMMENDATION AND
12 THE PROPOSAL REALLY THAT EVOLVED FROM THE CHAIRMAN'S
13 THOUGHTS IN THESE AREAS, NOTHING TO DO WITH ME, BUT
14 THE INTERESTING FINANCIAL WIZARDRY THAT COMES FROM
15 THE CHAIRMAN FREQUENTLY IS EMBEDDED IN THE FIRST
16 ONE, THE UP-FRONT FUNDING DISCOUNTS, WHICH IS A WAY
17 OF, INSTEAD OF USING OUR FUNDS AT THE BACK END OF
18 THE PROCESS, OFFERING THE INSTITUTES TO TAKE UP THE
19 MONEY AT THE FRONT END. AND THEN, OF COURSE, IN THE
20 TIME THAT THOSE FUNDS COULD BE THEN MADE AVAILABLE
21 AS A DIFFERENCE, SAY 22 MONTHS BETWEEN GETTING IT AT
22 THE END OR TAKING IT UP FRONT, OF COURSE, THEY COULD
23 DERIVE AN INTEREST FROM IT.

24 SO THAT CALCULATION HAS COME OUT TO BE
25 AROUND 17, \$18 MILLION. AND I'LL LET OTHER PEOPLE

BARRISTERS' REPORTING SERVICE

1 DISCUSS HOW THAT WAS MADE UP. BUT I THINK IT IS A
2 BRILLIANT SUGGESTION WHICH WOULD CLOSE THIS GAP VERY
3 SIGNIFICANTLY.

4 I'VE RECOMMENDED THAT WE CLOSE THE GAP
5 COMPLETELY BY MAKING A FURTHER ALLOCATION TO
6 EQUIPMENT OF \$9 MILLION, WHICH WOULD THEN CLOSE THE
7 GAP COMPLETELY TO \$26.6 MILLION, SO THERE WOULD BE
8 NO NEED FOR ANY FURTHER CUTS TO ANY OF THE
9 INSTITUTIONS. I THINK THAT WOULD BE A TREMENDOUS
10 OUTCOME. I REALLY DO. I THINK ANY CUTS THAT ARE
11 LIKELY TO BE MADE ON THE BASIS OF THE SCIENTIFIC
12 SCORE WOULD BE AIMED AT THE EMERGING INSTITUTES.
13 AND MY VIEW IS FOR YOU TO CAREFULLY CONSIDER THAT
14 BECAUSE I THINK FOR THE REASONS OF DIVERSITY AND
15 GIVING A FAIR GO TO NEW PEOPLE ON THE BLOCK, SO TO
16 SPEAK, THAT I THINK WE SHOULDN'T PUT ANY MORE CUTS
17 INTO THOSE EMERGING INSTITUTES WHO REALLY HAVE DONE
18 A FANTASTIC JOB TO BE REALLY COUNTED WITH THESE
19 OTHER MAJOR, MAJOR WORLD-CLASS FACILITIES.

20 SO, MR. CHAIRMAN, I HOPE THAT IT DOES GIVE
21 SOME PERSPECTIVE TO WHAT THE CURRENT SITUATION IS,
22 AND I'LL PASS IT OVER TO THE BOARD TO MAKE
23 APPROPRIATE DECISIONS IN THESE AREAS.

24 CHAIRMAN KLEIN: THANK YOU, DR. TROUNSON.
25 WITH THAT BACKGROUND, I'D LIKE TO SEE IF RICK KELLER

BARRISTERS' REPORTING SERVICE

1 CAN BRING UP A SLIDE THAT SHOWS THE SCORES FOR THE
2 FACILITIES GROUP AS COMPARED TO THE U SCORES THE
3 POTENTIAL TO HAVE IMPACT ON THE QUALITY OF THE
4 INSTITUTIONS. AND I WOULD LIKE TO EMPHASIZE A
5 COMMENT THAT DR. TROUNSON MADE. TO GET AN 80 SCORE
6 OUT OF OUR SCIENTIFIC PEER REVIEW SYSTEM IS AN
7 EXTRAORDINARY EVENT. YOU DON'T SEE 80 SCORES. THIS
8 IS VERY, VERY EXEMPLARY OF THE QUALITY.

9 AND WITH THE EXCEPTION OF THE COUPLE OF
10 INSTITUTIONS THAT ARE IN THE 70S, WE SHOULD
11 RECOGNIZE THAT UNIVERSITY OF CALIFORNIA MERCED IS
12 PROPOSING TO CREATE A FOUNDRY FOR THE STATE FOR
13 NANOTECHNOLOGY AND SCIENTIFIC ANALYSIS THAT COULD
14 HELP MANY OF OUR OTHER INSTITUTIONS. WHILE THEY
15 DON'T HAVE A BREADTH OF EXCELLENCE, THEY HAVE AREAS
16 OF EXCELLENCE THAT HAVE BEEN REWARDED BY GRANTS FROM
17 THIS COMMITTEE.

18 WITH THE UNIVERSITY OF CALIFORNIA SANTA
19 BARBARA, CLEARLY, AS DR. TROUNSON HAS SAID, THIS IS
20 AN EMERGING NEW COMMITMENT. JAMIE THOMPSON FROM
21 WISCONSIN IS COMMITTING TIME TO THIS. CERTAINLY
22 MORE OF A MENTOR TO THIS ORGANIZATION BECAUSE HE'S
23 NOT GOING TO BE THERE FOR A SUBSTANTIAL PORTION OF
24 THE YEAR, BUT FOR HIM TO MAKE A SIGNIFICANT PUBLIC
25 COMMITMENT TO HELP LEAD THE GROWTH OF THIS

BARRISTERS' REPORTING SERVICE

1 INSTITUTION'S SCIENCE IS A STATEMENT ABOUT THE
2 POTENTIAL FOR THE FUTURE.

3 IN LOOKING AT THE SCORES THAT YOU HAVE
4 BEFORE YOU, AND LOOKING AT THIS OPPORTUNITY TO
5 APPROVE THIS PORTFOLIO OF EXCELLENCE, I WANT TO
6 EMPHASIZE THAT IT DOESN'T MATTER WHICH PRESIDENT IS
7 IN OFFICE. THERE WILL NOT BE FEDERAL FUNDS FOR
8 FACILITIES. THAT WILL NOT HAPPEN. IT HASN'T
9 HAPPENED. IT WILL NOT HAPPEN, AND THERE ARE NO
10 FUNDS. I CITED YESTERDAY SOME STATISTICS ON NIH
11 FUNDING. I DIDN'T CITE THE FACT THAT FIRST-TIME
12 INVESTIGATORS COULD EXPECT, I THINK, 5 PERCENT OF
13 THE GRANTS TO BE FUNDED. ACTUALLY 5 PERCENT, I
14 THINK, IS THE STATISTIC FOR ALL INVESTIGATORS AT THE
15 NIH IN THIS PARTICULAR ROUND. THAT IS AN
16 EXTRAORDINARY NEGATIVE IMPACT ON SCIENTIFIC AND
17 MEDICAL RESEARCH IN THIS COUNTRY.

18 AND WE MUST RECOGNIZE THAT EVEN WITH THE
19 CHANGE IN PRESIDENTIAL ADMINISTRATION, WE WILL FACE
20 THE COMPLEXITY THAT SENATOR MCCAIN HAS MADE A
21 STATEMENT THAT HE'S AGAINST SOMATIC CELL NUCLEAR
22 TRANSFER, VERY IDEOLOGICALLY OPPOSED TO IT. SO THE
23 ISSUE OF THERAPEUTIC CLONING IS OFF THE TABLE. WE
24 HAVE TO UNDERSTAND THAT HE'S MADE STATEMENTS THAT
25 HE'S FOR INCREASING EMBRYONIC STEM CELL RESEARCH AS

BARRISTERS' REPORTING SERVICE

1 LONG AS WE DON'T DESTROY ANY EMBRYOS. WE'VE HEARD
2 THAT STATEMENT BEFORE. I WOULD HOPE HE'D BE MORE
3 PROGRESSIVE IN HIS INTERPRETATION OF IT. I'M
4 HOPEFUL THAT, AS THE CAMPAIGN GOES ON, THAT THE
5 ADVOCACY FOR STEM CELL RESEARCH WILL INFORM THE
6 PUBLIC OF THE NEED TO REALLY ALLOW SCIENCE AND
7 MEDICINE WITH VERY STRONG SAFETY PROTECTIONS IN
8 PLACE TO ADVANCE AS HAS BEEN PROVEN TO BE OF HUGE
9 BENEFIT TO THIS NATION OVER THE LAST 50 YEARS
10 SPECIFICALLY.

11 BUT IN THE U.S. SENATE, IF WE'RE GOING TO
12 GET AN INCREASE IN EMBRYONIC STEM CELL RESEARCH,
13 WE'LL NEED 60 VOTES FOR CLOTURE. WHAT IS THE
14 POSSIBILITY OF THAT? I'M NOT GOING TO COUNT ON IT.
15 IT'S IMPORTANT FOR US TO UNDERSTAND THAT THE
16 PORTFOLIO OF EXCELLENCE WE'RE BUILDING HERE TODAY IS
17 THE FOUNDATION FOR A NATIONAL PLATFORM, A SUBSTITUTE
18 NATIONAL PROGRAM FOR STEM CELL RESEARCH THAT CAN
19 INCLUDE SOMATIC CELL NUCLEAR TRANSFER AND EMBRYONIC
20 STEM CELL RESEARCH. THIS IS THE PLACE IT WILL
21 HAPPEN. IT'S GOING TO HAPPEN TODAY. THIS DECISION
22 HAS TREMENDOUS IMPORTANCE FOR THE NATION AND THE
23 FUTURE OF MEDICAL RESEARCH.

24 WITH THAT SAID, RICK KELLER HAS DONE A
25 FABULOUS JOB IN SUPPORTING THE FACILITIES GROUP AND

BARRISTERS' REPORTING SERVICE

1 THE BOARD IN THIS AREA. AND, RICK, THANK YOU FOR
2 YOUR DEDICATION. AND COULD YOU EXPLAIN TO US THE
3 CHART WE HAVE BEFORE US?

4 MR. KELLER: SURE. THIS IS AN ABSTRACT OF
5 THE SUMMARY TABLE THAT'S IN YOUR PACKET AT THE VERY
6 FIRST PAGE. WHAT WE'VE DONE HERE, IN ORDER TO
7 CONCENTRATE ON THE GRANTS WORKING GROUP PART 1 USE
8 AND CONDITION SCORE, WHICH IS IN THE BLUE COLUMN,
9 AND THE TAN AREA IS THE FACILITIES WORKING GROUP
10 SCORE, ALONG WITH THE AMOUNT REQUESTED, AND THEN, AS
11 DR. TROUNSON EXPLAINED, THE APPLICATION OF THE
12 FACILITIES WORKING GROUP SCORE TO THE AMOUNT
13 REQUESTED RESULTS IN THE AMOUNT RECOMMENDED.

14 I THINK IT'S IMPORTANT TO NOTE THAT WHEN
15 THE FACILITIES WORKING GROUP CONSIDERED THE
16 APPLICATIONS, THEY DID IT IN TWO SESSIONS. THE
17 FIRST SESSION WAS A TECHNICAL REVIEW WHERE THOSE
18 FIVE CATEGORIES OF EVALUATION WERE CAREFULLY APPLIED
19 TO EACH OF THE APPLICANTS. AND AFTER DISCUSSION BY
20 THE MEMBERS, THERE WAS AN INDIVIDUAL PRIVATE SCORE
21 ASSIGNED TO EACH OF THOSE CATEGORIES BY THE TEN
22 MEMBERS. AND SO THAT IS VERY PRISTINE, I THINK, IN
23 TERMS OF APPLYING THE TECHNICAL SCORE.

24 IN THE SECOND SESSION, THE PROGRAMMATIC
25 REVIEW THAT DAVID SERRANO-SEWELL LED, I THINK IT'S

BARRISTERS' REPORTING SERVICE

1 IMPORTANT TO POINT OUT THAT IN THE PROCEDURES THAT
2 WERE ADOPTED BY THE FACILITIES WORKING GROUP, THAT
3 WAS THE POINT IN TIME WHEN THE U SCORES WERE TO BE
4 CONSIDERED. AND THE ISSUE HERE WAS TO MAKE SURE
5 THAT THE GRANTS WORKING GROUP'S ASSESSMENT OF HOW
6 WELL THE FACILITY IN ITS INTENDED PURPOSE DOVETAILED
7 WITH THE SCIENTIFIC OBJECTIVE. SO YOU HAVE KIND OF
8 A MATCH BETWEEN FACILITIES OBJECTIVES AND PROGRAM
9 OBJECTIVES AS BEING JUDGED BY SCIENTISTS WHO WERE
10 REVIEWING THESE APPLICATIONS.

11 AND SO I THINK IT'S IMPORTANT TO NOTE THAT
12 IN THAT SESSION THERE WAS, AS HAS BEEN POINTED OUT
13 BY OTHER SPEAKERS, THAT THIS IS NOT CONSEQUENTIAL IN
14 TERMS OF WHAT HAS ALREADY BEEN DECIDED. SO THEY
15 MADE A -- IN MY RECOLLECTION, THE FACILITIES WORKING
16 GROUP MADE A SPECIFIC DECISION TO SAY WE'RE
17 COMFORTABLE WITH WHAT WE'VE DONE MOVING IT ON
18 FORWARD INTO THE PROGRAMMATIC REVIEW. I THINK
19 THAT'S AN IMPORTANT ELEMENT TO REMIND YOU OF HERE.

20 CHAIRMAN KLEIN: THANK YOU, RICK. DAVID
21 SERRANO-SEWELL, WOULD YOU LIKE TO ADD YOUR COMMENTS?

22 MR. SERRANO-SEWELL: VERY BRIEFLY. AND
23 PART OF THE FACILITIES WORKING GROUP CHARGE, WHICH
24 DID MAKE ME -- WE DID IT. AND THAT WAS TO ASSIGN A
25 DOLLAR NUMBER TO EACH APPLICANT. COULD HAVE EASILY

BARRISTERS' REPORTING SERVICE

1 PUNTED AND LET SOMEBODY ELSE DO THAT. NO, WE SAID
2 THAT WAS THE CHARGE TO THE FACILITIES WORKING GROUP.
3 WE STEPPED UP TO THE PLATE AND WE DID IT.

4 THE FIRST PART THAT WAS CHAIRED BY DAVID
5 LICHTENGER IN OUR DISCUSSIONS IN EARLY APRIL, THAT
6 WAS A 2 P.M. MEETING TO 10:30 P.M. MEETING WHEN WE
7 SCORED, WE HEARD REPORTS FROM THE PRESIDENT, MR.
8 KELLER, OUR CONSULTANTS. THERE WAS A LOT OF BACK
9 AND FORTH. WE HAD AMPLE EVIDENCE ON THE RECORD TO
10 MAKE A REASONED AND INFORMED DECISION.

11 THE PART 2 ASPECT THAT I CHAIRED ON
12 SATURDAY WAS A MUCH SHORTER MEETING. I THINK IT WAS
13 AN HOUR AND A HALF OR SO, IF THAT. THAT MEETING
14 COULD HAVE GONE LONG AS WELL, BUT IT DIDN'T. WE
15 QUICKLY REALIZED THAT THERE MIGHT BE A WAY TO
16 RECOMMEND THE DOLLAR AMOUNT TO THE FULL ICOC. WE
17 DID THAT. DR. TROUNSON EXPLAINED THAT IN HIS
18 INTRODUCTORY REMARKS. YOU SEE IT HERE BEFORE YOU.

19 I WON'T ECHO AGAIN WHAT BOB AND OTHERS
20 HAVE ALREADY SAID IN TERMS OF IT BEING WHAT I
21 BELIEVE TO BE FAIR, AND IT ALWAYS AMAZES ME THAT WE
22 SOMEHOW FIND A WAY TO MEET OUR POLICY OBJECTIVES.
23 DESPITE THE CHALLENGES, I FELT LIKE WE FOUND A WAY
24 TO MEET OUR POLICY OBJECTIVES AS I UNDERSTOOD THEM.
25 THAT IS, A BROAD PORTFOLIO AND A VERY COMPETITIVE

BARRISTERS' REPORTING SERVICE

1 ENVIRONMENT. ALL THE APPLICANTS HAD PLUSES AND
2 MINUSES, BUT ON THE WHOLE, THEY WERE VERY, VERY GOOD
3 AND VERY COMPETITIVE. BUT WE HAD TO MAKE A DECISION
4 THAT THINGS HAD TO PROCEED AND HAD TO END UP HERE
5 TODAY, SO WE DID THAT.

6 AND I FEEL WITH GREAT CONFIDENCE THAT WHAT
7 YOU SEE BEFORE YOU, AS IT LEADS US INTO OUR
8 DISCUSSION, IS A REALLY EQUITABLE AND FAIR, YOU
9 KNOW, PIECE OF WORK DONE BY THE FACILITIES WORKING
10 GROUP. AND I THINK IT WILL -- I KNOW THAT IT WILL
11 HELP SHAPE OUR DISCUSSIONS THAT WE'RE HAVING RIGHT
12 NOW.

13 MR. LICHTENGER: MR. CHAIRMAN, I JUST WANT
14 TO REITERATE SOME COMMENTS I MADE LAST NIGHT, THAT I
15 WAS VERY, VERY PLEASED WITH HOW THOROUGH AND
16 DETAILED AND FAIR I FELT OUR TECHNICAL ANALYSIS THAT
17 THE FACILITIES WORKING GROUP ARRIVED AT AT THE END
18 OF THE TECHNICAL ANALYSIS IN APPLYING THE CRITERIA,
19 STANDARDS, AND DEFINITIONS THAT THE FACILITIES
20 WORKING GROUP RECOMMENDED TO THE ICOC. SO I'M VERY,
21 VERY CONFIDENT THAT WE FOLLOWED THE GUIDELINES THAT
22 THE ICOC APPROVED TO THE LETTER, AND WE ENDED UP
23 WITH A FAIR PROCESS THAT ALL THE MEMBERS, INCLUDING
24 THE PATIENT ADVOCATES, WERE VERY, VERY ACTIVELY
25 INVOLVED AND PARTICIPATED IN, AS THE VICE CHAIR

BARRISTERS' REPORTING SERVICE

1 POINTED OUT, A VERY LIVELY AND LONG PROCESS ON THAT
2 DAY.

3 AND I THINK THE FACILITIES WORKING GROUP
4 DID MEET ITS CHARGE TO COME UP WITH THAT TECHNICAL
5 ANALYSIS THAT MET THE CRITERIA AND DEFINITIONS. AND
6 THEN UNDER THE VICE CHAIR'S LEADERSHIP DURING THE
7 PROGRAMMATIC REVIEW AND SOME ASSISTANCE FROM THE
8 PRESIDENT, ALAN TROUNSON, THAT WE ARRIVED AT A VERY,
9 VERY FAIR AND EQUITABLE CORRELATION, IT APPEARED,
10 BETWEEN THE SCIENTIFIC U SCORES AND THE FACILITY
11 WORKING GROUP SCORES, NOT PERFECT, BUT VERY, VERY
12 CLOSELY CORRELATED.

13 CHAIRMAN KLEIN: THANK YOU VERY MUCH. I'D
14 LIKE TO SAY THAT \$47 MILLION OF CUTS ARE NOT EASY AT
15 ANY TIME. THAT'S A MAJOR CUT. SO WE'RE THANKFUL TO
16 THE FACILITY GROUP FOR BITING THAT MAJOR BULLET AND
17 MAKING THOSE CUTS. BUT I'D LIKE TO ECHO THE VICE
18 CHAIR'S COMMENT FROM YESTERDAY, THAT IN MAKING THE
19 POINTS AWARDS IN SPECIFIC CATEGORIES LIKE URGENCY,
20 IT WAS IN THE MINDS OF THE MEMBERS THESE U SCORES
21 AND SCIENTIFIC CAPACITY. SO, FOR EXAMPLE, WHEN TWO
22 PROJECTS HAD COASTAL ZONE APPROVAL STILL TO BE MADE,
23 WE DIDN'T PUT THOSE URGENCY SCORES DOWN AT THE
24 BOTTOM. WE MADE EACH OF US IN OUR OWN MIND WHAT WAS
25 AN EQUITABLE ADJUSTMENT, REMEMBERING THAT THOSE WERE

BARRISTERS' REPORTING SERVICE

1 EXTREMELY IMPORTANT SCIENTIFIC CONTRIBUTIONS WE GET
2 FROM THESE INSTITUTIONS, AND HAD TO GIVE THEM THE
3 BENEFIT OF THE DOUBT ON URGENCY BECAUSE OF THEIR
4 SCIENTIFIC SCORES. AND THAT IS IMPORTANT TO NOTE,
5 THAT THAT U SCORE HAS ALWAYS BEEN IN OUR MIND AND
6 INFLUENCING THE OUTCOME HERE TO HAVE THE BEST, MOST
7 DISTINCTIVE QUALITY IN THIS PORTFOLIO.

8 IN TERMS OF THE DISCUSSION TODAY, BEFORE
9 BEGINNING THE FORMAL DISCUSSION, I'D LIKE TO HAVE
10 JAMES HARRISON REVIEW FOR ALL OF THE MEMBERS THE
11 CONFLICTS RULES AS TO WHO CAN PARTICIPATE IN THIS
12 DISCUSSION AND THIS VOTE. MR. HARRISON.

13 MR. HARRISON: BECAUSE THE PROPOSAL THAT
14 IS CURRENTLY UNDER DISCUSSION HAS THE POTENTIAL TO
15 HAVE AN EFFECT ON ALL OF THE APPLICATIONS FOR CIRM
16 MAJOR FACILITIES GRANTS, EACH MEMBER WHO HAS AN
17 INTEREST IN ANY APPLICATION THAT IS PENDING MUST
18 REFRAIN FROM PARTICIPATING IN THE DISCUSSION OF AND
19 THE VOTE ON THIS ITEM. THAT MEANS ONLY THOSE
20 MEMBERS WHO DO NOT HAVE AN INTEREST IN ANY
21 APPLICATION MAY PARTICIPATE. AND THOSE MEMBERS ARE
22 MEMBER WRIGHT, LOVE, GIBBONS, SERRANO-SEWELL, KLEIN,
23 ROTH, AND SHESTACK.

24 CHAIRMAN KLEIN: THANK YOU VERY MUCH. AND
25 TO BEGIN THE SPECIFIC DISCUSSION ON THIS ITEM, I'D

BARRISTERS' REPORTING SERVICE

1 LIKE TO BRING UP THE FIRST ELEMENT OF THE POTENTIAL
2 SOLUTION, WHICH IS THE POTENTIAL DISCOUNTS VOLUNTARY
3 PROGRAM WHERE INSTITUTIONS WERE ASKED IF THEY WOULD
4 AGREE TO PROVIDE A VOLUNTARY DISCOUNT IN EXCHANGE
5 FOR AN UNEQUIVOCAL, UNCONDITIONAL AGREEMENT SUBJECT
6 TO THE VOTE OF THIS BOARD TO TAKE THAT DISCOUNT
7 BECAUSE THEY WOULD GET THEIR FUNDS UP FRONT RATHER
8 THAN THE LAST FUNDS IN PAID QUARTERLY IN ARREARS
9 AFTER DOCUMENTATION.

10 SO IF YOU HAD A DRAW IN FEBRUARY -- IF YOU
11 HAD CONSTRUCTION DONE IN FEBRUARY 2009 AND THE
12 CONTRACTOR BILLS YOU IN MARCH, THAT MARCH BILL WOULD
13 COME OVER IN THE APRIL, MAY, JUNE QUARTER AND BE
14 PAID IN ARREARS WITH A 10-PERCENT RETENTION. NOW,
15 THE VALUE OF MONEY IS DIFFERENT FOR THESE DIFFERENT
16 INSTITUTIONS, AND WE MUST REALLY APPRECIATE THE UC
17 SYSTEM'S PARTICIPATION IN THESE VOLUNTARY DISCOUNTS
18 BECAUSE THEY DON'T HAVE THE SAME EARNING CAPACITY ON
19 FUNDS BEING HELD IN AN ENDOWMENT. THEY ARE IN A
20 POSITION WHERE THEY HAVE AVOIDED BORROWING COSTS,
21 WHICH ARE IMPORTANT, AND AVOIDED TRANSACTION COST,
22 AND THE ABILITY TO BUY IN A SOFT MARKET EARLY TO
23 POTENTIALLY GET DISCOUNTS, BUT THEY DON'T HAVE THE
24 VERY HIGH EARNING ENDOWMENTS CAPACITY. SO THEIR
25 PARTICIPATION IS DEEPLY APPRECIATED.

BARRISTERS' REPORTING SERVICE

1 BUT IF WE COULD SHOW THE RESULTS OF THE
2 FIRST PROPOSALS RECEIVED FROM THE INSTITUTIONS. IF
3 YOU CAN SEE IN THE FAR RIGHT-HAND COLUMN THE FIRST
4 PROPOSALS RECEIVED QUITE A VARIANCE. 22.8 MILLION,
5 ALMOST \$23 MILLION IN PROPOSALS. THAT REPRESENTED A
6 GREAT OPPORTUNITY, BUT WHAT WE DISCOVERED WAS THAT
7 THOSE RANGED FROM 5.71 PERCENT TO 20 PERCENT AS
8 INDIVIDUAL INSTITUTIONS HAD A DIFFERENT
9 INTERPRETATION OF THE REQUEST. AND IT'S IMPORTANT
10 TO NOTE THAT AMONG THE HIGHEST PERCENTAGE DISCOUNTS,
11 WE HAVE A SPECIFIC INSTITUTION THAT SUGGESTED THAT
12 THEIR DISCOUNT WOULD ONLY BE AVAILABLE IF EVERYONE
13 WAS TREATED EQUALLY. EQUALLY TO TAKE IN A VOLUNTARY
14 DISCOUNT IS A REASONABLE AND JUST PRINCIPLE BECAUSE
15 THEY'RE ALL PARTICIPATING TO TRY AND GET TO A RESULT
16 WHERE AN ENTIRE PORTFOLIO OF EXCELLENCE CAN BE
17 FUNDED. SO IF YOU WERE TO TAKE OUT THAT INSTITUTION
18 THAT HAD A \$5 MILLION DISCOUNT, YOU'D ARRIVE AT \$17
19 MILLION.

20 WITH A REVISED PROPOSAL THAT MADE IT A
21 CONSISTENT 9 PERCENT DISCOUNT REQUESTED, CAN WE SHOW
22 THE SECOND SLIDE? AS YOU SEE IN THE SECOND SLIDE,
23 WE CAME UP WITH OVER \$17 MILLION, 17.6 MILLION IN
24 DISCOUNTS, WHICH MADE A TREMENDOUS DIFFERENCE IN THE
25 AMOUNT WE NEEDED TO DEAL WITH IN CLOSING THAT

BARRISTERS' REPORTING SERVICE

1 FUNDING GAP.

2 THE INSTITUTIONS THAT DID NOT PARTICIPATE,
3 BUCK INSTITUTE AND UC SAN DIEGO, SALK, SCRIPPS,
4 BURNHAM CONSORTIUM, SAN DIEGO CONSORTIUM, THEY BOTH
5 ARE IN A POSITION WHERE THEY DIDN'T MEET THE CREDIT
6 QUALIFICATIONS FOR FRONT-END FUNDS. BECAUSE THEY'RE
7 NEW INSTITUTIONAL ENTITIES, THEY DIDN'T HAVE AN A
8 STANDALONE CREDIT RATING AND THEY WEREN'T FORMALLY A
9 PART OF THE UNIVERSITY CALIFORNIA SYSTEM, WHICH
10 WOULD GIVE US THE STATE'S CREDIT BEING ON THE LINE
11 TO BACK UP THE PERFORMANCE GUARANTEES.

12 WE HAVE TWO OF THE EMERGING INSTITUTIONS
13 IN THE SPECIAL PROGRAM AREAS THAT DIDN'T
14 PARTICIPATE, AND THEY ARE INSTITUTIONS THAT ARE,
15 AGAIN, EMERGING INSTITUTIONS WITHOUT THE ALUMNI BASE
16 AND FUND-RAISING BASE THAT SOME OF THE OTHER
17 INSTITUTIONS HAVE TO DRAW UPON. SO IT IS PHENOMENAL
18 TO HAVE IN THE INSTITUTES CATEGORY AND THE CENTERS
19 OF EXCELLENCE CATEGORY A COMPLETE PARTICIPATION OF
20 ALL THE MEMBERS WHO COULD QUALIFY TO PARTICIPATE.
21 IT'S A STATEMENT OF THE DEDICATION TO MISSION OF ALL
22 THESE INSTITUTIONS FOR WHICH WE'RE VERY GRATEFUL.

23 WITH THAT SAID, COULD WE HAVE A DISCUSSION
24 AT THIS POINT OF THE CONCEPT OF ACCEPTING THESE
25 DISCOUNTS. IF THESE DISCOUNTS ARE ACCEPTED AS ONE

BARRISTERS' REPORTING SERVICE

1 OF THEIR PRINCIPAL TERMS, THESE INSTITUTIONS WOULD
2 THEN NOT BE SUBJECT TO FURTHER CUT. JAMES HARRISON,
3 WOULD YOU JUST HIT THE HIGHLIGHTS OF THE OTHER TERMS
4 WE COVERED LAST NIGHT THAT WOULD AFFECT THESE
5 INSTITUTIONS?

6 MR. HARRISON: SURE. FIRST, AS CHAIRMAN
7 KLEIN MENTIONED, ALL OF THE INSTITUTIONS WOULD
8 ACCEPT A NOMINAL OR ONE-TIME DISCOUNT OF 9 PERCENT.
9 AND ONE OF THE INDUCEMENTS TO THE INSTITUTIONS TO
10 PARTICIPATE IN THIS PROGRAM WAS THE PROMISE THAT
11 THEY WOULD NOT BE SUBJECT TO FURTHER REDUCTIONS ON
12 THE FACILITIES WORKING GROUP RECOMMENDED AMOUNT
13 ASIDE FROM THE DISCOUNT TO WHICH THEY HAD AGREED.

14 ANOTHER INDUCEMENT TO THE APPLICANTS WHO
15 WOULD PARTICIPATE IN THIS PROGRAM WAS THAT IF THEY
16 WERE ABLE TO ACHIEVE COST SAVINGS AS A RESULT OF THE
17 EARLY ADVANCE OF FUNDS, THOSE SAVINGS WOULD ACCRUE
18 TO THE INSTITUTION, NOT TO CIRM UNLESS THE SAVINGS
19 IN SOME WAY AFFECTED THE SCOPE OR SPECIFICATIONS OF
20 THE FACILITY OR COMPROMISED THE SCIENCE. LIKEWISE,
21 ANY ADDITIONAL BENEFITS FROM THE UP-FRONT
22 DISBURSEMENT WOULD FLOW TO THE INSTITUTIONS, NOT TO
23 CIRM.

24 WITH THE OTHER DISBURSEMENT OPTION, CIRM
25 WOULD WITHHOLD 10 PERCENT FOR THOSE INSTITUTIONS

BARRISTERS' REPORTING SERVICE

1 PARTICIPATING IN THE DISCOUNT PROGRAM. THEY WOULD
2 GET ALL THE MONEY UP FRONT, INCLUDING THE 10
3 PERCENT, BUT THEY WOULD HAVE TO AGREE TO COMPLETION
4 AND PERFORMANCE GUARANTEES. LIKEWISE, THERE IS A
5 PROVISION IN THE FACILITIES GRANT ADMINISTRATION
6 POLICY THAT PROVIDES FOR CIRM IN ITS DISCRETION TO
7 IMPOSE PENALTIES FOR DELAY FOR THOSE INSTITUTIONS
8 PARTICIPATING IN THE UP-FRONT DISCOUNT PROGRAM AS
9 LONG AS THEY MADE A GOOD-FAITH EFFORT TO COMPLETE
10 THE PROJECT ACCORDING TO THE PROPOSED SCHEDULE AND
11 UNDERTOOK ALL COMMERCIALY REASONABLE EFFORTS TO DO
12 SO. ANY PENALTY FOR DELAY WOULD BE OFFSET UP TO THE
13 AMOUNT OF THE DISCOUNT AS LONG AS THE TOTAL DELAY
14 DOESN'T EXCEED SIX MONTHS.

15 LIKEWISE, THESE INSTITUTIONS WOULD BE
16 REQUIRED TO SUBMIT A POSTCOMPLETION FINANCIAL AUDIT
17 TO ENSURE THAT ALL OF CIRM'S FUNDS HAD BEEN SPENT ON
18 QUALIFIED PROJECT COSTS, AND THEY'D BE REQUIRED TO
19 DO THAT WITHIN 120 DAYS OF PROJECT COMPLETION. ALL
20 OF THE TERMS OF THE FACILITIES GRANT ADMINISTRATION
21 POLICY, INCLUDING THOSE THAT YOU WILL CONSIDER TODAY
22 TO IMPLEMENT THE TERMS OF THIS DISCOUNT PROPOSAL,
23 WILL APPLY TO THE INSTITUTIONS. AND, FURTHERMORE,
24 IN EXECUTING A NOTICE OF GRANT AWARD, CIRM HAS THE
25 ABILITY TO INCLUDE ADMINISTRATIVE CONDITIONS

BARRISTERS' REPORTING SERVICE

1 SUBSEQUENT WITH COMPLIANCE WITH THOSE CONDITIONS TO
2 BE COMPLETED WITHIN 90 DAYS.

3 SO, FOR EXAMPLE, ONE OF THE PROVISIONS
4 THAT WE WILL DISCUSS IS THAT FOR THE PREVAILING WAGE
5 CERTIFICATION THAT MUST BE SUBMITTED FOR APPLICANTS
6 WHO PARTICIPATE IN THE UP-FRONT DISCOUNT, THAT HAS
7 TO BE DONE WITHIN 45 DAYS OF RECEIPT OF THE FUNDS OR
8 THE SIGNING OF THE CONSTRUCTION CONTRACT, WHICHEVER
9 IS LATER. IN OTHER WORDS, IT'S A CONDITION THAT
10 MUST BE FULFILLED, BUT WHICH WILL OCCUR AFTER THE
11 NOTICE OF GRANT AWARD IS EXECUTED.

12 THE ONLY OTHER THING I'D MENTION IS THAT
13 CIRM IS COMMITTED TO TRY TO GET THESE FUNDS OUT TO
14 THE INSTITUTIONS AS QUICKLY AS POSSIBLE. AND FOR
15 THAT REASON, CIRM HAS AGREED THAT IF IT IS
16 RESPONSIBLE FOR DELAYS IN GETTING THE MONEY OUT BY
17 JUNE 30TH, THAT THE AMOUNT OF THE APPLICANT'S
18 PROPOSED DISCOUNT WOULD BE REDUCED BY 1/169TH, WHICH
19 IS THE NUMBER OF DAYS IN 22 MONTHS AS THE
20 DENOMINATOR AND ONE IS THE NUMERATOR. AGAIN, THIS
21 PROVISION ONLY APPLIES IF CIRM IS RESPONSIBLE FOR
22 THE DELAY.

23 MR. CHAIR, THOSE ARE THE ESSENTIAL TERMS
24 OF THE AGREEMENT.

25 CHAIRMAN KLEIN: THANK YOU. AND, RICK OR

BARRISTERS' REPORTING SERVICE

1 MELISSA, COULD I SEE THE OVERALL CHART, THE CIRM
2 MAJOR FACILITIES GRANT PROGRAM SUMMARY, THAT SHOWS
3 EVERYONE WHAT IS AT STAKE HERE? I THINK THE
4 HISTORIC STATEMENT WAS MY KINGDOM FOR A HORSE. IN
5 THIS CASE OUR KINGDOM FOR A SIGNAL.

6 MR. KELLER: I'M NOT SURE THIS IS THE ONE.

7 CHAIRMAN KLEIN: I WANT THE OVERALL CHART,
8 THE BLUE CHART. ALL RIGHT. I'D LIKE TO DRAW
9 EVERYONE'S ATTENTION TO THE FACT THAT IN LOOKING AT
10 THESE DISCOUNTS, WE NEED TO UNDERSTAND THAT THESE
11 INSTITUTIONS, BESIDES THE MATCHING FUNDS FOR
12 FACILITIES, ARE ALSO PUTTING TREMENDOUS AMOUNT OF
13 MONEY INTO FACULTY RECRUITMENT AND START-UP, WHICH
14 IS THE COLUMN THAT IS OTHER DONOR INSTITUTIONAL
15 FUNDS, THE \$328 MILLION OF ADDITIONAL FUNDS.

16 SO THE LEVERAGE FOR THE STATE OF
17 CALIFORNIA AND FOR STEM CELL RESEARCH IS 543 MILLION
18 AT THE MOMENT. WITH THESE DISCOUNTS, THIS WILL GO
19 UP TO APPROXIMATELY 570 MILLION. AND IF YOU TAKE
20 THAT 570 MILLION AND ADD IT TO THE 328 MILLION FOR
21 FACULTY AND EQUIPMENT AND START-UP PACKAGES, YOU
22 HAVE APPROXIMATELY \$900 MILLION OF LEVERAGE FROM
23 DONORS AND INSTITUTIONAL COMMITMENTS. THAT IS AN
24 INCREDIBLY HISTORICALLY UNPRECEDENTED STATEMENT FOR
25 A BUILDING PROGRAM FOR A NEW AREA OF MEDICAL

BARRISTERS' REPORTING SERVICE

1 RESEARCH, FOR WHICH WE ARE DEEPLY INDEBTED TO THE
2 DONORS AND THE INSTITUTIONS FOR THEIR LEADERSHIP AND
3 COMMITMENT TO THIS FIELD.

4 CERTAINLY THE STATE OF CALIFORNIA IS A
5 PARTICIPANT, BUT WE WANT TO EMPHASIZE THE
6 CONTRIBUTION TODAY OF DONORS AND INSTITUTIONS
7 COMMITTING TO THIS LEADERSHIP POSITION.

8 WE'RE LOOKING AT A REQUEST OF 288 MILLION.
9 IF THOSE DISCOUNTS ARE APPROVED, THE REQUEST WOULD
10 THEN DROP FROM \$288 MILLION TO \$271 MILLION. WHEN
11 IN THE HISTORY OF CALIFORNIA HAVE WE SEEN THE STATE
12 AND MEDICAL RESEARCH GETTING 400 PERCENT OF THE
13 BENEFIT OF THE STATE GOVERNMENTAL FUNDS
14 CONTRIBUTION? CERTAINLY THE VOTERS IN CALIFORNIA
15 WOULD BE PROUD OF ITS INSTITUTIONS AND DONORS FOR
16 THEIR TREMENDOUS COMMITMENT TO THIS FIELD.

17 IF YOU LOOK AT THE FAR RIGHT COLUMN, IT
18 SHOWS 826 PI'S AND RESEARCHERS CURRENTLY IN THE
19 FIELD. THAT DOESN'T COUNT, OF COURSE, RESEARCHERS
20 AT INSTITUTIONS THAT MAY HAVE RECENTLY COMPLETED A
21 FACILITY, LIKE THE GLADSTONE INSTITUTE, WHICH, SINCE
22 THEY RECENTLY COMPLETED A FACILITY, DID NOT COMPETE,
23 OR GREAT INSTITUTIONS THAT -- OTHER GREAT
24 INSTITUTIONS SUCH AS CEDARS AND CITY OF HOPE THAT
25 DID NOT COMPETE IN THIS COMPETITION.

BARRISTERS' REPORTING SERVICE

1 SO LOOKING AT THE 826, WE'RE LOOKING AT
2 2,200 PI'S AND RESEARCHERS, INCLUDING POST DOCS AND
3 GRADUATE STUDENTS. THAT IS A PHENOMENAL INCREASE.
4 IT IS A WORLD LEADERSHIP POSITION OF REMARKABLE
5 STRENGTH THAT WOULD BE CREATED HERE. AND I WANT TO
6 REMIND US THAT THAT IS WHAT WE WOULD BE
7 ACCOMPLISHING IF WE ARE SUCCESSFUL HERE TODAY AND
8 CAN COME UP WITH A SOLUTION THAT RETAINS ENOUGH
9 FUNDING FOR EACH INSTITUTION SO THEY CAN PERFORM.

10 WE HOLD LETTERS FROM ALL OF THESE
11 INSTITUTIONS WITH THESE DISCOUNTS SAYING THAT IF
12 THEY GET THE FUNDS, THEY WILL BUILD WHAT WAS
13 PROMISED WITHOUT COMPROMISING ITS SCIENTIFIC MISSION
14 EVEN THOUGH THEY'VE BEEN REDUCED TWICE, ONCE IN THE
15 FACILITIES WORKING GROUP ROUND AND ONCE VOLUNTARILY.
16 IT IS A TREMENDOUS STATEMENT OF DEDICATION.

17 WHAT WOULD BE IN ORDER IS A MOTION ON THE
18 DISCOUNTS, WHICH WE THEN WOULD DEBATE AND GET PUBLIC
19 COMMENT ON.

20 MR. SERRANO-SEWELL: MR. CHAIRMAN, I'D
21 LIKE TO MAKE THAT MOTION TO -- I MOVE TO ACCEPT THE
22 DISCOUNT PROPOSAL AT 9 PERCENT SUBJECT TO THE
23 PROPOSED TERMS OF THE DISCOUNT OFFER AS STATED IN
24 THE REPORT IN ITEM 14 OF THE MAY 6-7, 2008, ICOC
25 AGENDA.

BARRISTERS' REPORTING SERVICE

1 DR. WRIGHT: SECOND.

2 CHAIRMAN KLEIN: SECOND BY JANET WRIGHT.

3 AND THAT'S A HISTORIC SECOND BY DR. WRIGHT, WHO IS
4 GOING TO LEAVE US AND SOON TO BE THE HEAD OF THE
5 SCIENTIFIC RESEARCH PART OF THE AMERICAN COLLEGE OF
6 CARDIOLOGY IN WASHINGTON, D.C. SO IT IS WITH GREAT
7 ADMIRATION, BUT REGRET THAT WE CONGRATULATE DR.
8 WRIGHT. HAND OF APPLAUSE.

9 (APPLAUSE.)

10 CHAIRMAN KLEIN: WITH THAT COMMENT,
11 POSITIVE OR OPPOSED?

12 DR. LOVE: BOB, SINCE I'M ONE OF THE
13 PEOPLE WHO ASKED THE QUESTION LAST NIGHT, AND SINCE
14 I'M ONE OF THE FEW PEOPLE WHO CAN ACTUALLY TALK ON
15 THESE ISSUES, I WANTED TO FIRST JUST SAY THAT I
16 THINK WE OWE A GREAT DEAL OF GRATITUDE TO THE
17 LEADERSHIP OF THE FACILITIES WORKING GROUP, THE
18 MEMBERSHIP, AND THE STAFF. I THINK THIS HAS BEEN A
19 VERY THOUGHTFUL PROCESS, OBVIOUSLY A VERY
20 CHALLENGING PROCESS. BUT I THINK TODAY, BASED ON
21 THE THOROUGH PRESENTATION THAT YOU'VE GIVEN, I
22 REALLY FEEL VERY GOOD THAT YOU'VE DELIVERED US AN
23 EXCELLENT OUTCOME.

24 WHILE CLEARLY THINGS COULD HAVE BEEN DONE
25 DIFFERENTLY, AS YOU'VE ALL SAID, I THINK WHAT YOU

BARRISTERS' REPORTING SERVICE

1 PROPOSE REALLY REPRESENTS A FAIR, BALANCED PROCESS
2 THAT REALLY DOES MEET THE OBJECTIVES. SO
3 CONGRATULATIONS.

4 CHAIRMAN KLEIN: THANK YOU. ADDITIONAL
5 COMMENTS?

6 MR. ROTH: YES. SO I SAID MOST OF WHAT I
7 HAD TO SAY LAST NIGHT. YOU COVERED A LOT OF GROUND
8 BEFORE WE GOT TO THIS. AND I JUST WANTED TO ASK TWO
9 SPECIFIC QUESTIONS AND MAKE MAYBE ONE COMMENT.

10 WHILE I SHARE THE ASPIRATIONS YOU
11 DESCRIBED IN THE BEGINNING ABOUT THE BROAD BASE AND
12 THE SPECIFIC EXPERTISE, AND DR. TROUNSON ALSO MADE
13 THOSE COMMENTS, I THINK IT'S IMPORTANT TO REMEMBER
14 THAT IF WE'RE GOING TO DO THOSE TYPES OF
15 ADJUSTMENTS, IT WOULD BE GOOD IF THAT WERE PART OF
16 THE RFP IN THE FUTURE, THAT IT'S SPECIFICALLY CALLED
17 OUT THAT THIS IS PART OF THE CONSIDERATION WE MAKE
18 BECAUSE TO MY KNOWLEDGE THAT WAS, IN FACT, NOT THE
19 CASE.

20 BUT I HAD TWO SPECIFIC COMMENTS. I WANT
21 TO JUST REINFORCE WHAT TED SAID. THE PROCESS THAT
22 THE FACILITIES WORKING GROUP WENT THROUGH, I THINK,
23 WAS FAIR AND EXTRAORDINARILY WELL DONE. AND I
24 REALLY CANNOT FAULT THEM AT ALL FOR THE DECISIONS
25 AND THE WAY THEY'VE DONE HERE.

BARRISTERS' REPORTING SERVICE

1 THE TWO QUESTIONS I HAVE DEAL WITH THE
2 GENESIS OF THE USE AND CONTRIBUTION SCORE,
3 HISTORICALLY HOW WE GOT TO THAT SCORE, WHAT IT
4 MEANS. BECAUSE MY RECOLLECTION IS THAT IT'S NOT
5 PART OF THE ORIGINAL. I'D JUST LIKE CLARITY.

6 THE SECOND IS TO ALAN. ALAN, AFTER
7 SLEEPING ON IT LAST NIGHT, IT OCCURRED TO ME THAT
8 THE METHODOLOGY EMPLOYED WAS REALLY THE SENSITIVITY
9 OF THAT METHODOLOGY WAS BASED ON THE SIZE OF THE
10 ASK. THE MORE AGGRESSIVE YOUR ASK WAS, THE BETTER
11 YOU DID BECAUSE OF THE WAY IT WAS APPLIED. AND THE
12 QUESTION WAS DID YOU EVER CONSIDER GOING THROUGH THE
13 ASKS AND SAYING ARE THEY APPROPRIATE GIVEN THE
14 SCORES BEFORE YOU APPLIED THAT BECAUSE THAT COULD
15 HAVE POTENTIALLY GOTTEN YOU ALL THE WAY HERE HAD WE
16 DONE THAT.

17 DR. TROUNSON: MR. CHAIR, IF I CAN JUST
18 ANSWER THAT. I SHOULD REALLY PASS IT BACK TO THE
19 FACILITIES WORKING GROUP BECAUSE THEY SPENT A LOT OF
20 TIME CONSIDERING THAT PARTICULAR ISSUE. WAS THE
21 VALUE THAT WAS UNDER ASK APPROPRIATE FOR THE SCIENCE
22 AND FOR THE DEVELOPMENT OF THAT FACILITY? THERE'S
23 SOME VARIABILITY IN THE TYPE OF FACILITIES THAT WERE
24 BEING BUILT. SOME WERE TOTALLY NEW BUILDINGS THAT
25 INCLUDED LOTS OF THINGS THAT HAD TO BE COME UP WITH

BARRISTERS' REPORTING SERVICE

1 A NEW BUILDING, AND OTHERS WERE REFORMATTING OF
2 SPACE IN AN APPROPRIATE WAY.

3 SO THE PROPOSERS FROM THE INSTITUTES WERE
4 QUESTIONED OVER THIS MATTER AT QUITE SOME LENGTH,
5 AND THEY WERE ASKED ON A LARGE NUMBER OF OCCASIONS
6 TO JUSTIFY THE AMOUNT OF MONEY THAT THEY REQUESTED.
7 AND I FELT THAT THE FACILITIES WORKING GROUP WAS
8 REALLY VERY MUCH AIMED ON THAT BASIS TO SEE THAT THE
9 REQUEST WAS REASONABLE WITH RESPECT TO THE SCIENCE
10 THAT'S BEING DONE, BUT ALSO THE FACILITIES THAT WERE
11 BEING BUILT. AND I FELT EXTREMELY COMFORTABLE IN
12 THE WAY THEY DID THAT.

13 MR. ROTH: SO IF YOU JUST RAN DOWN THAT
14 LIST 50, 50, 26, 37, 29, 40, 35, THOSE ARE THE
15 NUMBERS THAT YOU ACTUALLY TOOK A HARD LOOK AT AND
16 DECIDED THOSE WERE ALL APPROPRIATE?

17 DR. TROUNSON: YEAH. WELL, I MEAN YOU
18 COULD -- THERE CAN ALWAYS BE DEBATES AT THE MARGINS.
19 IN SOME OF THE DISCUSSIONS THAT I HAD WITH THE
20 INSTITUTES AFTERWARDS, WELL, SINCE WE'RE TAKING A
21 CUT ON WHAT WE PROPOSED BECAUSE, YOU KNOW, WE ASKED
22 OUR BUILDINGS AND ARCHITECTS TO GIVE US A REALLY
23 GOOD COST ON IT, WHAT IF WE USE DIFFERENT MATERIALS
24 OR WE MADE ADJUSTMENTS IN THE BUILDING TO
25 ACCOMMODATE THE COSTS? MY VIEW HAS BEEN ALL THE

BARRISTERS' REPORTING SERVICE

1 TIME THAT WHATEVER ADJUSTMENTS, IF THEY'RE
2 APPROPRIATE TO THE NATURE OF THE ENTERPRISE, THE
3 BUILDING, IF THAT WAS APPROPRIATE AND YOU COULD
4 REPLACE SOME MATERIAL WITH OTHERS WITHOUT AFFECTING
5 THE ABILITY TO DO THE RESEARCH OR THE UTILITY OF THE
6 FACILITY, YOU KNOW, I WAS SUPPORTIVE. CLEARLY THEY
7 HAVE MY SUPPORT. WHETHER IT HAS ICOC SUPPORT IS
8 DIFFERENT, BUT THEY HAD MY SUPPORT. AND I FELT THAT
9 THEY COULD MAKE SOME ADJUSTMENTS PROVIDING IT DIDN'T
10 AFFECT THE NATURE OF THE ACTIVITY IN ANY SUBSTANTIVE
11 WAY.

12 CHAIRMAN KLEIN: DUANE, YOUR FIRST
13 QUESTION, THOUGH, IS ON THE U SCORE. DR. CSETE,
14 CHIEF SCIENTIFIC OFFICER, COULD YOU CONFIRM FOR US
15 THAT THE U SCORE CAME FROM THE PEER REVIEW
16 SCIENTIFIC RECOMMENDATION?

17 DR. CSETE: RIGHT. LET ME CLARIFY THAT.
18 SO THE APPLICANTS HAD SPECIFIC INSTRUCTIONS TO
19 ADDRESS WHAT THE REVIEWERS WOULD THEN TAKE AS THE U
20 SCORE CRITERIA. I REMEMBER BECAUSE I WAS A REVIEWER
21 IN THIS PROCESS BEFORE BECOMING CSO, THAT WRITING MY
22 U SCORE PARAGRAPH AS A REVIEWER IS AN UNUSUAL THING
23 TO ASK THE SCIENTISTS TO DO, BUT IT WAS A WAY OF
24 HAVING THE APPLICANTS POINT OUT HOW THE FACILITY WAS
25 INTEGRATED WITH THE SCIENCE. AND THEN THE

BARRISTERS' REPORTING SERVICE

1 SCIENTISTS, AS PART OF THEIR REVIEW PROCESS, HAD TO
2 LOOK AT THOSE COMMENTS AND AGREE WHETHER THE SCIENCE
3 WAS INTEGRATED INTO THE FACILITY.

4 MR. ROTH: BUT JUST ULTIMATELY WOULD YOU
5 AGREE THAT THAT'S THE CRITICAL SCORE FROM, WHAT IS
6 IT, X, Y, Z, THAT WE WOULDN'T LOOK AT THAT, BUT LOOK
7 AT THE U SCORE AS THE ONE THAT WE WOULD CARRY OVER?

8 DR. CSETE: WELL, THE SAME QUESTION CAME
9 UP IN THE PART 2 REVIEW. AND WHAT I SAID THEN IS
10 WHAT I WILL JUST ITERATE AGAIN, THAT THE XYZ SCORES
11 WERE REALLY USED AS A THRESHOLD FOR THE BEST SCIENCE
12 TO ADVANCE TO PART 2. AND THE U SCORE IS WHAT'S
13 LEFT AS A DISTILLATION OF THE RELATIONSHIP BETWEEN
14 WHAT THE FACILITIES WORKING GROUP DID AND THE
15 SCIENTISTS DID.

16 CHAIRMAN KLEIN: THANK YOU. DR. OLSON,
17 WOULD YOU LIKE TO MAKE A COMMENT?

18 DR. OLSON: I JUST WANTED TO ELABORATE A
19 LITTLE BIT FURTHER ON WHAT MARIE SAID. THE X, Y,
20 AND Z, EACH INSTITUTION INsofar IN WHATEVER ELEMENTS
21 THEY CHOSE TO COMPETE, THEY SUMMARIZED THEIR
22 PROGRAM, THEIR ENTIRE PROGRAM IN X, Y, AND Z. THE U
23 SCORE SPECIFICALLY ADDRESSED, GIVEN WHAT THEY
24 INTENDED TO PUT IN THE FACILITY, HOW THAT PROGRAM IN
25 THE FACILITY WOULD INTEGRATE WITH THEIR ENTIRE

BARRISTERS' REPORTING SERVICE

1 PROGRAM AND HOW WHAT WAS IN THE FACILITY WOULD SERVE
2 TO ESSENTIALLY EXPAND AND BRING TOGETHER THE ENTIRE
3 STEM CELL PROGRAM.

4 SO IT WAS VERY MUCH YOU CAN'T EXPECT IF
5 YOU HAVE A HUGE -- IN SOME CASES THE PROGRAM MAY BE
6 WHOLLY CONTAINED WITHIN THE FACILITY, BUT IN SOME
7 CASES IT'S HOW THE FACILITY WILL SERVE TO ACT AS A
8 NUCLEUS OR A NEXUS TO TAKE THE STEM CELL PROGRAM TO
9 THE NEXT LEVEL.

10 CHAIRMAN KLEIN: AND ALL OF THE SCORES, X,
11 Y, Z, AND THE U SCORE, WERE AVAILABLE --

12 DR. OLSON: WERE IMPORTED.

13 CHAIRMAN KLEIN: -- WERE AVAILABLE TO THE
14 FACILITIES GROUP. THE U SCORE, WE COULD PUT THEM
15 ALL UP THERE, BUT THE U SCORE, WHICH WE'VE USED THE
16 SHORTHAND FOR CAPTURING THIS, WAS A PRINCIPAL
17 ELEMENT, NOT THE EXCLUSIVE ELEMENT WE LOOKED AT IN
18 THE MAJOR FACILITIES REVIEW.

19 LET ME SEE IF WE HAVE ADDITIONAL BOARD
20 COMMENTS. ADDITIONAL BOARDS COMMENTS? PUBLIC
21 COMMENTS?

22 MR. SIMPSON: JOHN SIMPSON, CONSUMER
23 WATCHDOG IS THE ORGANIZATION THESE DAYS. I JUST
24 WOULD LIKE TO SPEAK VERY, VERY MUCH IN FAVOR OF THIS
25 PROPOSAL. I THINK AT THE TIME OF THE MEETING, I

BARRISTERS' REPORTING SERVICE

1 MUST CONFESS I SOMETIMES FIND MYSELF ON OPPOSITE
2 SIDES OF THE ISSUE WITH OUR CHAIRMAN, BUT I THINK I
3 SAID THE IDEA TO SEEK DISCOUNTS BORDERED ON
4 BRILLIANCE. AND I THINK THE WAY HE HAS DELIVERED ON
5 THIS IS THE CASE.

6 I ALSO JUST WANTED TO SAY THAT I WAS AT
7 ALL OF THE MEETINGS, ALL THE PUBLIC HEARINGS WHERE
8 THE POLICIES AND THE PROCEDURES WERE WORKED OUT IN
9 PUBLIC. MUCH INPUT WAS TAKEN. MY SENSE IS THAT ALL
10 OF THE PLAYERS AND STAKEHOLDERS HAD AN AMPLE
11 OPPORTUNITY TO MAKE THEIR WISHES KNOWN AND CLEAR,
12 AND THAT THE WHOLE FACILITIES WORKING GROUP PROCESS
13 WAS A PRECISE MODEL FOR HOW YOU SHOULD DO ALL OF
14 YOUR BUSINESS AND REVIEWS, UNLIKE THE SITUATION WITH
15 THE STILL CLOSED PEER REVIEWS. I HAVE TO PUT THAT
16 LINE IN. BUT THIS DID WORK, AND IT DOES SEEM TO
17 MAXIMIZE THE LEVERAGE OF THE OUTSIDE FUNDS IN A VERY
18 FAVORABLE WAY. I THINK EVERYONE IN CALIFORNIA
19 SHOULD THINK THAT THIS IS REALLY AN EXCELLENT
20 OUTCOME.

21 AND THE FINAL THING THAT SORT OF CLINCHES
22 IT FOR ME IS THAT THE UNIVERSITIES SEEMED TO HAVE
23 STEPPED UP TO THE PLATE WHERE THEY COULD AND SAID
24 THIS NUMBER WILL WORK FOR US. NOW, I WOULD EXPECT
25 THAT THEY WILL BE HELD TO THAT, AND THERE WILL BE

BARRISTERS' REPORTING SERVICE

1 PROCEDURES TO MAKE SURE THAT IT DOES. AND FOLKS
2 LIKE ME WILL BE WATCHING THEM SO THAT THEY DON'T
3 SLIP INTO SOME OF THE EVIL THINGS THAT THE UC FOLKS
4 HAVE BEEN KNOWN TO DO FROM TIME TO TIME, LIKE \$10
5 MILLION WORTH OF RENOVATIONS FOR A PRESIDENT'S
6 MANSION UNDER CONSIDERATION RIGHT NOW. BUT THE WAY
7 THIS IS GOING IS GREAT. THANK YOU.

8 CHAIRMAN KLEIN: THANK YOU VERY MUCH.
9 ADDITIONAL PUBLIC COMMENT? SEEING NO ADDITIONAL
10 PUBLIC COMMENT, I WOULD LIKE TO CALL THE ROLL ON
11 THIS ITEM AFTER MR. HARRISON GIVES US SPECIAL
12 INSTRUCTIONS.

13 MR. HARRISON: I WAS JUST GOING TO RESTATE
14 THE MOTION SO THAT IT IS CLEAR FOR THE RECORD. THE
15 MOTION IS TO ACCEPT PROPOSALS FOR A 9-PERCENT
16 NOMINAL DISCOUNT SUBMITTED BY STANFORD, UC DAVIS, UC
17 IRVINE, UCLA, UCSF, USC, UC BERKELEY, AND UC SANTA
18 BARBARA SUBJECT TO THE TERMS OUTLINED IN ITEM 14 IN
19 THE DOCUMENT ENTITLED "PROPOSED TERMS OF DISCOUNT
20 OFFER."

21 CHAIRMAN KLEIN: ALL RIGHT. MELISSA KING,
22 PLEASE CALL THE ROLL.

23 MS. KING: LEEZA GIBBONS.

24 MS. GIBBONS: YES.

25 MR. SHESTACK: EXCUSE ME. ONE INSTITUTION

BARRISTERS' REPORTING SERVICE

1 IS MISSING FROM THAT LIST, RIGHT?

2 CHAIRMAN KLEIN: WHAT IS THE QUESTION?

3 MS. KING: THE QUESTION IS THERE WAS AN
4 INSTITUTION MISSING FROM THE --

5 MR. SHESTACK: SO THOSE INSTITUTIONS,
6 THERE WERE INSTITUTIONS THAT DIDN'T ACCEPT THE
7 PROPOSED CUT?

8 CHAIRMAN KLEIN: THERE'S INSTITUTIONS THAT
9 DID NOT QUALIFY. AND WE'RE GOING TO GO ON TO THE
10 NEXT CATEGORY, WHICH IS HOW DO WE MAKE UP THE
11 BALANCE OF THE DEFICIT. BUT SAN DIEGO CONSORTIUM
12 AND BUCK INSTITUTE DON'T HAVE A CREDIT RATING, SO IT
13 EITHER HAD TO BE PART OF THE STATE OF CALIFORNIA OR
14 YOU HAD TO HAVE AN A OR BETTER MOODY'S OR S&P CREDIT
15 RATING, WHICH THOSE BOTH BEING NEW INSTITUTIONS DID
16 NOT HAVE.

17 THEN UC SANTA CRUZ AND UC MERCED ARE
18 BRAND-NEW EMERGING INSTITUTIONS WITHOUT THE ALUMNI
19 DEPTH AND STRENGTH AND CONTRIBUTOR BASE OF SOME OF
20 THE OTHER INSTITUTIONS. THEY DID NOT VOLUNTEER A
21 PROPOSED CUT EVEN THOUGH THEY'RE PART OF THE UC
22 SYSTEM. BUT ONE WOULD SUPPOSE THAT, WITHOUT
23 VERIFICATION, THAT BASED UPON THE INFORMATION WE DO
24 HAVE, THAT THEIR LACK OF ADDITIONAL ALUMNI DEPTH FOR
25 ADDITIONAL CONTRIBUTIONS REALLY PUTS THEM IN THE

BARRISTERS' REPORTING SERVICE

1 PLACE THEY CAN'T MAKE A PROPOSED CUT AND STILL BUILD
2 THEIR FACILITY.

3 OKAY. CALL THE ROLL.

4 MS. KING: LEEZA GIBBONS.

5 MS. GIBBONS: YES.

6 MS. KING: BOB KLEIN.

7 CHAIRMAN KLEIN: YES.

8 MS. KING: TED LOVE.

9 DR. LOVE: YES.

10 MS. KING: DUANE ROTH.

11 MR. ROTH: YES.

12 MS. KING: DAVID SERRANO-SEWELL.

13 MR. SERRANO-SEWELL: YES.

14 MS. KING: JON SHESTACK.

15 MR. SHESTACK: YES.

16 MS. KING: AND JANET WRIGHT.

17 DR. WRIGHT: YES.

18 MS. KING: THAT MOTION CARRIES.

19 CHAIRMAN KLEIN: OKAY. WE GO TO THE
20 SECOND PART OF THIS ISSUE AS WE HAVE A
21 RECOMMENDATION ON THE FLOOR FROM THE PRESIDENT TO
22 FILL THE GAP WITH APPROXIMATELY \$9 MILLION OF
23 ADDITIONAL EQUIPMENT. I WOULD TELL YOU THAT IN OUR
24 SHARED LABS, WE HAVE A MILLION AND A HALF DOLLAR
25 SAVINGS, AS IT TURNS OUT, BECAUSE THE CONSTRUCTION

BARRISTERS' REPORTING SERVICE

1 MARKET HAS BEEN KINDER TO US. AND, IN FACT, WE
2 MIGHT COME UP WITH SAVINGS IN THIS PROGRAM, BUT I
3 WILL SAY, IN TERMS OF MR. SIMPSON'S COMMENT, NO ONE
4 CAN COME BACK TO US FOR ADDITIONAL FUNDS BECAUSE
5 WE'RE LIMITED OUT ON THE FUNDS WE CAN PUT IN THE
6 BUILDING. SO THE INITIATIVE ITSELF CREATES A
7 BARRIER FOR COMING BACK TO US FOR ADDITIONAL FUNDS,
8 AND THESE INSTITUTIONS WILL HAVE TO BUILD WITHIN THE
9 ALLOCATIONS THEY RECEIVE.

10 IN TERMS OF THE RECOMMENDATION FROM THE
11 PRESIDENT FOR ADDITIONAL FUNDS, RICK KELLER, IS IT
12 8.6 MILLION, OR IS THE ACTUAL NUMBER 9 MILLION?

13 MR. KELLER: BASED ON THE AMOUNT OF THE
14 DISCOUNTS, IT WOULD BE CLOSER TO \$9 MILLION FOR THE
15 ADDITIONAL AMOUNT OF EQUIPMENT THAT WOULD BE NEEDED.

16 CHAIRMAN KLEIN: SO WE WILL USE THE NUMBER
17 9 MILLION. SOME OF THESE NUMBERS HAVE BEEN ROUNDED
18 OUT, SO VERIFIED WITHIN \$50,000?

19 MR. KELLER: WELL, FOR THE PURPOSE OF THE
20 BOARD MEETING, THIS SLIDE WOULD GIVE YOU BASICALLY
21 THE RECORD OF THE AMOUNT REQUESTED, THE FACILITIES
22 WORKING GROUP RECOMMENDED AMOUNT, WHICH WOULD
23 INCLUDE BOTH EQUIPMENT AND CONSTRUCTION IN THE 288
24 RECOMMENDATION. THE DISCOUNT WILL BE APPLIED. AND
25 SO THE FINAL NUMBER WHERE THE PRESIDENT WOULD HAVE

BARRISTERS' REPORTING SERVICE

1 THE DISCRETION -- LATER ON WHEN YOU TAKE UP THE GAP,
2 WE'RE GOING TO DISCUSS THE ISSUE OF THE ADDITIONAL
3 EQUIPMENT FUNDING. SO THE FINAL NUMBER PER
4 APPLICANT IS ON THIS SLIDE WITH THE DISCRETION OF
5 THE PRESIDENT TO DECIDE HOW MUCH OF EACH AMOUNT
6 WOULD COME WITH CONSTRUCTION FUNDS AND HOW MUCH
7 WOULD BE EQUIPMENT FUNDS.

8 CHAIRMAN KLEIN: THAT'S RIGHT. SINCE
9 WE'RE LIMITED OUT ON CONSTRUCTION FUNDS, IT IS
10 APPROXIMATELY 9 MILLION. LET US SAY THAT THERE'S 50
11 TO A \$100,000 VARIANCE IN THAT EQUIPMENT NUMBER
12 BECAUSE THESE NUMBERS ARE NOT EXACTLY PRECISE.

13 AND LET ME ASK, MR. HARRISON, THE TOTAL
14 WE'RE LOOKING AT HERE IS THE 272,946,930. AND IT IS
15 MY UNDERSTANDING THAT WE CAN GIVE THE PRESIDENT SOME
16 DISCRETION AT THAT MARGIN; IS THAT CORRECT?

17 MR. HARRISON: YES, THAT'S CORRECT.

18 CHAIRMAN KLEIN: OKAY. IS THERE, FOR
19 PURPOSES OF DISCUSSION, A MOTION TO FOLLOW THE
20 PRESIDENT'S RECOMMENDATION?

21 DR. WRIGHT: SO MOVED.

22 CHAIRMAN KLEIN: MOVED BY DR. WRIGHT.
23 SHE'S REALLY PUTTING HERSELF DOWN IN THE HISTORY
24 BOOKS TODAY.

25 IS THERE A SECOND?

BARRISTERS' REPORTING SERVICE

1 MR. ROTH: I' LL SECOND.

2 CHAIRMAN KLEIN: SECOND BY DUANE ROTH.

3 DISCUSSION?

4 I WOULD JUST LIKE TO SAY, AS I REFERENCED
5 EARLIER, WHEN AN EXTRA 9 MILLION CAN BUY US \$36
6 MILLION FOR THE BENEFIT OF PATIENTS IN THIS STATE,
7 THAT' S AN EXTRAORDINARY OPPORTUNITY THAT I WANT TO
8 MAKE CERTAIN THAT WE SEIZE. EVERY TIME WE' RE GIVEN
9 A FOUR-TO-ONE OPPORTUNITY, I HOPE WE LOOK AT IT
10 CLOSELY AND MOVE QUICKLY. BUT THIS IS A TREMENDOUS
11 OPPORTUNITY FOR PATIENTS AND TAXPAYERS IN THE STATE.

12 IS THERE ADDITIONAL PUBLIC DISCUSSION ON
13 THIS ITEM? ANY PUBLIC COMMENT ON THIS ITEM? SEEING
14 NO PUBLIC COMMENT ON THIS ITEM, WOULD YOU REPEAT,
15 MR. HARRISON, WHO CAN VOTE?

16 MR. HARRISON: YES. THE MEMBERS WHO CAN
17 PARTICIPATE IN THIS VOTE ARE MEMBER WRIGHT, LOVE,
18 GIBBONS, SERRANO-SEWELL, KLEIN, ROTH, AND SHESTACK.

19 MS. KING: LEEZA GIBBONS.

20 MS. GIBBONS: YES.

21 MS. KING: BOB KLEIN.

22 CHAIRMAN KLEIN: YES.

23 MS. KING: TED LOVE.

24 DR. LOVE: YES.

25 MS. KING: DUANE ROTH.

BARRISTERS' REPORTING SERVICE

1 MR. ROTH: YES.

2 MS. KING: DAVID SERRANO-SEWELL.

3 MR. SERRANO-SEWELL: YES.

4 MS. KING: JON SHESTACK.

5 MR. SHESTACK: YES.

6 MS. KING: AND JANET WRIGHT.

7 DR. WRIGHT: YES.

8 MS. KING: AND THAT MOTION CARRIES.

9 CHAIRMAN KLEIN: THANK YOU. WE CAN
10 PROCEED. EXCUSE ME. THAT SLIDE WE REQUESTED, CAN
11 YOU PUT UP THE MASTER SLIDE AGAIN.

12 SO THE PROGRAM WE HAVE BEFORE US NOW NEEDS
13 A MASTER RESOLUTION AND MOTION. AND WE NEED DAVID
14 SERRANO-SEWELL AS ONE OF THE MEMBERS. SO THE MASTER
15 MOTION WE NEED AT THIS POINT IS A MOTION TO APPROVE
16 ALL OF THE PROPOSED REQUESTS AS AMENDED BY THE
17 RESOLUTION TO ACCEPT THE DISCOUNTS AND BY THE
18 ADDITIONAL AUTHORIZATION WE HAVE THROUGH THE
19 EQUIPMENT FUNDING FOR A TOTAL OF 270 MILLION.

20 AND, MELISSA KING, IF YOU ONLY HAVE THE
21 DISTRIBUTION ON THE OTHER SLIDE, THEN YOU SHOULD
22 BRING UP THE DISTRIBUTION AT THE \$270 MILLION
23 FIGURE.

24 JENNA, WHAT IS YOUR ADVICE ON --

25 MS. PRYNE: HE'LL BE ABLE TO RETURN VERY

BARRISTERS' REPORTING SERVICE

1 SHORTLY.

2 CHAIRMAN KLEIN: MR. HARRISON, ALTHOUGH WE
3 CAN'T VOTE, CAN WE MAKE A MOTION WHILE WE'RE
4 WAITING?

5 MR. HARRISON: YES, YOU MAY.

6 CHAIRMAN KLEIN: IS THERE A MOTION TO
7 APPROVE ALL OF THE RECOMMENDED AMOUNTS AS ADJUSTED
8 BY THE PRIOR TWO RESOLUTIONS FOR A TOTAL OF 270
9 MILLION AS SHOWN AND DEPICTED ON THE SLIDE IN FRONT
10 OF US?

11 DR. LOVE: SO MOVED.

12 DR. WRIGHT: SECOND.

13 CHAIRMAN KLEIN: MOVE BY DR. LOVE,
14 SECONDED BY DR. WRIGHT. DISCUSSION ON THIS MOTION?
15 DISCUSSION? PUBLIC COMMENT ON THIS MOTION? I'D
16 LIKE THE VICE CHAIR TO BE PART OF THIS VOTE, SO --

17 MR. SIMPSON: I'LL MAKE PUBLIC COMMENT
18 WHILE WE WAIT. ONCE AGAIN, I MEAN, THIS IS EXACTLY
19 THE WAY IT SHOULD BE GOING. I THINK ALL THE BACK
20 SLAPPING THAT'S PROBABLY GOING TO BE GOING ON IS
21 WELL DESERVED.

22 THAT SAID, THOUGH, THERE ARE SERIOUS
23 ISSUES STILL ABOUT ENSURING THAT THE PEOPLE WHO ARE
24 PAYING FOR THIS VERY EXPENSIVE PROGRAM GET ALL THE
25 BENEFITS OUT OF IT. THAT'S WHAT WE'RE ALL ABOUT IS

BARRISTERS' REPORTING SERVICE

1 MAKING SURE THAT THE DISCOVERIES ARE AFFORDABLE AND
2 ACCESSIBLE TO ALL. AND THE STEP YOU TOOK LAST NIGHT
3 DOING A PROGRAM THAT WOULD REACH OUT TO THE CSU'S
4 WAS A GREAT STEP IN THAT DIRECTION. THANK YOU.

5 CHAIRMAN KLEIN: THANK YOU VERY MUCH. SO,
6 DAVID, THE PROPOSED RESOLUTION, MASTER RESOLUTION,
7 IS ON THE TABLE MADE BY DR. LOVE, SECONDED BY
8 DR. WRIGHT, TO APPROVE 270 MILLION FOR ALL THE
9 INSTITUTIONS SHOWN ON THE SCREEN. PUBLIC COMMENT
10 HAS BEEN CONCLUDED. AND, MELISSA KING, WOULD YOU
11 PLEASE CALL THE ROLL, AND MR. HARRISON, REMINDING
12 THOSE WHO CAN VOTE.

13 MR. HARRISON: BECAUSE THIS MOTION AFFECTS
14 ALL OF THE MANY APPLICATIONS, THE MEMBERS WHO CAN
15 PARTICIPATE ARE MEMBERS GIBBONS, KLEIN, LOVE, ROTH,
16 SERRANO-SEWELL, SHESTACK, AND WRIGHT.

17 MS. KING: LEEZA GIBBONS.

18 MS. GIBBONS: YES.

19 MS. KING: BOB KLEIN.

20 CHAIRMAN KLEIN: YES.

21 MS. KING: TED LOVE.

22 DR. LOVE: YES.

23 MS. KING: DUANE ROTH.

24 MR. ROTH: YES.

25 MS. KING: DAVID SERRANO-SEWELL.

BARRISTERS' REPORTING SERVICE

1 MR. SERRANO-SEWELL: YES.

2 MS. KING: JON SHESTACK.

3 MR. SHESTACK: ABSTAIN.

4 MS. KING: AND JANET WRIGHT.

5 DR. WRIGHT: YES.

6 MS. KING: THAT MOTION CARRIES.

7 CHAIRMAN KLEIN: THANK YOU VERY MUCH. IF
8 WE COULD HAVE THE MASTER BLUE SLIDE AGAIN. I WOULD
9 LIKE TO AT THIS MOMENT AGAIN THANK THE INSTITUTIONS
10 FOR THEIR TREMENDOUS LEADERSHIP. THIS IS AN
11 EXTRAORDINARY RESPONSE BY THE INSTITUTIONS IN THIS
12 STATE. THEIR LEADERSHIP IN THE WORLD WILL BE
13 ANCHORED BY THESE FACILITIES. IT IS AN INCREDIBLE
14 THANK YOU TO THE CITIZENS OF CALIFORNIA FOR THEIR
15 SEVEN MILLION VOTES FOR THIS PROGRAM TO SEE THE
16 INSTITUTIONAL LEADERSHIP COMMITMENTS HERE AND THE
17 DONOR COMMITMENTS ACROSS THE STATE.

18 THE DONORS WILL NEED TO RECOGNIZE, AS THE
19 AD SHERRY LANSING DID IN THE *NEW YORK TIMES*
20 YESTERDAY STATED, THAT THE UC SYSTEM, THAT THE
21 DONORS REALLY NEED TO RISE TO THIS GREAT
22 OPPORTUNITY, AS THEY'VE ALREADY DEMONSTRATED THROUGH
23 LEADERSHIP GIFTS, TO BACK UP THESE INSTITUTIONS AND
24 THEIR FAITH IN THE DONOR COMMUNITY IN THIS STATE AND
25 THE NATION. HOPEFULLY THE NATION'S GREAT DONORS

BARRISTERS' REPORTING SERVICE

1 WILL JOIN THE CIVIC LEADERS OF CALIFORNIA IN BACKING
2 UP THESE INSTITUTIONS AND THEIR COMMITMENT TO THE
3 FUTURE OF MEDICAL RESEARCH IN THIS BOLD, NEW
4 FRONTIER OF SUCH GREAT POSSIBILITIES.

5 SPEAKING AS A FATHER, SPEAKING AS THE SON
6 OF A MOTHER WHO WILL NEVER SEE THESE BENEFITS, AS AN
7 INDIVIDUAL, AS WELL AS THE CHAIRMAN, I THANK THOSE
8 DONORS AND THE INSTITUTIONS.

9 AND I THINK WE SHOULD RISE AND GIVE A
10 ROUND OF APPLAUSE TO RICK KELLER AND THE STAFF WHO
11 LED US THROUGH THIS PROCESS ALONG WITH DAVID
12 LICHTENGER AND DAVID SERRANO-SEWELL, THE CHAIR AND
13 VICE CHAIR.

14 (APPLAUSE.)

15 CHAIRMAN KLEIN: THANK YOU. TO COMPLETE
16 THIS PROCESS, WE NEED NOW TO ADDRESS THE GRANT
17 ADMINISTRATION POLICY. AND MY UNDERSTANDING, MR.
18 HARRISON, IS THAT GIVEN THAT ALL THE DECISIONS ON
19 GRANTS HAVE BEEN MADE, WE NOW DO NOT HAVE THE SAME
20 CONFLICTS SITUATION BECAUSE WE NOW HAVE GENERAL
21 POLICY IN GRANTS ADMINISTRATION. COULD YOU PLEASE
22 EXPLAIN OUR STATUS IN DISCUSSING THE ITEM NO. 11 --
23 ITEM NO. 13, THE GRANT ADMINISTRATION POLICY FOR
24 THIS MAJOR FACILITIES PROGRAM.

25 MR. HARRISON: SO YOU HAVE BEFORE YOU

BARRISTERS' REPORTING SERVICE

1 BEHIND TAB NO. 13 IN YOUR BINDER PROPOSED AMENDMENTS
2 TO THE FACILITIES GRANT ADMINISTRATION POLICY. I
3 APOLOGIZE THAT IN THE REPRINTING OF THE POLICY, SOME
4 OF THE CODING WAS OFF, SO SOME OF THE TEXT WAS
5 ACTUALLY PRINTED IN THE TABLE OF CONTENTS. YOU CAN
6 IGNORE THAT.

7 THE AMENDMENTS THAT I WANT TO DIRECT YOUR
8 ATTENTION TO BEGIN AT PAGE 5. THE FACILITIES
9 WORKING GROUP, PURSUANT TO ITS CHARGE, CONSIDERED
10 PROPOSED AMENDMENTS TO THE FACILITIES GRANT
11 ADMINISTRATION POLICY AT ITS APRIL 4TH AND 5TH
12 MEETING. DURING THE COURSE OF THAT MEETING, AFTER
13 CONSIDERING PUBLIC COMMENT, THE FACILITIES WORKING
14 GROUP ADOPTED MOTIONS TO NOT ONLY RECOMMEND THE
15 CHANGES THAT STAFF HAD PRESENTED, BUT ALSO TO
16 PROPOSE SEVERAL ADDITIONAL CHANGES. IN ADDITION,
17 SINCE THAT TIME STAFF HAS CONTINUED TO REVIEW THE
18 FACILITIES GRANT ADMINISTRATION POLICY AND IS
19 PRESENTING TO YOU TODAY ADDITIONAL PROPOSED
20 TECHNICAL AND CONFORMING AMENDMENTS.

21 WITH THAT INTRODUCTION, LET ME BRIEFLY
22 SUMMARIZE OR HIGHLIGHT THE PROPOSED AMENDMENTS. IN
23 SECTION A.3 AT PAGE 5, THE PROPOSED FACILITIES GAP
24 AMENDMENT WOULD CLARIFY THAT CIRM MAY REQUIRE
25 GRANTEES TO SUBMIT PROGRESS REPORTS REGARDING THEIR

BARRISTERS' REPORTING SERVICE

1 COMPLIANCE WITH THE PREFERENCE FOR CALIFORNIA
2 SUPPLIERS, A SUBJECT WHICH WE' LL DISCUSS LATER
3 TODAY. OR IN THE ALTERNATIVE, TO SUBMIT SUCH
4 INFORMATION TO CIRM AS PART OF THE GRANTEE' S
5 POSTCOMPLETION FINANCIAL AUDIT.

6 IN SECTION B AT PAGE 5, THE POLICY WOULD
7 BE AMENDED TO PROVIDE THAT GRANTEES THAT RECEIVE THE
8 UP-FRONT DISBURSEMENT THAT THE BOARD HAS JUST
9 APPROVED MUST SUBMIT PREVAILING WAGE CERTIFICATION
10 WITHIN 45 DAYS OF RECEIVING GRANT FUNDS OR SIGNING A
11 CONSTRUCTION CONTRACT, WHICHEVER IS LATER. AS I
12 MENTIONED EARLIER, THIS IS ONE OF THE CONDITIONS
13 SUBSEQUENT WHICH WOULD BE INCLUDED IN THE NOTICE OF
14 GRANT AWARD.

15 IN SECTION H. 1. A AT PAGE 7, THE FGAP WOULD
16 BE AMENDED TO CLARIFY THAT EXECUTION OF A NOTICE OF
17 GRANT AWARD WITH ALL OF THE APPLICANTS WHO HAVE
18 RECEIVED AN AWARD TODAY IS CONTINGENT UPON THEIR
19 AGREEMENT TO DELIVER A PROJECT OF THE SCOPE AND
20 SPECIFICATION DESCRIBED IN THEIR APPLICATION AND ON
21 THE SAME SCHEDULE REGARDLESS OF THE LEVEL OF CIRM
22 FUNDING.

23 IT WOULD ALSO REQUIRE THE GRANTEE TO
24 IDENTIFY THE ADDITIONAL FUNDING OR COST SAVINGS THAT
25 THE GRANTEE WOULD IDENTIFY TO COVER THE DIFFERENCE

BARRISTERS' REPORTING SERVICE

1 BETWEEN THE AMOUNT OF THE FUNDS ORIGINALLY REQUESTED
2 AND THE AMOUNT OF THE CIRM AWARD.

3 IN SECTION H. 1. B. 1, WE'D LIKE TO CLARIFY
4 THE TERMS OF THE UP-FRONT DISBURSEMENT OF GRANT
5 FUNDS, INCLUDING THE REQUIREMENT THAT THE GRANTEE
6 SUBMIT AN INDEPENDENT POSTCOMPLETION FINANCIAL AUDIT
7 WITHIN 120 DAYS OF COMPLETING THE PROJECT AND THE
8 REQUIREMENT, WHICH YOU ALL HAVE JUST DONE, THAT THE
9 ICOC APPROVE THE TERMS OF THE DISCOUNT OFFER.

10 IN SECTION H. 1. B. 2, WE PROPOSE TO
11 ELIMINATE DISBURSEMENT OPTION 2, WHICH WOULD HAVE
12 PERMITTED CIRM TO DISBURSE FUNDS AFTER THE GRANTEE
13 HAD EXPENDED ALL MATCHING FUNDS. THIS WOULD LEAVE
14 TWO DISBURSEMENT OPTIONS, ONE, THE UP-FRONT
15 DISBURSEMENT THAT WE'VE DISCUSSED AND, TWO, A
16 DISBURSEMENT ON A LAST FUNDS IN BASIS; THAT IS,
17 AFTER THE GRANTEE HAS EXPENDED ALL MATCHING FUNDS
18 AND LEVERAGE.

19 AS YOU MAY RECALL, THE VARIOUS
20 DISBURSEMENT OPTIONS WERE IN CIRM'S DISCRETION, AND
21 STAFF BELIEVES THAT THERE ARE NO CIRCUMSTANCES UNDER
22 WHICH CIRM WOULD DISBURSE FUNDS AFTER ALL MATCHING
23 FUNDS HAVE BEEN EXPENDED, SO WE JUST WANT TO CLEAN
24 UP THE LANGUAGE AND ELIMINATE THAT SURPLUSAGE.

25 IN SECTION H. 1. E AT PAGE 9, WE'VE PROPOSED

BARRISTERS' REPORTING SERVICE

1 SEVERAL CHANGES WHICH ARISE OUT OF THE DISCUSSION OF
2 THE FACILITIES WORKING GROUP. FIRST, FOR THOSE
3 GRANTEES THAT SUBMITTED COST ESTIMATES AS PART OF
4 THEIR APPLICATION RATHER THAN CONTRACTED COSTS, THE
5 FGAP WOULD BE AMENDED TO REQUIRE THE GRANTEES TO
6 SUBMIT A REVISED BUDGET TO CIRM WITHIN TEN DAYS OF
7 AWARDING A CONSTRUCTION CONTRACT.

8 AND PURSUANT TO THAT REVISED BUDGET, THE
9 FGAP WOULD GIVE CIRM THE AUTHORITY TO ADJUST THE
10 AMOUNT OF THE GRANT AWARD PROPORTIONALLY IF THE
11 ACTUAL PROJECT COSTS ARE LESS THAN THE APPLICATION
12 ESTIMATES. HOWEVER, THIS ADJUSTMENT WOULD NOT
13 INCLUDE ANY COST SAVINGS MADE TO COVER THE
14 DIFFERENCE BETWEEN THE ORIGINAL AMOUNT REQUESTED AND
15 THE ULTIMATE GRANT AWARD THAT WAS APPROVED TODAY AS
16 LONG AS THOSE COST SAVINGS DO NOT, ONE, AFFECT THE
17 SCOPE AND SPECIFICATION OF THE FACILITY; TWO,
18 COMPROMISE THE SCIENTIFIC VALUE OF THE FACILITY; OR,
19 THREE, EXCEED THE AMOUNT OF THE GRANT REDUCTION.

20 ALSO AT PAGE 10 IN SECTION H.1.F, THIS IS
21 A PROVISION THAT WOULD APPLY AT PROJECT COMPLETION
22 AND WOULD PROVIDE FOR CIRM TO SHARE IN PROJECT COST
23 SAVINGS PROPORTIONATELY TO CIRM'S CONTRIBUTION.
24 AGAIN, EXCEPT FOR THE COST SAVINGS MADE TO COVER THE
25 DIFFERENCE BETWEEN THE AMOUNT OF THE ORIGINAL

BARRISTERS' REPORTING SERVICE

1 REQUEST AND THE ULTIMATE AWARD AS LONG AS THOSE COST
2 SAVINGS DON'T AFFECT THE SCOPE AND SPECIFICATIONS OF
3 THE FACILITY, COMPROMISE THE SCIENTIFIC VALUE OF THE
4 FACILITY, OR EXCEED THE AMOUNT OF THE GRANT
5 REDUCTION.

6 ALSO IN SECTION H. 1. F, WE WOULD SPECIFY
7 THAT THE COST SAVINGS DO NOT INCLUDE ADDITIONAL
8 VALUE DELIVERED BY THE APPLICANT EITHER BY THE MEANS
9 OF ADDING ADDITIONAL SQUARE FOOTAGE TO THE FACILITY
10 OR BY ADDING ADDITIONAL EQUIPMENT WHICH IS COMMITTED
11 FOR USE IN STEM CELL RESEARCH AND WHICH WAS NOT
12 IDENTIFIED IN THE APPLICATION.

13 CHAIRMAN KLEIN: SO AS TO THAT ITEM,
14 RELATED TO THE IMMEDIATELY PRIOR ITEM, WHAT'S
15 IMPORTANT HERE IS A RECOMMENDATION MADE BY THE MAJOR
16 FACILITIES COMMITTEE THAT IF COST SAVINGS WERE USED
17 TO EXPAND THE FOOTAGE DELIVERED, FOR EXAMPLE, OF THE
18 FACILITY, THEY WOULD NOT BE CONSIDERED COST SAVINGS
19 BECAUSE THEY WERE ADVANCING THE MISSION. SO IF
20 THERE'S COST SAVINGS BECAUSE THIS CONSTRUCTION
21 MARKET IS SOFT, THOSE COST SAVINGS COULD BE PUT INTO
22 ACHIEVING GREATER OR MORE EXPANSIVE DELIVERY OF THE
23 MISSION OF THESE INSTITUTIONS.

24 MR. HARRISON: ALSO AT PAGE 10 IN SECTION
25 H. 1. G, WE PROPOSE AN AMENDMENT TO CONFORM THE FGAP

BARRISTERS' REPORTING SERVICE

1 TO THE DISCOUNT PROPOSALS WHICH YOU'VE ACCEPTED
2 TODAY AND TO MAKE CLEAR THAT GRANTEES THAT AGREE TO
3 DISCOUNT THEIR GRANT AWARD IN EXCHANGE FOR THE
4 UP-FRONT DISBURSEMENT OF GRANT FUNDS ARE NOT
5 REQUIRED TO SHARE THEIR PROJECT SAVINGS WITH CIRM,
6 AGAIN, PROVIDED THAT THOSE COST SAVINGS DON'T AFFECT
7 THE SCOPE OR SPECIFICATION OF THE FACILITY OR
8 COMPROMISE THE SCIENTIFIC VALUE OF THE FACILITY.

9 CHAIRMAN KLEIN: OKAY. AND, JAMES,
10 DR. PRICE, I THINK YOU HAVE A QUESTION.

11 DR. PRICE: I DON'T UNDERSTAND THE LOGIC
12 OF THIS. WHY ARE WE PROHIBITING THEM FROM USING THE
13 COSTS SAVINGS TO IMPROVE --

14 CHAIRMAN KLEIN: WE ARE SPECIFICALLY
15 PERMITTING THEM. WE ARE NOT -- WHAT WOULD OTHERWISE
16 BE CALLED A COST SAVINGS, IF IT'S PUT INTO AN
17 IMPROVEMENT IN THE FACILITY, IT IS THEN EXEMPTED
18 FROM THE COST SAVINGS THAT WOULD BE RECAPTURED. SO
19 WE ARE PERMITTING THEM TO INVEST ANY SAVINGS BACK
20 INTO IMPROVING THE FACILITY.

21 MR. HARRISON: IN SECTION H.2 AT PAGE 11,
22 AGAIN, THIS IS A CONFORMING AMENDMENT WITH RESPECT
23 TO THE UP-FRONT DISBURSEMENT PROGRAM. AND THE
24 AMENDMENT WOULD PROVIDE THAT THE PENALTY FOR DELAY
25 BY RECIPIENTS OF UP-FRONT DISBURSEMENTS WOULD BE

BARRISTERS' REPORTING SERVICE

1 OFFSET UP TO THE AMOUNT OF THE DISCOUNT, AGAIN,
2 PROVIDED THAT THE GRANTEE MAKES A GOOD-FAITH EFFORT
3 TO COMPLETE THE PROJECT ON SCHEDULE AND UNDERTAKES
4 ALL COMMERCIALY REASONABLE EFFORTS TO DO SO AND AS
5 LONG AS THE DELAY DOES NOT EXCEED SIX MONTHS.

6 AND IN SECTION H.4 AT PAGE 12, WE WOULD
7 AMEND THE FACILITIES GRANT ADMINISTRATION POLICY TO
8 PROVIDE THAT GRANTEES MUST CONDUCT AN INDEPENDENT
9 POSTCOMPLETION AUDIT OF PROJECT EXPENDITURES TO
10 ENSURE THAT THE GRANTEE HAS EXPENDED CIRM FUNDS ON
11 QUALIFIED COSTS, AND SUCH AUDIT MUST BE SUBMITTED TO
12 CIRM WITHIN 120 DAYS OF PROJECT COMPLETION.
13 FORMERLY THAT PROVISION HAD BEEN IN CIRM'S
14 DISCRETION. THAT'S IT.

15 CHAIRMAN KLEIN: THANK YOU VERY MUCH, MR.
16 HARRISON. COULD YOU DIRECTLY ADDRESS, BEFORE YOU
17 LEAVE THE PODIUM, SINCE WE HAVE NOW VOTED ON ALL THE
18 ALLOCATIONS OF FUNDS, WHO CAN VOTE ON THIS ITEM?

19 MR. HARRISON: AS YOU WILL RECALL, THERE
20 IS AN EXCEPTION IN PROPOSITION 71 FOR CONSIDERATION
21 OF STANDARDS. AND THIS BOARD HAS HISTORICALLY
22 CONSIDERED AMENDMENTS AND ADOPTION OF POLICIES LIKE
23 THOSE SET FORTH IN FACILITIES GRANT ADMINISTRATION
24 POLICY UNDER THAT EXCEPTION.

25 CHAIRMAN KLEIN: WHICH MEANS?

BARRISTERS' REPORTING SERVICE

1 MR. HARRISON: WHICH MEANS THAT ALL
2 MEMBERS MAY PARTICIPATE.

3 CHAIRMAN KLEIN: THANK YOU. SO WITH THAT,
4 IS THERE A MOTION TO PLACE THIS INTO DISCUSSION TO
5 ADOPT THESE AMENDMENTS TO THE GRANT ADMINISTRATION
6 POLICY?

7 DR. BLOOM: SO MOVED.

8 DR. PIZZO: SECOND.

9 CHAIRMAN KLEIN: MOVED BY DR. BLOOM,
10 SECONDED BY DR. PIZZO.

11 DR. FRIEDMAN: I THINK WE SHOULD HAVE DR.
12 WRIGHT MAKE ALL THE --

13 DR. PIZZO: ABSOLUTELY, YES. I WITHDRAW
14 MY SECONDING.

15 DR. WRIGHT: ACTUALLY, YOU KNOW WHAT,
16 MICHAEL, I JUST REALIZED -- I'VE BEEN TRYING TO
17 COMPOSE MYSELF TO SAY SOMETHING ABOUT LEAVING THIS
18 BOARD. AND I REALIZE I WAS BEGINNING TO SOB WHILE
19 JAMES WAS READING THE GAP. I'VE NEVER BEEN CHOKED
20 UP ABOUT GRANT ADMINISTRATION POLICY, BUT I'M GOING
21 TO INTERRUPT THE PROCEEDINGS TO THANK ALL OF YOU FOR
22 THIS EXPERIENCE. I'M NOT EVEN GOING TO TRY NOT TO
23 CRY.

24 SO I CAME INTO THIS BOARD AS A SOMEWHAT --
25 WELL, AS AN EXTREMELY DISCOURAGED FRONT-LINE

BARRISTERS' REPORTING SERVICE

1 PHYSICIAN. AND THIS INITIATIVE HAS GIVEN ME HOPE AS
2 A CAREGIVER BOTH FOR FAMILY MEMBERS AND AS A
3 PROFESSIONAL. IT HAS CHANGED IN MY MIND AND IN MY
4 LIFE THE FEELING THAT WE'RE GOING TO BE ABLE TURN
5 HEALTHCARE AROUND, AND I'M SO PROUD OF MY ADOPTED
6 HOME STATE AS THE PLACE WHERE I THINK THAT'S LIKELY
7 TO HAPPEN THE EARLIEST.

8 I AM IN AWE OF THE CONTRIBUTIONS OF THE
9 MEMBERS OF THIS BOARD, OF THIS OUTSTANDING STAFF
10 THAT THE INSTITUTE HAS PUT TOGETHER OVER TIME,
11 INCLUDING ARLENE CHIU, WHO'S HERE WITH US TODAY.
12 AND AS I SORT OF WRAP UP A CHAPTER MY LIFE WHERE
13 I'VE BEEN TAKING CARE OF PATIENTS AND MOVE INTO
14 TRYING TO HELP IMPROVE HEALTHCARE AND ITS QUALITY,
15 I'M GOING TO TAKE WITH ME ALL OF THE VERY VIVID
16 MEMORIES I HAVE OF THE PATIENTS WHO STOOD HERE AND
17 SHARED THEIR VERY PERSONAL STORIES WITH US BECAUSE
18 IT KEEPS US FOCUSED ON WHAT WE NEED TO DO EVERY DAY
19 AND EVERY NIGHT. AND, AGAIN, I WANT TO THANK YOU
20 ALL FOR ALLOWING ME TO PARTICIPATE.

21 OKAY. I'M DONE.

22 (APPLAUSE.)

23 CHAIRMAN KLEIN: DR. PIZZO.

24 DR. PIZZO: I THINK FOR THOSE OF US WHO'VE
25 HAD THE CHANCE, JANET, TO SERVE WITH YOU FROM THE

BARRISTERS' REPORTING SERVICE

1 BEGINNING, IT'S HARD NOT TO OFFER ANOTHER COMMENT
2 ABOUT HOW WONDERFUL YOU HAVE BEEN. REALLY AN
3 INSPIRATIONAL LEADER TO ALL OF US. I THINK YOUR
4 LAST STATEMENT ABOUT KEEPING THINGS FOCUSED ON
5 PATIENTS AND THE NEEDS THAT WE SERVE IS SO POIGNANT
6 AND SO SPECIAL AND SO RELEVANT TO WHO YOU ARE.

7 AND I WILL NOW JUST CALL ON YOU, AS YOU
8 LEAVE THIS STATE, INSPIRED BY WHAT YOU'VE LEARNED
9 AND MOVE TO WASHINGTON, ONE OF MY FORMER HOMES, THAT
10 YOU, IN FACT, TAKE ON THE CAUSE OF HELPING TO CHANGE
11 THE HEALTHCARE SYSTEM IN THIS NATION, WHICH IS IN
12 DIRE NEED OF YOUR EFFORTS. SO THANK YOU AGAIN FOR
13 ALL YOU'VE BROUGHT TO US.

14 DR. WRIGHT: I HAVE BEEN FULLY INOCULATED
15 WITH STEM CELL FEVER.

16 CHAIRMAN KLEIN: ADDITIONAL COMMENTS FROM
17 THE MEMBERS OF THE BOARD?

18 MR. SERRANO-SEWELL: REAL QUICK. I ALWAYS
19 THOUGHT THAT EACH ONE OF US WAS REPLACEABLE, AND WE
20 ARE. THERE'S ATTRITION ON ANY BIG BOARD LIKE THIS.
21 SOME PEOPLE COME OFF, THEY COME ON, LIFE, BUT I
22 WOULD NOT WANT TO BE THE TREASURER AND FILL THIS
23 SLOT BECAUSE THERE'S GOING TO BE AN EXPECTATION WITH
24 US THAT THERE IS A JANET WRIGHT-TYPE QUALITY, YOU
25 KNOW. IF THERE ISN'T, THAT PERSON IS GOING TO HAVE

BARRISTERS' REPORTING SERVICE

1 A TOUGH TIME BECAUSE ALL THOSE WORKING GROUP
2 MEETINGS WE DID TOGETHER, ALL THOSE PATIENT ADVOCATE
3 DISCUSSIONS WE HAD, ALL THE POLICY BACK AND FORTH
4 AND THE HEATED DISCUSSIONS, JANET WAS JUST A CALM
5 PRESENCE. I'M NOT CALM. I GET ALL WORKED UP.
6 OTHER PEOPLE GET WORKED UP. JANET WAS A CALM AND
7 REASONED PRESENCE THROUGHOUT THIS PROCESS, AND IT
8 REALLY HELPED GUIDE ME IN MAKING SORT OF WHAT I
9 THOUGHT TO BE REALLY WISE AND SOUND POLICY
10 DECISIONS.

11 AND SO I JUST HATE TO SEE YOU LEAVE. IT'S
12 SO UNFAIR.

13 CHAIRMAN KLEIN: ANY ADDITIONAL BOARD
14 COMMENTS?

15 I WOULD JUST LIKE TO SAY THAT, ALTHOUGH I
16 COMPLETELY LACK THE AUTHORITY TO DO THIS, I'D LIKE
17 TO DESIGNATE ON BEHALF OF THIS BOARD JANET WRIGHT AS
18 OUR AMBASSADOR OF THE GREAT NATION STATE OF
19 CALIFORNIA TO THE PUZZLING, PERPLEXING, AND FRENETIC
20 PRESENCE IN WASHINGTON, D.C. OF A GOVERNMENT THAT
21 HAS HEARD OUR CRIES, BUT NOT YET RESPONDED. AND I
22 KNOW THAT AS AN AMBASSADOR, YOU WILL HAVE A HUGE
23 IMPACT ON THE GOVERNMENT THERE. WE WILL EXPECT
24 MIRACLES AS YOU HAVE PERFORMED THEM IN EACH SESSION
25 YOU'VE ATTENDED WITH GREAT WISDOM, WITH GREAT

BARRISTERS' REPORTING SERVICE

1 EMPATHY, AND WITH GREAT LEADERSHIP.

2 SO WE SEND YOU ON YOUR WAY AS OUR
3 AMBASSADOR WITH GREAT THANKS.

4 (APPLAUSE.)

5 CHAIRMAN KLEIN: ANY PUBLIC COMMENTS?

6 MR. REED: I ALWAYS THOUGHT OF DR. WRIGHT
7 AS LIKE MRS. MINIVER IN THE CLASSIC MOVIE OF THE
8 WOMAN WHO SYMBOLIZED THE COURAGE AND GENTILITY OF
9 THE ENGLISH PEOPLE DURING WORLD WAR II. ON BEHALF
10 OF MILLIONS OF AMERICAN FAMILIES WHOSE LOVED ONES
11 SUFFER CHRONIC DISEASE OR DISABILITY, I WOULD LIKE
12 TO SAY A PUBLIC THANK YOU TO DR. JANET WRIGHT.

13 YOUR CONTRIBUTION TO THE CAUSE OF CURES IS
14 IMMENSE AND IRREPLACEABLE, NOT ONLY FOR YOUR WORK AS
15 A CARDIOLOGIST WHERE YOU'VE SHOWN AN UNSTOPPABLE
16 DEDICATION, BUT FOR YOUR QUIET LEADERSHIP ON THE
17 ICOC. SOMETIMES OUR DISCUSSIONS HERE HAVE BECOME A
18 LITTLE BIT HEATED DUE TO THEIR INTENSE IMPORTANCE.
19 WITH YOUR GENTLE SMILE AND GRACIOUS CHARM, YOU
20 HELPED EVERYONE REMEMBER WE'RE ALWAYS ON THE SAME
21 SIDE, FIGHTING AN UPHILL BATTLE WHICH WE MUST WIN.
22 WE'LL MISS YOU TERRIBLY.

23 REMEMBER THERE ARE SUCH THINGS AS FREQUENT
24 FLIER MILES, AND IT'S FITTING THAT YOU ARE A
25 CARDIOLOGIST BECAUSE YOU TAKE WITH YOU A PART OF OUR

BARRISTERS' REPORTING SERVICE

1 HEARTS, AND YOU WILL REMAIN IN OUR HEARTS FOR
2 ALWAYS. THANK YOU SO MUCH.

3 (APPLAUSE.)

4 CHAIRMAN KLEIN: DR. TROUNSON.

5 DR. TROUNSON: I'D JUST LIKE TO INSERT
6 SOMETHING FROM THE MANAGEMENT IN HERE. IT'S AN
7 ABSOLUTE PLEASURE TO INTERACT, AND ALL OF US
8 INTERACTED OVER A LONG PERIOD OF TIME IN MANAGEMENT
9 WITH JANET. AND WE'RE GOING TO MISS HER. BUT LIKE
10 MURPHY, WE AREN'T GOING TO LET YOU GO. IT'S NOT
11 GOING TO BE THAT EASY BECAUSE WE ACTUALLY NEED YOUR
12 INPUT AND YOUR ADVICE, AND WE CAN USE THAT BECAUSE
13 YOU'RE PROBABLY IN PERHAPS SOMETIMES AN EASIER WAY
14 BECAUSE YOU'RE NOT A CONFLICTED BOARD MEMBER, OR I
15 PRESUME SHE WON'T HAVE ANY OVERHANG. BUT I THINK
16 IT'S GOING TO BE VERY IMPORTANT FOR US TO REMAIN
17 CONNECTED WITH YOU, JANET.

18 SO WE'LL BE ON THE TELEPHONE, E-MAIL.
19 WE'LL PROBABLY BOTHER YOU STILL ALL AS MUCH AS
20 YOU'VE BEEN BOTHERED BY US BEFORE NOW. AND I HOPE
21 THAT'S NOT TOO MUCH OF AN INTRUSION, BUT ALL OF
22 STAFF, AND I KNOW I SPEAK FOR ARLENE AND ZACH, AND
23 ALL THE PEOPLE GOING BACK, THAT YOU'RE A VERY
24 SPECIAL PERSON. AND WE'RE NOT LETTING YOU GO THAT
25 EASY.

BARRISTERS' REPORTING SERVICE

1 DR. WRIGHT: THANK YOU VERY MUCH.

2 CHAIRMAN KLEIN: THANK YOU VERY MUCH,
3 JANET.

4 AT THIS POINT WE CERTAINLY REMEMBER WE
5 HAVE A RESOLUTION ON THE FLOOR. I WANT TO ASSURE
6 EVERYONE IN THE AUDIENCE THAT WE CLASSICALLY WILL
7 FOLLOW THIS RESPONSE AND FOLLOW IMPORTANCE RATHER
8 THAN FORM, WHICH WE ARE COMMITTED TO MAKING SURE WE
9 ACCOMPLISH OUR MISSION, AND REALLY ACKNOWLEDGING
10 THOSE THAT WHO CONTRIBUTE SO GREATLY FROM THE
11 SCIENTIFIC COMMUNITY, FROM THE CLINICAL COMMUNITY,
12 FROM THE PATIENT COMMUNITY, AND ALL THE
13 CONSTITUENCIES, BUT CERTAINLY THE TREMENDOUS LEADERS
14 ON THIS BOARD.

15 SHERRY LANSING MENTIONED, A GREAT LEADER,
16 JUST CAME BACK WITH US, AND, SHERRY, THERE IS A
17 MOTION ON THE FLOOR TO APPROVE THE MODIFICATIONS OF
18 THE GRANT ADMINISTRATION POLICY FOR MAJOR
19 FACILITIES. AND SINCE WE HAVE NOW APPROVED THE
20 TOTAL PROGRAM, YOU, ALONG WITH THE OTHER BOARD
21 MEMBERS, CAN VOTE ON THIS ITEM. AND THIS WILL BE
22 THE POLICY THAT ADMINISTERS OUR \$270 MILLION IN THE
23 PROGRAM FOR THESE 12 INSTITUTIONS. AND AS STATED IN
24 THE DISCUSSION THAT LED TO THAT APPROVAL, THE TOTAL
25 AMOUNT THAT THIS ADMINISTRATION POLICY SUPPORTS IS

BARRISTERS' REPORTING SERVICE

1 REALLY HUGELY BUTTRESSED BY THOSE THAT YOU GAVE
2 TRIBUTE TO IN THE AD THAT WAS PUBLISHED ABOUT DONORS
3 TO THE UC SYSTEM BECAUSE WITH THE DONORS AND
4 INSTITUTIONAL COMMITMENTS FOR WHICH I PERSONALLY
5 EXPRESSED GREAT ADMIRATION AND RESPECT AND THANKS,
6 THE TOTAL PROGRAM IS \$1,160,000,000.

7 (APPLAUSE.)

8 CHAIRMAN KLEIN: WITH THAT AND THE
9 DISCUSSION, IS THERE ANY PART OF -- DO YOU HAVE ANY
10 QUESTIONS ON THE GRANT ADMINISTRATION POLICY,
11 SHERRY?

12 MS. LANSING: I ACTUALLY FOLLOWED. SINCE
13 I WASN'T ALLOWED TO SPEAK, IT WAS UNUSUALLY
14 FRUSTRATING FOR ME TO SIT HERE.

15 CHAIRMAN KLEIN: THANK YOU. AT THIS POINT
16 IT IS IN ORDER, COUNSEL, TO HAVE THE VOTE. AND WE
17 CAN DO A ROLL CALL -- WE CAN DO A VOICE VOTE?

18 MR. HARRISON: CORRECT.

19 CHAIRMAN KLEIN: THIS IS ON THE GRANT
20 ADMINISTRATION POLICY. ALL IN FAVOR. OPPOSED?
21 MOTION PASSES.

22 SO AT THIS POINT WE HAVE ADOPTED THE
23 DISCOUNTS, WE HAVE ADOPTED THE ADDITIONAL EQUIPMENT
24 UNDER ITEM 18, WE HAVE ADOPTED THE MASTER
25 RESOLUTION, WE HAVE ADOPTED THE GRANT ADMINISTRATION

BARRISTERS' REPORTING SERVICE

1 POLICY. AND WE ARE GOING TO GO FORWARD AND LOOK AT
2 THE ISSUES OF A CALIFORNIA SUPPLIER DEFINITION AFTER
3 HEARING FROM THE TASK FORCE MEMBERS ON THAT ITEM.

4 AT 11:20, IN ABOUT TEN MINUTES, WE'RE
5 GOING TO TAKE A BREAK FOR A PRESS CONFERENCE AT
6 11:30. THE MAYOR OF LOS ANGELES WILL BE HERE. WE
7 INVITE ALL OF YOU TO JOIN THAT PRESS CONFERENCE.
8 THE SECRETARY OF BUSINESS AND TRANSPORTATION, HAVING
9 BEEN SENT BY THE GOVERNOR, SHOULD BE HERE TO
10 RECOGNIZE THE TREMENDOUS BENEFIT FOR THIS COMMUNITY
11 AND EVERY COMMUNITY IN CALIFORNIA AS WELL AS A
12 BENEFIT TO THE STATE ECONOMY OF AN UNEXPECTED
13 STIMULUS PROGRAM OF MUCH GREATER SCALE THAN ANYONE
14 IMAGINED.

15 WITH THAT ITEM, IF WE COULD ADDRESS THE
16 CALIFORNIA SUPPLIER DEFINITION.

17 MR. HARRISON: AS YOU WILL RECALL, AT THE
18 BOARD'S LAST MEETING IN MARCH, THE BOARD GRANTED A
19 PETITION FILED UNDER THE ADMINISTRATIVE PROCEDURE
20 ACT BY INVITROGEN TO INITIATE A PROCESS FOR THE
21 ADOPTION OF A REGULATION TO DEFINE THE TERM
22 "CALIFORNIA SUPPLIER."

23 AS BACKGROUND, YOU ALL WILL RECALL THAT
24 PROPOSITION 71 INCLUDES A PROVISION THAT STATES A
25 PREFERENCE FOR THE USE OF CALIFORNIA SUPPLIERS BY

BARRISTERS' REPORTING SERVICE

1 CIRM GRANTEES. AND TODAY WE WOULD LIKE TO BRING TO
2 YOU A PROPOSED DEFINITION, NOT FOR ADOPTION, BUT FOR
3 YOUR CONSIDERATION. WE WOULD THEN PROPOSE TO
4 DISTRIBUTE THE DEFINITION TO OUR INTERESTED PERSONS
5 LIST TO SOLICIT PUBLIC COMMENT, AND THEN TO BRING
6 THE DEFINITION BACK TO YOU AT YOUR MEETING IN JUNE
7 FOR CONSIDERATION FOR ADOPTION AS AN INTERIM
8 REGULATION.

9 AS YOU WILL RECALL, PROPOSITION 71
10 AUTHORIZES THE BOARD TO ADOPT INTERIM REGULATIONS
11 THAT ARE NOT SUBJECT TO THE FORMAL PROCEDURES OF THE
12 ADMINISTRATIVE PROCEDURE ACT. AND THOSE REGULATIONS
13 HAVE A LIFE OF 270 DAYS UNLESS EARLIER SUPERCEDED BY
14 A FINAL REGULATION ADOPTED AND APPROVED BY THE
15 OFFICE OF ADMINISTRATIVE LAW.

16 ONCE WE FINALIZE AN INTERIM REGULATION, WE
17 WILL COMMENCE THE FORMAL ADMINISTRATIVE PROCEDURE
18 ACT. AGAIN, WHAT WE'RE DOING HERE TODAY IS THE VERY
19 FIRST STEP IN A PROCESS THAT WILL PROVIDE MULTIPLE
20 OPPORTUNITIES FOR PUBLIC COMMENT AND FOR BOARD
21 INPUT.

22 WHAT YOU SEE ON THE SCREEN IN FRONT OF YOU
23 IS A DEFINITION OF CALIFORNIA SUPPLIER WHICH IS
24 INCLUDED IN LEGISLATION CURRENTLY PENDING BEFORE THE
25 LEGISLATURE, AB 2381, SPONSORED BY ASSEMBLYMEMBER

BARRISTERS' REPORTING SERVICE

1 MULLIN. THIS BILL WOULD DEFINE CALIFORNIA SUPPLIER
2 TO MEAN ANY SOLE PROPRIETORSHIP, PARTNERSHIP, JOINT
3 VENTURE, CORPORATION, OR BUSINESS ENTITY THE OWNERS
4 OR POLICYMAKING OFFICERS OF WHICH ARE DOMICILED IN
5 CALIFORNIA AND WHOSE PERMANENT PRINCIPAL OFFICE OR
6 PLACE OF BUSINESS FROM WHICH THE SUPPLIER'S TRADE IS
7 DIRECTED OR MANAGED IS LOCATED IN CALIFORNIA.

8 INVITROGEN HAS PROPOSED A SLIGHTLY
9 MODIFIED DEFINITION. THIS DEFINITION PROVIDES THAT
10 CALIFORNIA SUPPLIER MEANS A SOLE PROPRIETORSHIP,
11 PARTNERSHIP, JOINT VENTURE, CORPORATION, OR OTHER
12 BUSINESS ENTITY THE OWNERS OR POLICYMAKING OFFICERS
13 OF WHICH ARE DOMICILED IN CALIFORNIA AND WHOSE
14 PRINCIPAL OFFICE OR PLACE OF BUSINESS IS LOCATED IN
15 CALIFORNIA AND FROM WHICH THE SUPPLIER'S TRADE OR
16 BUSINESS IS MANAGED.

17 AT YOUR LAST MEETING YOU DISCUSSED ASKING
18 TWO BOARD MEMBERS, DUANE ROTH AND TED LOVE, TO STUDY
19 THIS ISSUE FURTHER, AND THEY HAVE DONE SO AND HAVE
20 COME BACK WITH A DEFINITION THAT ACCEPTS ESSENTIALLY
21 THE PROPOSED LANGUAGE OF INVITROGEN AND
22 ASSEMBLYMEMBER MULLIN, BUT ADDS TO IT.

23 PURSUANT TO THIS DEFINITION, CALIFORNIA
24 SUPPLIER WOULD MEAN, AGAIN, A SOLE PROPRIETORSHIP,
25 PARTNERSHIP, JOINT VENTURE, CORPORATION, OR OTHER

BARRISTERS' REPORTING SERVICE

1 BUSINESS ENTITY, ONE, WHOSE OWNERS OR POLICYMAKING
2 OFFICERS ARE DOMICILED IN CALIFORNIA AND WHOSE
3 PERMANENT PRINCIPAL OFFICE OR PLACE OF BUSINESS FROM
4 WHICH THE SUPPLIER'S TRADE IS DIRECTED OR MANAGED IS
5 LOCATED IN CALIFORNIA.

6 AN ALTERNATIVE TEST WOULD BE A SOLE
7 PROPRIETORSHIP, ETC., THAT EMPLOYS AT LEAST
8 ONE-THIRD, WITH A MINIMUM OF 100, OF ITS TOTAL
9 EMPLOYEES IN CALIFORNIA.

10 AND THE THIRD TEST WOULD ACTUALLY BE A
11 PRODUCT-SPECIFIC TEST, AND THAT WOULD RELATE TO A
12 COMPANY THAT PRODUCES OR MANUFACTURES A PRODUCT OR
13 PRODUCTS IN CALIFORNIA FOR THE SPECIFIC PRODUCT OR
14 PRODUCTS WHICH ARE USED BY CIRM GRANTEES. IN OTHER
15 WORDS, UNDER TEST THREE, THE COMPANY WOULD NOT BE A
16 CALIFORNIA SUPPLIER FOR ALL PURPOSES, BUT ONLY FOR
17 THE PURPOSES OF THOSE PRODUCTS WHICH ARE
18 MANUFACTURED IN CALIFORNIA AND THAT ARE USED BY CIRM
19 GRANTEES.

20 I'D LIKE TO ASK --

21 CHAIRMAN KLEIN: WHAT I'D LIKE TO DO, MR.
22 HARRISON, IS THAT, GIVEN THAT I DON'T WANT TO GET IN
23 THE MIDDLE OF THE PRESENTATION BY BOTH BOARD MEMBERS
24 AND BE INTERRUPTED, I THINK WE'RE GOING TO BREAK AT
25 THIS MOMENT AND COME BACK FOR THIS DISCUSSION RIGHT

BARRISTERS' REPORTING SERVICE

1 AFTER THIS PRESS CONFERENCE. THANK YOU.

2 (A RECESS WAS TAKEN.)

3 CHAIRMAN KLEIN: WE ARE ON THE CALIFORNIA
4 SUPPLIER ITEM. IF STAFF COULD HELP ROUND UP THE
5 ADDITIONAL BOARD MEMBERS, WHAT I'D LIKE TO DO,
6 DUANE, IF I COULD START WITH YOUR COMMENTS, PLEASE.
7 THEN AS SOON AS DR. LOVE RETURNS, TURN TO DR. LOVE'S
8 COMMENTS.

9 MR. ROTH: SO AS I THINK JAMES LEFT OFF,
10 THERE ARE THREE DEFINITIONS THAT WE CAME UP WITH.
11 THE FIRST ONE WAS THE ONE PROPOSED AT OUR LAST
12 MEETING BY INVITROGEN. THE SECOND ONE DEALS WITH A
13 COMPANY THAT MIGHT NOT BE HEADQUARTERED IN
14 CALIFORNIA, BUT REALLY HAS A SUBSTANTIAL PART OF
15 THEIR WORKFORCE LIVING AND PAYING TAXES IN
16 CALIFORNIA. SO YOU SEE THE CONDITIONS FOR NO. 2 TO
17 QUALIFY WOULD BE AT LEAST ONE-THIRD OF YOUR
18 EMPLOYEES ARE IN CALIFORNIA WITH A MINIMUM OF 100
19 EMPLOYEES SO THAT A SMALL COMPANY COULDN'T GAME THAT
20 BY MOVING TWO PEOPLE IN.

21 THE THIRD ONE DEALS WITH A PRODUCT THAT'S
22 MANUFACTURED IN CALIFORNIA, BUT THE HEADQUARTERS OF
23 THE COMPANY WHO OWNS THEM IS NOT IN CALIFORNIA.
24 THAT PRODUCT WOULD QUALIFY AS A, QUOTE, CALIFORNIA
25 SUPPLIER, JUST THAT PRODUCT, NOT THE COMPANY, BUT

BARRISTERS' REPORTING SERVICE

1 THE PRODUCT.

2 SO WITH THAT, IN TALKING WITH INSTITUTIONS
3 ABOUT THEIR ABILITY TO TRACK AND COMPLY WITH THIS,
4 IT SEEMED EXTREMELY DOABLE, NO. 1. AND NO. 2, THEY
5 ALL FELT THAT THESE DEFINITIONS, IF WE TELL THEM WHO
6 QUALIFIES, THEY CAN GET US THE INFORMATION THAT
7 COMES BACK.

8 SO WE HAVE DISCUSSED THIS, TED WITH SOME
9 PEOPLE, MYSELF WITH DIFFERENT PEOPLE, AND CAME TO
10 THE SAME CONCLUSION THAT THIS WORKS, I THINK, FOR
11 EVERYONE.

12 CHAIRMAN KLEIN: AND I BELIEVE, DUANE,
13 IT'S APPROPRIATE TO SAY THAT JANET LAMBERT HAS BEEN
14 CONSULTED WITH INVITROGEN. AND MY UNDERSTANDING IS
15 THAT JANET UNDERSTANDS WHY THE DEFINITION WOULD HAVE
16 TO BE BROADENED TO TAKE IN THE CATEGORY 2 AND 3. IS
17 THAT A CORRECT STATEMENT?

18 MR. ROTH: THAT'S CORRECT. AND THEY HAVE
19 COUNSEL HERE. I'M SURE WE'LL HEAR IF IT'S NOT.

20 IN ADDITION, WE TALKED TO OTHERS ABOUT
21 THIS, AND IT SEEMED TO BE ACCEPTABLE, CALIFORNIA
22 HEALTHCARE INSTITUTE AND OTHERS.

23 CHAIRMAN KLEIN: AND IN TURNING TO DR.
24 LOVE FOR HIS COMMENTS, ON POINT 3, JUST AS A
25 SUGGESTION, YOU MIGHT SAY THAT PRODUCES, BUILDS, OR

BARRISTERS' REPORTING SERVICE

1 MANUFACTURES BECAUSE, AS IT APPLIES TO THE
2 FACILITIES, THE CALIFORNIA FIRMS ARE, IN FACT, GOING
3 TO HAVE A DOMINANT ROLE IN BUILDING THOSE
4 FACILITIES. DR. LOVE.

5 DR. LOVE: I'M NOT SURE IF I HAVE TOO MUCH
6 TO ADD, BOB, OTHER THAN TO SAY THAT I THINK THE
7 SPIRIT THAT DUANE AND I HAVE BEEN TRYING TO WORK IN
8 IS TO COME UP WITH A DEFINITION THAT IS SUFFICIENTLY
9 INCLUSIVE, THAT IT REALLY DOES CAPTURE THE
10 INSTITUTIONS THAT RELATE BACK TO THE SPIRIT OF THE
11 INTENT HERE, WHICH IS TO BASICALLY FUND THE MONEY
12 BACK INTO INSTITUTIONS THAT ARE CALIFORNIA -- THAT
13 BENEFIT CALIFORNIA. I THINK THAT'S WHAT WE'RE
14 TRYING TO DO.

15 THE ONLY THING I WOULD ADD, MAYBE, IS THAT
16 I SUSPECT THIS DEFINITION, WHILE IT'S A GOOD START,
17 IS PROBABLY NOT PERFECT. AND, IN FACT, WE WELCOME
18 PEOPLE TO INPUT THIS BECAUSE REALLY WHAT WE'RE
19 TRYING TO DO IS GET THE PROCESS STARTED.

20 MR. ROTH: TED AND BOB, ONE OTHER THING I
21 FORGOT TO MENTION. THE THIRD ONE WHERE IT SAYS
22 MANUFACTURES A PRODUCT, THERE HAS TO BE A DEFINITION
23 AROUND THAT. WE'RE NOT GOING TO LET PEOPLE SEND IT
24 IN AND DO THE FINAL PACKAGING AND SAY THAT'S A
25 CALIFORNIA PRODUCT. MANUFACTURING WILL BE A DEFINED

BARRISTERS' REPORTING SERVICE

1 TERM.

2 CHAIRMAN KLEIN: SO YOU WOULD CONTEMPLATE
3 THAT DURING THE COMMENT PERIOD, YOU WOULD DEVELOP
4 SOME ADDITIONAL REFINEMENTS OF THE TERM?

5 MR. ROTH: THAT HAS TO BE DEFINED BETTER
6 TO SAY WHAT WE MEAN BY MANUFACTURED IN CALIFORNIA.

7 AND ONE OTHER JUST OVERALL, REMEMBER, THIS
8 IS ONLY A GOAL FOR HALF. SO THE ONES THAT DON'T
9 QUALIFY CAN COMPETE FOR THE OTHER HALF OF THE
10 DOLLARS AND QUALIFY THERE. SO IT'S NOT, I THINK,
11 VERY RESTRICTIVE.

12 CHAIRMAN KLEIN: THANK YOU.

13 DR. BRYANT: I WAS JUST GOING TO SAY WHEN
14 DO YOU THINK THIS DEFINITION WILL BE SETTLED BECAUSE
15 ONE OF THE WAYS THAT WOULD HELP TO SATISFY THIS
16 REQUIREMENT, ONE OF THE THINGS WE SUGGESTED WOULD BE
17 TO HAVE THIS IN THE BID REQUEST SO THAT PEOPLE KNOW
18 WHAT IT IS YOU'RE LOOKING FOR WHEN THEY MAKE THE
19 BID. IF WE ARE GOING TO HAVE TO WAIT FOR ANOTHER
20 MEETING FOR IT, IT'S NOT GOING TO HAPPEN.

21 CHAIRMAN KLEIN: SO, JAMES HARRISON, COULD
22 YOU DESCRIBE THE PROCESS WE'RE PROPOSING AGAIN SO WE
23 CAN GET ACUTE CLARITY ON THE DEFINITION AND AT WHAT
24 TIME IT WOULD BECOME AN INTERIM DEFINITION AND WHAT
25 TIME IT WOULD BE PERMANENT.

BARRISTERS' REPORTING SERVICE

1 MR. HARRISON: AFTER THE MEETING TODAY,
2 ASSUMING THAT YOU APPROVE A PROCESS WHEREBY WE WOULD
3 DISTRIBUTE THIS DEFINITION TO AN INTERESTED PERSONS
4 LIST TO SOLICIT PUBLIC COMMENT, WE WOULD PLAN TO
5 ASSEMBLE THAT COMMENT, REFINE THE DEFINITION, AS
6 DUANE SUGGESTED, AND BRING IT BACK TO THE BOARD FOR
7 THE BOARD'S CONSIDERATION AS AN INTERIM REGULATION
8 AT THE JUNE 26TH MEETING.

9 AT THAT POINT IN TIME, IF THE BOARD WERE
10 TO ADOPT THE PROPOSAL, IT WOULD HAVE FORCE AS AN
11 INTERIM REGULATION AND WOULD REMAIN IN EFFECT FOR
12 270 DAYS UNLESS EARLIER SUPERSEDED BY A FORMAL
13 REGULATION.

14 AND DURING THAT 270-DAY PERIOD, WE WOULD
15 INITIATE THE FORMAL OFFICE OF ADMINISTRATIVE LAW
16 PROCESS FOR ADOPTING THE REGULATION PERMANENTLY,
17 WHICH WOULD ENTAIL AN ADDITIONAL PUBLIC COMMENT
18 PERIOD.

19 CHAIRMAN KLEIN: AND SO THE INDIVIDUAL
20 INSTITUTIONS COULD ACTUALLY USE THIS WORDING NOW IN
21 THEIR PACKETS, INDICATING THIS IS NOT A REGULATORY
22 MANDATE. IT'S A BEST EFFORTS AND A REPORTING ISSUE,
23 WITH THE INTENT OF UPDATING IT AT THE TIME THAT IT
24 BECOMES AN INTERIM REGULATION AND THEN TO THE EXTENT
25 THERE'S ANY REFINEMENT FOR PERMANENT REGULATION, BUT

BARRISTERS' REPORTING SERVICE

1 THE INTENT IS TO GIVE YOU SOMETHING YOU CAN USE
2 IMMEDIATELY, INDICATING TO PEOPLE THAT THEY CAN
3 START TO LOOK AT THEIR REPORTING IN THIS CONTEXT.

4 DR. LEVEY: I WAS WONDERING IS THERE NO
5 PRECEDENT FOR THIS IN THE STATE OF CALIFORNIA SO
6 THAT THE STATE MAY HAVE DEFINED WHAT -- I WAS ASKING
7 WHETHER OR NOT THERE IS SOME PRECEDENT IN THE STATE
8 OF CALIFORNIA WHERE THE STATE WOULD HAVE DEFINED
9 WHAT A CALIFORNIA COMPANY IS BECAUSE I REMEMBER WHEN
10 WE WERE SHOWN THIS LETTER, AT LEAST WE ALL RECEIVED
11 A LETTER THREE, FOUR, FIVE MONTHS AGO, AND YOU COULD
12 JUST PICTURE A SUIT COMING OUT OF THIS IF SOMEBODY
13 DISAGREES WITH OUR DEFINITION. SO ANYBODY CHECK
14 WITH THE ATTORNEY GENERAL OR SOMEONE ON THIS ISSUE
15 SO WE DON'T HAVE TO REINVENT THE WHEEL?

16 CHAIRMAN KLEIN: MR. HARRISON.

17 MR. HARRISON: TO RESPOND TO YOUR LAST
18 POINT FIRST, CIRM DOES HAVE THE AUTHORITY TO ADOPT
19 ITS OWN DEFINITION OF CALIFORNIA SUPPLIER UNDER
20 PROPOSITION 71. THERE ARE SOME EXISTING DEFINITIONS
21 WHICH WE HAVE LOOKED AT. FOR EXAMPLE, THERE'S A
22 PIECE OF LEGISLATION CALLED THE TARGET AREA CONTRACT
23 PREFERENCE ACT, WHICH ESTABLISHES A PREFERENCE TO
24 CALIFORNIA-BASED COMPANIES SUBMITTING BIDS OR
25 PROPOSALS FOR STATE CONTRACTS THAT ARE TO BE

BARRISTERS' REPORTING SERVICE

1 PERFORMED IN CALIFORNIA. SO THERE ARE SOME EXISTING
2 DEFINITIONS. WE'VE LOOKED AT THEM AND CONTINUE TO
3 REVIEW THESE DEFINITIONS AS WE PROCEED.

4 CHAIRMAN KLEIN: AND ADMINISTRATIVELY --
5 I'M GOING TO CALL ON DR. TROUNSON IN A SECOND HERE.
6 BUT ADMINISTRATIVELY THE CONCEPT, AT LEAST, FOR
7 IMPLEMENTATION WILL BE BROUGHT BACK TO THE JUNE
8 MEETING AS WELL. AND AT THIS MOMENT THE THEORY IS
9 THAT THERE WOULD BE LISTS DRAWN UP OF CALIFORNIA
10 SUPPLIERS, GIVEN TO INSTITUTIONS SO THEY CAN DO A
11 COMPUTER CROSS RUN OF THEIR EXPENDITURES AGAINST
12 THIS LIST, AND PRODUCE A RESULTING LIST WITHOUT A
13 LOT OF ADMINISTRATIVE BURDEN. WE NEED TO MINIMIZE
14 ADMINISTRATIVE BURDEN, ELIMINATE ADMINISTRATIVE
15 COSTS, AND FULFILL THE OBJECTIVE. THAT'S THE
16 GUIDELINE.

17 DR. LOVE: JUST TO RESPOND TO JERRY'S
18 POINT. I THINK THAT THERE WILL BE PEOPLE WHO MAY
19 NOT INITIALLY BE ON THIS LIST WHO WOULD WANT TO BE
20 ON THE LIST, BUT I THINK THE WAY WE ENVISION THIS
21 PROCESS IS THAT YOU'D BE ABLE TO MAKE AN APPLICATION
22 AND COMMUNICATE WITH US. AND I THINK TO GO BACK TO
23 DUANE'S POINT EARLIER, YOU DON'T HAVE TO BE ON THIS
24 LIST TO BE AN APPROPRIATE INSTITUTION TO BUY STUFF
25 FROM. IN FACT, THIS IS A GOAL, AND IT IS A GOAL TO

BARRISTERS' REPORTING SERVICE

1 TRY TO SPEND 50 PERCENT OF THE MONEY.

2 SO ONE WANTS TO MAKE SURE THAT WE'RE DOING
3 THIS RIGHT, BUT IT'S ALSO IMPORTANT TO KEEP IN MIND
4 THAT THERE WILL BE A PROCESS AS FOR A PILL AND IT
5 WILL BE SOMEWHAT OF A LIVING PROCESS AT LEAST FOR
6 DEFINING WHO'S ON THE LIST AND WHO'S NOT ON THE
7 LIST.

8 CHAIRMAN KLEIN: IN CONSTRUCTION THE
9 ADMINISTRATIVE GUIDANCE IN THE GAP IS THAT THIS
10 REPORT WOULD BE FILED WITH THE AUDIT 120 DAYS AFTER
11 COMPLETION, SO YOU'RE ONLY GOING TO HAVE TO GO
12 THROUGH THIS ONCE. ANY CHANGES TO THE DEFINITION
13 WILL HAVE OCCURRED, AND YOU WILL HAVE A CLEAN LIST
14 TO RUN YOUR COMPUTER RUNS IN COMPARISON TO.

15 ADDITIONAL COMMENTS FROM DR. TROUNSON.

16 DR. TROUNSON: CHAIR, I THINK THE BOARD
17 NEED TO BE AWARE THAT WE HAVE NOT SEEN THIS
18 DEFINITION IN MANAGEMENT. WE NEED TO CONSIDER IT.
19 THERE ARE ISSUES THAT WE WOULD HAVE WITH THIS, AND
20 WE WANT THE BOARD TO UNDERSTAND THAT IT'S IMPORTANT
21 FOR US TO HAVE A LOOK AT, YOU KNOW, THE COMPLIANCE
22 ISSUES FROM OUR POINT OF VIEW AND HOW WE RELATE TO
23 THOSE INSTITUTIONS IN THIS REGARD. SO, YOU KNOW,
24 WITH RESPECT, WE WOULD LIKE TO HAVE THAT OPPORTUNITY
25 TO INPUT INTO IT AND BELIEVE THAT THE BOARD NEEDS TO

BARRISTERS' REPORTING SERVICE

1 BE AWARE THAT WE HAVEN' T AT THIS POINT.

2 CHAIRMAN KLEIN: THANK YOU, DR. TROUNSON.
3 WHILE THERE' S BEEN DISCUSSIONS IN EXECUTIVE
4 COMMITTEE, I HAVEN' T, AND I PARTICIPATED IN SOME
5 PHONE CALLS, I HAVEN' T ACTUALLY SEEN THIS IN TEXT
6 EITHER. SINCE THIS IS A DISCUSSION FOR INPUT, THE
7 BEST PRACTICE HOPEFULLY THAT WE ALWAYS ACHIEVE IS TO
8 MAKE SURE, MANAGEMENT, YOU PERSONALLY SIGN OFF. I
9 APOLOGIZE THAT WE DIDN' T GET THAT TO HAPPEN IN THIS
10 CASE, AND WE WILL ALWAYS STRIVE FOR THE BEST
11 PRACTICE. GIVEN THE NUMBER OF THINGS WE HAD TO DEAL
12 WITH TODAY, IT' S SOMETHING THAT DIDN' T HAPPEN; BUT,
13 AGAIN, WE WILL ALWAYS STRIVE TO DO THAT. WE' LL LOOK
14 FORWARD TO YOUR LEADERSHIP AS WELL AS INPUT ON THIS
15 ITEM.

16 ADDITIONAL COMMENTS? DR. TROUNSON, FOR
17 PURPOSES OF COMMENT, DO YOU HAVE A PROBLEM IN
18 STARTING OUT WITH THIS RATHER THAN THE INVI TROGEN
19 DEFINITION FOR PURPOSES OF COMMENT?

20 DR. TROUNSON: WELL, CHAIR, I THINK I' D
21 RATHER START WITH THE INVI TROGEN. I DON' T MIND HOW
22 THIS SORT OF GOES, BUT IN A SENSE, THINKING,
23 COUNTING A THIRD OF THE STAFF OF A HUNDRED, IT SEEMS
24 TO ME ONE OF THE DIFFICULTIES THAT WE' LL HAVE WITH
25 THE INSTITUTIONS. BUT I THINK THE DRAW ON IT IS TO

BARRISTERS' REPORTING SERVICE

1 GET AS MUCH INPUT AS WE CAN. I LIKE THE START
2 POINT, INVITROGEN'S START POINT. I'M NOT
3 NECESSARILY WANTING TO AGREE WITH IT, BUT I THOUGHT
4 THAT WE HAD A LOT OF INPUT FROM THE LEGISLATURE
5 ARGUING THAT THAT OUGHT TO BE THE START POINT. SO I
6 HAVE A FEELING THAT I PREFER THAT; BUT, OF COURSE,
7 THAT'S YOUR DECISION AND NOT MINE.

8 CHAIRMAN KLEIN: WITH THE CONSULTATION
9 WITH JANET LAMBERT FROM INVITROGEN ACTUALLY
10 SUPPORTING THIS ADDITIONAL WORDING, I THINK AT THE
11 LEGISLATURE WE HAVE A SOUND POSITION TO AT LEAST VET
12 THESE ISSUES OF THESE DIFFERENT -- OF ITEM 2 AND 3
13 IF THAT'S ACCEPTABLE.

14 DR. LOVE: I'LL JUST SAY EVEN, I THINK,
15 JANET AT INVITROGEN RECOGNIZED THAT THEIR ORIGINAL
16 DEFINITION WAS PROBABLY TOO NARROW TO REALLY CAPTURE
17 THE SPIRIT OF WHAT WE'RE TRYING TO DO. THAT'S
18 REALLY ALL WE'RE TRYING TO DO, ALAN, IS BROADEN THE
19 DEFINITION OUT BECAUSE WE KNOW THAT PROBABLY EVEN
20 THIS DEFINITION, EVEN THOUGH IT'S MUCH BROADER THAN
21 INVITROGEN'S, IT'S PROBABLY NOT SUFFICIENTLY BROAD.

22 CHAIRMAN KLEIN: OKAY. WITH THAT, I'D
23 LIKE TO UNDERSTAND IF THE BOARD WOULD LIKE TO HAVE A
24 RESOLUTION TO EITHER ADOPT THE INVITROGEN RESOLUTION
25 OR THIS RESOLUTION -- EITHER THE INVITROGEN

BARRISTERS' REPORTING SERVICE

1 DEFINITION OR THIS DEFINITION IN THIS FORM FOR
2 PURPOSES OF THE COMMENT PERIOD FOR POSTING AND
3 COMMENT ONLY, UNDERSTANDING WE'RE GOING TO LOOK TO
4 MANAGEMENT FOR A SPECIFIC LEADERSHIP REPORT IN JUNE
5 FOR GUIDANCE ON THE FINAL DEFINITION.

6 MS. GIBBONS: ONE QUICK COMMENT. I
7 UNDERSTAND THAT WE HAVE THE AUTHORITY TO CREATE OUR
8 OWN DEFINITION, BUT WOULD YOU RECOUNT AGAIN, IN CASE
9 I MISSED IT, WHAT EXISTS CURRENTLY BY WAY OF
10 DEFINITION FOR CALIFORNIA SUPPLIER THAT WE WOULD NOT
11 WANT TO BE UMBRELLA'D UNDER OR GRANDFATHERED UNDER
12 THAT TO SAVE US, OR IT IS NOT APPLICABLE FOR OUR
13 PURPOSES?

14 CHAIRMAN KLEIN: MR. HARRISON, COULD YOU
15 ADDRESS THAT?

16 MR. HARRISON: THE LEGISLATURE HAS ENACTED
17 A PIECE OF LEGISLATION THAT DEALS WITH A SLIGHTLY
18 DIFFERENT ISSUE. IT'S A PREFERENCE FOR BIDDING. AS
19 ONE COMPONENT OF THAT, THEY HAVE ADOPTED A
20 DEFINITION OF A CALIFORNIA-BASED COMPANY. WE HAVE
21 REVIEWED THAT, AND WE WILL CONTINUE TO LOOK AT THAT
22 TO SEE WHETHER WE CAN BORROW THAT DEFINITION, BORROW
23 ELEMENTS OF IT, OR WHETHER IT'S NOT SUITABLE FOR OUR
24 PURPOSES.

25 CHAIRMAN KLEIN: THE FUNDAMENTAL

BARRISTERS' REPORTING SERVICE

1 CONSTRAINT HERE, LEEZA, IS THAT SINCE INVITROGEN
2 WITH LEGISLATIVE SUPPORT ASKED US TO VET THIS
3 DEFINITION, WE'RE TRYING TO WORK IN A RESPONSIVE
4 RELATIONSHIP WITH THE LEGISLATURE. AND THEN AS A
5 PART OF THE REPORT, I TAKE IT, WE WILL HAVE IN JUNE
6 WILL BE WHAT PORTIONS OF OTHER DEFINITIONS THAT WORK
7 WELL OR HAVE NOT WORKED WELL, BUT AT LEAST WE'RE
8 TRYING TO STAY AS CLOSE TO INVITROGEN'S DEFINITION
9 AS POSSIBLE AT THIS STAGE.

10 SO WHAT IS THE PLEASURE OF THE BOARD IN
11 TERMS OF A MOTION?

12 MR. ROTH: I'LL MAKE THE MOTION TO ADOPT
13 THIS AS THE DEFINITION AND GET PUBLIC COMMENT ON.

14 CHAIRMAN KLEIN: IS THERE A SECOND?

15 DR. PENHOET: SECOND.

16 CHAIRMAN KLEIN: DR. PENHOET IS THE
17 SECOND.

18 DR. POMEROY: MAY I MAKE A FRIENDLY
19 AMENDMENT, IF DUANE WOULD ACCEPT THIS, TO GET PUBLIC
20 AND STAFF COMMENT ON IT?

21 MR. ROTH: THAT'S FINE.

22 CHAIRMAN KLEIN: AND WOULD THAT BE, DUANE
23 AND DR. PENHOET, WITH ADDITION OF THE WORD "BUILD"
24 TO ITEM 3? YES. BOTH INDIVIDUALS SAID YES FOR THE
25 RECORD. SO IT WOULD BE THAT PRODUCES, BUILDS, OR

BARRISTERS' REPORTING SERVICE

1 MANUFACTURES. THANK YOU. PUBLIC COMMENT?

2 MR. VALENCIA: MR. CHAIRMAN AND MEMBERS,
3 JOHN VALENCIA HERE REPRESENTING INVITROGEN. JUST A
4 COUPLE OF QUICK WORDS IN RESPONSE TO MS. GIBBONS'
5 INQUIRY AND THE GENTLEMAN'S INQUIRY EARLIER. THERE
6 ARE MYRIAD NUMBER OF DEFINITIONS OF CALIFORNIA
7 ENTITY, BUT VIRTUALLY ALL OF THEM HAVE BEEN
8 CUSTOMIZED FOR THE DIFFERENT TYPE OF PREFERENCE,
9 WHETHER IT'S A DISABLED VETERAN'S PREFERENCE OR A
10 CONTRACTOR'S PREFERENCE.

11 SO IN ANSWER TO DO YOU NEED TO REINVENT
12 THE WHEEL, WELL, SORT OF, BUT FOR THE SPECIFIC
13 PURPOSES HERE.

14 AND WE'RE CERTAINLY OPEN TO THE OTHER
15 PLANKS FOR ALTERNATE CONSIDERATION OF
16 CALIFORNIA-NESS. ALL OF THEM WILL HAVE TO BE VETTED
17 AT SOME LEVEL BEFORE THE ORGANIZATION WITH YOUR
18 VARIOUS GRANTEES. THANK YOU.

19 CHAIRMAN KLEIN: THANK YOU VERY MUCH, AND
20 THANK YOU FOR YOUR PRESENTATION IN SACRAMENTO.

21 MR. LAKAVAGE: GOOD MORNING -- GOOD
22 AFTERNOON. MY NAME IS TONY LAKAVAGE, AND I
23 REPRESENT BD OR BECKMAN DICKINSON, AS WE'RE ALSO
24 KNOWN. WE'RE A GLOBAL MEDICAL TECHNOLOGY COMPANY
25 WITH THREE MAIN BUSINESS SEGMENTS, ONE OF WHICH IS

BARRISTERS' REPORTING SERVICE

1 BD MEDICAL BASED IN NEW JERSEY, ONE OF WHICH IS BD
2 DIAGNOSTICS BASED IN MARYLAND, AND THE THIRD IS BD
3 BIOSCIENCES, WHICH IS BASED IN SAN JOSE.

4 AND BD BIOSCIENCES IS A LIFE SCIENCES
5 RESEARCH TOOLS COMPANY. MANY OF OUR TOOLS HAVE STEM
6 CELL APPLICATIONS. MANY OF THEM HAVE BEEN DESIGNED
7 JUST FOR THE STEM CELL RESEARCH ENTERPRISE. WE ARE
8 HEADQUARTERED IN SAN JOSE. WE ARE IN THE PROCESS OF
9 SIGNIFICANTLY EXPANDING THAT FACILITY. WE HAVE
10 THREE FACILITIES IN SAN DIEGO, ONE IN OCEANSIDE,
11 1500 EMPLOYEES IN CALIFORNIA, AND PAY MORE TAXES IN
12 CALIFORNIA THAN ANY STATE IN THE COUNTRY.

13 WE'RE HERE TODAY TO ASK THAT THE
14 CALIFORNIA SUPPLIER DEFINITION BE FOCUSED ON
15 ECONOMIC IMPACT RATHER -- REGARDLESS OF CORPORATE
16 STRUCTURE BECAUSE, DESPITE THE SIGNIFICANT
17 INVESTMENT THAT WE'VE MADE IN CALIFORNIA AND THE
18 CONTINUING INVESTMENT THAT I THINK IS EVIDENT BY OUR
19 EXPANSION PLANS AND THE R&D WORK THAT WE HAVE
20 UNDERWAY TODAY, WE MIGHT BE EXCLUDED FROM ALL THREE
21 OF THESE DEFINITIONS BASED SIMPLY ON STRUCTURAL
22 ISSUES.

23 THE INVITROGEN DEFINITION THAT WAS
24 ORIGINALLY PROPOSED, OUR UNDERSTANDING IS THAT IT
25 WAS DERIVED FROM THAT CALIFORNIA-BASED LANGUAGE IN

BARRISTERS' REPORTING SERVICE

1 THE TAX CODE. AND INTERESTINGLY, IT ONLY FOCUSES ON
2 SUB 1 OF THAT DEFINITION. SUB 2 SEEMS TO HAVE SOME
3 VERY IMPORTANT INDICATORS WHICH SEEM MORE
4 APPROPRIATE TO INDICATE ECONOMIC IMPACT THAN THE SUB
5 1 ITEMS. AND THOSE INCLUDE HAVING MAJOR FACILITIES
6 IN THE STATE AS OPPOSED TO THE DOMICILE OF THE CEO,
7 WHICH I'M NOT REALLY SURE HOW THAT ACTUALLY IMPACTS
8 THE ECONOMY, CONTINUAL EMPLOYMENT OF CALIFORNIANS.
9 SO I WOULD THINK THAT THAT ACTUALLY IS A REALLY
10 PRIME INDICATOR. AND THREE, BEING LICENSED TO DO
11 BUSINESS IN CALIFORNIA.

12 SO WE'RE JUST HERE TO SAY -- TO ASK THAT
13 SORT OF AS YOU THINK ABOUT THIS, WE HOPE THAT YOU
14 WILL TRY TO INCLUDE COMPANIES LIKE OURS THAT HAVE
15 REALLY MADE A MAJOR COMMITMENT HERE AND NOT EXCLUDE
16 US FROM THE ENTERPRISE. THANK YOU.

17 CHAIRMAN KLEIN: IT WOULD BE VERY HELPFUL
18 IF YOU COULD MAKE A WRITTEN SUBMISSION OF COMMENTS
19 AND SUGGESTED LANGUAGE DURING THIS COMMENT PERIOD SO
20 WE CAN MAKE CERTAIN WE ADDRESS THIS VERY
21 SPECIFICALLY.

22 MR. ROTH: MR. CHAIRMAN, CAN I JUST FOLLOW
23 UP BEFORE YOU RUN AWAY. JUST A QUESTION BECAUSE YOU
24 TALKED ABOUT YOUR ACTIVITIES HERE IN CALIFORNIA,
25 WHICH I'M VERY AWARE OF. NONE OF THE PRODUCTS THAT

BARRISTERS' REPORTING SERVICE

1 WE'RE TALKING ABOUT ARE MANUFACTURED IN CALIFORNIA.

2 MR. LAKAVAGE: OH, NO. THAT'S NOT TRUE.

3 MR. ROTH: SO THOSE WOULD ALL QUALIFY
4 UNDER DEFINITION THREE.

5 MR. LAKAVAGE: THOSE WOULD ALL QUALIFY,
6 BUT WE'RE A GLOBAL COMPANY, AS I THINK OTHER
7 INDUSTRIAL PARTNERS WILL BE GLOBAL COMPANIES ALSO.
8 WE DON'T HAVE -- SOME OF IT MAY BE DONE HERE, SOME
9 OF IT MAY BE DONE IN COOPERATION OR IN PARTNERSHIP
10 WITH OTHER FACILITIES IN OTHER PARTS OF THE COUNTRY.
11 I THINK THAT'S JUST THE NATURE OF SORT OF THE WAY
12 CORPORATIONS ARE ORGANIZED THESE DAYS. BUT OUR
13 COMMITMENT IN CALIFORNIA IS REALLY PRETTY MASSIVE.

14 MR. ROTH: JUST TWO COMMENTS. NO. 2 IS
15 AIMED TO GET AT THAT, AND NO. 3 IS ANY PRODUCT THAT
16 IS PRODUCED HERE ONCE WE GET THE MANUFACTURER IS
17 HERE. AND NO. 4, HALF IS ALL THAT HAS TO QUALIFY.
18 SO THE OTHER HALF IS AVAILABLE TO ANYBODY TO COMPETE
19 FOR.

20 MR. LAKAVAGE: IF I COULD JUST COMMENT,
21 NO. 2 HERE IS, AGAIN, IF YOU'RE LOOKING TO INCLUDE
22 GLOBAL COMPANIES IN THIS INITIATIVE, WE HAVE, AND
23 I'M SURE THERE ARE OTHER COMPANIES THAT FALL
24 SIMILARLY IN THIS SAME SORT OF CIRCUMSTANCE, WE HAVE
25 30,000 EMPLOYEES, AND WE HAVE ABOUT HALF OF THEM IN

BARRISTERS' REPORTING SERVICE

1 THE UNITED STATES AND A GOOD PERCENTAGE OF THEM ARE
2 IN CALIFORNIA OF THE U. S. COMPONENT THERE, BUT IT'S
3 NOT A THIRD OF OUR WORKFORCE. AND TO COMPLY WITH
4 THIS, WE'D ALMOST HAVE TO REORGANIZE OUR COMPANY SO
5 THAT BD BIOSCIENCES WASN'T PART OF THE BROADER BD.

6 FRANKLY, THERE'S A LOT OF DOWNSIDES TO
7 THAT BECAUSE THE SORT OF RELATIONSHIP BETWEEN OUR
8 BIOSCIENCES BUSINESS AND OUR DIAGNOSTICS BUSINESS,
9 THERE'S ACTUALLY A LOT OF SYNERGIES THERE AND
10 THERE'S GOOD REASONS FOR THEM TO BE WORKING
11 TOGETHER. I HOPE THAT ANSWERS THE QUESTION.

12 CHAIRMAN KLEIN: WE'RE CERTAINLY NOT
13 ASKING YOU TO RESTRUCTURE THE COMPANY TO BE BD
14 CALIFORNIA GLOBAL, BUT WE DO RECOGNIZE YOUR
15 STATEMENT, THAT YOU'RE MAKING A MAJOR CONTRIBUTION
16 FINANCIALLY TO THE STATE, AND THERE'S A LOT OF MERIT
17 IN CONSIDERING HOW WE CAN APPROPRIATELY ADDRESS YOUR
18 NEEDS AND DEMONSTRATE TO CALIFORNIA HONESTLY WHAT
19 KIND OF A CONTRIBUTION WE'RE MAKING TO THE
20 CALIFORNIA ECONOMY. SO THANK YOU VERY MUCH.

21 DR. BRYANT: I'D JUST LIKE TO SAY I THINK
22 THAT A LOT OF WHAT YOU SAID THERE RESONATED WITH ME
23 AS BEING A BIG CONTRIBUTION TO CALIFORNIA BECAUSE IF
24 THE FACILITY, IF YOU HAVE A LARGE PLACE WHERE YOU'RE
25 EMPLOYING A LOT OF PEOPLE IN CALIFORNIA, AND A LOT

BARRISTERS' REPORTING SERVICE

1 OF THE STUFF IS MADE THERE, REGARDLESS OF HOW BIG
2 THE COMPANY OR WHERE THE CEO LIVES, SO I LIKE THE
3 ECONOMIC BENEFIT ASPECT OF THIS A LOT. I THINK
4 THAT'S WHAT WE'RE TRYING TO GET, ECONOMIC BENEFIT
5 FOR CALIFORNIA. SO IF WE CAN CAPTURE THAT
6 ACCURATELY, I THINK THAT WOULD BE GREAT.

7 CHAIRMAN KLEIN: ANOTHER AREA THAT I THINK
8 WE'RE GOING TO NEED TO LOOK AT IS SCIENTIFIC
9 CONSOLIDATORS TO FIGURE OUT WHAT PART OF THEIR
10 PRODUCTS ARE REALLY COMING FROM CALIFORNIA SOURCES.
11 SO WE DO HAVE SOME CHALLENGES HERE. THIS IS NOT
12 NECESSARILY AN EASY TOPIC. THIS IS TO MERELY BEGIN
13 THE PROCESS.

14 DR. BRYANT: SO MAYBE -- I DON'T KNOW
15 WHETHER THIS WILL WORK OR NOT, BUT I'M JUST
16 PROPOSING IT BASED ON WHAT WE JUST HEARD. MAYBE A
17 SIMPLER WAY TO DEAL WITH IT IS THE COMPANIES THAT
18 YOU WANT TO DO BUSINESS WITH HAVE TO TELL YOU WHAT
19 THEIR ECONOMIC BENEFIT IS TO CALIFORNIA. AND THEN
20 YOU CAN DECIDE TO CONTRACT WITH THEM OR NOT, BUT
21 THAT WOULD BE, INSTEAD OF HAVING ELABORATE SUBRULES,
22 YOU COULD JUST HAVE THAT YOU HAVE TO SHOW A
23 SUBSTANTIAL, THAT COULD BE DEFINED, BENEFIT TO
24 CALIFORNIA.

25 MR. ROTH: I CAN RESPOND. THE IDEA HERE

BARRISTERS' REPORTING SERVICE

1 IS ONCE WE GET THE DEFINITION THAT'S AGREED ON AFTER
2 WE'VE HAD INPUT, THEN APPLICANTS WILL SEND IN AN
3 APPLICATION TO CIRM, STATING THEY MEET THESE
4 CRITERIA, SIGNED OFF BY THEIR GENERAL COUNSEL OR THE
5 CEO, SAYING THAT THEY ACCURATELY UNDERSTAND THE
6 DEFINITION AND THAT THEIR COMPANY MEETS THAT
7 DEFINITION. THEY THEN WOULD BE LISTED AS A
8 CALIFORNIA SUPPLIER, SO YOU WILL KNOW WHO EXACTLY IS
9 INCLUDED.

10 IF YOU FIND SOMEONE WHO IS UNAWARE, THEY
11 CAN MAKE THAT APPLICATION, AND IT CAN COME IN. BUT
12 WE WON'T KNOW THAT UNTIL WE GET THIS DEFINITION.
13 THAT'S WHAT EVERYBODY IS TELLING US. TELL US WHO
14 THE CALIFORNIA SUPPLIERS OR THE CALIFORNIA PRODUCTS
15 ARE, AND WE CAN COMPLY, BUT WE SHOULDN'T HAVE TO
16 FIGURE THAT OUT. SO THAT'S WHY WE'LL HAVE AN
17 APPLICATION PROCESS AND THEY'LL KNOW THERE'S A
18 STANDARD, ACCEPTABLE LISTING.

19 CHAIRMAN KLEIN: MY UNDERSTANDING IS UNDER
20 THIS PROPOSED OR CONCEPTUAL APPLICATION PROCESS, THE
21 PRESIDENT OF OUR AGENCY COULD DECIDE WHETHER TO
22 EXTERNALIZE THAT PROCESS WITH APPLICATION FEE FROM
23 COMPANIES OR TO INTERNALIZE IT BASED UPON
24 ADMINISTRATIVE BURDEN AND ADMINISTRATIVE CAPACITY.

25 ADDITIONAL PUBLIC COMMENT? SEEING NONE,

BARRISTERS' REPORTING SERVICE

1 ALL IN FAVOR. OPPOSED? THANK YOU VERY MUCH.

2 ON ITEM 19, WE FELT THAT THERE WAS A NEED
3 FOR MORE TIME FOR THE PRESIDENT AND HIS SCIENTIFIC
4 STAFF TO REALLY WORK WITH THE TASK FORCE ON THESE
5 ITEMS, AND WE INTENDED NOT TO BRING THAT TO THE
6 BOARD THIS TIME, BUT IN JUNE. SO WE'LL LOOK FORWARD
7 TO THAT.

8 ARE THERE ADDITIONAL ITEMS THAT WE NEED TO
9 COVER TODAY?

10 DR. POMEROY: YOU ALSO PROMISED PUBLIC
11 COMMENT.

12 CHAIRMAN KLEIN: WHAT I'D LIKE TO DO, IF I
13 CAN, DR. POMEROY, IS JUST SEE IF THERE ARE ANY
14 ESSENTIAL ITEMS THAT WE'VE GONE OVER. DR. TROUNSON,
15 ANY OTHER ITEMS THAT YOU'D LIKE TO COVER TODAY?

16 DR. TROUNSON: NO, CHAIR. I THINK IT'S
17 BEEN ONE OF THOSE LANDMARK MEETINGS. I THINK WE'VE
18 ALL ENJOYED OURSELVES AT THE TABLE OF THE
19 DECISION-MAKING. NO, I DON'T WANT TO BRING YOU ANY
20 FURTHER BUSINESS AT THIS TIME.

21 CHAIRMAN KLEIN: OKAY. ON THE GENERAL
22 TOPIC OF ANY PUBLIC COMMENTS, ARE THERE ANY PUBLIC
23 COMMENTS TO BE MADE?

24 MR. REED: YES. I'M CONCERNED ABOUT THE
25 FDA HEARINGS. I'M CONCERNED ABOUT THE

BARRISTERS' REPORTING SERVICE

1 IMPLICATIONS -- DON REED, MEMBER OF THE PUBLIC. I'M
2 CONCERNED ABOUT THE IMPLICATIONS OF THE FDA HEARINGS
3 WITH POTENTIALLY DELAYING EFFECTS IT MAY HAVE ON THE
4 HUMAN EMBRYONIC STEM CELL TRIALS. THE GUIDANCE
5 DOCUMENT PRODUCED BY THE COMMITTEE IS 11 PAGES,
6 SINGLE SPACED OF OBJECTIONS TO THE RESEARCH WE ALL
7 SUPPORT.

8 THE COMMITTEE THAT PRODUCED THE DOCUMENT
9 IS MADE UP ALMOST EXCLUSIVELY OF ADULT STEM CELL
10 SUPPORTERS. ALSO, I CANNOT DISCOUNT THE POSSIBILITY
11 OF THE POLITICIZATION OF SCIENCE. THE PREVIOUS
12 SURGEON GENERAL, DR. RICHARD CARMONA, STATED THAT HE
13 HAD BEEN TOLD ON NUMEROUS OCCASIONS NOT TO EVEN
14 BRING UP THE SUBJECT OF EMBRYONIC STEM CELL
15 RESEARCH. I ALSO REMEMBER A BILL SUPPORTED BY THE
16 ADMINISTRATION CURRENTLY IN POWER TO JAIL SOMATIC
17 CELL NUCLEAR TRANSFER SCIENTISTS, WHICH THE
18 ADMINISTRATION SUPPORTED THAT BILL, AND WHICH WAS
19 PUSHED THROUGH THE HOUSE OF REPRESENTATIVES WITHOUT
20 A SINGLE PUBLIC HEARING.

21 THE COMMITTEE'S RECOMMENDATIONS SEEM TO ME
22 TO CONTAIN THE POSSIBILITY OF GREAT DELAY TO HUMAN
23 TRIALS. GIVING JUST ONE EXAMPLE, THE COMMITTEE
24 SUGGESTED A DESIRABILITY OF SEVERAL SPECIES OF LARGE
25 ANIMAL TRIALS, LONG TRIALS, QUOTE, OPTIMALLY FOR THE

BARRISTERS' REPORTING SERVICE

1 LIFE SPAN OF THE ANIMAL. A MONKEY CAN LIVE 70
2 YEARS. THIS IS LUDICROUS.

3 AS THE WORLD'S LARGEST SOURCE OF EMBRYONIC
4 STEM CELL FUNDING, IT SEEMS APPROPRIATE AND
5 DESIRABLE FOR THE ICOC TO BE A PROACTIVE PARTNER IN
6 THE FDA'S PROCEEDINGS. I WONDER IF IT MIGHT NOT BE
7 ADVISABLE FOR THE CIRM TO IDENTIFY PERHAPS A DOZEN
8 EMBRYONIC STEM CELL RESEARCH SCIENTISTS, MEN AND
9 WOMEN OF IMPECCABLE SCIENTIFIC CREDENTIALS, AND ASK
10 FOR THEIR COMMENTS ON THE CONDITIONS THAT THE FDA IS
11 NOW SUGGESTING SO THAT THIS WILL NOT BE ALLOWED TO
12 GO UNCHALLENGED.

13 I'M AFRAID THESE THINGS MAY BE TRIAL
14 BALLOONS. IF WE DON'T RESPOND TO THEM
15 APPROPRIATELY, WE MAY BE STUCK WITH THEM. I DON'T
16 THINK IT'S FAIR FOR A COMMITTEE COMPOSED OF ADULT
17 STEM CELL SCIENTISTS TO BE ABLE TO IMPOSE CONDITIONS
18 WHICH WE MAY BE STUCK WITH FOR A LONG TIME.

19 WE HAVE A TREMENDOUS NEW CHIEF SCIENTIFIC
20 OFFICER. I WONDER IF POSSIBLY SHE COULD CHOOSE SOME
21 EMBRYONIC STEM CELL SCIENTISTS TO GO OVER THE 11
22 PAGES OF OBJECTIONS AND SAY, WELL, THIS IS
23 REASONABLE, THIS IS NOT, SO WE HAVE OUR OBJECTIONS
24 OR SUPPORT ON THE RECORD.

25 CHAIRMAN KLEIN: I'D LIKE TO CALL ON DR.

BARRISTERS' REPORTING SERVICE

1 CSETE, FOLLOWED BY DR. TROUNSON, AND ALSO ASK DR.
2 OLSON IF SHE'D LIKE TO COMMENT. DR. CSETE, I THINK,
3 WENT TO THE FDA MEETING. AND AFTER DR. CSETE'S
4 COMMENT, MAYBE, DR. TROUNSON, YOU COULD COMMENT ON
5 WHETHER AT THE JUNE MEETING WE COULD HAVE A
6 SCIENTIFIC RECOMMENDATION ON WHAT OUR RESPONSE
7 SHOULD BE AND THE COMMENTS TO THE FDA.

8 DR. CSETE: SO THE GUIDELINES HAVE NOT YET
9 BEEN ISSUED. THE DOCUMENT DON WAS A LAYING OUT OF
10 THE QUESTIONS THAT WERE ADDRESSED AT THE HEARING ON
11 APRIL 10TH. SO WE'RE ANTICIPATING GUIDELINES, BUT
12 THEY'RE NOT OUT YET. AND THERE WAS A LARGE
13 CONSULTING GROUP OF SCIENTISTS AT THE MEETING IN
14 ADDITION TO THE REGULAR STANDING MEMBERS OF THE CBER
15 PART OF FDA, THE CELL AND BIOLOGICALS PART OF FDA,
16 THAT GAVE A BROAD RANGE OF OPINIONS THAT NOW HAVE TO
17 BE WEIGHED IN BY THIS COMMITTEE.

18 SO WE'RE NOT GOING TO -- I DON'T THINK THE
19 FDA IS GOING TO DEAL WITH ALL OF YOUR CONCERNS.
20 WHAT THEY ARE GOING TO HAVE TO DEAL WITH IS
21 OBVIOUSLY THIS MEETING WAS PROMPTED PROBABLY BY AN
22 APPLICATION LIKELY BY ONE OF THE COMPANIES THAT
23 PRESENTED AT THE MEETING FOR A REGULATED PHASE 1
24 TRIAL. AND MY UNDERSTANDING FROM THE MEETING IS
25 THAT THE FDA THEN HAS TO HAVE A RESPONSE TO THE

BARRISTERS' REPORTING SERVICE

1 PROPOSED PHASE 1 IND WITHIN A CERTAIN AMOUNT OF
2 TIME. SO WE ANTICIPATE THAT SOMETIME IN MAY THEY
3 WILL ISSUE GUIDELINES THAT ARE PUTTING TOGETHER THE
4 VARYING OPINIONS THAT WERE PRESENTED AS WELL AS THE
5 SCIENTIFIC PRESENTATIONS THAT WERE PRESENTED.

6 NOW, IN TERMS OF US HAVING A PRESENCE, I
7 ABSOLUTELY AGREE. BOTH DR. OLSON AND I WERE AT THE
8 MEETING AND WERE READY TO RESPOND IF ALL THE ISSUES
9 WEREN'T APPROPRIATELY ADDRESSED. BUT THE MEETING
10 WAS QUITE COMPREHENSIVE IN TERMS OF THE MAJOR POLLS
11 OF OPINION AND THE GRAY IN BETWEEN ON THE AREAS OF
12 CONCERN AND THE PARTICULAR KINDS OF APPLICATIONS
13 THAT WERE DISCUSSED AT THE MEETING.

14 CHAIRMAN KLEIN: DR. TROUNSON.

15 DR. TROUNSON: IF IT'S APPROPRIATE FOR THE
16 TIME THAT'S AVAILABLE IN THE JUNE MEETING, I THINK
17 IT WOULD BE A VERY GOOD IDEA TO HAVE DR. CSETE
18 PRESENT TO THE BOARD A DISTILLATION OF HER PAPER,
19 DISCUSSION PAPER, THAT SHE'S BRINGING FORWARD ON
20 CLINICAL TRIALS, BUT ALSO WHERE THAT MAY BE DEVIANT
21 OR DIFFERENT TO RECOMMENDATIONS, IF THEY APPEAR,
22 FROM FDA AT THAT TIME. I THINK THE BOARD WOULD BE
23 HELPED TO UNDERSTAND WHAT THE SITUATION IS WITH FDA
24 AND HOW WE READ ISSUES WE MAY DIFFER WITH OR WE MAY
25 AGREE WITH.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: THANK YOU VERY MUCH. AND
2 THERE'S A SPECIFIC ISSUE THAT I'D LIKE TO RAISE
3 RELATED TO PATIENTS AFTER DR. OLSON'S COMMENTS.

4 DR. OLSON: I JUST WANTED TO REMIND PEOPLE
5 THAT THE FDA GUIDANCE PROCESS, IN MUCH THE SAME WAY
6 THIS BOARD OPERATES, IS A PARTICIPATORY PROCESS.
7 THIS WAS ESSENTIALLY THE VERY FIRST MEETING WHERE
8 FDA WANTED TO SEEK INPUT FROM ITS ADVISORS AND
9 CONSULTANTS ON THIS TOPIC. I WILL REMIND YOU THAT
10 IN POINT OF FACT THE NEXT DAY THE FDA RELEASED A
11 GUIDANCE DOCUMENT WHICH THEY HAD BEEN TWO YEARS IN
12 DEVELOPING, AND THIS IS NOT UNCOMMON FOR THE FDA.
13 ANY GUIDANCE DOCUMENT THAT THEY PUT OUT ON THIS
14 TOPIC, THEY WILL ISSUE A DRAFT GUIDANCE DOCUMENT
15 THAT WILL ALLOW INPUT FROM ALL INTERESTED PARTIES.

16 SO THIS IS A PROCESS THAT IS ONGOING WITH
17 THE FDA. SO I DON'T THINK WE'RE AT -- THIS DOES NOT
18 NEGATE THE NEED TO SORT OF HAVE INPUT, BUT THE FDA
19 HAS NOT ISSUED A GUIDANCE DOCUMENT AND IS UNLIKELY
20 TO ISSUE A GUIDANCE DOCUMENT ANY TIME SOON. SO...

21 CHAIRMAN KLEIN: ALL RIGHT. THERE'S A
22 SPECIFIC CONCERN RELATED TO PATIENTS BECAUSE OF
23 COMMENTARY IN THE MEETING THAT PERHAPS TRIALS WOULD
24 ONLY BE MADE WHERE THERE WAS AN IMMEDIATE
25 LIFE-THREATENING CONDITION. NOW, THAT DOESN'T

BARRISTERS' REPORTING SERVICE

1 REPRESENT THE FDA, BUT THAT REPRESENTS A POINT OF
2 VIEW ON THAT ADVISORY GROUP. AND THE PATIENT
3 ADVOCACY COMMUNITY IS ACTUALLY VERY UPSET ABOUT THIS
4 PARTICULAR POSITION. CERTAINLY THERE HAVE TO BE
5 RIGOROUS SAFETY STANDARDS. THERE HAVE TO BE
6 PROTOCOLS THAT ARE VERY DISCIPLINED, BUT IN THE
7 CONTEXT OF THOSE DISCIPLINED SAFETY STANDARDS.

8 ARE THERE ANY BOARD MEMBERS WHO WOULD JUST
9 LIKE TO FORM A TASK FORCE WHO ARE PATIENT ADVOCATES
10 TO LOOK AT THOSE COMMENTS AND THEN INTERFACE WITH
11 DR. CSETE FOR A PARTICULAR PERSPECTIVE ON THE ISSUE
12 OF WHETHER THERE SHOULD BE ANY POSITION ON WHETHER
13 YOU NEED TO BE IN A LIFE-THREATENING POSITION BEFORE
14 TRIALS WOULD BE PERMITTED FOR HUMAN EMBRYONIC STEM
15 CELLS?

16 DR. CSETE: BOB, CAN I ANSWER THAT? SO
17 THAT WAS ONE POINT OF VIEW; BUT ON THE OTHER HAND,
18 THEY INVITED PRESENTATIONS FROM PEOPLE WHO ARE
19 DEVELOPING THERAPIES FOR PATIENTS WITH DIABETES,
20 PATIENTS WITH STABLE SPINAL CORD INJURIES, NOT ACUTE
21 LIFE-THREATENING INJURIES, CHRONIC DISEASES.

22 CHAIRMAN KLEIN: MY CONCERN IS THAT
23 INTERNALLY THE POLITICAL PRESSURES ARE SUCH THAT THE
24 PATIENT COMMUNITY CAN CLEARLY SEE SOMEBODY PICKING
25 UP ON THAT POINT OF VIEW AND SHOVING IT FORWARD AS A

BARRISTERS' REPORTING SERVICE

1 WAY TO SIDETRACK THESE TRIALS. AND MY EXPERIENCE IS
2 IF YOU INTERVENE EARLY WITH A STRONG, MEASURED,
3 WELL-DOCUMENTED VOICE THAT'S REASONABLE, THAT YOU
4 AVOID THOSE KINDS OF POLITICAL MANIPULATIONS OF A
5 SYSTEM THAT SHOULD BE OBJECTIVE AND BASED ON
6 SCIENCE, MEDICINE, AND SAFETY.

7 JEFF SHEEHY VOLUNTEERS. IS THERE ANYONE
8 ELSE THAT'S A PATIENT ADVOCATE THAT WOULD LIKE TO
9 WORK WITH THAT? LEEZA GIBBONS.

10 SO THAT'S WHAT WE WILL DO. WE WILL LOOK
11 FORWARD, DR. TROUNSON, TO DR. CSETE'S REPORT AND
12 CONTRIBUTIONS FROM DR. OLSON AND THE SCIENTIFIC
13 STAFF, WHICH WE ARE VERY, VERY GRATEFUL FOR THE
14 TREMENDOUS QUALITY OF THAT STAFF.

15 ARE THERE ADDITIONAL COMMENTS? DR. LOVE,
16 DID YOU WANT TO MAKE A COMMENT?

17 DR. LOVE: I WAS JUST GOING TO REEMPHASIZE
18 WHAT DR. OLSON SAID, WHICH IS THE FDA, IN TERMS OF
19 THE GENERATION OF THESE DOCUMENTS, IT'S A GLACIAL
20 BASE. NOW, THE GOOD NEWS IS THAT THEY DON'T STOP
21 MAKING DECISIONS WHILE THESE DOCUMENTS ARE BEING
22 GENERATED, SO THIS IS NOT NECESSARILY SOMETHING THAT
23 WILL KEEP US FROM MAKING PROGRESS. BUT AT THE END
24 OF THE DAY, BEFORE THEY ISSUE ANY GUIDELINES, IT
25 WILL BE A VERY ITERATIVE PROCESS. IT WILL LIKELY GO

BARRISTERS' REPORTING SERVICE

1 ON FOR MORE THAN A YEAR, IF NOT SEVERAL YEARS. IT'S
2 KIND OF BEEN THE HISTORY OF HOW THESE DOCUMENTS GET
3 GENERATED.

4 THE ONLY OTHER THING I WOULD ALSO SAY,
5 BOB, IS THAT I THINK THAT WE'RE GOING TO HAVE TO
6 PARTICIPATE WITH THE FDA AND BE PARTNERS, I THINK,
7 WITH THE FDA FOR US TO GET THE OUTCOME. AND I THINK
8 ONE THING WE DEFINITELY DON'T WANT TO DO IS GET
9 OURSELVES AT ALL INTO AN ADVERSARIAL RELATIONSHIP
10 WITH THE FDA. I THINK THAT WOULD BE KIND OF A LOSE
11 FOR ALL OF US. BUT AT THE END OF THE DAY, I THINK
12 THE FDA WANTS -- MY SUSPICION IS THAT THE FDA WOULD
13 WANT TO SEE US GO FORWARD. THEY'RE JUST TRYING TO
14 MAKE SURE THAT THEY SET UP A PROCESS WHICH COVERS
15 THEMSELVES, QUITE FRANKLY, FROM BEING THE SHEPHERDS
16 OF THE SAFETY WITH THIS NEW ADVENTURE.

17 CHAIRMAN KLEIN: CERTAINLY WE NEVER WANT
18 TO BE ADVERSARIAL; ON THE OTHER HAND, WE WANT TO BE
19 AN EXTREMELY WELL-DOCUMENTED, THOUGHTFUL VOICE THAT
20 IDENTIFIES MORE WITH THE TERMS, INTENTS, THOROUGH
21 AND EXPEDITIOUS THAN GLACIAL. AND I THINK THAT'S
22 PART OF THE MESSAGE WE NEED TO GET TO THE FDA.

23 DR. LOVE: IF YOU CAN IMPROVE THEIR
24 PROCESS OF GETTING DOCUMENTS THROUGH, I'D BE
25 IMPRESSED.

BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: I WOULD SAY THAT SENATOR
2 HARKIN HAS INDICATED IN A PERSONAL CONVERSATION I'VE
3 HAD THAT HE HAS AN INTEREST, AS THE OVERSIGHT
4 COMMITTEE FOR THE FDA IN THE SENATE, TO MAKING
5 CERTAIN THAT THIS PROCESS DOES MOVE EXPEDITIOUSLY,
6 THOUGHTFULLY, AND SAFELY. SO IT WOULD CERTAINLY BE
7 OUR POSITION, BUT SENATOR HARKIN MIGHT HAVE THE
8 ABILITY TO STIMULATE.

9 MR. ROTH: WE HAVE AN EXPERT HERE.

10 CHAIRMAN KLEIN: DR. FRIEDMAN, WOULD YOU
11 LIKE TO MAKE A COMMENT?

12 DR. FRIEDMAN: JUST A COUPLE OF COMMENTS,
13 IF I MAY. I THOROUGHLY ENDORSE THE DESIRE TO MOVE
14 AS SWIFTLY AS WE CAN FOR ALL THE HUMANITARIAN AND
15 CLINICAL AND OTHER REASONS THAT HAVE BEEN LISTED.
16 SO PLEASE DON'T MISUNDERSTAND WHAT I'M ABOUT TO SAY.

17 I THINK WE ALSO HAVE TO BE VERY MEASURED
18 AND VERY CAREFUL ESPECIALLY WITH THE EARLIEST
19 CLINICAL STUDIES THAT ARE DONE. WE CAN EITHER SET
20 THE FIELD GOING FORWARD AT A GREATER MOMENTUM AT A
21 GREATER PACE, OR WE CAN DO VERY SERIOUS HARM TO ALL
22 THE RESEARCH WHICH IS SO PROMISING RIGHT NOW. I'M
23 NOT URGING SLOWNESS. I'M NOT URGING INSENSITIVITY
24 TO THE NEEDS. I AM URGING CAUTION.

25 THE FDA IS DEALING, I BELIEVE, LOOKING AT

BARRISTERS' REPORTING SERVICE

1 IT FROM THE OUTSIDE, IS DEALING WITH SCIENTIFIC
2 UNKNOWNNS. THEY' RE NOT TRYING TO BE SLOW. THEY' RE
3 NOT TRYING TO BE BUREAUCRATIC. THEY SIMPLY DO NOT
4 HAVE THE SCIENTIFIC DATA THAT ALLOWS THEM TO MAKE A
5 REALLY CAREFUL, INFORMED DECISION. SO LACKING THAT,
6 THEY' RE TRYING TO MOVE AT THE PACE THAT THEY FEEL
7 COMFORTABLE WITH.

8 ALSO, I THINK IT' S VERY IMPORTANT TO
9 UNDERSTAND THAT THIS IS OCCURRING IN THE CONTEXT OF
10 A NIGHTMARE OF CONFLICTING RESPONSIBILITIES,
11 INSPECTION OF FOREIGN-MADE PHARMACEUTICALS, DEVICES,
12 A MILLION THINGS THAT ARE HAPPENING RIGHT NOW. AND
13 THE AGENCY IS ILL RESOURCED. THEY DON' T HAVE THE
14 RIGHT NUMBER OF PEOPLE OR THE RIGHT SYSTEMS OR THE
15 RIGHT AMOUNT OF MONEY TO BE ABLE TO DO WHAT THEY
16 WANT TO DO. I' M NOT BEING AN APOLOGIST FOR THE
17 AGENCY, BUT I DO THINK THAT HAVING A MORE MEASURED
18 APPROACH AND SAY, YES, WE WANT MAKE THE BEST
19 COMMENTS TO THEM SO THAT THEY COME UP WITH THE BEST
20 GUIDANCE, WE WANT TO BE CLEAR ABOUT WHAT OUR
21 PRIORITIES ARE, BUT WE WANT TO BE RESPECTFUL OF JUST
22 HOW DIFFICULT IT IS FOR THEM TO TRY AND EXECUTE WHAT
23 THEY FEEL THEIR RESPONSIBILITY IS.

24 AND SO I WANT US TO MOVE AHEAD. I WANT
25 THINGS TO GO QUICKLY, BUT I THINK WE REALLY HAVE TO

BARRISTERS' REPORTING SERVICE

1 BE VERY THOUGHTFUL AND KEEP PERSPECTIVE ON THIS.

2 CHAIRMAN KLEIN: I THINK WE WOULD ALL
3 IDENTIFY WITH THAT, BUT YOU RAISE A VERY IMPORTANT
4 POINT THAT HASN'T BEEN MENTIONED, THAT ONE OF THE
5 THINGS WE MAY WANT TO LOOK AT IN TERMS OF DIRECT,
6 EXPLICIT, OPEN SUPPORT IS MORE RESOURCES FOR THE FDA
7 BECAUSE THEY DON'T HAVE ENOUGH RESOURCES. WITH MORE
8 RESOURCES, THEY CAN THOUGHTFULLY AND THOROUGHLY MOVE
9 MORE EXPEDITIOUSLY AND MEET ALL THE SAFETY STANDARDS
10 AND ALL THE ADDITIONAL BUFFER AND CONSERVATISM
11 NEEDED IN A NEW FIELD.

12 SO IT WOULD PROBABLY ALSO, DR. LOVE, EARN
13 US SOME FRIENDS THERE.

14 DR. LOVE: IT WOULD. IN FACT, THIS HAS
15 BEEN A BIG DISCUSSION IN OUR INDUSTRY. WE ACTUALLY
16 JUST THROUGH THE NEW PADUFA REGULATIONS PUT ENOUGH
17 MONEY INTO THE FDA TO HIRE, I THINK, APPROXIMATELY
18 700 ADDITIONAL PEOPLE.

19 MR. ROTH: IT'S ACTUALLY 1300.

20 DR. LOVE: 1300 ADDITIONAL PEOPLE. WHAT
21 HAS COME BACK IS THAT THEY DON'T EVEN HAVE THE
22 CAPACITY, THEY THINK, TO HIRE THOSE NUMBER OF
23 PEOPLE. NOW WE'RE ACTUALLY TRYING TO PARTNER WITH
24 THEM TO HELP THEM BE ABLE TO HIRE PEOPLE. IT'S AN
25 ENORMOUS PROBLEM. I THINK WHAT MIKE SAID IS REALLY

BARRISTERS' REPORTING SERVICE

1 THE KEY THING HERE IS THAT THEY'RE ULTIMATELY ON OUR
2 SIDE, BUT THEY HAVE A LOT OF CHALLENGES, AND THEY
3 HAVE A LOT OF RESPONSIBILITY. AND I THINK WE'RE
4 SENSITIVE TO THAT TOO.

5 I'M JUST REEMPHASIZING THIS. AS LONG AS
6 WE'RE COLLABORATIVE WITH THEM, I THINK WE ARE GOING
7 TO GET THE BEST OUTCOME. I'M NOT SAYING THAT WE
8 DON'T PUSH, WE DON'T BE AGGRESSIVE ABOUT TRYING TO
9 GET THINGS TO MOVE FAST; BUT AT THE END OF THE DAY,
10 WE'VE REALLY GOT TO BE THOUGHTFUL TO MAKE SURE THAT
11 WE DON'T CREATE AN ADVERSARIAL RELATIONSHIP BECAUSE
12 IT IS EASY TO DO THAT UNFORTUNATELY.

13 DR. PIZZO: I JUST WANT TO FOLLOW UP ON
14 THE POINTS THAT YOU'VE MADE, TED, AND ALSO THAT MIKE
15 HAS MADE. HAVING BEEN A LONG-TIME INVESTIGATOR AT
16 THE NIH, INVOLVED IN EARLY PHASE 1 INVESTIGATIONS, I
17 HAD TWO KINDS OF RELATIONSHIPS WITH THE FDA. THIS
18 IS AWHILE AGO. AND THEY BOTH WORKED FOR DIFFERENT
19 REASONS. ONE WAS CONFRONTATIONAL. WHEN EVERYTHING
20 KIND OF FELL APART AND PROGRESS WASN'T BEING MADE,
21 AND ALTHOUGH IT WAS PAINFUL, IT ACTUALLY RESULTED IN
22 AN OUTCOME.

23 BUT I WOULD SAY THAT THE MORE SUCCESSFUL
24 IN THE LONG RUN RELATIONSHIP IS PRECISELY WHAT
25 YOU'RE SAYING AND WHAT MIKE IS SAYING. THAT IS, IF

BARRISTERS' REPORTING SERVICE

1 WE CAN CALL THEM IN AS COLLABORATORS AND REALLY
2 ENGAGE WITH PROGRAM DIRECTORS IN THE SCIENTIFIC
3 COMMUNITY THERE TO HELP GUIDE THE DISCUSSIONS WITH
4 THEM SO THAT THEY DON'T FEEL THAT WE'RE ON THE OTHER
5 SIDE OF THEM, THAT ACTUALLY WORKS FAR BETTER. AND I
6 THINK THAT AT THE END OF THE DAY, AGENCIES LIKE THE
7 FDA, WE TEND TO THINK OF THEM AS ONE ORGANIZATION,
8 BUT THEY GET BROKEN DOWN INTO INDIVIDUAL PEOPLE,
9 JUST LIKE EACH OF US DO AROUND THIS TABLE.

10 YOU FORGE A RELATIONSHIP WITH PROGRAM
11 DIRECTORS, THE PEOPLE WHO ARE INVOLVED IN THIS
12 PARTICULAR AREA OF OVERSIGHT, AND THAT ULTIMATELY, I
13 THINK, IS AMONG THE MOST SUCCESSFUL THINGS WE CAN
14 DO.

15 CHAIRMAN KLEIN: AND I THINK ONE OF THE
16 OBJECTIVES HERE IS TO GIVE THE FDA PROFESSIONAL
17 STAFF THE FREEDOM TO MAKE GOOD SCIENTIFIC AND
18 MEDICAL DECISIONS WITHOUT UNDUE PRESSURE FROM
19 APPOINTMENTS TO ADVISORY BOARDS THAT MAY BE VERY
20 POLITICALLY BIASED OVER THE LAST SEVEN OR EIGHT
21 YEARS IN TERMS OF THE FIELD WE'RE OPERATING IN.
22 SOMETIMES TO JUST GIVE THE SUPPORT TO THE
23 PROFESSIONAL STAFF TO MAKE A GOOD SCIENTIFIC
24 DECISION AND NOT BE UNDER UNREASONABLE PRESSURE IS
25 REALLY WELCOME. BUT CERTAINLY I'M TOTALLY ENDORSING

BARRISTERS' REPORTING SERVICE

1 A COLLABORATIVE APPROACH AND HOPEFULLY SUPPORTIVE
2 APPROACH LIKE THE KIND THAT YOUR ASSOCIATION HAS
3 TAKEN WITH HELPING THEM HI RE ADDITIONAL PERSONNEL
4 MIGHT BE HELPFUL.

5 THEY MAY HAVE OTHER ROADBLOCKS THAT
6 THEY' RE DEALING WITH INSTITUTIONALLY WITHIN THE
7 FEDERAL GOVERNMENT THAT WOULD BE GOOD TO IDENTIFY TO
8 SUPPORT THEIR FUNCTION BECAUSE IN THE END WE WANT
9 THEIR BEST SCIENTIFIC AND MEDICAL JUDGMENT.

10 DR. CSETE: I DEFINITELY DON' T WANT TO
11 KEEP US FROM LUNCH, BUT I THINK ONE OF THE THINGS WE
12 HAVE TO REMIND OUR GRANTEES, AND THIS WOULD BE AN
13 IMPORTANT PART OF OUR ROLE, IS THEY HAVE TO HAVE AN
14 EARLY DIALOGUE WITH FDA AS THEY EVEN ANTICIPATE
15 CLINICAL TRANSLATION, AND THAT WILL BE A VERY
16 IMPORTANT THING FOR US TO BE DOING.

17 CHAIRMAN KLEIN: THANK YOU VERY MUCH. I
18 THINK WE' VE COVERED EVERYTHING. THANK YOU FOR THE
19 VERY MEANINGFUL DISCUSSION. DON, SINCE WE' RE GOING
20 HAVE A CHANCE TO CONTINUE THIS DISCUSSION ON THE
21 FDA, COULD WE PROCEED AT THIS POINT?

22 MR. REED: OF COURSE.

23 CHAIRMAN KLEIN: THANK YOU ALL. THANK THE
24 PUBLIC FOR THEIR COMMENTS. THANK THE STAFF, AGAIN,
25 FOR THEIR LEADERSHIP IN THIS AREA. I' D LIKE TO

BARRISTERS' REPORTING SERVICE

1 THANK JAMES HARRISON WHO HAD A TREMENDOUS AMOUNT OF
2 INPUT IN THIS, TAMAR PACHTER WHO HAD TREMENDOUS
3 INPUT IN THIS, RICK KELLER, WHO WAS AT THE CENTER OF
4 THE STORM AND LED US OUT TO A SUNNY DAY. THANK YOU
5 VERY MUCH.

6 (APPLAUSE.)

7 DR. POMEROY: WE ALL WISH DR. WRIGHT THE
8 VERY BEST SUCCESS.

9 CHAIRMAN KLEIN: WE WISH DR. WRIGHT THE
10 VERY BEST. MELISSA AND JENNA, THANK YOU FOR
11 ORGANIZING THIS TREMENDOUS MEETING. THANK YOU VERY
12 MUCH FOR YOUR LEADERSHIP.

13 (THE MEETING WAS THEN CONCLUDED AT
14 01:14 P.M.)

15
16
17
18
19
20
21
22
23
24
25

BARRISTERS' REPORTING SERVICE

REPORTER' S CERTIFICATE

I, BETH C. DRAIN, A CERTIFIED SHORTHAND REPORTER IN AND FOR THE STATE OF CALIFORNIA, HEREBY CERTIFY THAT THE FOREGOING TRANSCRIPT OF THE PROCEEDINGS BEFORE THE INDEPENDENT CITIZEN' S OVERSIGHT COMMITTEE OF THE CALIFORNIA INSTITUTE FOR REGENERATIVE MEDICINE IN THE MATTER OF ITS REGULAR MEETING HELD AT THE LOCATION INDICATED BELOW

LUXE HOTEL
SUNSET BALLROOM
11461 SUNSET BOULEVARD
LOS ANGELES, CALIFORNIA
ON
MAY 5 AND 6, 2008

WAS HELD AS HEREIN APPEARS AND THAT THIS IS THE ORIGINAL TRANSCRIPT THEREOF AND THAT THE STATEMENTS THAT APPEAR IN THIS TRANSCRIPT WERE REPORTED STENOGRAPHICALLY BY ME AND TRANSCRIBED BY ME. I ALSO CERTIFY THAT THIS TRANSCRIPT IS A TRUE AND ACCURATE RECORD OF THE PROCEEDING.



BETH C. DRAIN, CSR 7152
BARRISTER' S REPORTING SERVICE
1072 BRISTOL STREET
SUITE 100
COSTA MESA, CALIFORNIA
(714) 444-4100