

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

LOCATION: HILTON LA JOLLA TORREY PINES  
10950 N. TORREY PINES ROAD  
SCRIPPS BALLROOM  
LA JOLLA, CALIFORNIA

DATE: JUNE 2, 2006  
9:30 A.M.

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

BRS FILE NO.: 75255

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LA JOLLA, CALIFORNIA; FRIDAY, JUNE 2, 2006

09:49 A.M.

CHAIRMAN KLEIN: CAN WE CALL THE MEETING TO ORDER, PLEASE. I'D LIKE TO WELCOME EVERYONE TO THE HILTON LA JOLLA TORREY PINES AND THANK SAN DIEGO, ONE OF THE GREAT BIOTECH CAPITALS OF THE WORLD, FOR THEIR INCREDIBLE HOSPITALITY. WE WOULD LIKE MELISSA KING TO LEAD US IN THE PLEDGE OF ALLEGIANCE.

(THE PLEDGE OF ALLEGIANCE.)

MS. KING: BEFORE I TAKE THE ROLL, I'D JUST LIKE TO LET THE BOARD MEMBERS KNOW AND ACTUALLY EVERYBODY WITH A MICROPHONE IN FRONT OF YOU, IF YOU WOULD PLEASE MAKE SURE TO LEAN IN TOWARDS THE MICROPHONE AND SPEAK DIRECTLY INTO THE MICROPHONE WHEN YOU ARE SPEAKING, IT WILL BE HELPFUL TO OUR AV SYSTEM AND TO OUR TRANSCRIBER. THANK YOU.

CHAIRMAN KLEIN: THANK YOU VERY MUCH, MELISSA. IF YOU WOULD THEN LEAD US THROUGH THE ROLL CALL, PLEASE.

MS. KING: DAVID BALTIMORE.

DR. BALTIMORE: HERE.

MS. KING: ROBERT PRICE FOR ROBERT BIRGENEAU.

DR. PRICE: HERE.

MS. KING: SUSAN BRYANT.

1 DR. BRYANT: HERE.

2 MS. KING: MARCY FEIT.

3 MS. FEIT: HERE.

4 MS. KING: MICHAEL FRIEDMAN. MICHAEL  
5 GOLDBERG.

6 MR. GOLDBERG: HERE.

7 MS. KING: FRANCIS MARKLAND FOR BRIAN  
8 HENDERSON.

9 DR. MARKLAND: HERE.

10 MS. KING: EDWARD HOLMES. DAVID KESSLER.

11 DR. KESSLER: HERE.

12 MS. KING: BOB KLEIN.

13 CHAIRMAN KLEIN: HERE.

14 MS. KING: SHERRY LANSING. GERALD LEVEY.  
15 TED LOVE.

16 DR. LOVE: HERE.

17 MS. KING: RICHARD MURPHY.

18 DR. MURPHY: HERE.

19 MS. KING: TINA NOVA. ED PENHOET.

20 DR. PENHOET: HERE.

21 MS. KING: PHIL PIZZO.

22 DR. PIZZO: HERE.

23 MS. KING: CLAIRE POMEROY. FRANCISCO PRIETO.

24 DR. PRIETO: HERE.

25 MS. KING: JOHN REED.

1 DR. REED: HERE.

2 MS. KING: DUANE ROTH.

3 MR. ROTH: HERE.

4 MS. KING: JOAN SAMUELSON. DAVID  
5 SERRANO-SEWELL.

6 MR. SERRANO-SEWELL: HERE.

7 MS. KING: JEFF SHEEHY.

8 MR. SHEEHY: HERE.

9 MS. KING: JON SHESTACK. OSWALD STEWARD.

10 DR. STEWARD: HERE.

11 MS. KING: LEON THAL.

12 DR. THAL: HERE.

13 MS. KING: JANET WRIGHT.

14 DR. WRIGHT: HERE.

15 CHAIRMAN KLEIN: THANK YOU VERY MUCH. WE'RE  
16 GOING TO MOVE TO ITEM 4 ON THE AGENDA, CONSENT ITEMS,  
17 APPROVAL OF THE MINUTES FROM APRIL 6TH, 2006, ICOC  
18 MEETING. IS THERE A MOTION TO APPROVE THESE MINUTES,  
19 OR ARE THERE ANY CORRECTIONS FROM THE BOARD?

20 DR. WRIGHT: I HAVE A CORRECTION. I WAS  
21 PRESENT.

22 CHAIRMAN KLEIN: ALL RIGHT. THANK YOU VERY  
23 MUCH.

24 DR. WRIGHT: I MOVE APPROVAL WITH THAT  
25 CORRECTION.

1 CHAIRMAN KLEIN: IS THERE A SECOND?

2 DR. LOVE: SECOND.

3 CHAIRMAN KLEIN: DISCUSSION? SEEING NO  
4 DISCUSSION, ALL IN FAVOR. ARE THERE ANY COMMENTS FROM  
5 THE PUBLIC ON THOSE MINUTES OR ANY CORRECTIONS THE  
6 PUBLIC WOULD LIKE TO MAKE?

7 SEEING NONE, WE GO ON TO OUR NEXT ITEM.

8 (DR. HOLMES ARRIVES.)

9 CHAIRMAN KLEIN: THE SCHEDULE WE'RE PLAYING  
10 WITH IS SLIGHTLY BEHIND BECAUSE WE HAD A PHENOMENAL  
11 TURNOUT THIS MORNING BY SAN DIEGO, THEIR POLITICAL  
12 REPRESENTATIVES, SENATOR KEHOE, A SUPERVISOR, AND  
13 MEMBERS OF THE PUBLIC, AND THE BIOTECH RESEARCH  
14 COMMUNITY. SO LOOKING AT THE PRIORITIES FOR THE DAY, I  
15 THINK THE ONE THING WE CAN MINIMIZE IS MY REPORT, WHICH  
16 MEANS WE WILL IMMEDIATELY MOVE TO THE PRESIDENT'S  
17 REPORT. DR. HALL.

18 DR. HALL: THANKS, BOB. AS IS USUAL IN THESE  
19 REPORTS, LET ME START WITH A COUPLE OF PERSONNEL  
20 MATTERS. AND I'M NOT ABLE TO WORK THIS FROM HERE. I'M  
21 NOT QUITE SURE WHY. AT ANY RATE, I HAVE THE UNHAPPY  
22 TASK OF TELLING YOU THAT TWO OF OUR STAFF MEMBERS ARE  
23 LEAVING. ONE IS WALTER BARNES, OUR INTERIM CHIEF  
24 ADMINISTRATIVE OFFICER. WALTER CAME TO US ORIGINALLY  
25 ON LOAN FROM THE CONTROLLER'S OFFICE IN THE STATE. HE

1 THEN MOVED OVER TO TAKE THE INTERIM CHIEF  
2 ADMINISTRATIVE OFFICER. HE HAS BEEN INVALUABLE TO US,  
3 I DON'T KNOW HOW ELSE TO SAY IT, OVER THE LAST ALMOST  
4 18 MONTHS.

5 I MENTIONED AT THE BREAKFAST THIS MORNING  
6 THAT ONE OF THE CHALLENGES I CERTAINLY HADN'T EXPECTED  
7 WAS THAT OF STARTING A NEW STATE AGENCY. FORTUNATELY  
8 WALTER WAS AT HAND TO TELL US WHAT TO DO AND HOW TO DO  
9 IT. HE HAS WONDERFUL CONNECTIONS IN THE STATE WHERE HE  
10 IS WIDELY KNOWN AND WIDELY RESPECTED AND TRUSTED. AND  
11 HE HAS BEEN AN ENORMOUS HELP TO US. HE IS GOING TO BE  
12 RETIRING TO SPEND MORE TIME WITH HIS FAMILY IN  
13 SEPTEMBER. I'D LIKE TO SUGGEST WE GIVE HIM A ROUND OF  
14 APPLAUSE.

15 (APPLAUSE.)

16 DR. HALL: I'M ALSO SORRY TO REPORT THAT  
17 NICOLE PAGANO, OUR SENIOR COMMUNICATIONS OFFICER, IS  
18 LEAVING IN JULY, AT THE END OF JULY 2006. I THINK  
19 NICOLE HAS PLANS TO GO BACK TO SCHOOL, AND WE WILL MISS  
20 HER. SHE ALSO HAS DONE A TREMENDOUS JOB. NICOLE  
21 REALLY STEPPED INTO THIS POSITION FROM A POSITION IN  
22 WASHINGTON, D.C., THAT I WOULD SAY, COMPARED TO CIRM,  
23 WAS A QUIET AND CALM SHELTER FROM THE STORM IN WHICH  
24 SHE WORKED VERY EFFECTIVELY. SHE WAS THRUST INTO THIS  
25 VERY, VERY DEMANDING JOB, AND SHE HAS DONE A

1 SPECTACULAR JOB IN HANDLING OUR COMMUNICATIONS OVER THE  
2 LAST NOW, WHAT, ALMOST A YEAR AND A HALF. SO THANKS TO  
3 NICOLE. AND I WANT TO ALSO ASK FOR A ROUND OF APPLAUSE  
4 FOR HER.

5 (APPLAUSE.)

6 DR. HALL: SHE HAS SHOWN SKILL AND GRACE  
7 UNDER FIRE AT EVERY TURN. WE'RE GRATEFUL TO HER.

8 WE HAVE ONE NEW PERSON. AS SOME OF YOU KNOW,  
9 I THINK I ANNOUNCED JORJE SANCHEZ MOVED TO NEW YORK,  
10 AND PAT BECKER IS NOW MY SENIOR EXECUTIVE ASSISTANT.  
11 SO SHE'S JOINED US IN MAY. SHE CAME TO US FROM VAXGEN  
12 AND BEFORE THAT A NUMBER OF POSITIONS, EXECUTIVE  
13 POSITIONS, AND SHE'S A GREAT ADDITION TO OUR TEAM. AND  
14 I HOPE YOU WILL HAVE A CHANCE TO MEET HER AT A LATER  
15 TIME.

16 NOW, BECAUSE OF THE CHANGES THAT I JUST  
17 MENTIONED BECAUSE OF THE LOSS OF PERSONNEL, WE ARE NOW  
18 RECRUITING A CHIEF COMMUNICATIONS OFFICER AND A CHIEF  
19 FINANCIAL OFFICER. THE CHIEF COMMUNICATIONS OFFICER,  
20 WE HAVE HAD A FIRST ROUND OF INTERVIEWS, DEVELOPED A  
21 SHORT LIST, AND WE'LL BE LOOKING INTO A SECOND ROUND OF  
22 INTERVIEWS VERY SHORTLY, AND I HOPE WE'LL BE ABLE TO  
23 MAKE THAT APPOINTMENT SOON. IDEALLY WE WOULD HAVE  
24 SOMEBODY COME IN AND OVERLAP WITH NICOLE TO GIVE US THE  
25 GREATEST POSSIBLE CONTINUITY.



1 WE ARE ALSO BEGINNING OUR RECRUITMENTS FOR  
2 CHIEF FINANCE ADMINISTRATION OFFICER. BOTH OF THESE  
3 POSITIONS HAVE BEEN PREVIOUSLY ADVERTISED, BUT WE'VE  
4 BEEN UNABLE TO MOVE THEM BECAUSE WE DID NOT HAVE THE  
5 FUNDS BASICALLY TO DO THAT. BUT NOW OF NECESSITY WE'RE  
6 GOING AHEAD WITH THAT RECRUITMENT. WE HAVE RECEIVED  
7 APPLICATIONS. WE'RE ACTIVELY SEEKING THEM, AND IF YOU  
8 KNOW OF PEOPLE WHO WOULD BE USEFUL TO US AND YOU THINK  
9 WOULD BE INTERESTED, WE'D BE DELIGHTED TO HAVE THOSE  
10 APPLICATIONS. WE HOPE TO BEGIN REVIEW SHORTLY, SO I  
11 WILL KEEP YOU POSTED ON THESE VERY, VERY IMPORTANT  
12 RECRUITMENTS TO SENIOR OFFICERS IN THE INSTITUTE AS WE  
13 GO FORWARD.

14 NOW, LET ME GIVE YOU A REPORT ON THE  
15 SCIENTIFIC STRATEGIC PLAN. THE PRICEWATERHOUSECOOPERS  
16 CONSULTANTS TEAM IS NOW IN PLACE AND HAS BEEN WORKING  
17 WITH US FOR THE LAST MONTH OR SO. AND I INTRODUCED  
18 THAT TEAM LAST NIGHT. I WON'T GO THROUGH THAT AGAIN.  
19 I THINK MOST OF YOU MET THEM THEN.

20 ONE OF THE THINGS THAT THEY'VE DONE EARLY ON  
21 IS TO SET UP A LINK ON OUR WEBSITE TO THE STRATEGIC  
22 PLAN. THAT HAS BEEN TREMENDOUSLY USEFUL, SO WE HAVE AN  
23 ACCOUNT OF OUR MEETINGS THAT GOES UP THERE. WE WILL  
24 HAVE WEEKLY POSTINGS OF PEOPLE WE INTERVIEW; AND, IN  
25 FACT, ALL OUR ACTIVITIES ARE AVAILABLE THROUGH THAT.

1 FOR EXAMPLE, AT OUR MEETING LAST THURSDAY, A WEEK AGO,  
2 AT CALTECH, THE SLIDE PRESENTATIONS FROM THAT MEETING  
3 ARE ALL AVAILABLE ON THE WEBSITE FOR PEOPLE TO LOOK AT.

4 WE HAVE BEGUN OUR INTERVIEWS. WE HAVE AT  
5 PRESENT INTERVIEWED 19 PEOPLE. AS I SAY, THE NAMES  
6 WILL BE ON OUR WEBSITE AND POSTED WEEKLY. AND WE'VE  
7 ALREADY HAD TWO STRATEGIC PLAN ADVISORY COMMITTEE  
8 MEETINGS. AND THE NEXT SLIDE, I THINK, SHOWS, REMINDS  
9 YOU OF THE MEMBERS OF THAT COMMITTEE. THANK YOU. BOB  
10 KLEIN, ED PENHOET, JEFF SHEEHY, SHERRY LANSING, PAUL  
11 BERG, DAVID BALTIMORE, BILL RASTETTER, GEORGE DALEY,  
12 AND STEVE FORMAN. IT IS AN INCREDIBLY DISTINGUISHED  
13 COMMITTEE, AND WE WILL BE CALLING ON THEM REGULARLY  
14 THROUGH THIS. THOSE MEETINGS ARE OPEN TO ANYBODY WHO  
15 WANTS TO ATTEND. SO WE WELCOME THE PUBLIC  
16 PARTICIPATION IN THOSE MEETINGS.

17 WE ALSO, AS YOU KNOW, HAVE TWO CIRM  
18 SCIENTIFIC MEETINGS FOR THE ICOC MEMBERS AND THE  
19 PUBLIC. AND WE HAD A VERY SUCCESSFUL MEETING ON MAY  
20 25TH IN LOS ANGELES AT CALTECH. WE HAD SEVEN ICOC  
21 MEMBERS PRESENT, WE HAD A NUMBER OF REPRESENTATIVES  
22 FROM ALL THE MAJOR RESEARCH INSTITUTIONS IN THE LOS  
23 ANGELES AREA WHERE THEY ARE: CITY OF HOPE, USC, UCLA,  
24 CALTECH, CHILDREN'S HOSPITAL L.A. AND UC RIVERSIDE WERE  
25 ALL PRESENT. WE ALSO HAD UC IRVINE, AND THE SPEAKERS

1 ARE LISTED THERE.

2 I, AGAIN, MENTIONED THEM LAST NIGHT AND WON'T  
3 GO OVER THEM AGAIN TODAY, BUT WE HAD TREMENDOUS  
4 RESPONSE FROM THAT MEETING. I THINK THOSE OF YOU ON  
5 THE ICOC WHO WERE THERE AND OTHER MEMBERS OF THE  
6 PUBLIC, I THINK, CAN TESTIFY TO THE QUALITY OF THE  
7 PRESENTATIONS, AND WE HAD A VERY VIGOROUS DISCUSSION.  
8 WE HAD ABOUT 35, 40 PEOPLE. TO ECHO ED PENHOET THIS  
9 MORNING, I WAS SORRY WE DIDN'T HAVE MORE PEOPLE THERE.  
10 IN FACT, ONE OF THE BOARD MEMBERS CAME UP TO ME AFTER  
11 THE MEETING AND SAID, "GOD, THESE PRESENTATIONS ARE  
12 FABULOUS. WE OUGHT TO HAVE THESE FOR THE BOARD." I  
13 SAID, "THAT'S WHAT WE JUST DID."

14 SO WE HOPE MORE PEOPLE WILL BE ABLE TO COME  
15 TO THE JULY 13TH MEETING, WHICH WILL BE IN SAN  
16 FRANCISCO AT THE GLADSTONE INSTITUTE. THIS WILL BE A  
17 MEETING WITH OUR GRANTS WORKING GROUP, AND WE WILL HAVE  
18 STUART ORKIN, WHO IS A CHAIR OF THAT COMMITTEE, JOAN  
19 SAMUELSON WILL BE SPEAKING, WHO'S THE CO-CHAIR OF THAT  
20 WORKING GROUP. WE HAVE DR. ALLEN SPIEGEL, WHO IS DEAN  
21 AT THE ALBERT EINSTEIN SCHOOL OF MEDICINE AND FORMER  
22 NIDDK DIRECTOR. AND WHEN HE WAS AT NIH, HE WAS ONE OF  
23 THE LEADERS OF STEM CELL INITIATIVES THERE. AND  
24 BECAUSE OF HIS LONGTIME INTEREST AND INVOLVEMENT IN  
25 DIABETES IN PARTICULAR, HE'S VERY, VERY KNOWLEDGEABLE

1 ABOUT THIS, AND I REALLY LOOK FORWARD TO HIS  
2 PRESENTATION, WHICH I THINK WILL BE VERY, FOR THOSE OF  
3 YOU WHO KNOW HIM, WILL BE VERY DENSE AND VERY, VERY  
4 INFORMATIVE.

5 ALSO, DR. JILL HEEMSKERK, WHO STARTED A VERY  
6 INNOVATIVE PROGRAM AT NINDS, WILL BE THERE. AND WE'VE  
7 INVITED A REPRESENTATIVE FROM THE PRIVATE SECTOR AND  
8 ARE TRYING TO CONFIRM THAT INVITATION.

9 NOW, JUST TO BRING YOU UP TO DATE ON THE  
10 OTHER ACTIVITIES. OUR CALIFORNIA-UK MEETING ON STEM  
11 CELL SELF-RENEWAL AND DIFFERENTIATION, BECAUSE SOME OF  
12 THE KEY PEOPLE ON THE UK SIDE WERE UNABLE TO MAKE THIS  
13 MEETING IN JUNE AS REGULARLY SCHEDULED, WE'VE  
14 RESCHEDULED IT NOW FOR NOVEMBER TO GET BETTER  
15 ATTENDANCE ON THE SCIENTIFIC SIDE. WE ARE STILL  
16 RECEIVING APPLICATIONS. AS YOU RECALL, WE WILL BE  
17 SENDING 16 PEOPLE. AND IF YOU HAVE OR KNOW OF PEOPLE  
18 AT YOUR INSTITUTIONS WHO ARE INTERESTED IN APPLYING,  
19 PLEASE HAVE THEM CONTACT ARLENE CHIU.

20 WE ALSO ARE MAKING PROGRESS ON THE ASSESSMENT  
21 OF MEDICAL RISK FOR EGG DONORS. WE JUST SIGNED THE  
22 CONTRACT, AND CREDIT GOES TO DR. GIL SAMBRANO, WHO  
23 REALLY LED THE WAY IN THOSE NEGOTIATIONS AND  
24 DISCUSSIONS, SO WE'VE SIGNED A CONTRACT WITH THE  
25 INSTITUTE OF MEDICINE. AND THE CHAIR OF THE COMMITTEE

1 OF EXPERTS WHO ACTUALLY WILL CHOOSE AND ORGANIZE THE  
2 MEETING IS DR. LINDA GUIDICE, FORMALLY OF STANFORD, NOW  
3 UCSF. SO WE'RE DELIGHTED THAT THAT COMMITTEE WILL BE  
4 UNDER SUCH EXPERT LEADERSHIP.

5 SO IT WILL OPERATE. AN EIGHT-PERSON  
6 COMMITTEE OF EXPERTS WILL ORGANIZE THE MEETING, AND  
7 WE'VE HAD ONE CHANGE. LINDA IS PRESIDENT OF THE  
8 SOCIETY FOR GYNECOLOGIC INVESTIGATION, WHO ORIGINALLY  
9 WERE GOING TO CO-SPONSOR WITH US. AND SO SHE SEEMED  
10 SUCH AN OBVIOUS CHOICE TO LEAD THE ORGANIZING  
11 COMMITTEE, THAT WE SAID TO HER PROBABLY IF THEY  
12 SPONSORED IT, IT WASN'T PROPER TO HAVE HER ON THAT  
13 ORGANIZING COMMITTEE. THAT IS, WE KEEP AN ARM'S LENGTH  
14 FROM THE ORGANIZATION OF THIS. IOM WILL PICK THE  
15 SPEAKERS, THEY WILL GIVE US AN ACCOUNT OF THE MEETING,  
16 AND WE DON'T HAVE ANYTHING TO DO WITH THE CONTENT OF  
17 THE MEETING. AND SO I THINK SHE DECIDED, TO ALL OF OUR  
18 APPRECIATION, THAT PERHAPS BEING PART OF AND NOW LEADER  
19 OF THAT ORGANIZING COMMITTEE WAS A MORE IMPORTANT ROLE  
20 THAN BEING CO-SPONSOR. SO WE'RE DELIGHTED WITH THAT  
21 ARRANGEMENT, AND THEY WILL BE WELL REPRESENTED AT THE  
22 MEETING.

23 THE NEXT SLIDE, LET ME JUST SAY THAT AS PART  
24 OF OUR FUND-RAISING EFFORTS, A GROUP IN SAN FRANCISCO,  
25 LED BY DEBORAH STROBIN, AND A GROUP OF DEDICATED

1 VOLUNTEERS PUT ON A GALA FOR US LAST MONDAY NIGHT. IT  
2 SEEMS A LONG TIME AGO ALREADY. AT ANY RATE, WE HAD A  
3 GALA EVENING AND DINNER IN SAN FRANCISCO FEATURING  
4 MARVIN HAMLISCH AND JULIE ANDREWS. WE HAD OVER 600  
5 ATTENDEES TO THE ENTIRE EVENT. I THINK THE CONCERT  
6 PART, TO MY UNDERSTANDING, DREW OVER A THOUSAND. AND  
7 THE PROCEEDS WILL BE DONATED TO CIRM AFTER ALL EXPENSES  
8 ARE PAID, AND WE DON'T YET KNOW WHAT THAT FIGURE WILL  
9 BE. WHEN THE PROCEEDS ARE DONATED, THEN THE LIST OF  
10 DONORS WILL BE MADE PUBLIC.

11 SO THAT'S MY PRESIDENT'S REPORT FOR THIS  
12 MEETING. IF YOU HAVE ANY QUESTIONS, I'D BE HAPPY TO  
13 ANSWER.

14 CHAIRMAN KLEIN: THANK YOU VERY MUCH, DR.  
15 HALL. I WOULD MENTION TO THE BOARD MEMBERS THAT IN OUR  
16 LEGISLATIVE VISITS IN THE RECENT WEEKS, THERE ARE A  
17 NUMBER OF KEY LEGISLATORS THAT WERE INVITED TO THE JULY  
18 13TH SCIENTIFIC MEETING TO GIVE THE SENSE OF THE  
19 SUBSTANCE THAT WE'RE CONSIDERING IN THESE EXTREMELY  
20 THOUGHTFUL STRATEGIC PLANNING OUTREACH SESSIONS FOR THE  
21 BEST MINDS IN THE COUNTRY. AND TO THE EXTENT BOARD  
22 MEMBERS CAN BE THERE AND TALK WITH LEGISLATORS, IT'S A  
23 VERY GOOD ENVIRONMENT WHERE WE'RE TALKING SCIENCE AND  
24 SUBSTANCE, AND THEY CAN REALLY VISUALIZE THE DEDICATION  
25 OF THIS MISSION AND ITS OPPORTUNITIES.

1                   I WOULD LIKE, BEFORE GOING ON TO THE NEXT  
2                   ITEM, TO TAKE BACK A SMALL PORTION OF MY TIME FOR THE  
3                   CHAIRMAN'S REPORT TO SAY THAT DR. DAVID BALTIMORE, ONE  
4                   OF OUR DISTINGUISHED BOARD MEMBERS, EITHER THIS MEETING  
5                   OR THE NEXT MEETING WILL BE HAVING HIS LAST MEETING  
6                   WITH OUR BOARD BEFORE HE RETURNS IN A SCIENTIFIC  
7                   LEADERSHIP ROLE TO REALLY ADVANCE MEDICAL RESEARCH WITH  
8                   SOME TREMENDOUS GRANTS OF GREAT POTENTIAL. AND I WOULD  
9                   HOPE WE COULD HAVE A MOTION FOR A BOARD RESOLUTION,  
10                  WHICH WE WILL CIRCULATE AND ALL SIGN, THANKING HIM FOR  
11                  HIS LEADERSHIP AND DISTINGUISHED CONTRIBUTION TO THIS  
12                  BOARD.

13                   FIRST, I THINK WE CAN GIVE HIM A HAND OF  
14                  APPLAUSE.

15   (APPLAUSE.)

16                  DR. PIZZO: I THINK CERTAINLY THAT WAS A VERY  
17                  WELCOME STATEMENT FROM YOU, BUT I WONDER WHETHER THERE  
18                  MIGHT NOT BE A WAY OF FIGURING OUT WHETHER WE CAN  
19                  RETAIN DR. BALTIMORE BECAUSE I THINK HE ADDS AN  
20                  EXTRAORDINARY FUND OF KNOWLEDGE AND EXPERTISE THAT'S  
21                  OTHERWISE POTENTIALLY MISSING. IF THERE CAN BE A  
22                  MECHANISM THROUGH CALTECH FOR THIS TO HAPPEN, BEFORE WE  
23                  ACTUALLY MAKE THIS OFFICIAL, I WOULD HOPE THAT MIGHT BE  
24                  EXPLORED.

25                  MR. SERRANO-SEWELL: IT MIGHT BE PREMATURE,

1 BOB.

2 CHAIRMAN KLEIN: AT THIS POINT I WOULD SAY  
3 THAT I WILL CONSULT WITH COUNSEL, AND WE'LL LOOK AT THE  
4 POSSIBILITIES, PRESENT THEM TO DR. BALTIMORE, AND GET  
5 HIS ADVICE AND GUIDANCE, BUT IT IS A GREAT OPPORTUNITY  
6 FOR US. SO WHAT I WOULD LIKE TO DO, IF POSSIBLE, IS  
7 MAYBE WE COULD HAVE A CONJUNCTIVE RESOLUTION THAT SAYS,  
8 A, EXPLORE THE POSSIBILITY OF RETAINING THIS BRILLIANT  
9 CONTRIBUTION TO THE BOARD; AND, B, IF WE'RE  
10 UNSUCCESSFUL, WE JOIN TOGETHER IN A RESOLUTION OF  
11 THANKS TO DR. BALTIMORE. IS THERE A RESOLUTION THAT  
12 COULD BE MADE ON THAT CONJUNCTIVE BASIS?

13 DR. REED: SO MOVED.

14 DR. PENHOET: SECOND.

15 CHAIRMAN KLEIN: DISCUSSION? ALL IN FAVOR.  
16 THANK YOU, DOCTOR, FOR YOUR TREMENDOUS CONTRIBUTION.

17 DR. BALTIMORE: THANK YOU.

18 CHAIRMAN KLEIN: IF WE CAN GO STRAIGHT ON TO  
19 THE ACTION ITEMS, CONSIDERATION OF PROPOSED INTERIM  
20 CIRM GRANT ADMINISTRATION POLICY FOR ACADEMIC AND  
21 NONPROFIT INSTITUTIONS. DR. HALL.

22 DR. HALL: I WILL TURN THIS OVER TO DR.  
23 ARLENE CHIU.

24 DR. CHIU: GOOD MORNING. JUST A REMINDER,  
25 LAST DECEMBER THE ICOC REVIEWED AND APPROVED THE



1 INTERIM -- THE BOARD APPROVED THE INTERIM CIRM GRANTS  
2 ADMINISTRATION POLICY FOR TRAINING GRANTS. AND WITH  
3 THIS POLICY IN PLACE, THE INSTITUTE WAS ABLE TO FUND  
4 THE 16 TRAINING GRANTS THAT WILL BE SUPPORTING ALMOST  
5 170 NEW STEM CELL SCHOLARS THROUGHOUT THE STATE OF  
6 CALIFORNIA.

7 TODAY WE BRING BACK TO YOUR ATTENTION THE  
8 PROPOSED INTERIM GRANTS ADMINISTRATION POLICY THAT WILL  
9 COVER ALL CIRM RESEARCH GRANT AWARDS TO ACADEMIC AND  
10 NONPROFIT INSTITUTIONS. BY THIS POINT, YOU HAVE SEEN  
11 SEVERAL VERSIONS OF THIS DOCUMENT, SO PLEASE BEAR WITH  
12 ME WHILE I REVIEW VERY QUICKLY WHAT VERSION WE'RE  
13 DEALING WITH.

14 AT THE FEBRUARY ICOC MEETING, WE PROVIDED THE  
15 BOARD WITH AN EARLIER DRAFT, VERSION 9 D, OF THE POLICY  
16 AS AN INFORMATIONAL ITEM SO THAT YOU HAVE TIME TO LOOK  
17 IT OVER. ON MARCH 14TH, WE PRESENTED VERSION 9 D TO  
18 THE SCIENTIFIC AND MEDICAL RESEARCH FUNDING WORKING  
19 GROUP WHICH MET BY TELECONFERENCE IN OPEN SESSION TO  
20 DISCUSS THIS DOCUMENT. THERE WAS ALSO A GREAT DEAL OF  
21 PUBLIC PARTICIPATION.

22 THE DOCUMENT WAS THEN AMENDED INCORPORATING  
23 CHANGES RECOMMENDED BY THE WORKING GROUP. AND ON APRIL  
24 6TH WE PRESENTED THE AMENDED DOCUMENT, NOW VERSION 11,  
25 TO THE BOARD FOR YOUR CONSIDERATION. YOU MAY RECALL

1 THAT AT THAT OCCASION OUR DISCUSSION ENDED AT CHAPTER  
2 5, SECTION B, COSTS AND ACTIVITIES. THE BOARD  
3 EXPRESSED SOME CONCERNS ABOUT HOW FACILITIES COSTS WERE  
4 TO BE CALCULATED FOR GRANTS.

5 WE WENT BACK TO THE DRAWING BOARD AND HAD  
6 FURTHER DISCUSSION WITH A NUMBER OF EXPERTS IN THE  
7 FIELD AND REVISED THE DOCUMENT. TODAY THE REVISED  
8 DRAFT, DRAFT VERSION 13 B, CAN BE FOUND IN TAB 7 IN  
9 YOUR BINDERS.

10 THIS DOCUMENT HAS BEEN POSTED ON THE CIRM  
11 WEBSITE TO THE PUBLIC ABOUT A WEEK AGO. SO JUST AS A  
12 REMINDER, FINALLY, WHEN THIS POLICY IS APPROVED BY THE  
13 BOARD, IT WILL FORM THE BASIS FOR DEVELOPING THE GRANTS  
14 ADMINISTRATION REGULATIONS AND WILL MOVE FORWARD  
15 PURSUANT TO THE APA, WHICH MEANS THAT WHEN IT'S CRAFTED  
16 IN REGULATORY LANGUAGE, THE PUBLIC WILL HAVE 45 DAYS  
17 FOR PUBLIC COMMENT. SO THERE'S STILL OCCASION FOR  
18 CHANGE AFTER THE APPROVAL.

19 NOW, TODAY TO AVOID CONFUSION, IN VERSION  
20 13 B BEFORE YOU, ONLY NEW REVISIONS OR CHANGES IN  
21 LANGUAGE MADE AFTER THE APRIL 6TH MEETING OR CHANGES  
22 THAT YOU HAD NOT REVIEWED AT THAT MEETING ARE  
23 IDENTIFIED IN RED IN YOUR BINDERS. A FEW OF THESE ARE  
24 CHANGES MADE IN RESPONSE TO PUBLIC COMMENT TO BETTER  
25 CLARIFY TERMS OR FOR CONSISTENCY. I WILL POINT TO THE

1 SUBSTANTIVE ONES WHEN WE COME TO THE RELEVANT SECTION.

2 YOU MAY RECALL THAT THE GRANTS ADMINISTRATION  
3 POLICY IS ORGANIZED AS SIX CHAPTERS SHOWN HERE AS  
4 BOXES. THE BLUE CHAPTERS ARE PRETTY STRAIGHTFORWARD  
5 WHILE THE ORANGE CHAPTERS HAVE ITEMS THAT REQUIRE SOME  
6 DISCUSSION OR EXPLANATION TODAY. IN EACH BOX OR  
7 CHAPTER, I'VE IDENTIFIED HERE THE SECTIONS WHERE THERE  
8 ARE NEW CHANGES. FOR EXAMPLE, IN CHAPTER 1 THERE ARE  
9 CHANGES IN THE GLOSSARY, IN CHAPTER 3 IN THE SECTION ON  
10 PUBLIC POLICY REQUIREMENTS, AND I WILL GO OVER THESE.

11 IN CHAPTER 1 ON PAGES 7 THROUGH 10, THERE ARE  
12 SEVERAL MINOR CHANGES IN THE DEFINITIONS OF DIRECT  
13 RESEARCH FUNDING COSTS, INDIRECT COSTS, KEY PERSONNEL,  
14 AND STIPEND. I DON'T BELIEVE THAT THERE ARE MUCH  
15 DIFFICULTIES WITH THESE, BUT I POINT TO THESE CHANGES  
16 FOR YOUR CONSIDERATION.

17 IN CHAPTER 3, CHAPTER 3 DESCRIBES THE  
18 PRE-AWARD AND THE AWARD PROCESS. NOW, AFTER THE LAST  
19 ICOC MEETING, THE FOLLOWING REQUIREMENT, WHICH IS SEEN  
20 ON THE SCREEN AND SHOWN IN RED, WAS ADDED TO THAT  
21 SECTION ON PUBLIC POLICY REQUIREMENTS ON PAGE 20. BY  
22 ADDING THIS WE ENSURE THAT GRANTEES SHALL RETAIN  
23 RECORDS DEMONSTRATING COMPLIANCE WITH OUR CIRM PUBLIC  
24 POLICY REQUIREMENTS FOR FIVE YEARS AFTER TERMINATION OF  
25 THE GRANT AND THAT THESE DOCUMENTS MAY BE AUDITED BY

1 CIRM OR APPROPRIATE STATE AGENCIES. WE FELT IT  
2 IMPORTANT TO PUT THAT UP FRONT FOR ALL OUR GRANTEES.

3 SO BACK TO THE GUIDE. WHILE THERE ARE NO  
4 SUBSTANTIVE CHANGES IN CHAPTER 4, WE NOW COME TO A  
5 NUMBER OF CHANGES THAT HAVE BEEN MADE IN CHAPTER 5,  
6 WHICH COVERS THE TOPIC OF PAYMENT AND USE OF FUNDS. IN  
7 THIS CHAPTER THE WORKING GROUP RECOMMENDED THREE  
8 CHANGES, AND I REMIND YOU OF THESE.

9 FIRST IS THE ADDITION OF TUITION AND FEES AS  
10 ALLOWABLE COSTS IN PAYMENT. SECOND IS REMOVAL OF THE  
11 REQUIREMENT FOR AN INTERIM FINANCIAL REPORT, AND I WILL  
12 COME BACK TO THIS POINT SHORTLY. AND FINALLY,  
13 REPLACING THE TERM "PRINCIPAL INVESTIGATOR," OR PI,  
14 WITH THE TERM "GRANTEE" THROUGHOUT THE SECTION. THIS  
15 IS TO REFLECT THE FACT THAT BOTH THE INSTITUTION AND  
16 THE INDIVIDUAL INVESTIGATOR SHARE RESPONSIBILITY FOR  
17 THE REPORTS THAT WILL BE REQUIRED. AND THEY SUGGESTED  
18 THIS CHANGE.

19 NOW, AT THE LAST MEETING THE ICOC DIRECTED US  
20 TO RESEARCH THE ISSUE OF ALLOWABLE COSTS AND  
21 ACTIVITIES. IN CARRYING OUT THIS TASK, WE TURNED TO A  
22 NUMBER OF CONSULTANTS FOR HELP. WE'VE HAD EXTENSIVE  
23 CONVERSATIONS WITH ROGER NYS AT THE HOWARD HUGHES  
24 MEDICAL INSTITUTE AND WITH A NUMBER OF GRANT MANAGEMENT  
25 STAFF MEMBERS FROM CALIFORNIA ACADEMIC AND RESEARCH

1 INSTITUTIONS. BUT MOST NOTABLY, TWO EXPERTS IN THIS  
2 FIELD, MR. MICHAEL KULIG AND MR. MICHAEL LEGRAND, HAVE  
3 GENEROUSLY PROVIDED ADVICE AND TIME TO US PRO BONO ON  
4 THE TOPIC OF CALCULATING FACILITIES AND ADMINISTRATION  
5 COSTS.

6 THEY COME FROM THE CONSULTING FIRM OF KPMG  
7 AND HAVE EXTENSIVE KNOWLEDGE OF FEDERAL AND STATE  
8 REGULATORY REQUIREMENTS FOR GRANT ADMINISTRATION.  
9 BETWEEN THEM THEY HAVE ALMOST 30 YEARS OF EXPERIENCE IN  
10 THE DEVELOPMENT AND THE REVIEW OF INDIRECT COST  
11 PROPOSALS. THEIR CLIENTS COME FROM BOTH SIDES OF THE  
12 FENCE AND INCLUDE BOTH STATE AND LOCAL GOVERNMENTS AS  
13 WELL AS AN IMPRESSIVE LIST OF UNIVERSITIES, HOSPITALS,  
14 AND RESEARCH INSTITUTIONS.

15 MR. KULIG WAS UNABLE TO COME HERE TODAY  
16 BECAUSE OF A CONFLICT, BUT WE'RE EXTREMELY PLEASED  
17 THAT MR. LEGRAND IS HERE AND WILL BE ABLE TO ANSWER ANY  
18 QUESTIONS THE BOARD MAY POSE. SO I'D LIKE TO INTRODUCE  
19 MR. MICHAEL LEGRAND.

20 (APPLAUSE.)

21 DR. CHIU: SO TO REMIND US THAT PROPOSITION  
22 71 DEFINES DIRECT RESEARCH COST TO INCLUDE BOTH PROJECT  
23 COSTS AND COSTS OF THE FACILITIES FOR CONDUCTING THE  
24 APPROVED PROJECT. WE ADDED ON PAGE 28 THE SENTENCE IN  
25 RED AND AS SHOWN ON THE SCREEN. THAT IS, LANGUAGE

1 DERIVED FROM PROP 71. "IN ACCORDANCE WITH PROPOSITION  
2 71, DIRECT RESEARCH FUNDING COSTS INCLUDE SCIENTIFIC  
3 AND MEDICAL FUNDING FOR AN APPROVED RESEARCH PROJECT  
4 AND THE GENERAL OPERATING COSTS OF FACILITIES FOR  
5 CONDUCTING THE APPROVED PROJECT."

6 AND SO TO BETTER REFLECT THIS DEFINITION, WE  
7 HAVE REORGANIZED THE DESCRIPTION OF COSTS AND  
8 ACTIVITIES IN THE FOLLOWING MANNER. FIRST, PROJECT  
9 COSTS AND ACTIVITIES, WHAT IS ALLOWED AND WHAT IS NOT  
10 ALLOWED. NEXT, FACILITIES COSTS, WHAT'S ALLOWED AND  
11 NOT ALLOWED. AND FINALLY, INDIRECT COSTS. SO I JUST  
12 WANT TO POINT OUT THAT THE SECTION ON UNALLOWABLE  
13 PROJECT COSTS IS HIGHLIGHTED IN RED ONLY BECAUSE IN  
14 THIS REORGANIZATION WE HAVE MOVED THE WHOLE PASSAGE TO  
15 A NEW SECTION. THERE IS NO CHANGE IN LANGUAGE USED.  
16 THIS IS THE SAME AS BEFORE.

17 NOW, FACILITIES COSTS COVER GENERAL OPERATING  
18 COSTS OF THE GRANTEE'S FACILITIES THAT WILL HOUSE ALL  
19 ELEMENTS OF THE FUNDED PROJECT. AND WE SEE TWO  
20 CATEGORIES OF ALLOWABLE FACILITIES COSTS. CATEGORY A  
21 IS TO COVER THE COST OF OPERATION, MAINTENANCE, AND  
22 LIBRARY EXPENSES. TO COVER THESE COSTS OF CONDUCTING  
23 RESEARCH, WE WILL APPLY THE FEDERALLY NEGOTIATED RATES  
24 FOR EACH INSTITUTION. CATEGORY B, SHOWN ON THE SCREEN,  
25 IS TO COVER THE USE OF BUILDINGS, CAPITAL IMPROVEMENTS,

1 AND EQUIPMENT, ETC. BASED ON LENGTHY DISCUSSIONS WITH  
2 OUR CONSULTANTS, WE FELT THAT THE FEDERALLY NEGOTIATED  
3 RATES ARE AN ACCURATE REFLECTION OF THE MARKET LEASE  
4 RATE BECAUSE THEY ARE CAREFULLY RECALCULATED AND  
5 RENEGOTIATED REGULARLY AND SOMETIMES ON A YEARLY BASIS.

6 SO AS OPTION 1 IN CATEGORY B, THE GRANTEE MAY  
7 CHOOSE TO USE THE FEDERAL RATES AS A PROXY FOR THE  
8 MARKET LEASE RATE. IF THE GRANTEE LEASES SPACE TO  
9 CONDUCT THE APPROVED RESEARCH, THEN THEY CAN CHOOSE  
10 OPTION 2. AND THAT IS TO REQUEST THEIR ACTUAL  
11 OUT-OF-POCKET LEASE COST, WHICH WOULD CONSTITUTE THE  
12 REAL MARKET LEASE RATE.

13 NOW, WE WANT TO MAKE IT CLEAR THAT GRANTEES  
14 MAY REQUEST BOTH CATEGORIES A AND B AS ALLOWABLE  
15 FACILITIES COSTS. CIRM WILL NOT PUT A CAP ON THESE  
16 RATES SO THAT WE WILL MORE APPROPRIATELY REIMBURSE THE  
17 COST OF ACTUALLY WHAT IT COST TO CONDUCT RESEARCH.

18 MR. CHAIRMAN, ARE THERE ANY QUESTIONS OR  
19 DISCUSSION ON THIS PART OF THE PROJECTS AND FACILITIES  
20 COSTS?

21 CHAIRMAN KLEIN: I WOULD LIKE TO POINT OUT  
22 THAT, THANKS TO MY MICHAEL KULIG, WE WERE ABLE TO  
23 ADDRESS AN ISSUE RAISED AT THE LAST MEETING. THERE WAS  
24 SOME CONFUSION ABOUT THE ABILITY TO FOLLOW PROPOSITION  
25 71 WHICH REQUIRES A MARKET LEASE RATE TO VALIDATE THAT

1 THE PUBLIC IS GETTING ITS VALUE OUT OF THE BUILDINGS.  
2 AND AS I WOULD HAVE EXPECTED, I WAS PLEASED TO FIND, IN  
3 FACT, THE PROCESS FOR APPROVING EVERY NEW BUILDING THAT  
4 IS QUALIFIED FOR FEDERAL REIMBURSEMENT IS THAT IT HAS  
5 TO GO THROUGH A TEST OF BEING COMPARED TO MARKET LEASE  
6 RATE. IT'S PART OF THE PROCESS THAT THE CHIEF  
7 FINANCIAL OFFICERS FOR EVERY INSTITUTION GO THROUGH, SO  
8 IT'S NOT A NEW REQUIREMENT. IT'S NOT AN UNKNOWN  
9 REQUIREMENT. IT'S NOT A SURPRISE TO THEM.

10 AND FOR THE RECORD, OMB CIRCULAR A122,  
11 APPENDIX B, SECTION 23, AND OMB CIRCULAR A 21, SECTION  
12 J26(C), PART B(1) ADDRESS BOTH ACADEMIC RESEARCH  
13 INSTITUTIONS AND NONPROFIT RESEARCH INSTITUTIONS AND  
14 LAY OUT VERY CLEARLY THIS FACT THAT THEY HAVE TO GO  
15 THROUGH A MARKET LEASE RATE TEST INITIALLY IN  
16 QUALIFYING ANY BUILDING FOR THE FEDERAL REIMBURSEMENTS.  
17 SO, IN FACT, THE PROCESS IS IN PLACE AS WE EXPECTED,  
18 WHICH I HAD HOPED FOR SINCE, IN THE PROCESS OF WRITING  
19 THE INITIATIVE, IT WENT THROUGH THE CHIEF FINANCIAL  
20 OFFICERS OF A NUMBER OF INSTITUTIONS FOR REVIEW.

21 SO WE DO HAVE THE SYSTEM IN PLACE ON NEW  
22 BUILDINGS TO MAKE CERTAIN THAT EVERY BUILDING DOES MEET  
23 THE STANDARDS OF PROPOSITION 71, IT RECONCILES, THERE'S  
24 NO NEW REQUIREMENTS BECAUSE MARKET LEASE RATE IS NOT AN  
25 EXTRA BURDEN ON THEM. IT IS PART OF THEIR PROCESS.



1 AND EVERY BUILDING UNDER EXISTING REIMBURSEMENTS WILL  
2 HAVE ALREADY GONE THROUGH THAT PROCESS PREVIOUSLY, ALSO  
3 RECONCILING TO PROPOSITION 71.

4 SO WE HAVE A SITUATION WHERE WE HAVE GOOD  
5 LEGAL BACKUP AND PROCESSES IN PLACE THAT INSTITUTIONS  
6 UNDERSTAND AND MUST CONFORM TO TO GET ANY BUILDING  
7 QUALIFIED FOR FEDERAL REIMBURSEMENT. WE'RE FOLLOWING  
8 THE SAME PROTOCOL WITH A LONG HISTORY IN PLACE. SO  
9 THAT'S VERY HELPFUL.

10 DR. BALTIMORE: THE WAY I UNDERSTAND THE  
11 CALCULATION FOR FACILITIES, IT'S ACTUALLY A  
12 DEPRECIATION OF THE VALUE OF BUILDINGS THAT WERE NOT  
13 FEDERALLY FUNDED. IF THEY WERE -- IF THE BUILDING WAS  
14 FEDERALLY FUNDED, THEN THERE'S NO DEPRECIATION COST.  
15 ARE YOU INCLUDING THAT? I CAN'T TELL FROM THE WAY THIS  
16 IS DESCRIBED, WHETHER THAT -- WHICH IS A LARGE PART OF  
17 THE STANDARD INDIRECT COST CALCULATION.

18 CHAIRMAN KLEIN: DR. CHIU, WOULD YOU LIKE TO  
19 ADDRESS THE QUESTION?

20 DR. CHIU: LET ME CHECK THIS WITH MR.  
21 SELIGMAN AT CALTECH ACTUALLY. AND I HAVE A  
22 COMMUNICATION FROM HIM THAT HE SEEMS TO FEEL THAT IT  
23 WOULD WORK OUT. I AM GOING TO SHARE --

24 DR. BALTIMORE: I'M NOT DOUBTING IT WILL WORK  
25 OUT. I'M JUST ASKING WHAT'S INCLUDED AND WHAT ISN'T.

1 DR. CHIU: I THINK MR. LEGRAND AND MR. KULIG  
2 HAS INFORMED US THAT EACH INSTITUTION WILL COME UP WITH  
3 IT AND WILL INCLUDE IT OR CHOOSE THE ACTUAL LEASE RATE.  
4 THEY HAVE THAT CHOICE TO WORK IT OUT.

5 DR. HALL: IT'S A DIFFERENT QUESTION. MAYBE  
6 WE CAN CALL MR. LEGRAND HERE. DAVID, IF YOU CAN JUST  
7 REPEAT THE QUESTION BECAUSE WHAT YOU'RE ASKING  
8 BASICALLY IS HOW IS THE FEDERAL RATE CALCULATED.

9 DR. BALTIMORE: RIGHT. BECAUSE YOU'RE  
10 DEPENDING ON THE FEDERAL RATE HERE.

11 MR. LEGRAND: ANY FEDERAL DOLLARS FOR THE  
12 BUILDING OF THE BUILDING, THAT PART OF THE DEPRECIATION  
13 IS BACKED OUT, SIMILAR TO YOUR CONSTRUCTION GRANTS THAT  
14 YOU DO, THAT PORTION WOULD NOT BE RECOVERED AS PART OF  
15 THIS GRANT BECAUSE IT WAS ALREADY PREVIOUSLY PAID FOR  
16 BY ANOTHER GRANTOR. SO THAT PART WOULD NOT BE  
17 RECOVERED.

18 DR. BALTIMORE: SO WE HAVE AN OVER -- WE HAVE  
19 A RATE WHICH IS DETERMINED BY ALL OF THE BUILDINGS ON  
20 THE CAMPUS. AND THEN YOU BACK OUT, AS YOU SAY, ALL THE  
21 FEDERALLY FUNDED. AND THAT'S THE RATE YOU'RE TALKING  
22 ABOUT HERE.

23 MR. LEGRAND: YES. YES.

24 DR. BALTIMORE: IT EFFECTIVELY INCORPORATES  
25 THE DEPRECIATION.

1 DR. HALL: IT'S A BLENDED RATE.

2 MR. LEGRAND: IT'S A BLENDED RATE. INSTEAD  
3 OF HAVING TO NEGOTIATE A SEPARATE RATE FOR EVERY  
4 BUILDING, WHICH WOULD BE AN ONEROUS PROCESS ON YOU GUYS  
5 TO FOLLOW AND MONITOR ON A PROJECT-BY-PROJECT BASIS,  
6 YOU TAKE A BLENDED RATE. THAT HAPPENS FOR ANY BUILDING  
7 ON CAMPUS. IF IT HAPPENS TO BE AN OLDER BUILDING,  
8 YOU'LL PROBABLY GET A LITTLE BETTER BENEFIT. IF IT'S A  
9 BRAND NEW BUILDING, IT JUST AVERAGES OUT.

10 DR. HALL: IF I UNDERSTAND WHAT BOB REFERRED  
11 TO, AND CORRECT ME IF I'M WRONG HERE, THAT IF YOU BUILD  
12 A NEW BUILDING NOW AND YOU THEN COME IN TO RENEGOTIATE  
13 YOUR RATE, YOU HAVE TO SHOW THAT THE COSTS OF THAT  
14 BUILDING ARE AT MARKET RATE, EACH ONE YOU ADD IN TO  
15 YOUR AGGREGATE BUILDING.

16 MR. LEGRAND: ABSOLUTELY.

17 DR. BALTIMORE: MARKET RATE FOR BUILDING OR  
18 MARKET RATE FOR RENTAL?

19 MR. LEGRAND: THERE'S A BUY-LEASE-BUILD  
20 ANALYSIS THAT HAS TO BE DONE BEFORE YOU CAN GO AND BUY,  
21 BUILD, OR LEASE A NEW BUILDING OVER \$500,000, WHICH  
22 WILL COVER ANY BUILDING IN CALIFORNIA, INCLUDING YOUR  
23 HOME.

24 CHAIRMAN KLEIN: DR. KESSLER, I THINK YOU HAD  
25 A QUESTION OF WHETHER FOR LEGAL CLARITY THERE SHOULD BE

1 A DEFINITION OF OPERATING COST ADDED.

2 DR. KESSLER: IF I LOOK AT, AND AGAIN, THIS  
3 MAY BE A DRAFTING ISSUE, IF I LOOK AT THE GLOSSARY ON  
4 PAGE 7, CORRECT ME, IT DEFINES DIRECT RESEARCH FUNDING  
5 COSTS. IT SAYS FACILITIES COST COVER GENERAL OPERATING  
6 COSTS OF THE GRANTEE'S FACILITIES. BUT IF YOU LOOK IN  
7 THE REST OF THE GLOSSARY, IT DOESN'T DEFINE OPERATING  
8 COST, GENERAL OPERATING COST. I ASSUMED IN THE GENERAL  
9 OPERATING COSTS, THE DEFINITION PROBABLY NEEDS TO COME  
10 FROM PAGE 28 AND PAGE 29 AND INCLUDES THE ADDED  
11 LANGUAGE ON CAPITAL DEBT, ETC. SO THERE'S A  
12 CONSISTENCY OF DEFINITIONS HERE.

13 DR. CHIU: WE CAN CERTAINLY INCLUDE THOSE TWO  
14 PARTS OF FACILITIES COSTS AND DEFINE THAT AS OPERATING  
15 COSTS FOR FACILITIES.

16 CHAIRMAN KLEIN: I THINK THAT WOULD BE VERY  
17 HELPFUL, AND THANK YOU FOR OUR DISTINGUISHED LEGAL  
18 COMMENTS FROM DR. KESSLER.

19 DR. LOVE: I JUST HAVE ONE VERY NAIVE  
20 QUESTION. I THOUGHT ONE OF THE CHALLENGES WAS THE  
21 COMMINGLING OF FEDERAL DOLLARS WITH THESE DOLLARS. I'M  
22 JUST CHECKING IN. WE WILL HAVE THIS FEDERAL REFERENCE  
23 AVAILABLE EVEN THOUGH THERE ARE NO FEDERAL DOLLARS  
24 GOING IN?

25 CHAIRMAN KLEIN: THE KEY HERE IS THAT FOR NEW

1 BUILDINGS, THE FACILITIES COMMITTEE, THAT DAVID  
2 SERRANO-SEWELL IS THE CO-CHAIR OF, WILL NEED TO COME  
3 DOWN WITH RECOMMENDATIONS TO THE BOARD, AND THE BOARD  
4 WILL NEED TO ADOPT THOSE RECOMMENDATIONS. BUT  
5 ESSENTIALLY IT IS INTENDED, IF WE TRACK WHAT IS BEING  
6 SAID HERE AS PRECEDENT, TO FOLLOW THE FEDERAL FORMULAS  
7 SO THE INSTITUTIONS ARE AWARE OF ALL OF THE PRACTICES  
8 THAT WOULD BE REQUIRED TO PUT A NEW BUILDING IN PLACE  
9 UNDER THE FEDERAL SYSTEM. WE'RE NOT TRYING TO RECREATE  
10 THE WHEEL. WE'RE TRYING TO WORK WITH PROVEN SYSTEMS  
11 THAT WE KNOW ARE EFFECTIVE.

12 AND SO EVEN THOUGH THERE WILL NOT BE ANY  
13 FEDERAL MONEY IN THE BUILDING, BY FOLLOWING A FEDERAL  
14 PROCEDURE THAT INCLUDES A MARKET LEASE RATE VALIDATION,  
15 WE TIE TO THE PROPOSITION 71, WE MEET OUR LEGAL TEST,  
16 WE HAVE A CLEAN STARTING POINT THAT THE INSTITUTION IS  
17 VERY FAMILIAR WITH.

18 DR. HALL: MAYBE A POINT THAT WOULD BE  
19 HELPFUL, TED, IS WE'RE NOT SEGREGATING OUT IN THIS  
20 SPECIFIC SPACE, IN THIS CALCULATION, SPACE THAT'S  
21 SPECIFICALLY DEDICATED TO HUMAN EMBRYONIC STEM CELL  
22 RESEARCH. WE WILL BE AT ANY INSTITUTION FUNDING  
23 PRESUMABLY A VARIETY OF RESEARCH THAT WILL INCLUDE SOME  
24 DEDICATED SPACE AND OTHERS. AND MY UNDERSTANDING OF  
25 THE WAY THAT INSTITUTIONS DO IT IS THAT EVEN THOUGH

1 SOME OF THE RESEARCH DOLLARS THAT THEY HAVE COME FROM  
2 PRIVATE FOUNDATIONS, THEY DON'T BACK THAT OUT OF THE  
3 FEDERAL CALCULATION. IT'S JUST DONE, YOUR TOTAL  
4 BUDGET, YOUR TOTAL RESEARCH BUDGET AND YOUR TOTAL  
5 RESEARCH SPACE, THEN, IS THE BASIS FOR THE FEDERAL  
6 CALCULATION, AS I UNDERSTAND IT.

7 AND SO WE WOULD DO THE SAME THING THERE  
8 BECAUSE TO TRACK ALL THE SPACE IN PARTICULARLY A LARGE  
9 INSTITUTION WHERE PEOPLE MAY BE USING FACILITIES AND  
10 INSTRUMENT ROOMS AND COMMON SPACE ALL OVER IS  
11 HOPELESSLY COMPLEX. SO WE JUST USED WHAT'S CALLED A  
12 BLENDED RATE FOR THE WHOLE THING.

13 DR. REED: JUST FOR THE RECORD, I THOUGHT IT  
14 WOULD BE IMPORTANT TO CLARIFY TO THE PUBLIC WHAT IS  
15 MEANT BY BLENDED RATE. THE PREVIOUS GENTLEMAN HAD USED  
16 THE TERM "ALL BUILDINGS ON CAMPUS." CERTAINLY THAT  
17 DOESN'T APPLY, FOR EXAMPLE, YOU DON'T DEPRECIATE THE  
18 HISTORY DEPARTMENT'S BUILDING OR THE ENGLISH  
19 DEPARTMENT'S BUILDING OR THINGS LIKE THAT. THESE ARE  
20 BUILDINGS THAT ARE ACTIVELY USED FOR RESEARCH.

21 DR. BRYANT: I HAVE A DIFFERENT QUESTION.  
22 IT'S ABOUT UNALLOWABLE PROJECT COSTS ON PAGE 28, THAT  
23 SECTION. DO YOU MEAN UNALLOWABLE DIRECT COST?

24 DR. CHIU: WE REMOVED THE WORD "DIRECT  
25 PROJECT" OR "DIRECT FACILITIES" BECAUSE OF A COMMENT

1 FROM ONE OF THE BOARD MEMBERS LAST TIME. SO INTENT IS  
2 WHAT WE WOULD NORMALLY THINK OF AS DIRECT PROJECT  
3 COSTS.

4 DR. BRYANT: SO YOU COULD USE THE  
5 ADMINISTRATIVE -- UNDER THE ADMINISTRATIVE COSTS --

6 DR. CHIU: WE'LL COME TO ADMINISTRATIVE,  
7 WHICH IS THE INDIRECT. I HOPE IT WILL BECOME CLEAR  
8 THAT THAT IS MANDATED IN PROP 71, THE INDIRECT COSTS  
9 FOR ADMINISTRATIVE PURPOSES.

10 DR. KESSLER: JUST A QUESTION, TECHNICAL  
11 QUESTION. BUT HOW YOU DO IN REGULATIONS "BUT NOT  
12 LIMITED TO"? UNLESS YOU'RE WILLING TO -- YOU HAVE TO  
13 SPECIFY SOMETHING AS YES OR NO. YOU CAN'T JUST SAY,  
14 WELL, THERE MAY BE OTHER THINGS. REGULATIONS HAVE TO  
15 HAVE A SPECIFICITY TO THEM, DON'T THEY, JIM?

16 MR. HARRISON: REGULATIONS DO REQUIRE  
17 SPECIFICITY, BUT AT TIMES YOU CAN USE EXAMPLES THAT ARE  
18 NOT EXHAUSTIVE, AND IT'S INTERPRETED TO INCLUDE THINGS  
19 OF A LIKE KIND. BUT OBVIOUSLY THE MORE SPECIFIC WE CAN  
20 BE THE BETTER.

21 DR. KESSLER: I THINK YOU HAVE TO BE SPECIFIC  
22 HERE. I DON'T THINK YOU HAVE THE LUXURY OF JUST SAYING  
23 THERE MAY BE OTHER THINGS BECAUSE THEN YOU PUT PEOPLE  
24 IN A LIMBO HERE OF NOT KNOWING.

25 DR. CHIU: THERE MAY BE SOME THINGS THAT WILL

1 BE SPECIFIED IN AN RFA, FOR EXAMPLE.

2 DR. KESSLER: BUT THEN YOU CAN BE SPECIFIC.  
3 I JUST DON'T THINK LANGUAGE THAT SAYS "BUT NOT LIMITED  
4 TO" IS HELPFUL IN REGULATIONS.

5 DR. CHIU: THAT WILL NOT BE IN THE  
6 REGULATIONS. WHEN WE COME TO REGULATORY LANGUAGE, WE  
7 WILL TRY TO PUT IN THAT PARTICULAR POINT.

8 DR. STEWARD: I'M PROBABLY MISSING SOMETHING  
9 HERE, AND I APOLOGIZE IF I'M SLOW ON THE UPTAKE HERE.  
10 BUT HOW DOES THIS RELATE TO THE, I THINK IT'S ARTICLE  
11 1, SECTION 5 IN PROP 71, WHICH LIMITS INDIRECT COSTS TO  
12 25 PERCENT?

13 DR. CHIU: WE'RE COMING TO THAT IN JUST TWO  
14 SECONDS, THE VERY NEXT SECTION.

15 DR. STEWARD: I WASN'T BEHIND. I WAS AHEAD?

16 DR. BALTIMORE: SINCE IT IS IN THIS SECTION,  
17 ONE OF THE THINGS YOU HAVE HERE IS TRAVEL-RELATED  
18 EXPENSES AND REGISTRATION FEES WHEN ATTENDING A  
19 SCIENTIFIC MEETING OUT OF THE COUNTRY ARE NOT ALLOWED.  
20 AN INCREASING NUMBER OF VERY IMPORTANT MEETINGS OCCUR  
21 OUTSIDE THE COUNTRY. WHY IS THIS IN HERE?

22 DR. CHIU: THIS IS TO DO WITH WORRIES ABOUT  
23 HOW MANY MEETINGS ARE OPEN AND THEY'RE VERY EXPENSIVE  
24 TO GO OUTSIDE OF THE COUNTRY. SO THEY COULD ASK FOR  
25 PRIOR APPROVAL, AND I BELIEVE THAT WOULD BE ALLOWED.



1 DR. BALTIMORE: IT SAYS ARE NOT ALLOWED.

2 DR. CHIU: WE COULD REMOVE THAT IF THE BOARD  
3 SO CHOOSES.

4 CHAIRMAN KLEIN: DR. BALTIMORE HAS A VERY  
5 IMPORTANT POINT HERE. WE'RE TRYING TO EMPHASIZE  
6 INTERNATIONAL COLLABORATION. TREMENDOUS AMOUNT OF  
7 SYNERGY BETWEEN SCIENTISTS FROM THE VARIOUS NATIONS.  
8 WOULD YOU LIKE TO MAKE A SUGGESTION, DR. BALTIMORE?

9 DR. BALTIMORE: I WOULD SUGGEST REMOVING IT.

10 CHAIRMAN KLEIN: THERE'S A SECOND TO THAT,  
11 DR. BRYANT.

12 DR. BRYANT: YES. I ACTUALLY THINK WE SHOULD  
13 DO THAT, BUT I'M ALSO -- BUT IT IS TRUE THAT AS IT  
14 STANDS NOW, YOU CAN TAKE THAT FROM THE INDIRECT. CAN  
15 YOU?

16 DR. HALL: TALKING ABOUT PROJECT COSTS. AND  
17 PRESUMABLY ONE WOULD HAVE IN THE PROJECT COST, SO IT  
18 WOULD HAVE BUDGETED AN AMOUNT FOR TRAVEL. AND SO THEN  
19 IT DOES NOT MATTER.

20 DR. BALTIMORE: \$1000 A YEAR PER PERSON.

21 SO --

22 DR. PIZZO: YOU'RE NOT GOING TOO FAR.

23 DR. CHIU: WE WILL REMOVE THAT IF THE BOARD

24 SO --

25 CHAIRMAN KLEIN: WE HAVE ACTUALLY A MOTION

1 AND A SECOND ON THAT ITEM. ANY ADDITIONAL DISCUSSION  
2 ON THAT ITEM?

3 DR. PRICE: DOES THAT INCLUDE THE \$2000  
4 LIMIT, THAT ITEM? IS THAT WHAT WE DISCUSSED?

5 DR. BALTIMORE: IT WOULD BE INCLUDED WITHIN  
6 THE \$2000 LIMIT AS IT STANDS NOW.

7 DR. PRICE: MY QUESTION IS WHY IS THE \$2000  
8 LIMIT THERE?

9 DR. BALTIMORE: WHY DON'T WE DEAL WITH THIS  
10 ONE AND THEN WE CAN DEAL WITH THAT ONE.

11 DR. PRICE: ONE AT A TIME. OKAY.

12 CHAIRMAN KLEIN: ANY PUBLIC COMMENT ON THAT  
13 ITEM? ALL IN FAVOR OF MODIFYING AND REMOVING THAT  
14 RESTRICTION SAY AYE. OPPOSED?

15 MOTION WAS MADE BY DR. BALTIMORE AND THE  
16 SECOND WAS MADE BY DR. BRYANT.

17 DR. PRICE, YOU HAVE AN ITEM YOU'D LIKE TO  
18 PLACE?

19 DR. PRICE: WHAT THE RATIONALE IS FOR  
20 LIMITING TOTAL TRAVEL IN A GIVEN YEAR TO \$2000, WHICH  
21 SEEMS TO ME NOT IN KEEPING WITH THE CURRENT COST OF  
22 TRAVEL?

23 DR. CHIU: IF THE BOARD WOULD LIKE TO PROPOSE  
24 A DIFFERENT NUMBER, OR HAVE NO LIMITS ON TRAVEL COSTS.

25 DR. BALTIMORE: I THINK FROM A PUBLIC

1 PERCEPTION POINT OF VIEW, HAVING A LIMIT IS A VERY GOOD  
2 IDEA.

3 DR. PIZZO: HOW IS THE 2,000 ARRIVED AT?

4 DR. CHIU: IT WAS JUST BASED ON WHAT OTHER  
5 INSTITUTIONS AND FOUNDATIONS HAVE USED, BUT IT'S JUST  
6 AN AVERAGE NUMBER, AND ALSO BASED ON INTERNAL TRAVEL  
7 WITHIN THE UNITED STATES GOING TO A MEETING. THAT WAS  
8 ALL.

9 CHAIRMAN KLEIN: THERE'S QUITE A BIT OF RANGE  
10 HERE BETWEEN INSTITUTIONS. IN THE EMBRYONIC STEM CELL  
11 AREA, WE'RE PARTICULARLY DEPENDENT UPON GLOBAL  
12 COOPERATION AND DEVELOPMENTS. WOULD ANYONE LIKE TO  
13 MAKE A SUGGESTION?

14 DR. LOVE: I HAVE A QUESTION BEFORE WE GET TO  
15 A NUMBER. HOW IS THE PER PERSON NUMBER DERIVED? FOR  
16 EXAMPLE, IF YOU WERE TO HAVE A LAB WHERE THERE ARE RA'S  
17 AND A VARIETY OF PEOPLE WHO MAY NOT DO VERY EXTENSIVE  
18 TRAVEL, THIS NUMBER WOULD HAVE TO BE MULTIPLIED, AND  
19 PEOPLE WHO REALLY TRAVEL COULD GET A BIGGER AMOUNT.

20 DR. CHIU: WE CAN'T IDENTIFY HOW MANY PER  
21 PROJECT BECAUSE PROJECTS WILL RANGE FROM SMALL TO  
22 LARGE. SO THAT'S WHY WE DO IT PER INDIVIDUAL. WE  
23 THOUGHT THAT WOULD BE A REASONABLE AMOUNT.

24 DR. BALTIMORE: BUT IT DOES SAY KEY  
25 PERSONNEL.

1 DR. BRYANT: SO I WOULD PROPOSE RAISING IT TO  
2 5,000 AND HAVING A POLICY THAT SAYS ANYTHING MORE THAN  
3 THAT WOULD HAVE TO BE APPROVED. WE'D HAVE TO REQUEST  
4 APPROVAL.

5 DR. HALL: LET ME JUST SAY WITH RESPECT TO  
6 TED'S POINT THAT IT WOULD BE LIMITED TO PEOPLE NAMED IN  
7 THE GRANT. YOU COULDN'T SAY WE SUDDENLY HAVE A NEW  
8 COLLABORATOR.

9 CHAIRMAN KLEIN: LET ME ASK A QUESTION THERE.  
10 WITH OUR RESEARCH FELLOWSHIPS, THEY'RE NOT NAMED IN THE  
11 GRANTS. WOULD YOU, DR. HALL, MAKE AN EXCEPTION SO THE  
12 RESEARCH FELLOWS COULD BE QUALIFIED FOR TRAVEL OR NOT?

13 DR. HALL: WELL, THIS IS FOR PROJECT-RELATED  
14 COSTS. I DON'T THINK WE WANT TO JUST SAY THAT ANYBODY  
15 WHO IS A TRAINEE. THOSE FUNDS SHOULD BE APPORTIONED  
16 WITHIN THE TRAINING GRANTS, NOT HERE. IF THEY'RE ON A  
17 PROJECT AND THERE ARE REASONS FOR THEM TO GO, I THINK  
18 THAT'S FINE. THAT WOULD BE MY PREFERENCE.

19 DR. KESSLER: SORRY FOR BELABORING THIS.  
20 GIVE A LITTLE BIT OF WHAT THE RATIONAL BASIS IS FOR  
21 COMING UP WITH A NUMBER. ZACH, IF I WERE A SENIOR STEM  
22 CELL RESEARCHER, IN THE COURSE OF A YEAR, YOU WOULD  
23 EXPECT ME TO GO TO HOW MANY STEM CELL RESEARCH  
24 MEETINGS? ON THE AVERAGE, WHAT WOULD YOU GUESS IN YOUR  
25 PROFESSIONAL JUDGMENT?

1 DR. HALL: I WOULDN'T PRESUME TO TELL YOU.

2 DR. KESSLER: WHAT'S THE RANGE JUST SO WE'RE  
3 NOT PICKING OUT NUMBERS?

4 DR. HALL: YOU KNOW, I THINK IT DEPENDS.

5 DR. KESSLER: THREE MEETINGS A YEAR?

6 DR. HALL: MAYBE THREE MEETINGS A YEAR. VERY  
7 OFTEN ONE'S EXPENSES ARE PAID, AND VERY OFTEN ONE HAS  
8 MULTIPLE GRANTS, SO I THINK IT'S VERY HARD TO KNOW. I  
9 THINK THE PURPOSE OF THE LIMIT IS, AS MUCH AS ANYTHING,  
10 FOR A SENSE OF PUBLIC RESPONSIBILITY ABOUT THIS, AND I  
11 THINK THAT REALLY IS THE POINT. I THINK MOST PEOPLE  
12 COULD LIVE WITH A LIMIT OF \$5,000, I WOULD SAY. I  
13 THINK THAT'S A PERFECTLY REASONABLE NUMBER. AND SINCE  
14 MANY -- THE 2,000 WE TOOK WAS JUST BECAUSE THAT'S A  
15 COMMON NUMBER. WE ACTUALLY DIDN'T SPEND A LOT OF TIME  
16 ON IT. I THINK PEOPLE WOULD BE PLEASED TO HAVE THE  
17 FIVE.

18 DR. BRYANT: COULD I JUST GET CLARIFICATION  
19 ON THAT? SO THAT WOULD BE 5,000 PER KEY PERSONNEL, SO  
20 THERE WOULD BE AN AGGREGATE TOTAL THAT COULD BE USED  
21 FOR OTHER PEOPLE TO TRAVEL ON IT, LIKE POST DOCS, FOR  
22 INSTANCE?

23 DR. HALL: THIS IS PER PERSON, AND WE DID  
24 HAVE KEY PERSONNEL, BUT BECAUSE OF THE DIFFICULTY OF  
25 DEFINING KEY PERSONNEL, WE JUST SAID PER PERSON. SO IF

1 A GRANT WERE TO HAVE ASSOCIATED WITH IT A \$10,000  
2 TRAVEL ALLOWANCE, AND THE PI WOULD USE IT ALL, THAT  
3 WOULD NOT BE APPROPRIATE FOR THIS. SO I THINK, AS I  
4 SAY, IT'S A MATTER OF PUBLIC -- BEING RESPONSIBLE IN  
5 THE SENSE OF THAT. YOU COULD CERTAINLY RAISE IT  
6 FURTHER IF YOU WANTED TO, BUT IT SEEMS TO ME 5,000 IS A  
7 REASONABLE NUMBER.

8 CHAIRMAN KLEIN: DR. HALL, IF I CAN  
9 UNDERSTAND THIS, IF THERE WERE TWO GRANTS THAT AN  
10 INVESTIGATOR WERE INVOLVED IN AND SO WAS ABSORBING 80  
11 PERCENT OF THEIR TIME, THEY WOULD THEORETICALLY BE ABLE  
12 TO QUALIFY FOR 5,000 UNDER EACH GRANT?

13 DR. HALL: I DON'T THINK WE CONTEMPLATED THAT  
14 EXPLICIT POSSIBILITY. I THINK THAT WOULD BE PERFECTLY  
15 REASONABLE. AND IF WE NEED TO DO THAT, WE SHOULD LOOK  
16 AT IT. WE WILL LOOK AT THAT SPECIFIC POINT AND COME UP  
17 WITH LANGUAGE THAT'S APPROPRIATE. WOULD IT BE YOUR  
18 INTENT THAT IT SHOULD BE \$5,000 PER PERSON PER GRANT?

19 CHAIRMAN KLEIN: I THINK THE QUESTION WAS  
20 RAISED BY DR. KESSLER THAT IF SOMEONE IS USING A GREAT  
21 DEAL OF THEIR TIME, AND I THINK YOUR RESPONSE WAS THEY  
22 MAY BE FUNDED BY SEVERAL GRANTS. AND IF IT'S 80 OR 100  
23 PERCENT OF THEIR TIME, A KEY INVESTIGATOR MAY BE MAKING  
24 A NUMBER OF INTERNATIONAL TRIPS THAT WERE VERY  
25 CRITICALLY LINKED TO THE INVESTIGATION AND RESEARCH, SO

1 THAT IT'S CERTAINLY SOMETHING TO CONSIDER. THE PEOPLE  
2 AT THIS BOARD HAVE MORE EXPERTISE IN THIS AREA THAN I  
3 DO.

4 DR. HALL: LET ME JUST PUT ON MY PUBLIC  
5 SERVANT HAT HERE AND SAY FOR A MOMENT THAT I THINK THE  
6 THING WE ALL WANT TO AVOID IS TO FIND THAT SOMEBODY HAS  
7 SPENT \$20,000 TRAVELING AROUND THE WORLD TO VARIOUS  
8 TRIPS AND THAT THERE'S A LOT OF PUBLICITY ABOUT THIS.  
9 I THINK WE JUST WANT A POLICY THAT WE CAN DEFEND.

10 CHAIRMAN KLEIN: SO YOU MIGHT COME UP WITH A  
11 CUMULATIVE TOTAL NOT TO EXCEED WHATEVER.

12 DR. HALL: WE COULD DO THAT IF YOU WISH. LET  
13 ME GET YOUR INTENT. WE CAN WRITE THE LANGUAGE, BUT  
14 WOULD YOU LIKE TO HAVE IT \$5,000, PERIOD? \$5,000 PER  
15 GRANT WITH A LIMIT OF?

16 DR. BRYANT: \$5,000 PER PERSON.

17 DR. HALL: I'M SORRY. \$5,000 PER PERSON PER  
18 GRANT?

19 DR. LOVE: I THINK THE IDEA OF MULTIPLYING  
20 THE KEY PEOPLE, WHICH IS SUSAN'S QUESTION, I THINK THAT  
21 WOULD BE A PROBLEM IF WE WERE ALLOWING -- IF THERE WERE  
22 TEN KEY PEOPLE AND YOU MULTIPLY BY 50, AND THEN ONE  
23 PERSON WOULD SPEND ALL 50.

24 DR. HALL: THEY WAY THESE WILL COME THROUGH,  
25 ALMOST CERTAINLY, IS IN THE APPLICATION PEOPLE WILL SAY

1 WE PLAN ON SPENDING X AMOUNT DOLLARS FOR THIS PERSON TO  
2 ATTEND TWO MEETINGS A YEAR, THIS PERSON TO ATTEND TWO  
3 MEETINGS A YEAR, THIS PERSON, WHATEVER IT IS. OUR  
4 TOTAL BUDGET MAY BE SO MUCH, AND SO THEY WILL HAVE TO  
5 WORK WITHIN A TOTAL TRAVEL BUDGET, AND THEY CAN SHIFT  
6 THAT AROUND AS LONG AS THE INTENT IS AS LONG AS THEY  
7 DON'T VIOLATE, THEN, THIS PORTION OF IT SO THAT THERE'S  
8 A LIMIT ON WHAT ANY ONE PERSON CAN USE.

9 DR. BRYANT: CAN I JUST ASK A RELATED, BUT  
10 NOT DIRECTLY RELATED QUESTION? THAT IS, IF YOU'RE  
11 GOING TO GIVE A TALK ABOUT RESEARCH THAT'S CONDUCTED  
12 WITH CIRM FUNDING, AND YOU USE YOUR NIH GRANT TO  
13 REIMBURSE YOURSELF, I ASSUME THAT'S A NO-NO. SO THE  
14 IDEA OF HAVING ENOUGH MONEY FOR TRAVEL IS IMPORTANT TO  
15 KEEP THE DISTINCTION BETWEEN NIH-FUNDED RESEARCH AND  
16 CIRM-FUNDED RESEARCH.

17 DR. HALL: I THINK MOST PEOPLE HAVE THAT  
18 PROBLEM THAT HAVE MULTIPLE GRANTS. YOU DECIDE. YOU  
19 DON'T USE YOUR MUSCLE GRANT TO NECESSARILY GO TO THE  
20 KIDNEY MEETING, HOWEVER IT WORKS OUT. I THINK PEOPLE  
21 ARE USED TO DEALING WITH THAT. I THINK THAT WILL WORK  
22 OUT.

23 DR. STEWARD: I ASSUME THIS IS PROBABLY IN  
24 HERE SOMEWHERE. I JUST LOOKED; I DIDN'T SEE IT, BUT  
25 ARE THERE ALSO SECTIONS PERTAINING TO TYPES OF TRAVEL?



1       BASICALLY WHAT I'M ASKING IS LIMITED TO COACH FARES,  
2       FOR EXAMPLE.  WHEN IT'S \$2000, IT DOESN'T MUCH MATTER;  
3       BUT WHEN YOU GET UP AROUND FIVE, THEN THEORETICALLY ONE  
4       COULD GO TO ONE MEETING AND BUY A FIRST CLASS TICKET,  
5       SO WE PROBABLY WANT TO ADD IN SOME LANGUAGE.

6                 DR. CHIU:  IF THE BOARD WOULD SO CHOOSE TO,  
7       WE COULD ADD SUCH LANGUAGE.

8                 DR. HALL:  I THINK THE APPROPRIATE PLACE FOR  
9       THAT -- WELL, I DON'T KNOW.  I WAS GOING TO SAY THE  
10       APPROPRIATE PLACE FOR IT MIGHT BE IN THE RFA, BUT  
11       PROBABLY NOT.  IT SHOULD BE HERE.  SO IF YOU WANT TO  
12       SAY THAT IT'S LIMITED TO COACH FARE.

13                DR. STEWARD:  I THINK THE KIND OF THING WE'RE  
14       TALKING ABOUT --

15                DR. HALL:  YOU WANT US TO SPECIFY SOME LIMITS  
16       ON THAT?  I GUESS WE ALSO NEED TO CONSIDER WHETHER  
17       THERE ARE STATE REQUIREMENTS ON THIS AS WELL, AND WE  
18       MIGHT BE ABLE TO JUST SAY CONSISTENT WITH SOME STATE  
19       POLICY OR THAT WE CAN -- I THINK THAT'S FINE.  WE  
20       SHOULD -- WE CAN TAKE CARE OF THAT.

21                CHAIRMAN KLEIN:  THERE WAS A MOTION AND A  
22       SECOND THAT'S ON THE TABLE ABOUT -- DR. BRYANT, YOU  
23       WANT TO RESTATE THE MOTION?

24                DR. BRYANT:  THE TRAVEL ALLOWANCE SHOULD BE  
25       \$5,000 PER PERSON --

1 CHAIRMAN KLEIN: PER GRANT.

2 DR. BRYANT: SORRY. NO. PER PERSON PER  
3 GRANT AND ANY EXCEPTION WOULD REQUIRE PRIOR APPROVAL.

4 CHAIRMAN KLEIN: THERE'S A SECOND FROM DR.  
5 PENHOET. IS THERE ADDITIONAL DISCUSSION?

6 DR. PRIETO: QUESTION. WOULD CONFERENCE FEES  
7 BE INCLUDED IN THAT, OR IS THAT A SEPARATE BUDGET ITEM?

8 DR. CHIU: NO. AS WE UNDERSTAND IT, WHERE  
9 YOU ARE TRAVELING TO A MEETING, THE TRAVEL WILL INCLUDE  
10 CONFERENCE FEES, TRAVEL, LODGING, PER DIEM.

11 DR. PRIETO: QUESTION ON THIS POINT. ARE  
12 THERE STATE REGULATIONS THAT MIGHT SUPERSEDE SOME OF  
13 WHAT WE'RE DISCUSSING HERE REGARDING TRAVEL USING  
14 COACH?

15 DR. CHIU: WE WILL HAVE TO LOOK INTO THIS.

16 CHAIRMAN KLEIN: OKAY. ANY COMMENTS FROM THE  
17 PUBLIC ON THIS ITEM?

18 MR. SIMPSON: JOHN SIMPSON FROM THE  
19 FOUNDATION FOR TAXPAYER AND CONSUMER RIGHTS. I JUST  
20 WANTED TO REITERATE WHAT DR. STEWARD SAID ABOUT THE  
21 NEED TO EXPLICITLY SAY COACH TRAVEL. I THINK THAT'S  
22 VERY IMPORTANT.

23 CHAIRMAN KLEIN: IS THAT ACCEPTABLE TO THE  
24 MAKER OF THE MOTION?

25 DR. BRYANT: YES.

1 CHAIRMAN KLEIN: ACCEPTABLE TO THE SECOND?

2 DR. PENHOET: YES.

3 CHAIRMAN KLEIN: SECOND ACCEPTS THE  
4 AMENDMENT. WITH THOSE COMMENTS, ALL IN FAVOR.  
5 OPPOSED?

6 CALLING THE NEXT ITEM. THANK YOU.

7 DR. CHIU: NOW, WE COME TO DR. STEWARD'S  
8 QUESTION, WHICH IS INDIRECT COSTS. WELL, AS YOU'VE  
9 SEEN, DIRECT RESEARCH FUNDING IS DEFINED AS THE SUM OF  
10 PROJECT COSTS AND FACILITIES COSTS. INDIRECT COSTS,  
11 CONSISTENT WITH PROP 71, ARE CALCULATED AS 25 PERCENT  
12 OF ALLOWABLE DIRECT RESEARCH FUNDING COSTS AWARDED BY  
13 CIRM MINUS THE COSTS OF EQUIPMENT, TUITION, AND FEES,  
14 AND SUBCONTRACT AMOUNTS IN EXCESS OF \$25,000. THIS IS  
15 WHAT WE HAVE. IS THERE ANY DISCUSSION ABOUT THIS?

16 OKAY. YOU WILL NOTICE THAT ON PAGE 30, THE  
17 SECTION ON PAYMENT OF INDIRECT COSTS FOR MATCHING FUNDS  
18 HAS BEEN REMOVED. ALTHOUGH PROP 71 ALLOWS SUCH AN  
19 ALLOWANCE, AND ALTHOUGH WE, THE STAFF, HAVE REALLY BEEN  
20 WORKING ON MANY VERSIONS AND HAVE WORKED VERY HARD ON  
21 IT, WE HAVE NOT YET BEEN ABLE TO COME UP WITH A CLEAR  
22 AND UNAMBIGUOUS POLICY TO ALLOW US TO CALCULATE AND  
23 PROVIDE FOR THESE COSTS IN A RESPONSIBLE MANNER.

24 OUR CONSULTANTS HAVE WARNED US OF THE  
25 POTENTIAL FOR ABUSE IF THE LANGUAGE IS NOT WELL CRAFTED

1 AND AIRTIGHT. SO OUR POINT RIGHT NOW IS THAT RATHER  
2 THAN HOLDING UP THE WHOLE DOCUMENT, WE WOULD LIKE TO  
3 HAVE AN OPPORTUNITY TO WORK FURTHER ON THIS ASPECT, AND  
4 THEN TO ASK THE BOARD TO ADD THIS LANGUAGE TO OUR  
5 POLICY AT A LATER DATE.

6 DR. HALL: LET ME JUST SAY, IF I MAY, THAT I  
7 THINK THE INTENT OF THIS WAS THAT IF FOR A PROJECT THE  
8 UNIVERSITY HAD A DONOR OR A RESEARCH INSTITUTION HAD A  
9 DONOR WHO WISHED TO PUT ITS OWN MONEY IN, BUT THERE WAS  
10 NO MONEY FOR INDIRECT COST, THAT WE WOULD THEN PICK UP  
11 THE INDIRECT COST FOR THAT ADDITIONAL AMOUNT OF MONEY.  
12 THE PROBLEM IS TO DEFINE HOW THAT MONEY COMES IN. I  
13 THINK, FOR EXAMPLE, MANY PRIVATE GRANTING ORGANIZATIONS  
14 PAY INDIRECT COSTS MUCH LESS THAN OURS. SO WE, I  
15 THINK, DO NOT WANT TO BE IN THE POSITION OF PUTTING IN  
16 INDIRECT COSTS FOR OTHER ORGANIZATIONS. THAT'S NOT THE  
17 INTENT.

18 SO TO, JUST AS ARLENE SAID, COME UP WITH  
19 SOMETHING THAT WILL PREVENT ABUSE OR THAT WILL LEAVE  
20 OPEN INTERPRETATION TURNS OUT TO BE VERY, VERY TRICKY.  
21 AND THE SENSE WAS THAT THIS WAS IN A WAY A SORT OF  
22 ADD-ON, THAT THE BASIC POLICY IS WHAT HAS BEEN STATED  
23 THAT BASICALLY GIVES THE FACILITIES AN INDIRECT COST  
24 BASED ON THE FEDERAL RATES AS AMENDED HERE, AND THAT  
25 THIS WAS SOMETHING THAT WE COULD GO FORWARD WITH. IF

1 AT A LATER TIME WE WANT TO COME IN, THIS IS ALMOST LIKE  
2 A SORT OF SECOND ORDER, RATHER UNUSUAL PROVISION, I  
3 MIGHT ADD, AND THAT IF WE WANT TO COME IN WITH THAT  
4 LATER AND FEEL THAT WE CAN COME UP WITH LANGUAGE THAT  
5 WILL GIVE US PROTECTION AND ASSURE RESPONSIBLE USE OF  
6 STATE MONEY IN THIS REGARD, THEN THAT'S WHAT WE WOULD  
7 PREFER TO DO WITH THE BOARD'S APPROVAL.

8 DR. PENHOET: SO, ARLENE AND ZACH, WHAT DOES  
9 LATER?

10 DR. HALL: WELL, WE DON'T HAVE A TIMETABLE  
11 FOR IT. I THINK OUR FIRST JOB, AND IT WILL BE A BIG  
12 ONE, IS TO GET THIS THROUGH. JUDGING BY WHAT YOU WILL  
13 HEAR LATER FROM THE MEDICAL AND ETHICAL STANDARDS,  
14 SEEING THIS DOCUMENT THROUGH THE PUBLIC COMMENT PERIOD  
15 WILL BE A VERY BIG UNDERTAKING. OUR WORK IS NOT OVER  
16 HERE. SO MY GUESS IS THAT WE WOULD REVISIT THIS NEXT  
17 YEAR, NEXT CALENDAR YEAR.

18 DR. THAL: ZACH, I TOTALLY AGREE WITH TABLING  
19 IT. I'M JUST CURIOUS AS TO WHY CIRM SHOULD UNDERTAKE  
20 TO PUT MONEY -- INDIRECTS INTO GRANTS COMING FROM OTHER  
21 AGENCIES. YOU'RE QUITE RIGHT. UNIVERSITIES ACCEPT  
22 GRANTS --

23 DR. HALL: WE DON'T WISH TO FOR OTHER  
24 AGENCIES. THE ORIGINAL INTENT WAS THAT IF YOU HAD A  
25 DONOR THAT SAID, GEE, THIS IS AN INTERESTING PROJECT.

1 I'LL PUT X AMOUNT OF DOLLARS IN IT, BUT I'M NOT GOING  
2 TO GIVE ANY INDIRECT COSTS.

3 DR. THAL: UNIVERSITIES ACCEPT MONEY FROM  
4 DONORS ALL THE TIME WITHOUT INDIRECTS.

5 DR. HALL: YES, THAT'S RIGHT. THAT'S  
6 CORRECT. AND OTHER QUESTION IS HOW WE ARE ASSURED THAT  
7 THE DOLLARS GO TO THIS PROJECT AND HOW TO SET IT UP.  
8 IT TURNED OUT TO BE A BIT OF A THORNY ISSUE. THE  
9 CLOSER WE LOOKED AT IT, THE HARDER IT WAS TO SAY WHAT  
10 WE MEANT AND SAY IT'S PRECISELY SO. I THINK IT'S A  
11 LAUDABLE AIM POTENTIALLY, AND WE WILL GET TO IT. BUT I  
12 THINK THE REAL DRIVE RIGHT NOW IS TO MAKE SURE WE HAVE  
13 THIS POLICY IN PLACE, SO WE CAN MOVE AHEAD WITH THE  
14 GRANTS PROGRAM. WHEN OUR BAN'S MONEY COMES IN, THAT WE  
15 CAN GO AHEAD AND MOVE CONFIDENTLY AHEAD.

16 AS I SAY, WE WILL HAVE A PERIOD OF PUBLIC  
17 COMMENT ON THIS. THIS WILL INVOLVE A GREAT DEAL OF  
18 WORK YET JUST TO GET THE SORT OF PLAIN VANILLA VERSION  
19 OF THIS THROUGH, AND WE FELT THIS AT THIS POINT WAS AN  
20 UNNECESSARY ENCUMBRANCE, AND WE DIDN'T NEED IT TO GO  
21 AHEAD.

22 DR. REED: THANK YOU. SO DO YOU NEED A  
23 RESOLUTION, THEN, TO ALLOW FOR US TO INDEFINITELY  
24 POSTPONE THIS?

25 DR. HALL: NO, IT'S NOT IN. WE'RE PROVIDING

1 EXPLANATORY MATERIAL FOR WHY WE'VE TAKEN IT OUT. IF  
2 YOU INSTRUCTED US TO PUT THIS IN BEFORE WE GO FORWARD,  
3 THEN THAT WOULD TAKE A RESOLUTION BASED ON THIS. SO  
4 WHAT WE WILL GO FORWARD, AND WHERE YOU WISH TO CHANGE  
5 IN A SUBSTANTIVE WAY THE TEXT WILL TAKE A RESOLUTION,  
6 AND THEN AT THE END WE WILL ASK FOR A RESOLUTION THAT  
7 WILL APPROVE ALL OF THIS SO THAT WE CAN GO FORWARD,  
8 THEN, WITH TURNING INTO REGULATORY LANGUAGE, TAKING  
9 SOME OF THE SUGGESTIONS THAT WERE MADE TODAY, AND THEN  
10 POSTING IT. AND THEN WE'LL HAVE THIS PERIOD OF PUBLIC  
11 COMMENT WHERE IT STILL WILL BE POSSIBLE TO ADDRESS SOME  
12 OF THESE ISSUES.

13 DR. STEWARD: I APOLOGIZE IF THIS IS GOING TO  
14 BE COMPLICATED AND MUDDLE THINGS. BUT LET ME ASK IT  
15 AND SEE. SO INDIRECT COST IN THE FEDERAL GRANT SENSE  
16 ARE F AND A COSTS, FACILITIES AND ADMINISTRATION COSTS.  
17 AND YOU'VE INCLUDED FACILITIES COSTS IN THE COSTS OF  
18 THE PROJECT.

19 DR. HALL: IN THE DIRECT COSTS BECAUSE WE  
20 DISTINGUISH WITHIN THAT CATEGORY PROJECT COSTS AND  
21 FACILITIES COSTS.

22 DR. STEWARD: SO THE NET RESULT OF THAT, AS  
23 IT RELATES TO THE 25 PERCENT, IS THAT NOW 25 PERCENT  
24 INDIRECT IS CALCULATED ON DIRECT COSTS THAT INCLUDE A  
25 FACILITIES COST?

1 DR. HALL: ON A LARGER BASE. SO WHAT THAT  
2 DOES IS -- NOTICE, IT SAYS LIMITED TO. SO IT STILL  
3 WILL NEED TO BE JUSTIFIED. OKAY? AND IT ALSO TAKES  
4 ACCOUNT OF THE FACT THAT THE RATES FOR ACADEMIC  
5 INSTITUTIONS AND FOR NONPROFIT RESEARCH INSTITUTIONS  
6 ARE DIFFERENT. THEY COME UNDER DIFFERENT CIRCULARS.  
7 AND I THINK THE LIMIT IS SOMEWHERE, MR. LEGRAND CAN  
8 CORRECT ME IF I'M WRONG HERE, SOMEWHERE AROUND 26, 26  
9 PERCENT ON THE FEDERAL, AND IT GOES UP -- IT MAY BE  
10 UNLIMITED, BUT IT CERTAINLY CAN GO UP TO THE MID-30S  
11 FOR NONPROFIT RESEARCH INSTITUTIONS. SO THIS WILL  
12 ACCOMMODATE BOTH OF THOSE. AND I THINK IT'S ALSO  
13 CONSISTENT. THIS IS LANGUAGE FROM PROPOSITION 71. UP  
14 TO 25 PERCENT IS IN PROPOSITION 71.

15 SO WE FEEL THIS THEN GIVES AMPLE RANGE FOR  
16 THE VARIETY OF INSTITUTIONAL NEEDS WITHIN THE  
17 INSTITUTIONS THAT WE SEE AS OUR REPRESENTATIVE BASE,  
18 SOME OF WHICH ARE REPRESENTED HERE AND BEYOND  
19 OBVIOUSLY. AND SO FROM OUR DISCUSSIONS WITH  
20 INSTITUTIONAL REPRESENTATIVES, WE THINK THIS WILL  
21 ACCOMMODATE BOTH OF THOSE NEEDS.

22 DR. STEWARD: JUST SO I UNDERSTAND. DOES  
23 THAT MEAN IF IT'S UP TO 25 PERCENT, DOES THAT MEAN THAT  
24 EACH OF THESE INDIRECT COST RATES WILL BE INDIVIDUALLY  
25 NEGOTIATED WITH THE INSTITUTIONS OR --



1 DR. CHIU: WE DON'T EXPECT IT TO, BUT IT  
2 ALLOWS US TO LOOK MORE SERIOUSLY AT IT SHOULD IT BE  
3 DIFFERENT. WE CHECKED THE INDIVIDUAL RATES AS OF  
4 TODAY, AND THIS PRETTY MUCH ALLOWS FOR, WHEN YOU COME  
5 DOWN TO FINAL CALCULATION, IT MIRRORS WHAT YOU WILL END  
6 UP WITH THE FEDERAL F AND A RATES.

7 DR. HALL: PEOPLE WILL HAVE TO CERTAINLY  
8 DOCUMENT THAT. IN THAT SENSE WE PROBABLY WILL HAVE TO  
9 HAVE A NEGOTIATION OR AN UNDERSTANDING WITH EACH  
10 INSTITUTION. I THINK THAT'S CORRECT.

11 DR. BALTIMORE: I THINK THE PROBLEM HERE IS  
12 THAT THERE ARE SOME THINGS INCLUDED IN THE FEDERAL RATE  
13 FOR INDIRECT -- FEDERAL ADMINISTRATIVE RATE, WHICH IS  
14 CAPPED AT 26 PERCENT, WHICH BY THE DEFINITIONS HERE ARE  
15 INCLUDED IN DIRECT.

16 CHAIRMAN KLEIN: ABSOLUTELY. IT'S LIKE THE  
17 HOWARD HUGHES SYSTEM.

18 DR. HALL: I THINK WHAT YOU SAID IS NOT RIGHT  
19 ACTUALLY BECAUSE I THINK THE FEDERAL INDIRECT RATE HAS  
20 TWO COMPONENTS, FACILITIES AND ADMINISTRATIVE.

21 DR. BALTIMORE: RIGHT. I'M JUST LOOKING AT  
22 ADMINISTRATIVE.

23 DR. HALL: AND THE A IS CAPPED. AND THIS WAS  
24 MEANT, BOB, CORRECT ME IF I'M WRONG, BUT THIS WAS  
25 MEANT -- THE INDIRECT COSTS HERE WERE MEANT TO

1 ESSENTIALLY APPLY OR TO BE COMPARABLE TO THE A PART,  
2 THE ADMINISTRATIVE PART, OF THE FEDERAL INDIRECT RATE.

3 DR. BALTIMORE: NOW, I SHOULD KNOW, BUT  
4 DON'T, EXACTLY WHAT'S IN THE FEDERAL ADMINISTRATIVE  
5 RATE, BUT I BELIEVE LIBRARY IS.

6 DR. CHIU: NO, IT IS NOT.

7 MR. LEGRAND: NO. LIBRARY IS IN THE  
8 FACILITIES RATE.

9 DR. BALTIMORE: LIBRARY IS IN THE FACILITIES  
10 RATE.

11 DR. HALL: JUST AS WE HAVE IT HERE.

12 DR. BALTIMORE: SO YOU'VE SCRUBBED THIS  
13 ISSUE.

14 MR. LEGRAND: THE ADMINISTRATIVE RATE ON THE  
15 FEDERAL COMPONENT CONSISTS OF GENERAL ADMINISTRATION,  
16 YOUR CENTRAL ADMINISTRATION, YOUR PURCHASING,  
17 CHANCELLOR'S OFFICE, DEPARTMENTAL ADMINISTRATION, YOUR  
18 DEAN'S OFFICE, DEPARTMENTAL OFFICES LIKE THAT, AND  
19 SPONSORED PROJECT ADMINISTRATION, YOUR PRE AND  
20 POSTAWARD OFFICES. THAT'S ALL THAT'S INCLUDED IN THIS  
21 UNLESS YOU DO CERTAIN BENEFITS POOL AS WELL, WHICH IS  
22 USUALLY .1, .2 PERCENT RATE. BUT THE LIBRARY, OFFICE  
23 MAINTENANCE, DEPRECIATION ON YOUR BUILDING AND  
24 EQUIPMENT, AND YOUR INTEREST ALL ARE IN THE FACILITIES.

25 DR. BALTIMORE: FINE. IN THAT CASE WE'RE

1 CLEAN.

2 CHAIRMAN KLEIN: ALL RIGHT.

3 DR. BALTIMORE: CAN I ASK ANOTHER QUESTION?

4 I THINK WE'VE GOTTEN TO IT, I CAN'T ACTUALLY TELL,  
5 WHICH IS ON PAGE 30, CHANGE IN SCOPE.

6 DR. CHIU: ARE YOU TALKING ABOUT THE TOP OF  
7 PAGE 30?

8 DR. BALTIMORE: NO. TALKING ABOUT THE MIDDLE  
9 OF PAGE 30.

10 DR. CHIU: CHANGE IN SCOPE. ACTUALLY WE  
11 THOUGHT THAT WAS JUST NOT SIGNIFICANT. I WASN'T GOING  
12 TO GO THROUGH THAT, BUT IF YOU FEEL THAT IT'S  
13 IMPORTANT, WE WILL DISCUSS IT NOW.

14 DR. BALTIMORE: WELL, YOU'VE ADDED  
15 EXPERIMENTAL DESIGN. AND IF EVERY CHANGE IN  
16 EXPERIMENTAL DESIGN HAS TO BE APPROVED BY CENTRAL  
17 OFFICES, WE'LL NEVER DO ANY SCIENCE.

18 DR. CHIU: SO WE CAN REMOVE THAT. WE JUST  
19 WANTED TO MAKE SURE THAT THESE EXPERIMENTAL DESIGNS  
20 DON'T DRIFT TOO FAR OFF.

21 DR. BALTIMORE: WELL, ALL RIGHT. SO I HAVE A  
22 GENERAL ISSUE, WHICH IS THAT THIS READS AS IF YOU ARE  
23 TRYING TO MAKE SURE IT DOESN'T DRIFT TOO FAR, AND SO  
24 IT'S BECOME VAGUE AND GENERAL. AND IT COULD BE ARGUED  
25 THAT EITHER AIMS, OBJECTIVES, EXPERIMENTAL DESIGN,

1 PURPOSES ALL COULD COVER A LOT OR A LITTLE, AND IT  
2 DEPENDS ON HOW YOU INTERPRET IT. SO IT SEEMS TO ME  
3 THIS IS A VAGUE STATEMENT WHICH EITHER SAYS YOU ARE  
4 GOING TO MICROMANAGE EVERY GRANT, OR SHOULD BE CHANGED  
5 IN SOME WAY.

6 DR. HALL: SO THIS IS DIFFICULT. IF YOU CAN  
7 HAVE SOME SUGGESTION FOR US, WE WOULD APPRECIATE IT  
8 BECAUSE OUR INTENT HERE IS, JUST AS WE'VE SAID, IS TO  
9 GIVE US SOME LEEWAY TO STEP IN IF WE THINK SOMEBODY IS  
10 ACTUALLY GOING OFF IN SOME DIRECTION THAT WAS NOT  
11 INTENDED. HOW TO PUT THAT IN PRECISE LANGUAGE, AND OUR  
12 INTENT WAS NOT TO -- I THINK THAT WAS EXACTLY THE  
13 POINT, TO GIVE US SOME LEEWAY WHEN WE FELT IT WAS  
14 NEEDED, BUT THAT IS IMPRECISE. AND SO IF YOU HAVE A  
15 SUGGESTION OF HOW WE MIGHT WORD THAT TO ACHIEVE THAT  
16 AIM, AND IT'S NOT OUR INTENT TO GO IN AND SAY, LOOK,  
17 YOU WERE USING THIS STRAIN OF MOUSE AND NOW USING THAT,  
18 SO WHAT'S GOING ON HERE? THAT'S NOT IT AT ALL. IT'S  
19 JUST TO SAY, WAIT A MINUTE. YOU STARTED OUT ON A DRUG  
20 DISCOVERY PROGRAM --

21 DR. BALTIMORE: I'LL DEFER TO PHIL.

22 DR. HALL: WE WOULD WELCOME A SUGGESTION.

23 DR. PIZZO: I THINK THE POINT YOU ARE MAKING  
24 IS WELL TAKEN. SO USING AN EQUALLY VAGUE TERM MAY BE A  
25 MAJOR DEVIATION OR MAJOR CHANGE. JUST SO IT

1       CONSTITUTES SOME DEGREE OF THIS IS SOMETHING THAT WE  
2       GET YOUR ATTENTION AND LEADS THE INVESTIGATOR.

3               DR. HALL:   SIGNIFICANT.

4               DR. PIZZO:   I WAS GOING TO SAY SIGNIFICANT,  
5       BUT I WAS AFRAID SOMEONE WOULD PUT P VALUE.  I CHOSE  
6       MAJOR PURPOSEFULLY TO AVOID THAT.

7               DR. CHIU:   WE'RE HAPPY TO PUT IN MAJOR  
8       CHANGE.

9               DR. BALTIMORE:  THE EXAMPLES DON'T HELP  
10       MATTERS BECAUSE SOME OF THEM ARE LIKE ANY CHANGE FROM  
11       APPROVED USE OF ANIMALS IS A DETAIL, AND A SHIFT OF  
12       RESEARCH EMPHASIS FROM ONE DISEASE AREA TO ANOTHER --

13               DR. HALL:   THE APPROVED GROUPS OF ANIMALS IS  
14       A REGULATORY MATTER.  THAT WE HAVE TO BE SURE THAT IF  
15       PEOPLE CHANGE, THAT THEY HAVE AUTHORITY, THAT THEY'VE  
16       GOTTEN THE OKAY FROM THEIR INSTITUTION TO DO THAT.

17               DR. BALTIMORE:  THAT'S AN INSTITUTIONAL  
18       ISSUE, NOT YOURS.

19               DR. HALL:   WELL, THE INSTITUTION NEEDS TO LET  
20       US KNOW THAT.  IF WE DON'T KNOW THAT IT'S CHANGED.

21               DR. BALTIMORE:  YOU MEAN THE NUMBER OF  
22       ANIMALS --

23               DR. HALL:   NO.  NO.  NO.

24               DR. BALTIMORE:  -- OR THE STRAIN OF ANIMALS?

25               DR. HALL:   NO.  SUPPOSE SOMEBODY NOW SAYS

1 WE'VE CHANGED OUR -- WE WERE WORKING WITH XENOPUS AND  
2 NOW WE'RE DOING SOME OTHER KIND OF EXPERIMENTS.

3 DR. BALTIMORE: THIS SAYS ANY CHANGE FROM  
4 APPROVED USE OF ANIMALS. YOU'RE NOW SAYING ANY CHANGE  
5 IN THE ANIMAL USED.

6 DR. HALL: NO. THEY COME IN AND THEY SAY WE  
7 ARE APPROVED FOR THIS USE OF ANIMALS. IF THEY WANT TO  
8 CHANGE THAT, WE WANT TO BE SURE THAT THAT IS APPROVED.  
9 I THINK THAT'S THE INTENT.

10 DR. CHIU: I'LL GIVE YOU AN EXAMPLE. IF  
11 SOMEONE DECIDED TO USE 20 RATS FOR AN EXPERIMENT AND  
12 THEN DECIDED THEY NEEDED 200, WE NEED TO KNOW THAT.  
13 THAT'S AN EXTRAORDINARY CHANGE IN THE USE OF ANIMALS.

14 DR. HALL: THEY WILL NEED TO GO TO THEIR --

15 DR. BALTIMORE: HOW ABOUT 25?

16 DR. CHIU: NO.

17 DR. BALTIMORE: THAT'S MY POINT. TO SAY ANY  
18 CHANGE -- THIS SAYS ANY CHANGE FROM THE APPROVED USE,  
19 ANY.

20 DR. CHIU: WE CAN, AGAIN, PUT IN THE WORDS  
21 "MAJOR/SIGNIFICANT" IN THERE. SOMEHOW WE NEED THE  
22 GRANTEES TO LET US KNOW THAT. WE CAN NOT BE TOTALLY  
23 NAIVE OF ANY IMPORTANT CHANGES IN THE SCOPE OF WORK OR  
24 THE TYPES OF PUBLIC POLICY ISSUES INVOLVED. WE'RE HELD  
25 ACCOUNTABLE.

1                   CHAIRMAN KLEIN: I THINK DR. BRYANT HAS A  
2 COMMENT.

3                   DR. BRYANT: I JUST HAD A SUGGESTION ON THAT.  
4 SO IF YOU JUST SAID THAT ANY REVISED PROTOCOLS HAVE TO  
5 BE SUBMITTED TO YOU RATHER THAN, NOT FOR DISCUSSION,  
6 BUT JUST AS PART OF THE RECORD.

7                   DR. HALL: I THINK WHAT WE NEED TO SAY --  
8 IT'S MY SENSE THAT IT NEEDS TO GO --

9                   DR. BRYANT: OR NUMBER OF. ON FEDERAL GRANTS  
10 YOU HAVE TO LIST THE NUMBER OF -- THE IDENTITY OF THE  
11 PROTOCOL.

12                  DR. HALL: BUT YOU'RE APPROVED BY YOUR --

13                  DR. BALTIMORE: WE DON'T USE PROTOCOLS, NOT  
14 EXPERIMENTAL LABORATORY PROTOCOLS.

15                  DR. BRYANT: YOU HAVE TO INDICATE THE ANIMAL  
16 PROTOCOL ON THE FRONT PAGE OF YOUR GRANT.

17                  DR. BALTIMORE: ANIMAL PROTOCOL. YEAH,  
18 THAT'S THE APPROVAL THAT YOU HAVE.

19                  DR. HALL: DAVID, THE APPROVAL YOU GET FROM  
20 YOUR ANIMAL USE COMMITTEE, YOUR IACUC COMMITTEE,  
21 SPECIFIES THE NUMBER OF ANIMALS. AND IF YOU CHANGE  
22 THAT, YOU ACTUALLY NEED TO GO BACK TO THAT COMMITTEE  
23 AND HAVE THAT CHANGED. AND WE WOULD SIMPLY LIKE TO BE  
24 NOTIFIED THAT THERE IS NOW A CHANGED PROTOCOL ON THAT  
25 AND THAT THERE'S A NEW APPROVAL NUMBER FOR IT. WE NEED

1 TO KNOW THAT IN THE SENSE THAT WE ASK FOR THE ORIGINAL  
2 APPROVAL NUMBER.

3 DR. BALTIMORE: THEN YOU OUGHT TO SAY THAT  
4 BECAUSE I ACTUALLY READ THIS TOTALLY DIFFERENTLY.

5 DR. HALL: WE WILL REWRITE IT.

6 DR. BALTIMORE: I THINK THE WORD "APPROVAL" I  
7 THOUGHT MEANT APPROVED BY THE STUDY SECTION.

8 DR. HALL: NO. NO.

9 CHAIRMAN KLEIN: DR. BALTIMORE, MY  
10 UNDERSTANDING THAT I'M HEARING HERE IS THAT STAFF IS IN  
11 AGREEMENT THAT THEY WILL CHANGE IT TO INDICATE THAT  
12 THERE WILL BE A SUBMISSION OF ANY CHANGE IN THE ANIMALS  
13 WITH THE NEW PROTOCOL APPROVAL BEING EVIDENCE FOR THAT  
14 CHANGE.

15 DR. HALL: THIS IS JUST POORLY WORDED TO  
16 EXPRESS THE INTENT, AND WE WILL ADDRESS THAT, AND I  
17 APPRECIATE THAT COMMENT.

18 DR. REED: IN TERMS OF NOTIFICATION ABOUT A  
19 CHANGE LIKE THAT WHERE THE REVISED PROTOCOL BE SENT,  
20 WOULD IT BE ADEQUATE TO DO THAT AT THE TIME OF ANNUAL  
21 PROGRESS REPORTS? DOES THAT HAVE TO BE DONE ON A  
22 REAL-TIME BASIS THROUGHOUT THE YEAR?

23 DR. CHIU: THAT'S A VERY GOOD POINT. AND I  
24 THINK IT WOULD CREATE A LOT MORE WORK FOR THE LITTLE  
25 STAFF WE HAVE; BUT ON THE OTHER HAND, WE DON'T WANT TO



1 BE CAUGHT BY SURPRISE AT ANY CHANGE IN A CIRM-FUNDED  
2 PROJECT. SO WHAT IS THE WISH OF THE BOARD? WE COULD  
3 GO EITHER WAY.

4 DR. REED: I PROPOSE THAT IT BE DONE AT THE  
5 TIME OF ANNUAL PROGRESS REPORTS. WHEN I THINK ABOUT  
6 THE NUMBER OF GRANTS WE'RE LIKELY TO FUND, THE  
7 COMPLEXITIES OF THOSE, YOU DON'T HAVE THE STAFFING TO  
8 MONITOR THOSE ON A REAL-TIME BASIS.

9 DR. CHIU: WE DON'T HAVE THE STAFFING. ON  
10 THE OTHER HAND --

11 DR. REED: I CAN'T THINK AS A SCIENTIST WHO  
12 HAS 12, 15 GRANTS IN MY NAME, ALL OF THEM WITH ANIMALS,  
13 ANIMAL PROTOCOLS CHANGING EVERY OTHER WEEK, YOU WOULD  
14 GET 150 FROM MY LAB ALONE IF YOU WERE MANAGING MINE.

15 DR. CHIU: THAT IS CERTAINLY A CONCERN. ON  
16 THE OTHER HAND, IF THE PUBLIC WANTED TO KNOW THAT WE  
17 NEED TO BE MONITORING VERY, VERY CLOSELY, THEN WE WERE  
18 TRYING TO ADDRESS THAT NEED.

19 DR. HALL: ACTUALLY LET ME JUST SAY WE HAVE  
20 LANGUAGE. GIL POINTS OUT TO ME, ON PAGE 24, IN TERMS  
21 OF ANNUAL, EVIDENCE OF UPDATED IACUC APPROVALS MUST BE  
22 SUBMITTED WITH THE ANNUAL PROGRAMMATIC REPORT. WE WILL  
23 RECONCILE THOSE TWO. AND I THINK THE POINT IS, MY  
24 SENSE IS ANNUAL REPORTS WOULD BE THE RIGHT THING TO DO.  
25 AND UNLESS THERE'S FEELING OTHERWISE, THAT'S WHAT WE

1 WILL DO.

2 DR. REED: I WOULDN'T -- I THINK TO THE  
3 PUBLIC'S BENEFIT, I WOULDN'T UNDERESTIMATE THE ROLE  
4 THAT THE INSTITUTIONS PLAY HERE. EACH INSTITUTION HAS  
5 REVIEW BOARDS THAT SCRUTINIZE VERY CAREFULLY THESE  
6 ISSUES. AND I CAN ASSURE YOU THAT IF MY ORIGINAL  
7 PROTOCOL SAID 20 RATS AND I CAME BACK WITH 200, THERE'S  
8 GOING TO HAVE TO BE A VERY STRONG JUSTIFICATION TO MY  
9 INSTITUTION AS TO WHY I HAD TO MAKE THAT CHANGE. SO  
10 THERE IS THAT LEVEL OF OVERSIGHT THAT DOES EXIST AT ALL  
11 THE QUALIFYING INSTITUTIONS.

12 DR. HALL: OUR SENSE HERE IS THAT WE ARE IN  
13 SOME SENSE GOING TO BE POTENTIALLY ACCOUNTABLE FOR A  
14 WIDE RANGE OF RESEARCH. AND IF SOMETHING HAPPENS,  
15 PARTICULARLY INVOLVED WITH ANIMAL OR HUMAN RESEARCH,  
16 THERE IS AN INCIDENT, THEY SAY WHAT DO YOU THINK ABOUT  
17 THIS, AND WE SAY WE DON'T HAVE ANY INFORMATION THEY'RE  
18 EVEN DOING THESE THINGS, THAT'S WHAT WE'RE CONCERNED  
19 ABOUT. SO WE TAKE THE POINT HERE, AND WE WILL, IN THE  
20 SPIRIT OF THIS, WORK ON AN ARRANGEMENT THAT -- I THINK  
21 THE LANGUAGE, A QUICK LOOK, THE LANGUAGE ON PAGE 24, I  
22 THINK, IS GOING TO SETTLE THIS, THAT WE NEED TO KNOW IF  
23 YOU GET NEW IACUC APPROVAL, WE NEED TO KNOW ABOUT IT,  
24 AND THAT CAN BE DONE, I THINK, THROUGH AN ANNUAL  
25 REPORT.

1 DR. CHIU: WE WILL BE COMING TO ANNUAL  
2 REPORTS IN JUST A MOMENT.

3 CHAIRMAN KLEIN: LOOKS LIKE THERE'S BEEN AN  
4 ACCEPTANCE THAT SEEMS TO MEET THE REQUIREMENTS. AND  
5 JUST TO BE SURE OF THE MESSAGE WE'RE SENDING TO THE  
6 RESEARCHERS, FROM A LAY PERSPECTIVE, THE INFORMATION  
7 THAT I CONSTANTLY GET IS A GREAT DEAL OF THE RESEARCH  
8 PROCEEDS DOWN ONE TRACK, THE DATA SUGGESTS ANOTHER  
9 DIRECTION, AND I HOPE WE ARE REINFORCING THE MESSAGE  
10 THAT IF YOU'VE GOT QUALITATIVELY IMPORTANT DATA TO  
11 SUGGEST IMPORTANT FINDINGS COMING IN ANOTHER DIRECTION,  
12 THAT WE'RE GOING TO BE RESPONSIVE TO THAT AND MOVE  
13 ORGANICALLY WITH WHAT THE SCIENCE IS TELLING US. IS  
14 THAT CONSISTENT?

15 DR. HALL: OUR POINT IS NOT TO -- YOU KNOW,  
16 IN ALL OF THIS, WE WANT TO GIVE PEOPLE AS MUCH  
17 FLEXIBILITY AS POSSIBLE. ON THE OTHER HAND, WE ARE  
18 OURSELVES RESPONSIBLE, AND WE JUST NEED TO WALK THAT  
19 LINE.

20 CHAIRMAN KLEIN: VERY VALUABLE CLARIFICATION.  
21 NEXT POINT.

22 DR. CHIU: MOVE ON, AND THE NEXT POINT IS ON  
23 PAGE 31, PRIOR APPROVAL REQUIREMENTS. I BELIEVE THERE  
24 ARE A FEW THAT WE WILL BE ADDING ON, BUT THIS IS ONE  
25 JUST TO MAKE IT MORE CONVENIENT, AGAIN, FOR THE GRANTEE

1 INSTITUTIONS. AND THAT IS AT THE TERMINATION OF AN  
2 AWARD, ANY UNSPENT FUNDS MUST BE RETURNED TO CIRM  
3 WITHIN 120 DAYS OF THE PROJECT END DATE, THE END OF THE  
4 GRANT PERIOD.

5 PREVIOUSLY WE HAD USED 90 DAYS, BUT THEN WE  
6 REALIZED THAT IT WOULD POSE A HARDSHIP FOR MANY OF THE  
7 ACCOUNTING AND FINANCIAL OFFICES AT THE INSTITUTION, SO  
8 WE EXTENDED IT BY A MONTH.

9 NOW, WE COME TOWARD THE END OF OUR CHAPTER 5.  
10 THERE IS SOME CHANGES IN REPORTING REQUIREMENTS. AND I  
11 HOPE YOU BEAR WITH ME AS I GO OVER THEM. THAT IS, WE  
12 ORIGINALLY WANTED GRANTEES TO PROVIDE CIRM WITH THREE  
13 REPORTS: AN INTERIM FINANCIAL REPORT AND AN ANNUAL  
14 PROGRAMMATIC REPORT, BOTH OF THESE DUE AT THE END OF  
15 EACH YEAR OF FUNDING. AND THESE WILL ALLOW US TO TRACK  
16 USE OF FUNDS AND MONITOR SCIENTIFIC PROGRESS OR LACK  
17 THEREOF DURING THE YEAR.

18 NOW, SINCE MOST BILLS TAKE A WHILE TO COME  
19 IN, WE THEN ALSO ASKED FOR A FORMAL ANNUAL FINANCIAL  
20 REPORT TO BE SUBMITTED 90 DAYS AFTER AT THE END OF THE  
21 FUNDING YEAR. SO WE WERE ASKING FOR THREE REPORTS.  
22 NOW, IN THAT FIRST BULLET POINT UP ON THE SCREEN, A  
23 CHANGE THAT THE WORKING GROUP RECOMMENDED SPECIFICALLY  
24 WAS THAT THERE WERE TOO MANY REPORTS, AND THEY  
25 ELIMINATED THE INTERIM FINANCIAL REPORT BECAUSE THEY

1 FELT THAT WE COULD JUST ASK FOR THE ANNUAL FINANCIAL  
2 REPORT 30 DAYS AFTER -- 90 DAYS AFTER THE END OF THE  
3 YEAR. AND THAT WAS THEIR RECOMMENDATION.

4 THE NEXT CHANGE, THE NEXT BULLET POINT, HAS  
5 TO DO WITH ACTUAL OUT-OF-POCKET LEASE COSTS. AS YOU  
6 RECALL, THIS CAME FROM THE FACILITIES, ONE OF THE  
7 OPTIONS FOR FACILITIES CATEGORY B. IF THE GRANTEE  
8 DECIDES TO CHOOSE THIS OPTION IN CALCULATING THEIR  
9 FACILITIES COSTS, THEY MUST THEN PROVIDE A DESCRIPTION  
10 OF THESE FACILITIES COSTS IN THE ANNUAL FINANCIAL  
11 REPORT.

12 THE THIRD POINT ON THE SCREEN, WE ASKED FOR  
13 AN ESTIMATE OF GOODS AND SERVICES PURCHASED FROM  
14 CALIFORNIA SUPPLIERS IN THE ANNUAL PROGRAMMATIC REPORT.

15 AND THE LAST POINT IS THAT SINCE THE INTERIM  
16 FINANCIAL REPORT HAS NOW BEEN RECOMMENDED TO BE  
17 ELIMINATED, WE ASKED FOR AN OVERVIEW OF ANTICIPATED  
18 MAJOR CHANGES IN BUDGET WITHIN THE CONTENT OF THE  
19 ANNUAL PROGRAMMATIC REPORT.

20 AND THOSE ARE THE FOUR MAIN SUBSTANTIVE  
21 CHANGES IN REPORTING REQUIREMENTS THAT WE BRING TO THE  
22 BOARD.

23 FINALLY, THE INTERIM GRANTS ADMINISTRATION  
24 POLICY FOR TRAINING GRANTS THAT THE BOARD APPROVED LAST  
25 YEAR HAS NOW BEEN INCORPORATED IN WHAT YOU FIND AS

1 CHAPTER 6 IN THIS POLICY. THE CIRM MEDICAL AND ETHICAL  
2 STANDARDS AS WELL AS THE IP POLICY FOR NONPROFIT  
3 ORGANIZATIONS WILL ALSO BE INCORPORATED AS APPENDICES,  
4 APPENDIX A AND B.

5 SO I COME TO THE END OF THE DOCUMENT, MR.  
6 CHAIRMAN.

7 CHAIRMAN KLEIN: ALL RIGHT. JUST AS A  
8 CLARIFICATION, SO OUR GRANTS ADMINISTRATION POLICY  
9 INCLUDES SPECIAL POLICIES FOR TRAINING GRANTS?

10 DR. CHIU: THAT IS CORRECT.

11 CHAIRMAN KLEIN: SO, DR. HALL, HOW DOES THIS  
12 AFFECT -- DO WE OVERRIDE THE TRAVEL ALLOWANCES IN OUR  
13 TRAINING GRANTS SO THAT PEOPLE WITH FELLOWSHIPS CANNOT  
14 TRAVEL WITHIN THE STATE BECAUSE THEY'RE NOT KEY  
15 PERSONNEL?

16 DR. HALL: NO. THE TRAINING GRANTS WILL HAVE  
17 A SEPARATE PORTION INSOFAR -- BY THE WAY, AS THEY ARE  
18 KEY PERSONNEL ON A CIRM-FUNDED GRANT OR PERSONNEL, THEN  
19 THEY ARE FREE TO USE THE OTHER. BUT IF YOU HAVE A  
20 FIRST-YEAR STUDENT, FOR EXAMPLE, WHO IS ROTATING IN A  
21 LAB, THEN WE DON'T PROVIDE FUNDS, AS I RECALL, FOR THAT  
22 STUDENT TO TRAVEL.

23 CHAIRMAN KLEIN: IF INSTITUTIONS ARE  
24 TRYING --

25 DR. HALL: I'M SORRY. SO WE LEAVE IT UP TO

1 THE INSTITUTIONS TO DO THIS. WE GIVE THEM A FORMULAIC  
2 AMOUNT OF MONEY FOR TRAINEE-RELATED RESEARCH AND TRAVEL  
3 FUNDS, BUT IT'S UP TO THE INSTITUTION TO REQUEST AN  
4 ANNUAL ALLOWANCE FOR TRAINEES FOR -- GRANTEES MAY  
5 REQUEST AN ANNUAL ALLOWANCE FOR TRAINEES FOR RESEARCH  
6 TRAINING RELATED EXPENSES SUCH AS BOOKS AND LABORATORY  
7 SUPPLIES AND TRAINEE TRAVEL TO SCIENTIFIC CONFERENCES  
8 AND WORKSHOPS. SO THAT IS BUILT INTO OUR TRAINING  
9 GRANTS ALREADY.

10 CHAIRMAN KLEIN: IF THEY WANTED TO BRING THE  
11 RESEARCH FELLOWS TO A CALIFORNIA CONFERENCE ON STEM  
12 CELL RESEARCH, IT'S WITHIN THEIR DISCRETION?

13 DR. HALL: ABSOLUTELY. ABSOLUTELY.

14 CHAIRMAN KLEIN: THANK YOU VERY MUCH. ANY  
15 ADDITIONAL POINTS?

16 MR. SHEEHY: I WONDER IF WE COULD JUST MAYBE  
17 BEFORE WE CLOSE THIS OUT IS MAYBE DEAL WITH THE LETTER  
18 FROM THE PRO-CHOICE ALLIANCE. I THINK PART OF THIS --  
19 WE SHOULD BE CLEAR. PART OF THIS IS BEYOND THE SCOPE  
20 OF EITHER CIRM OR THE ICOC. AND SOME OF THESE MAY BE  
21 INFORMATION THAT ARE ALREADY BEING INCLUDED. IT MIGHT  
22 BE HELPFUL. OBVIOUSLY WE'RE NOT THE STATE REGULATOR  
23 FOR STEM CELL RESEARCH, AND SOME OF THE THINGS THAT  
24 THEY ARE TALKING ABOUT WE'VE ALREADY DECIDED ARE NOT  
25 GOING TO BE WITHIN OUR PURVIEW, BUT MAYBE IF WE COULD

1 ADDRESS THIS AND PUT THIS IN CONTEXT.

2 DR. CHIU: THANK YOU. I WAS HOPING THAT IF  
3 THE BOARD HAS NO MORE COMMENTS, I WILL SHARE WITH THE  
4 BOARD TWO PIECES OF COMMENTS FROM THE PUBLIC WHEN WE  
5 OPENED IT FOR PUBLIC COMMENT. I'M HAPPY TO SHARE THOSE  
6 NOW.

7 DR. PRICE: I JUST HAVE A QUESTION I WANT TO  
8 RAISE ABOUT THE GLOSSARY ABOUT THE DEFINITIONS.  
9 PRESUMABLY DEFINITIONS FROM OUR VARIOUS REGULATIONS ARE  
10 TO BE COORDINATED. I WAS NOTICING THE DEFINITION OF  
11 COVERED STEM CELL LINES THAT IS IN THE GRANTS  
12 ADMINISTRATION POLICY. IT SEEMS TO ME -- I RECOGNIZE  
13 THAT DEFINITION FROM PREVIOUS ITERATIONS OF THE  
14 STANDARDS WORKING GROUP, BUT WE RECEIVED SOMETHING THIS  
15 MORNING, ITEM 8 A, WHICH I TAKE TO BE A NEW VERSION.  
16 IS THAT NOT THE CASE?

17 DR. HALL: NO. NO. SO I THINK WHAT YOU'RE  
18 REFERRING TO IS THIS MEDICAL AND ETHICAL STANDARDS.

19 DR. PRICE: YES.

20 DR. HALL: SO WE WILL KEEP THOSE DEFINITIONS  
21 COORDINATED. THEY'RE CHANGING INDEPENDENTLY. SO AS  
22 ONE CHANGES, WE WOULD CHANGE THE OTHER, BUT YOU WILL  
23 LATER COME TO A DISCUSSION OF THAT. INSOFAR AS THAT'S  
24 ADOPTED, WE WILL GO BACK AND RECONCILE IT WITH THIS.  
25 WE HAVE TWO BALLS UP IN THE AIR. WE CAN'T KEEP THEM



1 TOGETHER. THREE OR FOUR, SOMEBODY SAID.

2 DR. REED: I JUST WANTED CLARIFICATION.  
3 WE'VE SPENT A LOT OF TIME TODAY TALKING ABOUT TRAVEL  
4 EXPENSES, BUT FOR THE PUBLIC'S BENEFIT, I WANTED TO  
5 MAKE CLEAR THAT ANY REQUESTS IN THE GRANT PROPOSALS FOR  
6 TRAVEL EXPENSES ARE PEER REVIEWED BY THE COMMITTEES OF  
7 SCIENTISTS WHO SCRUTINIZE THE MERITS OF THE  
8 APPLICATION. AND SO I DIDN'T WANT TO LEAVE THE PUBLIC  
9 THE IMPRESSION THAT THE CUSTODIANS OF THESE GRANTS  
10 COULD WILLY-NILLY DECIDE HOW MUCH THEY WANTED TO SPEND  
11 ON TRAVEL. THESE ARE ALL EXPENSES THAT HAVE BEEN  
12 REVIEWED DURING THE COMPETITIVE PROCESS AND HAVE TO BE  
13 EXTREMELY WELL JUSTIFIED IN ORDER TO BE -- IN ORDER FOR  
14 THAT TO BE RECOMMENDED FOR APPROVAL BY THE STUDY  
15 SECTIONS THAT SCORE THESE APPLICATIONS.

16 DR. HALL: I THINK THAT'S AN IMPORTANT POINT.  
17 AS SOMEBODY SAID, WE HAVE NOT HAD A CHANCE TO COME UP  
18 WITH THAT YET BECAUSE WE HAVEN'T DEALT WITH RESEARCH  
19 GRANTS. BUT IN OTHER COMMITTEES OF EVALUATION, IT'S  
20 NOT UNCOMMON IN MY EXPERIENCE FOR PEOPLE TO SAY TRAVEL  
21 FUNDS, CUT THE TRAVEL FUNDS. THEY DON'T NEED THIS MUCH  
22 TRAVEL MONEY.

23 CHAIRMAN KLEIN: LET ME ASK. WE HAVE A  
24 NUMBER OF DIFFERENT CAPS IN HERE, \$1500 ON CONSULTING  
25 CHANGES NOT TO EXCEED 25 PERCENT OF THAT SUBCATEGORY,

1 \$5,000 FOR TRAVEL. NOW, THESE ARE INTENDED TO BE  
2 POLICIES THAT EXTEND FOR SOME PERIOD OF TIME. IS IT  
3 APPROPRIATE TO PUT IN A PRICE INDEX ADJUSTMENT SO THAT  
4 EVERY YEAR WE'RE NOT COMING BACK AND INCREMENTALLY  
5 ADJUSTING THESE SO THAT WE HAVE NUMBERS THAT DON'T  
6 BECOME ANTIQUATED AND WE HAVE TO GO BACK AND SURGICALLY  
7 PIECE BY PIECE ADJUST THEM TO MAKE THEM RECONCILED TO  
8 THE REALITY OF PRICES AT ANY ONE TIME? IS THAT A  
9 REASONABLE ADMINISTRATIVE IMPLEMENTATION, OR WHAT IS  
10 THE FEELING? ANYONE HAVE ANY VIEWS ON THAT?

11 DR. PENHOET: I HAVE A VIEW. I THINK THEY  
12 OUGHT TO BE INFLATION ADJUSTED.

13 CHAIRMAN KLEIN: OKAY. IS THERE A SECOND TO  
14 THAT?

15 DR. PIZZO: I'LL SECOND.

16 CHAIRMAN KLEIN: SECOND FROM DR. PIZZO. ANY  
17 ADDITIONAL DISCUSSION?

18 DR. HALL: WE'LL HAVE TO -- LET ME JUST SAY I  
19 THINK WE'LL HAVE TO THINK ABOUT THAT IN THE SENSE THAT  
20 WHEN WE AWARD GRANTS -- ANYHOW, WE'LL NEED TO THINK  
21 ABOUT THE ISSUE. WE CAN CHANGE THE LIMITS, BUT THEN  
22 ARE WE GOING TO PROVIDE THE FUNDS? WE'LL ADDRESS THAT.

23 CHAIRMAN KLEIN: YOU DON'T NECESSARILY TIE  
24 YOURSELF INTO CHANGING THE AMOUNT OF FUNDS OVER TIME BY  
25 THIS. IT JUST CAPS, JUST THE CAPS.

1 DR. HALL: THE LIMITS FOR THE DIFFERENT  
2 CATEGORIES WITHIN THE FUNDS, YES.

3 CHAIRMAN KLEIN: ANY PUBLIC COMMENT ON THIS?  
4 ALL IN FAVOR OF THIS MOTION. OPPOSED? THANK YOU.

5 THANK YOU, DR. CHIU. ADDITIONAL ITEMS YOU'D  
6 LIKE TO ADDRESS?

7 DR. CHIU: YES. IF THE BOARD HAS FINISHED  
8 THEIR OWN DISCUSSION, AT THIS POINT I'D LIKE TO  
9 INTRODUCE --

10 DR. HALL: COULD I JUST MAKE A POINT? SO THE  
11 NEXT ITEM IS WE'D LIKE TO DEAL WITH APPROVAL OF THIS AS  
12 A WHOLE SO WE CAN GO FORWARD. IN THAT SENSE, WE MOVE  
13 TO PUBLIC COMMENT ON THE ENTIRE THING; IS THAT CORRECT?

14 CHAIRMAN KLEIN: THAT'S RIGHT.

15 DR. CHIU: THANK YOU. SO YOU HAVE BEFORE YOU  
16 TWO PUBLIC COMMENTS THAT WE HAVE RECEIVED IN THE LAST  
17 TWO DAYS. ONE IS FROM MR. RICHARD SELIGMAN AT CALTECH,  
18 SENIOR DIRECTOR, OFFICE OF SPONSORED RESEARCH. THE  
19 OTHER IS A LETTER TO THE ICOC.

20 MR. CHAIRMAN, HOW WOULD YOU LIKE THESE TWO  
21 PIECES OF INFORMATION TO BE DISCUSSED? OR WOULD YOU  
22 WANT TO INVITE MR. SIMPSON TO TALK ABOUT HIS LETTER?

23 CHAIRMAN KLEIN: I THINK IT WOULD BE  
24 APPROPRIATE TO HAVE -- I'D LIKE TO TAKE ADVICE FROM DR.  
25 HALL FIRST, BUT THEN I THINK IT WOULD BE APPROPRIATE TO

1 GIVE MR. SIMPSON A CHANCE TO ADDRESS HIS ITEM  
2 SPECIFICALLY. DR. HALL, WHAT'S YOUR DIRECTION?

3 DR. HALL: I THINK I'D BE PLEASED TO HEAR  
4 FROM MR. SIMPSON AND OTHERS.

5 ONE ISSUE IS THERE ARE A NUMBER OF ITEMS  
6 UNDER MR. SIMPSON'S LETTER WHICH I THINK WE MIGHT VERY  
7 WELL ADDRESS IN THE PUBLIC COMMENT PERIOD, IF THAT'S  
8 APPROPRIATE, JUST SO THAT WE WILL HAVE TIME TO ADDRESS  
9 EACH OF THESE IN A RESPONSIVE AND WRITTEN AND DETAILED  
10 WAY.

11 DR. CHIU: THE PUBLIC COMMENT PERIOD BEING  
12 AFTER WE POST IT FOR 45 DAYS.

13 DR. HALL: JUST TO SAY THAT EVEN IF NO CHANGE  
14 IS VOTED TODAY, THERE WILL BE A PERIOD OF FURTHER  
15 COMMENT AND DISCUSSION. AND IF HE AND THE BOARD WISH,  
16 WE WOULD CERTAINLY PROVIDE DETAILED COMMENTS AND  
17 PERHAPS ACTIONS ON EACH OF THE ITEMS THAT HE BRINGS UP.

18 CHAIRMAN KLEIN: AT THE NEXT -- THIS WOULD  
19 COME BACK TO US AT THE NEXT BOARD MEETING?

20 DR. HALL: LET'S SEE. WE'LL HAVE A 45-DAY  
21 PERIOD, AND THEN WE'LL MAKE CHANGES BASED ON WHAT COMES  
22 OUT DURING THAT PERIOD, INCLUDING THESE TWO, IF  
23 DESIRED, AND THEN IT WILL COME BACK TO THE BOARD, YES.

24 DR. CHIU: AFTER WE PROVIDE REGULATORY  
25 LANGUAGE BASED ON THIS POLICY, IF IT IS APPROVED BY THE

1 BOARD TODAY.

2 CHAIRMAN KLEIN: OKAY. MR. SIMPSON, WOULD  
3 YOU LIKE TO ADDRESS YOUR ITEM, PLEASE?

4 MR. SIMPSON: THANK YOU VERY MUCH. JOHN  
5 SIMPSON FROM THE FOUNDATION FOR TAXPAYER AND CONSUMER  
6 RIGHTS. I WOULD BE REMISS, BY THE WAY, IF I DIDN'T  
7 COMMENT ON THE EARLIER PRESIDENT'S REPORT AND TAKE  
8 EXPLICIT NOTE OF THE DEPARTURE OF NICOLE PAGANO AND  
9 WALTER BARNES. BOTH OF THEM SERVED VERY WELL, AND  
10 WE'VE OCCASIONALLY FOUND OURSELVES ON THE TOUGH END OF  
11 QUESTIONS. AND I HAVE TO, PARTICULARLY WITH THE CASE  
12 OF MS. PAGANO, SAY HOW PROFESSIONAL AND COOPERATIVE  
13 THAT SHE HAS BEEN AND HOW MUCH WE APPRECIATE THAT. SHE  
14 WILL BE MISSED.

15 (APPLAUSE.)

16 MR. SIMPSON: THIS LETTER IS A JOINT  
17 CONSENSUS LETTER OF OUR THREE ORGANIZATIONS, AND I  
18 WANTED, I GUESS, I THINK, TO SPEAK PRIMARILY TO OUR  
19 VIEW THAT IT NEEDS TO BE CLEAR THAT THE TWO ANNUAL  
20 REPORTS ARE, IN FACT, PUBLIC RECORDS. NOW, IN READING  
21 THE DOCUMENT AND THE REFERENCES TO PUBLIC RECORDS, I  
22 THINK, ON PAGE 18, I UNDERSTOOD THAT TO BE THE CASE,  
23 THAT THESE WERE, IN FACT, PUBLIC RECORDS WITH THE  
24 PROVISION THAT THINGS OF A CONFIDENTIAL NATURE COULD BE  
25 REDACTED. BUT SOMETIMES SUCH A READING IS ERRONEOUS,

1 AND I THOUGHT IT WOULD BE BEST IF THAT WERE EXPLICITLY  
2 INCLUDED IN THE LANGUAGE.

3 AS TO THE OTHER POINTS HERE, I APPRECIATE DR.  
4 HALL'S POINT THAT THIS MAY GO FURTHER IN THE PUBLIC  
5 COMMENT PERIOD. I ALSO THINK THAT MY COLLEAGUES FROM  
6 PRO-CHOICE ALLIANCE AND THE CENTER FOR GENETICS AND  
7 SOCIETY ARE PROBABLY BETTER PREPARED TO COMMENT ON  
8 THOSE ITEMS RIGHT NOW. THANK YOU.

9 CHAIRMAN KLEIN: THANK YOU. DR. HALL, WOULD  
10 YOU LIKE TO COMMENT ON THAT FIRST ITEM, OR WOULD YOU  
11 LIKE TO WAIT?

12 DR. HALL: I THINK WE'D LIKE TO HAVE A LOOK  
13 AT IT. I'M NOT PREPARED TO SAY. LET US HAVE A LOOK AT  
14 THAT AND SEE. WE TAKE THE POINT. IT WILL BE A POINT  
15 FOR DISCUSSION HERE, AND WE WILL EXAMINE THE LANGUAGE  
16 AND BRING IT BACK.

17 MS. FOGEL: HI. I'M SUSAN FOGEL WITH THE  
18 PRO-CHOICE ALLIANCE. I WANT TO FLAG TWO THINGS. ONE  
19 IS ON PAGE 18. FIRST OF ALL, WE TOTALLY CONCUR, AS YOU  
20 CAN TELL FROM OUR LETTER, ABOUT WHY THESE REPORTS NEED  
21 TO BE PUBLIC. BUT I WANT TO FLAG ON PAGE 18 THE THIRD  
22 FULL PARAGRAPH WHERE IT TALKS ABOUT THE TYPES OF  
23 RECORDS THAT ARE NOT AVAILABLE TO THE PUBLIC. AND IT  
24 HAS THIS VERY LOOSEY-GOOSEY LANGUAGE THAT I THINK,  
25 FIRST OF ALL, DOESN'T GIVE GOOD GUIDANCE AND DOESN'T

1 PROTECT THE PUBLIC.

2 THE FOURTH SENTENCE SAYS, "THE ICOC HAS  
3 DECIDED THAT THE PUBLIC SHALL ALSO HAVE ACCESS TO THE  
4 RECORDS OF THE WORKING GROUPS EXCEPT FOR, AMONG OTHER  
5 THINGS," ONE, TWO, AND THREE. AND THAT KIND OF "AMONG  
6 OTHER THINGS" IS A PRETTY BIG LOOPHOLE. SO WE WOULD  
7 LIKE TO SEE MUCH MORE SPECIFIC, CLEAR LANGUAGE. THAT'S  
8 OUR FIRST POINT.

9 OUR SECOND POINT, I DO WANT TO MAKE CLEAR  
10 THAT THESE COMMENTS ABOUT THE TYPES OF REPORTING WERE  
11 MADE TO THE REGULATIONS ON THE MEDICAL AND ETHICAL  
12 STANDARDS. WE'VE ASKED FOR THIS KIND OF REPORTING. WE  
13 WERE TOLD THAT THEY SHOULD BE BETTER ADDRESSED IN THE  
14 GAP. SO WE DON'T WANT TO SEE THESE ITEMS GET BOUNCED  
15 BACK AND FORTH BETWEEN THESE TWO PROCESSES.

16 THE UNDERLYING CONCEPT HERE IS THAT YOU'RE  
17 MOVING FORWARD TO FUND TYPES OF RESEARCH THAT CAN BE,  
18 BLUNTLY PUT, USED FOR GOOD AND FOR EVIL. AND IN THE  
19 ABSENCE OF ANY KIND OF NATIONAL POLICIES OR STATE LAW  
20 OR STATE LAWS IN OTHER STATES ABOUT THE BAD USES OF  
21 THIS RESEARCH, WHICH YOU'VE BEEN VERY CLEAR YOU WANT TO  
22 RESTRICT WITH YOUR MONEY, WE THINK THERE NEED TO BE  
23 SOME OVERSIGHT POLICIES, THAT YOU HAVE WAYS OF KNOWING  
24 THAT THE TECHNOLOGIES THAT ARE BEING DEVELOPED WITH  
25 PUBLIC MONEY ARE THEN NOT BEING USED IN INAPPROPRIATE

1 WAYS WITH PRIVATE MONEY. AND THAT'S WHY WE'VE ASKED  
2 FOR THIS KIND OF OVERSIGHT.

3 THE OTHER ISSUE THAT WE'RE VERY CONCERNED  
4 ABOUT IS THE REASONS FOR THE THINNESS, IF YOU WILL, OF  
5 THE COMPLIANCE SECTION IN THE MEDICAL AND ETHICAL  
6 STANDARDS WAS STATED AS IT'S COST-EFFECTIVE TO ONLY  
7 RELY ON SELF-REPORTING. WE HAVE UNFORTUNATELY SEEN  
8 MANY RESEARCH SCANDALS THAT WERE NOT DETECTED BY  
9 SELF-REPORTING. AND WE THINK IT'S REALLY IMPORTANT  
10 THAT YOU HAVE SOME TOUGH COMPLIANCE, ENFORCEMENT, AND  
11 MONITORING STANDARDS. AND YOU CAN'T HAVE THEM IF  
12 YOU'RE NOT COLLECTING GOOD DATA.

13 AND SO WE ARE ASKING THAT YOU INCORPORATE  
14 MUCH MORE SPECIFIC REQUIREMENTS OF DATA OUTCOMES ON  
15 THESE SPECIFIC ITEMS SO YOU KNOW HOW YOUR MONEY IS  
16 BEING USED, YOU KNOW HOW TO MAKE SURE IT'S NOT BEING  
17 USED OR OTHER MONEY IS NOT -- YOUR TECHNOLOGY IS NOT  
18 THEN BEING USED INAPPROPRIATELY. AND CERTAINLY THE  
19 ELEMENTS ABOUT HEALTH OUTCOMES FOR BOTH CLINICAL TRIALS  
20 AND FOR WOMEN PROVIDING OOCYTES ARE CRITICAL PIECES OF  
21 ENFORCING YOUR MEDICAL STANDARDS. THANK YOU.

22 CHAIRMAN KLEIN: THANK YOU VERY MUCH. AND I  
23 THINK DR. HALL'S ANNOUNCEMENT OF THE SPECIAL COUNCIL  
24 LOOKING AT EGG DONATION IS A VERY CLEAR INDICATION OF  
25 THE STAFF AND THE BOARD'S COMMITMENT TO MAKING CERTAIN



1 WE'RE EXPLORING THE ENTIRE SCOPE OF INFORMATION  
2 AVAILABLE TO PROTECT WOMEN IN THIS PROCESS AND PROTECT  
3 THE INTEGRITY OF THE PROCESS AND MEDICAL AND ETHICAL  
4 STANDARDS RELATED TO IT.

5 I WOULD TELL YOU THAT MY COLLEAGUE, DR. HALL,  
6 IS THE ANTITHESIS OF LOOSEY-GOOSEY. HE IS VERY CAREFUL  
7 AND VERY THOUGHTFUL, AND I THINK THE STAFF TRIES TO BE  
8 EXTREMELY RESPONSIVE AND DETAILED IN THE RESPONSE TO  
9 WHAT HAS BEEN A LARGE NUMBER OF COMMENTS. DR. HALL.

10 DR. HALL: I'D JUST LIKE TO ASSURE MS. FOGEL  
11 THAT THE INTENT IS NOT TO BOUNCE THESE COMMENTS BACK  
12 BETWEEN THE TWO. WE DEFERRED THEM FROM MEDICAL AND  
13 ETHICAL STANDARDS TO THE GRANTS ADMINISTRATION POLICY  
14 WHERE THEY PROPERLY BELONG. WE WILL, DURING THAT  
15 PUBLIC COMMENT, DEVELOP SPECIFIC RESPONSES TO EACH OF  
16 THE ITEMS IN THIS LETTER HERE THAT WE HAVE JUST  
17 RECEIVED. SO WE WILL ADDRESS IT WITHIN THAT PROCESS  
18 AND WILL DO SO. WE DID NOT ADDRESS IT WITHIN MEDICAL  
19 AND ETHICAL STANDARDS, BUT REFERRED IT HERE.

20 WE JUST DID GET THIS LETTER, SO WE WILL  
21 DEFINITELY DO THAT DURING THAT PERIOD OF TIME. SO EACH  
22 POINT BROUGHT UP HERE WE WILL RESPOND TO, AND WE MAY  
23 MAKE CHANGES BASED ON THESE RECOMMENDATIONS. I'M SURE  
24 WE'LL TAKE THEM VERY SERIOUSLY.

25 CHAIRMAN KLEIN: OKAY. ANY DISCUSSION?

1                   MR. SHEEHY: I JUST WANT TO MAKE ONE POINT.  
2                   AND WE HAD A VERY LONG DISCUSSION IN THE MEDICAL AND  
3                   ETHICAL STANDARDS WORKING GROUP AT THE VERY BEGINNING  
4                   OF THE PROCESS. AND THE DECISION WAS MADE, AND THE  
5                   BOARD HAS SUPPORTED THIS ALL ALONG, THAT CIRM, THROUGH  
6                   ITS ETHICAL STANDARDS, WAS NOT GOING TO BE THE STATE  
7                   REGULATOR FOR ALL STEM CELL RESEARCH THAT GOES ON IN  
8                   THE STATE. I THINK WE NEED TO BE CLEAR THAT WE WILL  
9                   TRY TO ACCOMMODATE PEOPLE'S CONCERNS, BUT GOING BEYOND  
10                  AND BECOMING SOME SORT OF DE FACTO REGULATOR FOR STEM  
11                  CELL RESEARCH IS JUST NOT IN THE CARDS. IT'S NOT OUR  
12                  WRIT.

13                 CHAIRMAN KLEIN: THANK YOU, JEFF. ADDITIONAL  
14                  COMMENTS? ADDITIONAL PUBLIC COMMENTS?

15                 MS. WITMER: HI. I'M KIM WITMER, THE CHIEF  
16                  FINANCIAL OFFICER AT THE SALK INSTITUTE. AND I WANT TO  
17                  TAKE THIS OPPORTUNITY TO THANK STAFF OF CIRM,  
18                  PARTICULARLY DR. ARLENE CHIU AND GIL SAMBRANO, FOR  
19                  THEIR EXTRAORDINARY EFFORTS IN CRAFTING THIS GRANTS  
20                  ADMINISTRATION POLICY. IT'S A DIFFICULT AREA TO BE  
21                  ABLE TO PROTECT PUBLIC FUNDS AND ALSO MAKE SURE THAT  
22                  THE RESEARCH GOES ON IN A WAY THAT'S EFFICIENT.

23                 I KNOW THAT I SPEAK FOR MY COLLEAGUES FROM  
24                  SCRIPP'S RESEARCH INSTITUTE AND THE BURNHAM INSTITUTE  
25                  IN THANKING THEM ESPECIALLY TO UNDERSTAND THE NONPROFIT

1 RESEARCH INSTITUTES AND HOW WE ARE DIFFERENT THAN  
2 RESEARCH UNIVERSITIES. AND THEIR EFFORTS HAVE ALLOWED  
3 US TO BE ABLE TO FULLY PARTICIPATE IN THIS IMPORTANT  
4 EFFORT.

5 CHAIRMAN KLEIN: THANK YOU VERY MUCH. I  
6 THINK WE OWE A ROUND OF APPLAUSE TO DR. CHIU, GIL  
7 SAMBRANO, AND THE STAFF UNDER THE DIRECTION OF DR.  
8 HALL.

9 (APPLAUSE.)

10 CHAIRMAN KLEIN: SO AT THIS POINT WE ARE  
11 PREPARED FOR A MOTION TO CONSIDER THE OVERALL GRANT  
12 ADMINISTRATION POLICY WITH THE AMENDMENTS MADE TO DATE.  
13 IS THERE A MOTION TO APPROVE?

14 MR. SERRANO-SEWALL: SO MOVED.

15 DR. REED: SECOND.

16 CHAIRMAN KLEIN: DAVID SERRANO-SEWELL AND DR.  
17 REED IS THE SECOND. ADDITIONAL COMMENTS FROM THE  
18 BOARD?

19 DR. BALTIMORE: I MISSED ALONG THE WAY HERE.  
20 WHAT ARE WE DOING ABOUT DICK SELIGMAN'S QUESTION ABOUT  
21 SALARIES?

22 CHAIRMAN KLEIN: THE PROPOSAL FROM DR. HALL  
23 IS THAT THERE ARE A NUMBER OF COMMENTS, INCLUDING --

24 DR. BALTIMORE: YOU WANT TO JUST THROW THAT  
25 IN --

1 DR. HALL: IT CAME IN AT THE LAST MOMENT.  
2 WE'LL DEVELOP A DETAILED RESPONSE TO THIS. I MEANT TO  
3 INCLUDE IT WITH THE OTHER, BUT WE CERTAINLY WILL.

4 CHAIRMAN KLEIN: THIS IS ALL COMING BACK TO  
5 THE BOARD WITH DETAILED COMMENTS ON EACH ITEM RAISED TO  
6 DATE AND THROUGH THE PROCESS.

7 ADDITIONAL COMMENTS FROM THE BOARD?

8 DR. MURPHY: ZACH, WHEN WE'RE TALKING ABOUT  
9 TRAVEL AND WE'RE TALKING ABOUT CHANGING PROTOCOLS, JUST  
10 GUIDE US. HOW WOULD YOU MAKE THAT DECISION OR THOSE  
11 DECISIONS ONCE THEY COME BACK TO CIRM, IF THEY GET TO  
12 THAT LEVEL? HAVE YOU THOUGHT ABOUT THAT, HOW YOU  
13 HANDLE THOSE CHANGES INTERNALLY?

14 DR. HALL: WELL, YOU KNOW, AS WITH ANY  
15 INSTITUTION LIKE THIS, WHAT WE WOULD DO IN THE SCIENCE,  
16 AMONG THE SCIENCE OFFICERS, EACH OF WHOM WILL BE  
17 RESPONSIBLE FOR A PARTICULAR SET OF GRANTS, WOULD BE TO  
18 DEVELOP A SET OF COMMON STANDARDS ABOUT HOW WE DEAL  
19 WITH SUCH THINGS. WHAT SEEMS REASONABLE, WHAT DOES  
20 NOT, SO IT BECOMES SORT OF IMPLEMENTATION OF THE POLICY  
21 AND HOW IT WILL BE. SO WE WILL OPERATE WITHIN THE  
22 POLICY LIMITS, IF YOU SUGGEST, BUT OBVIOUSLY IN  
23 IMPLEMENTING THOSE, WE WILL HAVE TO INTERPRET THEM.  
24 AND WE WILL, FOR EXAMPLE, WHAT DOES IT MEAN TO SAY  
25 MAJOR CHANGE IN RESEARCH DIRECTION? I THINK THAT WE

1 WOULD JUST HAVE TO MAKE DECISION ABOUT THAT, AND I  
2 THINK IT'S VERY HARD TO WRITE IN EXACTLY WHAT YOU MEAN.

3 THE CHANGE IN DISEASE IS IMPORTANT FOR US  
4 BECAUSE WE WILL NEED TO BE ACCOUNTABLE FOR THAT. WE  
5 ARE GOING TO HAVE TO REPORT TO THE STATE ON WHAT  
6 DISEASE AREAS ARE BEING COVERED. AND SO THAT FOR US IS  
7 MORE, NOT THAT WE WOULD SAY YOU CAN'T WORK ON THIS  
8 DISEASE, THAT'S NOT THE POINT ALL, BUT FOR US TO BE  
9 ABLE TO KEEP ACCURATE RECORDS. SO I THINK IT IS -- YOU  
10 KNOW, WE SEE IT AS OUR RESPONSIBILITY, THIS DUAL  
11 RESPONSIBILITY, NO. 1, TO FACILITATE THE RESEARCH AND  
12 TO FREE UP PEOPLE TO DO AS MUCH AS POSSIBLE. ON THE  
13 OTHER HAND, TO PROTECT THE ENTERPRISE SO THAT WE'RE  
14 ABLE TO SAY THAT WE ARE RESPONSIBLE STEWARDS OF THE  
15 STATE'S MONEY AND THAT WE ARE RESPONSIBLE STEWARDS OF  
16 THE RESEARCH THAT WE SPONSOR. WE KNOW WHAT'S GOING ON  
17 AND WE ARE PREPARED TO DEFEND IT.

18 CHAIRMAN KLEIN: ANY ADDITIONAL PUBLIC  
19 COMMENT? THE MOTION IS BEFORE US. ALL IN FAVOR.  
20 OPPOSED?

21 WE'LL MOVE ON TO ITEM 8 AND THANK YOU VERY  
22 MUCH. I'D LIKE TO BRING TO THE BOARD'S ATTENTION THAT  
23 QUORUM IS 21. QUORUM IS 19; WE ARE AT 21. MARCY FEIT  
24 CAME DOWN HERE TODAY EVEN THOUGH SHE HAS MAJOR  
25 FUND-RAISING ACTIVITIES GOING ON AT HER INSTITUTION AND

1 MEETINGS WITH EXECUTIVES IN HER INSTITUTION, SO SHE'S  
2 GOING TO HAVE TO LEAVE AT 12:30. WE NEED TO MOVE  
3 QUICKLY BUT THOROUGHLY THROUGH THIS AGENDA.

4 SO FOR LUNCH, WE WILL TRY AND RESTRICT THAT  
5 TO 40 MINUTES RIGHT ACROSS THE HALL. MAKE IT QUICK.  
6 TALK DURING LUNCH, BUT WE WILL MOVE VERY QUICKLY. AS  
7 WE ADJOURN, WE'LL TRY AND GO THROUGH THIS ITEM AND THEN  
8 GO TO LUNCH. DR. HALL.

9 DR. HALL: THANK YOU. LET ME JUST MAKE A FEW  
10 INTRODUCTORY COMMENTS. THIS IS ANOTHER SET OF  
11 STANDARDS, THE MEDICAL AND ETHICAL STANDARDS, THAT  
12 WE'RE JUST TALKING ABOUT. WE ARE AT A DIFFERENT STAGE  
13 IN THE PROCESS. AND I WANT TO GIVE YOU A BRIEF  
14 INTRODUCTION, AND THEN I'M GOING TO TURN IT OVER TO  
15 DR. BERNIE LO, WHO IS THE CO-CHAIR OF THIS MEDICAL AND  
16 ETHICAL STANDARDS WORKING GROUP, TO DEAL WITH THE  
17 SUBSTANTIVE ISSUES.

18 LET ME REMIND YOU THAT AT THE FEBRUARY 10TH  
19 MEETING OF THE ICOC, THE MEDICAL AND ETHICAL  
20 REGULATIONS RECOMMENDED BY THE WORKING GROUP WERE  
21 APPROVED. ON MARCH 17TH THE REGULATIONS THAT WERE  
22 APPROVED WERE THEN OFFICIALLY NOTICED WITH THE OFFICE  
23 OF ADMINISTRATIVE LAW. THESE NOW ARE WRITTEN INTO  
24 REGULATORY LANGUAGE, AND THIS TRIGGERED, THEN, A 45-DAY  
25 PUBLIC COMMENT PERIOD, JUST AS THE ONE THAT WILL BE

1 UPCOMING WITH RESPECT TO OUR GRANTS ADMINISTRATION  
2 POLICY.

3 DURING THE COMMENT PERIOD, WHICH ENDED ON OR  
4 ABOUT APRIL 29TH, IF I RECALL, IT WAS JUST A FEW DAYS  
5 BEFORE OUR MAY 3D MEETING, AT ANY RATE, RIGHT AT THE  
6 END OF -- MAY 1ST. IT ENDED ON MAY 1ST. BUT DURING  
7 THAT 45-DAY PERIOD, CIRM RECEIVED AND REVIEWED  
8 APPROXIMATELY 50 DIFFERENT PUBLIC COMMENTS, EACH  
9 REQUIRING A RESPONSE. THAT IS, IN SOME CASES WE  
10 RECEIVED MORE THAN SEVERAL COMMENTS ON THE SAME, BUT WE  
11 HAD 50 DIFFERENT ITEMS THAT REQUIRED A WRITTEN  
12 RESPONSE. AND I WOULD POINT OUT THAT TO DATE OVER 120  
13 WRITTEN COMMENTS HAVE BEEN RECEIVED THROUGHOUT THE  
14 ENTIRE PROCESS. SO THIS INDICATES, I THINK, THE  
15 PRODUCTIVE AND USEFUL PARTICIPATION OF THE PUBLIC AS WE  
16 GO THROUGH AND ESTABLISH OUR STANDARDS. AND WHEN I  
17 SAID THAT THE WORK IS NOT COMPLETE WITH THE GRANTS  
18 ADMINISTRATION POLICY, I MEANT TO INDICATE THAT WE  
19 PRESUMABLY WILL GET A LIKE NUMBER OF COMMENTS ABOUT  
20 THOSE THAT WE WILL ALSO DEAL WITH.

21 SO THESE COMMENTS HAVE BEEN RECEIVED FROM  
22 PRIVATE INDIVIDUALS, FROM RESEARCH INSTITUTIONS, FROM  
23 WOMEN'S HEALTH ORGANIZATIONS, AND FROM OTHER PUBLIC  
24 INTEREST GROUPS.

25 NOW, ON MAY 3D THE STANDARDS WORKING GROUP

1 CONVENED TO DISCUSS THE COMMENTS THAT HAD BEEN MADE AND  
2 CHANGES THAT WERE RECOMMENDED ON THE BASIS OF THOSE  
3 COMMENTS. MUCH OF THE DISCUSSION FOCUSED ON SEVERAL  
4 CHANGES WHERE THE STAFF HAD SUGGESTED THAT WE MAKE  
5 CHANGES IN THE DOCUMENT THAT HAD BEEN IMPROVED IN LIGHT  
6 OF THE OAL CRITERIA OF CLARITY; THAT IS, WE WANT TO BE  
7 AS CLEAR AS POSSIBLE, AS PRECISE AS POSSIBLE, AND ALSO  
8 THE OAL REQUIREMENT FOR INTERNAL CONSISTENCY IN OUR  
9 DOCUMENTS SO THAT WE DON'T SAY ONE THING IN ONE PLACE  
10 AND SOMETHING ELSE IN ANOTHER, AND ALSO CONSISTENCY  
11 WITH ANY EXTERNAL REGULATIONS.

12 SO THE REVISIONS THAT WERE RECOMMENDED BY THE  
13 STANDARDS WORKING GROUP IN SEVERAL OF THESE AREAS WILL  
14 BE DESCRIBED TO YOU BY DR. LO IN JUST ONE MOMENT.

15 NOW, BECAUSE THE CHANGES IN SOME CASES  
16 REPRESENTED REAL CHANGES, WE THEN ON MAY 9TH NOTICED  
17 THE DOCUMENT WITH REVISIONS WITH THE OAL, AND THAT  
18 OPENED AN ADDITIONAL 15-DAY PUBLIC COMMENT PERIOD. AND  
19 SO WE NOW BRING TO YOU A DOCUMENT WITH FURTHER  
20 SUGGESTIONS THAT WERE MADE DURING THAT 15-DAY PERIOD,  
21 SOME OF WHICH WE THINK ARE ACTUALLY USEFUL AND  
22 IMPORTANT. BECAUSE OF THE FACT THAT WE'RE GOING TO  
23 CHANGE THE DOCUMENT YET AGAIN, WE WILL HAVE ANOTHER  
24 15-DAY PERIOD AFTER THIS MEETING.

25 SO OUR INTENT TODAY IS NOT TO ASK FOR YOUR



1 APPROVAL OF THE FINAL DOCUMENT, WHICH WE HAD  
2 ANTICIPATED, BUT TO GIVE YOU AN INFORMATIONAL REPORT ON  
3 WHERE WE STAND AS WE ENTER OUR SECOND 15-DAY PERIOD.

4 NOW, THIS SEEMS LIKE IN SOME WAYS A TEDIOUS  
5 PROCESS, BUT IT EMPHASIZES, I THINK, THE DIFFICULTY OF  
6 GETTING A DOCUMENT LIKE THIS EXACTLY RIGHT, HAVING IT  
7 CONSISTENT IN ALL OF ITS PARTS. AND I THINK HAVING A  
8 LARGE NUMBER OF CAREFUL READERS HAS BEEN  
9 EXTRAORDINARILY HELPFUL TO US. AND I THINK ALL OF US  
10 FEEL THAT THIS ENTIRE PROCESS, ALTHOUGH LONG AND DRAWN  
11 OUT, HAS RESULTED IN A BETTER DOCUMENT. AND OUR  
12 FEELING IS THAT IT IS OUR RESPONSIBILITY TO PROVIDE THE  
13 BEST POSSIBLE DOCUMENT TO THE OFFICE OF ADMINISTRATIVE  
14 LAW. SO WE ASK YOUR PATIENCE. WE WILL GO THROUGH  
15 ANOTHER 15-DAY PERIOD, AND THEN WE EXPECT AT THE AUGUST  
16 2D MEETING TO BRING TO YOU FOR FINAL APPROVAL, THEN,  
17 REGULATIONS WHICH HAVE GONE THROUGH ALL OF THESE  
18 CHANGES AND THEN WILL BE, IF APPROVED BY YOU, APPROVED  
19 AS STATE REGULATIONS.

20 SO WHAT I WOULD LIKE TO DO, THEN, IS TO TURN  
21 IT OVER TO DR. LO, WHO IT LOOKS LIKE HAS COME HERE AT  
22 GREAT DANGER TO HIS HEALTH AND WELL-BEING, AND WHO WILL  
23 DESCRIBE FOR YOU THE ISSUES THAT THE WORKING GROUP HAS  
24 TAKEN UP SINCE OUR LAST MEETING ON THIS TOPIC.

25 DR. LO: THANK YOU, ZACH. IT'S A PLEASURE TO

1 BE HERE, AND I APPRECIATE THE OPPORTUNITY TO PRESENT TO  
2 THE ICOC. THE GOALS OF MY PRESENTATION ARE TWOFOLD.  
3 ONE, I WANT TO INFORM YOU OF CHANGES THAT THE SWG HAS  
4 MADE IN RESPONSE TO PUBLIC COMMENTS TO THE DOCUMENTS  
5 YOU APPROVED BACK IN FEBRUARY. SECONDLY, I WANT TO  
6 DESCRIBE SOME UNRESOLVED ISSUES WHICH STILL NEED TO BE  
7 WORKED OUT, AGAIN, IN RESPONSE TO EXTENSIVE PUBLIC  
8 COMMENT AND PUBLIC DISCUSSION TO ISSUES THAT NEED TO BE  
9 ADDRESSED.

10 AND FINALLY, AS I'LL DESCRIBE IN THE TALK,  
11 THE REVISED TIMETABLE IS SUCH THAT WE WOULD LIKE TO ASK  
12 YOUR APPROVAL FOR A REVISED TIMETABLE, PARTICULARLY  
13 TAKING INTO ACCOUNT THE POSSIBILITY THAT THE INTERIM  
14 GUIDELINES MAY NEED TO BE EXTENDED TO ALLOW US TO GO  
15 THROUGH THIS PROCESS THAT DR. HALL DESCRIBED.

16 NOW, I'M GOING TO ACTUALLY SKIP THIS BECAUSE  
17 THAT SUMMARIZES SORT OF THE TIMETABLE WE WERE ON. BUT  
18 I WANTED TO SAY A LITTLE BIT TO YOU ABOUT THE COMMENTS  
19 WE RECEIVED AND HOW WE RESPONDED TO THEM. AS ZACH  
20 SAID, THE COMMENTS WERE EXTREMELY HELPFUL, AND THERE  
21 WERE SEVERAL LARGE CATEGORIES OF RESPONSES WE MADE. A  
22 NUMBER WERE WHAT I WOULD TERM TECHNICAL REVISIONS.  
23 THERE WERE SUGGESTIONS TO ENHANCE THE CLARITY OF OUR  
24 REGULATIONS, THE CONSISTENCY, ALSO BETTER WAYS TO  
25 IMPLEMENT WHAT WAS THE SWG'S INTENTION. AND WE TENDED

1 TO ADOPT THESE WHEN THEY WERE MADE, AND, AGAIN, WE'RE  
2 VERY GRATEFUL TO OUR PUBLIC COMMENTERS FOR MAKING THEM.

3 THERE WERE SOME COMMENTS THAT WE FELT WE  
4 COULD NOT ACCEPT, AND THERE WERE TWO MAJOR REASONS FOR  
5 THAT. ONE IS THAT BY CALIFORNIA STATUTE, WE ARE  
6 REQUIRED OR WE ARE URGED TO PRODUCE PERFORMANCE  
7 STANDARDS IN OUR REGULATIONS RATHER THAN PRESCRIPTIVE  
8 STANDARDS. THE STATE STRONGLY PREFERS THAT REGULATIONS  
9 SET A CLEAR GOAL THAT NEEDS TO BE ACHIEVED, BUT ALLOW  
10 FLEXIBILITY FOR THOSE BEING REGULATED AS TO HOW TO  
11 ACHIEVE THAT GOAL. AND SO A NUMBER OF COMMENTS WERE  
12 EXTREMELY PRESCRIPTIVE AND VERY DETAILED. AND, AGAIN,  
13 TO BE CONSISTENT WITH THE CALIFORNIA APPROACH TO  
14 REGULATIONS, WHICH IS NOT NECESSARILY APPROACHED IN  
15 OTHER STATES OR THE FEDERAL GOVERNMENT, WE WANTED TO  
16 STAY WITH THE IDEA OF SETTING A GOAL AND LEAVING SOME  
17 FLEXIBILITY.

18 WE THINK THIS IS PARTICULARLY IMPORTANT IN  
19 THE AREA OF STEM CELL RESEARCH BECAUSE WE THINK THAT  
20 BEST PRACTICES WILL DEVELOP. AND WE'VE CERTAINLY SEEN  
21 THAT THROUGH OUR SWG GUIDELINES, THAT THE MORE PEOPLE  
22 THINK ABOUT THESE ISSUES, THE IDEAS GET BETTER. AND WE  
23 DIDN'T WANT TO LOCK INTO PLACE REGULATIONS THAT COULD  
24 BE OUT OF DATE WITH SUBSEQUENT APPROVALS.

25 AND FINALLY, AS, I THINK, JEFF SHEEHY HAS

1 ALREADY MENTIONED THIS MORNING, WE DID NOT WANT TO  
2 EXCEED OUR AUTHORITY AS THE SWG REPRESENTING ICOC, THAT  
3 WE ARE CHARGED WITH PROVIDING REGULATIONS FOR  
4 CIRM-FUNDED RESEARCH. IT'S NOT WITHIN OUR PURVIEW, WE  
5 DON'T THINK, TO TRY AND MAKE REGULATIONS FOR ALL OTHER  
6 STEM CELL RESEARCH IN THE STATE OR BEYOND THE STATE.  
7 MUCH AS WE THINK THAT MAY BE NEEDED, IT'S NOT OUR  
8 PURVIEW, I DON'T THINK, IN THE SWG TO TRY AND WRITE  
9 REGULATIONS THAT EXCEED THE SCOPE OF CIRM-FUNDED  
10 RESEARCH.

11 LET ME JUST QUICKLY RUN THROUGH SOME OF THE  
12 SUGGESTIONS THAT WE ADOPTED OR ADOPTED WITH  
13 MODIFICATIONS JUST TO GIVE A FLAVOR OF THE KINDS OF  
14 VALUABLE COMMENTS WE RECEIVED. FIRST, IN TERMS OF THE  
15 DEFINITION OF COVERED STEM CELL LINES, THERE WERE  
16 SUGGESTIONS MADE TO CLARIFY THAT WE ARE NOT TRYING TO  
17 PUT ADDITIONAL BURDENS OF OVERSIGHT ON ADULT STEM CELL  
18 LINES. WE CLARIFY THAT IN THE REGULATION.

19 WE ALSO RECEIVED SOME EXCELLENT COMMENTS ON  
20 CARE FOR COMPLICATIONS SUFFERED BY WOMEN IN OOCYTE  
21 DONATION. WE THINK, AGAIN, THIS REQUIREMENT OF CARE IS  
22 ONE OF THE INNOVATIVE AND GOOD FEATURES OF OUR  
23 REGULATIONS, BUT WE CLARIFIED THAT THE RESEARCH  
24 INSTITUTION HAS SEVERAL OPTIONS TO ASSURE THAT THE CARE  
25 IS PROVIDED AT NO COST TO THE PARTICIPANT. AND THAT

1 WAS AN IMPORTANT CLARIFICATION.

2 WITH REGARD TO OOCYTE DONATION, AN ISSUE OF  
3 PARTICULAR CONCERN, I THINK, AND RIGHTLY SO, WE FIRST  
4 CLARIFIED WHAT THE REQUIREMENTS OF THE REGULATIONS  
5 WOULD BE FOR STEM CELL LINES CREATED BEFORE THE  
6 EFFECTIVE DATE OF REGULATIONS. WE DIDN'T THINK IT WAS  
7 WISE TO TRY AND GO BACKWARDS IN TIME AND REQUIRE  
8 COMPLIANCE WITH STANDARDS THAT DID NOT EXIST AT THE  
9 TIME STEM CELL LINES WERE CREATED. WE DID, HOWEVER,  
10 KEEP IN PLACE CORE REQUIREMENTS SUCH AS CONSENT THAT WE  
11 THINK WERE VERY IMPORTANT.

12 IN TERMS OF THE PROCESS OF CONSENT, WE GAVE A  
13 LOT OF ATTENTION TO THAT. AND WE WANTED TO MAKE SURE  
14 THE WOMAN HAD INFORMATION AND WAS ABLE TO MAKE AN  
15 INFORMED DECISION WITHOUT SORT OF RESTRICTING HER  
16 DECISION-MAKING POWER. WE WANTED TO GIVE WOMEN WHO ARE  
17 DONATING OOCYTES THE OPTION OF HAVING A DELIBERATION  
18 PERIOD AFTER RECEIVING INFORMATION ABOUT OOCYTE  
19 DONATION IF THEY WANTED TO HAVE SOME TIME TO THINK  
20 ABOUT IT, BUT NOT TO REQUIRE IT. A NUMBER OF  
21 COMMENTERS POINTED OUT THAT TO REQUIRE A PERIOD OF  
22 DELIBERATION HAD IMPLICATIONS FOR WOMEN'S  
23 DECISION-MAKING IN OTHER AREAS WHICH WOULD NOT BE  
24 DESIRABLE.

25 FINALLY, AGAIN, WE WANTED TO CLARIFY THAT IF

1 A WOMAN IN IVF IS CONSIDERING OOCYTE DONATION, SHE'S  
2 THE ONE WHO DETERMINES THAT SHE DOES NOT NEED OR WANT  
3 OOCYTES AND MAY DONATE THEM FOR RESEARCH. AGAIN, THESE  
4 WERE ISSUES TO MAKE SURE WE DIDN'T, WITH THE INTENTION  
5 OF TRYING TO PROTECT WOMEN, ACTUALLY RESTRICT THEIR  
6 DECISION-MAKING POWER. WE REALLY FELT VERY STRONGLY  
7 THAT SINCE WOMEN WOULD BE INFORMED AND THEIR  
8 COMPREHENSION OF THE KEY FEATURES OF RESEARCH WOULD BE  
9 TESTED, WE WANTED TO MAKE SURE THAT THEN THEY HAD THE  
10 POWER TO MAKE DECISIONS.

11 THERE WERE OTHER SUGGESTIONS THAT HAD TO DO  
12 WITH THE COMPOSITION AND PROCEDURES FOR THE STEM CELL  
13 RESEARCH OVERSIGHT COMMITTEES. AND THESE, AGAIN, ARE  
14 IMPORTANT ADDITIONS TO STRENGTHEN OUR REGULATIONS. WE  
15 ALSO ADOPTED A SUGGESTION THAT THERE BE NO TRANSFER OF  
16 GENETICALLY MODIFIED EMBRYOS CREATED WITH CIRM FUNDING  
17 INTO A HUMAN UTERUS. AGAIN, I THINK THIS STARTS TO  
18 ADDRESS THE CONCERNS THAT WERE RAISED IN THE PUBLIC  
19 COMMENTS ABOUT PREVENTING UNTOWARD USES OF THIS  
20 EXCITING AND POTENTIALLY HIGHLY BENEFICIAL TECHNOLOGY.

21 NOW, THERE ARE TWO ISSUES THAT STILL NEED TO  
22 BE RESOLVED. ONE IS, AGAIN, A FEATURE OF OOCYTE  
23 DONATION, WHICH HAS TO DO WITH RECONTACT IF THE WOMAN  
24 CHOOSES DELIBERATION. I'M NOT GOING TO SPEND TOO MUCH  
25 TIME ON THAT, BUT I DO WANT TO SPEND MORE TIME ON

1 CONSENT FOR DONATION OF MATERIALS, CORD BLOOD AND  
2 PLACENTA, DONATION FOR CIRM-FUNDED RESEARCH BECAUSE  
3 THAT'S BEEN A COMPLICATED, DIFFICULT ISSUE WHERE WE  
4 RECEIVED A LOT OF, I THINK, VERY THOUGHTFUL COMMENTS.  
5 AND THERE ARE A NUMBER, AS I'LL TRY AND EXPLAIN, A  
6 NUMBER OF CONFLICTING CONSIDERATIONS WE NEED TO TRY AND  
7 BRING TOGETHER.

8 WITH REGARD TO OOCYTE DONATION, AGAIN, THESE  
9 ARE WOMEN DONATING OOCYTES FOR CIRM-FUNDED RESEARCH. A  
10 WOMAN MAY CHOOSE A PERIOD TO DELIBERATE BEFORE SHE  
11 DECIDES TO ACTUALLY MAKE THE DONATION. IN THE ORIGINAL  
12 REGULATIONS THAT WE HAD NOTICED, WE HAD REQUIRED THE  
13 DONOR BE THE ONE TO RECONTACT RESEARCHERS. WE DID THIS  
14 BECAUSE WE THOUGHT THAT THIS WAS AN ADDED PROTECTION  
15 FOR WOMEN FROM ANY KIND OF UNDUE INFLUENCE. MANY OF  
16 THE COMMENTS WE RECEIVED WERE VERY MUCH OPPOSED TO THAT  
17 AND STRONGLY SUGGESTED THAT WE GIVE THE DONOR, IF SHE  
18 CHOOSES TO HAVE A PERIOD OF DELIBERATION, SHE'S THE ONE  
19 WHO CHOOSES HOW THAT RECONTACT SHOULD BE MADE, BUT SHE  
20 MAY ALLOW THE RESEARCHERS TO TAKE THE LEAD AND CONTACT  
21 HER. AND WE THINK WE WILL ADOPT THIS; AND AGAIN, THIS  
22 WILL NEED TO GO OUT AGAIN FOR PUBLIC NOTICE.

23 LET ME SPEND A FEW MINUTES WITH YOU ON THE  
24 CORD BLOOD SITUATION BECAUSE, AS I SAID, IT IS COMPLEX,  
25 AND I THINK YOUR THOUGHTS WOULD BE HELPFUL. WE'RE NOT

1 ASKING YOU TO APPROVE LANGUAGE, BUT WE'RE PRESENTING TO  
2 YOU SORT OF OUR APPROACH, WHICH STILL NEEDS TO BE  
3 CRAFTED INTO GOOD REGULATORY LANGUAGE.

4 WE'VE DISTINGUISHED THREE VERY DIFFERENT  
5 CLINICAL SITUATIONS INVOLVING CORD BLOOD DONATION.  
6 FIRST IS DONATION FOR AUTOLOGOUS TRANSPLANTATION OR  
7 CORD BLOOD BANKING. THIS IS HAPPENING TODAY IN MANY  
8 DELIVERY ROOMS, AND CERTAINLY WE DON'T WANT TO  
9 INTERFERE WITH WHAT'S A WIDESPREAD CLINICAL PRACTICE.

10 THE ONE AREA OF CIRM-FUNDED RESEARCH WE  
11 WANTED TO PAY ATTENTION TO WAS RESEARCH USING CORD  
12 BLOOD AND PLACENTAL TISSUE TO TRY AND DERIVE STEM CELL  
13 LINES TO BE USED IN ALLOGENEIC TRANSPLANTATION. LET ME  
14 TRY AND ELABORATE ON THAT A BIT. CURRENTLY STEM CELLS  
15 ARE USED FOR TRANSPLANTATION, THEY'RE NOT CULTURED IN  
16 THE LABORATORY. THEY'RE FROZEN AND THEN USED AS  
17 TRANSPLANTATION TRANSFUSION.

18 IT COULD WELL BE THERE WILL BE A LOT OF  
19 EXCITING AND INTERESTING CIRM-FUNDED RESEARCH ON TRYING  
20 TO MAKE STEM CELL LINES THAT CAN GROW IN CULTURE FROM  
21 CORD BLOOD AND PLACENTAL TISSUE. THERE'S A LOT OF  
22 RESEARCH NEEDED TO DO THAT. IT'S NOT AT ALL CLEAR IN  
23 MY UNDERSTANDING THAT THESE ARE, IN FACT, PLURIPOTENT  
24 LINES, BUT I THINK ONE OF THE GOALS THAT SORT OF  
25 ANIMATES A LOT OF THE WORK THAT CIRM WILL BE DOING IS



1 THE HOPE THAT THESE LINES CAN BE USED FOR ALLOGENEIC  
2 TRANSPLANTATION, NOT TRANSPLANTATION BACK TO THE CHILD  
3 WHOSE CORD BLOOD IT WAS, NOR NECESSARILY TO OTHER  
4 CHILDREN WITH LEUKEMIA OR WHATEVER, BUT MORE GENERALLY.  
5 THOSE KINDS OF STEM CELL LINES AND POTENTIAL  
6 TRANSPLANTATION RAISE PARTICULAR ETHICAL ISSUES THAT WE  
7 WANTED TO TRY AND ANTICIPATE AND RESPOND TO.

8 NOW, THERE'S A LOT OF CORD BLOOD RESEARCH  
9 BEING DONE TODAY FOR ALL KINDS OF OTHER INTERESTING AND  
10 IMPORTANT SCIENTIFIC QUESTIONS. MUCH OF IT IS  
11 LABORATORY RESEARCH, RESEARCH WITH ANIMALS. A LOT MORE  
12 WILL NEED TO BE DONE BEFORE IT'S ACTUALLY PROVEN THAT  
13 CORD BLOOD STEM CELL LINES CAN BE DERIVED. AND THAT  
14 RESEARCH DOES NOT RAISE, BECAUSE IT'S NOT GOING TO BE  
15 USED FOR TRANSPLANTATION TO OTHER HUMANS, DOES NOT  
16 RAISE THE SAME SORT OF ETHICAL CONCERNS AS THE SECOND  
17 CATEGORY.

18 WHAT WE WANTED TO DO IS TO MAKE SURE THAT WE  
19 HAD GOOD REGULATIONS FOR THE SECOND CATEGORY, BUT MAKE  
20 SURE WE DIDN'T FOR THE FIRST AND THIRD CATEGORIES  
21 IMPEDE THE CURRENT PROCESS FOR BOTH CONSENT AND  
22 OVERSIGHT OF RESEARCH WHICH WE THINK IS WORKING PRETTY  
23 WELL.

24 DR. BALTIMORE: WHAT ARE THE ETHICAL CONCERNS  
25 IN THE MIDDLE CATEGORY?

1 DR. LO: I'LL GET TO THAT IN A MINUTE.  
2 THERE'S SOME SPECIAL ISSUES WITH REGARD TO CORD BLOOD  
3 DONATION. ONE, OF COURSE, IS THE NEONATE WHOSE CORD  
4 BLOOD IT IS CANNOT CONSENT FOR HIMSELF OR HERSELF.  
5 TYPICALLY, THEN, IN THE DELIVERY ROOM, THE BIRTH MOTHER  
6 MAKES DECISIONS ABOUT DONATION OF THE CORD BLOOD OR  
7 WHAT'S TO BE DONE WITH THE CORD BLOOD AND PLACENTAL  
8 TISSUE. WE THINK IT'S IMPORTANT THAT WE UNDERSTAND THE  
9 EXTENSIVE SORT OF POLICY, ETHICAL, PRACTICAL  
10 CONSIDERATIONS THAT GO INTO THIS DE FACTO STANDARD FOR  
11 DECISION-MAKING.

12 THEN TO RESPOND TO YOUR QUESTION ABOUT SO  
13 WHAT'S THE OTHER ETHICAL ISSUE ABOUT ALLOGENEIC  
14 TRANSPLANT OF PLURIPOTENT STEM CELLS, IT STRIKES US  
15 THAT THE SAME SORT OF CONSIDERATIONS THAT ARISE ANY  
16 TIME WE'RE THINKING ABOUT TRANSPLANTATION FROM  
17 PLURIPOTENT STEM CELL LINES INTO SOMEONE WHO WASN'T THE  
18 DONOR OF THOSE CELLS, CONCERNS, I THINK, ABOUT  
19 TRANSMISSION OF EITHER INFECTIOUS DISEASE OR GENETIC  
20 DISPOSITIONS TO SERIOUS DISEASE, AND THAT IN OTHER  
21 CONTEXTS, WHETHER IT'S EMBRYONIC STEM CELL RESEARCH OR  
22 OTHER TYPES OF STEM CELL RESEARCH, THERE'S AN  
23 EXPECTATION THAT THERE WILL BE, AND, IN FACT, THE FDA  
24 WILL REQUIRE, SOME SORT OF LINKAGE AND MEDICAL  
25 SCREENING DONE ON THE DONORS OF THAT TISSUE. AND

1 OBVIOUSLY SOME OF THAT SCREENING CAN BE DONE TO THE  
2 ACTUAL STEM CELLS THEMSELVES IN TERMS OF INFECTIOUS  
3 THINGS, BUT ONE THING THAT WILL BE IMPORTANT IS TO LOOK  
4 FOR POSSIBLE TRANSMISSION OF GENETIC CONDITIONS, AT  
5 LEAST PREDISPOSITIONS TO SERIOUS GENETIC CONDITIONS.

6 SOME OF THAT CAN BE DONE PERHAPS BY LOOKING  
7 AT THE GENOMIC SEQUENCING, BUT, AS YOU KNOW, THERE ARE  
8 OTHER FORMS OF, FOR INSTANCE, STRONGLY FAMILIAL CANCERS  
9 WHERE WE HAVE A STRONG FAMILY HISTORY, BUT HAVEN'T YET  
10 IDENTIFIED THE GENETIC SEQUENCE.

11 AS WITH OTHER TYPES OF ALLOGENEIC TRANSPLANT,  
12 WE WOULD, I THINK, WANT TO BE VERY CAREFUL NOT TO TAKE  
13 CELLS DERIVED FROM A FAMILY THAT HAS A STRONG FAMILY  
14 HISTORY OF CANCER AND TRANSPLANT THEM. SO THAT WE  
15 WOULD WANT IN THE CASE OF CORD BLOOD STEM CELL  
16 TRANSPLANTS OF PLURIPOTENT STEM CELLS, CORD BLOOD STEM  
17 CELL LINES, TO BE ABLE TO HAVE SOME WAY OF DOING SOME  
18 KIND OF MEDICAL SCREENING ON THE GENETIC CONTRIBUTORS.  
19 AND THAT WOULD BE THE PERSON WHO GAVE THE SPERM AND THE  
20 OOCYTE THAT FORMED THE CORD BLOOD.

21 I THINK THIS SITUATION, WHICH DISTINGUISHES  
22 IT FROM ALLOGENEIC -- FROM AUTOLOGOUS TRANSPLANTATION,  
23 TRANSPLANTATION OF JUST THE STEM CELL, THE CORD BLOOD,  
24 IT'S NOT BEEN SORT OF GROWN OUT IN CULTURE, IS WHAT  
25 MAKES THIS SUCH A COMPLICATED SITUATION.

1                   SO THERE ARE CLEARLY SEVERAL IMPORTANT  
2                   ETHICAL ISSUES AT STAKE. ONE IS THE WOMAN'S  
3                   DECISION-MAKING POWER, HER RIGHT TO MAKE DECISIONS IN  
4                   THE PRODUCTIVE CONTEXT. SECOND IS TO TRY AND PROTECT  
5                   PEOPLE WHO WOULD BE RECIPIENTS OF PLURIPOTENT STEM CELL  
6                   TRANSPLANTS FROM RISK BEING TRANSMITTED OR MEDICAL  
7                   ADVERSE CONSEQUENCES THAT RESULT IN TRANSPLANT. THIRD,  
8                   AND PERHAPS NOT AS IMPORTANT, BUT STILL IMPORTANT  
9                   ETHICAL ISSUE IS THE INTEREST IN GENETIC CONTRIBUTORS  
10                  IN USES OF THEIR BIOLOGICAL MATERIALS.

11                  ONE WAY OF LOOKING AT THAT IS TO SAY THAT IF  
12                  THE BIRTH MOTHER WAS NOT THE OOCYTE DONOR, AND  
13                  CERTAINLY THE SPERM DONOR, THE FATHER, MAY HAVE STRONG  
14                  FEELINGS ABOUT WHETHER THEY WANT THE MATERIALS THAT  
15                  WERE CREATED WITH THEIR CELLS, REPRODUCTIVE CELLS, TO  
16                  BE USED FOR CERTAIN TYPES OF RESEARCH.

17                  NOW, AGAIN, WHAT'S TRICKY HERE IS IF THE  
18                  CHILD WERE AN ADULT, WE WOULD ASK THE CHILD FOR  
19                  PERMISSION. IN THIS CASE DO WE WANT TO GO BACK TO THE  
20                  GENETIC CONTRIBUTORS. AND A FINAL ETHICAL ISSUE WHICH  
21                  I THINK IS QUITE IMPORTANT IS THAT WE RECOGNIZE THERE'S  
22                  A LOT OF IMPORTANT RESEARCH, ACTUALLY CLINICAL CARE NOW  
23                  GOING ON USING CORD BLOOD THAT'S WELL REGULATED BY  
24                  IRB'S WHERE THERE ARE ESTABLISHED MECHANISMS FOR  
25                  CONSENT IN PLACE, AND WE DIDN'T WANT TO IMPEDE THAT

1 TYPE OF RESEARCH THAT DOESN'T RAISE ANY NOVEL ETHICAL  
2 ISSUES.

3 SO THIS IS OUR CURRENT THINKING. AND, AGAIN,  
4 THIS HAS BEEN MOLDED BY A DISCUSSION, NOT JUST THE  
5 COMMENTS WE RECEIVED, BUT BACK-AND-FORTH DISCUSSIONS  
6 WITH PEOPLE WHO RAISED THE COMMENT, WE HAVE FOUND VERY  
7 HELPFUL. THIS IS OUR CURRENT THINKING ON HOW TO HANDLE  
8 THIS SITUATION. WE'RE GOING TO SPLIT IT OUT AGAIN INTO  
9 SEVERAL DIFFERENT SITUATIONS. ONE FOR AUTOLOGOUS  
10 DONATION, FREEZING OF CORD BLOOD OR GIVING IT TO A CORD  
11 BLOOD BANK. THE WOMEN GIVING BIRTH MAY CONSENT. SHE'S  
12 THE ONE WHO GIVES PERMISSION. THIS IS WHAT CURRENT  
13 PRACTICE IS, AND WE DON'T THINK THAT NEEDS TO BE  
14 CHANGED.

15 NOW, FOR RESEARCH THAT IS NOT INTENDED TO  
16 DERIVE STEM CELL LINES FOR ALLOGENEIC TRANSPLANTATION,  
17 SO ALL THE RESEARCH OR THE VAST BULK OF RESEARCH IS  
18 BEING DONE TODAY, THE WOMAN GIVING BIRTH MUST CONSENT  
19 TO DONATE THE TISSUE FOR RESEARCH. BUT WE PUT IN HERE  
20 ANOTHER REQUIREMENT, AGAIN, A SUGGESTION OF ONE OF OUR  
21 PUBLIC COMMENTERS, PROVIDED THAT THE IDENTIFIERS ARE  
22 REMOVED. WITH THE EXCEPTION THAT THE STEM CELL BEING  
23 USED FOR AUTOLOGOUS TRANSPLANTATION, OBVIOUSLY YOU NEED  
24 THE IDENTIFIERS TO KNOW WHAT CHILD IT GOES BACK TO.  
25 AND THE REASON FOR REMOVING THE IDENTIFIERS IS TO

1 ACKNOWLEDGE THAT GENETIC PRIVACY INTERESTS OF THE  
2 PERSON WHOSE -- THE PERSONS'S WHOSE EGG AND SPERM WERE  
3 USED TO CREATE THE CHILD WHOSE CORD BLOOD IS BEING USED  
4 FOR RESEARCH, THERE IS NO DOWNSIDE IF YOU'RE NOT GOING  
5 TO USE THIS MATERIAL FOR AUTOLOGOUS TRANSPLANTATION TO  
6 REMOVING THE IDENTIFIERS. AND REMOVING IDENTIFIERS  
7 FROM BIOLOGICAL MATERIALS ON WHICH RESEARCH IS BEING  
8 DONE IS A WELL-ESTABLISHED PROTECTION TO ENSURE THE  
9 PRIVACY OF THE DONORS OF THAT MATERIAL.

10 SO, AGAIN, THIS, WE THINK, IS A MINOR CHANGE  
11 IN CURRENT PRACTICE THAT SHOULD NOT IMPEDE RESEARCH,  
12 BUT DOES ADDRESS SOME CONCERNS ABOUT GENETIC PRIVACY.  
13 AND, AGAIN, WITH THE EXCEPTION FOR AUTOLOGOUS  
14 TRANSPLANTATION TO MAKE SURE THAT WE DON'T  
15 INADVERTENTLY CAUSE PROBLEMS IN IMPORTANT RESEARCH.

16 AND THEN THE THIRD AREA THAT I THINK WE ARE  
17 TRYING TO FOCUS ON OR I THINK WE DO NEED SOME NEW  
18 REGULATORY OVERSIGHT IS CIRM-FUNDED RESEARCH FOR THE  
19 DERIVATION OF STEM CELL LINES FROM CORD BLOOD AND  
20 PLACENTAL TISSUE FOR ALLOGENEIC TRANSPLANTATION. HERE,  
21 IN ADDITION TO CONSENT FROM THE BIRTH MOTHER, WE ARE  
22 PROPOSING THAT CONSENT ALSO BE REQUIRED FOR WHAT WE'RE  
23 TERMING GENETIC CONTRIBUTORS. WE WERE ADVISED NOT TO  
24 USE THE TERM "GENETIC PARENTS" BECAUSE OF THE  
25 IMPLICATIONS OF USING THE TERM "PARENT" IN THIS VERY

1 SPECIAL CONTEXT. AND WE APPRECIATE THAT. AND THE  
2 REASON FOR GETTING CONSENT FROM GENETIC CONTRIBUTORS IS  
3 THAT WE WANT TO ASK THEM QUESTIONS ABOUT THEIR HEALTH  
4 AND THEIR FAMILY HISTORY, AGAIN, AS PART OF MEDICAL  
5 SCREENING PRIOR TO TRANSPLANTATION.

6 NOW, WE RECOGNIZE THAT THIS MAY BE A VERY  
7 COMPLICATED SOCIAL SITUATION FOR THE BIRTH MOTHER WHO  
8 MAY BE ESTRANGED -- FIRST OF ALL, MAY NOT BE THE  
9 GENETIC, THE WOMAN WHO CONTRIBUTED THE OOCYTE. SHE MAY  
10 NOT KNOW THE GENETIC CONTRIBUTOR OF THE SPERM OR MAY BE  
11 ESTRANGED FROM HIM. AND WE THOUGHT IT WAS EXTREMELY  
12 IMPORTANT AND, AGAIN, THIS WAS SUGGESTED BY A NUMBER OF  
13 OUR PUBLIC COMMENTS ON THE SECOND, THIRD, AND FOURTH  
14 ITERATION, THAT THERE BE PROTECTIONS IN THE REGULATIONS  
15 FOR THE BIRTH MOTHER.

16 AND THOSE PROTECTIONS ARE, FIRST, THAT SHE  
17 NEEDS TO BE TOLD THE FIRST TIME OF CONSENT FOR DONATING  
18 THE POSSIBILITY OF RESEARCH USE OF CORD BLOOD IS  
19 DISCUSSED WITH HER, THAT FOR THIS PARTICULAR TYPE OF  
20 RESEARCH, NOT FOR ALL OTHER RESEARCH, JUST FOR STEM  
21 CELL LINES TO BE USED FOR ALLOGENEIC TRANSPLANTATION,  
22 SHE NEEDS TO BE TOLD THAT THERE WILL NEED TO BE CONSENT  
23 FOR GENETIC PROGENITORS. IF SHE DOESN'T WANT TO DO  
24 THAT, SHE CAN STILL, OF COURSE, DECIDE TO FREEZE THE  
25 CORD BLOOD, PUT IT IN A CORD BLOOD BANK, OR DONATE FOR

1 OTHER TYPES OF RESEARCH WHICH MAY BE CIRM-FUNDED.  
2 THE GENETIC CONTRIBUTORS MAY NOT BE CONTACTED  
3 UNLESS SHE APPROVES. SO NO SORT OF CONTACTING GENETIC  
4 CONTRIBUTORS IF THE BIRTH MOTHER DOES NOT WANT TO BE.  
5 AND WE WANTED TO PUT INTO THE REGULATIONS AN EXPLICIT  
6 STATEMENT THAT THIS REQUIREMENT IS NOT INTENDED TO  
7 AFFECT ANY OTHER LAWS IN CALIFORNIA REGARDING  
8 REPRODUCTIVE DECISION-MAKING. A LOT OF THE CONCERNS  
9 ABOUT CHANGING THE CONSENT PROCEDURES FOR THIS  
10 PARTICULAR ACTIVITY HAVE TO DO WITH CONCERNS ABOUT WHAT  
11 WOULD THE IMPLICATIONS BE FOR OTHER KINDS OF DECISIONS  
12 MADE AROUND THE REPRODUCTION OR MADE RIGHT AFTER THE  
13 BIRTH OF A CHILD. FOR EXAMPLE, IT WAS POINTED OUT TO  
14 US THAT ADOPTION POLICIES, NOW CURRENTLY IT'S ONLY THE  
15 BIRTH MOTHER WHO NEEDS TO CONSENT TO ADOPTION. THERE'S  
16 A LOT OF DISCUSSIONS AS TO WHETHER THE GENETIC FATHER  
17 NEEDS TO BE INVOLVED IN THAT. WE DIDN'T WANT TO HAVE  
18 THIS REQUIREMENT WE'RE PROPOSING HAVE ANY IMPACT ON  
19 THIS DECISION, WHICH IS TO US A TOTALLY SEPARATE POLICY  
20 DECISION.

21 DR. PENHOET: PRESUMABLY YOU MEAN THE DIRECT  
22 GENETIC CONTRIBUTORS, NOT THE GRANDPARENTS?

23 DR. LO: NO. NO. NO. WE JUST MEANT THE  
24 PERSON WHO GAVE THE SPERM AND --

25 DR. BALTIMORE: ADAM AND EVE.



1 DR. LO: YOU GO TO THE PATIENTS AND SAY TELL  
2 ME ABOUT YOUR FAMILY INFORMATION ABOUT THE  
3 GRANDPARENTS, BUT WE'RE NOT GOING TO CONTACT THEM.

4 ARE THERE ANY QUESTIONS ON THIS BECAUSE THIS  
5 IS COMPLICATED, AND I KNOW YOU HAVE SOME THOUGHTS?

6 DR. BALTIMORE: NO, I DON'T HAVE ANY THOUGHTS  
7 ACTUALLY. I THINK YOUR ANALYSIS AND THE DEPTH OF YOUR  
8 THINKING HERE IS EXTREMELY IMPRESSIVE. AND I MUST SAY  
9 THERE ARE LEVELS OF THIS ISSUE THAT AT FIRST BLUSH ONE  
10 MIGHT NOT HAVE APPRECIATED.

11 MY QUESTION IS WHETHER THIS IS OUR BUSINESS  
12 IN THE FOLLOWING SENSE. THE STEM CELL INITIATIVE WAS  
13 REALLY TO DEAL WITH THE ISSUES THAT THE FEDERAL  
14 GOVERNMENT WOULD NOT FUND. THIS IS AN AREA OF ADULT  
15 STEM CELLS BECAUSE WE'RE TALKING ABOUT CORD BLOOD AND  
16 THE KINDS OF STEM CELL LINES THAT WOULD BE DEVELOPED  
17 WOULD BE ADULT STEM CELL LINES AND WOULD NOT BE  
18 EMBRYONIC STEM CELL LINES UNLESS SOMEBODY FINDS SOME  
19 WAY TO DO THAT. FOR THE MOMENT THAT'S NOT AN ISSUE.

20 SO GOING INTO THIS EXTREMELY ELABORATE SET OF  
21 REGULATIONS FOR SOMETHING WHICH IS FEDERALLY FUNDABLE  
22 TO START OFF WITH SEEMS TO ME TO SORT OF BE  
23 OVERSTEPPING WHAT WE NEED TO BE WORRYING ABOUT.

24 DR. LO: I THINK THAT'S A VERY WISE COMMENT.  
25 I WOULD DEFER TO THE ICOC AND ACTUALLY TO SCIENTISTS TO

1 KNOW WHETHER THIS IS LIKELY TO ADVANCE -- WHETHER THIS  
2 IS LIKELY TO BE SOMETHING THAT PEOPLE WILL SEEK CIRM  
3 FUNDING FOR AND THAT CIRM MAY WISH TO FUND EVEN THOUGH  
4 IT MAY ALSO BE FUNDABLE --

5 DR. BALTIMORE: THERE'S LOTS OF THINGS THAT  
6 CIRM WILL FUND THAT ARE FEDERALLY FUNDABLE. I THINK WE  
7 HAVE THAT MANDATE TO BE ABLE TO DO THAT. I DON'T THINK  
8 WE'RE TRYING TO WRITE REGULATIONS TO COVER EVERYTHING  
9 THAT WE MIGHT CONCEIVABLY FUND. OTHERWISE, WE HAVE TO  
10 HAVE A COMPLETE SET OF ETHICAL STANDARDS FOR ALL  
11 BIOMEDICAL RESEARCH.

12 DR. LO: WELL --

13 DR. HALL: SO THE QUESTION IS IS THERE A GAP  
14 IN THIS FEDERAL STANDARDS TO DEAL WITH THIS ISSUE OR  
15 NOT.

16 DR. BALTIMORE: THAT'S RIGHT. FIRST OF ALL,  
17 IT'S HYPOTHETICAL BECAUSE, IN FACT, NOBODY CAN DERIVE  
18 STEM CELL LINES TODAY FOR ALLOGENEIC TRANSPLANTATION.  
19 IF WE COULD DO THAT, THERE WOULD BE AN INDUSTRY DOING  
20 IT TODAY. IN FACT, IT WOULD NOT BE REGULATED BY  
21 RESEARCH PROTOCOLS. IT WOULD BE REGULATED BY THE FDA  
22 AND I THINK SHOULD BE REGULATED BY THE FDA BECAUSE WHAT  
23 YOU'RE DOING IS REGULATING SOMETHING WHICH IS BEING  
24 USED IN CLINICAL PRACTICE, NOT IN RESEARCH. I THINK  
25 THAT IT'S NOT OUR PRIMARY BUSINESS, A; AND, B, IT MAY

1 NOT EVEN BE WITHIN THE PURVIEW WE OUGHT TO BE  
2 CONSIDERING.

3 DR. LO: WELL, I CERTAINLY AM SENSITIVE TO  
4 THE NOTION WE SHOULDN'T WRITE REGULATIONS THAT SORT OF  
5 EXCEED WHAT WE NEED TO DO OR EXCEED OUR AMBIT. LET ME,  
6 HOWEVER, RAISE THE POINT THAT CURRENTLY THERE ARE  
7 SEVERAL WAYS IN WHICH NON-CIRM-FUNDED RESEARCH IS  
8 OVERSEEN. ONE IS BY THE FDA. THE OTHER IS THROUGH THE  
9 FEDERAL REGULATIONS, 45 CFR 46, THE COMMON RULE, WHICH  
10 MOST LARGE RESEARCH INSTITUTIONS APPLY EVEN TO  
11 NONFEDERALLY FUNDED, NON-FDA RESEARCH. THEN THERE ARE  
12 VARIOUS OTHER STATE LAWS AS WELL.

13 AS WE LOOK AT THOSE SOURCES OF OVERSIGHT ON  
14 THIS PARTICULAR ISSUE, I AGREE WITH YOU IS A NARROW  
15 ISSUE, IT SEEMS TO US THERE IS A GAP, THAT THE FDA WILL  
16 CERTAINLY SAY SOMETHING ABOUT IT, BUT IT'S NOT IN THE  
17 FDA REGULATIONS. CFR IS SILENT ON THIS, AND THE OFFICE  
18 OF HUMAN RESEARCH HAS NOT ISSUED GUIDANCE. IT'S  
19 CERTAINLY WITHIN THEIR PURVIEW TO DO SO. AND I GUESS  
20 THERE IS NOTHING IN CURRENT CALIFORNIA STATUTE, BUT AS,  
21 I THINK, THE NEXT AGENDA OR NEXT ITEM AFTER THAT IS  
22 THERE MAY BE LEGISLATIVE INTEREST IN THIS PARTICULAR  
23 AREA BECAUSE IT REALLY DOES IMPLICATE A LOT OF ISSUES  
24 AROUND WOMEN'S DECISIONS REGARDING REPRODUCTIVE HEALTH.

25 SO I THINK CERTAINLY THIS IS NOT THE MAIN

1 PART OF WHAT WE'RE GOING TO DO, BUT WE THOUGHT THAT,  
2 GIVEN IT WAS A COMPLICATED SITUATION, AND THAT, I  
3 GUESS, THE OTHER THING I WOULD SAY IS IF IT WERE  
4 POSSIBLE TO DERIVE A PLURIPOTENT STEM CELL LINE FROM  
5 CORD BLOOD, IT WOULD BE AN ENORMOUS OPPORTUNITY, IT  
6 STRIKES ME. AND THAT IF SOMEONE WERE TO DO THAT WITH  
7 CIRM FUNDING, I, FOR ONE, WOULD WANT THAT RESEARCH AND  
8 INTENT TO USE THAT FOR TRANSPLANTATION, WHICH IS REALLY  
9 THE GOAL OF REGENERATIVE MEDICINE. IT WOULD BE A SHAME  
10 IF THAT WORK WERE DONE AND THEN COULDN'T BE USED FOR  
11 TRANSPLANTATION BECAUSE WE COULDN'T DO THE SCREENING TO  
12 ASSURE SAFETY.

13 SO YOU'RE RIGHT, IT'S HYPOTHETICAL, AND YET  
14 IT'S SOMETHING THAT IF WE DON'T ANTICIPATE IT NOW,  
15 PEOPLE MAY NOT THINK ABOUT IT. IT WASN'T EASY FOR US  
16 TO THINK ABOUT IT. IT REQUIRED, AS I SAID, A LOT OF  
17 VERY THOUGHTFUL PUBLIC COMMENT AND COMMENTS FROM OTHERS  
18 ON THE ICOC SWG. BUT I TOTALLY ACCEPT YOUR POINT, THAT  
19 WE SHOULDN'T BE RUSHING REGULATIONS WHERE THEY'RE NOT  
20 NEEDED.

21 DR. BALTIMORE: RIGHT. IT IS A HYPOTHETICAL,  
22 AND THE RESEARCH TO MAKE IT HAPPEN WILL NOT INVOLVE  
23 TRANSPLANTATION INTO HUMAN BEINGS BECAUSE THE  
24 TRANSPLANT INTO HUMAN BEINGS WILL NEED FDA APPROVAL.

25 DR. HALL: SO ONE POSSIBILITY, DAVID, IS TO

1 SET UP A SET OF RULES THAT SIMPLY EXCLUDE THAT  
2 POSSIBILITY. THAT IS, WE'RE NOT GOING TO SAY ANYTHING  
3 ABOUT IT BECAUSE IT'S NOT YET THERE.

4 DR. BALTIMORE: RIGHT.

5 DR. HALL: THAT ACTUALLY WOULD -- IT WOULD  
6 LET US EVADE A VERY THORNY ISSUE BECAUSE IT IS A  
7 HYPOTHETICAL AT THIS POINT. WHEN IT BECOMES A REALITY,  
8 EVEN IF THERE WERE A LINE, THEN ONE COULD, AND IT  
9 LOOKED LIKE IT WAS POSSIBLE, THEN ONE COULD SAY THE  
10 LINES CANNOT BE USED FOR TRANSPLANTATION UNLESS IT IS  
11 POSSIBLE --

12 DR. BALTIMORE: I'D LIKE TO MAKE A  
13 SUGGESTION, WHICH IS THAT YOU WRITE UP JUST WHAT YOU'RE  
14 DOING AS A PAPER TO BE PUBLISHED SO THAT THERE IS  
15 AVAILABLE TO THE COMMUNITY, WHEN THE DAY COMES, THIS  
16 VERY THOUGHTFUL BACKGROUND TO ALLOW THE OPPORTUNITY TO  
17 MOVE FORWARD IN A THOUGHTFUL WAY, BUT THAT WE NOT TRY  
18 TO INCORPORATE IT IN OUR REGULATIONS AT THIS TIME.

19 DR. LO: I'D BE VERY INTERESTED IN OTHER  
20 COMMENTS FROM ICOC MEMBERS. THANK YOU VERY MUCH.

21 DR. PIZZO: I THINK THAT'S AN INTERESTING  
22 SUGGESTION, ACTUALLY A GOOD SUGGESTION UNDER ANY  
23 CIRCUMSTANCE. I JUST HAVE ONE CLARIFICATION, BERNIE,  
24 WHICH IS, IF I HEARD YOU CORRECTLY, YOU WERE SPEAKING  
25 ABOUT DOING GENETIC TESTING, WHATEVER THAT MIGHT TURN

1 OUT TO BE, ON LINES, ASSUMING THAT THEY COULD BE  
2 DERIVED, BUT IT DIDN'T SEEM THAT YOU WERE PRESCRIBING  
3 THAT FOR THE UMBILICAL STEM CELL THAT YOU MIGHT  
4 TRANSPLANT IN AN ALLOGENEIC SETTING. I WAS CURIOUS AS  
5 TO WHY IT WASN'T EQUALLY APPLICABLE IN THAT SETTING  
6 BECAUSE ALL OF THE SAME ISSUES WOULD APPLY. IF YOU  
7 TOOK AN UMBILICAL CORD SET OF ADULT STEM CELLS AND YOU  
8 TRANSPLANTED THEM, EVEN IF NOT FROM A LINE, MANY OF THE  
9 ISSUES YOU INDICATED.

10 DR. LO: YOU'RE ABSOLUTELY RIGHT. AND AS  
11 MANY OF YOU KNOW, THE INSTITUTE OF MEDICINE ISSUED A  
12 REPORT ON CORD BLOOD BANKING IN 2005, ACTUALLY IT WAS  
13 UNDER DEAN PIZZO'S AUSPICES AT IOM, WHICH ADDRESS THAT  
14 ISSUE AND SUGGESTED THAT IN THE CURRENT SORT OF CORD  
15 BLOOD ENTERPRISE, THERE BE UNIFORM STANDARDS FOR  
16 MEDICAL SCREENING. AND CERTAINLY ONE POSSIBILITY WOULD  
17 BE NOT JUST SORT OF TAKING A GOOD FAMILY GENETIC  
18 HISTORY, BUT NOW THE POSSIBILITY OF HIGH THROUGHPUT  
19 CHIPS THAT CAN DO GENOMIC SEQUENCING ACTUALLY TO LOOK  
20 AT THE GENOMIC SEQUENCES.

21 AGAIN, I THINK THIS IS ANOTHER EXAMPLE OF  
22 WHERE YOUR POINT IS ABSOLUTELY RIGHT ON TARGET. THERE  
23 ARE OTHER PEOPLE SORT OF TRYING TO ADDRESS THAT. AND  
24 TO SORT OF TOP YOUR PRINCIPLE, WE DIDN'T WANT TO TRY  
25 AND SETTLE EVERYTHING THAT WE DIDN'T NEED TO, DIDN'T

1 WANT TO GET INTO THAT, BUT YOU'RE RIGHT. THE SAME  
2 QUESTIONS WOULD APPLY, THE SAME ISSUES THAT CONCERN  
3 YOU.

4 DR. HALL: COULD I JUST CLARIFY THEN? WOULD  
5 THE SUGGESTION BE TO TAKE OUT NO. 2, AND THEN JUST TO  
6 HAVE STANDARDS FOR 1 AND 3?

7 DR. BALTIMORE: RIGHT.

8 DR. LO: THAT WOULD BE SIMPLER BECAUSE THEN  
9 THEY WOULD BE TOTALLY CONSISTENT WITH CURRENT PRACTICE  
10 AND CURRENT FEDERAL STANDARDS WITH THE SOLE EXCEPTION  
11 THAT -- I GUESS IF IT'S NOT GOING TO BE USED FOR  
12 TRANSPLANTATION, IT'S NOT CLEAR WE EVEN NEED TO STRIP  
13 THAT DOWN.

14 DR. PIZZO: I THINK WITH ONE CAVEAT, ZACH,  
15 AND THAT IS YOU MIGHT WANT TO SAY, THE DOCUMENT WOULD  
16 SAY THAT SHOULD LINES BECOME AVAILABLE, THAT THESE  
17 GUIDELINES WOULD APPLY TO JUST FORECAST.

18 DR. HALL: SEE, THAT'S WHERE WE GET INTO THE  
19 THICKET. THAT'S WHERE THE COMPLICATIONS OCCUR. THAT'S  
20 THE THORNIEST PIECE OF THIS. I THOUGHT THE BRILLIANCE  
21 OF DAVID'S SUGGESTION WAS --

22 DR. PIZZO: I AGREE.

23 DR. HALL: -- WRITE IT UP IN THE JOURNALS,  
24 BUT LET'S JUST AVOID THAT THING AND WE CAN MOVE AHEAD.

25 DR. PIZZO: I WAS ACTUALLY SPEAKING OF AN

1 IN-JOURNAL ARTICLE.

2 CHAIRMAN KLEIN: DR. KESSLER AND THEN DR.  
3 PRICE.

4 DR. LO: IF I COULD JUST COMMENT FOR A  
5 MOMENT. WE COULD ALWAYS COME BACK LATER AND DO  
6 ADDITIONAL REGULATIONS IF THIS BECAME A REALITY.

7 DR. BALTIMORE: THAT'S THE NICE THING ABOUT  
8 HAVING IT AVAILABLE AND THOUGHT OUT LIKE THIS IS IT'S  
9 EASY THEN TO MOVE IN.

10 DR. KESSLER: TO DAVID'S POINT, ONE CAN BE  
11 MORE EFFICIENT AND SMOOTHER IN THE LONG RUN. IT'S TRUE  
12 THAT YOU ARE NOT GOING TO GET INTO HUMAN WITHOUT FDA  
13 REGULATION; BUT, YOU KNOW, WHEN THAT TIME COMES, ISN'T  
14 IT POSSIBLE IF YOU HAD THIS AS REGULATION BEFORE THAT,  
15 THAT YOU WON'T WASTE TIME AND HAVE TO BACK UP?

16 DR. LO: THESE, I THINK, ARE EXACTLY THE  
17 KINDS OF CONSIDERATIONS, SORT OF NOT OVERSTEPPING AND  
18 GETTING HYPOTHETICALS VERSUS PREPARING FOR SOMETHING.

19 DR. KESSLER: PREPARING IN A REASONABLE AND  
20 THOUGHTFUL WAY AND LAYING THE GROUNDWORK AHEAD OF TIME,  
21 ESPECIALLY IF YOU'RE AT A POINT WHERE YOU THINK THAT  
22 THERE IS A CONSENSUS AND YOU MOVE, I THINK WE DO, I  
23 THINK YOU WOULD MOVE THE FIELD FORWARD. YOU CERTAINLY  
24 HAVE, AND YOU CAN PUT THIS IN JOURNAL FORM, BUT I  
25 CERTAINLY WOULDN'T BE OPPOSED -- THIS IN SOME WAYS



1 FORESHADOWS THE ROAD MAP, SORRY, FOR WHERE WE HAVE TO  
2 GET TO WHEN THERE IS FDA REGULATIONS. SO I THINK  
3 THERE'S A LOT OF GOOD WORK HERE, AND THERE MAY BE  
4 VALUE, ESPECIALLY IF YOU THINK THIS DOES REFLECT THE  
5 STATE OF THE ART ON THESE ISSUES, AS I THINK YOU  
6 DEMONSTRATED THIS MORNING.

7 DR. PRICE: I'D JUST LIKE TO RAISE ANOTHER  
8 ISSUE THAT'S RELATED. IN ANSWER TO DR. BALTIMORE'S  
9 ORIGINAL QUESTION ABOUT WHY YOU ARE INVOLVING THE  
10 GENETIC PARTNERS, YOUR RATIONALE HAD TO DO WITH THE  
11 NEED FOR OBTAINING A MEDICAL HISTORY BEFORE GOING AHEAD  
12 WITH THE TRANSPLANT. BUT THEN LATER ON IN HOW YOU  
13 INVOLVE THE GENETIC PARTNERS, YOU USE THE TERM  
14 "CONSENT." IT SEEMS TO ME THIS IS A VERY DIFFERENT  
15 THING; IT'S A DIFFERENT KIND OF RATIONALE. IN THE  
16 FIRST INSTANCE, YOU'RE DOING THIS, YOU NEED TO IDENTIFY  
17 THE PERSON AND PRESUMABLY INTERVIEW THEM. THAT DOESN'T  
18 REQUIRE THEIR CONSENT TO USE THE MATERIAL IN RESEARCH,  
19 WHICH, IN EFFECT, CREATES A WHOLE NEW RIGHT, WHICH I  
20 DON'T BELIEVE CURRENTLY EXISTS IN THE PRACTICE OF LAW.  
21 YOU YOURSELF INDICATED THAT WE TALKED ABOUT THE FACT  
22 THAT THE FATHER'S CONSENT ISN'T NECESSARY FOR AN ADULT  
23 CHILD TO DONATE THEIR BLOOD FOR RESEARCH.

24 DR. LO: AGAIN, YOU RAISE A VERY, VERY  
25 PROFOUND POINT. AS WE THOUGHT ABOUT IT, TO GET

1 INFORMATION, YOU OBVIOUSLY NEED CONSENT FROM THE  
2 PERSON, DE FACTO CONSENT, TO PROVIDE THE INFORMATION.

3 DR. PRICE: NOT TO DO THE RESEARCH.

4 DR. LO: WHAT WOULD HAPPEN IF WE WENT TO A  
5 GENETIC CONTRIBUTOR AND SAY, "WE'D LIKE SOME  
6 INFORMATION"? AND THEY SAY, "WHY? THAT'S PRETTY  
7 PERSONAL ASKING ME ABOUT." WE SAY, "WELL, IT'S BECAUSE  
8 WE'VE DEVELOPED THIS WONDERFUL STEM CELL LINE THAT WE  
9 THINK MAY BE USED FOR ALLOGENEIC TRANSPLANTATION." "I  
10 NEVER KNEW ABOUT THAT. NO ONE EVER TOLD ME. I'M  
11 OUTRAGED."

12 NOW, AGAIN, THE EXAMPLE THAT WE HAD IN MIND  
13 WAS THE CASE OF THE HELA STEM CELL LINES, THE HELA  
14 CELLS FROM HENRIETTA LACKS. PEOPLE HAVE VERY STRONG  
15 REACTIONS TO THE USE OF MATERIALS FROM THEIR BODIES  
16 THAT THEY DIDN'T KNOW ABOUT, AT LEAST DIDN'T KNOW  
17 ABOUT, SO THIS IS WHY IT GETS COMPLICATED.

18 DR. PRICE: THEY DON'T HAVE TO COMPLY. THEY  
19 DON'T HAVE TO GIVE YOU THE INFORMATION, IN WHICH CASE  
20 YOU DON'T USE THEIR MATERIAL.

21 DR. LO: IN FACT, IF YOU ARE GOING -- IF YOU  
22 KNEW -- IF YOU HAD PROOF OF PRINCIPLE AND YOU COULD  
23 DERIVE THE LINE, YOU THOUGHT YOU WERE GETTING READY,  
24 BASED ON ANIMAL EXPERIMENTS, TO START TO GO INTO  
25 HUMANS, IT STRIKES ME, BEFORE GOING TO ALL THE TROUBLE

1 TO DERIVE THE NEXT LINE, YOU'D WANT TO MAKE SURE THAT  
2 YOU HAD EVERYTHING AHEAD OF TIME. BUT YOUR POINT IS  
3 TAKEN. THERE'S A DIFFERENCE BETWEEN CONSENTING TO THE  
4 RESEARCH AND CONSENTING TO BE INTERVIEWED, BUT THEY'RE  
5 OBVIOUSLY VERY TIGHTLY INTERWOVEN.

6 CHAIRMAN KLEIN: SO DO WE HAVE A POSITION AT  
7 THIS POINT? DR. HALL, WHAT'S YOUR INTERPRETATION?

8 DR. HALL: I THINK THIS IS A VERY INTERESTING  
9 SUGGESTION. AND I THINK WHAT WE'D LIKE TO DO WOULD BE  
10 TO GO AWAY AND TAKE THAT UNDER ADVISEMENT, AND WE DON'T  
11 NEED A DECISION AT THIS POINT. THE INTENT WAS NOT TO  
12 BRING A FINAL DOCUMENT. THE INTENT WAS TO LET YOU HEAR  
13 WHAT WE'RE DOING AND TO HEAR FROM YOU. THIS HAS BEEN  
14 EXTREMELY VALUABLE.

15 DR. LO: EXTREMELY THOUGHTFUL.

16 CHAIRMAN KLEIN: IT'S IMPORTANT TO NOTE THAT  
17 WHAT WE WILL BE VOTING ON HERE IS THE 15-DAY EXTENSION  
18 BECAUSE WE WILL BE OUTSIDE OUR 270 DAYS. WHAT WE'RE  
19 TRYING TO DO IS TAKE ADDITIONAL TIME FOR PUBLIC COMMENT  
20 AND TO THOUGHTFULLY CONSIDER ISSUES SUCH AS RAISED  
21 TODAY. SO THE VOTE TODAY IS NOT APPROVAL OF THE  
22 DOCUMENT IN THE MODIFIED FORM. IT IS, IN FACT, TO  
23 EXTEND THE PERIOD.

24 DR. HALL: I DON'T THINK WE NEED A VOTE  
25 ACTUALLY.

1 CHAIRMAN KLEIN: WE DO NEED A TECHNICAL  
2 PROCEDURAL VOTE TO EXTEND THE PERIOD.

3 DR. PIZZO: IS THIS THE FINAL EXTENSION?

4 DR. HALL: IF THERE ARE MORE REVISIONS, WE  
5 MAY GO THROUGH ANOTHER ONE.

6 DR. LO: MORE COMMENTS AND REVISIONS.

7 CHAIRMAN KLEIN: JAMES HARRISON, COULD YOU  
8 COMMENT ON THE LEGALITY RELATED TO ADDITIONAL  
9 EXTENSIONS FOR PUBLIC COMMENT AND THIS EXTENSION?

10 MR. HARRISON: SURE. YOU HAVE THE ADOPTED  
11 INTERIM REGULATIONS, WHICH ARE CURRENTLY IN PLACE,  
12 WHICH HAVE A SHELF LIFE OF 270 DAYS. BECAUSE OF THE  
13 PUBLIC HEARING PROCESS THAT YOU'VE ENGAGED IN FOR THE  
14 PERMANENT REGULATIONS AND YOUR EXTENSION OF THAT TO  
15 ALLOW TIME FOR ADDITIONAL PUBLIC COMMENT, IT CREATES A  
16 NEED TO EXTEND THE LIFE OF THE INTERIM REGULATIONS TO  
17 MAKE SURE THAT WE HAVE REGULATIONS IN PLACE UNTIL THE  
18 PERMANENT REGULATIONS TAKE EFFECT.

19 WHAT WE WOULD, THEREFORE, ASK YOU TO DO TODAY  
20 IS TO APPROVE THE INTERIM REGULATIONS AS EMERGENCY  
21 REGULATIONS. THEY WILL THEN GO TO THE OFFICE OF  
22 ADMINISTRATIVE LAW FOR ADOPTION AS EMERGENCY  
23 REGULATIONS. THEY WILL REMAIN IN EFFECT UNTIL THE  
24 PERMANENT REGULATIONS ARE ADOPTED.

25 DR. LO: THIS IS THE WAY OF ASSURING THERE'S

1 NO GAP IN THE REGULATIONS.

2 CHAIRMAN KLEIN: THAT'S RIGHT. WHAT WE'RE  
3 DISCUSSING HERE IS THAT WE'LL COME BACK AT THE AUGUST  
4 MEETING FOR THE RESULTING RECOMMENDATIONS FROM THE  
5 DISCUSSION TODAY AND FOR ANY LAST MODIFICATIONS. ANY  
6 ADDITIONAL PUBLIC COMMENT ON THIS ITEM?

7 DR. LO: THE PUBLIC HAS BEEN VERY INTERESTED  
8 IN JUST THIS VERY ISSUE.

9 MS. FOGEL: YEAH. SUSAN FOGEL. I JUST WANT  
10 TO SAY THAT WE, OF COURSE, WORKED VERY CLOSELY ON THIS  
11 FRAMEWORK AND MEMBERS OF THE STANDARDS WORKING GROUP,  
12 WE WORKED WITH THE ACLU, HAVE BEEN VERY RESPONSIVE, AND  
13 WE APPRECIATE THAT.

14 IN RESPONSE TO THE QUESTION ABOUT WHY WE'RE  
15 EVEN DOING THIS, I THINK THAT IT'S -- I THINK IT'S VERY  
16 IMPORTANT THAT WE BE VERY CLEAR THAT SHOULD THIS TYPE  
17 OF RESEARCH MOVE FORWARD, WE'RE VERY CLEAR THAT WE DO  
18 NOTHING TO COMPROMISE WOMEN'S DECISION-MAKING. AND THE  
19 FRAMEWORK WE HAVE SUGGESTED IS ACTUALLY A TWO-STEP  
20 PROCESS. THAT ONLY THE WOMAN GIVES CONSENT, AND SHE  
21 GIVES CONSENT TO APPROACHING THE OTHER GENETIC  
22 CONTRIBUTOR SO THAT WE NEVER LOSE THE RIGHT OF WOMEN TO  
23 MAKE THIS DECISION BY THEMSELVES.

24 THE OTHER QUESTION, THE OTHER ISSUE IS  
25 THERE'S ALSO A FETAL TISSUE REGULATION THAT'S GOING TO

1 BE CONSIDERED BY THE STANDARDS WORKING GROUP. AND THE  
2 SAME ISSUES ARE GOING TO COME UP. SO TO THE EXTENT  
3 THAT THAT MAY ALSO -- YOU MAY ALSO FEEL THAT'S  
4 PREMATURE AND DOESN'T NEED TO BE ADDRESSED, BUT WE JUST  
5 WANT TO MAKE SURE THAT WE, AS DR. LO SAID, MOVE FORWARD  
6 RESPONSIBLY AND DON'T EITHER COMPROMISE WOMEN'S  
7 DECISION-MAKING OR PEOPLE'S PRIVACY INTEREST IN THE USE  
8 OF THEIR OWN TISSUE. WE THINK THOSE ARE BOTH  
9 CONSIDERATIONS THAT HAVE TO BE ADDRESSED AND CAN BE  
10 BALANCED AND APPROPRIATELY ADDRESSED. SO THANK YOU.

11 CHAIRMAN KLEIN: THANK YOU, SUSAN. SO IS  
12 THERE A MOTION TO EXTEND THE INTERIM REGULATIONS BY 15  
13 DAYS? JAMES, I BELIEVE WOULD A 15-DAY EXTENSION GET US  
14 TO THE NEXT BOARD MEETING?

15 MR. HARRISON: NO. NO. WHAT'S BEING  
16 PROPOSED IS THAT YOU ADOPT THE INTERIM REGULATIONS AS  
17 EMERGENCY REGULATIONS. THEY WILL THEN GO TO THE OFFICE  
18 OF ADMINISTRATIVE LAW FOR APPROVAL AND BE IN EFFECT FOR  
19 120 DAYS UNLESS THEY'RE EARLIER SUPERSEDED BY THE  
20 PERMANENT REGULATIONS.

21 CHAIRMAN KLEIN: SO THIS IS A CHANGE FROM  
22 WHAT WAS PREVIOUSLY SUBMITTED. IS THERE A MOTION TO  
23 SUPPORT ADOPTING THESE AS EMERGENCY INTERIM  
24 REGULATIONS?

25 MR. HARRISON: JUST TO BE CLEAR, WHAT YOU ARE

1 DOING IS ADOPTING THE INTERIM REGULATIONS, NOT WHAT  
2 YOU'VE BEEN WORKING ON. THE INTERIM REGULATIONS THAT  
3 ARE CURRENTLY IN EFFECT, YOU'RE SIMPLY READOPTING THEM  
4 SO THAT THEY CAN HAVE A LONGER LIFE AND BE IN PLACE TO  
5 FILL IN THE GAP.

6 CHAIRMAN KLEIN: ALL RIGHT.

7 DR. BALTIMORE: SO MOVED.

8 CHAIRMAN KLEIN: MOVED BY DR. BALTIMORE.

9 SECOND BY DR. PENHOET.

10 DR. KESSLER: THESE MEET THE STANDARD FOR  
11 EMERGENCY REGULATIONS?

12 MR. HARRISON: YES. WELL, THE OFFICE OF  
13 ADMINISTRATIVE LAW OBVIOUSLY WILL ULTIMATELY MAKE THAT  
14 DETERMINATION, BUT WE BELIEVE THEY DO.

15 CHAIRMAN KLEIN: ALL RIGHT. IT'S BEEN MOVED  
16 AND SECONDED. SUSAN, I SEE YOUR HAND. DO YOU WANT TO  
17 MAKE A COMMENT?

18 MS. FOGEL: I JUST DO. I WANT TO -- I REALLY  
19 WANT TO FLAG HOW DIFFERENT THE REGULATIONS THAT HAVE  
20 BEEN RESPONSIVE TO PUBLIC COMMENT AND THE STANDARDS  
21 WORKING GROUP AND ALL THE WORK GROUP PEOPLE HAVE DONE.  
22 THESE REGULATIONS HAVE CHANGED SIGNIFICANTLY SINCE THE  
23 INTERIM REGS. AND I WOULD NOT LIKE TO SEE ANY FUNDING  
24 DONE BASED ON THOSE INTERIM REGULATIONS BECAUSE THEY  
25 INCLUDE NONE OF THE SAFEGUARDS THAT YOU'VE BEEN

1 ADOPTING. WHAT I'M SAYING IS IF YOU ADOPT THE INTERIM  
2 REGULATIONS FOR 120 -- ALL I'M FLAGGING IS AN ISSUE.  
3 THE INTERIM REGULATIONS WILL THEN GOVERN THE WORK THAT  
4 GETS DONE. IF YOU ALLOCATE FUNDING FOR RESEARCH DURING  
5 THAT 120 DAYS, NONE OF THE WORK THAT'S BEEN GOING ON IN  
6 THE PAST HOWEVER MANY YEARS, I THINK, IS GOING TO --  
7 MONTHS -- IS GOING TO APPLY.

8 AND SO FOR THE SAKE OF PREDICTABILITY AND  
9 CONSISTENCY AND MAKING SURE THAT GRANTEES HAVE GOOD  
10 GUIDANCE, I THINK THAT JUST NEEDS TO BE TAKEN INTO  
11 CONSIDERATION AS YOU MOVE FORWARD.

12 DR. BALTIMORE: IT WOULD BE MY UNDERSTANDING  
13 THAT THE TRAINING GRANTS WERE ALREADY ISSUED WITH THE  
14 INTERIM GUIDELINES AS THEIR BASE. AND SO WE'RE NOT  
15 CHANGING ANYTHING. AND THE ONLY RESEARCH THAT WILL BE  
16 DONE, BECAUSE WE'RE NOT GOING TO ISSUE ANY OTHER  
17 RESEARCH GRANTS IN 120 DAYS, I THINK I CAN SAFELY SAY,  
18 IT WILL ONLY BE THE TRAINING GRANTS, AND IT'S NO CHANGE  
19 FROM THE WAY WE'VE BEEN.

20 MS. FOGEL: I JUST WANT TO FLAG IT. THAT'S  
21 ALL.

22 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

23 MR. SHEEHY: JUST TO MAKE THE POINT, TO  
24 REINFORCE DR. BALTIMORE'S POINT. IT WOULD HAVE TO COME  
25 BACK TO THE BOARD TO APPROVE AN RFA. THE RFA WOULD



1 HAVE TO BE ISSUED. THE GRANTS WORKING GROUP WOULD HAVE  
2 TO APPROVE THE GRANTS. THE GRANTS WOULD THEN HAVE TO  
3 COME BACK HERE FOR APPROVAL. AND MEETING EVERY TWO  
4 MONTHS, I JUST DON'T THINK 120 DAYS WOULD ACCOMPLISH  
5 THAT. I THINK YOUR FEAR, WHILE WELL FOUNDED, I DON'T  
6 THINK IT'S GOING TO HAPPEN.

7 DR. LO: LET ME SAY WE'RE ALSO ON THE SWG  
8 DEDICATED TO TURNING THESE FINAL REGULATIONS AROUND,  
9 POSTING THEM, CERTAINLY BRINGING THEM BACK TO YOU IN A  
10 TIMELY WAY WITH ADVANCE NOTICE. SO WE HOPE THIS WILL  
11 RUN VERY SMOOTHLY. AS SOON AS THE FINAL REGULATIONS  
12 ARE APPROVED, OF COURSE, THE INTERIM REGULATIONS ARE NO  
13 LONGER IN EFFECT.

14 DR. HALL: OUR HOPE IS THAT WILL BE DONE IN  
15 AUGUST.

16 DR. PENHOET: JUST ONE QUICK COMMENT. I  
17 THINK THE DEGREE TO WHICH WE BEGIN TO ADDRESS  
18 HYPOTHETICALS HAS A RISK OF CONTINUING TO DELAY THE  
19 PROCESS OF GETTING THESE VERY GOOD REGULATIONS IN  
20 PLACE. SO BACK TO DR. BALTIMORE'S POINT, THERE ARE  
21 NUMEROUS HYPOTHETICALS, AND I THINK AT SOME POINT WE  
22 HAVE TO DRAW THE LINE ABOUT WHAT IS NECESSARY FOR US TO  
23 DO OUR WORK NOW, WHAT'S CLEARLY WITHIN OUR MISSION AND  
24 OUR CHARGE, AND WE'RE FOCUSED ON THE KEY ISSUES HERE,  
25 AND PERHAPS LEAVE TO ANOTHER DAY THE ADDITIONS THAT WE

1 MIGHT LIKE TO SEE FOR FUTURE DEVELOPMENTS SHOULD THEY  
2 OCCUR. BUT NOT KNOWING WHEN THEY'LL OCCUR, I THINK THE  
3 BIAS SHOULD BE TOWARDS GETTING THE SOUND POLICY IN  
4 PLACE FOR WHAT WE INTEND TO DO.

5 DR. LO: THANK YOU VERY MUCH.

6 CHAIRMAN KLEIN: THANK YOU, DR. LO, FOR YOUR  
7 TREMENDOUS DEDICATION TO THIS EFFORT. GREAT DEAL OF  
8 VERY THOUGHTFUL WORK. WE HAVE CONCLUDED OUR  
9 DISCUSSION. CALL FOR THE VOTE. ALL IN FAVOR.  
10 OPPOSED? THANK YOU VERY MUCH.

11 WHAT WE'RE GOING TO DO NOW IS ADJOURN ACROSS  
12 THE HALL. WE'RE GOING TO HAVE ABOUT 37 MINUTES FOR  
13 LUNCH. WE'RE GOING TO RECONVENE AT ONE AND TRY AND DO  
14 THIS WITH SPEED AND MOVE FORWARD. WE HAVE SEVERAL MORE  
15 IMPORTANT ITEMS.

16 (A RECESS WAS TAKEN.)

17 CHAIRMAN KLEIN: IF WE COULD PLEASE  
18 RECONVENE. THANK YOU ALL FOR EXPEDITING YOUR LUNCH AND  
19 YOUR CONVERSATIONS. STAFF, PLEASE HELP. HELP ESCORT  
20 MEMBERS. WE ARE RECONVENING AT THIS MOMENT.

21 DR. MURPHY, WOULD YOU LEAD US THROUGH ITEM  
22 NO. 9?

23 DR. MURPHY: THANK YOU, MR. CHAIRMAN. THE  
24 GOVERNANCE SUBCOMMITTEE MET ON MAY 19TH, AND THERE WAS  
25 A QUORUM AND A NUMBER OF DECISIONS WERE MADE.

1 UNFORTUNATELY SHERRY LANSING, CHAIRMAN OF THE  
2 COMMITTEE, AND TINA NOVA, THE VICE CHAIR OF THE  
3 COMMITTEE, NEITHER OF THEM IS WITH US. SO I'VE BEEN  
4 ASKED TO GO OVER THE PROCEEDINGS. AND AMY DUROSS VERY  
5 KINDLY PREPARED FOR ME A CHEAT SHEET TO DO IT.

6 FIRST ITEM IS THE CIRM EMPLOYEE COMPENSATION  
7 PLAN WHICH THE GOVERNANCE SUBCOMMITTEE REVIEWED AND  
8 VOTED TO RECOMMEND TO THE BOARD. AND IN TAB 9 OF YOUR  
9 BOOK, PLEASE TURN TO THE SPREADSHEET AND SUMMARY PAGES.  
10 AND ALEXANDRA CAMPE IS GOING TO LEAD US THROUGH THIS  
11 PRESENTATION.

12 MS. CAMPE: THANK YOU, DR. MURPHY. GOOD  
13 AFTERNOON, BOARD MEMBERS. OKAY. WHAT I'D LIKE TO DO  
14 TODAY IS WALK THROUGH WITH YOU THE HISTORY OF THE  
15 CREATION OF THE COMPENSATION STRUCTURE FOR CIRM AND  
16 TALK ABOUT WHAT OUR PROPOSAL IS TODAY. AND WE'LL WALK  
17 THROUGH SHORTLY THE SPREADSHEET THAT WAS CREATED AS  
18 WELL.

19 WITHOUT FURTHER ADO, I KNOW IT'S SMALL PRINT.  
20 THE FIRST BULLET REALLY TALKS ABOUT THE LANGUAGE THAT  
21 COMES OUT OF PROPOSITION 71, WHICH IS THE HEALTH AND  
22 SAFETY CODE WHICH AUTHORIZES THE ICOC TO SET  
23 COMPENSATION FOR THE CHAIRPERSON, VICE CHAIRPERSON, AND  
24 PRESIDENT, AND OTHER OFFICERS, THE SCIENTIFIC, MEDICAL,  
25 TECHNICAL, AND ADMINISTRATIVE STAFF OF THE INSTITUTION

1 WITHIN THE RANGE OF THE COMPENSATION LEVELS FOR  
2 EXECUTIVE OFFICERS AND TECHNICAL ADMINISTRATIVE STAFF  
3 IN MEDICAL SCHOOLS WITHIN THE UC SYSTEM AND NONPROFIT  
4 ACADEMIC AND RESEARCH INSTITUTIONS DESCRIBED IN  
5 PARAGRAPH 2.

6 SO LAST YEAR WE CONTRACTED WITH AN OUTSIDE  
7 CONSULTANT, A SPECIALIST IN THE COMPENSATION AREA, DEE  
8 DEPIETRO. AND I WORKED CLOSELY WITH HER, AND SHE  
9 HELPED CREATE AND IMPLEMENT A SALARY SURVEY TO SOLICIT  
10 DATA THAT COULD BE USED TO DEVELOP THE PROPOSED  
11 COMPENSATION STRUCTURE THAT WE HAVE WITH YOU TODAY,  
12 ALTHOUGH WE HAVE HAD A FEW CHANGES SINCE THEN, AND IT'S  
13 VERY HELPFUL THROUGH THE GOVERNANCE COMMITTEE MEETINGS  
14 BE HAD.

15 THE SURVEY WAS COMPILED. THE DATA THAT WAS  
16 ORIGINALLY COMPILED WAS THROUGH THE UC MEDICAL SCHOOLS  
17 AND THE CALIFORNIA NONPROFIT ACADEMIC AND RESEARCH  
18 INSTITUTIONS THAT WERE SPECIFICALLY DEFINED IN  
19 PROPOSITION 71 AS NOTED ABOVE. OKAY.

20 THE PROPOSED SALARY STRUCTURE IS BASED ON  
21 TYPICAL STRUCTURES FOR CALIFORNIA EDUCATION AND  
22 GOVERNMENT ORGANIZATIONS FOR NONREPRESENTED POSITIONS.  
23 THE STRUCTURE PROVIDES FOR SLIDING OF MULTIPLE  
24 POSITIONS BY CATEGORIES OF SCIENTIFIC, BUSINESS, AND  
25 ADMINISTRATIVE WITHIN TEN LEVELS. NOW, THE REASON WHY

1 WE BROKE IT OUT INTO CATEGORIES IS BECAUSE THESE  
2 DIFFERENT CATEGORIES HAVE DIFFERENT LABOR MARKET ISSUES  
3 THAT WE WANTED TO BE ABLE TO ADDRESS DOWN THE ROAD IF  
4 ONE PARTICULAR MARKET WE WERE HAVING A SPECIFIC  
5 RECRUITMENT DIFFICULTY WITH, WE COULD ALTER THAT  
6 PARTICULAR RANGE WITHOUT ALTERING THE RANGE FOR ALL THE  
7 OTHER POSITIONS IN THAT LEVEL.

8 THIS IS AN OPEN-RANGE SALARY PROGRAM WHERE  
9 EMPLOYEES ARE HIRED INTO ONE LEVEL BASED ON THE TYPE OF  
10 JOB THEY ARE SELECTED FOR, AND THE SALARY LEVEL WITHIN  
11 THAT RANGE THAT'S DETERMINED BY THE SKILLS, KNOWLEDGE,  
12 AND ABILITIES THEY POSSESS. EMPLOYEES CAN THEN  
13 PROGRESS THROUGH THE SALARY RANGE BASED ON THE MERIT.

14 THE PROPOSED LEVELS FOR POSITIONS CORRELATE  
15 WITH THEIR PLACE ON THE CIRM ORGANIZATIONAL CHART.  
16 THEREFORE, DIRECT REPORT TO THE PRESIDENT, CHAIR, AND  
17 VICE CHAIR OF THE ICOC ARE AT HIGHER LEVELS.

18 OKAY. WE HAVE GATHERED OUR -- THE MARCH 30TH  
19 GOVERNANCE SUBCOMMITTEE MEETING HAD REQUESTED  
20 ADDITIONAL DATA BEYOND THE SCHOOL OF MEDICINES FOR UC  
21 AS WELL AS THE PRIVATE RESEARCH INSTITUTES. AND WE  
22 WENT AHEAD AND DID JUST THAT. IN THE NEXT SLIDE I'LL  
23 LET YOU KNOW WHERE WE GOT THE ADDITIONAL DATA.

24 I WANT TO EMPHASIZE THAT THE ADDITIONAL DATA  
25 AND THE DATA FROM THE ORIGINAL ROUND DOES NOT INCLUDE

1 INCENTIVE PAY. IT'S ONLY BASE SALARIES THAT WERE  
2 PROVIDED TO US; HOWEVER, I WANT TO NOTE THAT MOST  
3 ORGANIZATIONS SURVEYED DID AND DO PROVIDE INCENTIVE PAY  
4 ABOVE AND BEYOND THE ESTABLISHED BASE PAY OF WHAT THEY  
5 HAD ORIGINALLY PROVIDED US FOR DATA. ALSO, I WANT TO  
6 MENTION THAT ADDITIONAL PERKS SUCH AS CAR ALLOWANCES,  
7 HOUSING ALLOWANCES, SEVERANCE PAY, AND RELOCATION  
8 ALLOWANCES ARE OFTEN OFFERED WITH ALL THESE  
9 ORGANIZATIONS.

10 AND FINALLY, THIS CAME UP IN THE SUBCOMMITTEE  
11 MEETING, BUT HEALTH AND WELFARE BENEFITS ARE NOT  
12 INCLUDED IN THE SALARY SURVEY DATA BECAUSE THEY ARE NOT  
13 AGGREGATED IN SALARY SURVEYS. SO IT'S JUST SOMETHING  
14 TO BE AWARE OF. THE BENEFITS ARE A RECRUITMENT AND  
15 RETENTION TOOL, AND THEY'RE NOT PART OF THE DATA THAT  
16 YOU WILL SEE.

17 SO THE ADDITIONAL DATA THAT THE GOVERNANCE  
18 SUBCOMMITTEE HAD REQUESTED FROM US WAS DATA FROM STATE  
19 AGENCIES. SO WE WENT AHEAD AND GATHERED DATA FROM THE  
20 STATE CONTROLLER'S OFFICE. WE WERE GETTING ADDITIONAL  
21 DATA SPECIFICALLY FOR THE TOP TWO ORGANIZATIONS. AND  
22 WHEN WE GOT TO THE OTHER LEVELS, WE ADDED THAT AS WELL,  
23 BUT WE WERE FOCUSED ON THE TOP TIER. SO WE GOT  
24 ADDITIONAL DATA FOR THE CHIEF ADMINISTRATIVE OFFICER,  
25 THE GENERAL COUNSEL, THE CHIEF COMMUNICATIONS OFFICER,

1 AND THE CHIEF OF STAFF. SO WE CONTACTED THE STATE  
2 CONTROLLER'S OFFICE, THE GOVERNOR'S OFFICE, CALPERS.  
3 WE HAD ACTUALLY ALREADY GOTTEN UNIVERSITYWIDE DATA FROM  
4 UNIVERSITY OF CALIFORNIA. SO WE HAD THAT ALREADY AND  
5 WE PROVIDED THAT IN ADDITION.

6 I CONTACTED MERCER AND WE GOT SOME ADDITIONAL  
7 DATA FROM THEM FOR GOVERNMENT AND NONPROFITS THAT WERE  
8 NATIONWIDE AS WELL AS FOR CALIFORNIA AND INDUSTRY. THE  
9 MERCER SURVEY DATA THEY HAD FOR GOVERNMENT AND  
10 NONPROFITS WASN'T LARGE ENOUGH TO GIVE US JUST FOR  
11 CALIFORNIA BECAUSE IT WAS TOO SMALL A SAMPLE, SO I GOT  
12 DATA FROM THE NATIONWIDE STUDY THEY HAD. IN ADDITION,  
13 I GOT DATA FROM THE NATIONWIDE FOUNDATIONS SURVEY THAT  
14 WE HAD RECEIVED FROM THE MOORE FOUNDATION THAT GAVE US  
15 SOME ACCESS TO SOME FOUNDATION SURVEYS DATA AS WELL.  
16 THAT HAD COME UP AGAIN IN THE SUBCOMMITTEE MEETING.

17 AND FINALLY, WE DID ALSO GATHER RADFORD DATA,  
18 WHICH, AS YOU PROBABLY ALL ARE AWARE OF, IS DATA FROM  
19 THE PRIVATE SECTOR FOR BIOTECHNOLOGY COMPANIES.

20 SO WE TOOK THIS DATA, AND IF YOU LOOK ON TAB  
21 9, THE FIRST DOCUMENTS ARE THE POWERPOINT PRESENTATION  
22 THAT YOU SEE HERE, BUT THEN YOU WILL SEE ATTACHED RIGHT  
23 AFTER THAT THIS 8-AND-A-HALF-BY-14 SPREADSHEET, WHICH  
24 REALLY OUTLINES AND GIVES YOU A VISUAL VIEW OF EXACTLY  
25 WHAT DATA WAS GATHERED AND PROPOSED STRUCTURE THAT WE

1 HAVE. THE POINT HERE IS THAT WE FEEL WE DID RECEIVE A  
2 FULL SPECTRUM OF ORGANIZATIONAL COMPARATORS FOR THE  
3 STATE OF CALIFORNIA ENTITIES ALL THE WAY TO THE PRIVATE  
4 BIOTECHNOLOGY ORGANIZATIONS. WE ALSO FELT ALL OF  
5 THESE, THE COMBINATION OF ALL THESE, WERE APPROPRIATE  
6 BECAUSE, YES, WE'RE A STATE AGENCY, BUT THE PROPOSITION  
7 LIKENS US MORE TO A PRIVATE RESEARCH AND EDUCATION  
8 INSTITUTION.

9 AND FINALLY, AN ADDED COMMENT HERE IS THAT,  
10 AS YOU WELL KNOW, CIRM IS LOCATED IN THE HIGHEST COST  
11 OF LIVING AREAS IN THE COUNTRY.

12 SO BASED ON THE NEW DATA AND BASED ON FURTHER  
13 DISCUSSIONS WITH THE GOVERNANCE SUBCOMMITTEE ON MAY  
14 19TH, WE HAVE REVISED THE SALARY LEVELS FROM THE  
15 ORIGINAL LEVELS THAT WE HAD SUGGESTED. FIRST, WHAT WE  
16 DID IS WE CREATED A NEW LEVEL. ORIGINALLY WE HAD NINE  
17 LEVELS FOR SALARIES. AND WE ACTUALLY CREATED ANOTHER  
18 ONE, WHICH MADE IT TEN LEVELS, AND THIS WAS REALLY  
19 ADDRESSING ISSUES ALONG THE NEW DATA THAT WE GOT. AND  
20 I'LL SHOW YOU IN A MINUTE WHAT WE DID THERE.

21 SECOND POINT HERE IS THAT WE DID REDUCE THE  
22 MINIMUM SALARY FOR ALL OF OUR TOP TIER POSITIONS EXCEPT  
23 THE GENERAL COUNSEL POSITION, AND WE REDUCED THEM BY  
24 ANYWHERE FROM 5 TO 13 PERCENT. THE MINIMUM SALARIES  
25 FOR THOSE ORIGINALLY PROPOSED HAD BEEN DROPPED DOWN TO



1 5 TO 13 PERCENT BASED ON THE ADDITIONAL DATA AND THE  
2 FEEDBACK FROM THE SUBCOMMITTEE.

3 AND FINALLY, WE, IN ADDITION TO THAT, REDUCED  
4 THE SALARY RANGE SPREAD. WE ORIGINALLY HAD A  
5 60-PERCENT SALARY RANGE SPREAD, WHICH IS THE PERCENT  
6 INCREASE FROM THE LEVEL'S MINIMUM SALARY TO THE LEVEL'S  
7 MAXIMUM SALARY. ORIGINALLY THAT WAS 60 PERCENT, WHICH  
8 IS PRETTY TYPICAL FOR AN ORGANIZATION, BUT WE FURTHER  
9 REDUCED THAT TO 50 PERCENT.

10 SO ON THE MAY 19TH SUBCOMMITTEE MEETING, WE  
11 DID GET APPROVAL FROM THEM FOR OUR SALARY STRUCTURE  
12 BASED ON CHANGES I RECOMMENDED AND APPROVAL -- AND THE  
13 APPROVAL PROCESS, WHICH I'LL TALK ABOUT IN A MINUTE.  
14 WE'RE NOW, OF COURSE, REQUESTING THE ICOC'S APPROVAL OF  
15 OUR SALARY STRUCTURE AND APPROVAL PROCESS.

16 AGAIN, MOVING FORWARD, ONCE THIS IS APPROVED,  
17 AS NEW POSITIONS ARE ESTABLISHED BY CIRM, WE WOULD BE  
18 PLACING THEM INTO THE APPROVED SALARY STRUCTURE BASED  
19 ON THE DUTIES AND RESPONSIBILITIES OF THE POSITION, THE  
20 REPORTING RELATIONSHIP, AND, OF COURSE, EQUITY WITHIN  
21 THE ORGANIZATION.

22 SO AS IT IS MOVING FORWARD, WHAT WE'D LIKE,  
23 UPON APPROVAL, WOULD BE THE DECISIONS TO HIRE NEW  
24 STAFF, OF COURSE, RIGHT NOW ARE GIVEN TO THE PRESIDENT  
25 OF CIRM, BUT THE TWO EXCEPTIONS WOULD LIE IN THESE TWO

1 SITUATIONS. WHERE ANY INITIAL SALARY OFFER AT 80  
2 PERCENT OR HIGHER THAN THE MINIMUM SALARY FOR LEVELS 6  
3 THROUGH 10, WHICH IS YOUR HIGHER LEVELS, WILL NEED  
4 PRIOR GOVERNANCE SUBCOMMITTEE APPROVAL. AND THE SECOND  
5 TIME OR THE SECOND SITUATION WHERE WE WOULD NEED  
6 FURTHER APPROVAL WOULD BE ANY INITIAL SALARY OFFER THAT  
7 EXCEEDS THE MAXIMUM SALARY FOR ANY LEVEL WOULD NEED  
8 PRIOR ICOC APPROVAL. OKAY.

9 WHAT I'VE DONE HERE IS ACTUALLY REALLY JUST A  
10 REITERATION OF WHAT YOU SEE ON THE SPREADSHEET, BUT I'M  
11 JUST PUTTING IT ON THE SLIDES WHAT THE SALARY LEVELS  
12 ARE. SALARY 10, IT ALSO -- MORE OF THE DATA, OF  
13 COURSE, IS ON THE SPREADSHEET THAT'S ATTACHED, BUT IT  
14 GIVES YOU THE RANGE. LEVEL 9 YOU SEE 180 TO 270 AND  
15 THERE'S A SLASH 150 TO 225. THE REASON THAT'S THE CASE  
16 IS THAT WE ACTUALLY HAVE TWO DIFFERENT POSITIONS WITHIN  
17 THAT LEVEL. MANY OF THESE LEVELS WE HAVE MULTIPLE  
18 POSITIONS, AS YOU CAN SEE, BUT WE HAVE THE CHIEF  
19 SCIENTIFIC OFFICER IN LEVEL 9 AND, IN ADDITION, WE ALSO  
20 HAVE A GENERAL COUNSEL POSITION. SO CHIEF SCIENTIFIC  
21 OFFICER WILL BE THE 180 TO 270 RANGE, AND THE GENERAL  
22 COUNSEL WOULD BE THE 150 TO 225. WE FELT THESE TWO  
23 POSITIONS, BASED ON THE DATA AND THE LEVEL OF  
24 RESPONSIBILITY FOR THE POSITIONS, WOULD BE IN THE SAME  
25 LEVEL, BUT WE'D HAVE A DIFFERENT SALARY RANGE BASED ON

1 THE DATA THAT WAS PROVIDED.

2 LEVEL 8 IS OBVIOUSLY SHOWN THERE AND LEVEL 7  
3 IS SHOWN THERE AS WELL AS LEVEL 6.

4 LEVEL 5, ACTUALLY THE 80 TO 120,000 REFLECTS  
5 THE RANGE FOR THE SCIENTIFIC PROGRAM OFFICER ONE LEVEL  
6 AND THE SCIENTIFIC REVIEW OFFICER ONE LEVEL. AND THE  
7 90 TO 135 ACTUALLY WOULD REFLECT OTHER POSITIONS,  
8 SPECIFICALLY THE DIRECTOR OF LEGISLATION AND RESEARCH,  
9 CHIEF HUMAN RESOURCES OFFICER, AND AS WELL AS THE  
10 GRANTS MANAGEMENT OFFICER. SO THAT'S THE DIFFERENCE  
11 THERE. AND THEN THE FOLLOWING LAST TWO LEVELS.

12 SO WHAT I'D LIKE TO JUST QUICKLY DO WITH THE  
13 SPREADSHEET, JUST SO THAT YOU KNOW WHAT WE HAVE HERE,  
14 ON THE SPREADSHEET, YOU CAN SEE, IF YOU READ FROM LEFT  
15 TO RIGHT, YOU HAVE A LEVEL, WHICH IS THE LEVEL OF THE  
16 SALARY RANGE, YOU HAVE THE CIRM POSITION TITLE THAT IS  
17 INCORPORATED INTO THAT LEVEL, YOU HAVE THE CATEGORY.  
18 THE CATEGORIES ARE DEFINED TO THE RIGHT. E IS  
19 EXECUTIVE, T IS TECHNICAL, A IS ADMINISTRATIVE, AND B  
20 IS FOR BUSINESS OR POSITIONS BASED ON THE BUSINESS  
21 COMMUNITY.

22 AND THEN THE ORIGINAL SALARY MINIMUM RANGE  
23 THAT WE HAVE PROPOSED, AND NOW WE ARE CURRENTLY  
24 PROPOSING TO THE BOARD, THE CORRESPONDING SALARY SURVEY  
25 TITLE TO BE USED WHEN WE ORIGINALLY WENT OUT TO DO THE

1 SURVEY LAST YEAR. AND THEN READING FROM LEFT TO RIGHT,  
2 YOU START WITH THE DATA FROM THE HIGHER EDUCATION AND  
3 RESEARCH CONSORTIUMS, THAT'S BASED ON THE DEFINITION IN  
4 PROP 71, ALL THE WAY THROUGH THE REST OF THE SOURCES  
5 THAT I HAD MENTIONED EARLIER.

6 SO AT THIS TIME WE WOULD LIKE TO REQUEST AN  
7 APPROVAL. I DID WANT TO MENTION TO YOU THAT WE WILL,  
8 ONCE OUR SALARY STRUCTURE IS APPROVED, WE PLAN ON  
9 COMING BACK TO THE BOARD. OUR NEXT STEP IS TO PROVIDE  
10 INFORMATION ABOUT OUR PERFORMANCE MANAGEMENT PROGRAM  
11 THAT MEASURES PERFORMANCE AND WILL BE USED AS A BASIS  
12 FOR DECISIONS FOR MERIT INCREASES, ALSO A  
13 RECOMMENDATION FOR HOW TO ADDRESS COST OF LIVING  
14 ISSUES, IN ADDITION THE RECOMMENDATION FOR A PROGRAM TO  
15 REWARD EXCEPTIONAL WORK PERFORMANCE.

16 AND FINALLY, THE GOVERNANCE SUBCOMMITTEE HAD  
17 ALSO REQUESTED THAT WE LOOK AT OPTIONS FOR RECRUITMENT  
18 INCENTIVES POTENTIALLY DOWN THE ROAD TO ATTRACT  
19 QUALIFIED CANDIDATES.

20 DR. MURPHY: ALEXANDRA, THANK YOU. ARE THERE  
21 ANY COMMENTS FROM THE BOARD ON THIS COMPENSATION  
22 PROPOSAL?

23 DR. BALTIMORE: TWO THINGS. ONE IS THAT I  
24 NOTICED LEVEL 10 INCLUDES THE ICOC CHAIR AND VICE  
25 CHAIR. I WASN'T ACTUALLY AWARE THAT THERE WAS

1 COMPENSATION FOR THOSE POSITIONS.

2 CHAIRMAN KLEIN: AT THIS TIME THERE ISN'T.  
3 IT'S AUTHORIZED. IT'S POSSIBLE THAT OTHER INDIVIDUALS  
4 SERVING WILL WANT COMPENSATION. BUT I THINK WE,  
5 BETWEEN US, SPLIT A DOLLAR.

6 DR. PENHOET: I LOVE SERVING THIS GROUP.

7 CHAIRMAN KLEIN: IT SPECIFICALLY PERMITS.

8 DR. BALTIMORE: BUT YOU IMAGINE THAT AS A  
9 FULL-TIME POSITION WITH A FULL-TIME SALARY?

10 CHAIRMAN KLEIN: IT'S AUTHORIZED AS FULL OR  
11 HALF-TIME.

12 DR. BALTIMORE: AND THE SECOND QUESTION WAS  
13 YOU HAVE THE CHIEF SCIENTIFIC OFFICER AT A HIGHER LEVEL  
14 THAN CHIEF ADMINISTRATIVE OFFICER. NOW, THAT  
15 ABSOLUTELY CORRESPONDS TO MY VIEW OF THE WORLD, BUT IT  
16 DOESN'T GENERALLY CORRESPOND TO THE WAY PEOPLE ARE  
17 COMPENSATED IN THE WORLD. AND I'M A LITTLE SURPRISED.

18 DR. HALL: I THINK ONE OF THE REASONS FOR  
19 THAT IS THAT IT COULD BE A CLINICAL PERSON. AT A LATER  
20 STAGE, A CHIEF SCIENTIFIC OFFICER MAY BE SOMEBODY WITH  
21 A PREDOMINANTLY CLINICAL BACKGROUND. THOSE SALARIES  
22 TEND TO BE HIGHER, AND I THINK THAT WAS THE REASON FOR  
23 PUTTING IT THERE, TO LEAVE THAT POSSIBILITY OPEN.

24 DR. PIZZO: ACTUALLY, INTERESTINGLY, I THINK,  
25 JUST HAVING RECENTLY DONE SOME OF THE MARKET SURVEYS

1 FOR CHIEF BUSINESS OFFICER, I THINK DAVID'S POINT IS  
2 CORRECT. AMAZINGLY THOSE COMPENSATIONS ARE HIGHER THAN  
3 SOME OF OUR SCIENTIFIC OFFICERS, BUT I'M FINE LEAVING  
4 IT THIS WAY. JUST SHARE THAT INFORMATION.

5 DR. BALTIMORE: THAT'S THE BASIS ON WHICH I'M  
6 SUGGESTING THIS. A TOP SALARY OF 210 FOR A CHIEF  
7 ADMINISTRATIVE OFFICER IS PROBABLY UNREALISTIC.

8 DR. HALL: WE HAD A LOT OF DISCUSSION IN THE  
9 GOVERNANCE COMMITTEE, AND IT IS A QUESTION AS TO WHAT  
10 THE RIGHT COMPARATOR IN TERMS OF INSTITUTIONS ARE. AND  
11 ON THE ONE HAND, YOU CAN SAY THIS IS AN INSTITUTION  
12 WITH A \$300 MILLION A YEAR BUDGET. ON THE OTHER IS AN  
13 INSTITUTE THAT WILL HAVE 50 MEMBERS IN IT. SO IT'S A  
14 LITTLE BIT HARD TO KNOW HOW IT CALIBRATES. I WOULD SAY  
15 IN A CERTAIN SENSE, MAYBE THIS REFLECTS MY OWN SIMILAR  
16 VIEW OF THE WORLD TO YOURS, THAT IN A SENSE THE  
17 SCIENTIFIC QUALIFICATIONS AND BURDEN HERE MAY BE AT A  
18 HIGHER LEVEL THAN THE ADMINISTRATIVE AND FINANCE. SO  
19 THAT WOULD BE --

20 DR. BALTIMORE: FAIR ENOUGH.

21 DR. REED: ALEXANDRA, QUESTION ABOUT THE  
22 SURVEY DATA IN TERMS OF WHETHER THEY'RE ADJUSTED FOR  
23 SIZE OF ORGANIZATIONS. MARKET SURVEYS I SEE LOOK AT  
24 SALARY COMPARISONS FACTORING IN THE SIZE OF THE  
25 ORGANIZATION. THE CHIEF OPERATING OFFICER, FOR

1 EXAMPLE, OF A 100-PERSON ORGANIZATION WOULD BE  
2 COMPENSATED DIFFERENTLY THAN THE CHIEF OPERATING  
3 OFFICER OF A 1,000 OR 10,000-PERSON ORGANIZATION. CAN  
4 YOU SPEAK TO HOW THAT'S REFLECTED IN THE DATA HERE?

5 MS. CAMPE: HONESTLY, DR. REED, THE SIZE OF  
6 THE ORGANIZATION REALLY DIDN'T COME INTO PLAY AS MUCH  
7 IN THE MERCER DATA AND THE RADFORD DATA AND EVEN THE  
8 FOUNDATION DATA. WE DID GET A LITTLE BIT OF THAT  
9 DETAIL INITIALLY WHEN WE WERE LOOKING AT SOME OF THE  
10 FOUNDATION SURVEY DATA. BUT I HAVEN'T ALWAYS -- WHEN  
11 I'VE SEEN SALARY SURVEYS OVER THE TIME, I UNDERSTAND  
12 WHAT YOU ARE SAYING BECAUSE CERTAINLY WHEN YOU'RE  
13 LOOKING AT A SIZE, IF YOUR CHIEF ADMINISTRATIVE  
14 OFFICER, THE SIZE OF YOUR BUDGET CAN HAVE AN INFLUENCE  
15 ON HOW MUCH YOU GET PAID. I UNDERSTAND THAT. BUT MOST  
16 OF THE DATA SOURCES THAT WE SAW, THEY DIDN'T EXPLICITLY  
17 LIST THAT TYPE OF THING.

18 FOR FOUNDATION SURVEY, IT DID BREAK OUT SIZE  
19 OF ORGANIZATION WITH REGARDS HOW MUCH GRANTING THEY  
20 GAVE OUT AS A WAY TO VALIDATE THAT. AND WE ACTUALLY  
21 HAVE TWO COLUMNS OF DATA FROM THE FOUNDATION SURVEY  
22 THAT WAS VERY HELPFUL IN THAT REGARD, BUT I DIDN'T SEE  
23 IT BROKEN OUT ANYPLACE ELSE.

24 DR. PIZZO: CAN I JUST RESPOND TO JOHN'S  
25 COMMENT? I THINK, AT LEAST FOR ME, A SORT OF SURROGATE

1 WAY THAT I WAS LOOKING AT THAT AS A COMMITTEE MEMBER  
2 WAS THE RANGE WOULD HELP US WITH THAT. SO IF THERE WAS  
3 A SMALLER ORGANIZATION, IT WOULD SORT OF BE AT THE  
4 LOWER END OF THE RANGE VERSUS THE HIGHER.

5 DR. LOVE: I WAS JUST GOING TO SAY, FIRST OF  
6 ALL, WHEN I LOOK AT FIRST LINE, MY BIGGEST CONCERN  
7 WOULD BE THAT THE UPPER LIMITS WOULDN'T BE HIGH ENOUGH.  
8 WHILE WITH THE EXCEPTIONS YOU NOTED, RECOGNIZING  
9 GENERALLY THAT THEY WERE PRETTY GOOD, BASED ON A LOT OF  
10 COMPARATIVE DATA JUST IN THE INDUSTRY.

11 THE ONE POINT THAT DAVID PICKED UP ON ABOUT  
12 10 INCLUDING BOB AND ED, I THINK THAT'S THE NATURAL  
13 EXTRAPOLATION WITH THE WAY THIS IS CONSTRUCTED. SO  
14 MAYBE WE OUGHT TO AT LEAST BE VERY CLEAR IN WHATEVER WE  
15 COMMUNICATE THAT THOSE TWO GENTLEMEN ARE CURRENTLY NOT  
16 BEING PAID. THAT REALLY OUGHT TO BE ACKNOWLEDGED  
17 RATHER THAN MISINTERPRETED BASED ON THIS.

18 DR. HOLMES: COULD YOU COMMENT, MAYBE YOU  
19 SAID IT AND I MISSED IT. WHAT ABOUT MERIT INCREASES  
20 FOR THESE PEOPLE? AND IS THERE AN INCENTIVE OR  
21 ANYTHING AT RISK IN THIS OR SOMETHING ABOVE WHAT'S  
22 HERE? COULD YOU TALK ABOUT THAT? WHAT WAS THE THOUGHT  
23 IN THAT AREA?

24 MS. CAMPE: EXCELLENT QUESTION. THAT'S  
25 ACTUALLY PART OF OUR NEXT STEPS THAT ARE ON MY PLATE.



1 WHAT WE WANT TO DO IS PUT TOGETHER, WE'RE RIGHT NOW  
2 WORKING ON A PERFORMANCE MANAGEMENT SYSTEM CURRENTLY.  
3 WE DON'T HAVE ANY MONEY THIS YEAR TO GIVE RAISES, BUT  
4 WE WANT TO BE PREPARED FOR NEXT YEAR, SO WE'RE SETTING  
5 UP A PROGRAM SO THAT WE CAN PROVIDE MERIT INCREASES  
6 HOPEFULLY CALENDAR YEAR 2007. BUT THE RANGES THAT WE  
7 HAVE HERE WOULD PROVIDE PEOPLE TO GROW WITHIN THOSE  
8 RANGES.

9 AND ALSO ONE OF MY NEXT STEPS WOULD BE TO  
10 LOOK AT COST OF LIVING INCREASES FOR THE SALARY RANGES  
11 AS WELL SO THEY CAN MOVE WITH INFLATION.

12 DR. HOLMES: AND THE ANTICIPATION IS THAT YOU  
13 WOULD COME BACK WITH SOME TYPE OF AN INCENTIVE PROGRAM  
14 ON TOP OF THIS AT A LATER DATE?

15 MS. CAMPE: CORRECT. WE WOULD DO EVERYTHING  
16 THROUGH THE BOARD FOR APPROVAL.

17 DR. HOLMES: I UNDERSTAND. THAT IS THE  
18 INTENTION, TO HAVE SOME SORT OF INCENTIVE PROGRAM?

19 DR. HALL: WE'RE WORKING ON THAT.

20 DR. LOVE: MOVING, IF YOU ARE MOVING A  
21 CANDIDATE, IS THAT A TOTALLY SEPARATE TOPIC IN TERMS OF  
22 HOUSING SUBSIDY AND OTHER THINGS THAT, PARTICULARLY IN  
23 THE BAY AREA, YOU END UP PROVIDING FOR PEOPLE?

24 MS. CAMPE: I'M GOING TO COMMENT, AND MAYBE  
25 WALTER WILL ADD TO THIS, BUT WE DID HAVE A MOVING

1 EXPENSE POLICY THAT IS CONSISTENT WITH UC POLICY, IS MY  
2 UNDERSTANDING OF WHAT THE MOVING POLICY IS. WE DON'T  
3 HAVE ANY OTHER POLICIES THOUGH. WE CERTAINLY DON'T  
4 HAVE ANY HOUSING ALLOWANCE. THE ONLY HOUSING ALLOWANCE  
5 THE STATE OF CALIFORNIA OFFERS IS IF SOMEBODY IS WITH  
6 FISH AND GAME AND THEY LIVE UP IN THE MOUNTAINS OR  
7 SOMETHING. WE DON'T HAVE THOSE ADDITIONAL TYPES OF  
8 ALLOWANCES. AND IF WE EVER WERE TO TRY TO CONSIDER  
9 THAT, WE'D OBVIOUSLY BE COMING TO THE BOARD WITH  
10 ANYTHING LIKE THAT.

11 DR. HOLMES: ON THAT TOPIC, YOU MAY WANT TO  
12 LOOK AT THE UC MOVING ALLOWANCE BECAUSE IT'S MY  
13 UNDERSTANDING, IF YOU MOVE WITHIN THE STATE, YOU DON'T  
14 GET MOVING EXPENSES. YOU MAY NOT WANT THAT AS PART OF  
15 YOUR POLICY.

16 MS. CAMPE: I WILL SAY I WORKED WITH UCSF FOR  
17 TEN YEARS, AND MOVING EXPENSES WERE COVERED, BUT IT WAS  
18 THE RELOCATION ALLOWANCE THAT THEY DIDN'T ALLOW.  
19 RELOCATION WAS ADDING AN ADDITIONAL 25 PERCENT ABOVE  
20 YOUR BASE SALARY, SO THAT WAS SOMETHING THEY DID NOT  
21 OFFER OUTSIDE THE STATE. MOVING EXPENSES, I BELIEVE,  
22 WAS WITHIN STATE AS WELL.

23 DR. MURPHY: ANY OTHER COMMENTS FROM THE  
24 BOARD?

25 CHAIRMAN KLEIN: IN REFERENCE TO DR.

1 BALTIMORE'S POINT, WITH THE CHIEF ADMINISTRATIVE  
2 OFFICER, THE CHIEF ADMINISTRATIVE OFFICER IS NOT  
3 CURRENTLY, UNDER PROPOSITION 71, DOESN'T HANDLE THE  
4 BOND PORTION OF THE FUNCTION. IT'S ACTUALLY THROUGH  
5 THE CHAIRMAN OFFICE. SO IF WE HAD TO HIRE SOMEONE WHO  
6 IS DEALING WITH BOND INSURANCE, BOND ARBITRAGE, BOND  
7 FIXED RATE, ALL OF THOSE ISSUES AND NEGOTIATIONS WITH  
8 THE TREASURER'S OFFICE AND THE BANKING COMMUNITY, WE'D  
9 BE IN A TOTALLY DIFFERENT BRACKET.

10 DR. HALL: JUST TO ALSO COMMENT TO DR.  
11 BALTIMORE'S QUESTION, WE'RE GOING TO BE RECRUITING FOR  
12 A CHIEF FINANCE ADMINISTRATIVE OFFICER. IF I FIND I  
13 HAVE TO COME BACK AND ASK PERMISSION FROM YOU TO GO  
14 OVER THIS, WE'LL KNOW THAT WE MISSED IT. THE MARKET  
15 MAY ANSWER YOUR QUESTION.

16 DR. PIZZO: JUST ON THIS SENSITIVE ISSUE OF  
17 PERCEPTION REGARDING THE CHAIR AND THE VICE CHAIR, I  
18 CAN UNDERSTAND THE REASON WHY WE MIGHT WANT TO SAY NOW  
19 THAT NEITHER ARE GETTING ANYTHING MORE THAN A DOLLAR  
20 THEY'RE SPLITTING, WHATEVER THE AMOUNT IS, BUT I THINK  
21 WE'VE GOT TO BE VERY CAREFUL ABOUT WHAT INFORMATION WE  
22 CONVEY BECAUSE THEN THERE MIGHT BE THE PERCEPTION THAT  
23 IF SOMEONE COMES IN THESE ROLES SUBSEQUENTLY, MAY  
24 ACTUALLY REQUEST OR NEEDS COMPENSATION, THAT THERE WILL  
25 BE COUNTER PRESSURE ABOUT SAYING, GEE, WE DON'T WANT

1 SOMEONE BECAUSE THEY'RE NOT BEING PAID. JUST I'M NOT  
2 ASKING TO MICROMANAGE THAT HERE, BUT JUST TO BE  
3 THOUGHTFUL ABOUT IT.

4 DR. MURPHY: BUT I ALSO THINK, PHIL, THAT WE  
5 NEED TO BE AWARE THAT THE REASON WE'RE NOT PAYING THE  
6 CHAIR AND THE VICE CHAIR IS BECAUSE THEY DIDN'T WANT TO  
7 BE PAID. IT'S A VOLUNTARY GESTURE ON THEIR PART.

8 DR. PIZZO: WE DON'T WANT THE EXPECTATION TO  
9 BE THAT THE ONLY PEOPLE WHO COULD SERVE IN THESE ROLES  
10 ARE PEOPLE WHO DON'T WANT TO BE PAID OR WHO CAN AFFORD  
11 NOT TO BE PAID. THAT WOULD NOT BE THE RIGHT  
12 CONVEYANCE.

13 DR. MURPHY: ANY OTHER COMMENTS FROM THE  
14 BOARD?

15 DR. BALTIMORE: PHIL'S LOOKING AHEAD TO THE  
16 JOB.

17 DR. PIZZO: LET'S GO ON THE RECORD AS SAYING  
18 THAT'S NOT TRUE.

19 DR. MURPHY: IF THERE ARE NO OTHER BOARD  
20 COMMENTS, COULD WE GO TO PUBLIC COMMENT? IS THERE ANY  
21 PUBLIC COMMENT?

22 MR. REED: DON REED. I HAD A QUESTION ABOUT  
23 THE MERIT PROGRAM. I WOULD PERSONALLY URGE THAT THAT  
24 NOT BE DONE. AS A TEACHER, MERIT PAY WAS HIGHLY  
25 DIVISIVE, AND IT WASN'T AN INCENTIVE BECAUSE THE GOOD

1 TEACHERS ARE ALREADY WORKING THEIR HEADS OFF ANYWAY.  
2 THE PEOPLE YOU'RE GOING TO BE HIRING ARE GOING TO BE  
3 EXTREMELY MOTIVATED AS IT IS. THEY'RE GOING TO BE  
4 WORKING LIKE TWO OR THREE PEOPLE TO BEGIN WITH. HOW  
5 COULD YOU POSSIBLY PICK OUT? SOMEONE WHO GIVES BLOOD  
6 ON THE JOB? IT'S NOT GOING TO BE -- IF THERE IS ANY  
7 EXTRA MONEY FOR THAT, I WOULD SUGGEST THAT YOU HIRE  
8 MORE PEOPLE BECAUSE THERE'S GOING TO BE MORE WORK THAT  
9 CAN BE DONE. THANK YOU.

10 MR. SIMPSON: JOHN SIMPSON FROM THE  
11 FOUNDATION FOR TAXPAYER AND CONSUMER RIGHTS. THIS  
12 ORIGINALLY CAME UP AT THE GOVERNANCE COMMITTEE BEFORE  
13 YOUR LAST BOARD MEETING, AND THAT WAS REFLECTED, IT WAS  
14 SORT OF SENT BACK, AND THERE WERE REQUESTS FOR FURTHER  
15 COMPARISONS TO OTHER STATE OFFICES AND EXPANDING  
16 SURVEY. SUBSEQUENT TO THAT, SCALES WERE REDUCED AND, I  
17 THINK, BROUGHT REALISTICALLY INTO LINE. AND I THINK  
18 THE PROCESS THAT THAT WENT THROUGH WAS WORTH THE TIME  
19 AND IS REFLECTED IN THE DOCUMENT, AND I THINK THAT'S A  
20 GOOD THING. THANK YOU.

21 DR. MURPHY: ANY OTHER PUBLIC COMMENT? THEN  
22 COULD WE ASK FOR A MOTION TO APPROVE THE COMPENSATION?

23 DR. PIZZO: MOVE APPROVAL.

24 MR. SERRANO-SEWELL: SECOND.

25 DR. MURPHY: IS THERE ANY BOARD DISCUSSION ON

1 THE MOTION? IS THERE ANY PUBLIC DISCUSSION ON THE  
2 MOTION? ALL IN FAVOR. ALL AGAINST? THE MOTION  
3 PASSES. THANK YOU.

4 CHAIRMAN KLEIN: STAFF REMINDS ME TO JUST  
5 INFORMATIVELY INDICATE THAT THERE WAS NO ACTION TAKEN  
6 IN EXECUTIVE SESSION.

7 DR. MURPHY: OUR SECOND ITEM IS THE CONTRACT  
8 AND INTERAGENCY AGREEMENT UPDATE, AND THAT IS ALSO IN  
9 TAB 9. AND, MS. CAMPE, WOULD YOU PLEASE LEAD US  
10 THROUGH THAT PRESENTATION?

11 MS. CAMPE: YES, I WILL. THANK YOU. AS  
12 TYPICAL FOR OUR CONTRACTS AND INTERAGENCY REPORT, WE  
13 HAVE PROVIDED YOU WITH A SPREADSHEET OF THE CURRENT  
14 SITUATION WITH ALL OF OUR CONTRACTS. AND THAT IS  
15 ATTACHED AS AN EXCEL SPREADSHEET, AND THAT IS DATA --  
16 THAT'S INFORMATION UPDATED THROUGH APRIL 30, 2006.

17 WITHOUT FURTHER ADO, I WILL UPDATE YOU ON  
18 SOME OTHER CONTRACTS THAT ARE SUBJECT, FIRST, SUBJECT  
19 TO APPROVAL BY THE PRESIDENT. WE HAVE ADDED AN  
20 ADDITIONAL \$60,000 TO OUR CONTRACT TO ADDRESS THE  
21 ACCOUNTING, BUDGETING, AND PROCUREMENT WORK TO BE  
22 PERFORMED ON BEHALF OF CIRM BY STATE CONTROLLER'S  
23 OFFICE. THERE WERE ADDED COSTS INCURRED TO ASSIST IN  
24 IMPLEMENTING A NEW CHART OF ACCOUNTS TO TRACK  
25 EXPENDITURES, ISSUING THE COST FOR TRAINING GRANTS, AND

1 IN DEVELOPING MATERIALS NECESSARY FOR THE RECENTLY  
2 COMPLETED FINANCIAL AUDIT BY GILBERT.

3 IN ADDITION, WITH REGARDS TO NEW OR AMENDED  
4 THIRD-PARTY CONTRACTS THAT ARE LESS THAN A \$100,000, WE  
5 HAVE EXECUTED NO-COST EXTENSIONS THROUGH DECEMBER 30,  
6 2006, FOR TWO OF OUR GRANTS MANAGEMENT INDEPENDENT  
7 CONTRACTORS, LMI AND DIANA WATSON.

8 OKAY. WITH REGARDS TO CONTRACTS EXCEEDING  
9 \$100,000, WE CAME -- AS YOU WELL KNOW, THE FALL EGG  
10 DONATION CONFERENCE WAS PRESENTED AT THE ICOC MEETING  
11 IN FEBRUARY, AND IT HAD BEEN PROPOSED THAT WE WOULD  
12 SPEND UP TO \$200,000 ON THAT THAT HAD BEEN APPROVED FOR  
13 THE COST OF CONTRACTORS TO DEVELOP AND MANAGE THE  
14 CONFERENCE. WHAT WE'VE DONE IS ACTUALLY PROVIDED YOU  
15 ADDITIONAL INFORMATION ABOUT THOSE TWO CONTRACTORS. AS  
16 WAS REQUESTED BY SOME BOARD MEMBERS A FEW MONTHS AGO,  
17 THE REQUEST WAS THAT FOR NEW CONTRACTS, THAT WE CREATE  
18 A FORM AND PROVIDE MORE DETAILED INFORMATION. SO WE  
19 HAVE DONE JUST THAT. AND THAT IS ACTUALLY IN THE SAME  
20 AREA OF TAB 9.

21 AND I'M JUST GOING TO QUICKLY COMMENT ON THE  
22 TWO CONTRACTS THAT ARE FOR THE EGG DONATION CONFERENCE.  
23 SPECIFICALLY THE FIRST ONE IS THE INSTITUTE OF  
24 MEDICINE. AS YOU KNOW, THIS IS BASED ON THE WORKSHOP  
25 THIS FALL. THE REASONS WE'RE NEEDING THIS IS THAT, OF

1 COURSE, AS YOU ALL KNOW, CIRM WISHES TO UNDERSTAND WHAT  
2 THE STATE OF KNOWLEDGE ON THE RISK OF OOCYTE DONATION  
3 FOR RESEARCH CURRENTLY IS AND WHAT DATA EXISTS AND WHAT  
4 GAPS THERE MAY BE.

5 I'M GOING TO SKIP. WITH REGARDS TO PAYMENT  
6 TERMS, WE'LL BE PAYING OBVIOUSLY UPON INVOICES. OUR  
7 PROJECTED TOTAL EXPENDITURES, BASED ON THE CONTRACT WE  
8 JUST SIGNED WITH THEM, WAS \$124,185. HOW WE CHOSE  
9 INSTITUTE OF MEDICINE IS THAT IOM HAS A LONG TRADITION,  
10 AS MANY OF YOU KNOW, OF PROVIDING POLICY ADVICE FROM A  
11 NATIONAL PERSPECTIVE. THIS TRADITION RESTS ON THE  
12 ABILITY OF THE NAS AND THE IOM TO CONVENE COMMITTEES OF  
13 EXPERTS WHO ARE CHARGED TO DELIBERATE ON IMPORTANT  
14 ISSUES OF HEALTHCARE POLICY IN AN OBJECTIVE AND  
15 INDEPENDENT ENVIRONMENT THAT ASSESSES RIGOROUS  
16 ANALYSIS. AND WE FELT THAT THEY WERE THE APPROPRIATE  
17 ORGANIZATION TO DO THAT FOR US. SO THAT'S FURTHER  
18 INFORMATION ABOUT IOM.

19 ALSO WE'RE CONTRACTING OUT WITH MOSAIC EVENT  
20 MANAGEMENT. YOU MAY BE FAMILIAR WITH THAT ONE. WE  
21 ACTUALLY USED THEM LAST FALL FOR OUR SCIENTIFIC  
22 CONFERENCE AND WERE ESPECIALLY GRATEFUL FOR THE WORK  
23 THAT THEY DID FOR US. THEY ARE A MEETING AND  
24 CONFERENCE PLANNING, HOTEL NEGOTIATION ORGANIZATION.  
25 THEY'RE GOING TO DO THE LOGISTICS FOR US FOR THE EGG



1 DONATION CONFERENCE. AND THEIR TOTAL COST IS 34,800.  
2 WE'LL BE WORKING CLOSELY WITH THEM WITH IOM TO ENSURE  
3 THAT THE CONFERENCE RUNS SMOOTHLY. AND, AGAIN, THIS  
4 HAS ALREADY BEEN APPROVED BACK IN FEBRUARY, BUT WE  
5 WANTED TO PROVIDE YOU SOME FURTHER INFORMATION ABOUT  
6 THAT.

7 OKAY. AND THEN FINALLY, NEW OR AMENDED  
8 THIRD-PARTY CONTRACTS EXCEEDING 250,000. THE STRATEGIC  
9 PLAN, AS JUST REITERATED HERE, THIS HAS ALREADY BEEN  
10 APPROVED. THIS PRICEWATERHOUSE CONTRACT HAS BEEN  
11 APPROVED, AS YOU ALL KNOW, WITH A MAXIMUM AMOUNT OF  
12 \$400,000. TWENTY PERCENT OF THIS AMOUNT WILL BE PAID  
13 WITHIN 30 DAYS OF EXECUTION.

14 FINALLY, THERE IS ONE CONTRACT THAT WE ARE  
15 LOOKING FOR APPROVAL FROM THE ICOC. WE HAVE GOTTEN  
16 APPROVAL FROM THE SUBCOMMITTEE. THAT'S THE ARLINGTON  
17 GROUP. THERE IS AN ADDITIONAL CONTRACT APPROVAL FORM  
18 IN YOUR HANDOUTS OR IN YOUR BINDER AS WELL. THIS IS,  
19 AS YOU MAY GUESS, TO ACTUALLY PURCHASE A GRANTS  
20 MANAGEMENT SYSTEM. IT INCLUDES SOFTWARE LICENSE,  
21 CONFIGURATION, AND IMPLEMENTATION SERVICES, USER  
22 TRAINING, AND CO-LOCATION HOSTING. AND THEN WE TALK A  
23 LITTLE BIT ABOUT WHY WE NEEDED THIS PARTICULAR SOFTWARE  
24 PROGRAM OR GRANTS MANAGEMENT PROGRAM. BECAUSE OF THE  
25 FIXED TERM AND THE FACT THAT WE'RE GOING TO HAVE A LOT

1 OF VARIETY IN WHAT WE'RE GOING TO BE NEEDING DOWN THE  
2 ROAD, EVERYTHING FROM SMALL-SCALE TRAINING GRANTS TO  
3 CLINICAL TRIALS, THIS WAS A SYSTEM THAT SEEMED TO WORK  
4 BEST TO MEET OUR NEEDS.

5 AS YOU CAN SEE IN THE PAYMENT TERMS, IT'S  
6 BROKEN OUT VERY SPECIFICALLY WITH REGARDS ONE-TIME  
7 FEES, APPLICATION FEES, GRANTS MANAGEMENT, AND PROGRESS  
8 REPORTS, AND SUCH, AND ALSO ON ANNUAL FEES IT'S BROKEN  
9 OUT. THE TOTAL COST FOR THE FIRST YEAR FOR THIS  
10 PARTICULAR CONTRACT IS 233,676 WITH A TOTAL OF  
11 APPROXIMATELY 722,000 OVER A LIFETIME OF THE CONTRACT.

12 HOW THIS PARTICULAR CONTRACTOR WAS CHOSEN,  
13 OUR GRANTS MANAGEMENT STAFF AND OUR I.T. PROFESSIONAL  
14 SPENT MANY, MANY MONTHS ANALYZING THE MARKETPLACE, BOTH  
15 COMMERCIAL AND PROPRIETARY, FOR GRANT APPLICATION AND  
16 MANAGEMENT SYSTEMS. IT IS CLEAR THAT THE ARLINGTON  
17 GROUP'S EASY GRANTS SYSTEM IS A SOLUTION THAT WOULD BE  
18 BEST MET TO OUR NEEDS. NONE OF THE OTHER OFFERING  
19 ORGANIZATIONS WE RESEARCHED HANDLED THE FULL GAMUT OF  
20 OUR REQUIREMENTS, ESPECIALLY IN SUPPORT AND MANAGEMENT.

21 DR. MURPHY: THANK YOU VERY MUCH. ALEXANDRA,  
22 WE NEED TO VOTE, THEN, ONLY ON THE ARLINGTON GROUP  
23 CONTRACT?

24 MS. CAMPE: CORRECT.

25 DR. MURPHY: SO A 235,000 CHANGE. ARE THERE

1 ANY BOARD COMMENTS ON THAT CONTRACT?

2 MR. SERRANO-SEWELL: I MOVE TO APPROVE THE  
3 ARLINGTON CONTRACT FOR THE SET AMOUNT.

4 DR. MURPHY: THANK YOU. THERE IS A MOTION.  
5 SECONDED?

6 DR. LOVE: SECOND.

7 DR. MURPHY: COULD WE HAVE PUBLIC COMMENT,  
8 PLEASE, ON THE ARLINGTON GROUP CONTRACT? THERE BEING  
9 NO PUBLIC COMMENT, ANY MORE COMMENTS FROM THE BOARD?  
10 ALL THOSE IN FAVOR. ALL THOSE AGAINST? MOTION PASSES.

11 MS. CAMPE: THANK YOU.

12 DR. MURPHY: WE ARE MOVING, TRYING TO MOVE  
13 QUICKLY BECAUSE WE ARE LOSING OUR QUORUM AT 2 O'CLOCK,  
14 SO THE THIRD ITEM IS THE INTERNAL GOVERNANCE POLICY. I  
15 AM GOING TO TRY JUST TO READ THIS. IT SAYS THIS. WE  
16 HAVE ALSO REVIEWED A DOCUMENT PERTAINING TO THE  
17 INTERNAL GOVERNANCE GUIDELINES OF CIRM. THERE IS COPY  
18 OF THIS IN TAB 9. IF YOU COULD LOOK AT THAT. IT'S A  
19 VERY IMPORTANT DOCUMENT THE GOVERNANCE SUBCOMMITTEE  
20 REVIEWED CAREFULLY. IF YOU READ THROUGH THE COVER  
21 SHEET OF THE POLICY, YOU SEE ONE RECOMMENDATION CHANGED  
22 WHICH DEALS WITH CIRM OFFICE ASSIGNMENTS AND TRAVEL  
23 REQUESTS OF THE OFFICE OF THE CHAIRMAN EXCEEDING THE  
24 PREAPPROVED BUDGET. THIS HAS BEEN CHANGED NOW. AND AS  
25 I RECALL, AMY, THAT ANY EXPENDITURE THAT EXCEEDS THE

1 BUDGETED AMOUNT IN THE CHAIRMAN'S OFFICE WOULD NEED TO  
2 BE APPROVED BY THE PRESIDENT'S OFFICE.

3 MS. DU ROSS: THAT'S CORRECT.

4 DR. MURPHY: SO WE ARE ASKING THE BOARD TO  
5 MAKE THAT CHANGE IN THE GUIDELINES. IS THERE ANY  
6 COMMENT BY THE ICOC?

7 MR. SHEEHY: WHAT IS THE ORIGINAL POLICY?

8 CHAIRMAN KLEIN: THE ORIGINAL DRAFT SHOWED  
9 THAT FOR OUT-OF-STATE TRAVEL IN ADDITION TO THE STATE  
10 DIRECTOR OF FINANCE'S APPROVAL FOR THE CHAIRMAN, THE  
11 CHAIRMAN WOULD HAVE TO GET EVERY SINGLE TRIP APPROVED  
12 BY THE PRESIDENT. THE REVISED DRAFT SHOWED AS LONG AS  
13 THE OFFICE OF THE CHAIRMAN IS WITHIN THE BUDGET  
14 PREVIOUSLY APPROVED BY THE BOARD AND APPROVED BY THE  
15 PRESIDENT FOR THE OFFICE OF THE CHAIR, THAT ONLY THE  
16 STATE DIRECTOR OF FINANCE'S APPROVAL IS REQUIRED.

17 MR. SHEEHY: I DON'T THINK I'M COMFORTABLE  
18 MAKING THIS CHANGE. I THINK THAT WE HAVE A PRESIDENT  
19 THAT HAS FINANCIAL AUTHORITY, THAT IS RESPONSIBLE TO  
20 US. AND I JUST FEEL VERY UNCOMFORTABLE ABOUT STARTING  
21 TO MUDDY THIS UP. THIS IS SOMETHING WE'VE BEEN  
22 DEBATING OVER THE LAST YEAR, AND I HAVE CONFIDENCE IN  
23 THE PRESIDENT. I THINK THESE DECISIONS SHOULD REMAIN  
24 WITH THE PRESIDENT.

25 DR. PIZZO: THERE WAS A LOT OF DISCUSSION AT

1 THE COMMITTEE ABOUT THIS, AND THIS SEEMED TO BE A  
2 WORKABLE AND ACCEPTABLE AGREEMENT TO THE RELEVANT  
3 PARTIES, AS I UNDERSTOOD IT. I WOULD ENCOURAGE US TO  
4 GO FORWARD WITH THIS. I'D LIKE TO, IF I'M ALLOWED TO,  
5 ACTUALLY MOVE THE QUESTION TO --

6 DR. PENHOET: SECOND.

7 DR. MURPHY: IS THERE ANY MORE BOARD COMMENT  
8 ON THIS?

9 MR. SERRANO-SEWELL: THERE IS ONE PROVISION  
10 ON THIS INTERNAL GOVERNANCE POLICY THAT CAUSES ME  
11 CONCERN. IN ALL FAIRNESS TO THE GOVERNANCE COMMITTEE,  
12 WE DIDN'T DISCUSS IT, SO IT'S A NEW ISSUE FOR  
13 DISCUSSION. WE SPENT SOME TIME ON THESE OTHER ISSUES,  
14 AS PHIL HAS MENTIONED, THE TRAVEL QUESTION AND THE  
15 OFFICE QUESTION. WE SPENT A CONSIDERABLE AMOUNT OF  
16 TIME ON BOTH OF THOSE ISSUES.

17 THERE'S ANOTHER ISSUE THAT'S GIVEN ME A LOT  
18 OF THOUGHT, AND IT HAS TO DEAL WITHIN THIS POLICY,  
19 WHICH BASICALLY DELINEATES THE ROLES AND  
20 RESPONSIBILITIES. I DO THIS; YOU DO THAT. I'M OF THE  
21 OPINION THAT MOST OF THAT IS ALREADY EMBODIED IN  
22 PROPOSITION 71. IT CLEARLY OUTLINES THE ROLES OF THE  
23 PRESIDENT, REALLY THE ROLE OF THE ICOC, THE ROLE OF THE  
24 PRESIDENT, THE ROLE OF THE CHAIR. THE PROVISION THAT  
25 CAUSES ME CONCERN HAS TO DO WITH ON THE SECOND PAGE,

1 THE PARAGRAPH -- SORT OF THE PARAGRAPH THAT BEGINS WITH  
2 EACH OFFICE. AND IT IS THE SECTION THAT, AS IT RELATES  
3 TO THE HIRING OF SENIOR OFFICERS, THAT THOSE HIRINGS  
4 ARE SUBJECT TO THE CONCURRENCE OF THE CHAIR.

5 NOW, I THINK HERE WE'RE BEING ASKED AS AN  
6 ICOC TO DO A COUPLE OF THINGS. ONE, WE'RE BEING ASKED  
7 TO EXERCISE OUR AUTHORITY, OUR JURISDICTION, OVER THE  
8 INSTITUTE AND OPINE IN OUR BEST JUDGMENT THAT THE CHAIR  
9 SHOULD CONCUR WITH THE HIRING OF STAFF. NOW, WE COULD  
10 JUST AS EASILY DECIDE THAT, YOU KNOW, THE VICE CHAIR  
11 SHOULD CONCUR WITH THE HIRING OF STAFF, OR I SHOULD  
12 CONCUR WITH THE HIRING OF CERTAIN STAFF. I'M NOT  
13 ADVOCATING FOR ANY OF THOSE THINGS. WHAT I'M  
14 ADVOCATING FOR IS LOOKING DIRECTLY AT PROPOSITION 71,  
15 WHICH SAYS VERY CLEARLY THAT THE PRESIDENT SHALL HIRE  
16 AND FIRE. AND THAT'S THE -- FOR ME THAT'S JUST THE  
17 PLAIN LANGUAGE OF PROP 71, AND WE DON'T HAVE TO GO  
18 THROUGH ANY GYRATION OR BENDING OR ANALYSIS TO GRANT TO  
19 ANY ONE OF US, THE CHAIR, THE AUTHORITY TO CONCUR WITH  
20 THE HIRING OF STAFF.

21 ARGUABLY, LEGALLY WE COULD. I THINK FOR  
22 POLICY REASONS, THOUGH, WE SHOULD NOT. I THINK IT WILL  
23 CAUSE CONFUSION ON THE STAFF LEVEL AND ESSENTIALLY  
24 CREATES TWO BOSSES. ON THE STAFF LEVEL, THERE'S ONE,  
25 IN MY OPINION.

1                   SECONDLY -- SO I THINK THAT CAN CAUSE  
2 PROBLEMS. I THINK WE HAVE TO HAVE A CLEAR LINE OF  
3 AUTHORITY, AND IT SORT OF STARTS WITH THE PRESIDENT  
4 WHEN IT DEALS WITH STAFF. AND WHILE PROP 71 DELEGATES  
5 TO THE CHAIR AN ENORMOUS AMOUNT OF RESPONSIBILITY; AND  
6 TO EXECUTE THOSE RESPONSIBILITIES, THE CHAIR NEEDS ALL  
7 THE TOOLS AVAILABLE TO THE CHAIR, BUT IT DOESN'T NEED  
8 TO INCLUDE THE CONCURRING OF HIRING OF STAFF.

9                   AND LASTLY, I'LL SAY WE'RE ALWAYS LOOKING FOR  
10 PRECEDENTS. WHERE IS THE PRECEDENT IN ANYTHING WE DO,  
11 WHETHER IT'S THE NIH, WHETHER IT'S OMB SCHEDULED  
12 GUIDELINE 4-2, OR WHATEVER. THAT'S IMPORTANT BECAUSE  
13 IT MEANS SOMETHING. SO I WOULD LOOK TOWARDS OTHER  
14 STATE AGENCIES THAT HAVE FULL-TIME CHAIRS, THAT HAVE  
15 FULL-TIME VICE CHAIRS. WE ARE A STATE AGENCY, AFTER  
16 ALL. AND DO THOSE PERSONS WHO OCCUPY THOSE SLOTS, DO  
17 THEY HAVE THIS SORT OF ARRANGEMENT IN WHICH THEY CAN  
18 CONCUR WITH THE HIRING OF STAFF?

19                   NOW, I THINK, I WOULD SPECULATE, THAT MOST OF  
20 THE TIME THERE'S A RELATIONSHIP BETWEEN THE CHAIR AND  
21 PRESIDENT IN WHICH THIS IS DONE INFORMALLY AND YOU  
22 DON'T HAVE TO MEMORIALIZE THIS SORT OF THING. AND THAT  
23 WOULD BE MY PREFERENCE HERE, THAT IT'S DONE INFORMALLY,  
24 THAT THE CHAIR AND THE PRESIDENT WORK TOGETHER IN  
25 SELECTING THE STAFF; BUT WHEN IT COMES DOWN TO IT, YOU

1 FOLLOW PROP 71, WHICH SAYS THAT THE PRESIDENT DOES THE  
2 HIRING AND FIRING.

3 SO I WANT TO SUPPORT THIS POLICY, PHIL,  
4 BECAUSE IT'S THE PRODUCT OF A LOT OF WORK AND A LOT OF  
5 DISCUSSION, BUT I THINK I WOULD FEEL MORE COMFORTABLE  
6 IF THAT PROVISION WAS DELETED.

7 DR. MURPHY: DAVID, CAN WE MOVE THAT? I  
8 THINK THE POINT YOU ARE MAKING IS A VERY IMPORTANT  
9 POINT, BUT I FEAR THAT WE'RE GOING TO GET OFF THIS  
10 MOTION. CAN WE DEAL WITH THE MOTION AND THEN IF THE  
11 WILL OF THE COMMITTEE IS TO COME BACK --

12 MR. SERRANO-SEWELL: WHAT IS THE MOTION?

13 DR. MURPHY: THE MOTION IS FOR THE TRAVEL.  
14 SO WE CAN DO THAT FIRST TO GET A VOTE ON THAT.

15 MR. SERRANO-SEWELL: I THOUGHT WE WERE  
16 ADOPTING THE ENTIRE POLICY.

17 DR. MURPHY: MY UNDERSTANDING IS THAT WE'RE  
18 JUST DOING THE TRAVEL POLICY; IS THAT RIGHT?

19 MR. SERRANO-SEWELL: WHAT WAS THE MOTION?

20 MS. DU ROSS: IT WAS ACTUALLY UNCLEAR. WE  
21 WERE GOING TO JUST ASK FOR CLARIFICATION OURSELVES.

22 CHAIRMAN KLEIN: MOTION WAS ON THE TRAVEL AND  
23 THE OFFICE ASSIGNMENTS.

24 DR. MURPHY: THE MOTION IS ON THE TRAVEL, NOT  
25 ON THE WHOLE DOCUMENT; IS THAT RIGHT?



1 DR. PIZZO: HAVING MADE THE MOTION, I THINK  
2 THAT I WAS REFLECTING ON WHAT WAS ON THIS ABBREVIATED  
3 PAGE, FOCUS ON THAT. BUT I THINK WHEN WE HAD OUR  
4 DISCUSSION, JEFF'S AND DAVID'S COMMENT, THESE WERE THE  
5 VARIANCES THAT CAME OUT OF THAT DOCUMENT. AND SO I  
6 GUESS I WAS REALLY FOCUSING ON THE VARIANCES, NOT THE  
7 DOCUMENT.

8 TO EXPEDITE THE DISCUSSION, I WOULD BE  
9 PREPARED TO SUSTAIN MY MOTION AND TO FOCUS JUST ON THE  
10 TRAVEL AND --

11 MS. DU ROSS: AND OFFICE ASSIGNMENTS.

12 DR. PIZZO: -- AND COME BACK TO THE OTHER  
13 ISSUES.

14 DR. MURPHY: AMY, AND ON WHAT?

15 MS. DU ROSS: TRAVEL AND OFFICE ASSIGNMENT  
16 POLICY AS WELL. THOSE WERE THE TWO.

17 DR. MURPHY: RIGHT NOW WE'RE JUST DEALING  
18 WITH THE TRAVEL.

19 MS. DU ROSS: ON THE SHEET THERE ARE TWO  
20 ITEMS. THERE'S THE OFFICE --

21 DR. PIZZO: I'D BE PREPARED TO MOVE BOTH OF  
22 THOSE, THE OFFICE AND THE TRAVEL.

23 MR. SHEEHY: I WOULD LIKE TO MENTION THAT IT  
24 SEEMS TO ME -- I MEAN I MIGHT ACCEPT THE TRAVEL, BUT I  
25 JUST CAN'T IMAGINE THE CHAIR AND THE PRESIDENT FIGHTING

1 OVER OFFICE SPACE. I REALLY THINK WE OUGHT TO LEAVE  
2 THAT FOR THE PRESIDENT. WE HAVE A CHIEF EXECUTIVE  
3 OFFICER.

4 DR. PIZZO: IT'S NOT AN ACCIDENT THAT WE HAVE  
5 THIS COMPROMISE.

6 MR. SHEEHY: THESE ARE NOT -- WE NEED TO  
7 START THINKING LIKE AN INSTITUTION, LIKE A STATE AGENCY  
8 THAT'S GOING TO BE HERE FOR A WHILE, AND THAT THESE TWO  
9 INDIVIDUALS ARE NOT -- ARE PLACEHOLDERS. AND I READ  
10 THIS AND IT LOOKS TO ME LIKE A CRAZY, UNTENABLE  
11 SITUATION. I THINK WE NEED TO MAKE IT CLEAR THAT  
12 WE'RE -- WE PICKED A PRESIDENT AND WE NEED TO GIVE THE  
13 PRESIDENT THE AUTHORITY TO DO THE JOB, OR THIS WILL BE  
14 THE ONLY PRESIDENT WE EVER HAVE. YOU GUYS ARE CEO'S.  
15 YOU HAVE BOARDS. WOULD YOU DO THAT? WOULD YOU  
16 ACCEPT --

17 DR. PIZZO: YOU KNOW, THE INTERESTING THING  
18 ALONG THAT LINE IS, YES, WE ARE, BUT IN ACADEMIC  
19 MEDICAL CENTERS, IN FAIRNESS, WE OFTEN HAVE HIGHLY  
20 MATRIXED ORGANIZATIONS. AND SO IT'S NOT UNUSUAL, I WAS  
21 GOING TO RAISE THIS, IT'S NOT UNUSUAL THAT WE HAVE  
22 CONCURRENCE OF ANOTHER. WHEN WE APPOINT A CLINICAL  
23 CHAIR, IT'S NOT INFREQUENT THAT WE'LL SAY THAT WE'RE  
24 LOOKING FOR THE CONCURRENCE OF THE HOSPITAL CEO AS PART  
25 OF THAT.

1 I THINK THE QUESTION I WAS GOING TO POSE TO  
2 YOU, DAVID, IS NOT ABOUT THE CONCURRENCE BECAUSE THAT  
3 PART I UNDERSTAND. IT'S WHAT HAPPENS IF THERE'S A  
4 DISPUTE AT THE POINT OF CONCURRENCE? SO IT'S REALLY  
5 ABOUT DISPUTE RESOLUTION. WHO HAS THE ULTIMATE  
6 AUTHORITY AT THAT POINT?

7 MR. SERRANO-SEWELL: AS IT'S DRAFTED NOW,  
8 PHIL, ON THE CONCURRENCE QUESTION, IF THE CHAIR CANNOT  
9 CONCUR WITH THE HIRING OF THE SENIOR OFFICER, THAT  
10 SENIOR OFFICER WOULD NOT BE HIRED.

11 DR. PIZZO: THAT'S THE QUESTION I WAS  
12 PRECISELY ASKING.

13 MR. SERRANO-SEWELL: THAT'S HOW I READ IT.

14 DR. PIZZO: THAT'S NOT THE WAY I --

15 DR. MURPHY: MAY I JUST TAKE INTERIM CHAIR  
16 DECISION HERE. I THINK THE POINT YOU'RE MAKING IS A  
17 VERY IMPORTANT ONE, BUT I THINK IF WE LOOK BACK, WE'RE  
18 REALLY DEALING WITH WHAT'S THE RELATIONSHIP OF THE  
19 CHAIR TO THE PRESIDENT AND WHAT DOES THE ORGANIC  
20 STRUCTURE OF THE INSTITUTE LOOK LIKE, WHICH IS A VERY  
21 IMPORTANT DISCUSSION AND ONE THAT I PERSONALLY WOULD  
22 LOVE TO BE INVOLVED IN. BUT IN FRONT OF US RIGHT NOW  
23 IS A DECISION TO MAKE ON TWO ISSUES, ONE, THE TRAVEL  
24 ISSUE; THAT IS, THAT IF THERE'S INTERNATIONAL TRAVEL  
25 AND IT GOES BEYOND THE APPROVED BUDGET, THE PRESIDENT

1 WOULD APPROVE THAT. AND THAT THE OFFICE ASSIGNMENTS  
2 WITHIN THE CIRM WOULD BE DISCUSSED BY THE PRESIDENT AND  
3 THE CHAIR.

4 AND I JUST HAVE TO REMIND EVERYONE THAT WAS  
5 APPROVED BY THE GOVERNANCE COMMITTEE AND WAS AGREED TO  
6 BY BOTH ZACH AND BOB. SO I THINK AT THIS POINT WE HAVE  
7 TO LIMIT THAT DISCUSSION, ALTHOUGH I'M VERY SUPPORTIVE,  
8 DAVID, OF HAVING A LARGER DISCUSSION EITHER NOW OR AT  
9 SOME OTHER POINT. IF YOU'RE IN AGREEMENT WITH THAT, IS  
10 THERE ANY MORE DISCUSSION ON THOSE TWO POINTS BY THE  
11 ICOC?

12 DR. PRIETO: ALTHOUGH I'M IN BASIC AGREEMENT  
13 WITH JEFF'S POINT, I THINK THAT THE ULTIMATE LINE OF  
14 AUTHORITY HERE IS CLEAR. AND I THINK IT IS AS IT  
15 SHOULD BE. IN AN ORGANIZATION LIKE THIS, THE AUTHORITY  
16 RESTS WITH THE PRESIDENT, AND I'M SATISFIED WITH THAT  
17 AND WOULD LIKE TO CALL THE QUESTION.

18 DR. MURPHY: THANK YOU. ANY OTHER COMMENTS?  
19 ANY COMMENTS FROM THE PUBLIC?

20 MR. SHEEHY: I JUST WANT TO MAKE A GLOBAL  
21 COMMENT. I WANT TO REALLY THINK ABOUT HOW WE'RE  
22 ORGANIZED. COLLECTIVELY AS A BOARD, WE HIRE A  
23 PRESIDENT, WE GIVE HIM DUTIES; HE'S RESPONSIBLE. THE  
24 CHAIR IS THE CHAIR NOW FOR EIGHT YEARS. WHEN WE PUT  
25 THE CHAIR IN POSITIONS OF POWER, WE ARE DELEGATING TO

1 HIM THAT THAT WE CANNOT TAKE BACK. RIGHT. WE CAN FIRE  
2 THE PRESIDENT, WE CAN HIRE A NEW PRESIDENT, BUT WE  
3 CAN'T OSTENSIBLY REMOVE THE CHAIR. AND WE'RE, IN  
4 EFFECT, PUTTING OURSELVES INTO THAT ROLE TO DO THOSE  
5 THINGS.

6 AND I JUST THINK THAT FURTHER -- THE MORE WE  
7 MUDDY THESE LINES, THE MORE DANGEROUS IT IS. WE'RE  
8 MAKING COMPROMISES. EVEN HAVING TO HAVE THESE THINGS  
9 NEGOTIATED OUT MUST MAKE THE JOB OF THE PRESIDENT  
10 EXTREMELY DIFFICULT. AND I, FRANKLY, THINK WE SHOULD  
11 HAVE TAKEN CARE OF THIS A LONG TIME AGO. BUT IF YOU  
12 GUYS WANT TO GO POINT BY POINT OVER THE NEXT GOD KNOWS  
13 HOW MANY YEARS WITH HOW MANY PRESIDENTS AND FIGHT OVER  
14 OFFICE SPACE, TRAVEL ALLOWANCES, HIRING OF STAFF AT  
15 THIS LEVEL, I THINK WE'RE NOT GOING TO BE ABLE TO DO  
16 THE BUSINESS THAT WE WERE PUT HERE TO DO.

17 DR. PENHOET: COUPLE OF POINTS. I THINK THAT  
18 THE REALITY IS THIS IS NOT A TYPICAL RELATIONSHIP  
19 BETWEEN THE CHAIR AND AN EXECUTIVE TEAM BECAUSE OUR  
20 CHAIR IS AN EXECUTIVE CHAIRMAN. HE'S WORKING  
21 ESSENTIALLY FULL TIME IN THE INSTITUTE. SO IT'S  
22 DIFFERENT THAN WHEN YOU HAVE A NONEXECUTIVE CHAIRMAN IN  
23 AN ORGANIZATION WHICH LARGELY REPORTS TO THE BOARD AND  
24 TO ITS CHAIR IN A MORE TRADITIONAL ROLE. SO WE HAVE A  
25 CASE WHERE WE HAVE A PRESIDENT AND AN EXECUTIVE

1 CHAIRMAN. AND THE COMPENSATION EMPHASIZES THAT POINT.  
2 THE SALARY, THE POTENTIAL SALARY OF SOMEONE WHO CHOSE  
3 NOT TO VOLUNTEER THEIR TIME TO THIS JOB WOULD BE FULLY  
4 COMPARABLE TO THE PRESIDENT. THAT ASSUMES THAT THAT  
5 PERSON IS WORKING ESSENTIALLY FULL TIME FOR THE  
6 INSTITUTE.

7 SO THIS IS AN EXECUTIVE CHAIRMANSHIP. AND  
8 ALTHOUGH VERY CLEAR LINES OF AUTHORITY ARE IMPORTANT IN  
9 ANY ORGANIZATION, IT'S ALSO TRUE THAT I THINK THAT WE  
10 SHOULD BUILD INCENTIVES IN TO ACTUALLY INCENTIVIZE  
11 PARTNERSHIP BETWEEN THE CHAIR AND PRESIDENT, GIVEN THE  
12 REALITY THAT WE HAVE AN EXECUTIVE CHAIR AND A  
13 PRESIDENT. AND THAT THESE ACCOMMODATIONS, IF YOU WILL,  
14 AND SHARES AUTHORITIES OVER THINGS ACTUALLY, FOR ME,  
15 BUILD AN INCENTIVE FOR THESE GUYS TO COOPERATE. IF  
16 THEY DON'T, I SUPPOSE THEY'LL HAVE TO COME BACK US.  
17 BUT I THINK THEIR RELATIONSHIP IS FUNDAMENTALLY  
18 DIFFERENT.

19 AND, YOU KNOW, I THINK THAT THESE MINOR  
20 ACCOMMODATIONS ARE PERFECTLY WORKABLE AND THAT THEY DO  
21 PROVIDE AN INCENTIVE FOR A PARTNERSHIP, WHICH IN THE  
22 LONG RUN IS THE ONLY WAY THAT THE CHAIR AND PRESIDENT  
23 ARE GOING TO WORK EFFECTIVELY TOGETHER, WHICH THEY MUST  
24 DO IF THE CHAIRMAN IS AN EXECUTIVE CHAIRMAN WORKING  
25 THERE ESSENTIALLY FULL TIME.

1 DR. MURPHY: THANK YOU. ANY OTHER COMMENTS  
2 BY THE BOARD? ARE THERE ANY PUBLIC COMMENTS?

3 MR. REED: MY COMMENT IS JUST I THINK THIS IS  
4 INEVITABLE. ON SOMETHING SO BIG, THERE'S GOING TO HAVE  
5 TO BE ADJUSTMENTS ALL THE WAY AROUND. TO ME, I SEE IT  
6 LIKE TRYING TO GET TO THE TOP OF MT. EVEREST. SOMEBODY  
7 HAS TO BE ABLE TO SAY, "ALL RIGHT. WE CAN DO IT. IT'S  
8 NEVER BEEN DONE BEFORE. WE CAN DO IT. NO MATTER WHAT  
9 HAPPENS, WE'LL FIND A WAY." AND THERE ALSO HAS TO BE  
10 SOMEBODY WHO MAKES SURE THAT THE SUPPLIES GET TO THE  
11 SHERPAS. WE HAVE BOB KLEIN, WHO DOES IMPOSSIBLE THINGS  
12 EVERY DAY WITHOUT WHICH NONE OF THIS WOULD HAVE  
13 EXISTED. WE ALSO HAVE --

14 UNIDENTIFIED SPEAKER: SHERPA HALL.

15 MR. REED: WE ALSO HAVE ZACH HALL, WHO HAS  
16 THE UNENVIABLE TASK OF TRYING TO IMPOSE ORDER ON CHAOS.  
17 WE ARE BLESSED WITH BOTH OUR PEOPLE. THESE FRICTIONS  
18 ARE INEVITABLE. NO BIG DEAL.

19 DR. MURPHY: THANK YOU, DON.

20 MR. SIMPSON: JOHN SIMPSON FROM FOUNDATION  
21 FOR TAXPAYER AND CONSUMER RIGHTS. AS I RECALL, TO THIS  
22 DAY NEITHER SIR EDMUND HILLARY NOR TENZING NORGAY HAVE  
23 EVER SAID WHICH ONE SET THEIR FIRST FOOT ON THE PEAK OF  
24 MT. EVEREST. SO I DON'T KNOW WHAT WE LEARN FROM THAT.

25 FROM THIS DOCUMENT, WHAT YOU'VE PUT TOGETHER

1 IS SOMETHING OF A RUBE GOLDBERG USE OF WORDS THAT GETS  
2 YOU BACK TO THE EXACT SAME POINT THAT, IF PUSH COMES TO  
3 SHOVE, IT'S THE PRESIDENT WHO HAS THE ULTIMATE  
4 DECISION, WHICH SEEMS TO ME TO BE ADDING A LOT OF  
5 UNNECESSARY WORDS TO CRAFT SOMETHING THAT IS REALLY THE  
6 WAY THIS DOCUMENT SHOULD GO FORWARD AS IT WAS  
7 ORIGINALLY DRAFTED, AND THAT THE AUTHORITY RESTS IN THE  
8 CHIEF EXECUTIVE, THAT YOUR AMENDMENT SHOULD BE  
9 DECLINED.

10 THEN WHEN YOU TAKE UP THE FURTHER QUESTION,  
11 I'M INCLINED TO AGREE WITH THE POINT THAT THE  
12 CONCURRENCE ISSUE IS SOMETHING THAT SHOULD BE REMOVED,  
13 BUT I REALLY DO THINK IF YOU'RE GOING THROUGH ALL THE  
14 THING AND SAYING, OH, BY THE WAY, IF THEY CAN'T WORK IT  
15 OUT, THEN IT RESTS WITH THE PRESIDENT. IT RESTS WITH  
16 THE PRESIDENT. AND IT WILL WORK OUT. THEY'RE ADULTS.

17 DR. MURPHY: THANK YOU. WE HAVE A MOTION ON  
18 THE TABLE BY DR. PIZZO, WHICH WAS SECONDED BY DR.  
19 PENHOET. IF THERE'S NO MORE DISCUSSION -- IS THERE  
20 MORE DISCUSSION BY THE BOARD?

21 MR. SERRANO-SEWELL: INDULGE ME, RICHARD.  
22 THIS IS JUST TRAVEL AND OFFICE?

23 DR. MURPHY: IT IS TRAVEL AND OFFICE. ALL  
24 THOSE IN FAVOR. ALL THOSE AGAINST.

25 MR. SHEEHY: NO.



1 DR. MURPHY: THE MOTION PASSES.

2 ITEM NO. 4 IS THE CIRM BUDGET --

3 CHAIRMAN KLEIN: WE HAVE TO APPROVE THE  
4 REMAINING POLICY.

5 DR. MURPHY: SO WE HAVE TO -- ARE WE READY TO  
6 DO THAT?

7 MS. DU ROSS: THE BOARD'S PLEASURE.

8 DR. MURPHY: CAN WE OPEN UP DISCUSSION, THEN,  
9 FOR THE REMAINDER OF THE POLICY THAT'S IN FRONT OF US?

10 CHAIRMAN KLEIN: I'D JUST LIKE TO SAY THAT,  
11 AS WAS SAID ON THE GOVERNANCE CALL, 98 PERCENT OF THE  
12 CHALLENGES THAT WE'VE HAD AS A TEAM WE HAVE WORKED  
13 THROUGH. THERE ARE INEVITABLE ADJUSTMENTS IN THE  
14 REFERENCE. SOMETIMES IT'S EASIER TO LET SMALLER  
15 ADJUSTMENTS AT THE MARGINS BE DONE BY THE BOARD, WHICH  
16 WE APPRECIATE.

17 THE ISSUE OF CONCURRENCE WAS ORIGINALLY  
18 DECIDED BY ZACH AND I AT THE TIME WE WERE DISCUSSING  
19 WORKING TOGETHER. THAT'S NEVER CHANGED FROM THE VERY  
20 BEGINNING. IT WAS WHAT WAS DISCUSSED IN THE EXECUTIVE  
21 COMMITTEE. IT WAS PART OF THE ORIGINAL RELATIONSHIP  
22 AND HAS WORKED WELL TO THIS DATE.

23 AS AN EXECUTIVE CHAIRMAN, WHETHER IT'S  
24 THROUGH THE LITIGATION, I HAVE TO WORK WITH THE LEGAL  
25 OFFICER. IF IT'S THROUGH FINANCE, I HAVE TO WORK WITH

1 THE CHIEF FINANCIAL OFFICER. IF IT'S COMMUNICATIONS,  
2 THE PROPOSITION WAS ACTUALLY WRITTEN THAT ALL PUBLIC  
3 COMMUNICATION GOES THROUGH THE CHAIRMAN; BUT, IN FACT,  
4 HAVING A STRAIGHTFORWARD STAFF RELATIONSHIP IS MORE  
5 APPROPRIATE IN THE STRUCTURE WE HAVE TO HAVE IT ALL BE  
6 CONSISTENT AND GO THROUGH THE PRESIDENT.

7 SO WE HAVE A PROCESS WHERE AT LEAST I IN THE  
8 PROCESS HAVE CONCURRENCE BECAUSE WE HAVE TO WORK WITH  
9 MANY OF THESE OFFICERS AS A TEAM. AS DR. PENHOET  
10 INDICATES, IT CREATES AN INCENTIVE TO CREATE THE TEAM  
11 AND SUSTAIN THE TEAM. AND WE HAVE WORKED WITH IT FROM  
12 THE BEGINNING. IT IS NOT A CHANGE FROM THE ORIGINAL  
13 DOCUMENT. IT IS A PART OF WHAT HAS FUNCTIONALLY  
14 CARRIED US THROUGH THIS POINT IN OUR HISTORY. I  
15 GREATLY APPRECIATE THE ABILITY TO CONTRIBUTE TO THOSE  
16 DECISIONS BECAUSE THEY'RE CRITICAL TO MY ABILITY TO  
17 PERFORM FOR THE BOARD.

18 DR. MURPHY: DAVID, DO YOU WANT TO REOPEN  
19 YOUR ISSUE?

20 MR. SERRANO-SEWELL: I WON'T RESTATE WHAT  
21 I'VE ALREADY SAID, BUT I WOULD LIKE, RICHARD, TO  
22 PRESENT A QUESTION TO COUNSEL, NOT TO PUT JAMES ON THE  
23 SPOT. BUT MY QUESTION SORT OF EARLIER THAT GOT WASHED  
24 OUT WAS IF WE WERE TO ADOPT THIS POLICY AS IS RIGHT  
25 NOW, AS IT CURRENTLY STANDS, GRANTING THE AUTHORITY TO

1 THE CHAIR TO CONCUR ON THE HIRING OF CIRM STAFF,  
2 CERTAIN STAFF, IF BOB DOES NOT -- IF THE CHAIR DOES NOT  
3 CONCUR WITH THE HIRING OF A SENIOR OFFICER, WHAT IF  
4 ZACH NOMINATES AND BOB DOESN'T AGREE, COULD THAT PERSON  
5 BE HIRED, YES OR NO?

6 MR. HARRISON: WELL, I THINK THAT DEPENDS  
7 UPON THE MEANING THAT THE BOARD GIVES THE PHRASE. ON  
8 ITS PLAIN LANGUAGE, I WOULD INTERPRET IT TO MEAN THAT  
9 CONCURRENCE IS REQUIRED.

10 MR. SERRANO-SEWELL: IF CONCURRENCE ISN'T  
11 GRANTED, THEN THAT PERSON IS NOT HIRED.

12 MR. HARRISON: CORRECT.

13 MR. SHEEHY: I JUST -- I THINK WE NEED TO  
14 REALLY LISTEN TO WHAT THE CHAIR SAID. AND THE CHAIR IS  
15 TALKING ABOUT HAVING EXECUTIVE AUTHORITY OVER SENIOR  
16 STAFF. THAT'S THE RELATIONSHIP YOU JUST DESCRIBED.  
17 THE CHAIR -- WE BASICALLY SET UP THE SITUATION WHERE  
18 SOMEONE IS GOING TO HAVE TWO BOSSES WITH EQUAL  
19 AUTHORITY. I JUST DON'T -- I WORK FOR PEOPLE, SO I  
20 KIND OF HAVE A SENSE OF WHAT THIS MEANS. AND THIS IS  
21 INSANE. I COULDN'T WORK IN THAT ENVIRONMENT. AND I  
22 DON'T KNOW WHY WE WOULD WANT TO SET UP THAT STRUCTURE.  
23 THE VERY DESCRIPTION THAT THE CHAIR DESCRIBED WAS A  
24 DESCRIPTION OF A WORKING ARRANGEMENT THAT WAS  
25 COMPLETELY, TOTALLY UNTENABLE.

1 DR. PENHOET: IF I MIGHT, I THINK OUR HISTORY  
2 SPEAKS DIFFERENTLY TO THAT. WE HAVEN'T HAD A SINGLE  
3 PERSON QUIT FROM THE CIRM STAFF SINCE ITS BEGINNING. I  
4 REITERATE AGAIN THAT IT'S ESSENTIAL THAT, GIVEN THAT WE  
5 HAVE AN EXECUTIVE CHAIRMAN AND A PRESIDENT, THAT THEY  
6 WORK IN PARTNERSHIP. AND SO I THINK IT'S ALMOST  
7 INCONCEIVABLE TO ME, IF YOU DIDN'T HAVE THIS LANGUAGE,  
8 THAT SOMEBODY WOULD HIRE A SENIOR INDIVIDUAL IN THE  
9 CIRM ORGANIZATION, EITHER ONE OF THESE GUYS, THAT THE  
10 OTHER ONE CLEARLY DIDN'T CONCUR. SO I MEAN THAT WOULD  
11 BE A VIOLATION OF PARTNERSHIP.

12 MR. SHEEHY: WHO FIRES?

13 DR. PENHOET: PARDON ME?

14 MR. SHEEHY: WHO FIRES?

15 DR. PENHOET: IT DOESN'T SAY FOR FIRING. IT  
16 SAYS FOR HIRING.

17 MR. SHEEHY: YEAH. SO WHO FIRES? WHAT  
18 HAPPENS FOR THE NEXT PRESIDENT AND THE NEXT CHAIR?

19 DR. PENHOET: IF THEY DON'T LIKE THE POLICY,  
20 THEY CAN GO BACK TO THE BOARD AND ASK YOU TO CHANGE IT.

21 MR. SHEEHY: THIS IS THE SLOPPIEST THING I  
22 EVER HEARD OF.

23 DR. PRIETO: I THINK THAT THE CURRENT  
24 RELATIONSHIPS AND THE STRUCTURES, IF YOU WILL, WE HAVE  
25 IN PLACE ARE AN ARTIFACT OF OUR UNIQUE HISTORY AND THE

1 FACT THAT WE HAVE BEEN PUTTING TOGETHER AN ORGANIZATION  
2 FROM THE GROUND UP. BUT I THINK WE HAVE TO LOOK BEYOND  
3 THAT, AT THIS INSTITUTE AS AN INSTITUTION AND BEYOND  
4 THE INDIVIDUAL PERSONALITIES. AND THE REPORTING  
5 RELATIONSHIPS, THE ROLES OF A PRESIDENT, ROLES OF THE  
6 CHAIR, EVEN AN EXECUTIVE CHAIR, NEED TO BE CLEAR. AND  
7 I WOULD -- AS DAVID SAID, I THINK THAT THE PHRASE  
8 "WHOSE HIRING WOULD BE SUBJECT TO THE CONCURRENCE OF  
9 THE CHAIR" JUST DOESN'T BELONG IN OUR POLICIES AS WE  
10 LOOK TO THE FUTURE. IT'S JUST NOT SOMETHING THAT THE  
11 FUTURE PRESIDENT AND FUTURE CHAIRMAN CAN LOOK AT AND  
12 SAY, OKAY, I KNOW WHAT MY RESPONSIBILITIES WILL BE AND  
13 WHO IS IN CHARGE HERE. I THINK THAT SHOULD BE DELETED.

14 DR. MURPHY: IF I CAN JUST MAKE A COMMENT. I  
15 THINK THE TERM "EXECUTIVE CHAIR" IS IN ITSELF ALMOST AN  
16 UNWORKABLE TERM HERE. I'M VERY COMFORTABLE WITH BOB  
17 BEING THE CHAIR OF THE ICOC AND HAVING THIS OVERSEEING  
18 ROLE IN REPRESENTING ALL OF US. AT THE SAME TIME I'M  
19 ALSO VERY COMFORTABLE WITH ZACH AS THE PRESIDENT BEING  
20 RESPONSIBLE FOR THE OPERATIONS OF THE UNIT.

21 SO I GUESS WHAT I WOULD LIKE TO SEE IN THE  
22 FUTURE IS A CLEARER DISTINCTION BETWEEN BOB'S ROLE AND  
23 ZACH'S ROLE. AND I DON'T THINK WE'VE DONE THAT. I  
24 THINK WE STUBBED OUR TOE AT THE VERY BEGINNING WHEN WE  
25 LOOK AT THE ORGANIZATION OF THE INSTITUTE. AND GIVEN

1 THAT, I WOULD BE VERY COMFORTABLE WITH DAVID'S CHANGE  
2 OF REMOVING BOB'S APPROVAL TO BE REQUIRED FOR THE  
3 HIRING. I THINK THAT THAT IS ZACH'S ROLE, BUT IT'S  
4 BOB'S ROLE REPRESENTING US AND THOSE OF US ON THE ICOC  
5 TO EVALUATE ZACH'S JUDGMENT IN MAKING THOSE  
6 APPOINTMENTS AS WE GO FORWARD IN TIME. I GUESS I WOULD  
7 AGREE WITH JEFF. I THINK IT MAKES IT VERY, VERY  
8 DIFFICULT IF THERE ARE TWO PEOPLE HIRING BECAUSE THAT  
9 MEANS THERE'S GOING TO BE TWO PEOPLE FIRING AS WELL.

10 DR. PRIETO: DO WE NEED A MOTION TO AMEND?

11 DR. PIZZO: JUST TO MAKE ONE COMMENT ON THAT.  
12 I UNDERSTAND EXACTLY WHAT YOU'RE SAYING OBVIOUSLY. AND  
13 THE ONLY POINT I WOULD MAKE IS REALLY IN RESPONSE TO  
14 YOURS, DAVID, IS HOW ONE INTERPRETS THE WORD  
15 "CONCURRENCE." THIS ISN'T -- I'M NOT GOING TO TRY AND  
16 PARSE AN IT'S HERE. IN MY ROLE WE SEEK CONCURRENCE;  
17 BUT IF I DON'T HAVE CONCURRENCE, I'M GOING TO GO AHEAD  
18 AND MAKE THE APPOINTMENT. BUT IF THAT'S NOT THE WAY IT  
19 IS, IF IT'S AMBIGUOUS AND IT MEANS YOU CAN'T DO THAT,  
20 THEN YOU HAVE TO HAVE ANOTHER SEPARATE POLICY WHICH  
21 DEALS WITH HOW YOU HANDLE DISPUTE RESOLUTION, WHICH IS  
22 ANOTHER CONTEXT.

23 DR. BALTIMORE: WE KNOW THAT WORD FROM THE  
24 SENATE OF THE UNITED STATES, WHICH HAS TO CONCUR WITH  
25 APPOINTMENTS. IF THE SENATE DOESN'T CONCUR, YOU CAN'T

1 MAKE THE APPOINTMENT.

2 DR. PIZZO: IF THAT'S THE LEGAL  
3 INTERPRETATION HERE, THEN I THINK IT DOES HAVE A  
4 DIFFERENT MEANING TO ME, AND I ACCEPT THAT.

5 DR. PRICE: YOU CHANGE THE WORD TO  
6 CONSULTATION, YOU GET THE SOFTER MEANING, WHICH  
7 WOULDN'T REQUIRE APPROVAL. THAT'S SORT OF MIDDLE  
8 GROUND.

9 CHAIRMAN KLEIN: I THINK THAT IT'S IMPORTANT  
10 FOR ME IN WORKING IN THIS RELATIONSHIP THAT I HAVE  
11 CONCURRENCE. OTHERWISE I'M NOT GOING TO FEEL LIKE I  
12 CAN PERFORM FOR THIS BOARD, WHETHER IT'S A LEGAL  
13 FUNCTION, THE FINANCIAL FUNCTION, COMMUNICATIONS AREAS.  
14 I THINK IT'S A WATERSHED ISSUE.

15 DR. PIZZO: BOB, DO YOU FEEL THAT CONCURRENCE  
16 IN THIS REGARD MEANS VETO POWER? THAT'S REALLY --

17 CHAIRMAN KLEIN: I ACTUALLY BELIEVE THAT IT'S  
18 APPROPRIATE FOR THIS BOARD TO MAKE DECISIONS. IF THE  
19 PRESIDENT FELT, FOR EXAMPLE, THAT DESPITE THE LACK OF  
20 CONCURRENCE, THAT HE WANTED TO HIRE SOMEONE, I THINK  
21 THE BOARD IS THE FINAL DECISION MAKER.

22 DR. PIZZO: SO THEN YOU'RE SAYING THAT THE  
23 DISPUTE RESOLUTION --

24 CHAIRMAN KLEIN: ABSOLUTELY. I WOULD  
25 ALWAYS -- THE BOARD HAS TO BE IN CONTROL, BUT WHAT'S

1       IMPORTANT HERE IS THAT IF YOU HAVE A TEAM RELATIONSHIP,  
2       YOU HAVE TO KNOW BOTH PARTIES CAN WORK WITH THAT  
3       PERSON.  AND THERE ARE SOME VERY CRITICAL LEGAL  
4       FUNCTIONS, FINANCIAL FUNCTIONS, COMMUNICATION FUNCTIONS  
5       THAT THIS INVOLVES.

6                 DR. PIZZO:  I THINK AS A BOARD MEMBER, I  
7       WOULD NOT WANT TO BE MYSELF IN THE SITUATION OF HAVING  
8       TO HANDLE A DISPUTE AROUND PERSONNEL APPOINTMENT.  I  
9       THINK IF WE START GETTING INTO THAT LEVEL OF  
10       MICROMANAGEMENT AS A BOARD, WE WOULD REALLY REACH AN  
11       IMPASSE BECAUSE THEN WE'RE SETTING UP A STRUCTURE IN  
12       WHICH EVERY TIME THERE WAS A DISAGREEMENT ABOUT AN  
13       OFFICER OR SOMEONE WE HIRED, IT WOULD BE A POTENTIAL  
14       POLITICAL IMPASSE.

15                CHAIRMAN KLEIN:  I THINK THAT'S THE BOARD'S  
16       DECISION.  THEORETICALLY, AT LEAST, WITH CONCURRENCE,  
17       THE WAY IT WOULD NORMALLY WORK, IS THAT IF THE TWO  
18       PARTIES DON'T CONCUR, AS DR. PENHOET SAID, IT'S NOT  
19       GOING TO WORK FOR THE ORGANIZATION, AND OTHER GOOD  
20       CANDIDATES SHOULD BE AVAILABLE.

21                DR. PIZZO:  MY VIEW, JUST TO MAKE THE LAST  
22       POINT, IS WE HAD -- IN THE WORLD I LIVE, WE HAVE IN OUR  
23       ARTICLES BETWEEN OUR VARIOUS INSTITUTIONS, WE HAVE A  
24       DISPUTE RESOLUTION POLICY.  MY VIEW OF THAT IS THAT  
25       SHOULD NEVER BE EXERCISED.  IF YOU EXERCISE A DISPUTE



1 RESOLUTION MORE THAN ONCE, YOU'RE SORT OF MOVING TO  
2 HISTORY RATHER QUICKLY. AND I WOULD FEAR THAT WE MIGHT  
3 BE SETTING UP A SITUATION WHERE A LACK OF CONCURRENCE  
4 WOULD MEAN, WELL, LET'S BRING IT BACK TO THE BOARD TO  
5 DECIDE. AND THAT, I THINK, WOULD BE A VERY BAD POLICY  
6 FOR THE FUTURE.

7 DR. BALTIMORE: SOME OF US AROUND HERE ARE  
8 CEO'S OF LARGE ORGANIZATIONS. AND THE LAST THING WE  
9 WOULD WANT IS TO APPEAL A PERSONNEL DECISION. THAT IS  
10 JUST SIMPLY WRONG PROCEDURE. YOU CAN'T RUN AN  
11 ORGANIZATION THAT WAY. WE, HOWEVER, ESTABLISHED --  
12 PROPOSITION 71 ESTABLISHED THIS ORGANIZATION WITHOUT A  
13 CEO. IT SPLIT WHAT ARE TRADITIONALLY EXECUTIVE  
14 FUNCTIONS INTO TWO BUCKETS. AND YOU ARE SAYING THAT  
15 THAT SPLIT GIVES YOU EQUAL SAY OVER HIRING DECISIONS,  
16 CONCURRENCE, BECAUSE YOU HAVE THE RIGHT TO SAY NO OVER  
17 HIRING DECISIONS IN GENERAL. I DON'T --

18 CHAIRMAN KLEIN: THIS IS RESTRICTED JUST TO  
19 SENIOR DEPARTMENT HEADS.

20 DR. BALTIMORE: SENIOR DEPARTMENT HEADS. I  
21 THINK, IN GENERAL, IT'S ACROSS THE WHOLE ORGANIZATION.  
22 IT'S NOT NECESSARILY JUST THOSE OFFICES THAT REPORT TO  
23 YOU.

24 CHAIRMAN KLEIN: AND FOR THE RECORD, DR.  
25 BALTIMORE, MY ORIGINAL SUGGESTION, WHEN THIS WAS

1 BROUGHT UP, IS COMMUNICATIONS, LEGAL, AND FINANCE ARE  
2 THE AREAS OF INTERFACE. IT WAS ZACH'S PROPOSAL THAT IT  
3 BE ALL OF THEM, BUT THERE ARE ONLY THREE AREAS WHERE MY  
4 CRITICAL ABILITY TO BE EFFECTIVE IS DEPENDENT UPON THE  
5 PERSON SELECTED. SO THAT IS NOT COMING FROM ME.

6 DR. BALTIMORE: LET'S TAKE AS AN AMENDMENT  
7 THAT YOU WILL AGREE TO, AND THAT I THINK THE REST OF US  
8 WOULD WANT, THAT IT SHOULD ONLY BE IN THOSE THREE  
9 AREAS.

10 CHAIRMAN KLEIN: THAT'S ABSOLUTELY FINE WITH  
11 ME.

12 DR. BALTIMORE: LET ME GO ON FROM THERE.  
13 BECAUSE CERTAINLY DISCUSSIONS AROUND THIS TABLE GOING  
14 ON NOW FOR YEAR AND A HALF -- HOW LONG HAVE THEY BEEN  
15 GOING ON? -- THERE HAS BEEN A VERY STRONG FEELING THAT,  
16 ALTHOUGH PROPOSITION 71 SPLIT THE RESPONSIBILITIES OF  
17 THE SENIOR OFFICER IN THE ORGANIZATION INTO TWO BUCKETS  
18 WITH TWO DIFFERENT PEOPLE HAVING THOSE  
19 RESPONSIBILITIES, THAT NONETHELESS ALL HIRING DECISIONS  
20 SHOULD BE IN THE HANDS OF THE PRESIDENT. AND I THINK  
21 THAT'S THE QUESTION THAT WE HAVE TO DECIDE, BUT WE HAVE  
22 TO DECIDE IT IN THE CONTEXT OF THE FACT THAT  
23 PROPOSITION 71 DOES SPLIT THE EXECUTIVE FUNCTIONS OF  
24 THE ORGANIZATION, AND WE CAN'T GET AWAY FROM THAT.

25 AND SO I WOULD TURN TO JEFF, AND I WOULD SAY

1 YOU CAN'T ANALYZE THIS SITUATION AS YOU WOULD ANY OTHER  
2 ORGANIZATION BECAUSE NO ONE WOULD EVER SET UP AN  
3 ORGANIZATION THAT HAS SPLIT AUTHORITY LIKE THIS EXCEPT  
4 BOB, I'M AFRAID, BECAUSE THAT'S NOT AN EFFICIENT OR  
5 EFFECTIVE WAY TO RUN AN ORGANIZATION, TO HAVE TWO HEADS  
6 OF TWO DIFFERENT ELEMENTS THAT HAVE TO INTERACT. THE  
7 NOTION OF HAVING A CEO IS THAT THE CEO HAS COMPLETE  
8 CONTROL OF THE ORGANIZATION. WE'RE NOT GOING TO GET  
9 THERE BECAUSE WE'RE NOT GOING TO AMEND PROPOSITION 71.

10 SO IN THAT CONTEXT WHAT'S THE RIGHT DECISION?

11 MR. SHEEHY: IF YOU'RE DIRECTING IT BACK TO  
12 ME --

13 DR. BALTIMORE: I AM.

14 MR. SHEEHY: -- I THINK WE NEED TO SEE -- I  
15 WANT TO GIVE YOU A SCENARIO. PERSON DOESN'T GET ALONG  
16 WITH ONE OF THEM. THE OTHER LOVES THAT PERSON. WHAT  
17 HAVE YOU DONE? AND LET'S SAY THERE'S TWO OF THEM, AND  
18 THE OPPOSITE -- ONE OF THEM GETS ALONG WITH THE  
19 OPPOSITE PERSON, BUT DOESN'T GET ALONG WITH THE OTHER  
20 PERSON. AND THEN THERE'S THREE OF THEM AND FOUR OF  
21 THEM, AND THEN YOU HAVE FACTIONS. AND THEN YOU HAVE AN  
22 OFFICE THAT'S SPLIT DOWN THE MIDDLE.

23 DR. BALTIMORE: BUT YOU'RE NOT DEALING WITH  
24 THE ISSUE, WHICH IS PROPOSITION 71 SETS THIS UP.

25 MR. SERRANO-SEWELL: PROPOSITION 71 DOESN'T

1 GRANT TO THE CHAIR THE RIGHT CONCUR WITH THE HIRING OF  
2 STAFF.

3 MR. SHEEHY: PROP 71 GIVES ADMINISTRATIVE  
4 AUTHORITY TO THE PRESIDENT.

5 DR. BALTIMORE: CAN WE TURN AROUND AND TAKE  
6 BOB'S POINT. HE'S GIVEN THE RESPONSIBILITY TO HANDLE  
7 THREE OF THE CENTRAL FUNCTIONS OF THE ORGANIZATION.  
8 HOW CAN HE BE GIVEN THAT RESPONSIBILITY AND NOT HAVE  
9 THE OPPORTUNITY TO POPULATE THE OFFICE WITH PEOPLE WHO  
10 ARE COMPATIBLE WITH HIM?

11 MR. SERRANO-SEWELL: I DON'T SEE THE TWO  
12 CONNECTED THE WAY YOU DO. I THINK THAT THE WAY IT  
13 SHOULD WORK, IN MY MIND, IS THE PRESIDENT DOES THE  
14 HIRES, CONSULTS WITH THE CHAIR; AND IF IT'S NOT WORKING  
15 OUT, AND IF, IN FACT, THE CHAIR HASN'T BEEN GIVEN THOSE  
16 TOOLS, THE CHAIR COMES BACK TO HIS COLLEAGUES, HIS  
17 OTHER COLLEAGUES, AND SAYS, "COLLEAGUES, THIS ISN'T  
18 WORKING OUT. THE PRESIDENT HAS MADE PERSONNEL  
19 DECISIONS WHICH ARE THWARTING MY ABILITY AND, THUS, THE  
20 ABILITY OF THE ICOC TO FUNCTION, AND IT NEEDS TO BE  
21 RESOLVED."

22 NOW, THE WAY WE RESOLVE IT IS WE GO INTO  
23 CLOSED SESSION ON PERSONNEL AND WE TAKE APPROPRIATE  
24 ACTION TO PUT THE PRESIDENT. THAT'S THE WAY I THINK  
25 THINGS SHOULD WORK. THE POINTS ARE VALID, BUT I JUST

1 DISAGREE.

2 DR. PRIETO: I'D JUST LIKE TO PROPOSE  
3 ALTERNATIVE LANGUAGE. IF THE PHRASE "WHOSE HIRING WILL  
4 BE SUBJECT TO THE CONCURRENCE OF THE CHAIR" WERE  
5 REPLACED PLACED WITH THE PRESIDENT WILL BE RESPONSIBLE  
6 FOR HIRING, DIRECTING, AND SUPPORTING ALL SENIOR  
7 OFFICERS IN CONSULTATION WITH THE CHAIR, I THINK THAT  
8 MAKES IT CLEAR THE LINES OF AUTHORITY, BUT ALSO  
9 REQUIRES THAT CLOSE LEVEL OF COMMUNICATION WHICH STEMS  
10 FROM THE HISTORY OF THAT ORGANIZATION.

11 DR. BRYANT: I WOULD SUPPORT THAT. AND I  
12 ALSO THINK -- JUST THINKING ABOUT THE WAY OUR  
13 UNIVERSITY WORKS, FOR INSTANCE, AS AN EXAMPLE RATHER  
14 THAN A COMPANY, IS THAT THE PERSON WHO MAKES THE  
15 ULTIMATE DECISION IS ALWAYS THE CHANCELLOR OR THE  
16 PRESIDENT, BUT THERE ARE MANY PEOPLE THAT CAN HAVE A  
17 LOT OF POWER ALONG THE WAY BY THE POWER OF THEIR  
18 RECOMMENDATION AND THEIR EXPERTISE AND SO ON. I DON'T  
19 SEE HOW IT CAN WORK ANY OTHER WAY BECAUSE IF YOU GOT  
20 SOMEBODY AT THE TOP, THEY HAVE TO BE THE ONE THAT SAYS,  
21 YES, I'M CONVINCED BY THAT OR, NO, I'M NOT. SO IT'S  
22 HARD TO DO IT ANY OTHER WAY, BUT REQUIRING A  
23 CONSULTATION WOULD BE AN APPROPRIATE MOVE.

24 DR. PIZZO: UNFORTUNATELY I KNOW I'M GOING TO  
25 AFFECT THE QUORUM IN JUST A MOMENT. I'LL MAKE ONE LAST

1 COMMENT. AND I THINK THAT THE DISCUSSION WE'RE HAVING  
2 NOW IS A REALLY IMPORTANT ONE. AND I THINK DAVID AND  
3 OTHERS' POINTS ARE WELL TAKEN. IF WE WERE CONSTRUCTING  
4 AN ORGANIZATION DE NOVO, WE'D PROBABLY DO IT IN A  
5 DIFFERENT WAY.

6 TO YOUR LAST POINT, SUSAN, IN ANY  
7 ORGANIZATION, THERE'S ONLY ONE CEO AND ONE PRESIDENT,  
8 AND WE COULDN'T OPERATE IN ANY OTHER WAY. THAT SAID,  
9 THERE ARE MANY ORGANIZATIONS THAT ARE MATRIX  
10 ORGANIZATIONS THAT HAVE SORT OF DIFFERENT LINES OF  
11 RESPONSIBILITY THAT COME UNDER THE PURVIEW OF DIFFERENT  
12 LEADERS WITHIN AN ORGANIZATION. 125 MEDICAL SCHOOLS IN  
13 THIS COUNTRY WITH ACADEMIC MEDICAL CENTERS, THEY  
14 OPERATE SOMETIMES WITH A SINGLE LEADER AND SOMETIMES  
15 WITH SPLIT LEADERS OVER DIFFERENT COMPONENTS. THOSE  
16 INSTITUTIONS HAVE TO FIGURE OUT HOW TO MAKE THEIR  
17 SYSTEMS WORK, AND THEY MAKE IT ALONG THE LINES OF WHAT  
18 I DESCRIBED.

19 AND I THINK THE SORT OF COMPROMISE SITUATION  
20 HERE IS IF THERE ARE A SMALL NUMBER OF POSITIONS THAT  
21 COME UNDER THE CHAIR, I CAN SEE THE VALIDITY OF THAT  
22 PERSON HAVING A CONCURRENCE RESPONSIBILITY IN THAT  
23 LIMITED AREA. SO MY HOSPITAL CEO SAYING HE OR SHE  
24 NEEDS TO HAVE AUTHORITY IN THOSE AREAS AND I HAVE THE  
25 AREAS THAT I'M RESPONSIBLE FOR. I THINK THIS CAN

1 HAPPEN. I THINK WE CAN DO IT THIS WAY. IT'S NOT THE  
2 IDEAL, BUT I THINK IT CAN WORK AS LONG AS IT'S DEFINED  
3 AND LIMITED.

4 WITH THAT, I DON'T KNOW THAT WE'RE GOING TO  
5 VOTE ON THIS, BUT I THINK --

6 DR. PENHOET: THE MOTION IS TO LEAVE THE  
7 LANGUAGE OF CONCURRENCE CONFINED TO SENIOR OFFICERS.

8 DR. WRIGHT: I THOUGHT YOU WERE PROPOSING  
9 SOMETHING ELSE, WHICH IS THAT THE CHAIR WOULD BE  
10 RESPONSIBLE FOR THE POSITIONS OF THOSE THREE AREAS.  
11 PERHAPS --

12 DR. PIZZO: NO. THAT'S WHERE CONCURRENCE  
13 WOULD APPLY ONLY, AND THEN EVERYTHING ELSE IS THROUGH  
14 THE PRESIDENT.

15 DR. HALL: ONE OTHER, SCIENCE. THERE'S ONLY  
16 ONE OTHER SENIOR OFFICE, AND THAT'S THE SCIENCE OFFICE.

17 DR. MURPHY: SO WE ARE AT THE POINT WHERE ON  
18 THE TABLE IS A MOTION TO APPROVE THIS AS IS. HAS THAT  
19 MOTION BEEN MADE?

20 CHAIRMAN KLEIN: THERE'S A MOTION TO APPROVE  
21 AS AMENDED.

22 DR. MURPHY: PHIL, IF YOU GIVE US THE AS  
23 AMENDED, THE LANGUAGE FOR AS AMENDED.

24 DR. HALL: ADMINISTRATIVE, COMMUNICATIONS,  
25 LEGAL. INFORMATION TECHNOLOGY, THAT'S A SORT OF MINOR

1     THING.

2                   DR. MURPHY:  SO, PHIL, YOUR LANGUAGE WOULD BE  
3     THAT THE CHAIR WOULD WORK IN CONCURRENCE WITH THE  
4     PRESIDENT FOR THOSE THREE POSITIONS.  THAT'S HOW YOU'RE  
5     AMENDING WHAT'S BEFORE US?

6                   DR. BALTIMORE:  BOB, YOUR RESPONSIBILITIES  
7     ARE FOR THE BOND FINANCING, FOR COMMUNICATIONS, AND  
8     LEGAL.  SO IT'S NOT -- THE CHIEF ADMINISTRATIVE OFFICER  
9     IS NOT AN ISSUE BECAUSE THE BOND FINANCING IS DONE  
10    THROUGH YOUR OFFICE, NOT THROUGH THE CHIEF  
11    ADMINISTRATIVE OFFICER.  THAT'S WHAT YOU SAID TO ME.

12                   CHAIRMAN KLEIN:  I THINK THAT THAT'S A FAIR  
13    STATEMENT BECAUSE EFFECTIVELY WE CAPTURE THAT FUNCTION  
14    IN OUR OFFICE.  SO WE COULD LIMIT IT TO TWO --

15                   DR. BALTIMORE:  SO IT'S THE CHIEF SCIENTIFIC  
16    OFFICER AND THE CHIEF ADMINISTRATIVE OFFICER YOU WOULD  
17    NOT HAVE CONCURRENCE WITH.

18                   CHAIRMAN KLEIN:  THAT'S FINE.  THAT WOULD  
19    WORK.  THAT'S CORRECT.

20                   DR. MURPHY:  SO THE TWO POSITIONS TO BE  
21    COVERED ARE WHAT AGAIN?  LEGAL AND COMMUNICATIONS.

22                   MR. SHEEHY:  I STILL WOULD LIKE -- I CAN  
23    ONLY -- I MEAN THE ONLY THING THAT I PERSONALLY CAN  
24    ACCEPT IS CONSULTATION.  AND I THINK WE'RE MAKING A  
25    MISTAKE IF WE DON'T SET THIS UP RIGHT.



1 DR. BALTIMORE: JEFF, I THINK WE HAVE TO VOTE  
2 ON IT.

3 MR. SHEEHY: LET'S VOTE.

4 DR. MURPHY: WELL, WE'RE NOT READY TO VOTE  
5 YET. WHAT IS IN FRONT OF US IS THE PRESIDENT WILL BE  
6 RESPONSIBLE FOR HIRING, DIRECTING, AND SUPPORTING ALL  
7 SENIOR OFFICERS. AND IN TERMS OF THE LEGAL AND  
8 COMMUNICATIONS, THOSE WILL BE DONE IN CONSULTATION --  
9 IN CONCURRENCE WITH THE CHAIR. THAT IS THE PROPOSAL ON  
10 THE TABLE. DO I HEAR A MOTION FOR THAT?

11 DR. PIZZO: SO MOVED.

12 DR. PENHOET: MOVED BY PHIL AND SECONDED BY  
13 ME.

14 DR. MURPHY: IT WAS SECONDED. IS THERE ANY  
15 MORE COMMENT BY THE BOARD? IS THERE ANY PUBLIC  
16 COMMENT?

17 DR. LOVE: I HAVE ONE. MY CONCERN A LITTLE  
18 BIT IS THAT WE MAY BE NOT DEALING WITH ALL THE ISSUES.  
19 AND I KNOW THERE'S SOME CONCERN EXPRESSED ABOUT  
20 MICROMANAGING. AND ONE WAY THAT YOU CAN MICROMANAGE IS  
21 TO TRY TO PUT PROCESSES IN PLACE TO MICROMANAGE WHEN  
22 YOU'RE NOT THERE. AND ACTUALLY ONE OF THE THINGS --  
23 AND I DON'T WANT TO PUT YOU IN A BAD POSITION, ZACH,  
24 BUT WE KIND OF HEARD A LITTLE BIT FROM BOB. IT MIGHT  
25 BE USEFUL TO HEAR A LITTLE BIT FROM YOU ABOUT THIS

1     WHOLE ISSUE AND WHAT REALLY IS GOING TO WORK BECAUSE I  
2     THINK, AS MR. REED SAID, WE ARE VERY APPRECIATIVE THAT  
3     WE'VE GOT TWO EXTRAORDINARY PEOPLE IN TWO VERY VITAL  
4     ROLES AND WE WANT THIS ALL TO WORK. THAT'S REALLY WHAT  
5     I THINK WE'RE TRYING TO GET. AND I WANT TO MAKE SURE,  
6     AT LEAST BEFORE I TAKE A POSITION ON THIS, I REALLY  
7     UNDERSTAND AS BEST I CAN THE TRUE ISSUES OF THAT  
8     OPERATING SO THAT WE CAN GET A TRUE SOLUTION.

9             DR. PIZZO: DO WE NEED TO -- ARE WE GOING TO  
10    RESOLVE THIS NOW? THIS IS --

11            DR. PENHOET: NOW YOU'RE OPENING UP AN ENTIRE  
12    NEW SUBJECT.

13            DR. PIZZO: IT'S AN IMPORTANT DISCUSSION. I  
14    THINK WE WON'T HAVE A QUORUM. MAYBE WE OUGHT TO  
15    RECOGNIZE WE NEED MORE DISCUSSION.

16            DR. HALL: I HAVE NO COMMENT AT THIS TIME.  
17    LET ME SIMPLY SAY THAT. I HAVE NO COMMENT.

18            DR. MURPHY: MR. SIMPSON, WOULD YOU LIKE TO  
19    MAKE A COMMENT?

20            MR. SIMPSON: A COUPLE OF VERY QUICK  
21    COMMENTS. THE TERM "EXECUTIVE CHAIRMAN," I DON'T  
22    BELIEVE, EXISTS IN PROPOSITION 71. AND I THINK IT WAS  
23    FIRST COINED TODAY, WHICH IS INTERESTING.

24            FROM A PARLIAMENTARY POINT OF VIEW, I MAY  
25    HAVE LOST TRACK OF THINGS, BUT I THOUGHT YOU ORIGINALLY

1 HAD A MOTION ON THE FLOOR TO SIMPLY STRIKE THE PHRASE  
2 "WHOSE HIRING WILL BE SUBJECT TO CONCURRENCE OF THE  
3 CHAIR." POSSIBLY I'M INCORRECT, BUT IF THAT --

4 MR. SERRANO-SEWELL: THAT'S NOT THE MOTION ON  
5 THE TABLE.

6 MR. SIMPSON: I THOUGHT YOU HAD IT, AND IT  
7 WAS NEVER --

8 MR. SERRANO-SEWELL: WELL, WE HAD A  
9 DISCUSSION ON THE TOPIC, JOHN. THE MOTION ON THE TABLE  
10 I THINK IS CLEARLY UNDERSTOOD. IT IS TO ADOPT A POLICY  
11 AS IS WITH THE CAVEATS OF THE CHAIR CONCURRING WITH THE  
12 HIRING OF SENIOR STAFF AND LEGAL AND COMMUNICATIONS.

13 MR. SIMPSON: I WOULD RECOMMEND THAT YOU VOTE  
14 AGAINST THAT AND THEN INTRODUCE A MOTION THAT STRIKES  
15 THE WHOLE PHRASE. THAT WOULD BE MY STRONG SUGGESTION  
16 FOR THE REASONS MR. SHEEHY OUTLINED AND SOME OF THE  
17 OTHERS AS WELL. THANK YOU.

18 DR. MURPHY: ANY OTHER COMMENT FROM THE  
19 BOARD? AMY, MY GUESS IS THAT WE'RE GOING TO NEED A  
20 ROLL CALL VOTE ON THIS. IS THAT POSSIBLE? WE ARE  
21 VOTING NOW ON THE AMENDED PROPOSITION, THE DOCUMENT --  
22 THE PROPOSITION AS AMENDED WITH THOSE TWO CHANGES.

23 MS. KING: DAVID BALTIMORE.

24 DR. BALTIMORE: WHAT AM I SUPPOSED TO VOTE?  
25 YES. I'LL SEE WHAT OTHERS VOTE.

1 (OVERLAPPING VOICES.)  
2 MS. KING: BOB PRICE. I HAVE A YES FROM BOB  
3 PRICE AND I'M MOVING FORWARD. SUSAN BRYANT.  
4 DR. BRYANT: NO.  
5 MS. KING: MICHAEL GOLDBERG.  
6 MR. GOLDBERG: YES.  
7 MS. KING: FRANCIS MARKLAND.  
8 DR. MARKLAND: YES.  
9 MS. KING: ED HOLMES.  
10 DR. HOLMES: YES.  
11 MS. KING: BOB KLEIN.  
12 CHAIRMAN KLEIN: YES.  
13 MS. KING: TED LOVE.  
14 DR. LOVE: I RARELY DO THIS, BUT I WANT TO  
15 ABSTAIN.  
16 MS. KING: RICHARD MURPHY.  
17 DR. MURPHY: NO.  
18 MS. KING: ED PENHOET.  
19 DR. PENHOET: YES.  
20 MS. KING: PHIL PIZZO.  
21 DR. PIZZO: YES.  
22 MS. KING: FRANCISCO PRIETO.  
23 DR. PRIETO: NO.  
24 MS. KING: JOHN REED.  
25 DR. REED: YES.

1 MS. KING: DUANE ROTH.  
2 MR. ROTH: YES.  
3 MS. KING: DAVID SERRANO-SEWELL.  
4 MR. SERRANO-SEWELL: NO.  
5 MS. KING: JEFF SHEEHY.  
6 MR. SHEEHY: NO.  
7 MS. KING: OS STEWARD.  
8 DR. STEWARD: YES.  
9 MS. KING: LEON THAL.  
10 DR. THAL: YES.  
11 MS. KING: JANET WRIGHT.  
12 DR. WRIGHT: YES.  
13 MR. HARRISON: THE MOTION PASSES 13 TO 5 WITH  
14 ONE ABSTENTION.  
15 DR. MURPHY: THANK YOU.  
16 WE ARE NOW GOING TO THE FOURTH ITEM, WHICH IS  
17 THE CIRM BUDGET, FISCAL YEAR 2006-2007. WALTER, WILL  
18 YOU PLEASE LEAD US THROUGH THIS?  
19 MR. BARNES: CERTAINLY. THE MATERIAL WE'RE  
20 GOING TO BE GOING THROUGH IS LISTED AS AGENDA ITEM 9 D.  
21 IT FOLLOWS THE INFORMATION THAT YOU JUST WORKED ON.  
22 IN THE PAST THE ICOC HAS APPROVED BUDGETS FOR  
23 THE FIRST FISCAL YEAR PERIOD OF NOVEMBER 2D, 2004,  
24 THROUGH JUNE 30TH, 2005, AND FOR THE CURRENT FISCAL  
25 YEAR THAT WE'RE IN, JULY 1ST, '05, THROUGH JUNE 30,

1 2006.

2 THE PURPOSE OF THIS PRESENTATION IS TO BRING  
3 YOU UP TO DATE ON THE PROGRESS FOR THE TWO BUDGETS THAT  
4 YOU'VE ALREADY APPROVED AND TO RECOMMEND A BUDGET FOR  
5 NEXT YEAR, ALTHOUGH THE BUDGET THAT WE'RE RECOMMENDING  
6 WILL ONLY BE FOR THE FIRST SIX MONTHS, JULY 1ST THROUGH  
7 DECEMBER 31ST. AND I'LL BE GOING OVER WHY WE'RE ONLY  
8 RECOMMENDING SIX MONTHS AT THIS PARTICULAR TIME.

9 FIRST OFF, LET'S GO TO PAGE 3 IN THIS  
10 PRESENTATION. WHAT YOU WILL SEE HERE IS INFORMATION  
11 ABOUT THE FINAL BUDGET FOR THE PREVIOUS FISCAL YEAR  
12 ENDING JUNE 30TH, '05. THERE'S A COMPARISON BETWEEN  
13 THE BUDGET THAT YOU APPROVED, ACCORDING TO COST  
14 CATEGORIES, AND THE FINAL BUDGET, THE ACTUAL  
15 EXPENDITURES THAT WERE MADE ACCORDING TO THE VARIOUS  
16 CATEGORIES. IN ADDITION, YOU WILL FIND A LIST OF  
17 ACCOMPLISHMENTS OF CIRM DURING THIS PARTICULAR TIME  
18 USING THIS PARTICULAR BUDGET.

19 SO THIS IS PROVIDED JUST FOR INFORMATION, BUT  
20 IN ADDITION, WANTED TO POINT OUT THAT THIS BUDGET AND  
21 THIS PARTICULAR FISCAL YEAR HAS BEEN THE ONE AT WHICH  
22 WE HAVE HAD OUR FIRST FINANCIAL AUDIT THAT WAS REQUIRED  
23 BY PROPOSITION 71. THE AUDIT, AS YOU RECALL, WAS  
24 PERFORMED BY GILBERT & ASSOCIATES. AND THEY ISSUED A  
25 FINAL REPORT THAT STATES THE TESTS ALLOWED THEM TO

1 CONCLUDE THAT OUR INTERNAL CONTROLS, USE OF DOLBY  
2 FUNDING, AND THAT THE FINAL FINANCIAL STATEMENTS WERE  
3 CORRECT. IN EFFECT, THEY ISSUED WHAT'S CALLED AN  
4 UNQUALIFIED OPINION; I.E., THERE WERE NO ITEMS IN THERE  
5 THAT WOULD MAKE THE FINANCIAL STATEMENTS OUT OF WHACK.

6 IN ADDITION, SINCE I MADE THIS PRESENTATION  
7 TO THE GOVERNANCE COMMITTEE, THE STATE CONTROLLER'S  
8 OFFICE HAS ACTUALLY COMPLETED THEIR REVIEW OF THE  
9 GILBERT AUDIT AND HAS ISSUED A FINAL REPORT OF THEIR  
10 REVIEW. THEIR FINAL REPORT INDICATED THAT THEY FELT  
11 THAT THE GILBERT AUDIT WAS PERFORMED CORRECTLY, AND  
12 THAT THE CONCLUSIONS THAT THEY CAME TO WERE CORRECT AS  
13 WELL.

14 SO THE NEXT STEP IS THAT THESE TWO AUDITS,  
15 THE AUDIT AND THE REVIEW, WILL BE GIVEN TO THE FAOC TO  
16 CONSIDER. THAT ORGANIZATION WILL BE MEETING AT THE  
17 DECISION OF THE STATE CONTROLLER. WE'RE NOT SURE  
18 EXACTLY WHEN THAT'S GOING TO TAKE PLACE. IT PROBABLY  
19 WON'T TAKE PLACE UNTIL MAYBE THE END OF JUNE SOMETIME.  
20 I SHOULD ALSO SAY THAT BOTH THE AUDIT REPORT AND THE  
21 REVIEWERS ISSUED WHAT THEY CALL MANAGEMENT LETTERS,  
22 WHICH CONTAIN SOME RECOMMENDATIONS FOR US TO CONSIDER  
23 WITH REGARD TO ONGOING FINANCIAL OPERATIONS, ALL OF  
24 WHICH WE'VE AGREED TO, SOME OF WHICH WE'VE ALREADY  
25 IMPLEMENTED, SOME OF WHICH WE'RE IN THE PROCESS OF

1 IMPLEMENTING.

2 WE'RE EXPECTING TO BE ABLE TO PUT UP ON OUR  
3 WEBSITE A COPY OF THE AUDIT REPORT, THE REVIEW, AND THE  
4 TWO MANAGEMENT LETTERS THIS NEXT WEEK.

5 THEN I THINK MAYBE THE NEXT THING IS TO GO TO  
6 PAGE 4, WHICH TALKS ABOUT THE CURRENT YEAR THAT WE'RE  
7 IN. ESSENTIALLY WE HAVE THE APPROVED BUDGET THAT YOU  
8 APPROVED AND A FINAL PROJECTED BUDGET BASED UPON ALL OF  
9 THE COSTS THAT WE'VE INCURRED SO FAR AND WHAT WE EXPECT  
10 TO INCUR BETWEEN NOW AND THE END OF THE FISCAL YEAR.  
11 IN ADDITION, WE ALSO HAVE A LIST OF ACCOMPLISHMENTS  
12 THAT WE'VE MADE DURING THIS PARTICULAR FISCAL YEAR AND  
13 WHICH WE ALSO INTEND TO ACCOMPLISH BETWEEN NOW AND THE  
14 END OF THIS FISCAL YEAR.

15 THE FINAL PROJECTED BUDGET IS ALMOST EXACTLY  
16 EQUAL IN TOTAL TO THE APPROVED BUDGET, BUT IT ONLY IS  
17 THAT WAY BECAUSE WE HAVE DECIDED TO AND REQUESTED  
18 APPROVAL FROM THE STATE CONTROLLER'S OFFICE, THE  
19 DEPARTMENT OF JUSTICE, AND REMCHO TO DEFER PAYMENT ON  
20 BILLS THAT THEY HAVE FOR PART OF THIS FISCAL YEAR. AND  
21 THOSE BILLS ARE ESTIMATED TO COME UP TO ABOUT \$598,000.  
22 SO THIS IS A CASH FLOW ISSUE THAT'S HELPING US TO GET  
23 THROUGH THIS FISCAL YEAR AND TO GET INTO THE NEXT  
24 FISCAL YEAR AS WELL, WHICH I'LL GET INTO WHEN I GET TO  
25 THAT PART. SO WANTED TO MAKE SURE THAT YOU UNDERSTOOD



1 THAT THIS PARTICULAR BUDGET IS BUILT ON THAT  
2 ASSUMPTION. I WOULD SAY THAT WE HAVE TALKED TO THE  
3 STATE CONTROLLER'S OFFICE, DEPARTMENT OF JUSTICE, AND  
4 REMCHO, AND THEY AGREED TO THAT DEFERRAL.

5 I ALSO SHOULD SAY THAT IF YOU GO TO  
6 ATTACHMENT OR PAGE 6, IF YOU RECALL, THIS BUDGET FOR  
7 THIS FISCAL YEAR WAS ACTUALLY DIVIDED UP ACCORDING TO  
8 THE FOUR COST CENTERS THAT ZACH AND THE ORGANIZATION  
9 HAS DEVELOPED. AND SO WHAT WE'RE SHOWING YOU HERE IS A  
10 COMPARISON BETWEEN THEIR PART OF THE ORIGINAL BUDGET  
11 AND THE REVISED BUDGET AND SOME OF THE MAJOR CHANGES  
12 THAT HAVE TAKEN PLACE BETWEEN THE ORIGINAL APPROVED  
13 BUDGET AND THE ONE WE'RE EXPECTING TO OCCUR. SO,  
14 AGAIN, THAT'S INFORMATION FOR YOU.

15 AND THEN FINALLY, WE'RE READY TO TALK A  
16 LITTLE BIT ABOUT THE PROPOSED BUDGET. BEFORE WE GET  
17 INTO THAT, LET'S GO BACK TO PAGE 1 AGAIN. IF YOU  
18 RECALL FROM PREVIOUS TIMES I'VE COME BEFORE YOU TO TALK  
19 ABOUT THE BUDGET, I'VE SAID THAT TO A CERTAIN EXTENT  
20 WHAT WE CAN DO IN A BUDGET DEPENDS UPON HOW MUCH MONEY  
21 WE HAVE AVAILABLE TO US. AND SO IN THE MIDDLE OF THIS  
22 PAGE, YOU WILL SEE A LISTING OF ALL THE SOURCES OF  
23 FUNDS THAT WE HAVE HAD AVAILABLE OR HAVE AVAILABLE ALL  
24 THE WAY BETWEEN NOW AND THROUGH DECEMBER 31, 2006.

25 NOW, THESE ARE ACTUAL AMOUNTS THAT HAVE COME

1 IN AND ARE DEPOSITED AND THAT WE HAVE AVAILABLE TO US.  
2 SO WHAT WE HAVE IS THE ORIGINAL \$3 MILLION GENERAL FUND  
3 LOAN, WE HAVE THE DOLBY GRANT, WHICH WAS FIVE MILLION,  
4 BUT BECAUSE IT EARNS INTEREST THROUGH THE FULL MONEY  
5 INVESTMENT ACCOUNT ON BALANCES THAT WE HAVE NOT SPENT,  
6 WE'VE ACTUALLY EARNED ALMOST \$74,000, SO THAT  
7 ADDITIONAL AMOUNT IS AVAILABLE TO US. WITH THE SALE OF  
8 THE RECENT \$14 MILLION IN BAN'S, WE HAVE CALCULATED  
9 THAT \$420,000 OF THAT CAN BE USED FOR WHAT ARE CALLED  
10 GENERAL ADMINISTRATIVE EXPENSES, 405,000 CAN BE USED  
11 FOR WHAT'S CALLED GRANTS ADMINISTRATIVE FUNDS. IN  
12 ADDITION, BASICALLY ALL LEGAL COSTS CAN BE CHARGED TO  
13 THE MONEY THAT'S AVAILABLE FOR GRANTS.

14 AND AFTER PAYING THE 12.1 MILLION IN GRANTS  
15 FOR TRAINING GRANTS FOR THE FIRST YEAR, WE HAVE  
16 APPROXIMATELY \$983,000 LEFT OVER THAT CAN PAY FOR LEGAL  
17 COSTS. AND THEN WE RECEIVED A GIFT THAT WAS ANNOUNCED  
18 LAST MEETING, THE GOLDMAN FOUNDATION, FOR \$350,000.

19 NOW, WITH THE MONEY THAT WE HAVE HERE, THESE  
20 PARTICULAR AMOUNTS, WE CAN PAY FOR ALL THE ACTUAL  
21 EXPENDITURES FOR THE PRIOR YEAR, ALL OF THE PROPOSED  
22 EXPENDITURES FOR THE CURRENT YEAR THAT WE'RE IN, AND WE  
23 CAN CONTINUE TO SPEND AT OUR CURRENT LEVELS WITH  
24 CONTINUED DEFERRALS FOR THE THREE AGENCIES THAT WE  
25 TALKED ABOUT ALL THE WAY THROUGH THE FIRST SIX MONTHS

1 OF THE UPCOMING FISCAL YEAR. WE'RE ACTUALLY GOING  
2 TO -- ACTUALLY THE ACTUAL AMOUNTS, IF YOU COMPARE THIS  
3 TO THE AMOUNTS BUDGETED, THERE'S ACTUALLY A LITTLE BIT  
4 OF A DEFICIT OF ABOUT HALF A MILLION DOLLARS. AND WHEN  
5 I SAY A LITTLE BIT OF A DEFICIT OF HALF A MILLION  
6 DOLLARS, I REALIZE I'VE PROBABLY BEEN WORKING FOR  
7 GOVERNMENT TOO LONG. BUT IN ADDITION TO THESE  
8 PARTICULAR AMOUNTS THAT WE ACTUALLY HAVE IN HAND, WE'RE  
9 EXPECTING TO GET ADDITIONAL FUNDING WHICH SHOULD COVER  
10 THIS PARTICULAR AMOUNT OF MONEY.

11 IF YOU RECALL, AGAIN, AT THE LAST ICOC  
12 MEETING, AMY LEWIS MENTIONED THAT THERE WAS \$150,000 OF  
13 ADDITIONAL GRANTS OR GIFTS THAT ARE COMING TO US. AND  
14 WE EXPECT TO GET FUNDING, AS ZACH HALL HAS MENTIONED,  
15 FROM THE GALA THAT WAS RECENTLY HELD. WE EXPECT THOSE  
16 TO PROVIDE US WITH AT LEAST ENOUGH MONEY TO COVER THAT,  
17 PROBABLY A LITTLE BIT MORE.

18 NOW, IF YOU GO TO PAGE 8, YOU CAN SEE THAT  
19 THIS CONCLUSION IS BASED UPON A BUDGET THAT WE'VE  
20 CALLED SCENARIO 1. AND UNDER SCENARIO 1, ESSENTIALLY  
21 WE DON'T GET ANY NEW STAFF. WE ARE ABLE TO HIRE A  
22 CHIEF OF COMMUNICATIONS TO REPLACE NICOLE AND A NEW  
23 CHIEF ADMINISTRATIVE OFFICER TO TAKE MY JOB. WE CAN  
24 CONTINUE WORKING AND COMPLETE THE WORK ON THE STRATEGIC  
25 PLAN. WE CAN SPONSOR THE EGG DONOR CONFERENCE. WE CAN

1 SPONSOR THE PARTICIPATION IN THE UNITED CALIFORNIA  
2 RESEARCHERS AND THE CONFERENCE THAT'S SCHEDULED IN THE  
3 UNITED KINGDOM, AND WE CAN PRETTY MUCH CONTINUE OUR  
4 CURRENT LEVEL OF OPERATIONS. HOWEVER, THIS IS  
5 BASICALLY THE PROGRAMMATIC EQUIVALENT OF STANDING  
6 STILL. AND WE REALLY FEEL THAT WE SHOULD BE LOOKING TO  
7 EXPAND PARTICULARLY IN OUR PROGRAM AREAS AS WELL.

8 SO WE'VE DEVELOPED A SCENARIO 2 WHICH  
9 BASICALLY IS BASED ON THE IDEA THAT THE ADDITIONAL 36  
10 MILLION THAT BOB AND HIS STAFF HAVE BEEN WORKING ON, IF  
11 YOU RECALL, THEY'VE INDICATED THAT THEIR GOAL IS TO  
12 SELL \$50 MILLION IN BAN'S. WE'VE GOT THE 14. THEY'RE  
13 WORKING VERY HARD TO GET THE ADDITIONAL 36 MILLION. IF  
14 WE GET THAT 36 MILLION, WE WOULD PROPOSE A BUDGET UNDER  
15 SCENARIO 2 WHICH WOULD ALLOW US TO HIRE A SCIENTIFIC  
16 PROGRAM OFFICER TO BEGIN WORK ON REQUESTS FOR PROPOSAL  
17 FOR INNOVATIVE GRANTS. WE WOULD HIRE A SENIOR OFFICER  
18 OF FACILITIES TO WORK WITH THE FACILITIES WORKING GROUP  
19 AND BEGIN WORKING TO DEVELOP GUIDELINES FOR THAT  
20 PROGRAM. IN ADDITION, WE'D HIRE AN ADMINISTRATIVE  
21 ASSISTANT FOR THE CHIEF OF COMMUNICATIONS TO ASSIST  
22 WITH THE WORKLOAD IN THAT ORGANIZATION. AND WE WOULD  
23 ALSO BE ABLE TO PAY ALL OF OUR DEFERRALS AND GET  
24 OURSELVES UP TO DATE WITH THAT.

25 SO ESSENTIALLY WE GET ALL THE ITEMS THAT WE

1 GET UNDER SCENARIO 1. WE HAD THE DEVELOPMENT OF THE  
2 CONCEPT RFP FOR INNOVATION GRANTS, DEVELOP POLICIES FOR  
3 RESEARCH FACILITIES, ADEQUATE AND TIMELY RESPONSE TO  
4 THE MEDIA INQUIRIES, AND DEVELOPMENT OF A MEDIA PLAN  
5 THAT'S CONSISTENT WITH THE STRATEGIC PLAN THAT WE'RE  
6 DEVELOPING, ALL DEFERRALS ARE PAID, AND IN ADDITION,  
7 THE FUNDING THAT'S AVAILABLE FROM \$36 MILLION, AND ALL  
8 OF THAT IS DOCUMENTED IN THE NEXT ATTACHMENT ON PAGE  
9 10, THERE'S ABOUT \$32 MILLION LEFT FOR GRANTS. SO  
10 ESSENTIALLY THAT BASICALLY COVERS OUR SECOND YEAR OF  
11 TRAINING GRANT PROGRAMS AND PROVIDES MONEY FOR AN  
12 ADDITIONAL PROGRAM AS WELL.

13 AND THEN, FINALLY, THERE WOULD PROBABLY BE  
14 ABOUT 1.6 MILLION IN ADDITIONAL ADMIN FUNDS FROM THE  
15 SALE THAT WE COULD USE TO START COVERING COSTS AFTER  
16 DECEMBER 31ST. NOT ENOUGH TO COVER ALL THE COSTS AT  
17 THIS HIGHER LEVEL, BUT CERTAINLY GET US TWO OR THREE  
18 MONTHS INTO THE REMAINING PART OF THIS FISCAL YEAR.

19 SO OUR RECOMMENDATION, AND THIS IS VERY  
20 SIMILAR TO RECOMMENDATIONS I BROUGHT TO YOU BEFORE, IS  
21 THAT YOU APPROVE THE SCENARIO 1 BUDGET, WHICH BASICALLY  
22 IS THE ONE WE KNOW WE CAN ATTAIN, BUT THAT YOU ALSO  
23 GIVE US AUTHORITY TO MOVE TO THE SCENARIO 2 BUDGET AS  
24 SOON AS THE BAN'S ARE SOLD. SO BASICALLY ALLOWS US TO  
25 MOVE INTO THAT HIGHER LEVEL OF ACTIVITY AS SOON AS THE

1 BAN'S ARE SOLD.

2 WHAT WE'RE PLANNING TO DO AT THE AUGUST 2006  
3 MEETING IS TO COME BACK TO YOU WITH AN UPDATE ON THE  
4 BAN SALES AND THE GRANTS OR THE GIFTS AND ANYTHING ELSE  
5 AND TO ALSO PROVIDE YOU WITH A FULL FISCAL YEAR FOR  
6 '06-'07 SO THAT YOU CAN SEE HOW THAT'S GOING TO PLAY  
7 OUT. BUT FOR NOW WHAT WE'D LIKE YOU TO DO IS AT LEAST  
8 GIVE US THE APPROVAL FOR THE FIRST SIX MONTHS UNDER  
9 SCENARIO 1 AND GIVE US THE AUTHORITY TO MOVE SCENARIO 2  
10 AS SOON AS THE BAN'S ARE APPROVED.

11 DR. MURPHY: WALTER, THANK YOU VERY MUCH FOR  
12 THAT VERY CLEAR EXPLANATION. UNFORTUNATELY WE HAVE  
13 LOST OUR QUORUM, SO THE BEST WE CAN DO IS GIVE YOU A  
14 SENSE OF THE COMMITTEE ON YOUR REQUEST.

15 DISCUSSION BY THE ICOC?

16 DR. BALTIMORE: THERE'S NO SCENARIO FOR  
17 GETTING LESS THAN THE TOTAL 36 MILLION. IS THE 36  
18 MILLION SO INTERLOCKED THAT IT EITHER HAPPENS OR IT  
19 DOESN'T HAPPEN? THERE'S NO HALFWAY?

20 CHAIRMAN KLEIN: IN DISCUSSIONS WITH PEOPLE  
21 OR PRINCIPALS WHO HAVE MADE THE COMMITMENTS TO DATE,  
22 WE'RE IN A RANGE THAT, EVEN WITH THE INCENTIVES THAT  
23 WE'RE TRYING TO CREATE TO CLOSE THIS, THAT I BELIEVE  
24 THAT THE PRINCIPALS WOULD CLOSE WITH THE AMOUNT WE HAVE  
25 NOW, WHICH IS VERY CLOSE TO THE TOTAL, BUT NOT EXACTLY

1 AT THE TOTAL. WE HAVE LAYERS OF LAWYERS AND FINANCIAL  
2 ADVISORS THAT GET INVOLVED BOTH IN THE PRIVATE  
3 NONPROFIT SECTOR AS WELL AS IN THE TREASURER'S OFFICE  
4 AND ATTORNEY GENERAL'S OFFICE THAT WE'RE WORKING  
5 THROUGH, BUT WE SHOULD BE VERY CLOSE TO THAT. AND IF  
6 WE NEEDED, FOR TIMING REASONS, TO CLOSE, WE WOULD BE  
7 CLOSING WITH ABOUT 90 PERCENT OF OUR TOTAL, AND THEN  
8 DOING A LAST INCREMENT THAT WOULD COVER THE LAST  
9 COMPONENT SEPARATELY.

10 DR. BALTIMORE: SO THE LIKELIHOOD OF SCENARIO  
11 1 CONTINUING ON UNTIL WE RUN UP AGAINST A WALL IS NOT  
12 GREAT.

13 CHAIRMAN KLEIN: IT IS DEFINITELY NOT GREAT.  
14 I WOULD AUGMENT THE COMMENTS TO SAY THAT I BELIEVE THIS  
15 WINTER AND NEXT SPRING WE NEED TO DO AN ADDITIONAL 50  
16 MILLION BECAUSE THAT WILL DRIVE OUR PROGRAM AND OUR  
17 OVERHEAD FOR THE SECOND HALF OF THIS FISCAL YEAR AND,  
18 IN FACT, WOULD BE THE SOURCE OF FUNDING THE SECOND YEAR  
19 OF TRAINING GRANTS THAT WOULD ALLOW US TO DO A  
20 PROGRAMMATIC INNOVATION GRANTS OR OTHER GRANT PROGRAM  
21 THE BOARD WOULD APPROVE WITH 32 MILLION AND USE THE  
22 SECOND 50 MILLION TO FUND THE SECOND YEAR TRAINING  
23 GRANTS AND ALLOW MONEY FOR FURTHER RESEARCH GRANTS TO  
24 GUIDE OUR PROGRAMS. BUT WE ARE A PERFORMANCE DRIVEN  
25 ORGANIZATION WHERE THE OVERHEAD RATIOS ARE BASED UPON

1 OUR PRODUCTION OF GRANTS. SO IN ORDER TO RUN THE  
2 ORGANIZATION, WE HAVE TO MAKE MORE GRANTS TO HAVE THE  
3 OVERHEAD. THE OVERHEAD IS RESTRICTED TO 5.9 PERCENT OF  
4 THE ACTUAL FUNDING OBTAINED. 94 CENTS OF EVERY DOLLAR  
5 GOES TO RESEARCH, AND SO IT IS WRITTEN TO DRIVE  
6 PERFORMANCE.

7 DR. MURPHY: OTHER COMMENTS BY THE ICOC?

8 DR. LOVE: THAT APPLIES TO EVEN THIS MONEY --  
9 I JUST WANTED TO CLARIFY THAT THE POINT THAT BOB MADE  
10 REGARDING THE RESTRICTION OF RATIO OF RESEARCH TO  
11 OVERHEAD APPLIED TO EVEN THESE DOLLARS THAT WE'RE  
12 RAISING AND NOT JUST TO SELL THE BAN'S.

13 CHAIRMAN KLEIN: THAT'S RIGHT. AND ALL OF  
14 THE BUDGET THAT'S BEEN PROPOSED TODAY LIVES WITHIN  
15 THOSE RESTRICTIONS, FAITHFUL TO PROPOSITION 71.

16 DR. MURPHY: FURTHER COMMENTS BY THE ICOC?

17 DR. PENHOET: I MIGHT JUST COMMENT. MY OWN  
18 PERSONAL BELIEF IS 5.9 PERCENT IS NOT ENOUGH MONEY TO  
19 RUN A VIGOROUS GRANTING ORGANIZATION. I BELIEVE WE  
20 WILL FACE THE CHALLENGE OF RAISING MONEY PRIVATELY FOR  
21 THE ENTIRE LIFETIME OF THIS ORGANIZATION TO HAVE A --  
22 IF YOU LOOK AT EVERY FOUNDATION I KNOW OF OF A  
23 COMPARABLE SIZE, THE NUMBER IS GENERALLY 10 TO 12  
24 PERCENT OF WHAT IT TAKES FOR OVERHEAD. YOU KNOW THE  
25 MAN I WORK FOR VERY WELL, DAVID. WE DON'T WASTE ANY



1 MONEY AT THE MOORE FOUNDATION. WE WORK HARD TO DO THIS  
2 FOR 11 PERCENT. SO IT'S A VERY, VERY, VERY MODEST --

3 DR. BALTIMORE: SOMETHING YOU JUST SAID IS  
4 INCONSISTENT WITH THE ANSWER THAT TED GOT. YOU SAID  
5 THAT YOU WANT TO -- YOU'RE GOING TO NEED TO RAISE  
6 PRIVATE MONEY IN ORDER TO AUGMENT THE OVERHEAD. BUT  
7 BOB SAID THAT ANY MONEY YOU RAISE IS STILL SUBJECT --

8 CHAIRMAN KLEIN: NO. ANY FUNDS THAT ARE  
9 ISSUED THROUGH STATE BONDS. SO, FOR EXAMPLE, WHEN I  
10 WAS ABLE TO GET THE DOLBY GIFT, THAT IS NOT UNDER THIS  
11 RESTRICTION. AND THE RICHARD GOLDMAN FUNDS THAT ED AND  
12 I TOGETHER OBTAINED ARE NOT UNDER THIS RESTRICTION. SO  
13 WE'RE AUGMENTING AS WE GO OUR BUDGET WITH DONATIONS.  
14 WE HAVE THE ADVANTAGE THAT BECAUSE THE STATE  
15 COMPETITION AND THE NATURE OF OUR OPERATING FACILITIES  
16 BEING WITHOUT OPERATING COST FOR A DECADE, THAT WE'RE  
17 OPERATING AS IF WE HAVE AN 8- OR 9-PERCENT OVERHEAD  
18 FACTOR BUILT IN, THAT WE'RE SAVING 2 OR 3 PERCENT,  
19 WHICH IS A BIG BENEFIT, AND STRATEGICALLY IT WAS AN  
20 IMPORTANT THING TO DO.

21 DR. STEWARD: I DID HAVE A QUESTION, JUST TO  
22 FOLLOW UP ON THAT FIGURE, THAT PERCENTAGE. DOES THAT  
23 HAVE TO APPLY AT EACH AND EVERY, SAY, MONTHLY BUDGET,  
24 OR IS THIS SOMETHING THAT, FOR EXAMPLE, IN YEAR ONE WE  
25 MIGHT GO OVER AND IN YEAR TWO WE COULD ADJUST BACK SO

1 THAT THE NET PERCENTAGE OF ADMINISTRATIVE COST WAS IN  
2 THAT RANGE? WHAT IS OUR RANGE OF FLEXIBILITY AS  
3 GOVERNED BY PROP 71?

4 CHAIRMAN KLEIN: SURE. LET ME WALK THROUGH  
5 THAT FOR YOU. IT'S BASED UPON BONDS ISSUED. AND SO AS  
6 LONG AS WE STAY TRUE TO THE BONDS ISSUED, WE ARE  
7 OPERATING IN A REASONABLE RANGE. IN ORDER TO  
8 EFFECTIVELY, IN RELATIONSHIP TO DR. PENHOET'S COMMENT,  
9 TO HAVE A FULLY FUNDED ORGANIZATION, AT 5.9 PERCENT  
10 OVERHEAD, YOUR BREAKEVEN IS ABOUT 200 MILLION A YEAR IN  
11 PRODUCTION. RIGHT. FOR 250 MILLION A YEAR, YOU  
12 PROBABLY HAVE SOME SURPLUSES TO THINK FOR SUPPLEMENTAL  
13 USES AND ENRICHMENT PROGRAMS AND THINGS OF THIS KIND.

14 BUT LAST NIGHT, AS PART OF THE STRATEGIC PLAN  
15 PLANNING SESSION, I MADE THE COMMENT THAT IF YOU LOOK  
16 AT THE ORIGINAL BUSINESS PLAN SUBMITTED TO THE  
17 LEGISLATIVE ANALYST, YOU SEE A ROUNDING UP OF PROGRAMS,  
18 BUT WHAT YOU SEE IS THAT IN THE EARLY YEARS, IN ORDER  
19 TO MAKE SURE WE HAVE FACILITIES THERE FOR SCIENTIFIC  
20 EXPANSION AND TO PROTECT THE INSTITUTION POLITICALLY  
21 FROM CHANGES IN WASHINGTON, SUBSTANTIAL PORTIONS OF THE  
22 EARLY YEARS WERE FACILITIES GRANTS. AND THE STRATEGIC  
23 IMPORTANCE OF THE REVENUE STREAM OF FACILITIES GRANTS  
24 IS THAT IF YOU DO \$100 MILLION OF FACILITIES GRANTS,  
25 AND LET'S SAY THAT, TO BE OVER SIMPLISTIC, SIX GRANTS

1 AT \$15 MILLION EACH, TO DO \$100 MILLION OF RESEARCH  
2 GRANTS, YOU MIGHT HAVE A HUNDRED GRANTS. SO THAT THE  
3 PERSONNEL COST TO PROCESS THOSE IS MUCH LOWER PER  
4 GRANT.

5 AND WHAT HAPPENS IS THAT IT CREATES  
6 EFFECTIVELY A REVENUE STREAM IN THE EARLY YEARS THAT  
7 ALLOWS YOU TO LIFT UP YOUR INFRASTRUCTURE STAFFING  
8 LEVELS AND BUDGETARY LEVELS TO WHERE YOU HAVE THE  
9 CAPACITY, THEN, TO PROCESS A GREATER VOLUME OF RESEARCH  
10 GRANTS. SO THERE'S A STRATEGIC RELATIONSHIP TO FULFILL  
11 SUBSTANTIVE AND SCIENTIFIC NEEDS THAT IS IMPORTANT TO  
12 REALIZE HERE.

13 DR. BALTIMORE: HIS QUESTION WAS CAN YOU SAVE  
14 ANYTHING EFFECTIVELY.

15 CHAIRMAN KLEIN: IF YOU HAVEN'T SPENT 5.9  
16 PERCENT, BECAUSE YOU HAVE THE DOLBY FUNDS, FOR EXAMPLE,  
17 THEN YOU HAVE A CUMULATIVE ADVANTAGE GOING FORWARD.

18 DR. STEWARD: THANK YOU.

19 DR. HALL: LET ME JUST MAKE A POINT HERE. WE  
20 DO NEED FACILITIES. AND AS WE SAID LAST NIGHT, WE NEED  
21 THEM TO GET THE WORK GOING AND TO PROVIDE SPACE,  
22 PARTICULARLY IN VIEW OF THE FEDERAL POLICIES. BUT LET  
23 ME POINT OUT WE HAVE A LOT OF WORK TO DO BEFORE WE'RE  
24 ABLE TO DO THAT. WE NEED A FACILITIES GRANTS  
25 ADMINISTRATION POLICY LIKE WHAT WE HAVE HERE. WE NEED

1 TO DEVELOP THAT. WE NEED TO DEVELOP PROCEDURES FOR OUR  
2 FACILITIES WORKING GROUP. WE NEED TO BRING THEM UP TO  
3 SPEED ABOUT HOW INSTITUTIONS BUILD FACILITIES, AND ALL  
4 THAT WILL REQUIRE ADDITIONAL PERSONNEL AT THE FRONT  
5 END. AND THAT IS DEPENDENT ON GETTING OUR BAN'S MONEY.

6 SO EVERYTHING REALLY HINGES, IN ESSENCE, ON  
7 GETTING THE BAN'S GOING AS SOON AS POSSIBLE. THAT WILL  
8 ALLOW US, THEN, TO STAFF UP, AND THEN WE CAN GET MOVING  
9 ON THE FACILITIES, WHICH I THINK WE ALL SEE AS AN  
10 URGENT NEED.

11 DR. LOVE: I DON'T KNOW IF THIS IS A GOOD  
12 SUGGESTION OR NOT, BUT TO ED'S COMMENT ABOUT THE DELTA  
13 BETWEEN WHAT THE MOORE FOUNDATION, FOR EXAMPLE, SPENDS  
14 ON OVERHEAD AND WHAT WE ARE PROJECTING, IT SOUNDS TO ME  
15 LIKE WE ARE GETTING CREDIT IN THAT EQUATION FOR DOLLARS  
16 THAT YOU GO OUT AND RAISE, LIKE THE DOLBY FOUNDATION.  
17 ARE WE ALSO GETTING CREDIT FOR THE RENT RELIEF THAT  
18 WE'RE GETTING OR THE HOTEL RELIEF THAT WE ARE GETTING?  
19 SO WE'RE GOING TO NEED THAT. WE'RE GOING TO REALLY  
20 HAVE TO MAKE SURE WE GET ALL OF THAT AND ACCOUNT FOR  
21 ALL TO EVEN HAVE A SHOT AT RUNNING THIS --

22 DR. PENHOET: MY OWN VIEW IS, GIVEN WHERE WE  
23 ARE, I THINK WE CAN MANAGE THE GRANT PROGRAM, BUT WE  
24 WOULDN'T BE ABLE TO DO THINGS LIKE EGG DONATION  
25 CONFERENCES OR INTERNATIONAL MEETINGS AND THOSE TYPE OF

1 THINGS, WHICH I THINK ARE GOING TO BE VERY IMPORTANT.  
2 SO THE BASE BUSINESS COULD PROBABLY BE DONE FOR THE 5.9  
3 PLUS ALL THE FREE THINGS THAT BOB --

4 DR. BALTIMORE: SOMETHING LIKE A CONFERENCE  
5 LIKE THAT COULD NOT CONSIDERED A GRANT BECAUSE NIH  
6 WOULD BE CONSIDERED A GRANT?

7 CHAIRMAN KLEIN: I THINK THAT'S A QUITE  
8 APPROPRIATE STATEMENT, VERY APPROPRIATE, PARTICULARLY  
9 IF YOU WERE TO, FOR EXAMPLE, HAVE A PROCESS WHERE  
10 APPLICANT INSTITUTIONS IN THE STATE WERE TO APPLY TO  
11 RUN THESE CONFERENCES FOR US. IT'S QUITE APPROPRIATE  
12 AND FITS IN THE PARADIGM YOU'RE REFERENCING. IT'S A  
13 VERY GOOD SUGGESTION.

14 DR. MURPHY: IF THERE ARE NO MORE COMMENTS  
15 FROM THE BOARD, ARE THERE ANY PUBLIC COMMENTS? SO WE  
16 HAVE A MOTION.

17 MR. BARNES: JUST TWO COMMENTS. WITH REGARD  
18 TO THE FREE RENT, IN EFFECT, THAT SHOWS UP AS NOT BEING  
19 AN EXPENDITURE IN THE BUDGET. IF WE HAD TO PAY RENT,  
20 IN EFFECT, THIS BUDGET WOULD BE HIGHER. SO THAT'S LESS  
21 THAN THAT. IN ADDITION, THE HOTELS AND THINGS LIKE  
22 THAT SHOW UP AS REDUCTIONS IN THE AMOUNT OF COSTS FOR  
23 THINGS LIKE ICOC MEETINGS AND SCIENTIFIC MEETINGS AND  
24 ALL OF THAT STUFF.

25 AND I THINK THE OTHER THING TO KEEP IN MIND

1 IS THAT THE AMOUNTS THAT ARE AVAILABLE IN EACH OF THE  
2 BAN SALES THAT ARE SUBJECT TO THE 3 PERCENT AND THE 3  
3 PERCENT, THE 97 PERCENT, AND ALL THAT STUFF, WHICH ADDS  
4 UP TO ABOUT 5.8, 5.9 PERCENT, WE HAVE IMMEDIATE ACCESS  
5 TO THAT MONEY AND CAN CONTINUE TO USE IT. KEEP IN MIND  
6 THE WHOLE THEORY IS BASED ON THE IDEA THAT ALL THE  
7 MONEY IS SPENT. SO IF YOU LOOK AT ATTACHMENT 5 BACK ON  
8 PAGE 10, THERE'S AN AMOUNT OF MONEY THERE FOR GRANTS.  
9 THE EXPECTATION IS THAT YOU WILL SPEND ALL OF THAT  
10 MONEY AT SOME POINT IN TIME, AND THAT'S THE WAY IT ALL  
11 BALANCES OUT.

12 DR. MURPHY: SO IF THERE ARE NO OTHER  
13 COMMENTS, I THINK WE NEED A SENSE OF THE BOARD AS TO  
14 WHETHER TO APPROVE THIS RESOLUTION OR NOT. MAY I HAVE  
15 A MOTION TO APPROVE?

16 DR. REED: SO MOVED.

17 DR. WRIGHT: SECOND.

18 DR. MURPHY: ALL THOSE IN FAVOR. AGAINST?  
19 THE MOTION AND THE SENSE OF THE COMMITTEE IS PASSED.

20 FIFTH ITEM IS THE PROPOSED AMENDMENTS TO THE  
21 CIRM GIFT POLICY. WALTER, CAN YOU LEAD US THROUGH THAT  
22 AS WELL?

23 MR. BARNES: SURE. THIS IS ITEM 9 E. AND  
24 BASICALLY THERE IS A BACKGROUND STATEMENT. THE FIRST  
25 TWO PAGES LIST A NUMBER OF CHANGES THAT WE MADE TO THE

1 PROPOSED GIFT POLICY THAT WE PRESENTED AT THE LAST  
2 MEETING. WE RECEIVED INPUT FROM BOTH THE GOVERNANCE  
3 COMMITTEE AS WELL AS FROM THE ICOC AT THAT TIME. YOU  
4 TOOK AN ACTION TO ADOPT THIS AS AN INTERIM POLICY, AND  
5 SO TODAY WE BROUGHT IT BACK TO YOU WITH THE HOPE THAT  
6 WE COULD GET IT ADOPTED AS A FINAL POLICY. OBVIOUSLY  
7 THAT WILL WAIT UNTIL THE NEXT MEETING, BUT TO GO OVER  
8 THE CHANGES SO THAT YOU SEE WHAT WE'VE DONE WITH THE  
9 INPUT THAT YOU GAVE US.

10 THERE'S ONE CHANGE TALKING ABOUT PROVIDING --  
11 WHAT CONSTITUTES SUBSTANTIAL VALUE AND DETERMINING  
12 WHETHER TO ACCEPT A GIFT THAT INVOLVES CIRM HAVING TO  
13 NAME ITS PROPERTY OR ITS PROGRAMS. FIRST TWO POINTS TO  
14 BE MADE IS THAT THE ICOC UNDER THIS POLICY IS THE ONLY  
15 AGENCY RESPONSIBLE FOR MAKING A NAMING DECISION. THAT  
16 UNDER THIS POLICY IS NOT DELEGATED TO THE EXECUTIVE  
17 COMMITTEE OR CIRM OR ANYTHING LIKE THAT. SO IT'S  
18 REALLY YOUR DECISION.

19 AND AS I MENTIONED BEFORE, THERE AREN'T AN  
20 AWFUL LOT OF THINGS THAT WE CAN OFFER AS NAMING  
21 OPPORTUNITIES. WE HAVE OUR BUILDING, WHICH ACTUALLY IS  
22 UNDER LEASE, SO IT DOESN'T ACTUALLY BELONG TO US, BUT  
23 WE COULD NAME CONFERENCE ROOMS AND THINGS LIKE THAT,  
24 AND WE COULD NAME PROGRAMS. SO THERE'S NOT AN AWFUL  
25 LOT HERE. AND I THINK THAT A FEELING WAS THAT RATHER

1 THAN COME UP WITH A SPECIFIC AMOUNT OR DOLLAR OR  
2 WHATEVER, WE LAID OUT THE CRITERIA THAT WE'VE HEARD  
3 FROM BOTH THE ICOC AND THE GOVERNANCE COMMITTEE IN  
4 TERMS OF THE THINGS THAT YOU FEEL ARE IMPORTANT TO TAKE  
5 INTO ACCOUNT.

6 AND SO WE HAVE LISTED THOSE IN THE REVISED  
7 POLICY AND PROCEDURES. AND WE'VE LAID THEM OUT IN  
8 TRACK CHANGES SO YOU CAN SEE WHAT WAS THERE BEFORE AND  
9 WHAT IS THERE NOW. ESSENTIALLY, WE HAVE FOUR  
10 CATEGORIES OR CRITERIA, ONE BEING WHETHER THE GIFT WILL  
11 HAVE A MATERIAL IMPACT ON CIRM'S ABILITY TO MEET ITS  
12 GOALS. AND WE'VE TALKED ABOUT THE FACT THAT A \$10  
13 MILLION GRANT RIGHT NOW, WHEN WE CAN'T ISSUE BONDS, IS  
14 PROBABLY VERY VALUABLE, MAYBE NOT SO VALUABLE FIVE  
15 YEARS FROM NOW WHEN WE'RE ISSUING 300 MILLION EACH YEAR  
16 IN BONDS. SO THIS IS KIND OF A TIMING ISSUE.

17 THE SECOND BEING WHETHER THE GIFT WILL BE  
18 IMMEDIATELY AVAILABLE FOR USE. A GIFT THAT WE HAVE TO  
19 DISPOSE OF, LIKE PROPERTY OR SOME KIND OF STOCK OR  
20 THINGS LIKE THAT, MAY NOT BE QUITE AS VALUABLE TO US  
21 RIGHT AT THE MOMENT AS CASH. HOW MUCH FLEXIBILITY IS  
22 GRANTED TO CIRM IN DECIDING WHAT THE GIFT IS GOING TO  
23 BE USED FOR? IF IT'S SOMETHING WE CAN USE ACROSS THE  
24 BOARD, IT'S PROBABLY A LITTLE MORE VALUABLE THAN  
25 SOMETHING THAT IS TARGETED TO A SPECIFIC ACTIVITY, NOT



1 ALWAYS, BUT GENERALLY.

2 AND THEN SINCE THIS IS REALLY JUST A  
3 JUDGMENTAL ISSUE, WE FELT THAT ANY OTHER FACTOR THAT  
4 THE ICOC FEELS AT THE TIME IS RELEVANT SHOULD BE TAKEN  
5 INTO ACCOUNT AS WELL. SO THOSE ARE THE CHANGES WE'VE  
6 MADE TO TRY TO ADDRESS THAT ISSUE.

7 THERE WAS ALSO A CHANGE REQUESTED TO CLARIFY  
8 THE LIMIT SECTION WITH REGARD TO GIFTS THAT WILL LIKELY  
9 REQUIRE EXPENDITURE OF FUNDS EQUAL TO OR GREATER THAN  
10 THE VALUE OF THE GIFT. ORIGINALLY THE WORDING, THE  
11 ORIGINAL WORDING, SEEMED TO IMPLY THAT IF THERE WERE  
12 ANY COSTS, WE WOULD NOT ACCEPT. WHAT WE WANTED TO MAKE  
13 SURE IS THAT IT'S ONLY IN THOSE CASES WHERE THE COSTS  
14 EITHER INITIALLY ON AN ONGOING BASIS IS GOING TO COST  
15 US MORE THAN THE GIFT ITSELF. SO WE'VE REWRITTEN THAT  
16 SECTION.

17 WANTED TO CLARIFY THAT ACTIONS TAKEN BY THE  
18 EXECUTIVE COMMITTEE IN MAKING THEIR DECISIONS AND THEIR  
19 RECOMMENDATIONS TO YOU ARE UNANIMOUS AGREEMENTS.  
20 THEY'RE NOT NECESSARILY VOTES. AND WE WANTED TO MAKE  
21 SURE THAT THAT WAS CORRECT BECAUSE WE'RE NOT HOLDING  
22 PUBLIC HEARINGS ON THAT. ALL THE PUBLIC HEARING WILL  
23 BE HELD AT THIS LEVEL.

24 IN ADDITION, THE ICOC INDICATED THAT IT  
25 WANTED TO REDUCE THE \$5 MILLION DELEGATION TO THREE

1 MILLION. SO THOSE CHANGES HAVE BEEN PUT IN HERE.

2 THERE WAS A SUGGESTION THAT CIRM PROVIDE A  
3 REPORT ON THE USE OF FUNDING TO ALL DONORS. ORIGINALLY  
4 WE SAID WE'LL PROVIDE A REPORT IF THEY ASK FOR IT, BUT  
5 WE'VE CHANGED IT NOW TO BASICALLY INDICATE THAT WE WILL  
6 PROVIDE A REPORT TO EVERYBODY EXCEPT THOSE THAT ARE DE  
7 MINIMIS AMOUNTS, THE \$5,000 OR LESS. AND THEN  
8 BASICALLY WANTED A STRONGER STATEMENT THAT GIFTS WILL  
9 NOT ENTITLE THE DONOR TO ANY INFLUENCE ON DECISIONS  
10 MADE ABOUT CIRM PROGRAMS. AND WE PUT A NEW WHEREAS  
11 CLAUSE AND A NEW SECTION 6 IN THE LETTER OF COMMITMENT  
12 TO TRY TO EMPHASIZE THAT.

13 SO WITH THOSE CHANGES IN THE POLICY, PROPOSED  
14 POLICY, AND THE LETTER OF COMMITMENT, AGAIN, ALL OF  
15 THEM ARE LAID OUT IN TRACKING FORMAT, THESE ARE THE  
16 ONES THAT WE HOPE THAT AT THE NEXT MEETING YOU WILL BE  
17 WILLING TO ADOPT AS A PERMANENT POLICY.

18 DR. MURPHY: THANK YOU, WALTER. I WOULD JUST  
19 HAVE ONE COMMENT. I THINK THE FLEXIBILITY OF THE GIFT,  
20 INCLUDING WHETHER CIRM WOULD HAVE DISCRETION IN THE  
21 USE, I THINK THAT HAS TO BE DEALT WITH SOME CAUTION  
22 BECAUSE SOME DONORS WILL WANT TO DO THINGS THAT WOULD  
23 BE VERY ACCEPTABLE US, FOR EXAMPLE, COMMITTED TO  
24 TRAINEE PROGRAMS. SO THERE ARE SOME BAD RESTRICTIONS  
25 AND SOME GOOD RESTRICTIONS, AS WE ALL KNOW.

1 COMMENTS FROM THE ICOC? DR. STEWARD.

2 DR. STEWARD: JUST A QUESTION, AND IT'S  
3 REALLY ABOUT THE REPORT AND THE RATIONALE FOR THAT.  
4 ONE MIGHT ARGUE THAT A REQUIREMENT TO PROVIDE A REPORT  
5 CARRIES WITH IT AN IMPLICATION THAT THE CIRM IS, IN  
6 FACT, FULFILLING SOME EXPECTATION OF THE DONOR, WHICH  
7 IS NOT THE CASE. IN FACT, THESE ARE AND SHOULD BE  
8 GIFTS, UNRESTRICTED GIFTS. I'M JUST CURIOUS ABOUT  
9 LOOKING BEHIND THE REPORT.

10 MR. BARNES: AGAIN, IN MANY CASES THE DONORS  
11 WILL REQUEST A REPORT. FOR INSTANCE, THE DOLBY GIFT  
12 THAT WE HAVE, IN THEIR COMMITMENT LETTER WE PROVIDE AN  
13 ANNUAL REPORT INDICATING SPECIFICALLY WHAT WE DO AND  
14 WHAT WE'VE DONE WITH THEIR MONEY. AND PART OF IT IS  
15 THAT THEY HAVE LIMITS ON WHAT THAT MONEY CAN BE SPENT  
16 FOR. WE CAN'T SPEND ON IT LEGISLATIVE ACTIVITIES AND  
17 THAT KIND OF THING. SO WE HAVE TO HAVE A REPORT THAT  
18 IS NECESSARY FOR THEM, AND SO WE EXPECT THAT IN CASES  
19 OF LARGE AMOUNTS, THERE WILL PROBABLY ALWAYS BE A  
20 REPORT REQUIREMENT LIKE THAT.

21 WE ARE GETTING OTHER SMALLER AMOUNTS,  
22 SOMEWHERE BETWEEN THE 5,000 AND 10, 15, 20, OR 30,000  
23 WHERE THEY'RE JUST GIVING US A GIFT. I THINK WHAT I  
24 HEARD LAST TIME WAS THE FEELING THAT WE OUGHT TO NOT  
25 ONLY RECOGNIZE THE GIFT WHEN IT COMES IN, BUT WE ALSO

1        OUGHT TO LEAST LET THEM KNOW WHAT WE DID WITH IT.  AND  
2        SO WE FEEL THAT'S A FAIRLY SMALL LEVEL OF WORKLOAD THAT  
3        WE CAN ACCOMPLISH, AND IT'S JUST A REINFORCEMENT THAT  
4        NOT ONLY THANKS FOR THE GIFT, BUT LOOK WHAT WE DID WITH  
5        IT.

6                    CHAIRMAN KLEIN:  IF I COULD AUGMENT.  THE  
7        FAMILY FOUNDATION TAX CODE SAYS, AS WALTER REFERENCED,  
8        YOU CANNOT USE CONTRIBUTIONS FROM SUCH A TAX EXEMPT  
9        501(C)(3) FOR A LOBBYING ACTIVITY, FOR EXAMPLE.  IF YOU  
10       HAD A PLANE FLIGHT TO WASHINGTON, D.C. TO DEAL WITH  
11       CONGRESSIONAL LEGISLATION OR IF YOU SENT A GROUP UP TO  
12       SACRAMENTO ON AN IP ISSUE, YOU WOULD SPECIFICALLY HAVE  
13       TO EXCLUDE THOSE STAFF COSTS AND THOSE RELATED SUPPORT  
14       COSTS.  SO THERE IS A SYSTEM THAT VERY CONSERVATIVELY  
15       ISOLATES OUT THOSE COSTS, SO THERE'S A THE FINANCIAL  
16       REPORTING FUNCTION.

17                    AND THERE ARE INDIVIDUALS AND THERE ARE  
18        FOUNDATIONS WHO WANT TO KNOW THAT THEY'RE GETTING  
19        RECOGNITION.  THEY SAY IF YOU GIVE US RECOGNITION THAT,  
20        IN FACT, YOU NAMED THE PROGRAM AFTER THIS PERSON, ALL  
21        OF WHICH HAS TO BE APPROVED BY THE BOARD, WITH ANY AND  
22        ALL CONDITIONS, BUT THE INTENT IS TO PROVIDE NO STRINGS  
23        TO IT, NO INFLUENCE ON OUR DECISION-MAKING, BUT, IN  
24        FACT, RECOGNITION.

25                    DR. MURPHY:  ANY OTHER COMMENTS FROM THE

1 ICOC? ANY PUBLIC COMMENTS?

2 MR. REYNOLDS: GOOD AFTERNOON. THANKS FOR  
3 GIVING ME THE OPPORTUNITY TO SPEAK. JESSE REYNOLDS  
4 FROM THE CENTER FOR GENETICS AND SOCIETY. AND LOOKING  
5 HERE AT THE LETTER OF COMMITMENT HERE ON THIS ITEM, I  
6 AM ENCOURAGED BY THE ADDITION PARTICULARLY OF ITEM NO.  
7 5. IT SEEMS TO ACKNOWLEDGE THAT IN A SITUATION WHERE  
8 YOU HAVE FUND-RAISING FOR GIFTS OF, IN A WAY, A  
9 RELATIVELY SMALL AMOUNT TO AN AGENCY THAT LATER WILL BE  
10 GIVING OUT GRANTS, RELATIVELY SPEAKING, A LARGE AMOUNT,  
11 THERE IS AN OPPORTUNITY FOR AN IMPROPER DEGREE OF  
12 INFLUENCE. AND FOR THAT ITEM, I COMMEND YOU.

13 BUT I'D LIKE TO DRAW YOUR ATTENTION TO ITEM  
14 NO. 6, RIGHT BELOW. THIS IS ON THE THIRD PAGE OF THAT  
15 LETTER ABOUT THE CERTIFICATION THAT THE ITEM -- THAT  
16 THE DONOR IS NOT A BIOTECH CORPORATION. I FEEL THE  
17 INTENTION IS RIGHT, BUT THE LANGUAGE IS NOT QUITE  
18 THERE.

19 LET ME PLAY OFF SOME SCENARIOS. FOR EXAMPLE,  
20 WHAT IF IT'S NOT THE BIOTECHNOLOGY CORPORATION ITSELF,  
21 BUT A CHIEF EXECUTIVE, A BOARD MEMBER, A MAJOR  
22 SHAREHOLDER, OR A FOUNDATION THAT'S CONTROLLED  
23 EXCLUSIVELY OR WHOSE MONEY COMES EXCLUSIVELY FROM THE  
24 BIOTECH CORPORATION?

25 WHAT IF THIS, ANOTHER SCENARIO, IS A DONATION

1 FROM A LIKELY FUTURE GRANT APPLICANT OF A DIFFERENT  
2 NATURE, OF A NONPROFIT RESEARCH INSTITUTION, OR A  
3 NONPROFIT ACADEMIC INSTITUTION?

4 AND A THIRD SCENARIO THAT I'D LIKE TO DRAW  
5 YOUR ATTENTION TO IS THE SLIGHT FUZZINESS AROUND THE  
6 DEFINITION OF A BIOTECH COMPANY THAT PROVIDES 5 PERCENT  
7 OR X PERCENT OF ITS BUDGET IN STEM CELL RESEARCH.  
8 THERE ARE COMPANIES THAT WOULD HAVE AN INTEREST IN THE  
9 WAY THAT YOUR ACTIVITIES PLAY OUT THAT AREN'T  
10 NECESSARILY ACTIVELY ENGAGED IN THE RESEARCH. AN  
11 EXAMPLE WOULD BE A COMPANY THAT IN THE FUTURE SEEKS TO  
12 OBTAIN AN EXCLUSIVE LICENSE FOR A PRODUCT THAT'S  
13 DEVELOPED BASED UPON THE RESEARCH OF ANOTHER ENTITY.

14 SO I'D ENCOURAGE YOU TO TAKE THIS ITEM BACK  
15 TO THE DRAWING TABLE, WORDSMITH IT A LITTLE BIT, AND  
16 BROADEN ITS SCOPE. THANK YOU.

17 MR. BARNES: JUST TO RESPOND TO THAT FOR A  
18 MOMENT. IF YOU RECALL, A SIMILAR QUESTION CAME UP AT  
19 THE ICOC MEETING LAST TIME ABOUT WHERE THIS LANGUAGE  
20 CAME FROM. THIS LANGUAGE WAS LIFTED FROM THE CONFLICT  
21 OF INTEREST STATEMENTS THAT ALL CIRM EMPLOYEES HAVE TO  
22 SIGN THAT BASICALLY LIMITS ANY INVOLVEMENT THAT WE  
23 MIGHT INDIVIDUALLY HAVE IN COMPANIES LIKE THIS. AND SO  
24 OUR FEELING WAS THAT SINCE AT THE STAFF LEVEL, WE'RE  
25 BEING REQUIRED TO LIMIT OURSELVES TO THIS, THAT AT THE

1 GIFT LEVEL, WE SHOULDN'T REQUIRE THAT AS WELL. SO  
2 THAT'S WHY WE ENDED UP WITH THIS. IT DOESN'T MEAN THAT  
3 YOU CAN'T COME UP WITH SOMETHING DIFFERENT. IT'S JUST  
4 TO PUT IT IN ITS PERSPECTIVE.

5 MS. FOGEL: FIRST OF ALL, I WANT TO ECHO  
6 JESSE REYNOLDS' COMMENTS AND RESPOND TO THAT, THAT  
7 UNFORTUNATELY IT'S PROBABLY UNLIKELY THE EXECUTIVE OF A  
8 BIOTECH COMPANY WILL GIVE A GIFT TO A CIRM STAFF  
9 PERSON. SO I THINK THE CONTEXT, I APPRECIATE TRYING TO  
10 KEEP CONSISTENT, BUT I THINK THE CONTEXT IS VERY  
11 DIFFERENT. WHICH IS DIFFERENT.

12 I WANT TO CALL YOUR ATTENTION, PLEASE, TO A  
13 COUPLE OF OTHER THINGS. YOU HAVE A WHOLE CATEGORY OF  
14 GIFTS THAT DON'T REQUIRE EITHER ICOC APPROVAL, ALSO  
15 HAVE NO DOLLAR AMOUNT LIMITS, AND THEY AREN'T EVEN  
16 REPORTED TO YOU. AND I THINK I WANT TO DRAW YOUR  
17 ATTENTION, PLEASE, TO PAGE 2, NO. 2, THAT HAS A LIST OF  
18 CATEGORIES OF TYPES OF, IT SAYS, DIRECT PAYMENTS OR  
19 REIMBURSEMENTS BY THIRD PARTIES. AND IT ALSO IN THE  
20 SECOND SENTENCE TALKS ABOUT FREE USE, DONATED SPACE FOR  
21 MEETINGS, ETC. I ONLY WANT TO ADDRESS THE FIRST PART.

22 I THINK IT'S PERFECTLY APPROPRIATE TO ALLOW  
23 INSTITUTIONS TO CONTRIBUTE SPACE. IT'S VERY GENEROUS  
24 OF THEM, AND NOBODY NEEDS TO GET A BIG REPORT ABOUT IT.  
25 I THINK THE FIRST PART IS REALLY PROBLEMATIC. FOR

1 EXAMPLE, UNDER THIS RULE, THE PERSON WHO PAYS YOUR RENT  
2 FOR THE TEN YEARS WOULD NOT BE REPORTED TO THE ICOC.  
3 FOR EXAMPLE, IF SOME ANGEL SHOULD COME ALONG AND DECIDE  
4 TO WIPE OUT YOUR DEBT BY PAYING ALL THE LEGAL BILLS AT  
5 THE TUNE OF \$600,000, THAT WOULD NOT BE REPORTED TO THE  
6 ICOC. AND THAT INFORMATION WOULDN'T BE DISCLOSED  
7 ACTUALLY TO ANYBODY BECAUSE THAT WOULD BE A DIRECT  
8 REIMBURSEMENT BY THIRD PARTIES FOR THE COST OF GENERAL  
9 OPERATION OR GRANT MANAGEMENT ADMINISTRATIVE  
10 ACTIVITIES.

11 AND I THINK THAT THIS SECTION HAS TO BE  
12 REWORKED SO THAT THOSE TYPES OF GIFTS, SHOULD THEY COME  
13 ALONG, ARE BOTH DISCLOSED TO YOU AND ALL OF THIS  
14 REPORTING THAT'S REQUIRED ON PAGE 3, NAME, BIOGRAPHICAL  
15 DATA, ETC., OUGHT TO ALL BE PUBLIC INFORMATION. IS  
16 THAT NOT CLEAR? YOU'RE LOOKING --

17 CHAIRMAN KLEIN: IT'S NOT CLEAR. IF SOMEONE  
18 WERE GOING TO COME IN AND CONTRIBUTE 600,000 TO THE  
19 CIRM FOR LEGAL COSTS, COUNSEL, ISN'T THAT SOMETHING  
20 THAT, FIRST OF ALL, WE BRING IT TO THE BOARD?

21 MS. FOGEL: WELL, YOU GIVE THE PERSON A  
22 MEDAL, BUT STILL.

23 CHAIRMAN KLEIN: ISN'T THAT A CONTRIBUTION  
24 THAT WE WOULD BRING TO THE BOARD'S ATTENTION UNDER OUR  
25 CURRENT PROCEDURES?



1 MR. HARRISON: I BELIEVE IT WOULD BE IF THE  
2 GIFT IS TO THE CIRM, EVEN IF IT'S FOR A SPECIFIED  
3 PURPOSE.

4 CHAIRMAN KLEIN: RIGHT. SO AS FAR AS --

5 MS. FOGEL: BUT IF THEY WROTE THE CHECK --  
6 CAN I ASK A FOLLOW-UP QUESTION? IF THEY WROTE THE  
7 CHECK DIRECTLY TO REMCHO, WOULD THAT NOT FALL UNDER  
8 THIS EXCEPTION?

9 CHAIRMAN KLEIN: IT WILL BE RELIEVING US OF  
10 AN OBLIGATION, SO IT WOULD BE EFFECTIVELY A GIFT.

11 MS. FOGEL: THAT'S MY QUESTION BECAUSE IT  
12 FEELS LIKE THIS IS A BIG LOOPHOLE THAT OUGHT TO BE  
13 CLOSED.

14 MR. HARRISON: I DON'T THINK THAT WAS THE  
15 INTENT.

16 MS. FOGEL: NO, I'M NOT SUGGESTING IT WAS.  
17 YOU WERE LOOKING FOR JUST, YOU KNOW, SIMPLE THINGS, BUT  
18 I THINK THERE'S --

19 CHAIRMAN KLEIN: IF WE CAN DEAL WITH THIS,  
20 COUNSEL, EXPEDITIOUSLY, KNOWING INTENT, IF COUNSEL  
21 COULD JUST RULE THAT IT IS OUR INTENT TO INTERPRET  
22 THIS, THAT THE GIFT, WHETHER IT GOES TO A VENDOR OR IT  
23 GOES TO US IS A GIFT AND WOULD COME UNDER THE SAME  
24 REPORTING REQUIREMENTS. IS THAT AN APPROPRIATE  
25 STATEMENT?

1                   MR. HARRISON: WELL, I THINK ONE OF THE  
2 THINGS WE WERE TRYING TO ACHIEVE HERE, AND WALTER MIGHT  
3 WANT TO SPEAK TO THIS AS WELL, BUT WHEN SPACE IS  
4 DONATED, FOR EXAMPLE, FOR ICOC MEETINGS, WE TYPICALLY  
5 WOULD NOT REPORT THAT BECAUSE WE DON'T CONSIDER IT A  
6 GIFT SUBJECT TO THE BOARD'S APPROVAL. I'M NOT SURE  
7 THAT WE WOULD WANT TO IMPOSE AN ADDITIONAL  
8 ADMINISTRATIVE BURDEN IN HAVING TO KEEP TRACK OF ITEMS  
9 LIKE THAT.

10                   I THINK IT'S A QUESTION OF JUST PERHAPS  
11 TRYING TO TIGHTEN THIS LANGUAGE A LITTLE BIT.

12                   MS. FOGEL: BECAUSE THE LAST SENTENCE DOES  
13 SAY DIRECT PAYMENTS, REIMBURSEMENT, USE OF FACILITIES  
14 ARE NOT CONSIDERED GIFTS. I TOTALLY AGREE WITH THE  
15 FACILITIES PART, BUT IT FEELS LIKE TWO SHOULD BE BROKEN  
16 INTO TWO PARTS. AND ONE PART OF IT OUGHT TO BE  
17 REPORTED. THAT'S THE RECOMMENDATION I WANTED TO MAKE.

18                   CHAIRMAN KLEIN: DR. MURPHY, IF I COULD, I'D  
19 ASK OUR COUNSEL TO TAKE THIS SENSE OF THIS ITEM, THIS  
20 LANGUAGE, HIS COMMITMENT TO FULL TRANSPARENCY, AND TO  
21 TRY AND ACHIEVE THAT GOAL. FOR MEETING ROOM  
22 CONTRIBUTIONS AND MINOR CONTRIBUTIONS THAT ARE  
23 ATTENDANT TO MEETINGS, I THINK THAT SHE'S DEALING WITH  
24 SOMETHING THAT CONSTITUTES EFFECTIVELY AN ATTEMPT TO  
25 END RUN GIFT POLICY, WHICH IS ABSOLUTELY OUTSIDE OF THE

1 INTENT OF THIS ORGANIZATION.

2 MS. FOGEL: ABSOLUTELY. AND THE LAST THING I  
3 WANT TO FLAG IS THE SENTENCE THAT SAYS DIRECT PAYMENTS  
4 OR REIMBURSEMENTS CANNOT BE USED TO SUPPLEMENT THE  
5 ICOC-APPROVED COMPENSATION. DOES THAT ACTUALLY MEAN  
6 SOMEONE CAN PAY THE SALARY OF A STAFF PERSON? IT JUST  
7 SAYS CANNOT BE USED TO SUPPLEMENT. WHAT WAS THE  
8 INTENTION OF SUPPLEMENT?

9 MR. BARNES: THE INTENT OF THAT IS TO DEAL  
10 WITH A STATE ISSUE THAT SAYS THAT EMPLOYEES SHOULD ONLY  
11 GET PAID BY THE STATE. AND SO THE IDEA HERE IS TO  
12 ENSURE THAT NOBODY GIVES US A GIFT AND SAYS, BY THE  
13 WAY, I ONLY WANT THIS TO BE USED TO SUPPLEMENT WALTER  
14 BARNES' SALARY AND PAY HIM A LOT MORE MONEY. SO THE  
15 IDEA IS THAT YOU CAN'T -- YOU CAN TARGET IT FOR THINGS,  
16 LIKE A CONFERENCE AREA OR SOMETHING LIKE THAT, BUT YOU  
17 CAN'T COME IN AND GET AWAY FROM THE ICOC-APPROVED  
18 SALARY STRUCTURE THAT YOU APPROVED TODAY TO GIVE ME AN  
19 INCREASE THAT WOULD NORMALLY NOT BE ALLOWED UNDER THAT.

20 MS. FOGEL: I THINK THAT'S VERY CORRECT, BUT  
21 OUGHT TO BE MORE CLEAR. WE RECENTLY HAD CONTROVERSY IN  
22 THE GOVERNOR'S OFFICE WHERE THE GOVERNOR'S CHIEF OF  
23 STAFF'S SALARY WAS SUPPLEMENTED BY HIS CAMPAIGN. AND  
24 SO PERHAPS WE OUGHT TO JUST MAKE THAT MORE CLEAR.

25 DR. MURPHY: THANK YOU FOR YOUR COMMENTS. IF

1       THERE ARE NO OTHER COMMENTS --

2                   DR. BALTIMORE:  IT'S A MYTH.  IS IT TRUE THAT  
3       WE DON'T KEEP TRACK OF GIFTS OF SPACE AND MEETING ROOMS  
4       AND THINGS LIKE THAT, OR IS IT THAT WE DON'T ASK FOR  
5       APPROVAL OF THOSE GIFTS?

6                   MR. BARNES:  WELL, WE DON'T KEEP TRACK OF  
7       THE, LET'S CALL IT, THE SAVINGS ASSOCIATED WITH ROOMS,  
8       LIKE THIS ROOM, THAT WAS DONATED TO US FOR THAT.  SO WE  
9       DON'T KEEP TRACK OF THAT.

10                  DR. BALTIMORE:  I WOULD LIKE TO SUGGEST WE  
11       OUGHT TO KEEP TRACK OF IT SIMPLY TO SHOW WHAT THE  
12       OVERALL COSTS OF THIS ACTIVITY ARE AND THE DONATIONS  
13       THAT ARE COMING FROM VARIOUS SOURCES.  DOESN'T SEEM  
14       LIKE A HUGE, ONEROUS TASK TO DO THAT.

15                  MR. BARNES:  IT'S ENTIRELY UP TO THE ICOC.  I  
16       WILL SAY THAT WE DO KEEP TRACK OF THE SPACE, THE COST  
17       ASSOCIATED WITH OUR SPACE, WHICH IS A FAIRLY MAJOR  
18       ITEM.  WE MAKE SURE THAT IT DOES GET REFLECTED IN OUR  
19       FINANCIAL AUDIT, AND SO YOU WILL FIND WHEN YOU TAKE A  
20       LOOK AT THE FINANCIAL AUDIT, THERE IS A REFERENCE TO  
21       THE SAVINGS THAT WE ACHIEVED AT THE EMERYVILLE OFFICE  
22       WHERE WE ARE AND WILL BE REFLECTED IN FUTURE AUDITS AS  
23       WELL, BUT WE HAVEN'T TRIED TO KEEP TRACK OF ANY DONATED  
24       SPACE LIKE THIS.

25                  MR. HARRISON:  FOR EXAMPLE, FREQUENTLY WHEN

1       THERE ARE SUBCOMMITTEE MEETINGS, THERE WILL BE REMOTE  
2       LOCATIONS AT VARIOUS UNIVERSITIES AROUND THE STATE OR  
3       NONPROFIT INSTITUTIONS WHO MAKE THAT SPACE AVAILABLE AT  
4       NO COST TO THE INSTITUTE. WE DON'T -- WE KEEP TRACK OF  
5       THE USE OF THAT SPACE. WE DON'T KEEP TRACK OF THE  
6       VALUE OF THE USE OF THAT SPACE.

7                 DR. BALTIMORE: I UNDERSTAND THAT. I WAS  
8       SUGGESTING THAT WE SHOULD JUST, AS A MATTER OF RECORD,  
9       WHAT WE'VE DONE AND WHAT'S THE COST.

10                DR. MURPHY: IT ALSO REFLECTS, DAVID, I MIGHT  
11       ADD, THE COMMITMENT OF THE PEOPLE OF CALIFORNIA.

12                MS. FOGEL: CAN I FOLLOW UP ON THAT? I'M  
13       SORRY. BECAUSE THIS TALKS ABOUT -- I FRANKLY HAD NO  
14       IDEA THIS WAS DONATED SPACE. THIS ISN'T. BUT TO THE  
15       EXTENT THAT -- I GUESS IT RAISES THE SAME QUESTION  
16       ABOUT MAKING SURE THAT -- SO, FOR EXAMPLE, IF SOMEONE  
17       WERE UNDERWRITING THIS MEETING, THE PUBLIC OUGHT TO  
18       KNOW WHO'S DOING THAT. I JUST FEEL LIKE THAT PART OF  
19       THE TRANSPARENCY IS THAT BOTH YOU AND WE SHOULD KNOW  
20       WHO'S CONTRIBUTING TO THIS EFFORT.

21                DR. MURPHY: DON.

22                MR. REED: I HAVE A QUESTION. CAN GIFTS BE  
23       USED FOR, LIKE, OFFICE SUPPLIES OR THINGS BECAUSE --  
24       OVERHEAD, IS THAT LIKE -- I KNOW THAT THE ONE  
25       GOVERNMENT AGENCY, A FRIEND OF MINE GATHERS FUNDS TO

1 PAY STUFF THAT ISN'T COVERED BY OTHER GRANTS. CAN  
2 GIFTS GO FOR NEEDS THAT ARE NOT COVERED LIKE OVERHEAD?

3 DR. MURPHY: WELL, I CAN TELL YOU THAT MOST  
4 ORGANIZATIONS LIKE THE ONE I RUN HAVE A BOTTOM LINE,  
5 AND ONE CAN GET UNRESTRICTED MONEY AND THE DONOR WOULD  
6 SAY THIS IS FOR GREATEST NEED. AND IF KEEPING THE  
7 LIGHTS ON IS THE GREATEST NEED, THEY ARE VERY  
8 COMFORTABLE WITH US USING THAT.

9 MS. DU ROSS: THE DOLBY GRANT IS AN EXAMPLE  
10 OF THAT.

11 MR. REED: THANK YOU.

12 DR. MURPHY: I THINK WE HAVE HAD COMMENTS.  
13 WE NEED A SENSE OF THE BOARD TO APPROVE THIS GIFT  
14 POLICY. MOTION TO APPROVE?

15 MR. BARNES: I'M GOING TO SUGGEST THAT SINCE  
16 THERE'S NOT ENOUGH TO ACTUALLY TAKE AN ACTION TODAY,  
17 I'VE SORT OF GOT A SENSE FROM YOU ALREADY THAT THERE  
18 ARE A COUPLE OF AREAS THAT YOU WOULD LIKE US TO TAKE A  
19 LOOK AT. PERHAPS RATHER THAN TAKING A VOTE ON IT,  
20 UNLESS SOMEBODY HAS SOME ADDITIONAL ITEMS, WE WILL TAKE  
21 THESE, LIKE WE DID LAST TIME, AND STILL CONTINUE THIS  
22 AS INTERIM POLICY. AND AT THE AUGUST MEETING, WE'LL  
23 COME BACK WITH --

24 DR. BALTIMORE: SOUNDS LIKE A RIGHT.

25 CHAIRMAN KLEIN: WE'RE APT TO HAVE AN

1 OVERSIGHT COMMITTEE HEARING BETWEEN NOW AND OUR NEXT  
2 BOARD MEETING. IT MIGHT BE HELPFUL WITH THE  
3 CLARIFICATIONS THAT HAVE COME IN TODAY TO HAVE A SENSE  
4 OF THE BOARD, IF THE BOARD IS COMFORTABLE, SO THAT THE  
5 OVERSIGHT COMMITTEE KNOWS THAT THE BOARD HAS SOME  
6 GENERAL CONCURRENCE.

7 DR. BALTIMORE: I DON'T THINK YOU SHOULD TAKE  
8 A STRAW VOTE AND GO TO THE OVERSIGHT COMMITTEE AND SAY  
9 THAT THE BOARD WAS APPROVING IT. SO MY GUESS WOULD BE  
10 THAT WOULD BE EXACTLY THE WRONG THING.

11 CHAIRMAN KLEIN: OKAY. DIRECTION TAKEN.

12 DR. MURPHY: WALTER, YOU WILL GO FORWARD WITH  
13 THIS. IT'S QUARTER PAST THREE, WHICH IS VERY CLOSE TO  
14 THE 2 O'CLOCK DEADLINE WE HAD. SO THE SIXTH ITEM AND  
15 THE LAST ITEM, WALTER, IS THE INFORMATION UPDATE ON  
16 ICOC PER DIEM RATES.

17 MR. BARNES: THIS ONE DOES NOT REQUIRE A  
18 VOTE. AT THE PREVIOUS MEETING YOU APPROVED THE BYLAWS  
19 FOR THE OPERATION OF ICOC. AND WITHIN THAT IT INCLUDED  
20 A PROCESS FOR HOW THE ANNUAL INCREASE IN PER DIEM  
21 SHOULD BE CALCULATED. IF YOU RECALL, THE PROPOSITION  
22 71 PROVIDES THAT YOU GET A HUNDRED DOLLARS PER DAY  
23 ADJUSTED ANNUALLY FOR COST OF LIVING. AND SO THE  
24 CALCULATION FOR THAT WAS PUT INTO THE BYLAWS, WHICH YOU  
25 APPROVED. I ATTACHED A COPY OF THE COMPENSATION

1 SECTION, SECTION 7. IT GOES INTO A LOT OF COMPLICATED  
2 DISCUSSION, BUT ESSENTIALLY IT'S BASED ON A SPECIFIC  
3 COST OF LIVING LOCATED IN CALIFORNIA IN THE LOS  
4 ANGELES, RIVERSIDE, ORANGE COUNTY, SAN FRANCISCO, SAN  
5 JOSE, SAN DIEGO AREAS. IT'S PUBLISHED ON BOTH AN  
6 ANNUAL BASIS AS WELL AS ON A BIMONTHLY BASIS DURING THE  
7 YEAR.

8 AND SPECIFICALLY THE BYLAWS INDICATED THAT  
9 THE COST OF LIVING FOR THE PER DIEM WOULD BE USED ON  
10 THE ANNUAL INCREASE. AND SO WE HAVE CALCULATED THAT  
11 ANNUAL INCREASE, AND THAT DAILY RATE SHOWS THAT IT GOES  
12 FROM A HUNDRED DOLLARS TO A \$104 PER DAY, WHICH ALSO  
13 MEANS THAT THE HOURLY RATE FOR PREP TIME GOES FROM  
14 12.50 TO \$13. IN ADDITION, THE POLICY YOU ADOPTED  
15 INDICATED THAT THIS BECOMES EFFECTIVE THE MONTH AFTER  
16 THE ANNUAL INCREASE IS PUBLISHED. THAT WAS PUBLISHED  
17 IN MARCH. SO THIS BASICALLY, THIS NEW PER DIEM RATE,  
18 IS EFFECTIVE FOR MEETINGS AND ACTIVITIES THAT YOU  
19 ATTEND FROM JULY 1ST -- APRIL 1ST ON. SOME OF YOU HAVE  
20 ALREADY CLAIMED UNDER THE \$100 AND 12.50 RULE. YOU CAN  
21 PROVIDE SUPPLEMENTAL CLAIMS FOR THE ADDITIONAL AMOUNT  
22 SHOULD YOU CHOOSE. ANY QUESTIONS?

23 DR. MURPHY: ANY QUESTIONS FROM THE BOARD?  
24 THANK YOU. ANY QUESTIONS FROM THE PUBLIC? WALTER,  
25 THANK YOU VERY MUCH FOR YOUR HARD WORK.



1 MR. CHAIRMAN.

2 CHAIRMAN KLEIN: THANK YOU VERY MUCH. WE'RE  
3 GOING TO -- I THINK WHAT WE NEED TO DO BEFORE STARTING  
4 THE NEXT ITEM IS WE HAVE A SPEAKER HERE FROM THE  
5 PARKINSON'S ORGANIZATION, AND THEY HAVE A TIMEFRAME,  
6 WHICH THEY HAVE TO LEAVE, TO MAKE A QUICK STATEMENT.  
7 WE'RE APPRECIATIVE OF THE ATTENDANCE. YOU HAVE THE  
8 FLOOR, SIR.

9 MR. BALL: HI. MY NAME IS JOHN BALL. I LIVE  
10 IN WHITTIER, CALIFORNIA, CURRENTLY 62 YEARS OLD. I'VE  
11 LIVED WITH PARKINSON'S SINCE I WAS 39. I WAS DIAGNOSED  
12 WITH IT AT 39, BUT I'VE LIVED WITH IT SINCE I WAS 27.

13 I SPOKE TO THIS COMMITTEE AT THE FIRST  
14 MEETING OF THE ICOC, ABOUT 18 MONTHS AGO, SOMETHING  
15 LIKE THAT. AND AT THAT TIME I MENTIONED THAT MY  
16 MOTHER-IN-LAW WAS DIAGNOSED WITH PARKINSON'S WHEN MY  
17 WIFE WAS 11 YEARS OLD. AND 22 YEARS LATER I WAS  
18 DIAGNOSED WITH PARKINSON'S, SO MY WIFE HAS LIVED WITH  
19 IT SINCE SHE WAS 11. I'VE LIVED WITH IT SINCE I WAS IN  
20 MY TWENTIES. AND IF THERE'S A GENETIC COMPONENT TO  
21 PARKINSON'S DISEASE, THEN MY CHILDREN ARE GENETICALLY  
22 INHERITING THAT TENDENCY FROM BOTH SIDES OF THEIR  
23 FAMILY.

24 MY CONCERN AT THE TIME I SPOKE TO YOU THEN  
25 WAS THAT WE NOT WASTE TIME AND THAT WE MOVE FORWARD

1 WITH WHAT THE ICOC WAS PUT IN PLACE TO DO. AND I THINK  
2 YOU'VE DONE A TREMENDOUS JOB SO FAR OF ORGANIZING,  
3 CREATING AN ORGANIZATION OUT OF NOTHING. THAT WAS JUST  
4 A SPECTACULAR SUCCESS ON THE PART OF PEOPLE OF  
5 CALIFORNIA TO PASS PROP 71.

6 MY CONCERN NOW IS THAT WE MOVE FORWARD FROM  
7 HERE AND THAT WE REALIZE THAT ALL OF US ARE FACING THE  
8 SAME FINANCIAL CRISIS IN TERMS OF THE FUNDING FROM THE  
9 BOND ISSUES FROM CALIFORNIA, THE LAWSUITS THAT HAVE  
10 TIED UP CIRM IN THE MEANTIME. TIME IS IMPORTANT TO ALL  
11 OF US. IN THE NEARLY 18 MONTHS SINCE THE ICOC MEETING,  
12 YOU HAVE DONE TREMENDOUSLY. I WANT TO SAY ALSO THAT WE  
13 IN THE PATIENT COMMUNITY ARE NOT STANDING STILL EITHER.

14 IN FACT, MY WIFE AND I RUN A SMALL  
15 ORGANIZATION CALLED TEAM PARKINSON. TEAM PARKINSON IS  
16 A 501(C)(3) OPERATING UNDER THE PARKINSON ALLIANCE,  
17 WHICH IS OUT OF PRINCETON, NEW JERSEY. IN THE LAST SIX  
18 YEARS THAT WE'VE RUN THE L.A. MARATHON, WE'VE RAISED  
19 \$750,000 THAT GOES DIRECTLY TO THE ALLIANCE TO BE  
20 CONTRIBUTED THROUGH THE SEVEN MAJOR NATIONAL  
21 PARKINSON'S FOUNDATIONS THAT DO RESEARCH TO FIND A CURE  
22 FOR PARKINSON'S DISEASE. I KNOW THAT STEM CELL  
23 ACTIVITY IS GOING TO BE A MAJOR PART OF THAT  
24 PARKINSON'S CURE WHEN IT FINALLY COMES.

25 YOU MAY CATCH THE THREAD OF MY. WE RAISE

1 MONEY BY RUNNING A MARATHON. I RUN -- SIX TIMES IN THE  
2 LAST SIX YEARS, I'VE RUN THE L.A. MARATHON FOR TEAM  
3 PARKINSON. THIS WEEKEND I'M RUNNING THE SAN DIEGO ROCK  
4 AND ROLL MARATHON. IT WILL BE MY FOURTEENTH MARATHON,  
5 ALL SINCE I WAS DIAGNOSED WITH PARKINSON'S. WE DO  
6 THIS, NOT FROM SELFISH REASONS, BUT TO TRY TO RAISE THE  
7 AWARENESS AND TO RAISE THE FUNDS NECESSARY TO FIND THE  
8 CURE FOR PARKINSON'S DISEASE. I KNOW THAT YOU'RE  
9 WORKING ON CURES FOR A MULTITUDE OF THINGS, AND I'M  
10 CONCERNED PRIMARILY WITH PARKINSON'S, BUT WE BOTH HAVE  
11 TO BE CONCERNED.

12 I WANT YOU TO KNOW THAT WE IN THE STATE OF  
13 CALIFORNIA, WE PATIENTS, SHARE ENORMOUSLY THE QUALITY  
14 OF WHAT YOU DO. AND WE WANT TO BE READY WHEN THE MONEY  
15 IS FINALLY AVAILABLE TO US. WE WANT TO BE READY TO  
16 GIVE THOSE GRANTS OUT, MAKE SURE THAT THE RESEARCH IS  
17 TARGETED AT THE VERY BEST THINGS. FOR EXAMPLE, FOR US  
18 PERSONALLY, WE'VE DONATED MONEY TO BUY A SIX-LANE MOUSE  
19 TREADMILL AT USC'S DEPARTMENT OF NEUROLOGY SO THAT THEY  
20 CAN ACTUALLY PUT MICE ON THE TREADMILL AND ACTUALLY SEE  
21 HOW THEY PERFORM AFTER SPECIFIC TREATMENTS ARE TRIED.  
22 AND IN DOING THAT, WHAT THEY FOUND, OF COURSE, IS THAT  
23 THE EXERCISE LIKE I DO, RUNNING, IS TREMENDOUSLY  
24 BENEFICIAL FOR THOSE PEOPLE WITH PARKINSON'S.

25 SO WE WANT TO MAKE SURE THAT THE GRANT MONEY

1 IS AVAILABLE TO US AND THAT IT GOES TO THE DISEASES  
2 THAT NEED IT, AND THEY'RE READY -- THAT THE COMMITTEE  
3 THAT YOU ARE PART OF IS READY TO MOVE FORWARD AS SOON  
4 AS THAT MONEY BECOMES AVAILABLE. THANK YOU.

5 CHAIRMAN KLEIN: THANK YOU VERY MUCH FOR YOUR  
6 TREMENDOUS DEDICATION.

7 (APPLAUSE.)

8 CHAIRMAN KLEIN: DOES THE BOARD FEEL THEY  
9 NEED A FIVE-MINUTE COMFORT BREAK HERE? I THINK THAT WE  
10 JUST HAD A MAJOR VOTE THERE.

11 (A RECESS WAS TAKEN.)

12 CHAIRMAN KLEIN: IF WE COULD MOVE THROUGH THE  
13 REST OF THE AGENDA VERY QUICKLY HERE. ALL RIGHT.  
14 WE'RE GOING TO RECONVENE AND MOVE FORWARD. KIRK  
15 KLEINSCHMIDT, YOU HAVE THE FLOOR.

16 MR. KLEINSCHMIDT: I WANTED TO REPORT ON THE  
17 LEGISLATIVE SUBCOMMITTEE, WHICH MET ON TUESDAY, MAY  
18 16TH, AT THE M.I.N.D. INSTITUTE AT UC DAVIS MEDICAL  
19 CENTER IN SACRAMENTO. WE HAD SEVEN MEMBERS PRESENT AT  
20 THAT MEETING. WHILE THEY DIDN'T HAVE A QUORUM, THEY  
21 WANTED TO BRING TO THE FULL BOARD TWO BILLS, SB 1822  
22 AND SB 1260, FOR YOUR CONSIDERATION. I'LL GET TO THOSE  
23 TWO IN A MINUTE.

24 AFTER THE MEETING THE SUBCOMMITTEE MEMBERS  
25 MET WITH 15 LEGISLATORS AND/OR THEIR STAFFS IN

1 SACRAMENTO, TALKING ABOUT THE ISSUES OF CONCERN AND  
2 GIVING AN UPDATE OF THE PROGRESS OF THE CIRM.

3 SPECIFICALLY ON LEGISLATION, AND I'LL TRY TO  
4 KEEP THIS QUICK, JUST QUICKLY, THE BILLS THAT WE'VE  
5 BEEN TRACKING, MAJOR ONES CONNECTED TO THE WORK WE DO,  
6 AB 2721 IS A MEASURE THAT WOULD CREATE AN OFFICE OF  
7 INTELLECTUAL PROPERTY IN THE BUSINESS, TRANSPORTATION,  
8 AND HOUSING AGENCY. AND IT REQUIRES CERTAIN IP  
9 POLICIES -- CERTAIN REQUIREMENTS BE MET. THIS IS  
10 SIGNIFICANT BECAUSE IT DOES BORROW SOME LANGUAGE FROM  
11 OUR POLICY, AND IT ALSO SPECIFICALLY EXEMPTED CIRM IP  
12 AGREEMENTS.

13 SECOND BILL THAT YOU ARE FAMILIAR WITH, AND  
14 BY THE WAY, MORE DETAIL ON ALL OF THESE ITEMS CAN BE  
15 FOUND IN TAB 10 OF YOUR BINDER. THERE'S A DETAILED  
16 SUMMARY OF EACH OF THESE, AS WELL AS THE ACTUAL BILL  
17 LANGUAGE.

18 SB 401, AS YOU KNOW, MODIFIES THE ICOC'S  
19 POLICIES ON PUBLIC MEETINGS, CONFLICT OF INTEREST, AND  
20 INTELLECTUAL PROPERTY. AND THIS WOULD BE A BALLOT  
21 MEASURE THAT WOULD GO TO THE VOTERS IN THE NEXT  
22 STATEWIDE BALLOT. MANY OF YOU KNOW THAT ON MAY 17TH,  
23 THE ASSEMBLY APPROPRIATIONS COMMITTEE CONSIDERED SB  
24 401. AND AT THAT MEETING SENATOR ORTIZ OFFERED TWO  
25 AMENDMENTS TO CHANGE THE LANGUAGE.

1            THAT LANGUAGE IS NOT YET AVAILABLE IN PRINT,  
2            BUT WE DO HAVE A FAX COPY.  WHAT SHE DID INDICATE IS  
3            THAT IT WOULD REMOVE THE PROVISIONS ON INTELLECTUAL  
4            PROPERTY THAT WERE IN THE BILL AND REPLACE IT WITH THE  
5            IP POLICY FOR NONPROFIT ORGANIZATIONS ALREADY PASSED BY  
6            THE ICOC REFERENCING THE VERSION WRITTEN AND SUBMITTED  
7            TO OAL ON MAY 5TH.

8            SECOND, IT DELETES THE NOVEMBER 2006 SPECIAL  
9            ELECTION DESIGNATION FOR CONSIDERATION OF THE MEASURE,  
10           WHICH MEANS THAT IT WOULD NOT BE CONSIDERED THIS FALL,  
11           BUT RATHER AT THE NEXT STATEWIDE ELECTION, WHICH WOULD  
12           BE JUNE 2008 UNLESS THERE'S A SPECIAL ELECTION CALLED  
13           IN THE MEANTIME.

14           THE COMMITTEE DID PLACE THIS MEASURE ON THE  
15           SUSPENSE CALENDAR, AND IT HAS NOT BEEN YET CONSIDERED,  
16           AND WE ARE TOLD IT WON'T BE CONSIDERED UNTIL AUGUST,  
17           ALONG WITH OTHER SENATE BILLS THAT ARE IN THE ASSEMBLY.

18           ARE THERE ANY QUESTIONS ON SB 401?  OTHERWISE  
19           I'M JUST GOING TO JUST MOVE ON.

20           CHAIRMAN KLEIN:  WELL, I JUST THINK IT IS  
21           VERY IMPORTANT -- WE'VE ALREADY TAKEN A POSITION.  IT'S  
22           IMPORTANT TO UNDERSTAND SENATOR ORTIZ IS CAMPAIGNING  
23           THIS BILL, SO IT'S VERY IMPORTANT FOR US AND EACH OF  
24           OUR CONSTITUENCIES TO PROVIDE OUR INDIVIDUAL  
25           EVALUATIONS FOR THOSE CONSTITUENCIES OF WHAT THIS BILL

1 IS REALLY ABOUT BECAUSE SHE'S ACTIVELY CAMPAIGNING ON  
2 THE FACT THAT THIS IS AN IMPORTANT THING TO SEE PASSED.  
3 IT'S IMPORTANT FOR US TO PUT INFORMATION OUT THERE AND  
4 LET THE PUBLIC DECIDE. THE LEGISLATORS DECIDE, SUCH AS  
5 SENATOR KEHOE CERTAINLY UNDERSTANDS THE ISSUE AND HAS  
6 LODGED OBJECTIONS TO THIS BILL. AND SENATOR DUNN,  
7 SENATOR BOWEN, SENATOR SPEIER ARE VERY CLEAR ON THEIR  
8 POSITION. IT IS VERY IMPORTANT FOR US, THOUGH, TO MAKE  
9 CERTAIN THAT THERE'S NOT PUBLIC MISINFORMATION AND PUT  
10 THIS IN THE HANDS OF THE PUBLIC.

11 LET'S GO FORWARD HERE, IF WE CAN, TO 1260  
12 VERY QUICKLY.

13 MR. KLEINSCHMIDT: YES. SB 1260 IS ANOTHER  
14 MEASURE BY SENATORS ORTIZ AND RUNNER THAT CREATES A  
15 SEPARATE SORT OF MEDICAL AND ETHICAL STANDARDS IN THE  
16 AREA OF CONSENT ISSUES FOR OOCYTE DONATION. IT ALSO  
17 PREEMPTS THE LEGISLATIVELY MANDATED EXPERT PANEL THAT  
18 IS MAKING RECOMMENDATIONS. IT'S ALSO REFERRED TO AS  
19 SB 322 COMMITTEE, WHICH IS CREATED BY PRIOR ORTIZ  
20 LEGISLATION.

21 CHAIRMAN KLEIN: JUST SO EVERYBODY ON THE  
22 BOARD UNDERSTANDS, THE CHAIRMAN OF THAT COMMITTEE IS  
23 HANK GREELEY FROM THE STANFORD LAW SCHOOL. THAT  
24 COMMITTEE IS POPULATED WITH SCIENTISTS AND PHYSICIANS  
25 OF GREAT DISTINCTION FROM THROUGHOUT THE STATE OF

1 CALIFORNIA. SO THIS IS A VERY EXPERT COMMITTEE SET UP  
2 BY CONCURRENT RESOLUTIONS OF THE ASSEMBLY AND THE  
3 SENATE. IT IS TRYING TO CREATE STATE STANDARDS THAT  
4 ARE RECONCILED SO THAT THERE ARE NOT TWO SEPARATE  
5 STANDARDS IN THE STATE FOR THIS KIND OF RESEARCH.

6 THE ISSUE FOR THIS BILL IS THAT IT IS  
7 SUGGESTING A DIFFERENT SET OF STANDARDS. AND I THINK  
8 WE'VE HAD TESTIMONY FROM DR. BRYANT, DR. MURPHY AT THE  
9 LAST HEARING. WE HAVE THAT INFORMATION AVAILABLE ABOUT  
10 THE PROBLEMS OF TRYING TO HAVE TWO CONFLICTING SETS OF  
11 AUTHORIZING STANDARDS. PARTICULARLY IF YOU HAVE MIXED  
12 FUNDING, YOU HAVE A REAL PROBLEM FOR THE RESEARCH  
13 INSTITUTIONS. DR. MURPHY, WOULD YOU LIKE TO COMMENT ON  
14 THAT AT ALL?

15 DR. MURPHY: MY COMMENTS, BOB, ARE MORE ON  
16 401.

17 DR. BRYANT: YES. IT'S JUST THAT ONE OF THE  
18 MOST DIFFICULT ASPECTS OF DOING RESEARCH IS GETTING  
19 APPROVALS. AND IF YOU'VE GOT COMMITTEES THAT HAVE TO  
20 OPERATE UNDER FIVE DIFFERENT SETS OF GUIDELINES FOR A  
21 SIMILAR EXPERIMENT, IT'S JUST GOING TO SLOW THINGS DOWN  
22 AND MAKE THINGS DIFFICULT. IT JUST IS A WASTE OF TIME  
23 WHEN WE CAN JUST HAVE A CONSOLIDATED SET OF PROCEDURES.

24 CHAIRMAN KLEIN: I THINK DR. BRYANT MENTIONED  
25 THE FACT THAT WE ALREADY HAVE THE NIH SET OF STANDARDS



1 THAT IS DIFFERENT, WE HAVE THE CIRM STANDARDS. SO IF  
2 THERE'S NOW ANOTHER SET OF STANDARDS, WE'VE REALLY  
3 COMPLICATED AND BURDENED OUR RESEARCH INSTITUTIONS,  
4 MADE IT VERY DIFFICULT FOR THEM TO EFFECTIVELY PURSUE  
5 THEIR RESEARCH.

6 WE CAN'T TAKE A VOTE ON THIS BECAUSE THE  
7 CONSENSUS OF THE COMMITTEE WAS TO OPPOSE THIS, BUT WE  
8 CANNOT TAKE A VOTE ON THIS AT THIS TIME BECAUSE WE  
9 DON'T HAVE A QUORUM. I'M TRYING TO BE EXPEDITIOUS,  
10 KIRK.

11 ON THE POSITIVE SIDE, YOU WANT TO DIRECTLY  
12 COMMENT ON 1822 BY SENATOR BOWEN?

13 MR. KLEINSCHMIDT: SURE. THIS IS A MEASURE  
14 THAT CREATES A TASK FORCE TO ANALYZE THE STATE'S  
15 EDUCATION AND RECRUITMENT EFFORTS FOR DONORS FOR ORGAN  
16 TISSUE AND BONE MARROW PROGRAMS. IT'S A VERY SHORT  
17 BILL THAT JUST LOOKS TO ASK THIS TASK FORCE TO LOOK FOR  
18 BETTER WAYS OF RECRUITING PEOPLE FOR THESE NEEDED  
19 PROGRAMS.

20 CHAIRMAN KLEIN: AND VERY SPECIFICALLY, WE  
21 HAD COMMENTS THAT ON THE TISSUE DONATION SIDE, THAT THE  
22 TISSUE DONATION COULD HAVE SOME MAJOR BENEFITS FOR  
23 AUTISM TO LOOK AT GENETIC FACTORS. IT COULD HAVE SOME  
24 MAJOR BENEFITS FOR STUDY OF PARKINSON'S TO TRACE ANY  
25 GENETIC FACTORS, GENETIC CLUSTERING, AND POTENTIALLY

1 FOR MANY OTHER AREAS OF DISEASE. SO IT APPEARS TO THE  
2 COMMITTEE TO BE A VERY POSITIVE PIECE OF LEGISLATION,  
3 ALTHOUGH NOT COMPLETELY DEVELOPED AT THIS TIME.

4 MR. KLEINSCHMIDT: THAT CONCLUDES MY  
5 PRESENTATION UNLESS THERE'S QUESTIONS.

6 CHAIRMAN KLEIN: I'D LIKE TO SAY THAT THE  
7 BOARD WAS PHENOMENAL IN COMMUNICATING DIRECTLY TO THE  
8 LEGISLATURE THROUGH SPECIFIC ATTENDANCE AT THE  
9 LEGISLATIVE MEETINGS, THE HEARING, AND MEETINGS WITH  
10 THE LEGISLATORS, AND IN MAKING CALLS AND IN DOING  
11 LETTERS. I HAVE TRIED TO THANK EVERYONE, BUT IT WAS A  
12 VERY DRAMATIC CONTRIBUTION BY MEMBERS OF THE BOARD.

13 WE WOULD LIKE TO PINPOINT THE FACT THAT DR.  
14 PENHOET WAS ON THE STAND AS A OUR LONE REPRESENTATIVE  
15 ON MORE THAN ONE OCCASION AND IS A GREAT SPOKESMAN.  
16 JEFF SHEEHY DID A GREAT JOB FOR US AS SPOKESMAN. AND  
17 EVERYONE HERE SHOULD BE COMMENDED FOR TRYING TO REALLY  
18 THOUGHTFULLY GET THE ATTENTION OF THE LEGISLATURE TO  
19 COMMUNICATE INFORMATION WHICH RESULTED IN THIS SB 401  
20 BEING STOPPED AT THIS TIME SO WE CAN GO THROUGH THE  
21 PUBLIC PROCESS OF GETTING THE JOINT LEGISLATIVE AUDIT  
22 BACK, OF GETTING THE RECOMMENDATIONS FROM THE FINANCIAL  
23 OVERSIGHT COMMITTEE OF THE STATE, AND FOR GETTING THE  
24 COMMENTS BACK TO THE ADMINISTRATIVE PROCEDURES ACT. AS  
25 WAS STATED EARLIER IN THE PUBLIC TESTIMONY HERE, THERE

1 HAVE BEEN MANY CHANGES IN OUR MEDICAL AND ETHICAL  
2 STANDARDS IN THE PUBLIC COMMENT PROCESS, WHICH WE'VE  
3 EXTENDED TWICE. AND IT IS PROPER TO ALLOW THE PUBLIC  
4 PROCESS TO BE COMPLETED AND NOT TO BE PREEMPTED BY A  
5 PIECE OF LEGISLATION THAT DOES NOT TAKE ANY OF THEIR  
6 COMMENTS INTO ACCOUNT.

7 SO WE'RE DEEPLY APPRECIATIVE OF THE  
8 LEGISLATURE FOR LISTENING TO OUR CONCERNS.

9 MR. KLEINSCHMIDT: RIGHT. I THINK THE  
10 CHALLENGE BEFORE US IS TO CONTINUE TO COMMUNICATE WITH  
11 THE LEGISLATURE TO LET THEM KNOW WHAT WE'VE BEEN DOING  
12 BECAUSE THIS IS STILL AN ACTIVE BILL AND WILL BE  
13 CONSIDERED IN AUGUST. SO WE HAVE THE NEXT COUPLE  
14 MONTHS TO CONTINUE TO MEET WITH REPRESENTATIVES UP  
15 THERE, BUT IT'S STILL IN ACTIVE CONSIDERATION.

16 CHAIRMAN KLEIN: AND I WOULD PARTICULARLY  
17 CALL OUT AND THANK, BESIDES THE BOARD MEMBERS, THERE  
18 ARE MANY INDIVIDUALS AND ORGANIZATIONS, MICHAEL J. FOX  
19 FOUNDATION, JUVENILE DIABETES FOUNDATION, CAMR, SUSAN  
20 DELAURENTIS WAS HERE TODAY AND WROTE AN ELOQUENT OP ED  
21 THAT WE ARE VERY THANKFUL FOR. SO THIS IS A  
22 CONTRIBUTION FROM THE CIVIC SECTOR AS WELL AS FROM THE  
23 BOARD.

24 I THINK, KIRK, WE CAN GO ON TO THE NEXT  
25 SECTION, IF THAT'S APPROPRIATE. I WILL TELL YOU ON THE

1 FEDERAL LEVEL IT DOES APPEAR WE'RE GOING TO GET A VOTE  
2 IN THE NEXT 60 DAYS. AND THE VOTE DOES APPEAR TO BE  
3 MOVING OUR DIRECTION, AT THE MOMENT SUBJECT TO  
4 VOLATILITY, EXTREME VOLATILITY AT THE FEDERAL LEVEL,  
5 THAT THAT VOTE WILL SEPARATE OUT A VOTE ON THE  
6 BROWNBACK BILL IF IT IS, IN FACT, ONE OF THE PACKAGES,  
7 BUT WE WILL KEEP YOU UP TO DATE. IT APPEARS A VERY  
8 STRONG CONSENSUS IS MOVING IN OUR DIRECTION. AND AMONG  
9 THOSE WHO ARE OUR DAY-TO-DAY ADVOCATES ARE NANCY  
10 REAGAN, WHO IS INSPIRED BY THE WORK BEING DONE IN THE  
11 CALIFORNIA INSTITUTIONS.

12 AND RECENTLY I WAS AT A LUNCH WITH NANCY  
13 REAGAN AND HANS KIERSTAD OF UC IRVINE. I WILL TELL YOU  
14 THAT SHE IS ACUTELY FOCUSED ON THE RESEARCH AND  
15 FOLLOWING IT VERY CLOSELY AND IS INDIVIDUALLY CALLING  
16 SENATORS.

17 DR. MURPHY: IS THAT CASTLE/DEGETTE YOU ARE  
18 TALKING ABOUT?

19 CHAIRMAN KLEIN: THE CASTLE/DEGETTE BILL IT  
20 APPEARS NOW WILL COME UP FOR A VOTE IN THE NEXT 60  
21 DAYS.

22 THANK YOU VERY MUCH, KIRK. KIRK, YOU ARE TO  
23 BE HIGHLY COMMENDED FOR DIRECTING US ALL THROUGH THIS  
24 PROCESS WITH SB 401 AND THE OTHER LEGISLATIVE  
25 CHALLENGES.

1 MR. SIMPSON: CAN WE HAVE PUBLIC COMMENT ON  
2 THAT?

3 CHAIRMAN KLEIN: PUBLIC COMMENT, YES, SIR.

4 MR. SIMPSON: VERY QUICKLY ON THE SB 401. IF  
5 YOU'VE NOT READ THIS MORNING'S *SAN DIEGO UNION TRIBUNE*,  
6 THERE IS, I THINK, ONE OF THE BEST UNBIASED STORIES  
7 ABOUT THIS WHOLE THING ENTITLED "INITIATIVE'S CREATOR  
8 KEEPS TINKERING." SO I COMMEND THAT TO ALL YOUR  
9 ATTENTION. IT'S AN EXCELLENT JOB.

10 DR. PRICE: WHAT'S THE HEADLINE?

11 MR. SIMPSON: "INITIATIVE'S CREATOR KEEPS  
12 TINKERING." IT'S IN THE BUSINESS SECTION.

13 CHAIRMAN KLEIN: THIS IS NOT ABOUT ME. IT'S  
14 INTERESTING THAT PART OF THIS ISSUE STEMS FROM, OF  
15 COURSE, MY SUGGESTION THAT HAVING THIS ADMINISTERED  
16 THROUGH THE STATE DEPARTMENT OF HEALTH MIGHT NOT BE THE  
17 BEST MODEL, BUT NEVERTHELESS, GIVING A RADICALLY  
18 DIFFERENT PLAN. WE ARE ALL COMPLIMENTED BY THE FACT  
19 THAT SHE IS NOW ADOPTING US AS HER CREATION.

20 MS. FOGEL: AS YOU MAY KNOW, THE PRO-CHOICE  
21 ALLIANCE, PLANNED PARENTHOOD AFFILIATES OF CALIFORNIA,  
22 AMERICAN COLLEGE OF OBSTETRICIANS AND GYNECOLOGISTS,  
23 AND CENTER FOR GENETICS AND SOCIETY ARE ALL SUPPORTING  
24 SB 1260. AND I REALLY WANT TO MAKE YOU, PLEASE, THINK  
25 ABOUT THIS. YOU HAD A LOT OF CONVERSATIONS THIS

1 MORNING ABOUT HOW YOU'RE ONLY GOING TO REGULATE  
2 CIRM-FUNDED RESEARCH AND THAT'S YOUR PURVIEW AND YOU  
3 CAN'T GO ANY FARTHER THAN THAT. THERE IS AN AWFUL LOT  
4 OF WOMEN WHOSE EGGS ARE GOING TO BE EXTRACTED WITH  
5 PRIVATE MONEY. AND WHAT YOU'RE SAYING IS YOU WANT IT  
6 BOTH IT WAYS. YOU DON'T WANT TO SET STANDARDS, AND NOW  
7 YOU WANT TO STAND IN THE WAY OF THOSE OF US WHO WANT TO  
8 PROTECT WOMEN'S HEALTH FROM SETTING STANDARDS.

9 SO I'D LIKE YOU REALLY THINK ABOUT THAT.  
10 AND, YOU KNOW, IF YOU HAVE SOME CONSTRUCTIVE  
11 SUGGESTIONS ABOUT SOME WAYS WE SHOULD BE LOOKING AT THE  
12 BILL, THAT'S GREAT. BUT LET'S REMEMBER THE WAY PROP 71  
13 IS WRITTEN, ALL OF THE EXPENSES THAT HAVE TO DO WITH  
14 EGG EXTRACTION ARE ALL REIMBURSABLE TO FERTILITY  
15 CLINICS OR OTHER INSTITUTIONS. YOU ARE GOING TO PAY  
16 FOR, QUOTE, REASONABLE COSTS. AND THAT -- AND SO  
17 THAT'S ON THE CIRM-FUNDED SIDE, BUT YOU ALREADY DECIDED  
18 THAT YOUR RESEARCHERS CAN USE STEM CELL LINES DERIVED  
19 WITH EGGS THAT DON'T MEET THE BETTER STANDARDS THAT  
20 YOU'VE ESTABLISHED.

21 SO LET'S MAKE IT CLEAR THAT YOU HAVE A  
22 PRIORITY TO PRESERVE THE HEALTH OF THE WOMEN IN  
23 CALIFORNIA WHO YOU WANT TO HELP THIS RESEARCH. SO  
24 LET'S TALK ABOUT 1260. THANK YOU.

25 CHAIRMAN KLEIN: THANK YOU, SUSAN. I WOULD

1 COMMENT THAT THE AMERICAN SOCIETY FOR GYNECOLOGY HAS  
2 INDICATED THAT THEIR ONLY INTENT ON THAT BILL, I THINK,  
3 FOCUSED ON EXTENSION, BUT THEY ARE STILL SUPPORTING  
4 THAT BILL AT THIS TIME, I BELIEVE. IS THAT CORRECT?

5 MS. SMITH-CROWLEY: SHANNON SMITH-CROWLEY  
6 REPRESENTING THE AMERICAN SOCIETY FOR REPRODUCTIVE  
7 MEDICINE AND AMERICAN COLLEGE OF OBSTETRICIANS AND  
8 GYNECOLOGISTS. WE ARE GENERALLY IN SUPPORT. WE HAVE A  
9 SUPPORT IF AMENDED POSITION ON 1260. OUR PARTICULAR  
10 ISSUES HAVE TO DO WITH ONE THING THAT I THINK YOU WOULD  
11 SUPPORT, ONE THING YOU WOULDN'T SUPPORT.

12 THIS BILL SPECIFICALLY EXCLUDES REIMBURSEMENT  
13 FOR LOST WAGES. YOUR DRAFT GUIDELINES DO INCLUDE  
14 ACTUAL LOST WAGES, AND THAT'S SOMETHING THAT WE  
15 CONTINUE TO FIGHT OVER. AND ONE OF THE ARGUMENTS I'M  
16 USING IS HARMONY AMONGST THE GUIDELINES OUT THERE, AT  
17 LEAST WITH YOUR GUIDELINES. I THINK THE NIH GUIDELINES  
18 ARE A LITTLE SQUISHY. THEY WEREN'T AS CLEAR AS I WOULD  
19 LIKE THEM TO BE.

20 THE OTHER AREAS WHERE WE STILL HAVE IS THAT  
21 WE STILL THINK THERE ARE GUIDELINES THAT CAN BE PUT IN  
22 PLACE SO THAT WOMEN COULD BE COMPENSATED FOR THIS  
23 PROCESS, BUT I KNOW THAT THAT WOULD PUT US IN  
24 DISCORDANCE WITH YOUR POLICIES AND THAT YOU CAN'T DO  
25 THAT UNDER THE INITIATIVE.

1           THERE ARE A COUPLE OF OTHER ITEMS IN HERE,  
2           BECAUSE YOU HAD ASKED AT THE SUBCOMMITTEE ABOUT WERE  
3           THERE THINGS IN 1260 THAT WEREN'T IN THE CIRM  
4           GUIDELINES THAT WOULD BE BENEFICIAL. AND THERE'S SOME  
5           THINGS SUCH AS WE DID PUT IN ABOUT IF A WOMAN FEELS SHE  
6           WANTS TO GET A SECOND OPINION IF SHE'S HAVING ANY KINDS  
7           OF SIDE EFFECTS OR JUST WANTS ANOTHER OPINION BEFORE  
8           SHE GOES THROUGH THE PROCEDURE, THAT SHE'S ENTITLED TO  
9           GET A SECOND OPINION, THAT THAT WOULD BE PAID FOR BY  
10          THE RESEARCHERS.

11           ALSO, WE THOUGHT IT WOULD REMOVE AN INHERENT  
12          CONFLICT IF YOU PROHIBITED AN EMPLOYEE OF THE  
13          RESEARCHER FROM DONATING THE EGGS. THAT EVEN IF SHE'S  
14          NOT -- THE EMPLOYER IS NOT PUTTING SPECIFIC PRESSURE ON  
15          HER, THAT'S GOING TO BE SOMETHING THAT'S GOING TO BE  
16          REALLY DIFFICULT TO PROVE IF IT'S HERSELF THAT'S  
17          WANTING TO STEP UP AND DO THIS.

18           AND ONE OF THE REASONS THAT WAS SAID AT THE  
19          LAST MEETING ABOUT WHY WE GET INTO SO MUCH DETAIL IN  
20          THESE GUIDELINES WHERE NORMALLY WHEN WE DEAL WITH A LOT  
21          OF MEDICAL ISSUES, WE DON'T WANT TO PUT THIS MUCH IN  
22          REGULATION OR IN STATUTE IS THAT YOU ARE TRYING TO  
23          PROMOTE PUBLIC CONFIDENCE ABOUT THIS PROCESS. AND THAT  
24          SEEMS LIKE ONE AREA IN PARTICULAR THAT WOULD REALLY  
25          HELP PROMOTE PUBLIC CONFIDENCE AND REMOVE THE QUESTION



1 ABOUT WHETHER SHE WAS UNDULY INFLUENCED.

2 CHAIRMAN KLEIN: THANK YOU VERY MUCH. KIRK,  
3 DID YOU HAVE A COMMENT?

4 MR. KLEINSCHMIDT: JUST ONE ADDITIONAL NOTE.  
5 ANOTHER SUPPORTER OF SB 1260 IS THE CALIFORNIA FAMILY  
6 COUNCIL. AND THE LATEST STAFF ANALYSIS OF THE BILL,  
7 THEY WRITE, "CALIFORNIA FAMILY COUNCIL WRITES IN  
8 SUPPORT OF THE MEASURE AND STATES THAT WHILE IT  
9 STRONGLY OPPOSES EMBRYONIC RESEARCH, IT BELIEVES THAT  
10 SB 1260 WILL REDUCE THE NUMBER OF WOMEN WHO ARE WILLING  
11 TO SUBMIT THEIR BODIES TO CHEMICALS AND DRUGS FOR THE  
12 SOLE PURPOSE OF PRODUCING MORE EMBRYOS FOR THIS  
13 RESEARCH." SO JUST FOR THE RECORD, I JUST WANTED TO  
14 MAKE SURE YOU WERE AWARE OF THAT.

15 CHAIRMAN KLEIN: I THINK, IN SUMMARY, THERE'S  
16 SOME -- THERE ARE SOME SECTIONS OF 1260 THAT WE SHOULD  
17 HAVE SOME VERY THOUGHTFUL DIALOGUE ON. THERE'S SOME  
18 OTHER SECTIONS THAT DON'T SEEM TO HAVE ANY BROAD  
19 SUPPORT, WHICH WE NEED TO TRY AND UNDERSTAND. RIGHT  
20 NOW IT CREATES CONFLICTING REGULATIONS THAT ARE A  
21 PROBLEM FOR OUR INSTITUTIONS.

22 CAN WE GO FORWARD BECAUSE WE VERY QUICKLY, I  
23 THINK, NEED TO MOVE TO THE NEXT ITEM. DR. HALL, MAYBE  
24 YOU COULD JUST GIVE OF A STATUS REPORT ON THE MISSION  
25 STATEMENT AND OBJECTIVES. THESE ARE BOTH IN VERY

1 PRELIMINARY PHASE WHERE WE ARE TRYING TO GENERATE  
2 IDEAS, I THINK, IN THE PROCESS.

3 DR. HALL: LET ME JUST BE VERY QUICK. WE HAD  
4 A GOOD MEETING LAST NIGHT TO CONSIDER BOTH THE MISSION  
5 STATEMENT AND LONG-TERM OBJECTIVES. AND THIS IS  
6 SEVERAL STATEMENTS, POSSIBLE MISSION STATEMENTS THAT  
7 CAME OUT. WE HAVE A PREAMBLE OF ONE, TWO, THREE  
8 POSSIBLE VERSIONS OF STATEMENTS. I THINK YOU WILL SEE  
9 THAT THERE'S A LOT IN COMMON BETWEEN THEM, AND I THINK  
10 WE WILL USE THIS AS A BASIS GOING FORWARD FOR THE ICOC  
11 TO CONTINUE TO CRAFT THIS STATEMENT. SO AT ANY RATE,  
12 THIS WILL BE AVAILABLE ON OUR WEBSITE; IS THAT RIGHT?  
13 SO IT WILL BE AVAILABLE AFTER THE MEETING FOR ANYBODY  
14 WHO WANTS TO SEE, WITHOUT READING OR GOING THROUGH THE  
15 SPECIFIC ONES.

16 CHAIRMAN KLEIN: WE WERE GIVEN DIRECTION LAST  
17 NIGHT IN TRYING TO PULL TOGETHER SOME THOUGHTS, SO WILL  
18 WE BE TRYING TO REFINE THIS FOR REDISTRIBUTION?

19 DR. HALL: WELL, MY SENSE IS THIS IS OUR  
20 SENSE OF THE MEETING LAST NIGHT. IF OTHERS WANT TO ADD  
21 TO THAT IN THE MEANTIME, WE WOULD BE HAPPY TO HAVE  
22 OTHER SUGGESTIONS FOR IT. SO IT'S NOT OUR INTENT TO  
23 TRY TO MASSAGE THIS OURSELVES AND TO WORDSMITH IT.  
24 ACTUALLY I WAS RATHER IMPRESSED THAT THERE WAS A LOT OF  
25 CONVERGENCE ON WHAT WAS SAID LAST NIGHT. AND MY SENSE

1 IS THAT AT SOME FUTURE TIME, ONE COULD COME BACK TO  
2 THESE STATEMENTS AND WITH A LITTLE PREPARATION BEFORE  
3 THE MEETING ON EVERYBODY'S PART, MY GUESS THE BOARD  
4 COULD COME TOGETHER FAIRLY QUICKLY AND AGREE ON  
5 SOMETHING.

6 LET ME JUST MENTION THE LONG-TERM OBJECTIVES.  
7 WE CONSIDERED THEM UNDER FOUR DIFFERENT CATEGORIES.  
8 AND I WON'T READ THEM, BUT JUST QUICKLY, WE HAD A  
9 SERIES OF CLINICAL OBJECTIVES HERE. MANY OF YOU WERE  
10 HERE LAST NIGHT AND I DON'T WANT TO REHASH THEM AGAIN.  
11 WE ALSO HAD SOME TRANSLATIONAL OBJECTIVES. WE HAD  
12 OBJECTIVES IN BASIC SCIENCE, AND WE ALSO HAD SOME  
13 INFRASTRUCTURE OBJECTIVES.

14 AND THEN THIS IS A SYNOPSIS OF SOME OF THE  
15 COMMENTS THAT WERE MADE LAST NIGHT ABOUT THESE AND I  
16 THINK WILL INFORM US GOING FORWARD FOR FUTURE  
17 CONSIDERATION.

18 THERE WAS A SENSE THAT WE SHOULD STRETCH OUR  
19 GOALS MORE, BE MORE ASPIRATIONAL, REFLECT MORE OF A  
20 SENSE OF URGENCY IN THE OBJECTIVES, EMPLOY MEASURABLE  
21 OUTCOMES WAS ONE COMMENT THAT WAS MADE, CONSIDER HOW TO  
22 ADDRESS EDUCATION, EXPECTATION MANAGEMENT RELATED TO  
23 CIRM'S OBJECTIVES, PROVIDE PERIODIC REPORTS ON OUTCOMES  
24 AND PROGRESS AGAINST OBJECTIVES, AND CONSTRUCT  
25 OBJECTIVES THAT PERMIT CIRM TO LEVERAGE RESOURCES AS

1 APPROPRIATE; THAT IS, TO CARRY OUT PROJECTS IN  
2 COLLABORATION WITH OTHER ENTITIES, STATES, COUNTRIES,  
3 DISEASE ORGANIZATIONS, WHATEVER. SO --

4 DR. STEWARD: JUST ONE QUICK COMMENT. WE  
5 SAID THIS WAS GOING ON THE WEBSITE?

6 DR. HALL: WE'RE PLANNING TO POST IT ON THE  
7 WEBSITE. MAYBE WE SHOULD NOT.

8 DR. STEWARD: I GUESS I SHOULD PHRASE THAT AS  
9 A QUESTION BECAUSE IT COULD BE MISINTERPRETED AS WE  
10 DON'T KNOW WHERE WE'RE GOING. IN FACT, WE DO KNOW  
11 WHERE WE'RE GOING. WE'RE JUST TRYING TO FIGURE OUT THE  
12 VERY BEST WAY TO SAY IT.

13 DR. HALL: LET ME SUGGEST ANOTHER  
14 POSSIBILITY. PERHAPS RATHER THAN PUTTING IT UNDER  
15 ICOC, WE COULD LIST THIS AS MATERIAL WITH A BIG THING  
16 THAT SAYS DRAFT FOR DISCUSSION PURPOSES ONLY, INCREASE  
17 THE SIZE OF THAT. WE'RE CAUGHT BETWEEN OUR DESIRE TO  
18 BE TRANSPARENT IN THE STRATEGIC PLANNING PROCESS, AND I  
19 THINK TO MAKE THIS AVAILABLE, I THINK WE SHOULD DO, AND  
20 INVITE COMMENT ON IT, AND THEN CONVEY THAT BACK.

21 I THINK THE RIGHT THING TO DO IS TO PUT IT  
22 UNDER STRATEGIC PLAN, NOT UNDER ICOC MEETING SO THERE'S  
23 NO SENSE IT'S BEEN DECIDED OR FINISHED OR VOTED ON OR  
24 ANYTHING LIKE THAT.

25 CHAIRMAN KLEIN: I THINK YOUR COMMENT, DR.

1 HALL, IS A GOOD ONE, THAT MAYBE A SHORT THREE- OR  
2 FOUR-SENTENCE PREAMBLE TO IT STATING THAT IT'S VERY  
3 MUCH JUST AN INVENTORY OF IDEAS. IT HAS NOT BEEN  
4 REFINED, AND IT IS IN ORDER TO STIMULATE DISCUSSION AT  
5 A VERY PRELIMINARY LEVEL.

6 DR. HALL: RIGHT. GOOD. SO THAT CONCLUDES  
7 MY COMMENTS ON LAST NIGHT. IF ANYBODY HAS ANY FURTHER  
8 QUESTIONS OR THOUGHTS, WE'D LOOK FORWARD TO SEEING, I  
9 HOPE, MOST OF YOU AT THE JULY 13TH MEETING AND, AGAIN,  
10 AUGUST 1ST WHEN WE WILL BE DISCUSSING, AGAIN, ASPECTS  
11 OF THIS STRATEGIC PLAN.

12 CHAIRMAN KLEIN: THANK YOU VERY MUCH. AND,  
13 DR. HALL, WHO IS IT THAT WILL BE PRESENTING THE  
14 CONFLICT OF INTEREST REGULATIONS FOR THE CIRM WORKING  
15 GROUP?

16 DR. HALL: THAT'S VERY SHORT AND VERY QUICK.  
17 SO BY NOW YOU'RE FAMILIAR WITH THE DRILL. THE ICOC  
18 APPROVED OUR CONFLICT OF INTEREST REGULATIONS FOR  
19 WORKING GROUPS. THEY WERE NOTICED WITH THE OAL. THEY  
20 WENT THROUGH A 45-DAY PERIOD OF PUBLIC COMMENT. AND WE  
21 RECEIVED SOME COMMENTS THAT ACTUALLY WERE VERY HELPFUL  
22 IN POINTING OUT INCONSISTENCIES BETWEEN THE DIFFERENT  
23 WORKING GROUPS. WE THOUGHT WE HAD THAT NAILED, BUT DID  
24 NOT. AND SO WE MADE CHANGES. THOSE CHANGES THEN  
25 NECESSITATE A FURTHER 15-DAY PERIOD OF PUBLIC COMMENT.

1 AND SO RATHER THAN HAVE YOU VOTE ON THOSE, WE WOULD  
2 PREFER TO WAIT, GET THOSE COMMENTS, INCORPORATE THEM  
3 INTO A DOCUMENT, AND THEN WE HOPE WE CAN COME BACK IN  
4 THE AUGUST MEETING WITH FINAL VERSION OF CONFLICT OF  
5 INTEREST RECOMMENDATIONS THAT THEN COULD BE SUBMITTED  
6 AS STATE OF CALIFORNIA REGULATIONS.

7 SCOTT TOCHER HAS BEEN OUR POINT PERSON ON  
8 THIS IN OUR LEGAL OFFICE. SCOTT, I DON'T KNOW IF YOU  
9 WANT TO ADD ANYTHING TO WHAT I'VE SAID OR NOT. SO WE  
10 WILL AIM TOWARD ADOPTING THAT IN AUGUST. AND WE WILL  
11 HAVE -- THE MATERIAL IS AVAILABLE FOR THOSE WHO WOULD  
12 LIKE TO SEE THE CHANGES, SCOTT? IT WILL BE POSTED  
13 WHERE?

14 MR. TOCHER: ON OUR WEBSITE.

15 DR. HALL: ON OUR WEBSITE UNDER REGULATIONS.  
16 SO YOU CAN ALL HAVE A LOOK AT THAT. AND SO THEY'RE  
17 NOT -- THEY'RE NOT CONCEPTUAL CHANGES, BUT THEY WERE  
18 CHANGES THAT WERE SUBSTANTIVE ENOUGH THAT THEY  
19 TRIGGERED ANOTHER 15-DAY PERIOD AND THERE MAY BE YET  
20 MORE SUGGESTIONS.

21 THIS IS ALL, AS WE FIND NOW, A PROCESS OF  
22 REPEATED ITERATION UNTIL WE FINALLY GET OUT THE BEST  
23 POSSIBLE DOCUMENT TO SUBMIT AS CALIFORNIA REGULATIONS.  
24 THANK YOU.

25 CHAIRMAN KLEIN: THANK YOU VERY MUCH, DR.

1 HALL. CONSIDERATION OF A REPORT FROM INTELLECTUAL  
2 PROPERTY TASK FORCE, DR. PENHOET.

3 SUSAN, DO YOU HAVE A COMMENT ON THIS  
4 PARTICULAR ITEM?

5 MS. FOGEL: I'LL BE VERY BRIEF BECAUSE  
6 EVERYONE WANTS TO GO HOME. I HAVE TO DRIVE BACK TO  
7 L.A. I DON'T WANT TO BE ON THE FREEWAY EITHER.

8 VERY EARLY IN THIS PROCESS, YOU ALL MADE A  
9 COMMITMENT TO HOW MUCH YOU CARED ABOUT THE POOR AND THE  
10 VULNERABLE AND ACCESS TO TREATMENT, AND IT'S NOT  
11 REFLECTED ANYWHERE IN THIS DOCUMENT. AND I THINK THAT  
12 OUGHT TO BE --

13 DR. HALL: CONFLICT OF INTEREST DOCUMENT?

14 MS. FOGEL: NO. IN THE MISSION STATEMENT AND  
15 OBJECTIVES, THAT YOU MADE A COMMITMENT THAT THIS IS A  
16 PUBLIC AGENCY WITH PUBLIC MONEY AND THAT YOU WERE GOING  
17 TO MAKE SURE THAT THE PUBLIC HAD ACCESS TO TREATMENTS  
18 AND IT'S MISSING.

19 CHAIRMAN KLEIN: I WILL CALL YOUR ATTENTION,  
20 SUSAN, THAT IN THE PUBLIC SESSION LAST NIGHT, WE  
21 DISCUSSED THAT IN THE LATER FORM WE MAY WELL HAVE THE  
22 FINDINGS AND DECLARATIONS OF THE INITIATIVE WITH THOSE  
23 SPECIFIC SECTIONS YOU'RE REFERENCING, INCLUDING THE  
24 PATIENT SAFETY, ETC., THAT WOULD BE INCORPORATED AS A  
25 PREAMBLE ALONG WITH THOSE SIMILAR SECTIONS FROM PURPOSE

1 AND INTENT, TO MAKE CLEAR OUR CONTINUING COMMITMENT TO  
2 THOSE GOALS.

3 MS. FOGEL: THANK YOU.

4 DR. PENHOET: A QUICK UPDATE ON IP POLICY.  
5 THE PUBLIC COMMENT PERIOD IS NOW OPEN THROUGH JUNE 19TH  
6 FOR IP POLICY FOR NONPROFIT ORGANIZATIONS. AND A  
7 PUBLIC HEARING IS ALSO SCHEDULED FOR JUNE 19TH TO BE  
8 FOLLOWED BY A FULL MEETING OF THE TASK FORCE ON JULY  
9 14TH. WE ARE GETTING FEEDBACK ALREADY AND EXPECT MORE  
10 BY JUNE 19TH.

11 JUST TO GIVE YOU A FLAVOR FROM SOME OF THE  
12 FEEDBACK, SOME GROUPS BELIEVE WE SHOULD PUSH FURTHER ON  
13 THE OPEN ACCESS PUBLISHING REQUIREMENT. I BELIEVE THE  
14 ACADEMIC SENATE OF THE UNIVERSITY OF CALIFORNIA HAS  
15 TAKEN A POSITION THAT IT SHOULD BE A TOTALLY OPEN  
16 ACCESS REQUIREMENT. SO WE WILL LOOK INTO THAT. WE  
17 HAVE A POSITION WHICH IS FROM THE MIDDLE GROUND,  
18 REQUIRING OPEN ACCESS IN A REASONABLE PERIOD OF TIME,  
19 BUT NOT IMMEDIATELY, AND SO WE WILL CERTAINLY LOOK INTO  
20 THAT.

21 MODIFY THE REVENUE SHARING THRESHOLD FROM  
22 \$500,000 WHERE IT IS TODAY TO \$100,000. AN IDEA, WHICH  
23 HAS COME UP MANY TIMES, WHICH IS CREATE A PATENT POOL  
24 FOR THE INTELLECTUAL PROPERTY THAT'S CREATED AS A  
25 RESULT OF CIRM FUNDING. AND A REASONABLE CONDITION FOR



1 MARCH-IN RIGHTS HAS BEEN SUGGESTED. AND THEN FINALLY,  
2 ONE WE'VE HEARD A FAIR AMOUNT ABOUT, GET RID OF THE  
3 RESEARCH EXEMPTION. THOSE ARE THE KINDS OF THINGS THAT  
4 ARE BUBBLING UP, AND WE'LL LOOK AT IT IN DUE COURSE IN  
5 PARALLEL WITH THIS EFFORT, NOT EXACTLY PARALLEL,  
6 SOMEWHAT BEHIND, BUT NEVERTHELESS PARALLEL DEVELOPMENT  
7 IS THE IP POLICY FOR PROFIT-MAKING ORGANIZATIONS.

8 WE'VE HAD TWO FORMAL MEETINGS OF OUR GROUP SO  
9 FAR, LAST ONE HERE IN SAN DIEGO. WE'RE HEARING SOME  
10 CONSISTENT NEEDS FROM VARIOUS DIFFERENT QUARTERS.  
11 WE'VE CONSULTED WITH A NUMBER OF FOUNDATIONS THAT  
12 PROVIDE FUNDING TO CORPORATIONS FOR ADVANCING THE  
13 CAUSES THEY'RE INTERESTED IN TO LEARN HOW THEY HANDLE  
14 THIS ISSUE.

15 WE VISITED WITH SEVERAL FEDERAL AGENCIES ON  
16 THE ISSUE OF FUNDING FOR FOR-PROFIT ORGANIZATIONS,  
17 INCLUDING NIST, NATIONAL INSTITUTE OF STANDARDS AND  
18 TECHNOLOGY, THROUGH AN ATP PROGRAM, WHICH HAS BEEN A  
19 VERY SUCCESSFUL PROGRAM HISTORICALLY, BUT AT THE MOMENT  
20 HASN'T BEEN FUNDED BY THE BUSH ADMINISTRATION FOR  
21 SEVERAL YEARS, SO WE DON'T KNOW WHAT ITS FUTURE IS, BUT  
22 WE DO KNOW HOW THEY ESSENTIALLY HANDLED THAT PROGRAM IN  
23 THE PAST. WE HEARD FROM THE SBIR PROGRAM AT THE NIH,  
24 WE'VE HEARD FROM A VARIETY OF PEOPLE IN THE FOR-PROFIT  
25 WORLD, AND IN ORGANIZATIONS THAT ARE CONCERNED ABOUT

1 THE ELEMENTS OF FUNDING FOR FOR-PROFIT ORGANIZATIONS  
2 FROM THE CONSUMER'S POINT OF VIEW. SO WE'VE HAD QUITE  
3 A DIVERSE SET OF INPUTS, AND WE HOPE TO CONTINUE THOSE.

4 WE WILL HAVE ANOTHER MEETING PROBABLY IN  
5 AUGUST TO CONTINUE THE DIALOGUE FOR THE FOR-PROFIT  
6 AREA. ONE OF THE THINGS WE HAVE LEARNED IS, AND WE'VE  
7 HEARD FROM EVERYBODY, THAT BASICALLY IT'S VERY  
8 DIFFICULT TO HAVE A ONE-SIZE-FITS-ALL POLICY FOR MAKING  
9 BENCH TO COMPANIES BECAUSE THE SITUATIONS IN EACH ONE  
10 ARE UNIQUE AND DIFFERENT AND HAVE DIFFERENT LEVELS OF  
11 CO-FUNDING AND DIFFERENT FUNDING OF DIFFERENT STAGES OF  
12 DEVELOPMENT, CLINICAL TRIALS OR BASIC RESEARCH, ETC.  
13 SO I THINK IT'S LIKELY THAT WE'LL HAVE SOME GENERAL  
14 PRINCIPLES THAT WE PUT UP AS FAR AS CIRM ITSELF WILL  
15 HAVE TO HAVE A STAFF TO ENTER INTO LEGAL CONTRACTS WITH  
16 FOR-PROFIT GRANTEES FOR CIRM GOING FORWARD. SO THIS  
17 WILL BE A CHALLENGE ON OVERHEAD AND CIRM BY DOING SO.

18 SO I THINK WE'RE MAKING GOOD PROGRESS. WE  
19 WILL TAKE ALL THESE THINGS INTO ACCOUNT, AND WE HOPE TO  
20 BRING BACK TO THIS GROUP IN AUGUST A FINAL PROPOSAL ON  
21 THE NONPROFIT SIDE FOR YOUR APPROVAL. AND THEN  
22 SOMETIME LATER THIS YEAR, EITHER OCTOBER OR DECEMBER, I  
23 FORGET WHEN THE MEETINGS ARE, WITH SOME POLICY  
24 GUIDELINES. NOW THIS STATE AGENCY WILL ENTER INTO  
25 GRANTS AND CONTRACTS TO PROFIT-MAKING ORGANIZATIONS.

1 SO THAT'S WHERE WE ARE. I THINK GOOD PROGRESS. AS  
2 I'VE STATED A NUMBER OF TIMES, THERE'S A VERY WIDE GAP,  
3 A VERY WIDE STEP OF QUITE DIVERGENT OPINIONS ON HOW  
4 THIS SHOULD BE HANDLED, AND I THINK THE CHALLENGE IS TO  
5 TRY TO LISTEN TO ALL POINTS OF VIEW AND COME UP WITH A  
6 PLAN THAT WILL WORK AND REPRESENT THE COMMITTEE'S  
7 INTEREST SOMEWHAT GOING FORWARD.

8 SO THAT'S WHERE WE ARE. AS YOU CAN SEE, MY  
9 VOICE IS NOT DOING VERY WELL, SO I'LL JUST SHUT UP.

10 CHAIRMAN KLEIN: ARE THERE ANY PUBLIC  
11 COMMENTS ON THAT ITEM? I'D LIKE TO SAY THAT I THINK WE  
12 NEED TO GIVE DR. PENHOET, DR. MARY MAXON A HAND OF  
13 APPLAUSE.

14 (APPLAUSE.)

15 DR. PENHOET: THANK YOU.

16 CHAIRMAN KLEIN: I THINK IF WE HAVE ANY -- DO  
17 WE HAVE GENERAL PUBLIC COMMENTS THAT HAVE NOT  
18 PREVIOUSLY BEEN TAKEN?

19 MR. SIMPSON: VERY QUICKLY. JOHN SIMPSON,  
20 FOUNDATION FOR TAXPAYER AND CONSUMER RIGHTS. I JUST  
21 WANTED TO STRESS HOW VALUABLE AND USEFUL THE STRATEGIC  
22 PLANNING SECTION OF THE WEBSITE IS. IT IS TREMENDOUSLY  
23 VALUABLE. I COMMEND IT TO EVERYONE'S ATTENTION. I'M  
24 TRYING TO TALK IT UP ACROSS THE STATE. IT'S  
25 TREMENDOUSLY USEFUL.

1 THE SECOND THING THAT NEEDS TO BE SAID. I  
2 DON'T KNOW WHO'S CRACKING THE WHIP, IT'S PROBABLY  
3 MELISSA KING, BUT DOCUMENTS ARE NOW BECOMING AVAILABLE  
4 ON THE WEBSITE ALMOST ALWAYS IN TIME TO BE USEFUL  
5 BEFORE THE MEETINGS THAT PEOPLE ARE TURNING OUT FOR.  
6 SO WE'RE DELIGHTED TO SEE THAT HAPPEN. THANK YOU.

7 CHAIRMAN KLEIN: THANK YOU VERY MUCH. AND I  
8 POINT OUT THAT -- IS OUR TRANSITION ON THE SERVER  
9 COMPLETE AT THIS TIME?

10 MS. KING: NO. OUR WEBSITE IS STILL BEING  
11 HOSTED BY THE STATE DATA CENTER. WE'RE WORKING ON  
12 POTENTIAL TRANSITION TO TAKE PLACE AT LEAST A FEW  
13 MONTHS FROM NOW. SO IT'S STILL HOSTED BY THE STATE, AS  
14 IS BEFITTING A STATE AGENCY, IS IT NOT?

15 CHAIRMAN KLEIN: THE BENEFIT OF TRANSFERRING  
16 CONTROL OF THE WEBSITE POSTINGS DIRECTLY TO THE AGENCY  
17 IS WE CAN GET UP THEM IMMEDIATELY WITHOUT A DELAY. AND  
18 WE ARE WORKING ON THAT TASK BECAUSE IT'S OUR COMMITMENT  
19 TO TRY TO CONTINUE TO IMPROVE. THANK YOU VERY MUCH FOR  
20 YOUR COMMENTS. AND, MELISSA, HAND OF APPLAUSE.

21 (APPLAUSE.)

22 CHAIRMAN KLEIN: THANK YOU TO AMY DUROSS,  
23 JENNIFER, ALL THE REST OF THE STAFF, JAMES HARRISON FOR  
24 THEIR CONTINUING COMMITMENT. GIL AND JEFF AND WALTER  
25 AND ALEX, TREMENDOUS TEAM THAT MADE PRESENTATIONS

1 TODAY, AND WE THANK YOU FOR YOUR ONGOING COMMITMENT.  
2 AND, OF COURSE, NICOLE AND WALTER, YOU HAVE BEEN  
3 INVALUABLE TO THIS AGENCY. WE ARE DEEPLY INDEBTED FOR  
4 YOUR CONTRIBUTION, AND THE ACCOLADES PREVIOUSLY GIVEN  
5 TODAY WERE EXTRAORDINARILY WELL EARNED. THANK YOU.

6 (APPLAUSE.)

7 CHAIRMAN KLEIN: MEETING STANDS ADJOURNED.

8 (THE MEETING WAS THEN ADJOURNED AT 04:13  
9 P.M.)

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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

HILTON LA JOLLA TORREY PINES  
SCRIPPS BALLROOM  
10950 N. TORREY PINES ROAD  
LA JOLLA, CALIFORNIA

ON

FRIDAY, JUNE 2, 2006

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  
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