

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: UNIVERSITY OF CALIFORNIA, SAN DIEGO  
PRICE CENTER, BALLROOM B  
9500 GILMAN DRIVE  
LA JOLLA, CALIFORNIA

DATE: THURSDAY, SEPTEMBER 25, 2008  
9 A.M.

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

BRS FILE NO.: 80815

## BARRISTERS' REPORTING SERVICE

### I N D E X

ITEM	PAGE NO.
CALL TO ORDER	4
ROLL CALL	4
PUBLIC COMMENT	7
REPORTS:	
CHAIRMAN'S REPORT	15
PRESIDENT'S REPORT	17
COMMUNICATIONS/OUTREACH REPORT	32
INFORMATIONAL PRESENTATION ON CIRM PROGRAM BUDGET AND FUNDS AVAILABLE FOR RESEARCH GRANTS AND LOANS.	36
ACTION ITEMS:	
CONTINUATION OF CONSIDERATION OF RECOMMENDATIONS FROM GRANTS WORKING GROUP ON NEW FACULTY AWARDS II APPLICATIONS.	43
CLOSED SESSION	129
ACTION ITEMS:	
CONSIDERATION OF APPOINTMENT OF NEW SCIENTIFIC MEMBERS FOR GRANTS WORKING GROUP.	81
CONSIDERATION OF NAMES FOR CIRM FUNDED MAJOR FACILITIES.	83
CONSIDERATION OF ADOPTION OF INTERIM REGULATION REGARDING POLICY FOR EXTRAORDINARY PETITIONS FOR ICOC CONSIDERATION OF APPLICATIONS FOR FUNDING	89
CONSIDERATION OF CIRM LOAN POLICY	131
CONSIDERATION OF PETITION TO DESIGNATE A "COVERED STEM CELL LINE" AS ACCEPTABLY DERIVED.	71

## BARRISTERS' REPORTING SERVICE

CONSIDERATION OF PROJECT TO CONSOLIDATE NON-PROFIT AND FOR-PROFIT INTELLECTUAL PROPERTY REGULATIONS AND APPROVAL TO INITIATE PROCESS UNDER ADMINISTRATIVE PROCEDURE ACT.	158
CONSIDERATION OF ADMINISTRATIVE REVIEW OF LETTERS OF INTEREST IN RESPONSE TO RFA'S.	159
DISCUSSION ITEMS:	
INFORMATIONAL PRESENTATION ON THE PROPOSED DISEASE TEAM RFA.	177
PUBLIC COMMENT.	183
ADJOURNMENT	195

**BARRISTERS' REPORTING SERVICE**

1 LA JOLLA, CALIFORNIA; THURSDAY, SEPTEMBER 25, 2008

2 9:10 A.M.

3  
4 CHAIRMAN KLEIN: FOR THE BENEFIT OF THE  
5 MEMBERS AND AUDIENCE, WE HAVE THREE NEW ALTERNATES  
6 THAT HAD TO BE SWORN IN. THAT PROCESS HAS BEEN  
7 COMPLETED. THEY ARE SIGNING THEIR PAPERWORK. IF  
8 THE SCIENTISTS AND CLINICIANS CAN MASTER CHRONIC  
9 DISEASE, I THINK I'LL BE ABLE TO MASTER THIS  
10 MICROPHONE.

11 SO GENERAL QUESTION TO COUNSEL. ARE WE  
12 WAITING FOR A COUPLE MEMBERS TO ARRIVE? YES, WE  
13 ARE. WHAT WE'RE GOING TO DO IS WE HAVE SOME OF THE  
14 INTRODUCTORY MATERIALS THAT DON'T REQUIRE A QUORUM,  
15 AND WE'LL PROCEED THROUGH THOSE ITEMS WHILE WE'RE  
16 WAITING FOR PLANES TO GET IN AND TAXIS TO ARRIVE FOR  
17 A COUPLE OF MEMBERS.

18 I'D LIKE TO THANK YOU ALL FOR JOINING US  
19 HERE IN SAN DIEGO, AND THANK YOU TO OUR HOSTS  
20 DR. BRENNER. THANK YOU TO DR. PRIETO FOR CHAIRING  
21 THE SPOTLIGHT THIS MORNING. IT WAS A TREMENDOUS  
22 SPOTLIGHT.

23 (APPLAUSE.)

24 CHAIRMAN KLEIN: AND I BELIEVE DR.  
25 BRENNER, LOU FELIX IN YOUR OFFICE WAS CRITICAL IN

## BARRISTERS' REPORTING SERVICE

1 GETTING US IN THE RIGHT DIRECTION AND HELPING US TO  
2 ARRANGE THE MEETING. SO THANK YOU VERY MUCH TO LOU  
3 FELIX AND THE UNIVERSITY.

4 WE HAVE A PLEDGE OF ALLEGIANCE WE WILL GO  
5 THROUGH AT THIS POINT, AND MELISSA KING WILL LEAD  
6 US.

7 (THE PLEDGE OF ALLEGIANCE.)

8 CHAIRMAN KLEIN: MELISSA, WOULD YOU DO THE  
9 ROLL CALL, PLEASE.

10 MS. KING: STEPHEN VAMVAKAS FOR RICARDO  
11 AZZIZ.

12 DR. VAMVAKAS: PRESENT.

13 MS. KING: ROBERT BIRGENEAU. FLOYD BLOOM.

14 DR. BLOOM: HERE.

15 MS. KING: DAVID BRENNER.

16 DR. BRENNER: HERE.

17 MS. KING: JACOB LEVIN FOR SUSAN BRYANT.

18 DR. LEVIN: HERE.

19 MS. KING: KIM WITMER FOR MARSHA CHANDLER.

20 DR. WITMER: HERE.

21 MS. KING: MARCY FEIT. MICHAEL FRIEDMAN.  
22 LEEZA GIBBONS. MICHAEL GOLDBERG.

23 MR. GOLDBERG: HERE.

24 MS. KING: SAM HAWGOOD. BOB KLEIN.

25 CHAIRMAN KLEIN: HERE.

## BARRISTERS' REPORTING SERVICE

1 MS. KING: SHERRY LANSING. GERALD LEVEY.

2 DR. LEVEY: HERE.

3 MS. KING: TED LOVE. ED PENHOET.

4 DR. PENHOET: HERE.

5 MS. KING: PHIL PIZZO. ANN BONHAM FOR  
6 CLAIRE POMEROY.

7 DR. BONHAM: HERE.

8 MS. KING: FRANCISCO PRIETO.

9 DR. PRIETO: HERE.

10 MS. KING: ROBERT QUINT.

11 DR. QUINT: HERE.

12 MS. KING: JEANNIE FONTANA FOR JOHN REED.

13 DR. FONTANA: HERE.

14 MS. KING: DUANE ROTH.

15 MR. ROTH: HERE.

16 MS. KING: JOAN SAMUELSON. DAVID  
17 SERRANO-SEWELL. JEFF SHEEHY. JONATHAN SHESTACK.  
18 AND OSWALD STEWARD.

19 DR. STEWARD: HERE.

20 CHAIRMAN KLEIN: THANK YOU. AS AN UPDATE  
21 FOR THE PUBLIC AND THE BOARD, THE GOVERNANCE  
22 COMMITTEE IN THE INTERIM FROM THE LAST BOARD MEETING  
23 PUT FORWARD A PROPOSAL THAT WOULD PROVIDE A LIMITED  
24 NUMBER OF MEMBERS TO PARTICIPATE BY TELECONFERENCE;  
25 HOWEVER, SHERRY LANSING IS NOT HERE TODAY. SHE'S

## BARRISTERS' REPORTING SERVICE

1 CHAIR OF GOVERNANCE. NEITHER IS THE VICE CHAIR. SO  
2 WE CANNOT TAKE -- WE'VE BEEN ASKED NOT TO TAKE  
3 ACTION ON THAT TODAY, AND WE WILL EITHER HAVE TO  
4 HAVE A SPECIAL MEETING OR TAKE ACTION ON THAT IN THE  
5 DECEMBER MEETING.

6 I THINK THAT SHOULD RELIEVE SOME OF THE  
7 PRESSURE WE HAVE WITH HIGHLY ACTIVE, COMMITTED BOARD  
8 MEMBERS WHO ARE TORN BY EXTRAORDINARY COMPETING  
9 REQUIREMENTS ON THEIR TIME AND MAKE CERTAIN THAT WE  
10 CONTINUE TO HAVE THE MAXIMUM PARTICIPATION AND THE  
11 BENEFIT OF THE CONTRIBUTION OF THEIR IDEAS.

12 WHILE WE ARE WAITING FOR A COUPLE OF  
13 MEMBERS, I THINK THAT WE COULD EFFECTIVELY USE THIS  
14 TIME BY HAVING A REPRESENTATIVE OF THE HUNTINGTON'S  
15 DISEASE PATIENT ADVOCATES PATIENTS AND FAMILY  
16 MEMBERS COME TO THE PODIUM FOR A FIVE-MINUTE TIME  
17 PERIOD. THIS IS AN EXTRAORDINARILY COMMITTED GROUP  
18 THAT WE HAVE HEARD FROM BEFORE, BUT THEY ARE MOVING  
19 WITH TREMENDOUS TENACITY TO RAISE FUNDS AND AUGMENT  
20 THE EFFORTS WE ARE PROVIDING THROUGH THE STATE  
21 FUNDING. AND WHILE WE RECOGNIZE AND APPRECIATE  
22 THEIR COMMITMENT TO ADVANCING MEDICAL THERAPIES, THE  
23 BEST VOICE IS REALLY THE VOICE FROM THE  
24 ORGANIZATION. PLEASE INTRODUCE YOURSELF.

25 MS. CARPENTER: GOOD MORNING. MY NAME IS

## BARRISTERS' REPORTING SERVICE

1 NATALIE CARPENTER. I'M THE EVENT MANAGER FOR THE  
2 HUNTINGTON'S DISEASE SOCIETY OF AMERICA IN SAN  
3 DIEGO. THANK YOU TO CIRM FOR HAVING US TODAY.  
4 THANK YOU FOR YOUR SUPPORT. AND I'M HERE TO  
5 INTRODUCE THE SCHAFFERS WHO ARE A FAMILY WHO HAS  
6 HELPED US COORDINATE THE RACE ACROSS AMERICA TO  
7 RAISE FUNDS FOR HUNTINGTON'S DISEASE.

8 AND SHARON SCHAFFER IS HERE WITH HER  
9 DAUGHTERS ALEXA AND TAYLOR. AND ALEXA HAS WRITTEN  
10 AN ARTICLE ABOUT HUNTINGTON'S DISEASE, AND IT'S BEEN  
11 PUBLISHED IN *NEWSWEEK* RECENTLY. SO I'D LIKE TO  
12 INTRODUCE THEM.

13 MS. SCHAFFER: GREETINGS, EVERYONE, AND  
14 THANK YOU FOR YOUR TIME AND ATTENTION TO THIS VERY  
15 CRITICAL MATTER OF STEM CELL THERAPY FOR  
16 HUNTINGTON'S DISEASE. WE ARE ALREADY INDEBTED TO  
17 YOU FOR YOUR FUNDING OF THE \$1.3 MILLION PROJECT ON  
18 HD AND STEM CELLS FOR DR. LESLIE THOMPSON.

19 MY FATHER WAS DIAGNOSED WITH HUNTINGTON'S  
20 DISEASE IN 1980 AFTER YEARS OF WATCHING HIM STUMBLE,  
21 TRIP, AND HAVE DIFFICULTY ON THE JOB AND BECOME  
22 INCREASINGLY FRUSTRATED WITH HIMSELF. MY  
23 GRANDMOTHER DIED FROM HD MANY YEARS EARLIER;  
24 HOWEVER, THE DIAGNOSIS WAS KEPT HIDDEN FROM THEIR  
25 CHILDREN, SO THEY BLINDLY ENTERED CAREERS, MARRIAGE,



## BARRISTERS' REPORTING SERVICE

1 AND CHILDREN.

2 WE WATCHED AS DAD WENT FROM A SUCCESSFUL  
3 CAREER NAVAL OFFICER TO A MAN WHO STRUGGLED WITH  
4 LOSING HIS INDEPENDENCE, HIS JOB, AND WHO BECAME  
5 COMPLETELY DEPENDENT ON HIS WIFE AND DAUGHTERS FOR  
6 HIS TOTAL CARE. WE WITNESSED CHANGES IN HIS  
7 PERSONALITY, THE DEPRESSION, AND POOR JUDGMENT. AND  
8 HE CHECKED OUT, GIVING UP ON ANYTHING THAT WAS NOW  
9 CHALLENGING.

10 WHEN YOU'RE NEW TO HD AND STILL, IN FACT,  
11 A TEENAGER, IT WAS DIFFICULT TO COMPREHEND HIS  
12 CHANGES WERE BECAUSE A PORTION OF HIS BRAIN WAS  
13 DYING. MY DAD ATTEMPTED SUICIDE. HE NO LONGER  
14 WANTED TO BE A BURDEN. ALTHOUGH IT WAS  
15 UNSUCCESSFUL, OUR FAMILY DYNAMIC WAS FOREVER  
16 ALTERED. ALL WHILE MY SISTER AND I WONDERED AND  
17 WORRIED IF HD WOULD ALSO BE OUR FATE. AT TIMES THAT  
18 FEAR COLORED OUR INTERACTIONS WITH DAD. SOMETIMES  
19 WE FELT LIKE ESCAPING, AND AT OTHER TIMES WE FELT  
20 OVERPROTECTIVE AND AFRAID TO LEAVE HIM.

21 MY HUSBAND RENADO WAS MY HIGH SCHOOL  
22 SWEETHEART AND WITNESSED THE FULL PROGRESSION OF HD  
23 IN MY DAD WHILE WE WERE DATING AND STILL WANTED TO  
24 MARRY ME. HE IS A KINDHEARTED MAN AND ALWAYS  
25 TREATED MY DAD WITH DIGNITY AND RESPECT. IN SPITE

## BARRISTERS' REPORTING SERVICE

1 OF HD, WE MARRIED AND WE HAD TWO DAUGHTERS, ALEXA  
2 AND TAYLOR. WE WERE TERRIFIED TO DISRUPT THEIR  
3 LIVES AND OUR OWN WITH THE REALITY OF HD, SO WE WERE  
4 JUST LIVING WITH OPTIMISM AND IN DENIAL.

5 IN 1998 MY SISTER HAD GENETIC TESTING SO  
6 THAT SHE COULD BETTER PLAN HER FAMILY. OUR PRAYERS  
7 WERE ANSWERED WHEN SHE TESTED NEGATIVE. SHE NOW HAS  
8 TWO BEAUTIFUL BOYS; HOWEVER, HD IS A FAMILY DISEASE,  
9 AND ONE NEVER FEELS FREE FROM THE PROFOUND WEIGHT OF  
10 HD. AND A COUPLE YEARS LATER I CHOSE TO TEST AND  
11 FINALLY FACE MY FEARS. THE RESULT WAS POSITIVE, AND  
12 THE POSITIVE TEST RESULT BECAME MY FORK IN THE ROAD  
13 WHERE I WAS ABLE TO FINALLY TAKE CONTROL OF MY LIFE.  
14 KNOWLEDGE IS POWER.

15 AS WE GOT MORE INVOLVED IN THE LOCAL HD  
16 COMMUNITY, THE TOPIC OF HD WAS PART OF OUR DAILY  
17 CONVERSATIONS. AND THE GIRLS WERE FREE TO ASK  
18 QUESTIONS AS THEY WERE READY TO HEAR ANSWERS. WE  
19 WERE TRYING TO SHOW THE GIRLS THAT YOU CAN LIVE A  
20 PRODUCTIVE AND PROACTIVE LIFESTYLE AFTER A POSITIVE  
21 TEST RESULT UNTIL A TREATMENT OPTION BECOMES AN  
22 OPTION.

23 TODAY OUR DAUGHTERS ARE 17 AND 13 YEARS  
24 OLD AND ARE VERY AWARE THAT I'VE BEEN OFFICIALLY  
25 DIAGNOSED WITH HD AND AM IN THE EARLY STAGES OF THE

## BARRISTERS' REPORTING SERVICE

1 DISEASE. FOR SEVERAL YEARS NOW I'VE BEEN SUFFERING  
2 THE SYMPTOMS THAT ARE NOT AS VISIBLE AND VERY HARD  
3 FOR FOLKS TO UNDERSTAND. AND HOW QUICKLY THINGS  
4 HAVE COME FULL CIRCLE. MY KIDS AND HUSBAND LOOK AT  
5 ME WITH THE SAME FRUSTRATION THAT I USED TO GET WITH  
6 MY DAD.

7 I WAS FORCED TO STOP WORKING AS AN  
8 ACCOUNTANT, AS I HAVE TROUBLE WITH MY MEMORY, FINE  
9 MOTOR SKILLS, AND BALANCE. IT IS SO FRUSTRATING. I  
10 FEEL LIKE THE SAME PERSON, BUT YET I HAVE TO STOP  
11 DOING THINGS I CARE ABOUT BECAUSE IT'S UNSAFE. NOT  
12 THAT I AM SUICIDAL, BUT I UNDERSTAND MY DAD'S  
13 ACTIONS. I DO NOT WANT TO BE A BURDEN EITHER. AND  
14 HD HAS TAKEN AWAY MY ROLE OF BEING A MOM TO MY KIDS.

15 THE DEFECTIVE GENE THAT CAUSES THE DISEASE  
16 HAS BEEN KNOWN FOR MORE THAN A DECADE, BUT THAT IS  
17 NOT YET TRANSLATED INTO BETTER CARE FOR PATIENTS.  
18 THERE IS NOTHING YET TO HOLD OR REVERSE THE  
19 COGNITIVE AND THE PSYCHIATRIC CHANGES I'M  
20 EXPERIENCING.

21 MISS SCHAFFER: AS A TEENAGER, I NOW HAVE  
22 THE SAME QUESTIONS AND CONCERNS AS MY MOM DID AT MY  
23 AGE, LIKE GOING OFF TO COLLEGE AND GETTING MARRIED.  
24 APPLYING FOR COLLEGE SERVES AS A DISTRACTION, BUT  
25 THE POSSIBILITY OF TESTING IN SIX MONTHS CLOUDS MY

## BARRISTERS' REPORTING SERVICE

1 THINKING. I HAVE YET TO DECIDE WHAT TIME IS THE  
2 RIGHT TIME TO PURSUE THE SIMPLE BLOOD TEST THAT CAN  
3 REVEAL MY MONSTROUS FATE. A NEGATIVE WILL OFFER  
4 SOME RELIEF, YET TAYLOR'S FATE WILL STILL BE  
5 UNKNOWN. HOWEVER, A POSITIVE CAN BE MANAGED AND  
6 CHANNLED TOWARD MY GOAL OF BECOMING A NEUROLOGIST.

7 I DO NOT WANT MY DESIRE TO KNOW TO BECOME  
8 A SELFISH DECISION. NO PARENT WANTS TO FIND OUT  
9 THAT THEIR CHILD WILL BECOME SICK AND THAT THEY WERE  
10 ULTIMATELY THE ONE TO PASS IT ON, BUT I REFUSE TO  
11 ALLOW IT TO TAKE MORE FROM ME THAN IT HAS.

12 ONE OF MY BIGGEST CONCERNS IS MY  
13 13-YEAR-OLD SISTER TAYLOR. SHE IS BRIGHT,  
14 VIVACIOUS, AND HILARIOUS, YET I CAN NEVER GAUGE  
15 EXACTLY HOW MUCH SHE UNDERSTANDS ABOUT HD OR WHAT  
16 SHE'S FEELING.

17 THE NORMAL TEEN HORMONAL CHANGES COMBINED  
18 WITH HD STRAINS TAYLOR'S AND MOM'S RELATIONSHIP. I  
19 DO NOT WANT SOME OF TAYLOR'S MOST MEMORABLE YEARS TO  
20 BE FILLED WITH ARGUING AND HARD FEELINGS. IS SHE  
21 TOO YOUNG TO NOTICE THAT THINGS HAVE CHANGED AND  
22 MOM'S MOOD SWINGS ARE NOT ON PURPOSE? I KNOW IT  
23 WILL TAKE TIME FOR HER TO TRULY GRASP THE SITUATION,  
24 BUT OUR TIME IS ALREADY RUNNING.

25 MS. SCHAFFER: HD IS A THIEF. HD WILL ROB

## BARRISTERS' REPORTING SERVICE

1 ME AND MY FAMILY OF THE MANY SPECIAL MOMENTS OTHER  
2 FAMILIES TAKE FOR GRANTED. HD MAGNIFIES THE FEARS  
3 THAT MOST MOMS SHARE, AND I WORRY THAT THE STRESS OF  
4 BEING AT RISK FOR HUNTINGTON'S FOR MY GIRLS WILL  
5 LEAD THEM TO MAKE BAD CHOICES. IN TRUTH, MY BIGGEST  
6 FEAR IS THAT A TREATMENT OR CURE WILL NOT BE FOUND  
7 IN TIME FOR MY GIRLS. MY GREATEST HOPE AND CONSTANT  
8 PRAYER IS THAT HD WILL END WITH ME, BUT WE CANNOT  
9 LIVE ON HOPE. WE HAVE TO TAKE ACTION, GET INVOLVED  
10 SO THAT A TREATMENT OR CURE CAN BE FOUND.

11 EVERY TIME THERE ARE BREAKTHROUGHS OR  
12 DISCOVERIES, WE CELEBRATE, JUST LIKE WHEN THE GENE  
13 WAS ISOLATED AND THIS ULTIMATELY LED TO THE GENETIC  
14 TEST. AND IT WAS EXCITING WHEN THE SCIENTISTS WERE  
15 ABLE TO PUT THE MUTANT HD GENE INTO MICE AND  
16 ULTIMATELY WATCH THEM IMPROVE, BUT SADLY SO MANY OF  
17 THE DISCOVERIES HAVE YET TO TRANSFER TO HUMANS  
18 BECAUSE HD IS AN ORPHAN DISEASE. HOWEVER, HD  
19 REPRESENTS AN IMPORTANT TARGET THAT WILL HELP IN  
20 TREATING MANY NEUROGENERATIVE DISEASES THAT HAVE  
21 HIGHER PREVALENCE BECAUSE THE MUTATION THAT CAUSES  
22 HD IS KNOWN. THIS IS NOT THE CASE FOR OTHER  
23 DISEASES SUCH AS ALZHEIMER'S. AND WE ARE HERE TODAY  
24 TO HELP PUT FACES TO HD BECAUSE WE STILL DON'T HAVE  
25 A TREATMENT OPTION TO IMPROVE OUR QUALITY OF LIFE.

**BARRISTERS' REPORTING SERVICE**

1           THERE ARE QUITE A FEW OPEN AVENUES OF  
2 RESEARCH AGAINST HUNTINGTON'S DISEASE, AND STEM CELL  
3 THERAPY IS ONE THAT SHOWS GREAT PROMISE. THERE  
4 EXISTS A COMMUNITY OF SCIENTISTS AND CLINICIANS  
5 DEVOTED TO HD AND FAMILIES WORKING TOGETHER TO BRING  
6 STEM CELL-DERIVED THERAPY TO THE CLINIC. THANK YOU  
7 ONCE AGAIN FOR THE DEDICATION AND THE SACRIFICE OF  
8 YOUR RESEARCHERS TO EXPLORE THESE AVENUES IN THE  
9 HOPES THEY WILL PUT AN END TO HD. THANK YOU.

10                               (APPLAUSE.)

11           CHAIRMAN KLEIN: THANK YOU VERY MUCH FOR  
12 YOUR ELOQUENT STATEMENT ON BEHALF OF HD AND REALLY  
13 ON BEHALF OF ALL PATIENTS WITH GENETICALLY DERIVED  
14 DISEASES THAT RESULT IN CHRONIC DISEASE OF THE HEART  
15 OR RESULT IN CANCER OR IMMUNE-BASED DISEASES LIKE  
16 HD. WITH THE GENE CLEARLY MARKING IT, WE HAVE AN  
17 ADVANTAGE IN TRYING TO ADDRESS THERAPIES TO THE  
18 DISEASE. BUT THANK YOU BECAUSE YOUR PERSONAL  
19 STATEMENT REALLY HELPS UNDERLINE HOW URGENT OUR TASK  
20 IS TO MOVE SAFELY, ACCOUNTABLY, BUT QUICKLY TO A  
21 RESULT. SO I THANK THE HUNTINGTON'S ASSOCIATION AND  
22 THE SPEAKERS.

23                               WHILE WE ARE MOVING FORWARD HERE, COUNSEL,  
24 WE HAVE ONE OR TWO MORE -- ONE MORE MEMBER WE'RE  
25 WAITING ON. I AM GOING TO MOVE THROUGH THE

## BARRISTERS' REPORTING SERVICE

1 CHAIRMAN'S REPORT SINCE THAT ALSO IS AN ITEM THAT  
2 DOES NOT REQUIRE A QUORUM.

3 TWO CRITICAL ITEMS I'D LIKE TO REPORT ON  
4 TODAY VERY QUICKLY. ONE IS THE STATE BUDGET HAVING  
5 BEEN RESOLVED, I WANTED TO POINT OUT THAT, GIVEN THE  
6 BALLOT AND THE INITIATIVE STRUCTURE, WE ARE NOT PART  
7 OF THE STATE BUDGET. WE ARE SEPARATE FROM THE STATE  
8 BUDGET. IN FACT, THE INTEREST PAYMENTS ON OUR BONDS  
9 IS SEPARATELY FUNDED AND OUTSIDE THE STATE BUDGET  
10 UNTIL DECEMBER OF 2009.

11 SO IT'S IMPORTANT TO NOTE THAT, WHILE WE  
12 IDENTIFY VERY CLEARLY WITH THE CHALLENGES FACING THE  
13 STATE OF CALIFORNIA, THAT THIS CRITICAL WORK TO  
14 REDUCE HUMAN SUFFERING AND ADVANCE MEDICAL SCIENCE  
15 IS ABLE TO MOVE FORWARD. AND THE SCIENTISTS AND  
16 CLINICIANS AND PATIENTS COUNTING ON OUR PROGRESS  
17 NEED NOT BE CONCERNED ABOUT OUR WORK BEING  
18 INTERRUPTED.

19 SECONDLY, IT IS VERY IMPORTANT TO  
20 RECOGNIZE THAT THERE'S A GREAT DEAL OF CONFUSION IN  
21 THE COUNTRY BETWEEN THE NEED FOR EMBRYONIC STEM CELL  
22 RESEARCH GIVEN INDUCED PLURIPOTENT STEM CELL  
23 RESEARCH AND THE ADVANCES BEING MADE IN THAT AREA.  
24 I WOULD DIRECT ALL MEMBERS OF THE AUDIENCE AND THOSE  
25 BOARD MEMBERS WHO HAVE NOT YET SEEN THE STATEMENT ON

## BARRISTERS' REPORTING SERVICE

1 THE INTERNATIONAL STEM CELL SOCIETY WEBSITE TO A  
2 STATEMENT THAT HAS BEEN SIGNED BY A NUMBER OF  
3 EMINENT CALIFORNIA SCIENTISTS ALONG WITH JAMIE  
4 THOMSON FROM WISCONSIN, THE DISCOVERER IN THIS  
5 COUNTRY BOTH OF EMBRYONIC STEM CELLS AND IPS CELLS,  
6 A REALLY OUTSTANDING SCIENTIST HEADING THE AAAS, THE  
7 SCIENTIFIC ORGANIZATION, LIKE DAVID BALTIMORE.

8 THEY'VE ALL CONCURRED IN THE STATEMENT  
9 THAT THE EMBRYONIC STEM CELL REMAINS THE GOLD  
10 STANDARD FOR RESEARCH IN THIS COUNTRY AND THE WORLD.  
11 IT IS A BASE MARKER AGAINST WHAT ALL OTHER STEM CELL  
12 RESEARCH FOR PLURIPOTENCY IS COMPARED AND VALIDATED.

13 AND THE STATEMENT GOES ON TO SAY THAT SOME  
14 FIVE YEARS AGO ADULT STEM CELLS WERE ALLEGED BY SOME  
15 TO BE ABLE TO TRANSDIFFERENTIATE INTO ALL TISSUE  
16 TYPES. THAT HAS PROVEN FALSE, AND IT'S CRITICAL TO  
17 MAINTAIN PARALLEL PATHS OF EMBRYONIC STEM CELL  
18 RESEARCH WHICH HAS SOME THERAPIES NEAR APPROVALS  
19 WHILE THIS BRILLIANT NEW AREA OF INDUCED PLURIPOTENT  
20 STEM CELL RESEARCH IS BEING PURSUED.

21 WE NEED THE ENTIRE SPECTRUM, AND THE  
22 IDEOLOGICALLY MOTIVATED CLAIMS THAT IPS CELLS REMOVE  
23 THE NEED FOR EMBRYONIC STEM CELLS ARE NOT WELL  
24 FOUNDED.

25 I'D LIKE TO GO IMMEDIATELY, DR. TROUNSON,



## BARRISTERS' REPORTING SERVICE

1 TO YOUR REPORT. AND THEN I WOULD LIKE TO CALL  
2 EVERYONE'S ATTENTION, WHILE HE'S APPROACHING THE  
3 PODIUM, THAT WE WILL NOT GO THROUGH THE MINUTES OF  
4 THE LAST MEETING TODAY.

5 DR. TROUNSON: THANK YOU VERY MUCH, CHAIR.  
6 AND THANKS TO THOSE PATIENT ADVOCATES BRINGING US  
7 THE ATTENTION ON HUNTINGTON'S DISEASE. IT WAS A  
8 RESEARCH INTEREST OF MINE IN AUSTRALIA. AND ONE OF  
9 THE HARD ISSUES FOR ME WAS TO LEAVE THE RESEARCH AND  
10 COME HERE AND HEAD THIS ORGANIZATION, BUT I FEEL  
11 CONNECTED WITH IT. AND I'M INTERESTED TO SEE HOW IT  
12 PROGRESSES. AND I THINK IT'S A VERY, VERY IMPORTANT  
13 DISEASE TO MAKE SOME PROGRESS ON, AND IT'S ONE WHICH  
14 I ENCOURAGE YOU TO KEEP SPEAKING OUT ON BECAUSE IT'S  
15 ONE OF THOSE HIDDEN DISEASES IN LIFE. AND IT REALLY  
16 OFTEN HASN'T BEEN SPOKEN ABOUT IN A WAY YOU WERE  
17 ABLE, SO I APPLAUD YOU FOR THAT.

18 MAY I HAVE THE NEXT SLIDE. AS USUAL,  
19 CHAIR, I'LL QUICKLY RUN YOU INTO WHAT I THINK ARE  
20 SOME OF THE MOST IMPORTANT, AS I ASSESS THEM,  
21 REPORTS IN THIS LAST MONTH FROM THE LITERATURE.

22 AND THE FIRST ONE THAT I WANT TO BRING TO  
23 YOU BECAUSE I THINK IT'S AN IMPORTANT ISSUE. IT'S A  
24 MAJOR ROADBLOCK, I THINK, IN THE DELIVERY OF STEM  
25 CELLS TO THE CLINIC. AND IT'S A PAPER THAT HAS COME

## BARRISTERS' REPORTING SERVICE

1 OUT OF THE STANFORD GROUP HEADED UP BY DR. WU AND  
2 DR. ROBBINS, BOTH OF WHOM ARE GRANTEES. SO YOU  
3 SHOULD RECOGNIZE THIS REPORT IN THE *PROCEEDINGS OF*  
4 *THE NATIONAL ACADEMY OF SCIENCE* IS A TRIBUTE TO THE  
5 SUPPORT OF THIS PARTICULAR GROUP.

6 THERE'S BEEN A LOT OF ARGUMENT AND DEBATE  
7 ABOUT WHETHER HUMAN EMBRYONIC STEM CELLS AND THEIR  
8 DERIVATIVES HAVE A PREFERENTIAL SYSTEM. IF YOU  
9 INTRODUCE THEM INTO THE BODY, WILL THEY REMAIN  
10 THERE, OR WILL THEY BE ATTACKED BY THE IMMUNE  
11 SYSTEM? THIS WORK CLEARLY SHOWED THAT THEY WILL BE  
12 UNDER ATTACK, EFFECTIVELY UNDER ATTACK. AND  
13 REPEATED TRANSPLANTATION OF HUMAN EMBRYONIC STEM  
14 CELLS IN MICE THAT WERE COMPETENT, IMMUNOLOGICALLY  
15 COMPETENT, SHOWED THAT, AS DISTINCT FROM THOSE THAT  
16 ARE IMMUNE INCOMPETENT, THE MICE WILL ADAPT THE  
17 IMMUNE RESPONSE TO CERTAINLY GET RID OF THOSE CELLS,  
18 SO IT'S A VERY IMPORTANT ISSUE. WE BROUGHT IT UP  
19 WITH YOU BEFORE. WE WILL BE TACKLING THIS MATTER,  
20 BUT I THINK IT'S ONE OF THE LANDMARK PAPERS FOR THIS  
21 LAST MONTH.

22 IMMUNOSUPPRESSION WAS SHOWN TO  
23 SIGNIFICANTLY EXTEND GRAFT SURVIVAL, BUT THOSE WHO  
24 ARE MEDICALLY QUALIFIED WILL REALIZE THAT LONG-TERM  
25 IMMUNOSUPPRESSION FOR PATIENTS IS ALSO A VERY

## BARRISTERS' REPORTING SERVICE

1 DANGEROUS THING.

2 SO NEXT SLIDE. A VERY INTERESTING PAPER  
3 WHICH IS NOT SPECIFICALLY A STEM CELL PAPER HAS COME  
4 FROM DOUG MELTON'S LABORATORY IN HARVARD STEM CELL  
5 INSTITUTE. HERE THIS IS SHOWING THAT A GENE THERAPY  
6 ESSENTIALLY WILL ACTUALLY CONVERT PANCREATIC  
7 EXOCRINE CELLS, THOSE ONES THAT PRODUCE THE ENZYMES  
8 IN THE PANCREAS WHICH ARE REALLY CRITICAL FOR  
9 METABOLISM AND HEALTH. THEY CAN BE CONVERTED TO  
10 INSULIN-PRODUCING CELLS BY INTRODUCING WHAT ARE  
11 CALLED TRANSCRIPTION FACTORS. THEY TRIED A PANEL OF  
12 NINE DIFFERENT TRANSCRIPTION FACTORS. THEY'RE ALL  
13 IN AN ADENOVIRUS CARRIER. THESE VIRUSES WILL INFECT  
14 THE CELLS. AND WHILE THEY DON'T ENTER THE GENOME,  
15 THEY WILL PULSE THE MESSAGE FROM THE VIRUS SO THAT  
16 PROTEIN WILL BE MADE IN THOSE CELLS.

17 WELL, THE CELLS WHICH WERE ACTUALLY  
18 PULSING THREE OF THE TRANSCRIPTION FACTORS, AND THAT  
19 SEEMS TO HAVE GONE FROM THE SLIDE AND PROBABLY IS  
20 NOT SO IMPORTANT SPECIFICALLY TO YOU, BUT THREE OF  
21 THOSE TRANSCRIPTION FACTORS KNOWN TO BE ESSENTIAL  
22 FOR THE FORMATION OF THE PANCREAS AND ITS HEALTHY  
23 FUNCTIONING WERE ENOUGH TO CONVERT THE EXOCRINE  
24 CELLS TO INSULIN-PRODUCING CELLS WHICH LOOKED LIKE  
25 FEEDER ISLET CELLS. THEY DIDN'T FORM ISLETS, BUT

## BARRISTERS' REPORTING SERVICE

1 THESE CELLS STARTED TO ACT AS IF THEY WERE ISLET  
2 CELLS.

3 NOW, THIS HAS IMPORTANT IMPLICATIONS IN A  
4 GENE THERAPY SENSE, BUT IT'S NOT THE SORT OF THING,  
5 I THINK, REGULATORY AUTHORITIES WOULD BE SUPPORTIVE  
6 OF GIVING PATIENTS ADENOVIRUSES DIRECTLY AT THIS  
7 KIND OF RATE. BUT I THINK IT MEANS THAT WE COULD  
8 CONVERT PANCREATIC CELLS THAT MIGHT REMAIN IN A  
9 PATIENT TO AN ISLET-LIKE CELL WHICH PRODUCES  
10 INSULIN. SO IT WILL BE YET ANOTHER STRATEGY, I  
11 THINK, THAT WE AND OTHERS WILL EXPLORE IN TIME. AND  
12 I THINK IT IS PROBABLY A LANDMARK PAPER.

13 THIS IS A PAPER OUT OF BEN RUBINOFF'S  
14 TEAM. BEN WAS A STUDENT OF MINE AT MONASH. HE'S  
15 BEEN BACK IN ISRAEL AT HADASSA UNIVERSITY IN  
16 JERUSALEM. THEY'VE BEEN LOOKING AT THE EFFECT OF  
17 TRANSPLANTING HUMAN EMBRYONIC STEM CELL-DERIVED  
18 CELLS -- THESE ARE NEURAL PROGENITORS -- INTO THE  
19 BRAIN OF MICE THAT HAVE BEEN TREATED EXPERIMENTALLY  
20 TO FORM A FORM OF MS, MULTIPLE SCLEROSIS. SO THIS  
21 AUTOIMMUNE EXPERIMENTAL DISEASE IN THE MICE GIVES A  
22 TYPICAL PHENOTYPE OF MS.

23 SO WHEN THEY TRANSPLANTED THESE CELLS TO  
24 THE BRAINS, THESE HUMAN CELLS TO THE BRAINS OF THESE  
25 MICE, THESE WERE IMMUNE COMPROMISED MICE, THE CELLS,

## BARRISTERS' REPORTING SERVICE

1 IN FACT, MOVED INTO -- THEY ACTUALLY TRANSFERRED  
2 INTO THE WHITE MATTER OF THE BRAIN, BUT THEY DIDN'T  
3 REMYELINATE THE AXONS OF THE NEURONS AS WOULD BE  
4 NEEDED IN MS. MS IS A STRIPPING PHENOMENA OF THE  
5 PROTEINS AROUND THE AXONS SO THAT THE MESSAGE CAN'T  
6 TRAVEL DOWN THE NEURONS. BUT THIS DIDN'T AFFECT  
7 THAT, BUT IT HAD QUITE A DRAMATIC ANTI-INFLAMMATORY  
8 EFFECT. AND THIS IS SOMETHING THAT NEEDS TO BE  
9 RECOGNIZED BECAUSE THE ANIMALS DID RESPOND QUITE  
10 DRAMATICALLY TO THIS. SO IT'S EFFECTIVELY  
11 ADDRESSING THE AUTOIMMUNE COMPONENT, BUT IS NOT  
12 ADDRESSING THE REPAIR COMPONENT.

13 AND ALSO I'VE SEEN SIMILAR DATA FROM  
14 CLAUDE BERNARD IN AUSTRALIA WITH MESENCHYMAL STEM  
15 CELLS DOING EXACTLY THE SAME THING. SO I THINK  
16 THERE'S A LESSON HERE THAT WE NEED TO HAVE SUITABLE  
17 CONTROL CELLS TO TELL US WHAT'S GOING ON. I SEE  
18 DAVID NODDING STRONGLY. HERE'S ANOTHER LESSON FOR  
19 US TO BE CERTAIN THAT WHAT'S HAPPENING IS POSITIVE  
20 EFFECT.

21 A PAPER OUT OF INDIA, AND, CHAIR, I'VE  
22 NEVER BROUGHT A PAPER TO YOU FROM THE GROUPS IN  
23 INDIA, BUT THEY ARE ALIVE AND DOING GOOD WORK. AND  
24 I NOTED THIS PAPER BECAUSE IT ADDRESSES THE USE OF  
25 HUMAN EMBRYONIC STEM CELLS AS A TOOL FOR TESTING OUT

## BARRISTERS' REPORTING SERVICE

1 WHETHER WE'VE GOT EMBRYO TOXINS IN THE ENVIRONMENT.  
2 THIS IS SOMETHING THAT I'LL MENTION IN A MOMENT. WE  
3 HAD A WORKSHOP ON THIS. AND THEY'RE USING THE  
4 ABILITY OF THE CELLS TO EXPRESS CERTAIN GENES IN THE  
5 DIFFERENT LINEAGE TYPES, ENDODERM, ECTODERM,  
6 MESODERM. SO THEY HAD A PANEL OF 12 GENES THAT THEY  
7 WERE ASSESSING.

8 AND AS YOU READ THERE, THERE WAS IN THE  
9 CASE OF KNOWN EMBRYOTOXIC COMPOUNDS, NINE TO TEN OF  
10 THE 12 GENES WERE AFFECTED QUITE DRAMATICALLY IN  
11 THIS TEST. SO THAT CLEARLY IDENTIFIED EMBRYOTOXIC  
12 COMPOUNDS. WHERE THERE WAS A WEAK EMBRYOTOXIC  
13 EFFECT OF THESE COMPOUNDS, FIVE TO SEVEN OF THOSE  
14 PARTICULAR GENES WERE DISREGULATED OR AFFECTED. AND  
15 EVEN IN THE CASE OF NONTOXIC, THOUGHT TO BE NONTOXIC  
16 COMPOUNDS, ONE OR TWO OF THEM WERE AFFECTED.

17 I THINK THIS IS, AGAIN, A STRONG POINTER  
18 TO THE USE OF CELLS AS VEHICLES TO TEST  
19 ENVIRONMENTAL TOXINS. AND I THINK IT'S A GOOD  
20 INDICATION THAT THIS AREA WILL DRAMATICALLY IMPROVE  
21 AND EVOLVE.

22 THE NEXT ONE IS A PAPER BY JEANNIE LORING  
23 AND COLLEAGUES, AND I KNOW JEANNIE IS HERE. I  
24 DIDN'T KNOW SHE WAS GOING TO BE HERE, SO I DIDN'T  
25 SELECT IT ON THAT BASIS. I GENUINELY SELECTED IT

## BARRISTERS' REPORTING SERVICE

1 BECAUSE I THINK IT'S A LANDMARK PAPER PUBLISHED IN  
2 *NATURE*. JEANNIE IS AT SCRIPPS RESEARCH INSTITUTE.

3 IT'S A VERY COMPLEX ANALYSIS THAT WENT ON  
4 ON EXPRESSION PROFILING OF GENES, BUT ALSO MICRO-RNA  
5 PROFILING AND PROTEIN PROFILING. AND IT WAS LOOKING  
6 AT HOW CELLS CONGREGATE IF YOU CHARACTERIZE THEM  
7 WITH ENORMOUS AMOUNTS OF DATA THAT THE GROUP  
8 GENERATED. AND INTERESTINGLY, ALL THE SO-CALLED  
9 PLURIPOTENTIAL CELLS CONGREGATED NICELY TOGETHER.  
10 OTHER CELLS WERE DISTRIBUTED IN OTHER PLACES,  
11 CONGREGATED OFTEN TOGETHER, BUT IN MANY CASES MORE  
12 SPREAD OUT.

13 YOU CAN ACTUALLY CHARACTERIZE THE CELLS  
14 VERY WELL BY USING THIS METHODOLOGY, AND THEN YOU  
15 CAN INTERROGATE THIS INFORMATION FOR BRINGING  
16 FORWARD, SAY, PROTEIN-PROTEIN NETWORKS, FOR EXAMPLE.  
17 AND THEY'VE TERMED THAT A PLURINET, WHICH IS SHARED  
18 ONLY BY THOSE PARTICULAR CELLS.

19 WHAT'S THE IMPORTANCE OF THIS? WELL,  
20 THERE'S A LOT OF TESTING STILL TO GO, BUT WE CAN  
21 ACTUALLY START TO LOOK AT WHETHER CELLS BEHAVE AS  
22 THEY SHOULD AS A HERD OF SHEEP WHEN THEY'RE MEANT TO  
23 GO TO THE RIGHT PLACE IN DIFFERENTIATION. WE CAN  
24 LOOK TO SEE WHETHER THEY'RE OUTLIERS IN THE  
25 POPULATION THAT SHOULDN'T BE USED. WE MAY USE THIS

## BARRISTERS' REPORTING SERVICE

1 IN OUR CLINICAL REPERTOIRE OF TRANSLATION WHEN IT  
2 COMES TO CHARACTERIZING CELLS.

3 I THINK IT'S WAS A VERY WELL-THOUGHT OUT  
4 STUDY, IT IS INTENSELY COMPLICATED, AND INVOLVED A  
5 LARGE NUMBER OF PEOPLE. AND I THINK WE'LL RECOGNIZE  
6 THIS AS A LANDMARK PAPER FOR THE FUTURE.

7 SO THE NEXT ONE, I THINK THAT FINISHES  
8 THAT. SO BRIEF IT WAS, CHAIR, BUT I HOPE THE  
9 MESSAGE -- THIS IS JUST THE LAST MONTH'S PAPERS, AND  
10 SO THERE'S GREAT STUFF COMING OUT. I LEFT OUT 20  
11 OTHER GOOD PAPERS, SO I CHOSE THESE ON MY OWN RATHER  
12 THAN WHETHER YOU'D BE INTERESTED. SO YOU WILL HAVE  
13 TO EXCUSE THAT, BUT SCIENCE YOU ARE GOING TO GET  
14 SOME OF THESE MEETINGS.

15 THE NEW PERSONNEL WE HAVE SITTING AT THE  
16 FRONT TABLE, JOHN ROBSON, WHO'S THE VICE PRESIDENT  
17 OPERATIONS. HE WAS AT THE LAST MEETING. NOW HE'S  
18 HERE AS A WORKER. HE WAS AN OBSERVER LAST TIME.  
19 AND WE DO WELCOME HIM, AND HE'S BUSY ALREADY.

20 AMY CHEUNG, SENIOR ADMINISTRATIVE  
21 ASSISTANT, WHO WAS FORMERLY WITH THE AUSTRALIAN  
22 TRADE COMMISSION. SO, CHAIR, THIS HELPS ME, THE  
23 STAFF TO UNDERSTAND WHAT I'M TALKING ABOUT. SO AS A  
24 MESSENGER, SHE'S HEARD ALL OF THE FUNNY EXPRESSIONS  
25 THAT HAVE BEEN USED BY US AUSTRALIANS, SO THAT'S



## BARRISTERS' REPORTING SERVICE

1 HELPFUL.

2 JUST MY PRIORITIES BECAUSE, YOU KNOW, I  
3 BRING THEM TO YOU EACH TIME. A STEM CELL AWARENESS  
4 DAY, I'M WEARING A BIG BADGE. DON GIBBONS WILL  
5 REPORT TO YOU ON THIS, BUT THE GOVERNOR HAS  
6 RECOGNIZED TODAY AS A STEM CELL AWARENESS DAY. I  
7 THINK IT'S MORE ABOUT REACHING OUT TO THE COMMUNITY  
8 TO GET THEM -- TO KEEP THEM ENGAGED IN WHAT WE'RE  
9 DOING. IT'S A VERY IMPORTANT INITIATIVE THAT WAS  
10 BEGUN BY THE AUSTRALIANS AND HAS LINKED UP WITH  
11 CALIFORNIA AND WILL BE, I BELIEVE, TRAVELING  
12 WORLDWIDE PERHAPS NEXT YEAR.

13 THERE WAS A WONDERFUL CIRM GRANTEES  
14 CONFERENCE. I'LL MENTION A COUPLE OF THINGS ON  
15 THAT. IT WAS A GREAT LIFT. IT WAS TWO DAYS OF JUST  
16 GREAT SCIENCE BY THE PEOPLE THAT WE'RE FUNDING. YOU  
17 CAN -- WE CAN'T SPECIFY PARTICULARLY THE STUDIES TO  
18 YOU, BUT YOU HAVE THE ABSTRACT BOOK THERE. IT WAS  
19 HELD UNDER COLD SPRING HARBOR RULES, SO WE DON'T  
20 ANNOUNCE PUBLICLY THE WORK THAT THEY'RE DOING SO  
21 THAT THEY WERE PREPARED TO GIVE IT TO US FULL ON.

22 IT WAS TREMENDOUS STUFF. AND I TELL YOU  
23 THE ACCELERATION IN SOME OF THE AREAS IS QUITE  
24 EXTRAORDINARY. AND I WOULDN'T LIKE TO POINT OUT  
25 ANYTHING, BUT I JUST SPECIFICALLY NOTE THAT EVEN IN

## BARRISTERS' REPORTING SERVICE

1 CONDITIONS LIKE AIDS THERE IS SOME DRAMATIC MOVES ON  
2 THE WORK THAT'S HAPPENING. AND I THOUGHT THAT WAS  
3 REALLY QUITE A COMPLEX AREA THAT WOULD BE QUITE  
4 RESISTANT TO OUR HAVING AN IMPACT. I HAVE TO  
5 REASSESS THAT A LITTLE, I THINK.

6 CANCER WORKSHOP, WE HAD A WORKSHOP WITH  
7 ALL OF THE THOUGHT LEADERS AS WE DETERMINED THEM IN  
8 CALIFORNIA. GREAT WORKSHOP, ONE WHERE THERE WAS A  
9 VIGOROUS DEBATE, LET ME TELL YOU, ON MANY ITEMS, BUT  
10 GREAT CONSENSUS IN THE END.

11 WE HAD A GRANTS WORKING GROUP TOOLS AND  
12 TECHNOLOGY REVIEW. I THOUGHT THAT WAS A VERY  
13 STIMULATING REVIEW, VERY INTERESTING. WE'LL BE  
14 BRINGING THAT TO YOU IN DECEMBER. AND YOU'D BE  
15 REALLY INTERESTED IN WHAT WAS BEING BROUGHT FORWARD.

16 WE'VE HAD THE TWO IP WORKSHOPS, ONE IN SAN  
17 DIEGO, ONE IN SAN FRANCISCO. I WAS AT THE ONE IN  
18 SAN FRANCISCO. VERY CONSTRUCTIVE MEETING.

19 UNDERSTAND THE ONE IN SAN DIEGO WAS A LITTLE MORE  
20 VOLATILE, BUT I HOPE THOUGHT TO BE REALLY USEFUL FOR  
21 THE PEOPLE INVOLVED IN THE COMMERCIAL SECTOR.

22 REVISION OF THE STRATEGIC PLAN IS STILL  
23 UNDER WAY. WE'RE BUSY. WHEN WE GET OUR TIME TO DO  
24 THAT, IT'S PROGRESSING, AND WE WILL BE BRINGING THAT  
25 TO THE STAKEHOLDERS AND TO YOU HOPEFULLY IN THE NEAR

## BARRISTERS' REPORTING SERVICE

1 FUTURE.

2 WE'RE PROGRESSING ON INTERNATIONAL  
3 CONNECTIONS. WE'LL REPORT ON THAT. THERE ARE STAFF  
4 ISSUES, MANY OF THEM WE'VE HAD TO ADDRESS, INCLUDING  
5 REPLACING TAMAR AS GENERAL COUNSEL. SO WE STOPPED  
6 HIRING ANYBODY DURING THE BUDGET CRISIS TIMES TO BE  
7 IN CONCERT WITH THE GOVERNOR'S DEPARTMENT.

8 WE'RE COMPLETING THE MAJOR FACILITIES  
9 CONTRACTS, AND THERE'S BEEN A NUMBER OF NEGOTIATIONS  
10 THERE TO COMPLETE THAT. AND WE'VE BEEN BUSY TALKING  
11 TO EVERYONE IN CALIFORNIA ABOUT TRANSLATION AND  
12 DISEASE TEAMS.

13 SO A LOT OF WORK. JUST AN UPDATE ON THE  
14 INTERNATIONAL LINKAGES QUICKLY. COMPLETED MOU'S.  
15 THEY'RE JUST COMPLETED, ARE THEY? I CAN TELL YOU  
16 THE ONES WE COMPLETED. SOMETHING IS MISSING OFF  
17 THIS SLIDE OBVIOUSLY. CANADA, VICTORIA, AND THE  
18 JUVENILE DIABETES RESEARCH COUNCIL, AND THIS MORNING  
19 NANCY KOCH TELLS ME THAT THE UK HAVE SIGNED UP. AND  
20 SO IF I CAN GET THE SIGNATURES ON THE PAPER, THAT  
21 WILL BE A DONE DEAL. AND WE'RE TALKING TO A NUMBER  
22 OF OTHER FOUNDATIONS AND ORGANIZATIONS AND COUNTRIES  
23 AND STATES ABOUT FURTHER LINKAGES. SO IT'S GOING  
24 WELL. AND THANKS TO NANCY FOR ALL THAT HARD WORK.

25 JUST QUICKLY, BECAUSE WE'RE ASKED

## BARRISTERS' REPORTING SERVICE

1 FREQUENTLY ON THE IP ISSUES THAT RELATE TO THESE  
2 INTERNATIONAL ARRANGEMENTS. THE SCIENTIFIC TEAMS  
3 FROM BOTH MUST NEGOTIATE RE IP RIGHTS AND  
4 RESPONSIBILITIES, BUT CALIFORNIANS MUST REMAIN FULLY  
5 BOUND BY THE CIRM IP REGULATIONS. NON-CALIFORNIANS  
6 SHOULD ADHERE TO ACCESS PLANNING AND CALRX PRICING  
7 WHEN ACTING IN CALIFORNIA. AND THE MARCH-IN RIGHTS  
8 BE SECURE. CIRM AND THE CO-FUNDER WILL REVIEW IP  
9 AGREEMENTS PREFUNDING.

10 DETAILED HERE IS CIRM TAKES NO POSITION ON  
11 REVENUE SHARING FOR NON-CALIFORNIANS, AND CIRM WILL  
12 RECEIVE ADEQUATE REPORTING VIA PROJECT AND BUDGET  
13 ISSUES.

14 THE WORKSHOPS THAT ARE COMPLETED ARE IN  
15 TOXICOLOGY. THE REPORT IS ON THE WEBSITE. PLEASE  
16 GO THERE. IF YOU WOULD LIKE A HARD COPY, LET THE  
17 STAFF KNOW AND WE'LL GET IT TO YOU. VERY  
18 INTERESTING READING. IF YOU TAKE THE OPPORTUNITY TO  
19 READ THAT, IT'S INFORMATIVE.

20 THE CANCER STEM CELL WORKSHOP WILL BE  
21 AVAILABLE SHORTLY, I HOPE WITHIN THE NEXT WEEK OR  
22 TWO. AND, AGAIN, THAT WOULD BE TRANSMITTED TO YOU,  
23 AND WE WILL HAVE A SUMMARY ON THE WEBSITE. AS I  
24 SAID, WE'VE DONE THE IP REGS AND GRANT WRITING  
25 PUBLIC SESSIONS.

## BARRISTERS' REPORTING SERVICE

1 THE CANCER STEM CELLS, I'VE REALLY  
2 ESSENTIALLY BEEN THROUGH THIS, CHAIR, BUT THE  
3 PURPOSE WAS REALLY TO GET CALIFORNIANS BROADLY TO  
4 SIGN ONTO A CANCER STEM CELL INITIATIVE THAT WOULD  
5 INVOLVE OUR COLLEAGUES IN CANADA. AND THE CONSENSUS  
6 IS WRITTEN THERE. DESPITE THE DISAGREEMENTS IN THE  
7 AREA OF CANCER, AND THEY ARE NUMEROUS FROM TIME TO  
8 TIME, THERE ARE VERY STRONGLY HELD VIEWS IN THE  
9 CANCER -- I'VE GOT THE TAP ON THE WATCH HERE -- BUT  
10 THE CONSENSUS THERE, BASICALLY THE LAST LINE IS THAT  
11 THE COLLABORATION SHOULD BE VIGOROUSLY PURSUED.

12 I THINK THAT'S IMPORTANT, CHAIR, BECAUSE  
13 AS THIS IS GOING TO COME UP, WE WOULD NEED TO KNOW  
14 THAT CALIFORNIANS ARE SIGNED ONTO THIS.

15 I'LL BE QUICK. UPCOMING WORKSHOPS, CELL  
16 PRODUCTION FACILITIES IN NOVEMBER, IMMUNOLOGY IN  
17 FEBRUARY, AND PROBABLY A UK-UNITED  
18 KINGDOM-MRC-CALIFORNIA-WORKSHOP IN EARLY 2009.

19 THE GRANTEE MEETING, PLEASE READ THE  
20 ABSTRACT BOOK. I THINK IT'S ON THE TABLE FOR YOU.  
21 GREAT. THERE WERE OVER 400 REGISTRANTS AT THAT  
22 CONFERENCE, AND THE COLLABORATIONS ESTABLISHED  
23 AMONGST SCIENTISTS ARE VERY SIGNIFICANT. WE'LL TALK  
24 TO YOU MORE ABOUT THAT OFFLINE. GREAT, GREAT  
25 MEETING.

## BARRISTERS' REPORTING SERVICE

1 COMPLETED REVIEWS ARE TOOLS AND  
2 TECHNOLOGY, THE DOUBLE REVIEW. YOU WILL GET THIS IN  
3 DECEMBER. UPCOMING GRANT REVIEWS ARE ON TRAINING  
4 GRANTS II AND THE BRIDGES TO STEM CELL RESEARCH. SO  
5 WE HAVE THOSE REVIEWS COMING UP.

6 EARLY TRANSLATIONAL RESEARCH, THE RFA WAS  
7 RELEASED IN AUGUST. THE GRANTS WORKING GROUP WILL  
8 BE REVIEWING THEM IN FEBRUARY, AND THE ICOC APPROVAL  
9 WE COULD EXPECT IN MAY.

10 DISEASE TEAM AWARDS, THE RFA WILL BE  
11 RELEASED, WE EXPECT, IN FEBRUARY. WE'LL BRING YOU  
12 THE PROPOSAL IN THE DECEMBER MEETING. GRANTS  
13 WORKING GROUP REVIEW BY THE SUMMER, AND ICOC  
14 APPROVAL AS SOON AS WE CAN, HOPEFULLY A LITTLE  
15 EARLIER, BUT AT THE LATE LINE WILL BE LATE SUMMER,  
16 FALL.

17 THESE ARE ALL THE PEOPLE THAT DO THE WORK.  
18 I STAND UP HERE AND TAKE THE APPLAUD. THEY WORK  
19 REALLY, REALLY HARD. AND YOU SHOULD BE PROUD OF  
20 THEM. THANK YOU VERY MUCH.

21 (APPLAUSE.)

22 CHAIRMAN KLEIN: ALL RIGHT. MY  
23 UNDERSTANDING, MELISSA, IS WE NOW HAVE OUR QUORUM.  
24 POTENTIALLY YOU WOULD LIKE TO JUST CALL THE ROLL ON  
25 THOSE ADDITIONAL PEOPLE TO PUT THEM ON THE PUBLIC

## BARRISTERS' REPORTING SERVICE

1 RECORD.

2 MS. KING: FOR THE RECORD, I'M GOING TO  
3 CALL THE THREE PEOPLE THAT HAVE JOINED US IN THE  
4 LAST SEVERAL MINUTES.

5 MARCY FEIT.

6 MS. FEIT: HERE.

7 MS. KING: JEFF SHEEHY.

8 MR. SHEEHY: HERE.

9 MS. KING: AND SAM HAWGOOD.

10 DR. HAWGOOD: HERE.

11 MS. KING: THANK YOU.

12 CHAIRMAN KLEIN: THANK YOU. AND REMIND  
13 EVERYONE TO SPEAK VERY CLOSELY TO THE MICS. WE ARE  
14 GOING TO TAKE A VERY QUICK BREAK JUST SO WE CAN  
15 ADMINISTRATIVELY COVER A COUPLE OF ITEMS, AND THEN  
16 WE'RE GOING TO BE MOVING VERY EXPEDITIOUSLY THROUGH  
17 A NUMBER OF ITEMS. WE HAVE SOME TIME CONSTRAINTS  
18 TODAY. WE HAVE A NUMBER OF ITEMS ON THE AGENDA, AND  
19 WE'LL BE MOVING QUICKLY FORWARD. FIVE MINUTES.

20 (A RECESS WAS TAKEN.)

21 CHAIRMAN KLEIN: ALL RIGHT. IF WE COULD  
22 RECONVENE, PLEASE. WE'RE GOING TO RECONVENE AT THIS  
23 POINT, AND WE'RE GOING TO ASK OUR IMMINENTLY  
24 QUALIFIED AND DISTINGUISHED COMMUNICATION DIRECTOR  
25 TO PRESENT AN ITEM HERE IN JUST ONE MOMENT, ITEM 7.

## BARRISTERS' REPORTING SERVICE

1 IF STAFF COULD RALLY ANY BOARD MEMBERS WHO DON'T  
2 REALIZE THE BREAK IS OVER. THANK YOU. MR. GIBBONS.

3 MR. GIBBONS: THANK YOU, CHAIRMAN KLEIN,  
4 MEMBERS OF THE BOARD, AND MEMBERS OF THE PUBLIC.  
5 THANKS FOR JOINING US TODAY ON AN AUSPICIOUS DAY.  
6 YOU'VE HEARD FROM ALAN THIS IS STEM CELL AWARENESS  
7 DAY. THIS IS AN OFFICIAL PROCLAMATION FROM THE  
8 GOVERNOR. IT WILL BE ON THE DESK UP FRONT IF  
9 ANYBODY WANTS TO READ IT.

10 AND I WANT TO GIVE YOU A VERY BRIEF  
11 RUNDOWN OF A FEW EVENTS OF STEM CELL AWARENESS DAY.  
12 IT ACTUALLY BEGAN FOR US LAST NIGHT AT 5 O'CLOCK.  
13 WE DID IT IN CONJUNCTION WITH VICTORIA IN AUSTRALIA,  
14 AND THEY'RE ABOUT DAY AND A HALF AHEAD OF US. SO I  
15 PLAYED BARBARA WALTERS ASKING QUESTIONS OF BOB AND  
16 ALAN IN LIVE VIDEO FEED TO AUSTRALIA THAT WAS QUITE  
17 INTERESTING AND TO A LARGE CROWD DOWN IN VICTORIA.

18 YOU HEARD THIS MORNING THE SPOTLIGHT WAS  
19 WEBCAST LIVE. WE ADVERTISED IT VERY HEAVILY TO THE  
20 SCHOOL SYSTEMS IN CALIFORNIA, HOPING THAT THEY WOULD  
21 HAVE A CHANCE AT 8 O'CLOCK IN FIRST PERIOD TO PLAY  
22 THE TAPE. IT'S ALSO BEING ARCHIVED, AND THE  
23 TEACHERS HAVE THE ARCHIVED URL SO THEY CAN WORK IT  
24 INTO THEIR CLASS AT A LATER DATE. I THINK THE  
25 PRESENTATIONS WERE VERY NICELY ON A LEVEL THAT WOULD



## BARRISTERS' REPORTING SERVICE

1 BE GOOD FOR THE SCHOOL SYSTEMS.

2 AND THEN LATER THIS AFTERNOON AT 3 O'CLOCK  
3 FROM TO THREE TO FIVE DURING THAT AFTER-SCHOOL  
4 PERIOD WHEN MIDDLE SCHOOL KIDS ARE IN AFTER-SCHOOL  
5 PROGRAMS, HIGH SCHOOL SCIENCE CLUBS ARE MEETING, AND  
6 THAT SORT OF THING IS HAPPENING, WE'RE GOING TO HAVE  
7 A LIVE CHAT WITH A HALF DOZEN LEADING STEM CELL  
8 SCIENTISTS UP AND DOWN THE STATE WHO HAVE AGREED TO  
9 BE BY THEIR COMPUTERS SO THAT WHEN QUESTIONS COME  
10 IN, MARIE CAN TRIAGE THEM OUT TO THE APPROPRIATE  
11 SCIENTIST. THE QUESTIONS WILL COME BACK IN, AND  
12 WE'LL POST THEM ON A LIVE SCROLL ON A DEDICATED  
13 WEBSITE.

14 TO TRY TO MAKE SURE THE KIDS HAVE AN  
15 OPPORTUNITY TO ASK INTELLIGENT QUESTIONS, WHEN THEY  
16 LOG ONTO THAT SITE, A VIDEO STARTS TO PLAY  
17 IMMEDIATELY OF LARRY GOLDSTEIN GIVING A BASICS OF  
18 STEM CELLS AND WHERE IS THE FIELD TODAY THAT WAS  
19 SHOT LAST WEEK AT A PRESS SEMINAR WE DID. YOU HEARD  
20 ALAN TALK ABOUT THE GRANTEE MEETING. WHILE WE HAD  
21 THE GRANTEES ALL IN TOWN, I TOOK THE OPPORTUNITY TO  
22 ASK NINE OF THEM TO COME A BIT EARLY AND DO A PRESS  
23 SEMINAR. WE HAD OVER 30 REPORTERS SHOW UP FOR THE  
24 PRESS SEMINAR. AND THE FIRST SPEAKER WAS LARRY  
25 DOING THE OVERVIEW. WE VIDEOTAPED THAT, AND THAT IS

## BARRISTERS' REPORTING SERVICE

1 LIVE ON THE WEBSITE NOW TO GIVE STUDENTS A CHANCE TO  
2 GET A LITTLE PRIMER AND ASK MORE INTELLIGENT  
3 QUESTIONS.

4 ALSO ON THAT SITE IS A LINK TO A NEW STEM  
5 CELLS 101, A VERY LARGE DOCUMENT SUBDIVIDED IN MANY  
6 CHAPTERS, THAT AMY ADAMS FROM MY STAFF HAS PRODUCED,  
7 A VERY GOOD PRIMER THAT WILL HELP KIDS ASK BETTER  
8 QUESTIONS. AND EMBEDDED IN IT NOW ARE A COUPLE OF  
9 VIDEOS THAT ARE THE FIRST OF 15 THAT SHE HAS SHOT UP  
10 AND DOWN THE STATE THIS MONTH THAT WILL HIGHLIGHT  
11 DIFFERENT ASPECTS OF STEM CELLS. WHEN OUR NEW  
12 WEBSITE GOES LIVE IN OCTOBER, WE WILL HAVE ALL 15  
13 VIDEOS UP THERE.

14 AND SO NOW I'M GOING TO MIGRATE TO THAT  
15 NEW WEBSITE. MELISSA, FIRST SLIDE. SO THIS IS A  
16 PREVIEW OF OUR NEW SITE. WE HAD HOPED TO HAVE IT  
17 LIVE TODAY. AND AS ANYBODY THAT'S PUT UP A NEW  
18 WEBSITE KNOWS, THAT'S IFFY, BUT IT WILL GO LIVE NEXT  
19 MONTH.

20 WE KNOW THAT WE HAVE VERY DIFFERENT  
21 AUDIENCES. SO THIS TIME AROUND WE WANTED TO VERY  
22 SPECIFICALLY MAKE SURE OUR AUDIENCES ARE BEING  
23 SERVED. SO WE'VE GOT A PAGE FOR RESEARCHERS, FOR  
24 THE PUBLIC, AND FOR THE INTERNAL CIRM OPERATIONS  
25 BECAUSE WE KNOW PEOPLE USE THE SITE FOR THAT. SO

## BARRISTERS' REPORTING SERVICE

1 THERE WILL BE A NEWS WELL IN THE MIDDLE, NAVIGATION,  
2 AND THEN, NEXT SLIDE, IF IT'S FOR THE RESEARCH  
3 COMMUNITY, THERE WILL BE VERY SPECIFIC INFORMATION  
4 FOR THEM, WHETHER THEY'RE APPLICANTS OR CURRENT  
5 GRANTEES.

6 IF IT'S CIRM OPERATIONS, WE'VE GONE FOR  
7 THE PUBLIC SIDE. THERE WILL ALWAYS BE A NEWS WELL  
8 THAT WILL BE AN ABSTRACT OF A CIRM-FUNDED GRANTEE'S  
9 RESEARCH PAPER AND A LINK TO THE MOST RECENT VIDEO.  
10 THE VIDEOS I MENTIONED EARLIER ARE EVERGREEN VIDEOS  
11 THAT WILL BE IN THE STEM CELLS 101 BASICS. THEY'RE  
12 GOING TO HOPEFULLY BE THERE FOR A COUPLE OF YEARS.

13 THESE VIDEOS ON THIS PAGE ARE GOING TO BE  
14 SHOT IN REAL TIME BASED ON THE RESEARCH PAPERS THAT  
15 ARE COMING OUT. SO AMY WILL BE TRAVELING UP AND  
16 DOWN THE STATE INTERVIEWING THE FACULTY AND LETTING  
17 THEM TELL IN THEIR OWN WORDS WHAT IS BEHIND THEIR  
18 RESEARCH. WE KNOW THAT IN THIS DAY AND AGE A LOT OF  
19 PEOPLE LEARN IN THE OLD FASHIONED WAY, READING THE  
20 PROSE, WHICH WILL BE ON THE RIGHT SIDE, BUT A LOT OF  
21 PEOPLE REALLY LEARN BETTER ON VIDEO. SO WE'RE  
22 TRYING TO TELL AS MANY STORIES AS WE CAN IN BOTH  
23 FORMATS, PROSE AND VIDEO.

24 AND NEXT SLIDE, I THINK, SHOWS HOW THOSE  
25 STEM CELLS 101 WILL LOOK. YOU CAN SEE THIS IS ONE

## BARRISTERS' REPORTING SERVICE

1 SECTION. AND EVEN WITHIN THE SECTION, THERE ARE  
2 SUBHEADINGS YOU CAN CLICK ON TO DECIDE WHICH AREA  
3 YOU WANT TO READ ABOUT, AND THEN ABOUT TWO-THIRDS OF  
4 THE WAY DOWN, YOU WILL SEE A LINK TO ONE OF THE  
5 VIDEOS. AND SO THAT WILL BE, I THINK, A VERY ROBUST  
6 SITE FOR THE PUBLIC, SOMETHING NEW THAT THEY HAVEN'T  
7 HAD FROM US.

8 AND THEN I WANT TO END WITH ONE LAST VERY  
9 SHORT 30-SECOND VIDEO CLIP. WHEN AMY WAS GOING  
10 AROUND, VERY UNSOLICITED FROM THESE FACULTY MEMBERS,  
11 THEY KEPT COMING UP WITH, WOW, THIS IS WHAT CIRM IS  
12 DOING FOR ME. SO I THOUGHT YOU GUYS SPEND SO MUCH  
13 TIME WORKING WITH CIRM. THIS IS THE REASON WHY  
14 YOU'RE DOING IT.

15 (VIDEO CLIP PLAYED AT THIS TIME.)

16 MR. GIBBONS: SO WE'VE GOT ABOUT ANOTHER  
17 HALF DOZEN UNSOLICITED TRIBUTES LIKE THAT. SO YOUR  
18 TIME IS WELL SPENT. THANK YOU.

19 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

20 (APPLAUSE.)

21 CHAIRMAN KLEIN: AS WE MOVE TO ITEM 8,  
22 THIS IS AN ITEM SPECIFICALLY REQUESTED BY THE BOARD.  
23 I'M GOING TO JUST COVER THE HIGHLIGHTS HERE. AND I  
24 THANK LYNN HARWELL FOR PUTTING THIS TOGETHER FOR THE  
25 BENEFIT OF THE BOARD AND THE PUBLIC.

## BARRISTERS' REPORTING SERVICE

1 STARTING THIS FISCAL YEAR AND LOOKING  
2 THROUGH THE END OF THIS FISCAL YEAR, THE FIRST SLIDE  
3 GIVES US A 50,000-FOOT PERSPECTIVE. AND THIS  
4 ASSUMES IN THE PROJECTED AMOUNT COMMITTED AND  
5 ALLOCATED THROUGH JUNE 2009 THE BILLION TWENTY-NINE  
6 MILLION ASSUMES THE HIGH END OF THE DISEASE TEAM AND  
7 TRANSLATIONAL AWARDS, AND IT ASSUMES THE LOAN  
8 PROGRAM IS IN PLACE DURING THAT PERIOD. IT ALSO  
9 ASSUMED THAT, FROM MY OPTIMISTIC POINT OF VIEW, THAT  
10 WE MIGHT GET THROUGH DISEASE TEAMS BEFORE JULY 1ST  
11 RATHER THAN IN THE FALL. SO FROM MY VIEW SUMMER  
12 ENDS ON JULY 1ST, AND I'M HOPEFUL THAT, MAYBE  
13 UNREALISTICALLY OPTIMISTIC, BUT HOPEFUL, BECAUSE OF  
14 THE CRITICAL NATURE OF DISEASE TEAMS, THAT WE CAN  
15 MOVE THROUGH THAT QUICKLY.

16 THE NEXT SLIDE, IF WE CAN GO TO IT, GIVES  
17 YOU THE DETAIL BEHIND THE BILLION TWENTY-NINE  
18 MILLION DOLLAR FIGURE. 614 MILLION GRANTS THROUGH  
19 AUGUST 2008. THEN IT SHOWS THE ALLOCATIONS WE'VE  
20 MADE FOR TOOLS AND TECHNOLOGY, EARLY TRANSLATIONAL  
21 RESEARCH, RESEARCH TRAINING II, BRIDGES FOR STEM  
22 CELL RESEARCH. ESTIMATED ALLOCATION FOR DISEASE  
23 TEAMS, THAT NUMBER, AS YOU WILL SEE LATER, IS A  
24 RANGE FROM 120 MILLION TO 210. WE USED THE HIGH  
25 NUMBER THERE, AND IT ASSUMES A FULL LOAN PROGRAM IS

## BARRISTERS' REPORTING SERVICE

1 IN PLACE.

2 THEN ASSOCIATED GRANTS AND GENERAL  
3 ADMINISTRATION IS ESSENTIALLY 5.9 PERCENT OVERHEAD  
4 FACTOR, WHICH IS COMPRISED OF 3 PERCENT FOR GENERAL  
5 OVERHEAD AND 3 PERCENT FOR RESEARCH OVERSIGHT, BUT  
6 THOSE ARE NOT PERCENTAGES OF THE SAME NUMBER, SO IT  
7 WORKS OUT TO BE APPROXIMATELY A 5.9 PERCENT FIGURE.  
8 IT'S ACTUALLY VERY CLOSE TO SIX, BUT WE'VE  
9 SIMPLIFIED IT.

10 WITHOUT GOING THROUGH THE PIE CHARTS,  
11 WHICH ARE AVAILABLE TO YOU, ON DISTRIBUTIONS OF  
12 WHERE THE FUNDS HAVE GONE, IF WE CAN GO TWO MORE  
13 SLIDES FURTHER, ONE MORE, ONE MORE. LOOKING OUT  
14 THROUGH 2016, 2017, YOU ARE GOING TO SEE COMMITMENTS  
15 IN THAT LINE. THEY'RE 3 BILLION 500 MILLION. NOW,  
16 THAT ASSUMES THAT THERE'S \$500 MILLION THAT REVOLVES  
17 IN LOAN PROCEEDS DURING THAT TIME PERIOD. IT'S VERY  
18 IMPORTANT TO NOTE THAT WHILE THE PRESS IS FOCUSED ON  
19 THE FACT THAT WE CANNOT SPEND THE FUNDS FASTER THAN  
20 TEN YEARS, THEY'VE SIMPLIFIED THE VIEW THAT THE  
21 AGENCY EXISTS FOR TEN YEARS. THAT'S NOT TRUE. THE  
22 AGENCY HAS THE ABILITY TO CARRY FUNDS FORWARD AS IT  
23 DID DURING THE LITIGATION PERIOD AND ONLY SPEND  
24 MONEY WHEN WE HAVE QUALITY SCIENCE AND QUALITY  
25 MEDICAL TRIALS TO FUND.

## BARRISTERS' REPORTING SERVICE

1 SO WE HAVE THE ABILITY TO CARRY FUNDS  
2 FORWARD. AND WITH THE BENEFIT OF THE LOAN PROCEEDS  
3 RECYCLING, YOU WILL SEE THAT OUR LIFE IS LONGER THAN  
4 TEN YEARS. NOW, WE COULD HAVE AND WE CAN, BY OUR  
5 AUTHORITY, SPEND ALL THE MONEY IN TEN YEARS. BUT  
6 THIS ASSUMES WE GET TO A STABILIZED LEVEL OF ABOUT  
7 300 MILLION AND MAINTAIN THAT RATHER THAN JUMPING UP  
8 TO 4, 500 MILLION AND JUST SPENDING DOWN THE MONEY  
9 AT A FASTER RATE.

10 SO THE BOARD HAS SOME POLICY DECISIONS AND  
11 PORTFOLIO MANAGEMENT DECISIONS, WHICH WE'LL GET INTO  
12 GREATER DEPTH IN DECEMBER, BUT I'M CALLING TO THE  
13 BOARD'S ATTENTION HOW THE REMAINING FUNDS LAY OUT.

14 SO BASICALLY FROM THE END OF THIS FISCAL  
15 YEAR, THIS DEMONSTRATES THAT WITH THE RECYCLED LOAN  
16 PROCEEDS, WE HAVE ABOUT EIGHT MORE YEARS OF FUNDING  
17 AFTER JUNE 30TH, 2009. WITHOUT MAKING ASSUMPTIONS  
18 ON WHAT PORTION OF THE YEARS BEYOND 2011 WOULD BE IN  
19 LOAN PROCEEDS BECAUSE THOSE LOAN PROCEEDS WOULD ALSO  
20 RECYCLE AND SHOW UP 2017-18, 2018-19, ETC.

21 THE LOAN PROGRAM WE'RE DISCUSSING LATER ON  
22 THE AGENDA TODAY IS, THEREFORE, AN IMPORTANT  
23 MANAGEMENT TOOL FOR STEWARDING THE FUNDS AND  
24 EXPANDING THE REACH OF OUR FUNDING PROGRAMS. IT  
25 GIVES US A GREATER CAPACITY TO FUND A BROAD

## BARRISTERS' REPORTING SERVICE

1 PORTFOLIO. AND LOOKING AT THE NIH HISTORY AND OTHER  
2 FUNDING HISTORIES IN EUROPE AND ASIA, THE BROADER  
3 THE PORTFOLIO, THE HIGHER THE CHANCES OF SUCCESS AS  
4 A GENERALIZATION WITH A LOT OF SPECIAL  
5 CONSIDERATIONS THAT WILL COME TO THE BOARD AS WELL  
6 IN DECEMBER IN THE STRATEGIC PLAN FOR A MORE REFINED  
7 CONSIDERATION.

8 I WOULD NOTE THAT IN THE NOTES TO THE LAST  
9 SHEET WHERE IT SAYS FISCAL YEAR 2009-10 AND FISCAL  
10 YEARS 2009-11, IN THE FIRST TWO OF THOSE BULLET  
11 POINT NOTES, IT SHOULD HAVE JUST SAID YEARS 2009  
12 THROUGH 2010 AND YEARS 2009 THROUGH 2011. SO THOSE  
13 TWO NOTES WOULD EXPAND A CUMULATIVE THREE-YEAR  
14 PERIOD. I BELIEVE THAT I DIDN'T MAKE THAT CLEAR TO  
15 LYNN HARWELL, SO I TAKE RESPONSIBILITY FOR THAT.

16 GIVEN THE TIME WE HAVE TODAY, GIVEN WE'RE  
17 GOING TO REVISIT THIS IN GREATER DEPTH IN CONTEXT OF  
18 THE STRATEGIC PLAN IN DECEMBER, I'D LIKE TO OPEN  
19 THIS TO QUESTIONS WITH THE THOUGHT THAT WE HAVE THE  
20 TIME FOR YOU TO THINK ABOUT IT AND ASK STAFF  
21 QUESTIONS BEFORE THE DECEMBER MEETING, BUT WE MIGHT  
22 NOT WANT TO TRY AND DRILL DOWN TOO DEEPLY TODAY.  
23 WHAT WE'RE TRYING TO DO IS PUT THE INFORMATION ON  
24 THE TABLE TO START A DISCUSSION THAT WILL HAVE MUCH  
25 MORE DETAILED MATERIALS GOING THROUGH THE FINANCE



## BARRISTERS' REPORTING SERVICE

1 COMMITTEE BEFORE THE DECEMBER MEETING.

2 BUT ARE THERE QUESTIONS ON THIS OVERVIEW  
3 AT THIS POINT? SEEING NO QUESTIONS, WE ARE NOT  
4 TAKING ACTION ON THIS ITEM. ARE THERE PUBLIC  
5 COMMENTS AT THIS POINT?

6 MR. SIMPSON: JOHN SIMPSON WITH CONSUMER  
7 WATCHDOG. THAT REFERRED TO THE FUNDS THAT HAVE BEEN  
8 COMMITTED, NOT THE FUNDS THAT HAVE ACTUALLY BEEN  
9 DISBURSED, AS I UNDERSTOOD IT.

10 CHAIRMAN KLEIN: THAT'S A CORRECT  
11 STATEMENT.

12 MR. SIMPSON: I'M WONDERING, I THINK RIGHT  
13 NOW YOU'VE SOLD ONLY 250 MILLION WORTH OF BONDS.  
14 PRESUMABLY YOU'RE GOING TO HAVE TO BE GOING INTO THE  
15 MARKET TO MEET THOSE COMMITMENTS IN THE RELATIVELY  
16 FORESEEABLE FUTURE. WHAT DOES THE CURRENT STATE OF  
17 CALIFORNIA'S ECONOMY, THE GENERAL ECONOMY, ETC. DO  
18 TO BONDS?

19 AND THE SECOND PART OF THAT IS HAS THERE  
20 YET BEEN ANY KIND OF DETERMINATION AS TO WHETHER  
21 SOME OF THESE BONDS WILL, IN FACT, BE TAX-EXEMPT  
22 BONDS? THANK YOU.

23 CHAIRMAN KLEIN: TO ADDRESS BOTH OF YOUR  
24 POINTS, BECAUSE I EXPECTED THAT THE BOND MARKET AND  
25 THE ECONOMY WOULD BE TURBULENT THROUGH THIS PERIOD,

## BARRISTERS' REPORTING SERVICE

1 GOING BACK TO LAST APRIL, I ARRANGED, AFTER THE  
2 EXECUTIVE COMMITTEE DISCUSSED IT, FOR THIS AGENCY TO  
3 PULL DOWN THE MONEY IT NEEDED FROM THE POOLED MONEY  
4 INVESTMENT FUND THROUGH THE PERIOD OF APRIL OR MAY  
5 INCLUDING ANTICIPATION OF THE DISEASE TEAM GRANTS SO  
6 THAT WE COULD OPERATE WITHOUT PLACING THE STATE IN  
7 AN EXPENSIVE BOND MARKET PERIOD.

8 SO BEING CONSERVATIVE IN MY PERSPECTIVE  
9 ABOUT THE ECONOMY AND CONCERNED ABOUT THE VOLATILITY  
10 OF THE FINANCIAL MARKET, MAYBE I SHOULD HAVE DRAWN  
11 DOWN THREE YEARS OF MONEY, BUT I TOOK THAT ACTION TO  
12 PROVIDE A PROTECTION FOR THE STATE TO REMAIN OUTSIDE  
13 THE MARKETS DURING A PERIOD OF EXPECTED VOLATILITY,  
14 AND IT APPEARS THAT IT SERVED US WELL IN THAT  
15 REGARD.

16 THE SECOND ITEM IS THAT WITH A NEW  
17 CONGRESS AND A NEW ADMINISTRATION, THERE WILL BE AN  
18 IMMEDIATE PUSH AFTER THE NEW ADMINISTRATION IS  
19 FORMED TO PROCESS THE TAX EXEMPTION ON THE BONDS. I  
20 WILL TELL YOU THAT IT MAY PREDICTABLY TAKE LONGER  
21 SINCE IT APPEARS THE TREASURY AND THE IRS ARE GOING  
22 TO BE FOCUSED ON SOME OTHER PRIORITIES, BUT WE WILL  
23 BE VERY FOCUSED ON PROCESSING THE TAX EXEMPTION  
24 DURING THAT PERIOD.

25 I WILL ALSO POINT OUT THAT WE LOCKED OUR

## BARRISTERS' REPORTING SERVICE

1 SHORT-TERM RATES ON THE EXISTING BONDS THROUGH  
2 APPROXIMATELY THE MIDDLE OF 2009 TO DECEMBER OF 2009  
3 SO THAT WE COULD CALL THOSE BONDS AT PAR AND REISSUE  
4 ON A TAX-EXEMPT BASIS AT SUCH TIME AS THE TAX  
5 EXEMPTION WAS APPROVED. SO WE HAVE A LOT OF OPTIONS  
6 DESIGNED INTO OUR FINANCIAL STRUCTURE TO MINIMIZE  
7 COST TO THE STATE, OPTIMIZE OUTCOME, AND WE'RE  
8 CONSERVATIVELY POSITIONED WITH CASH RESERVES TO MAKE  
9 SURE THAT OUR GRANTEES ARE PAID QUICKLY WHEN THE  
10 GRANTS ARE FINALLY ADMINISTRATIVELY PROCESSED  
11 WITHOUT INTERRUPTION.

12 AS EVERYONE KNOWS, I THINK, BUT TO  
13 REINFORCE THIS STATEMENT, OUR BUDGETS AND FUNDS ARE  
14 OUTSIDE THE STATE BUDGETS. IN FACT, THE STATE  
15 BUDGET DOESN'T EVEN PAY INTEREST ON THESE BONDS.  
16 IT'S SELF-FUNDED UNDER AN ADVANCED PLAN STRUCTURE  
17 THROUGH DECEMBER OF '09. SO THE INTENT IN WRITING  
18 THE INITIATIVE WAS TO STAY OUT OF THE PERIOD OF HIGH  
19 ADJUSTMENT FOR THE STATE IN ITS FINANCIAL BUDGETING.  
20 I HOPE DECEMBER 2009 IS ENOUGH, BUT IN ANY CASE,  
21 THAT'S THE STRUCTURE WE'RE WORKING UNDER.

22 ANY ADDITIONAL QUESTIONS?

23 SEEING NO ADDITIONAL QUESTIONS, IF WE  
24 COULD GO TO ITEM 9, NEW FACULTY II REVIEW. MY  
25 UNDERSTANDING FROM STAFF IS THAT DR. YAFFE IS GOING

## BARRISTERS' REPORTING SERVICE

1 TO INTRODUCE SOME SLIDES TO CREATE A CONTEXT FOR US,  
2 AND THEN I'M GOING TO ASK FOR JEFF SHEEHY, WHO IS  
3 THE CO-VICE CHAIR OF THE PEER REVIEW COMMITTEE, FOR  
4 HIS COMMENTS.

5 DR. YAFFE: CHAIRMAN KLEIN, MEMBERS OF THE  
6 COMMITTEE, I PRESENT FOR YOUR CONSIDERATION THE  
7 CONTINUATION OF RECOMMENDATIONS OF THE GRANTS  
8 WORKING GROUP FOR NEW FACULTY AWARDS II. THIS IS A  
9 CONTINUATION OF CONSIDERATION YOU BEGAN AT THE  
10 AUGUST ICOC MEETING.

11 JUST TO REMIND YOU THAT THE GOALS OF THIS  
12 INITIATIVE ARE TO SUPPORT INNOVATIVE RESEARCH GRANTS  
13 FROM NEWLY INDEPENDENT SCIENTISTS AND  
14 PHYSICIAN/SCIENTISTS AT CRUCIAL EARLY STAGES OF  
15 THEIR CAREERS AND TO RECRUIT THE TOP YOUNG  
16 SCIENTISTS AND PHYSICIAN/SCIENTISTS TO STEM CELL  
17 RESEARCH.

18 THESE AWARDS FEATURE SUPPORT OF INNOVATIVE  
19 RESEARCH USING THE FULL SPECTRUM OF STEM CELL TYPES  
20 AND EXPERIMENTAL SYSTEMS, INCLUDING MODEL SYSTEMS.

21 FUNDING FOR THESE AWARDS IS UP TO FIVE  
22 YEARS WITH DIRECT PROJECT COSTS OF \$300,000 PER YEAR  
23 FOR SCIENTIST AWARDS AND \$400,000 PER YEAR FOR  
24 PHYSICIAN/SCIENTIST AWARDS.

25 THE REVIEW CRITERIA THAT THE GRANTS

## BARRISTERS' REPORTING SERVICE

1 WORKING GROUP USED IN CONSIDERATION OF THESE  
2 APPLICATIONS WERE, FIRST, IN THE RESEARCH PLAN, HERE  
3 THEY CONSIDERED THE SIGNIFICANCE AND INNOVATION OF  
4 THE PROPOSED RESEARCH AND THE DESIGN AND FEASIBILITY  
5 OF THE PROJECT.

6 SECOND, THE PRINCIPAL INVESTIGATOR, HERE  
7 THE GRANTS WORKING GROUP MEMBERS CONSIDERED  
8 QUALIFICATIONS AND POTENTIAL FOR LEADERSHIP OF THESE  
9 INDIVIDUALS IN STEM CELL RESEARCH, AND CAREER  
10 DEVELOPMENT AND MENTORING PLANS OF THE APPLICANTS.

11 AND THE THIRD KEY AREA WAS THE  
12 INSTITUTION, HERE CONSIDERING THE COMMITMENT OF THE  
13 INSTITUTION TO THE INVESTIGATOR, THE TRACK RECORD OF  
14 THE INSTITUTION IN PROMOTING THE CAREERS OF YOUNG  
15 SCIENTISTS, AND THE FUTURE PLANS OF THE INSTITUTION  
16 FOR FURTHER GROWTH IN STEM CELL SCIENCE AND  
17 REGENERATIVE MEDICINE.

18 NOW, HERE, AND YOU'VE SEEN THIS BEFORE, IS  
19 THE DISTRIBUTION OF SCORES, THE 54 APPLICATIONS  
20 SCORED BY THE GRANTS WORKING GROUP. AND WITH A  
21 CLICK, WE CAN SEE THE DIVISION OF THESE GRANTS,  
22 THESE PROPOSALS, INTO TIER 1, TIER 2, AND TIER 3.  
23 SHOWN IN BLUE ARE PHYSICIAN/SCIENTISTS APPLICATIONS  
24 AND IN GOLD ARE SCIENTIST APPLICATIONS.

25 ORIGINALLY THE TIER 1 WAS SET AT 70 AND

## BARRISTERS' REPORTING SERVICE

1 ABOVE. THOSE WERE THE RECOMMENDED FOR FUNDING.  
2 TIER 2 AT 56 TO 70. THIS IS RECOMMENDED IF FUNDS  
3 ARE AVAILABLE.

4 HERE ARE THE TOTAL GRANTS THAT YOU HAVE  
5 AWARDED TO DATE FOR THE NEW FACULTY I AND NEW  
6 FACULTY II. YOU CAN SEE THAT IN NEW FACULTY I THERE  
7 WERE 16 SCIENTIST AWARDS, SIX AWARDS FOR  
8 PHYSICIAN/SCIENTISTS, A TOTAL OF \$54 MILLION WAS  
9 COMMITTED. FOR NEW FACULTY II AT THE AUGUST  
10 MEETING, 12 SCIENTIST AWARDS, 11 PHYSICIAN/SCIENTIST  
11 AWARDS, A TOTAL COMMITMENT OF \$59 MILLION. THIS IS  
12 A TOTAL NOW FOR NEW FACULTY OF 45 AWARDS WITH A  
13 COMMITMENT OF \$113 MILLION.

14 SO ABOVE THE LINE THERE IN TIER 1 ARE THE  
15 AWARDS THAT YOU HAVE ALREADY APPROVED. THIS WAS  
16 TIER 1. YOU MAY REMEMBER THAT THREE PROPOSALS WERE  
17 MOVED FROM TIER 2 TO TIER 1, 23 GRANTS IN TOTAL.

18 I HAVE FOR YOUR CONSIDERATION THE  
19 PROPOSALS IN TIER 2, RECOMMENDED IF FUNDS ARE  
20 AVAILABLE. THERE ARE NINE PROPOSALS IN THAT TIER, A  
21 TOTAL OF -- REPRESENTING A TOTAL OF \$22 MILLION, AND  
22 THEN THERE ARE THE PROPOSALS IN TIER 3, 22 GRANTS.  
23 THESE ARE NOT RECOMMENDED FOR FUNDING BY THE GRANTS  
24 WORKING GROUP.

25 AND PERHAPS MR. SHEEHY HAS SOME COMMENTS

**BARRISTERS' REPORTING SERVICE**

1 OR DIRECTION FROM HERE.

2 MR. SHEEHY: NO COMMENTS, THOUGH A SUPERB  
3 JOB, MIKE. THANK YOU. IT'S A GREAT ROUND. AND I  
4 WOULD NOTE, THOUGH, WE HAVE HAD TWO OF THEM. JUST  
5 OUT OF CURIOSITY, WHAT WAS OUR ORIGINAL BUDGET FOR  
6 THIS INITIATIVE?

7 DR. YAFFE: THE ORIGINAL BUDGET WAS 41  
8 MILLION FOR NEW FACULTY II.

9 MR. SHEEHY: NO. I MEAN WHEN WE STARTED  
10 TALKING ABOUT --

11 DR. YAFFE: I THINK IT WAS 90 MILLION.

12 MR. SHEEHY: FOR NEW FACULTY.

13 DR. YAFFE: I AND II.

14 MR. SHEEHY: SO THAT JUST GIVES A LITTLE  
15 CONTEXT. I GUESS WE SHOULD PUT UP THE GRANTS THAT  
16 ARE REMAINING, TIER 2, TIER 3, AND SEE IF THERE'S  
17 ANY THAT ANYONE WANTS TO BRING UP FOR DISCUSSION  
18 TODAY.

19 WE KIND OF GOT STOPPED LAST TIME BEFORE WE  
20 COULD REALLY GET A LOOK AT THEM. DO WE HAVE A SLIDE  
21 SHOWING THOSE? SO IF I'M CORRECT, EVERYTHING BELOW  
22 THE GREEN LINE IS STILL AVAILABLE TO US TO LOOK AT  
23 IF ANYONE WANTS TO BRING IT UP.

24 AND I THINK THE BEST WAY TO PROCEED IS ONE  
25 GRANT AT A TIME, IF SOMEONE HAS AN INTEREST, THEN TO

## BARRISTERS' REPORTING SERVICE

1 MAKE A MOTION TO FUND AND GET A SECOND, AND THEN WE  
2 CAN HAVE A DISCUSSION OF IT. IF THERE'S PROPRIETARY  
3 INFORMATION THAT WE NEED TO DISCUSS IN CLOSED  
4 SESSION, WE DO HAVE THE ABILITY TO DO THAT A BIT  
5 LATER.

6 WE CAN ALSO REACH DOWN INTO THE YELLOW,  
7 THE DO NOT FUND, IF THERE'S SOMETHING DOWN THERE  
8 THAT SOMEONE HAS AN INTEREST IN. AGAIN, I HOPE  
9 PEOPLE HAVE LOOKED AT THEM THE FIRST TIME, AND ALSO  
10 BETWEEN THE LAST MEETING AND NOW TOOK A MINUTE TO  
11 LOOK OR NOTE ANY APPLICATIONS THAT THEY HAD AN  
12 INTEREST IN.

13 MR. ROTH: JEFF, JUST TO REFRESH ALL OF  
14 OUR MEMORIES, THE RECOMMENDATION FROM THE GRANTS  
15 WORKING GROUP WAS TO FUND THESE IF FUNDS WERE  
16 AVAILABLE?

17 MR. SHEEHY: EXACTLY. IN THE GRAY AREA IF  
18 FUNDS ARE AVAILABLE.

19 MR. ROTH: THAT WAS BASED ON THEIR BELIEF  
20 THESE REPRESENTED QUALITY PROPOSALS.

21 MR. SHEEHY: IT WAS AN UNUSUAL ROUND  
22 BECAUSE ACTUALLY WE EXCEEDED THE ORIGINAL BUDGET.  
23 SO WE STARTED OFF HAVING EXCEEDED THE ORIGINAL  
24 BUDGET. WE USUALLY TRY IN PROGRAMMATIC REVIEW TO  
25 SET THE FUNDING LINE AT FUNDS THAT ARE AVAILABLE,



## BARRISTERS' REPORTING SERVICE

1 BUT I THINK THE QUALITY WAS SUCH THAT THE WORKING  
2 GROUP WAS WILLING TO STRONGLY INDICATE THAT WE  
3 SHOULD GO BEYOND THE FUNDS THAT WE'D ALLOCATED.

4 THEY DID MAKE THE COMMENT ABOUT ROUND TWO,  
5 YOU KNOW, THE GRAY AREA, THAT THOSE ARE ONES WE  
6 MIGHT WANT TO CONSIDER IF FUNDS ARE AVAILABLE. BUT  
7 AS ALAN, I THINK, HAS NOTED, AT SOME POINT WE DO --  
8 WE DON'T HAVE AN INFINITE AMOUNT OF MONEY. SO IF  
9 FUNDS ARE AVAILABLE, THAT NOTION ALWAYS HAS TO BE  
10 TAKEN INTO SOME SORT OF CONTEXT, WHICH IS BASICALLY  
11 OUR POLICY DECISION.

12 MR. ROTH: TWO OTHER QUICK COMMENTS AND A  
13 QUESTION. ONE IS THE COMMENTS MADE ABOUT THE  
14 CRITICAL NATURE OF SUPPORTING THESE FACULTY AS BEING  
15 SORT OF THE UNDERPINNING OF THE CRITICAL MASS WE  
16 NEED IN RESEARCH IN THE STATE AND TO ATTRACT AND  
17 RETAIN THOSE PEOPLE. I THINK THERE WAS AN EMPHASIS  
18 PARTICULARLY ON PHYSICIAN/SCIENTISTS AND IT WAS  
19 IMPORTANT.

20 AND THEN THE RELATED QUESTION TO THAT IS  
21 HOW LONG DO THESE PEOPLE THAT DIDN'T SCORE AS HIGH  
22 HAVE TO WAIT TO GET BACK INTO ANOTHER ROUND? MY  
23 QUESTION IS WHEN WILL YOU HAVE NEW FACULTY OR  
24 FACULTY III SO WE WOULD KNOW WHEN SOMEBODY MIGHT  
25 BE --

## BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: MARIE, MAYBE YOU COULD  
2 TAKE THE PODIUM AND SHARE IT WITH DR. YAFFE.

3 DR. CSETE: I THINK OUR PRIORITIES FOR  
4 RFA'S FOR NEXT YEAR ARE FAIRLY WELL SET IN OUR MINDS  
5 AND PROBABLY DON'T INCLUDE A NEW FACULTY ROUND  
6 WITHIN A YEAR FROM NOW. HOWEVER, THESE PEOPLE WILL  
7 ALSO BE ELIGIBLE TO APPLY FOR OTHER PROGRAMS WITH  
8 SOME OF THE GRANT PROPOSALS THAT THEY'VE BROUGHT  
9 FORWARD.

10 MR. SHEEHY: JUST TO NOTE, I THINK THIS  
11 GRANT ROUND WAS CONSIDERED TO BE A FOUNDATIONAL KIND  
12 OF GRANT. AND IF WE ARE THINKING IN THE NEXT YEAR  
13 OR TWO AND TRYING TO MOVE CLOSER TO THE CLINIC, THAT  
14 DOES PUT A DIFFERENT CONTEXT TO IT.

15 MIGHT NOT HURT, I DON'T KNOW IF IT'S  
16 POSSIBLE TO IDENTIFY THE ONES THAT ARE  
17 PHYSICIAN/SCIENTISTS, IF THAT PRESENTS OUTRAGEOUS  
18 DIFFICULTIES.

19 DR. YAFFE: THOSE ARE THE TWO -- IN TIER 2  
20 THOSE ARE THE TWO IN BOLD.

21 MR. SHEEHY: GREAT.

22 DR. YAFFE: 914 AND 900.

23 DR. BRENNER: JEFF, IT MIGHT ALSO BE  
24 WORTHWHILE TO REVIEW WHAT WE DID LAST MONTH BECAUSE  
25 WE SUBSTANTIALLY MOVED A LOT FROM TIER 2 TO TIER 1

## BARRISTERS' REPORTING SERVICE

1 ALREADY. SO I DON'T WANT PEOPLE TO THINK THAT WE'RE  
2 STARTING FRESH LOOKING AT TIER 2. WE ALREADY MADE A  
3 LOT OF PROGRESS.

4 MR. SHEEHY: EXACTLY. YOU MAY WANT TO RUN  
5 THE LINE UP AND JUST GET A SENSE.

6 CHAIRMAN KLEIN: DR. YAFFE, IF YOU COULD  
7 IDENTIFY THE THREE WE MOVED FROM TIER 2 TO TIER 1  
8 THE LAST SESSION.

9 DR. YAFFE: THE THREE BOTTOM GRANTS IN  
10 TIER 1, THAT'S 905, 952, AND 902, WERE MOVED UP BY  
11 YOU IN THE LAST ROUND. IN ADDITION, THE NEXT TWO  
12 GRANTS WERE MOVED UP BY THE GRANTS WORKING GROUP  
13 DURING PROGRAMMATIC REVIEW.

14 CHAIRMAN KLEIN: THE TWO GRANTS ABOVE  
15 THAT, THE BUILDING CARDIAC TISSUE AND VEG-F  
16 SIGNALING, WERE MOVED UP PROGRAMMATICALLY BY THE  
17 PEER REVIEW GROUP, SO THAT'S WHY THEIR SCORES ARE  
18 OUT OF ORDER.

19 DR. TROUNSON: I JUST HAD SOME INPUT FROM  
20 SENIOR MEMBERS OF THE ACADEMIC INSTITUTIONS WHO HAVE  
21 SAID THAT BE MINDFUL THAT, YOU KNOW, THAT THIS HAS  
22 BEEN ACTIVITY CONCENTRATED OVER THE LAST 12 MONTHS  
23 OR NINE TO 12 MONTHS. THEY BELIEVE THAT IF YOU  
24 WAITED 12 MONTHS, YOU WOULD CONSIDERABLY GET THE --  
25 YOU KNOW, NEW APPLICANTS WOULD REFRESH THAT QUITE

## BARRISTERS' REPORTING SERVICE

1 CONSIDERABLY AND BRING FORWARD SOME VERY NEW AND NEW  
2 SCIENTISTS AND PROPOSALS THAT YOU MIGHT OTHERWISE  
3 NOT GET.

4 THEY WERE SAYING TO ME THAT THEY HOPE THAT  
5 WE WOULD DO IT AGAIN, BUT A PERIOD OF TIME TO  
6 REFRESH THE LIST WOULD BE REALLY WORTHWHILE.

7 CHAIRMAN KLEIN: DR. TROUNSON, WE HAD ONE  
8 COMMUNICATION INDICATING SOME TECHNICAL INFORMATION.  
9 WE'RE LATER IN THIS AGENDA GOING TO GO THROUGH OUR  
10 EXTRAORDINARY PETITION PROCEDURE, WHICH IS NOT YET  
11 IN PLACE. WAS THE LETTER OR THE E-MAIL WE RECEIVED  
12 RELATED TO FACULTY, AND DO YOU WANT TO DEFER THAT  
13 ONE SINGLE ONE SO IT FALLS UNDER OUR NEW PROCEDURE,  
14 OR WHAT IS YOUR DESIRE?

15 DR. TROUNSON: YOU KNOW, THERE'S  
16 INSUFFICIENT INFORMATION MADE AVAILABLE IN THAT TO  
17 MAKE ANY ASSESSMENT. MY OWN VIEW IS THAT THERE'S NO  
18 INDICATION THAT IT'S A SUBSTANTIAL MATTER, NOR IS IT  
19 A MATTER THAT WOULD GENERALLY RELATE TO ANY KIND OF  
20 CONFLICT OF INTEREST. SO, CHAIR, I THINK YOU  
21 SHOULDN'T -- I THINK YOU SHOULD KEEP IT AMONGST  
22 THOSE THAT YOU ARE CONSIDERING RATHER THAN DELAY ANY  
23 DECISION ON THAT PARTICULAR GRANT.

24 CHAIRMAN KLEIN: OKAY. THANK YOU. DR.  
25 FONTANA.

## BARRISTERS' REPORTING SERVICE

1 DR. FONTANA: HI. I WAS JUST HOPING I  
2 COULD GET AN UPDATE ON A LITTLE BIT OF THE PROCESS  
3 BECAUSE I WAS JUST GLANCING THROUGH SOME OF THESE  
4 PROPOSALS, NOT HAVING HAD THE OPPORTUNITY TO SEE  
5 THEM BEFORE I CAME TO THE MEETING. SO I APOLOGIZE.  
6 BUT I WAS READING, FOR INSTANCE, THE RECOMMENDATIONS  
7 OF PROPOSAL 912, WHICH IS RECOMMENDED FOR FUNDING IF  
8 AVAILABLE. AND I SEE THIS AS AN EXAMPLE OF SEVERAL  
9 OF THE COMMENTS I'VE READ, WHICH IS WHAT I'M CURIOUS  
10 ABOUT.

11 IT SAYS, IN GENERAL, THAT THE PROPOSAL IS  
12 SCIENTIFICALLY SOUND, THAT THE INVESTIGATOR IS  
13 STRONG, BUT THAT THEY LACK EXPERIENCE IN STEM CELLS;  
14 THEREFORE, THEY DON'T THINK THE FEASIBILITY OF THE  
15 STUDY IS STRONG. AND I WAS JUST HOPING AND LOOKING  
16 FOR SOME EXPLANATION OF WHAT CRITERIA WERE YOU USING  
17 FOR THAT, AND HOW DID THAT DIFFERENTIATE FROM SOME  
18 OF THE OTHER STUDIES BECAUSE, AFTER ALL, ISN'T THAT  
19 WHAT WE'RE TRYING TO DO? AND ARE WE FUNDING THE  
20 BEST SCIENCE OR THE FEASIBILITY OF WHAT THE  
21 COMMITTEE THINKS IS THE BEST SCIENCE?

22 DR. CSETE: THERE'S OBJECTIVE AND  
23 SUBJECTIVE FACTORS THAT GO INTO THAT, BUT CERTAINLY  
24 WHEN YOU'RE REVIEWING A PROPOSAL FROM SOMEONE WHO IS  
25 GOING TO BE MENTORED AS PART OF THE GRANT PROCESS,

## BARRISTERS' REPORTING SERVICE

1 AND THEY PRESENT A PLAN THAT'S VERY NAIVE IN TERMS  
2 OF THE STEM CELL BIOLOGY, I THINK THE SCIENTISTS  
3 WORRY THAT THERE WASN'T AN ADEQUATE COMMUNICATION  
4 WITH THE MENTOR, AND THAT, YOU KNOW, WE EXPECT THESE  
5 PEOPLE TO SORT OF GET OFF WITH A RUNNING START.

6 SO THERE'S A RELATIVE DEGREE OF QUALITY IN  
7 THE RESEARCH PLAN THAT GOES INTO THAT KIND OF  
8 DECISION.

9 CHAIRMAN KLEIN: OKAY. THANK YOU. I  
10 BELIEVE THAT WE HAVE TWO MEMBERS OF THE PUBLIC THAT  
11 WISH TO ADDRESS US AT THIS POINT; IS THAT CORRECT?

12 DR. WILSON: GOOD MORNING. I'M DARCY  
13 WILSON, AND I'M FROM THE TORREY PINES INSTITUTE FOR  
14 MOLECULAR STUDIES. WE CALL IT TPIMS.

15 CHAIRMAN KLEIN: DOCTOR, IF YOU COULD  
16 PLEASE OBSERVE THE THREE-MINUTE RULE BECAUSE WE HAVE  
17 SUCH AN EXTRAORDINARY AGENDA.

18 DR. WILSON: THANK YOU. I'M REFERRING TO  
19 GRANT NO. 943. I'M HERE TO URGE THAT YOU CONSIDER  
20 FUNDING DR. KHALDOYANIDI'S PROPOSAL. IT DEALS WITH  
21 THREE ISSUES: INTRACELLULAR SIGNALING CAUSED BY  
22 HYALURONIC ACID, WHAT MAKES, IN OTHER WORDS, THESE  
23 STEM CELLS BECOME MORE DIFFERENTIATED, TO UNDERSTAND  
24 BETTER THE CELLULAR INTERACTIONS THAT ARE INVOLVED  
25 IN THE DIFFERENTIATION OF EMBRYONIC STEM CELLS INTO

## BARRISTERS' REPORTING SERVICE

1 HEMATOPOIETIC STEM CELL; AND, THIRD, TO COMPARE THE  
2 ABILITY OF THESE DIFFERENTIATED BLOOD-FORMING CELLS  
3 TO RECONSTITUTE HEMATOPOIESIS, WHETHER THAT'S BETTER  
4 THAN CONVENTIONAL MEANS BASED ON MARROW  
5 TRANSPLANTATION.

6 REVIEWERS OF THIS PROPOSAL NOTED SEVERAL  
7 STRONG ASPECTS OF IT, BUT THAT THERE WAS ONE  
8 MISUNDERSTANDING WHICH HAS BEEN CLARIFIED.

9 THERE ARE TWO MAIN REASONS I THINK THIS  
10 PROPOSAL SHOULD BE FUNDED. FIRST, DR.  
11 KHALDOYANIDI'S RESEARCH STRENGTH IS IN NICHE  
12 BIOLOGY: HOW THE ENVIRONMENT INSTRUCTS THE  
13 DIFFERENTIATION OF STEM CELLS. THIS IS AN IMPORTANT  
14 AND UNDERREPRESENTED RESEARCH AREA IN THE SAN DIEGO  
15 BIOMEDICAL COMMUNITY. DR. KHALDOYANIDI ALREADY MADE  
16 SIGNIFICANT CONTRIBUTIONS IN THIS AREA OF RESEARCH.

17 SECOND, TO MY KNOWLEDGE, SMALL INSTITUTES  
18 LIKE TPIMS, OURS, HAVE NOT YET RECEIVED FUNDING FROM  
19 CIRM. IN OUR CASE TPIMS HAS SOME UNIQUE EXPERTISE  
20 IN COMBINATORIAL CHEMISTRY AND VAST ARRAYS OF SMALL  
21 MOLECULE LIBRARIES THAT COULD BE BROUGHT TO BEAR ON  
22 MAJOR ISSUES OF STEM CELL BIOLOGY.

23 OUR SMALL INSTITUTE HAD MADE ITS MAJOR  
24 OUTREACH EFFORT TOWARDS INTERACTIVE PROGRAMS AND CAN  
25 BE A MAJOR PLUS FOR LARGER INSTITUTES. FUNDING FOR

## BARRISTERS' REPORTING SERVICE

1 THIS PROPOSAL WOULD SIGNIFICANTLY EXTEND THOSE  
2 OUTREACH EFFORTS.

3 AND IN THIS LIGHT, DR. KHALDOYANIDI HAS  
4 ALREADY ESTABLISHED ONGOING AND PRODUCTIVE  
5 COLLABORATIONS WITH COLLEAGUES AT THE BURNHAM AND  
6 SCRIPPS INSTITUTES. DR. DR. KHALDOYANIDI HAS A  
7 MEDICAL DEGREE IN PEDIATRICS AND PH.D. IN IMMUNOLOGY  
8 AND HEMATOLOGY, AND THIS GIVES HER THE PERSPECTIVE  
9 TO CONSIDER ISSUES OF STEM CELL BIOLOGY WITHIN THE  
10 LARGER CONTEXT OF HUMAN BIOLOGY. THANK YOU VERY  
11 MUCH FOR YOUR TIME.

12 CHAIRMAN KLEIN: THANK YOU.

13 MR. SHEEHY: COULD YOU ADDRESS  
14 SPECIFICALLY THE TWO CRITICISMS THAT ARE MENTIONED  
15 IN THE REVIEW IN FRONT OF US BECAUSE I DO THINK  
16 MAKING HEMATOPOIETIC STEM CELLS IS AN IMPORTANT  
17 TARGET?

18 DR. WILSON: YES. THAT WOULD BE SOPHIA.  
19 SHE'S HERE TO DO IT.

20 MR. SHEEHY: THERE'S VERY SPECIFIC  
21 CRITICISMS THAT ARE HERE, AND I'M JUST CURIOUS.

22 CHAIRMAN KLEIN: WHAT YOU'RE SAYING IS  
23 THAT THE SCIENTIST IS HERE TO ANSWER THE QUESTION.

24 DR. WILSON: YES, THE PI IS HERE.

25 DR. KHALDOYANIDI: GOOD MORNING. I AM A



## BARRISTERS' REPORTING SERVICE

1 PRINCIPAL INVESTIGATOR ON THIS GRANT, AND IT'S MY  
2 PLEASURE TO BE HERE. TODAY I WANTED TO TALK ABOUT  
3 OTHER THINGS, BUT SINCE THIS QUESTION CAME UP, I  
4 WILL USE THIS THREE MINUTES TO ADDRESS THIS  
5 SCIENTIFIC CRITIQUE.

6 EARLIER I SUBMITTED A LETTER WHICH  
7 ADDRESSED THESE CONCERNS THAT THE REVIEWER HAS. AND  
8 ONE CONCERN WAS THAT I WAS PROPOSING TO STUDY  
9 MOLECULAR MECHANISMS OF EMBRYONIC STEM CELL  
10 DIFFERENTIATION USING HETEROGENOUS POPULATION OF  
11 CELLS. IT'S VERY UNFORTUNATE THAT IT WAS  
12 MISUNDERSTOOD. AND I CHECKED MY WRITINGS. I  
13 PROPOSED TO USE PLURIPOTENT HOMOGENEOUS CELLS,  
14 NONDIFFERENTIATED EMBRYONIC STEM CELLS, AND CHANGE  
15 THE ENVIRONMENT AND THOSE CONDITIONS, AND THEN SEE  
16 HOW EMBRYONIC STEM CELLS WOULD DIFFERENTIATE INTO  
17 ECTODERM, MESODERM, AND ENDODERM, WHICH IS THE FIRST  
18 AND IMPORTANT STEP FOR THE GENERATION OF OTHER CELLS  
19 FROM THIS.

20 SO IT HAS BEEN STRESSED AND SHOWN IN THIS  
21 PROPOSAL, AND UNFORTUNATELY IT WAS SOMEHOW  
22 MISUNDERSTOOD BY THE REVIEWER.

23 AND THEN THERE WAS ALSO A COMMENT NO. 2,  
24 WHICH MAY RAISE SOME CONCERNS, AND I ALSO ADDRESSED  
25 THAT IN MY LETTER. THE REVIEWERS WERE ASKING IF IT

## BARRISTERS' REPORTING SERVICE

1 WOULD BE WISE TO USE -- TO PURIFY FIRST THE CELL  
2 POPULATIONS AFTER DIFFERENTIATION AND THEN STUDY THE  
3 MOLECULAR MECHANISM, CELLULAR MECHANISMS USING  
4 PURIFIED CELLS. AND I DO AGREE WITH THAT, BUT IT  
5 WOULD BE A SECOND STEP. THE FIRST STEP IS IMPORTANT  
6 STEP TO UNDERSTAND HOW THE EMBRYONIC STEM CELL GOES  
7 THROUGH THOSE THREE LINEAGES. FOR THIS WE DON'T  
8 REALLY NEED TO USE PURIFIED CELLS BECAUSE THEY'RE  
9 HOMOGENEOUS. AND THEN ONCE WE REACH THIS STEP AND  
10 WE UNDERSTAND HOW THOSE INTERACTIONS WORK, WE WILL  
11 BE ABLE TO WORK WITH PURIFIED CELL POPULATIONS, BUT  
12 IT NEEDS TO BE TAKEN STEP BY STEP. THANK YOU.

13 CHAIRMAN KLEIN: THANK YOU. ADDITIONAL  
14 QUESTIONS FROM THE BOARD? ALL RIGHT. IS THERE ANY  
15 OTHER PUBLIC COMMENT? SEEING NO OTHER PUBLIC  
16 COMMENT, COULD I ASK, JEFF, DO YOU HAVE ANY  
17 RECOMMENDATIONS, OR IS THERE A MOTION BY ANY BOARD  
18 MEMBER?

19 DR. STEWARD: I WOULD LIKE TO MOVE THAT WE  
20 CONCLUDE THE CONSIDERATION OF THE GRANTS BELOW THE  
21 FUNDING LINE AND MOVE FORWARD WITH THIS WITHOUT  
22 MOVING ANY OTHER UP.

23 CHAIRMAN KLEIN: ALL RIGHT. IS THERE A  
24 SECOND TO THAT?

25 DR. HAWGOOD: SECOND.

## BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: SO, COUNSEL, THE FIRST  
2 QUESTION IS CAN OS STEWARD MAKE THAT MOTION?

3 MR. HARRISON: HE CANNOT.

4 DR. STEWARD: SORRY.

5 CHAIRMAN KLEIN: SO COULD YOU INDICATE TO  
6 US WHO DOES NOT HAVE CONFLICTS WITH THAT GROUP?

7 FOR THE BENEFIT OF THE ALTERNATES THAT ARE  
8 HERE, BASICALLY WHEN A MOTION SPANS A NUMBER OF  
9 APPLICATIONS, YOU HAVE TO MAKE CERTAIN THAT THE  
10 PERSON MAKING THE MOTION DOESN'T HAVE A CONFLICT  
11 WITH ANY OF THEM IN THAT GROUP. EVEN IF THEY'RE  
12 RECOMMENDING NOT TO TAKE ACTION ON A GRANT THAT  
13 CONCERNS THEIR OWN INSTITUTION, IT'S CONSIDERED A  
14 CONFLICT. SO IT IS IMPORTANT TO DETERMINE BOTH THAT  
15 THE FIRST AND THE SECOND ARE MADE BY INDIVIDUALS  
16 WITHOUT ANY CONFLICTS WITH ANY OF THE GRANTS IN THAT  
17 RANGE IF THAT'S THE DESIRE OF THE BODY.

18 WHILE WE'RE LOOKING FOR THAT, IS THERE  
19 ANOTHER MOTION?

20 DR. PRIETO: TO CLARIFY THAT, AS A  
21 COROLLARY TO THAT, IF WE WANT TO MAKE A MOTION  
22 SPECIFICALLY TO MOVE ONE APPLICATION ABOVE THE  
23 FUNDING LINE, THEN WE ONLY NEED TO BE FREE OF  
24 CONFLICTS FOR THAT SPECIFIC APPLICATION?

25 CHAIRMAN KLEIN: ABSOLUTELY.

**BARRISTERS' REPORTING SERVICE**

1 DR. PRIETO: IN THAT CASE, I'D LIKE TO  
2 MAKE A MOTION TO MOVE THIS APPLICATION ABOVE THE  
3 FUNDING LINE, 943-1.

4 CHAIRMAN KLEIN: OKAY. IS THERE A SECOND  
5 TO THAT MOTION? AND I DON'T BELIEVE DR. PRIETO IS  
6 IN CONFLICT WITH THAT.

7 MR. HARRISON: HE'S NOT. THE ONLY  
8 CONFLICT WITH RESPECT TO 943 IS DR. BLOOM.

9 CHAIRMAN KLEIN: OKAY. IS THERE A SECOND  
10 TO THAT MOTION?

11 MR. SHEEHY: I'LL GO AHEAD AND SECOND  
12 THAT.

13 CHAIRMAN KLEIN: SECOND BY JEFF SHEEHY.  
14 DISCUSSION?

15 DR. TROUNSON, AND THEN WE'LL FOLLOW WITH  
16 DR. STEWARD.

17 DR. TROUNSON: MR. CHAIRMAN, HAVING  
18 LISTENED AND READ THE CRITICISM, I BELIEVE THE  
19 REVIEW SHOULD STILL STAND. I THINK THERE'S A DEGREE  
20 OF NAIVETE ON BEHALF OF THE APPLICANT WANTING TO  
21 DIFFERENTIATE THOSE CELLS INTO ALL THOSE DIFFERENT  
22 LINEAGES. THERE'S A MASSIVE EFFORT GOING ON  
23 WORLDWIDE. IT NEEDS TO BE MORE FOCUSED. I THINK  
24 THE APPLICATION COULD COME BACK TO US HOPEFULLY IN A  
25 MORE FOCUSED WAY AND IN A WAY WHICH WOULD BE MORE --

**BARRISTERS' REPORTING SERVICE**

1 WOULD BE MORE SUPPORTED, I THINK, BY THE REVIEW  
2 COMMITTEE.

3 NEVERTHELESS, THIS IS YOUR DECISION, AND  
4 I'M ONLY GIVING MY VIEWS AS TO THE DEGREE WHICH YOU  
5 SHOULD CONSIDER THE ORIGINAL REVIEWER'S COMMENTS.

6 CHAIRMAN KLEIN: DR. STEWARD.

7 DR. STEWARD: I'M TRYING TO THINK OF HOW  
8 TO DO THIS WITHOUT RISKING AN INADVERTENT CONFLICT.  
9 AND SO I WILL SPEAK --

10 CHAIRMAN KLEIN: WE HAVE TO SPEAK TO THE  
11 MOTION.

12 DR. STEWARD: I AM. I'M JUST TRYING TO  
13 THINK OF HOW TO SAY THIS. SO LET ME JUST SAY THAT  
14 WE AT THE LAST MEETING HAD A VERY ENERGETIC AND LONG  
15 DISCUSSION ABOUT THE FUNDING LINE FOR THIS SET OF  
16 APPLICATIONS. AND TOWARD THE END OF THAT PROCESS, I  
17 THINK WERE MORE AND MORE UNCOMFORTABLE WITH THE IDEA  
18 OF THE FACT THAT THE BUDGET FOR THIS OVERALL CYCLE  
19 WAS GETTING WELL BEYOND WHAT HAD BEEN ORIGINALLY  
20 APPROVED. AND, THEREFORE, I'M OPPOSED TO MOVING  
21 THIS GRANT ABOVE THE LINE, AS WELL AS OTHER GRANTS  
22 THAT I WOULD NOT BE IN CONFLICT WITH.

23 CHAIRMAN KLEIN: OKAY. ADDITIONAL  
24 COMMENTS?

25 MR. ROTH: I'M GOING TO -- THIS IS TOUGH

## BARRISTERS' REPORTING SERVICE

1 BECAUSE OF THE PROCESS. AND WE'RE GOING TO LATER  
2 TODAY HAVE A DISCUSSION ABOUT THE PROCESS. AND SO,  
3 YOU KNOW, I'M PERSONALLY, AND I MADE THE MOTION LAST  
4 TIME, AND I'M NOT CONFLICTED, THAT I THOUGHT WE  
5 SHOULD FUND THE VAST MAJORITY OF THESE GRANTS  
6 BECAUSE THE WORKING GROUP AND THE REVIEWERS  
7 RECOMMEND THEM FOR FUNDING. EVEN THOUGH WE'RE AT  
8 THE BUDGET, WE WERE UNDER BUDGET ON SOME PREVIOUS  
9 ONES BECAUSE THE QUALITY SIMPLY WASN'T THERE.

10 SO I'M A LITTLE BIT TORN ABOUT WHETHER WE  
11 ENTER IN AND FUND THESE PEOPLE. I SAID MY PIECE  
12 EARLIER ABOUT I THINK IT'S SO FUNDAMENTALLY  
13 IMPORTANT THAT WE SUPPORT THE BEST SCIENTISTS WE  
14 HAVE AND KEEP THEM HERE IN CALIFORNIA WORKING ON  
15 STEM CELLS. SO I JUST -- I'M DEBATING HOW I'M GOING  
16 TO VOTE ON THIS BECAUSE I THINK THAT THE PROCESS  
17 ISN'T CORRECT TO DEAL WITH THIS TODAY.

18 CHAIRMAN KLEIN: ALL RIGHT. SO AT THIS  
19 POINT ARE THERE ANY ADDITIONAL COMMENTS FROM THE  
20 BOARD?

21 MR. GOLDBERG: I HAVE A QUESTION FOR DR.  
22 TROUNSON. IF THE BUDGET ALLOCATION FOR THIS ROUND  
23 OF GRANTS HAD BEEN \$80 MILLION INSTEAD OF \$40  
24 MILLION, WOULD WE BE HAVING THIS CONVERSATION?

25 DR. TROUNSON: MICHAEL, YOU WOULD ALWAYS

## BARRISTERS' REPORTING SERVICE

1 HAVE THIS CONVERSATION WITH ME BECAUSE I BELIEVE  
2 ANYTHING UNDER THE MARK OF 70 IS, YOU KNOW, IN ANY  
3 KIND OF REVIEW IS A LITTLE CONCERN. AND SO, YOU  
4 KNOW, I SET THAT MARK MYSELF. AND SO YOU ASKED ME  
5 FOR MY VIEW. OTHER PEOPLE WOULD HAVE A DIFFERENT  
6 VIEW, BUT I AND A NUMBER OF MY COLLEAGUES BELIEVE  
7 THAT IT'S ABOUT QUALITY, IT'S ABOUT GETTING IT  
8 RIGHT, AND IT'S ABOUT, YOU KNOW, US MAKING THE BEST  
9 POSSIBLE DECISION ON WHAT WE HAVE IN FRONT OF US.

10 AND AS SUCH, I ENDORSE WHAT THE REVIEWERS  
11 SAID, THAT, YOU KNOW, THOSE ONES THAT ARE IN THAT  
12 GREEN AREA, THEY'RE REALLY GOOD. I THINK THERE'S  
13 SOME QUESTION ABOUT HOW GOOD THOSE ONES ARE THAT ARE  
14 IN THE 60S. YOU HAVE TO MAKE YOUR MIND UP  
15 EVENTUALLY, BUT IT WOULDN'T MATTER TO ME WHERE THE  
16 LINE WAS. I WOULD STILL HAVE SOME CONCERNS WHEN YOU  
17 DROP INTO THE 60S, AND I WOULDN'T BE MUCH WITH YOU  
18 IF YOU WERE IN THE 50S.

19 MR. GOLDBERG: THANK YOU.

20 CHAIRMAN KLEIN: ALL RIGHT. ADDITIONAL  
21 COMMENTS FROM THE BOARD? I BELIEVE WE'VE TAKEN  
22 PUBLIC COMMENT. ANY ADDITIONAL PUBLIC COMMENT?  
23 CALL THE --

24 DR. LORING: I'M OBVIOUSLY CONFLICTED  
25 BECAUSE I AM SOPHIA'S MENTOR FOR THIS PROJECT. BUT

## BARRISTERS' REPORTING SERVICE

1 I THINK --

2 CHAIRMAN KLEIN: YOU'RE NOT CONFLICTED  
3 BECAUSE YOU'RE NOT VOTING.

4 DR. LORING: I KNOW. I KNOW. I KNOW. I  
5 JUST MEANT MENTALLY CONFLICTED. I THINK WE'RE  
6 TRYING VERY HARD IN SAN DIEGO TO BRING ALONG SOME  
7 YOUNG INVESTIGATORS, AND WE DO GIVE THEM THE  
8 OPPORTUNITY TO WORK IN OUR LABORATORIES. WE HAVE  
9 SOME CENTERS THAT WERE FUNDED BY CIRM. SO I JUST  
10 WANTED TO LET YOU KNOW THAT NO MATTER WHAT INSTITUTE  
11 THEY'RE FROM IN SAN DIEGO, THAT IS WHERE THEY WORK.  
12 THEY ACTUALLY WORK IN OUR LABS, JUST TO MAKE THAT  
13 CLARIFICATION. JEAN LORING.

14 CHAIRMAN KLEIN: THIS IS DR. JEANNIE  
15 LORING, WHO IS THE HEAD OF THE TRAINING CENTER AT  
16 SCRIPPS.

17 ALL RIGHT. SO WE NEED A ROLL CALL VOTE.  
18 AND PLEASE REALIZE THAT WHEN YOU VOTE, YOU VOTE YES  
19 OR NO --

20 MR. HARRISON: THIS IS JUST A MOTION TO  
21 FUND APPLICATION 943, SO THE ONLY MEMBER WHO HAS A  
22 CONFLICT IS DR. BLOOM. THE REST OF YOU CAN VOTE  
23 YES, NO, OR ABSTAIN.

24 CHAIRMAN KLEIN: I'M TRYING TO GIVE A  
25 GENERAL DISCUSSION BECAUSE THERE MAY BE MORE THAN



## BARRISTERS' REPORTING SERVICE

1 ONE MOTION THAT COMES BEFORE US ON THIS. WHEN YOU  
2 VOTE, AS YOU WILL SEE DR. BLOOM DO -- WELL, HE CAN'T  
3 VOTE. BUT WHEN WE HAVE MULTIPLE -- IF WE HAVE A  
4 LATER MOTION THAT HAS MULTIPLE APPLICATIONS IN IT,  
5 YOU WILL SEE THAT YOU WILL VOTE YEA OR NAY EXCEPT  
6 FOR THOSE WITH WHICH YOU HAVE A CONFLICT. SO AFTER  
7 THIS MOTION, IF WE HAVE A MOTION TO MOVE MULTIPLE  
8 UP, THAT'S SOMETHING TO REMEMBER.

9 IN ADDITION, WHEN WE MAKE OUR FINAL VOTES,  
10 YOU WILL NEED TO VOTE YEA OR NAY EXCEPT FOR THOSE  
11 WITH WHICH YOU HAVE A CONFLICT. ROLL CALL, MELISSA  
12 KING.

13 MS. KING: STEPHEN VAMVAKAS.

14 DR. VAMVAKAS: NAY.

15 MS. KING: DAVID BRENNER.

16 DR. BRENNER: NO.

17 MS. KING: JACOB LEVIN.

18 DR. LEVIN: NO.

19 MS. KING: KIM WITMER.

20 DR. WITMER: NO.

21 MS. KING: MARCY FEIT.

22 MS. FEIT: NO.

23 MS. KING: MICHAEL GOLDBERG.

24 MR. GOLDBERG: NO.

25 MS. KING: SAM HAWGOOD.

**BARRISTERS' REPORTING SERVICE**

1 DR. HAWGOOD: NO.  
2 MS. KING: BOB KLEIN:  
3 CHAIRMAN KLEIN: NO.  
4 MS. KING: GERALD LEVEY.  
5 DR. LEVEY: NO.  
6 MS. KING: ED PENHOET.  
7 DR. PENHOET: NO.  
8 MS. KING: ANN BONHAM.  
9 DR. BONHAM: NO.  
10 MS. KING: FRANCISCO PRIETO.  
11 DR. PRIETO: YES.  
12 MS. KING: ROBERT QUINT.  
13 DR. QUINT: NO.  
14 MS. KING: JEANNIE FONTANA.  
15 DR. FONTANA: YES.  
16 MS. KING: DUANE ROTH.  
17 MR. ROTH: ABSTAIN.  
18 MS. KING: AND OSWALD STEWARD.  
19 DR. STEWARD: NO.  
20 CHAIRMAN KLEIN: THANK YOU.  
21 MR. SHEEHY: I'M HERE AND I VOTE YES.  
22 CHAIRMAN KLEIN: HE VOTED YES. OKAY.  
23 ADDITIONAL MOTIONS?  
24 MR. ROTH: SO I'LL MOVE THAT THE ENTIRE  
25 BLOCK BE TAKEN OUT OF CONSIDERATION FOR FUNDING.

## BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: ALL RIGHT. COULD YOU  
2 GIVE US INSTRUCTIONS, COUNSEL, GIVEN THAT WE HAVE A  
3 NUMBER OF NEW ALTERNATES HERE?

4 MR. HARRISON: FIRST OF ALL, FOR THE  
5 RECORD, THE LAST MOTION FAILED. SECONDLY --

6 CHAIRMAN KLEIN: WE NEED TO KNOW WHO  
7 DOESN'T HAVE A CONFLICT.

8 MR. HARRISON: RIGHT. THE MEMBERS WHO MAY  
9 MAKE A SECOND ON THIS MOTION ARE QUINT, KLEIN, AND  
10 PENHOET.

11 DR. PENHOET: I'LL SECOND THE MOTION.

12 DR. PRIETO: IF I COULD JUST ASK IF WE  
13 COULD DO THIS IN A DIFFERENT WAY BY VOTING TO FUND  
14 THOSE THINGS ABOVE THE LINE, OR WOULD THAT GIVE US  
15 THE SAME PROBLEM?

16 MR. HARRISON: WE'VE ALREADY VOTED TO FUND  
17 THE APPLICATIONS ABOVE THE LINE. THIS IS A VOTE TO  
18 CLOSE OUT ANY FURTHER FUNDING IN CONNECTION WITH  
19 THIS RFA.

20 DR. PRIETO: DO WE NEED TO TAKE THAT VOTE?

21 MR. HARRISON: WE DO.

22 CHAIRMAN KLEIN: ALL RIGHT. ADDITIONAL  
23 COMMENTS? PUBLIC COMMENT?

24 DR. NOLTA: I JUST WANTED TO SAY THAT --  
25 JAN NOLTA, DIRECTOR OF THE STEM CELL PROGRAM AT UC

**BARRISTERS' REPORTING SERVICE**

1 DAVIS. I'VE BEEN ON NIH STUDY SECTIONS FOR MORE  
2 YEARS THAN I'D LIKE TO ADMIT, BUT I JUST WANTED TO  
3 REMIND YOU THAT THE NIH FUNDING IS EXTREMELY LEAN.  
4 JUNIOR INVESTIGATORS ARE ALMOST NEVER FUNDED AND  
5 THAT CIRM IS REALLY THEIR ONLY HOPE. AND MANY OF  
6 THESE INVESTIGATORS HAVE COME TO CALIFORNIA FOR THE  
7 HOPE OF MONEY FROM CIRM AND TO WORK ON STEM CELLS  
8 HERE.

9 CHAIRMAN KLEIN: ALL RIGHT. MELISSA KING,  
10 PLEASE CALL THE ROLL.

11 MS. KING: STEPHEN VAMVAKAS.

12 DR. VAMVAKAS: YES.

13 MS. KING: EXCEPT FOR THOSE WITH WHICH YOU  
14 HAVE A CONFLICT.

15 DR. VAMVAKAS: CORRECT.

16 MS. KING: FLOYD BLOOM.

17 DR. BLOOM: YES, EXCEPT FOR THOSE WITH  
18 WHICH I HAVE A CONFLICT.

19 MS. KING: DAVID BRENNER.

20 DR. BRENNER: YES, EXCEPT FOR THOSE WITH  
21 WHICH I HAVE A CONFLICT.

22 MS. KING: JACOB LEVIN.

23 DR. LEVIN: NO, EXCEPT FOR THOSE WITH  
24 WHICH I HAVE A CONFLICT.

25 MS. KING: KIM WITMER.

**BARRISTERS' REPORTING SERVICE**

1 DR. WITMER: YES, EXCEPT FOR THOSE WITH  
2 WHICH I HAVE A CONFLICT.

3 MS. KING: MARCY FEIT.

4 MS. FEIT: YES, EXCEPT FOR THOSE WITH  
5 WHICH I HAVE A CONFLICT.

6 MS. KING: MICHAEL GOLDBERG.

7 MR. GOLDBERG: YES, EXCEPT FOR THOSE WITH  
8 WHICH I HAVE A CONFLICT.

9 MS. KING: SAM HAWGOOD.

10 DR. HAWGOOD: YES, EXCEPT FOR THOSE WITH  
11 WHICH I HAVE A CONFLICT.

12 MS. KING: BOB KLEIN:

13 CHAIRMAN KLEIN: ABSTAIN.

14 MS. KING: GERALD LEVEY.

15 DR. LEVEY: YES, EXCEPT FOR THOSE WITH  
16 WHICH I HAVE A CONFLICT.

17 MS. KING: ED PENHOET.

18 DR. PENHOET: YES.

19 MS. KING: ANN BONHAM.

20 DR. BONHAM: NO, EXCEPT FOR THOSE WITH  
21 WHICH I HAVE A CONFLICT.

22 MS. KING: FRANCISCO PRIETO.

23 DR. PRIETO: NO, EXCEPT FOR THOSE WITH  
24 WHICH I HAVE A CONFLICT.

25 MS. KING: ROBERT QUINT.

**BARRISTERS' REPORTING SERVICE**

1 DR. QUINT: YES. I HAVE NO CONFLICTS.

2 MS. KING: JEANNIE FONTANA.

3 DR. FONTANA: NO, EXCEPT FOR THOSE WITH  
4 WHICH I HAVE A CONFLICT.

5 MS. KING: DUANE ROTH.

6 MR. ROTH: YES.

7 MS. KING: JEFF SHEEHY.

8 MR. SHEEHY: NO, EXCEPT FOR THOSE WITH  
9 WHICH I HAVE A CONFLICT.

10 MS. KING: OSWALD STEWARD.

11 DR. STEWARD: YES, EXCEPT FOR THOSE WITH  
12 WHICH I HAVE A CONFLICT.

13 MS. KING: COUNSEL, IT LOOKS TO ME LIKE  
14 THE MOTION CARRIES.

15 CHAIRMAN KLEIN: AND HAVE WE VOTED ON TIER  
16 3 BECAUSE TECHNICALLY WE WOULD NEED A VOTE ON TIER 3  
17 IF WE HAVEN'T VOTED ON IT?

18 MR. HARRISON: MY UNDERSTANDING OF THE  
19 MOTION WAS THAT IT WAS NOT TO FUND THE REMAINING  
20 APPLICATIONS.

21 CHAIRMAN KLEIN: TIER 2 AND TIER 3?

22 MR. HARRISON: YES.

23 CHAIRMAN KLEIN: IS THAT THE MAKER'S  
24 UNDERSTANDING?

25 MR. ROTH: YES.

## BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: IS THAT THE SECOND'S  
2 UNDERSTANDING?

3 DR. PENHOET: YES.

4 CHAIRMAN KLEIN: ALL RIGHT. THANK YOU.

5 MR. HARRISON: THE MOTION CARRIES.

6 CHAIRMAN KLEIN: ALL RIGHT. THANK YOU.

7 I'D LIKE TO MOVE AT THIS TIME TO SOME  
8 ITEMS HOPEFULLY WE CAN MOVE FAIRLY QUICKLY THROUGH.  
9 I'M TAKING AN ITEM OUT OF ORDER. FOR ITEM 16, COULD  
10 GEOFF LOMAX, DR. LOMAX, PLEASE RUN THROUGH HIS  
11 PRESENTATION ON ITEM 16?

12 DR. LOMAX: THANK YOU, MR. CHAIRMAN,  
13 MEMBERS OF THE BOARD. IF YOU REMEMBER IN AUGUST, AT  
14 THE AUGUST MEETING, YOU AUTHORIZED A PETITION  
15 PROCESS WHERE STEM CELL LINES COULD BE DEEMED  
16 ACCEPTABLY DERIVED. THIS WAS A PROCESS WHICH HAS  
17 NOW BECOME AN INTERIM REGULATION FOR THE INSTITUTE.

18 THE PETITION PROCESS EMERGED FROM A JULY  
19 STANDARDS WORKING GROUP MEETING WHERE THERE WAS  
20 UNANIMOUS CONSENSUS AMONG THE WORKING GROUP MEMBERS  
21 AND THE PUBLIC FOR THIS POLICY.

22 THE POLICY APPLIES TO STEM CELL LINES  
23 DERIVED PRIOR TO NOVEMBER 2006, WHICH IS THE DATE  
24 OUR REGULATIONS TOOK EFFECT. SO IT ALLOWS LINES  
25 THAT MAY NOT CONFORM TO THE EXACT DETAILS OF THOSE

## BARRISTERS' REPORTING SERVICE

1 REGULATIONS TO BE USED IN RESEARCH.

2 WE HAVE RECEIVED AN APPLICATION FROM  
3 NOVOCELL FOR THE LINE CYT49. A COPY OF THIS  
4 PETITION IS IN YOUR MATERIALS AND AVAILABLE TO THE  
5 PUBLIC.

6 NEXT SLIDE. VERY BRIEFLY, TO REVIEW THE  
7 PROCESS, ONCE THE PETITION HAS BEEN RECEIVED BY  
8 CIRM, IT IS REVIEWED AGAINST THE STANDARD SET OF  
9 EVALUATION CRITERIA. I WILL NOW WALK THROUGH THE  
10 EVALUATION CRITERIA FOR THIS PARTICULAR APPLICATION.

11 THE APPLICATION INVOLVED THE DERIVATION OF  
12 A HUMAN EMBRYONIC STEM CELL LINE FROM A SURPLUS IVF  
13 EMBRYO, AN EMBRYO CREATED SPECIFICALLY FOR  
14 REPRODUCTIVE PURPOSES. THE EMBRYO WAS CREATED FROM  
15 A DONOR OOCYTE, AND THE DONOR CONSENTED TO GIVE  
16 DISPOSITIONAL AUTHORITY TO THE COUPLE THAT WOULD  
17 COME INTO RECEIVERSHIP OF THE EMBRYO. DUE TO A  
18 NO-RECONTACT CLAUSE, THE ORIGINAL OOCYTE DONOR WAS  
19 NOT ABLE TO BE CONTACTED TO GET SPECIFIC CONSENT FOR  
20 THE EMBRYO TO BE DONATED TO RESEARCH.

21 DETAILED INFORMED CONSENT FOR RESEARCH WAS  
22 RECEIVED FROM THE COUPLE WITH DISPOSITIONAL  
23 AUTHORITY FOR THE EMBRYO, AND THE CONSENT IS  
24 CONTAINED IN THE MATERIALS.

25 THE RESEARCH PROTOCOL FOR THE DERIVATION



## BARRISTERS' REPORTING SERVICE

1 OF THE STEM CELL LINE UNDERWENT FULL IRB REVIEW AND  
2 WAS APPROVED. NO PAYMENTS WERE PROVIDED TO THE  
3 COUPLE FOR THE DONATION OF THE EMBRYO, AND THE  
4 PROTOCOL CONFORMED WITH PREVAILING STANDARDS OF THE  
5 TIME AND INCLUDED SAFETY TESTING OF THE RESULTING  
6 CELL LINES AND A THOROUGH MEDICAL HISTORY FROM THE  
7 DONOR AND THEIR FAMILY.

8 THE APPLICANT INDICATED THAT THIS LINE WAS  
9 DERIVED UNDER CLINICAL MANUFACTURING CONDITIONS AND  
10 HAS PASSED FDA SAFETY TESTING. IN PARTICULAR, THE  
11 APPLICANT INDICATED THERE WAS IMPORTANT SCIENTIFIC  
12 SIGNIFICANCE TO THE USE OF THIS LINE. AND I WOULD  
13 LIKE TO INVITE DR. CSETE TO COMMENT ON THE  
14 SCIENTIFIC SIGNIFICANCE OF THIS LINE.

15 DR. CSETE: WE WOULD NOT BE HERE GOING  
16 THROUGH THIS PROCESS UNLESS THERE WAS IMPORTANT  
17 SCIENTIFIC SIGNIFICANCE, AND IN THIS CASE IMPORTANT  
18 CLINICAL SIGNIFICANCE, INTERESTINGLY RELATED TO OUR  
19 SPOTLIGHT THIS MORNING. SO THIS LINE, FIRST OF ALL,  
20 WAS AMENABLE TO BEING PUSHED TOWARD A BETA CELL  
21 FATE. IT'S BEEN INCREDIBLY WELL CHARACTERIZED ALONG  
22 THAT DIFFERENTIATION PROTOCOL THAT YOU SAW THIS  
23 MORNING. AND THE SCIENTISTS HAVE INVESTED LITERALLY  
24 YEARS IN ESTABLISHING A MASTER BANK THAT WOULD BE  
25 THE SOURCE OF THE CELLS FOR TRANSPLANTATION IN THE

**BARRISTERS' REPORTING SERVICE**

1 CASE OF TYPE 1 DIABETES PATIENTS.

2 SO I ESTIMATED, JUST KNOWING HOW LONG THE  
3 ESTABLISHMENT OF THE BANK WAS, THAT THIS WOULD SET  
4 THE POTENTIAL APPLICATION OF THIS CELL THERAPY BACK  
5 BY THREE YEARS IF THEY HAD TO RETURN AND MAKE A  
6 MASTER BANK, WHICH IS, AGAIN, LIKE THE SOURCE OF ALL  
7 OF THE CELLS FOR THERAPY, FROM SCRATCH FROM ANOTHER  
8 LINE.

9 CHAIRMAN KLEIN: SO, GEOFF, MY  
10 UNDERSTANDING IS THAT THIS CAME TO US WITH THE  
11 RECOMMENDATION FROM THE STANDARD WORKING GROUP, AND  
12 THAT DR. LO, THE CHAIRMAN OF THAT GROUP, HAS  
13 REVIEWED THE MATERIAL AND PROVIDED HIS SUPPORT; IS  
14 THAT CORRECT?

15 DR. LOMAX: JUST TO BE SPECIFIC, MR.  
16 CHAIRMAN, THE STANDARDS WORKING GROUP, THE SENSE OF  
17 THE COMMITTEE WAS TO APPROVE THE POLICY, WHICH YOU  
18 DID AT THE LAST MEETING.

19 CHAIRMAN KLEIN: SO FOR THE BENEFIT OF THE  
20 NEW MEMBERS OF THE BOARD, THE REASON HE'S USING THE  
21 WORD "SENSE OF THE COMMITTEE" IS THEY DIDN'T HAVE A  
22 QUORUM, BUT ALL THE MEMBERS THAT WERE PRESENT AT THE  
23 TIME FELT THAT THIS SHOULD BE SENT FORWARD WITH A  
24 POSITIVE MESSAGE.

25 DR. LOMAX: NOW, WITH REGARD TO THE

## BARRISTERS' REPORTING SERVICE

1 PROCESS WHICH WE'RE GOING THROUGH ON THE SLIDE HERE,  
2 TO RECEIVE THE PETITION, THE REVIEW THEN OCCURS WITH  
3 THE CO-CHAIRS OF THE STANDARDS WORKING GROUP, TWO  
4 MEMBERS ONLY, AND CIRM STAFF, AND WE HAVE REVIEWED  
5 THE REVIEW FOR YOU.

6 THE CONCLUSION OF THAT REVIEW, INCLUDING  
7 THE OPINION OF DR. LO, AND SPECIFICALLY DR. LO  
8 WANTED TO INDICATE HE VIEWED THIS APPLICATION AS A  
9 CHALLENGING CALL. HE HAD CONCERNS ABOUT THE  
10 CONSENT, BUT INDICATED HE WAS PERSUADED BY THE  
11 SCIENTIFIC RATIONALE IN THIS PETITION AND,  
12 THEREFORE, WOULD LIKE TO MOVE FORWARD WITH A MOTION  
13 TO APPROVE THIS PETITION.

14 CHAIRMAN KLEIN: AND IT'S MY UNDERSTANDING  
15 FROM THE STANDARDS WORKING GROUP MEETING THAT  
16 MEMBERS OF THE AUDIENCE SPOKE IN SUPPORT OF WHAT WAS  
17 DONE THAT DAY. IN ADDITION, THERE WAS NO DISSENTING  
18 VIEW POSED; IS THAT CORRECT?

19 DR. LOMAX: THAT IS CORRECT, MR. CHAIRMAN.

20 CHAIRMAN KLEIN: ALL RIGHT. SO THAT'S THE  
21 CONTEXT FOR THE DISCUSSION TODAY. TO PUT THIS INTO  
22 CONSIDERATION, IS THERE A MOTION TO APPROVE?

23 MR. ROTH: SO MOVED.

24 CHAIRMAN KLEIN: MOVED BY DUANE ROTH. IS  
25 THERE A SECOND?

**BARRISTERS' REPORTING SERVICE**

1 MR. GOLDBERG: SECOND.

2 CHAIRMAN KLEIN: SECOND BY MR. GOLDBERG.

3 IS THERE DISCUSSION FROM THE MEMBERS?

4 DR. BRENNER: MAKE SURE NONE OF US HAVE A  
5 CONFLICT WITH THE ORGANIZATION.

6 CHAIRMAN KLEIN: SO ARE THERE ANY  
7 CONFLICTS?

8 MR. HARRISON: NO.

9 CHAIRMAN KLEIN: ALL RIGHT. THERE ARE NO  
10 CONFLICTS. ANY DISCUSSION FROM THE BOARD?

11 DR. STEWARD: EVERYTHING THAT YOU'VE SAID  
12 SO FAR ABOUT THE SENTIMENTS TO APPROVE SEEM TO BE  
13 BASED ON SCIENTIFIC GROUNDS. AND I JUST WOULD LIKE  
14 TO HEAR THE ONES THAT ARE NOT BASED ON SCIENTIFIC  
15 GROUNDS.

16 DR. LOMAX: THE SPECIFIC DETAIL IN THIS  
17 PARTICULAR CASE WHERE THERE WAS A CONCERN FROM A  
18 SORT OF ETHICAL PERSPECTIVE, IF I MAY, IS THE  
19 ORIGINAL OOCYTE DONOR DID NOT PROVIDE SPECIFIC  
20 CONSENT FOR THE USE OF THE OOCYTE OR, IN FACT, THE  
21 RESULTING EMBRYO IN SCIENTIFIC RESEARCH. THE DONOR  
22 DID SIGN OVER ALL WHAT WAS ENTITLED DISPOSITIONAL  
23 AUTHORITY THE RIGHTS OF THE EMBRYO TO THE RECEIVING  
24 COUPLE AND DID ACKNOWLEDGE THAT THE EMBRYO COULD BE  
25 USED IN A VARIETY OF WAYS. BUT IN THAT LIST OF

## BARRISTERS' REPORTING SERVICE

1 USES, RESEARCH APPLICATION WAS NOT SPECIFICALLY  
2 SPELLED OUT. THAT'S THE SOURCE OF THE DILEMMA OR  
3 THE CONFLICT, IF YOU WILL, WITH OUR CURRENT  
4 REGULATIONS.

5 CHAIRMAN KLEIN: AND MY UNDERSTANDING IS  
6 THE TESTIMONY IS AT THE TIME THIS FORM WAS DONE,  
7 THAT WASN'T SOMETHING THAT WAS LISTED AS A NORMAL  
8 COURSE. SO THE FACT THAT IT WASN'T IN THE LIST WAS  
9 NOT ABNORMAL. IT'S JUST THEY DIDN'T HAVE THAT  
10 DEGREE OF DEVELOPMENT BECAUSE IT HAPPENED A NUMBER  
11 OF YEARS AGO.

12 DR. LOMAX: THAT'S CORRECT. IN FACT, THE  
13 DONATION WAS DONE IN ADVANCE OF THE NATIONAL  
14 ACADEMIES' GUIDELINES AS WELL, WHICH PRECEDED OUR  
15 REGULATIONS. SO THE DILEMMA OR THE BALANCING, IF  
16 YOU WILL, WAS VERY SPECIFICALLY THAT THE EXACT  
17 SPECIFICATIONS OF OUR CONSENT REQUIREMENTS WERE  
18 BALANCED AGAINST SCIENTIFIC NECESSITY. AND THE  
19 SENSE WAS, AGAIN, THAT THE SCIENTIFIC NECESSITY WAS  
20 SUFFICIENT TO WARRANT THE RECOMMENDATION TO APPROVE  
21 THE PETITION.

22 DR. TROUNSON: JUST IN ADDITION, I THINK  
23 THERE WAS ANOTHER MATTER THAT WAS DISCUSSED. AND  
24 THAT IS THAT IF THERE WAS A PARTICULAR HISTORY FOR  
25 THAT DONOR, IT MAY NOT BE ABLE TO BE FOLLOWED UP,

## BARRISTERS' REPORTING SERVICE

1 OS, BECAUSE IT PRECEDES -- YOU ARE UNABLE TO  
2 ESSENTIALLY CONTACT THAT PERSON. NOW, THERE ALWAYS  
3 IS A HISTORY TAKEN FOR IVF AND FOR DONATIONS. SO  
4 SOME HISTORY IS THERE. IT'S JUST PERHAPS YOU MIGHT  
5 NOT BE ABLE TO INTERROGATE IT AS DEEPLY AS YOU MAY  
6 IF YOU ABSOLUTELY KNEW THE DONOR AND COULD CONTACT  
7 THEM.

8 IN THOSE DAYS THE DONATION OF SUCH THINGS  
9 AS EGGS AND EMBRYOS WAS CONSIDERED TO BE A TRANSFER  
10 OF THE RIGHTS TO MAKE DECISIONS ON THOSE EGGS TO THE  
11 RECEIVING COUPLE. I THINK THE DEFINITION HAS  
12 PROBABLY CHANGED A LITTLE NOW, AND THERE'S MORE CARE  
13 TAKEN TO ENSURE, THE VERY LEAST, THERE IS A TIC ON  
14 WHETHER YOU DISPOSE OR USE IT FOR RESEARCH. BUT I  
15 THINK IN THIS EVENT, THERE IS SOME HISTORY; WHETHER  
16 IT'S SUFFICIENT IN EVERY MATTER, IT COULD BE ARGUED.  
17 WE'RE IN THE STATE OF HAVING COMPLETE GENOMIC  
18 SEQUENCING POSSIBLY IN THE NEAR FUTURE, WHICH MIGHT  
19 GIVE YOU AS MUCH INFORMATION AS YOU GET OUT OF A  
20 HISTORY. BUT GIVEN THAT WAS A CONSIDERATION AND IT  
21 WAS ADDRESSED AT THE MEETING.

22 CHAIRMAN KLEIN: THANK YOU.

23 DR. CSETE: WE ALSO RAISED THAT CONCERN,  
24 AND NOVOCELL WAS ABLE TO COME UP WITH NOT ONLY  
25 PRECISE LABORATORY DATA AND STUDIES, BLOOD WORK THAT

## BARRISTERS' REPORTING SERVICE

1 WAS DONE ON THE DONOR, AND I REVIEWED THAT, AS WELL  
2 AS THEIR FORM WHERE THEY TOOK A MEDICAL HISTORY AT  
3 THE TIME. AND WE DIDN'T SEE THAT PARTICULAR  
4 PATIENT'S -- THIS ALL CAME IN YESTERDAY, ONE OF THE  
5 OTHER THINGS. SO WE HAD A LOT OF MEDICAL  
6 INFORMATION ON THE DONOR EVEN THOUGH WE WEREN'T ABLE  
7 TO GO BACK AND CONTACT THE EGG DONOR. AND IT LOOKED  
8 REALLY QUITE CLEAN.

9 CHAIRMAN KLEIN: OKAY.

10 DR. LOMAX: MR. CHAIRMAN, FOR THE RECORD,  
11 BECAUSE I THINK IT DOES REFLECT BOTH THE DUE  
12 DILIGENCE AND THE EFFORT ON BEHALF OF THE APPLICANT,  
13 WE WERE AS OF YESTERDAY ABLE TO GET AN ACCURATE  
14 MEDICAL HISTORY FROM THE ACTUAL DONOR. THEY DID ON  
15 VERY SHORT NOTICE COME UP WITH ADDITIONAL  
16 DOCUMENTATION. THAT MATERIAL WE HAVE AVAILABLE  
17 TODAY. IT CAME IN VERY LATE. IT INCLUDES HISTORY  
18 OF CHRONIC DISEASE, INHERITED DISEASE, AND THAT  
19 MATERIAL ALL INDICATES THAT THIS PARTICULAR DONOR,  
20 THERE'S NO HISTORY OF THINGS LIKE CANCER, CHRONIC  
21 DISEASE. SO WE DID GET THAT, AND WE GOT THAT FOR  
22 THE SPECIFIC APPLICATION, NOT A GENERIC HISTORY  
23 DOCUMENT.

24 CHAIRMAN KLEIN: THANK YOU VERY MUCH.

25 MR. ROTH: CALL THE QUESTION.

## BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: CALL THE QUESTION. MR.  
2 SIMPSON, DO YOU HAVE A PUBLIC COMMENT?

3 MR. SIMPSON: JOHN SIMPSON FROM CONSUMER  
4 WATCHDOG. I JUST WANTED TO SAY THAT THE WHOLE WAY  
5 THAT THIS MATTER WAS HANDLED WITH THE PROCEDURES  
6 WORKED OUT IN THE MEDICAL ETHICS COMMITTEE SEEMED TO  
7 ME TO BE EXACTLY THE WAY THIS KIND OF THING SHOULD  
8 BE DONE. SPEAKS WELL TO HAVING GOOD PROCEDURES IN  
9 PLACE. SO IN THE INSTANT CASE I'D LIKE TO SUPPORT  
10 PUTTING THIS IN RETROACTIVELY. BUT PUT IN THE  
11 CONTEXT OF THE BROADER WAY THINGS ARE DONE, THIS IS  
12 EXACTLY HOW IT SHOULD WORK. I WANTED TO MAKE A  
13 POINT OF SAYING THAT BECAUSE I OFTEN POINT OUT WHEN  
14 THINGS DON'T WORK HOW THEY SHOULD WORK. THANK YOU.

15 CHAIRMAN KLEIN: ALL RIGHT. CALL THE  
16 QUESTION. I THINK WE -- COUNSEL, I DON'T BELIEVE WE  
17 NEED A ROLL CALL HERE. WE NEED A VOICE VOTE. ALL  
18 IN FAVOR SAY AYE. OPPOSED? THANK YOU. THANK YOU  
19 VERY MUCH, GEOFF. THANK YOU, DR. CSETE, DR. LOMAX.

20 MR. HARRISON: FOR THE RECORD, THE MOTION  
21 CARRIES.

22 CHAIRMAN KLEIN: ALL RIGHT. I'D LIKE TO  
23 JUST TRY AND GET IN A COUPLE OF OTHER ITEMS HERE  
24 BECAUSE AFTER WE ADJOURN FOR EXECUTIVE SESSION AT  
25 LUNCH, WE'RE GOING TO GO THROUGH A MAJOR ITEM ON THE



## BARRISTERS' REPORTING SERVICE

1 LOAN PROGRAM. I'M TRYING TO GET THROUGH A COUPLE OF  
2 OTHER ITEMS.

3 IF DR. GIL SAMBRANO COULD ADDRESS ITEM 12.  
4 AND I BELIEVE -- DR. PAT OLSON IS GOING TO ADDRESS  
5 ITEM 12. AND I BELIEVE WE HAVE THE BIOS; IS THAT  
6 CORRECT, DR. OLSON?

7 DR. OLSON: THAT IS CORRECT. THEY SHOULD  
8 BE AT TAB 12 OF YOUR BINDER.

9 CHAIRMAN KLEIN: THIS ITEM IS  
10 RECOMMENDATION OF NEW SCIENTIFIC MEMBERS FOR GRANTS  
11 WORKING GROUP. LET ME SEE IF I CAN SAVE TIME, DR.  
12 OLSON. ARE THERE ANY BIOS ON WHICH ANY BOARD MEMBER  
13 WOULD LIKE TO ASK ANY QUESTION? I DON'T SEE ANY.

14 DR. OLSON, WOULD YOU JUST LIKE TO PUT THIS  
15 IN THE CONTEXT OF THE NEED FOR THESE NEW INDIVIDUAL  
16 NAMES. AND IF THE MEMBERS, LOOKING THROUGH THESE,  
17 COME UP WITH ANY RESIDUAL QUESTIONS, THEN LET'S SEE  
18 IF WE CAN ADDRESS THEM IN THAT MANNER.

19 DR. OLSON: AS YOU KNOW, WE CONTINUE TO  
20 EXPAND OUR GRANTS WORKING GROUP OF THE EXPERTISE AND  
21 JUST THE AVAILABILITY OF MEMBERS. WE RECRUIT VERY  
22 BUSY, VERY WELL-KNOWN SCIENTISTS, AND SO WE NEED TO  
23 CONTINUALLY EXPAND OUR POOL.

24 AMONG THOSE PEOPLE THAT WE BRING FORTH FOR  
25 YOUR CONSIDERATION AS ALTERNATE MEMBERS OF THE

## BARRISTERS' REPORTING SERVICE

1 GRANTS WORKING GROUP TODAY ARE THOSE WHO ARE  
2 INDUSTRY REPRESENTATIVES, WHO DO HAVE EXPERIENCE IN  
3 DRUG DEVELOPMENT. WE CONTINUE TO EXPAND OUR DISEASE  
4 AREA EXPERTISE IN ANTICIPATION OF BOTH TRANSLATIONAL  
5 AND DISEASE TEAM REVIEWS AND, IN GENERAL, OUR  
6 TRANSLATIONAL INITIATIVE.

7 WE ALSO BRING FOR YOUR CONSIDERATION TODAY  
8 SCIENTISTS WHO NOT ONLY ARE NOTED IN THEIR FIELDS OF  
9 SCIENTIFIC INTEREST, BUT HAVE ALSO BEEN ACTIVE IN  
10 GRADUATE AND UNDERGRADUATE TRAINING. AND THIS IS IN  
11 SPECIFIC CONSIDERATION FOR OUR UPCOMING REVIEW BOTH  
12 FOR THE BRIDGES PROGRAM AND FOR THE TRAINING II.

13 SO THESE ARE THE SPECTRUM OF INDIVIDUALS  
14 WE BRING FOR YOUR CONSIDERATION AS ALTERNATE MEMBERS  
15 OF THE GRANTS WORKING GROUP, AND WE ASK THAT YOU  
16 CONSIDER THEM IN THAT CONTEXT.

17 CHAIRMAN KLEIN: ALL RIGHT.

18 MR. ROTH: PAT, COULD YOU, SINCE YOU  
19 MENTIONED THE INDUSTRY EXPERTISE, COULD YOU POINT TO  
20 THOSE MEMBERS THAT YOU THINK ARE --

21 DR. OLSON: DR. JAY EDELBERG, WHO IS AT  
22 BRISTOL-MEYERS SQUIBB, FORMERLY AT GLAXOSMITHKLINE,  
23 WITH AN EXPERTISE IN CARDIOLOGY. DR. STEVEN NAVRAN,  
24 WHO'S AT SYNTHICON, THOSE ARE THE TWO SPECIFIC ONES  
25 THIS TIME WHO HAVE INDUSTRY AFFILIATIONS AT THIS

## BARRISTERS' REPORTING SERVICE

1 POINT IN THEIR CAREER.

2 CHAIRMAN KLEIN: ADDITIONAL QUESTIONS?

3 DR. FONTANA: PLEASSED TO SEE THOSE  
4 ADDITIONS. I'M CURIOUS OR CONCERNED. HOW DO WE  
5 DEAL WITH THEIR CONFLICTS?

6 DR. OLSON: THEY ARE SUBJECT TO THE SAME  
7 CONFLICT OF INTEREST POLICY THAT ALL MEMBERS OF OUR  
8 GRANTS WORKING GROUP ARE SUBJECT TO.

9 CHAIRMAN KLEIN: OKAY. ADDITIONAL  
10 QUESTIONS? ALL RIGHT. QUESTIONS FROM THE PUBLIC?  
11 IS THERE A MOTION TO APPROVE?

12 DR. BLOOM: SO MOVED.

13 CHAIRMAN KLEIN: MOVED BY DR. BLOOM. IS  
14 THERE A SECOND?

15 DR. LEVEY: SECOND.

16 CHAIRMAN KLEIN: SECOND BY DR. LEVEY.  
17 ADDITIONAL QUESTIONS? SEEING NONE, CALL THE  
18 QUESTION. ALL IN FAVOR? OPPOSED? MOTION PASSES.  
19 THANK YOU.

20 ITEM 13, CONSIDERATION OF NAMES. DON  
21 GIBBONS, IF YOU COULD PUT THE NAMES ON THE SCREEN  
22 AND ADDRESS THOSE. WE HAVE TIMING ISSUES. SINCE WE  
23 HAVE THE BENEFIT OF INSTITUTIONS MOVING FORWARD  
24 QUICKLY, CAUSE FOR CELEBRATION. DON GIBBONS CAN  
25 READ THE NAMES INTO THE RECORD FOR THE BENEFIT OF

## BARRISTERS' REPORTING SERVICE

1 OUR CONSIDERATION.

2 MR. GIBBONS: SO WE HAVE ONE, TWO, THREE,  
3 FOUR, FIVE, SIX INSTITUTIONS COMING FORWARD WITH  
4 NAMES. WE DISCUSSED THREE OF THEM AT THE LAST  
5 MEETING, BUT WITHOUT A QUORUM, THEY WERE NOT ACTED  
6 UPON. I WILL JUST READ THEM VERY QUICKLY.

7 UNIVERSITY OF CALIFORNIA DAVIS HAS PROPOSED THE NAME  
8 UC DAVIS INSTITUTE FOR REGENERATIVE CURES WITH A TAG  
9 LINE UNDERNEATH IT A FACILITY SUPPORTED BY THE  
10 CALIFORNIA INSTITUTE OF REGENERATIVE MEDICINE.

11 FROM THE UNIVERSITY OF SOUTHERN  
12 CALIFORNIA, THE ELI AND EDYTHE BROAD CIRM CENTER FOR  
13 REGENERATIVE MEDICINE AND STEM CELL RESEARCH AT USC.

14 FROM THE UNIVERSITY OF CALIFORNIA SAN  
15 FRANCISCO, THE ELI AND EDYTHE BROAD CENTER FOR  
16 REGENERATIVE MEDICINE AND STEM CELL RESEARCH AT  
17 UCSF, FOLLOWED BY A DONOR NAME ON THE BUILDING, AS  
18 THEY'RE DOING A DOUBLE NAME, FOLLOWED BY THE TAG  
19 LINE, A FACILITY SUPPORTED BY THE CALIFORNIA  
20 INSTITUTE OF REGENERATIVE MEDICINE.

21 FROM THE SAN DIEGO CONSORTIUM FOR  
22 REGENERATIVE MEDICINE, THANKS TO A NAMING GIFT THAT  
23 CAME THROUGH ABOUT A WEEK AND A HALF, TWO WEEKS AGO,  
24 THEY ARE PROPOSING THE SANFORD CONSORTIUM FOR  
25 REGENERATIVE MEDICINE WITH THE TAG LINE, AN

**BARRISTERS' REPORTING SERVICE**

1 INSTITUTE OF THE CALIFORNIA INSTITUTE FOR  
2 REGENERATIVE MEDICINE.

3 AND FROM STANFORD UNIVERSITY SCHOOL OF  
4 MEDICINE, WE HAVE -- THEY ARE BUILDING A SERIES OF  
5 BUILDINGS CALLED THE STANFORD INSTITUTES OF  
6 MEDICINE. THIS WILL BE THE INSTITUTES OF MEDICINE  
7 I, FOLLOWED BY THE JOHN DOE, NAME TO COME, STEM CELL  
8 RESEARCH BUILDING, A CALIFORNIA INSTITUTE FOR  
9 REGENERATIVE MEDICINE FACILITY.

10 AND THEN LAST, FROM THE UNIVERSITY OF  
11 CALIFORNIA AT IRVINE, THE SUE AND BILL GROSS HALL, A  
12 CIRM INSTITUTE, CIRM NOT SPELLED OUT.

13 NOW, WE MENTIONED THE LAST TIME THAT WE  
14 REALLY DO PREFER CIRM SPELLED OUT BECAUSE, WHILE IN  
15 THE RESEARCH COMMUNITY CIRM IS BECOMING A VERY GOOD  
16 BRAND NAME, IN THE GENERAL PUBLIC IT IS NOT  
17 WELL-KNOWN. IN THE INSTANCES WHERE IT IS NOT  
18 SPELLED OUT AT USC, AT UC IRVINE, PRIOR PROMISES  
19 HAVE BEEN MADE TO THE DONOR. AND BECAUSE WE ARE  
20 VERY CONCERNED ABOUT LEVERAGING THE TAXPAYERS'  
21 MONEY, WE DO NOT WANT TO JEOPARDIZE THAT LEVERAGE TO  
22 FUNDS.

23 SO FOR ALL FACILITIES, WHEN WE BRING TO  
24 YOU IN DECEMBER LANGUAGE FOR A PLAQUE WE WANT TO PUT  
25 IN THE BUILDING THAT VERY SPECIFICALLY ACKNOWLEDGES

## BARRISTERS' REPORTING SERVICE

1 THE VOTERS OF CALIFORNIA, PROP 71, AND THE SIZE OF  
2 THE COMMITMENT OF THE VOTERS. FOR THOSE TWO  
3 INSTITUTIONS WHERE CIRM IS NOT SPELLED OUT, WE ARE  
4 GOING TO ASK THEM A PLACE THAT PLAQUE VERY  
5 PROMINENTLY NEAR THE FRONT DOOR OF THE BUILDING TO  
6 MAKE UP FOR THE LACK OF CIRM BEING SPELLED OUT ON  
7 THE OUTSIDE OF THE BUILDING.

8 ANY QUESTIONS?

9 CHAIRMAN KLEIN: I'D NOTE AS WELL ON  
10 UNIVERSITY OF CALIFORNIA SAN FRANCISCO, YOU NOTE THE  
11 WORD IS REGENERATION INSTEAD OF REGENERATIVE. AND  
12 THAT'S VERY SPECIFICALLY BECAUSE OF THE REQUEST BY  
13 THE DOLBYS, WHO GAVE A SUBSTANTIAL AMOUNT TO THE  
14 BUILDING, TO USE THE WORD "REGENERATION" INSTEAD OF  
15 REGENERATIVE. SO IT'S NOT A MISSPELLING. IT IS A  
16 SPECIFIC REQUEST BY A DONOR.

17 ALL RIGHT. ANY OTHER QUESTIONS? IS THERE  
18 A MOTION. WHAT IS THE CONFLICTS RULES ON NAMING?

19 MR. HARRISON: TECHNICALLY WE DO NOT  
20 BELIEVE THERE IS A CONFLICT HERE BECAUSE THERE'S NO  
21 FINANCIAL INTEREST INVOLVED BASED ON THIS DECISION.  
22 NONETHELESS, OUT OF AN ABUNDANCE OF CAUTION, WE'D  
23 RECOMMEND THAT MEMBERS VOTE TO APPROVE EXCEPT FOR  
24 ANY OF THE REQUESTS IN WHICH THEY MAY HAVE A  
25 CONFLICT OF INTEREST.

**BARRISTERS' REPORTING SERVICE**

1                   CHAIRMAN KLEIN: ALL RIGHT. AND WHO IS IT  
2 THAT DOESN'T HAVE A CONFLICT THAT CAN MAKE THE  
3 MOTION?

4                   MR. ROTH: MOTION TO APPROVE THE NAMES AS  
5 SUBMITTED.

6                   CHAIRMAN KLEIN: ALL RIGHT. IS THERE A  
7 SECOND?

8                   DR. LEVEY: SECOND.

9                   CHAIRMAN KLEIN: SECOND IS DR. LEVEY. ALL  
10 RIGHT. ANY DISCUSSION FROM THE AUDIENCE? SEEING  
11 NONE, CALL THE QUESTION. ALL IN FAVOR? OPPOSED?  
12 EXCUSE ME. WE'RE GOING TO GO THROUGH ROLL CALL EVEN  
13 THOUGH THAT'S RIGHT. MELISSA KING, THANK YOU.

14                   FOR THE BENEFIT OF THE ALTERNATES, WE  
15 NORMALLY ON THIS TYPE OF MOTION DO A VOICE VOTE.  
16 BUT AS COUNSEL HAS EXPLAINED, IT'S A SENSITIVE ISSUE  
17 FOR MANY ON NAMING OF THE BUILDING, SO WE DON'T WANT  
18 IT CHALLENGED.

19                   MS. KING: STEPHEN VAMVAKAS.

20                   DR. VAMVAKAS: YES, EXCEPT FOR THOSE WITH  
21 WHICH YOU HAVE A CONFLICT.

22                   MS. KING: FLOYD BLOOM.

23                   DR. BLOOM: YES, EXCEPT FOR THOSE WITH  
24 WHICH I HAVE A CONFLICT.

25                   MS. KING: DAVID BRENNER.

**BARRISTERS' REPORTING SERVICE**

1 DR. BRENNER: YES, EXCEPT FOR THOSE WITH  
2 WHICH I HAVE A CONFLICT.

3 MS. KING: JACOB LEVIN.

4 DR. LEVIN: YES, EXCEPT FOR THOSE WITH  
5 WHICH I HAVE A CONFLICT.

6 MS. KING: KIM WITMER.

7 DR. WITMER: YES, EXCEPT FOR THOSE WITH  
8 WHICH I HAVE A CONFLICT.

9 MS. KING: MARCY FEIT.

10 MS. FEIT: YES, EXCEPT FOR THOSE WITH  
11 WHICH I HAVE A CONFLICT.

12 MS. KING: MICHAEL GOLDBERG.

13 MR. GOLDBERG: YES, EXCEPT FOR THOSE WITH  
14 WHICH I HAVE A CONFLICT.

15 MS. KING: SAM HAWGOOD.

16 DR. HAWGOOD: YES, EXCEPT FOR THOSE WITH  
17 WHICH I HAVE A CONFLICT.

18 MS. KING: BOB KLEIN:

19 CHAIRMAN KLEIN: YES.

20 MS. KING: GERALD LEVEY.

21 DR. LEVEY: YES, EXCEPT FOR THOSE WITH  
22 WHICH I HAVE A CONFLICT.

23 MS. KING: ED PENHOET.

24 DR. PENHOET: YES.

25 MS. KING: ANN BONHAM.



**BARRISTERS' REPORTING SERVICE**

1 DR. BONHAM: YES, EXCEPT FOR THOSE WITH  
2 WHICH I HAVE A CONFLICT.

3 MS. KING: FRANCISCO PRIETO.

4 DR. PRIETO: YES, EXCEPT FOR THOSE WITH  
5 WHICH I HAVE A CONFLICT.

6 MS. KING: ROBERT QUINT.

7 DR. QUINT: NO.

8 MS. KING: JEANNIE FONTANA.

9 DR. FONTANA: YES, EXCEPT FOR THOSE WITH  
10 WHICH I HAVE A CONFLICT.

11 MS. KING: DUANE ROTH.

12 MR. ROTH: YES.

13 MS. KING: JEFF SHEEHY.

14 MR. SHEEHY: YES, EXCEPT FOR THOSE WITH  
15 WHICH I HAVE A CONFLICT.

16 MS. KING: OSWALD STEWARD.

17 DR. STEWARD: YES, EXCEPT FOR THOSE WITH  
18 WHICH I HAVE A CONFLICT.

19 MS. KING: FOR THE RECORD, THAT MOTION  
20 CARRIES.

21 CHAIRMAN KLEIN: THANK YOU. ALL RIGHT.  
22 LAST ITEM HERE BEFORE BREAKING IS ITEM 14, AND I  
23 BELIEVE THAT BOARD COUNSEL, JAMES HARRISON, WHO  
24 PRESIDENT TROUNSON ASKED TO TAKE THE LEAD ON  
25 DEVELOPING THIS PROCESS, WILL LEAD US THROUGH THE

## BARRISTERS' REPORTING SERVICE

1 ITEM. WE WILL THEN HAVE BOARD COMMENTS, AND STAFF  
2 WILL BE OPEN FOR QUESTIONS.

3 MR. HARRISON: YOU WILL RECALL THAT AT THE  
4 LAST MEETING, WE DISCUSSED A PROPOSAL TO GOVERN  
5 COMMUNICATIONS BETWEEN APPLICANTS AND THE ICOC; BUT  
6 BECAUSE WE DID NOT HAVE A QUORUM, NO ACTION WAS  
7 TAKEN. SO WE'RE BRINGING IT BACK TO YOU TODAY  
8 HAVING CONSIDERED SOME OF THE COMMENTS THAT WERE  
9 MADE, AND WE'VE MADE A COUPLE OF MINOR CHANGES TO  
10 THE POLICY.

11 JUST TO TAKE YOU BACK, THE REAL GOAL OF  
12 THIS POLICY IS TO IMPOSE SOME RULES AROUND EFFORTS  
13 BY APPLICANTS TO LOBBY THE ICOC IN SUPPORT OF THEIR  
14 APPLICATIONS. WE RECOGNIZE AND ARE COMMITTED TO THE  
15 APPLICANTS' RIGHTS UNDER BAGLEY-KEENE TO COMMUNICATE  
16 WITH YOU. AT THE SAME TIME, IN ORDER TO ENSURE THE  
17 FAIRNESS AND INTEGRITY OF THE PROCESS AND THE  
18 ORDERLY CONSIDERATION OF APPLICATIONS, WE THINK IT'S  
19 IMPORTANT TO IMPOSE SOME CONSTRAINTS ON SUCH  
20 COMMUNICATIONS.

21 WE WOULD PROPOSE GUIDELINES AS FOLLOWS:  
22 APPLICANTS SHOULD ONLY SUBMIT A COMMUNICATION, WHAT  
23 WE CALL AN EXTRAORDINARY PETITION, TO THE ICOC UNDER  
24 EXTRAORDINARY CIRCUMSTANCES. THAT'S NOT A DEFINED  
25 TERM, BUT WHAT WE MEAN BY WAY OF EXAMPLE IS A

## BARRISTERS' REPORTING SERVICE

1 SITUATION WHERE THERE IS SOME DEMONSTRABLE ERROR OF  
2 FACT THAT AFFECTED THE OUTCOME OF THE REVIEW.

3 WE WOULD REQUIRE THAT PETITIONS BE  
4 SUBMITTED IN WRITING, AND THIS IS ONE CHANGE WE  
5 WOULD PROPOSE, THAT THEY BE SUBMITTED AFTER THE  
6 GRANTS WORKING GROUP MEETING, BUT AT LEAST FIVE DAYS  
7 BEFORE THE ICOC MEETING. AND WE WOULD IMPOSE A RULE  
8 THAT APPLICATIONS SUBMITTED -- PETITIONS SUBMITTED  
9 AFTER FIVE DAYS WOULD NOT BE CONSIDERED BY THE ICOC.

10 WE WOULD REQUIRE THAT THE PETITIONS --  
11 CHAIRMAN KLEIN: IT'S NOT THAT THEY  
12 WOULDN'T BE CONSIDERED BY THE ICOC. THE PETITION  
13 ITSELF WOULD NOT HAVE THE SCIENTIFIC REVIEW, BUT THE  
14 PERSON WOULD STILL HAVE THE ABILITY TO SPEAK IN THE  
15 PUBLIC SESSION FOR CONSIDERATION.

16 MR. HARRISON: YES. BUT WITH ONE  
17 REFINEMENT. IT'S TRUE THAT CIRM AND THE ICOC CANNOT  
18 PREVENT MEMBERS OF THE PUBLIC, INCLUDING APPLICANTS,  
19 FROM APPEARING BEFORE YOU AND COMMUNICATING, AND  
20 WE'RE NOT TRYING TO PREVENT THAT. HOWEVER, WE ARE  
21 SUGGESTING THAT IF YOU WANT TO HAVE YOUR ISSUES  
22 CONSIDERED BY THE BOARD, YOU HAVE TO DO SO IN THIS  
23 MANNER. AND IF YOU DON'T, THE BOARD IS NOT GOING TO  
24 TAKE THAT INTO ACCOUNT.

25 CHAIRMAN KLEIN: FOR THE BENEFIT OF

## BARRISTERS' REPORTING SERVICE

1 ALTERNATES WHO HAVEN'T BEEN IN PRIOR DISCUSSIONS,  
2 THE INTENT HERE IS THAT FOR THE BOARD TO MAKE A  
3 MEANINGFUL DECISION ON SCIENTIFIC ISSUES, IT'S VERY  
4 DIFFICULT TO DO SO ON THE SPOT WITHOUT THE BENEFIT  
5 OF THE SCIENTIFIC LEADERSHIP OF THE STAFF. SO THIS  
6 IS A PROCESS THAT WOULD ALLOW SOMEONE TO SUBMIT  
7 UNDER AN EXTRAORDINARY SITUATION, NOT CONTEMPLATED  
8 IN THE ORDINARY COURSE, THAT IF THERE'S BEEN AN  
9 EXTRAORDINARY LEVEL OF MATERIAL ERROR, AND FOR US TO  
10 THEN GET INPUT FROM THE STAFF AT THE MEETING THAT  
11 WOULD ALLOW US TO MEANINGFULLY EVALUATE WHETHER AN  
12 EXTRAORDINARY EVENT HAD OCCURRED OR HAD NOT  
13 OCCURRED.

14 MR. HARRISON: NEXT SLIDE. ONCE THE  
15 EXTRAORDINARY PETITIONS COME INTO CIRM, THEY WOULD  
16 BE DISTRIBUTED TO MEMBERS OF THE BOARD, AND THEY  
17 WOULD BE POSTED ON CIRM'S WEBSITE. WE WOULD, OF  
18 COURSE, RESERVE THE RIGHT TO REDACT THEM IF IT WAS  
19 NECESSARY PURSUANT TO THE PROVISIONS IN BOTH  
20 PROPOSITION 71 AND THE PUBLIC RECORDS ACT.

21 SCIENTIFIC STAFF WOULD REVIEW THE  
22 PETITIONS AND WOULD BE PREPARED AT THE MEETING TO  
23 MAKE A RECOMMENDATION TO THE BOARD IF A MEMBER OF  
24 THE BOARD THOUGHT THAT AN EXTRAORDINARY PETITION  
25 MERITED DISCUSSION.

## BARRISTERS' REPORTING SERVICE

1 THE ICOC, OF COURSE, WOULD RETAIN FULL  
2 DISCRETION TO CONSIDER OR NOT CONSIDER THE PETITIONS  
3 BEFORE MAKING ITS FUNDING DECISIONS.

4 AND LET ME MAKE ONE OTHER COMMENT, WHICH  
5 IS THAT WE WOULD PROPOSE TO THE BOARD THAT YOU  
6 CONSIDER ADOPTING THIS AS AN INTERIM REGULATION.  
7 THAT WOULD GIVE US AN OPPORTUNITY TO PROPOSE  
8 AMENDMENTS IF, AFTER TRYING THIS POLICY OUT FOR A  
9 PERIOD OF TIME, WE LEARN THAT THERE ARE THINGS THAT  
10 NEED TO BE IMPROVED UPON. AND THAT WOULD GIVE US AN  
11 OPPORTUNITY TO COME BACK TO YOU BEFORE INITIATING  
12 THE FORMAL ADMINISTRATIVE PROCEDURES ACT PROCESS  
13 WITH ANY PROPOSED CHANGES TO THE POLICY IF STAFF OR  
14 MEMBERS OF THE BOARD THOUGHT THEY WERE NECESSARY.

15 CHAIRMAN KLEIN: AT THE TIME YOU CAME BACK  
16 FOR A FINAL REGULATION, ALL RELEVANT PUBLIC COMMENT  
17 WOULD BE REPORTED AND EVALUATED AT THAT TIME.

18 MR. HARRISON: THAT'S CORRECT. WE'D GO  
19 THROUGH A FULL PUBLIC COMMENT PROCESS AND TAKE ALL  
20 COMMENTS.

21 CHAIRMAN KLEIN: ALL RIGHT. ADDITIONAL  
22 QUESTIONS FROM THE BOARD?

23 MR. SHEEHY: JUST A LITTLE CLARIFICATION.  
24 SO IF WE GO BACK TO THE FIRST SLIDE, TO THE SECOND.  
25 OKAY. SO EXTRAORDINARY CIRCUMSTANCES, THAT SHOULD

**BARRISTERS' REPORTING SERVICE**

1 IS NOT MUST; AM I CORRECT?

2 MR. HARRISON: THAT'S CORRECT.

3 MR. SHEEHY: AND SO IRREGARDLESS OF  
4 WHOEVER IS MAKING THE DETERMINATION OF  
5 EXTRAORDINARY, IT'S REALLY THE APPLICANT WHO IS  
6 MAKING THE DETERMINATION OF EXTRAORDINARY  
7 CIRCUMSTANCES.

8 MR. HARRISON: THAT'S CORRECT. ULTIMATELY  
9 REMEMBER UNDER THE BAGLEY-KEENE OPEN MEETING ACT,  
10 THE APPLICANTS DO HAVE A RIGHT TO COMMUNICATE TO US.  
11 WHAT WE'RE TRYING TO SIGNAL TO THE APPLICANTS  
12 THROUGH THIS POLICY IS THAT THEY SHOULD DO SO WITH  
13 RESTRAINT AND ONLY WHEN THEY BELIEVE THAT, AS BOB  
14 SAID, A MATERIAL ERROR HAS OCCURRED THAT AFFECTED  
15 THE OUTCOME OF THE REVIEW.

16 MR. SHEEHY: CAN WE SEE THE SECOND SLIDE?

17 MR. HARRISON: I SHOULD JUST POINT OUT  
18 THAT THE SLIDES ARE NOT THE LANGUAGE OF THE PROPOSED  
19 REGULATION ITSELF. THE LANGUAGE FOR THE PROPOSED  
20 REGULATION IS IN YOUR BINDER BEHIND TAB 14. THIS IS  
21 JUST A SUMMARY.

22 MR. SHEEHY: OKAY. THAT'S DIFFERENT. I  
23 HAVE TO READ THAT BEFORE I CAN VOTE ON THIS.

24 DR. BRENNER: OH, GO AHEAD.

25 MR. SHEEHY: I DON'T THINK SO. THANK YOU.

## BARRISTERS' REPORTING SERVICE

1 AND NOW THIS MUST IS REALLY A LOGISTIC  
2 QUESTION, RIGHT? JUST TO BE CLEAR BECAUSE GENERALLY  
3 PEOPLE SHOULD BE ABLE TO BRING LETTERS TO US, BUT  
4 THIS IS OBVIOUSLY TO FACILITATE THE ABILITY OF STAFF  
5 TO MAKE SURE THAT THEY CAN GET THESE TO ALL THE  
6 MEMBERS OF THE BOARD IN TIME FOR THEIR  
7 CONSIDERATION.

8 MR. HARRISON: THAT'S CORRECT, AND TO  
9 ANALYZE THEM.

10 MR. SHEEHY: WELL, ANALYSIS IS NOT  
11 REQUIRED BY BAGLEY-KEENE.

12 CHAIRMAN KLEIN: NO. THE THOUGHT WAS,  
13 JEFF, THAT THE BOARD WOULD BE IN A BETTER POSITION  
14 TO MAKE A SUBSTANTIVE EVALUATION IF SCIENTIFIC  
15 POINTS COULD BE EVALUATED BY STAFF, SCIENTIFIC  
16 STAFF, SO THE BOARD COULD BE INFORMED AND THEN MAKE  
17 THE BOARD'S DECISION BASED UPON INFORMATION  
18 AVAILABLE TO IT EXTERNALLY OR --

19 MR. SHEEHY: I'M NOT OPPOSED TO STAFF  
20 MAKING THE RECOMMENDATIONS. I WANT TO MAKE SURE  
21 WE'RE CONSISTENT WITH BAGLEY-KEENE. PUBLIC HAS THE  
22 RIGHT TO ADDRESS IT, SO I WANT TO MAKE SURE THAT OUR  
23 RATIONALES ARE CONSISTENT. IF OUR RATIONALE IS THAT  
24 WE'RE TELLING THEM IT WAS FIVE DAYS SO STAFF CAN  
25 ANALYZE, THAT'S A LOT DIFFERENT FROM TELLING THEM

## BARRISTERS' REPORTING SERVICE

1 IT'S FIVE DAYS SO THAT WE CAN LOGISTICALLY MAKE THEM  
2 AVAILABLE TO THE MEMBERS OF THE BOARD AND THE  
3 PUBLIC.

4 MR. HARRISON: JUST TO BE CLEAR, WE ARE  
5 COMPLYING WITH BAGLEY-KEENE. WE'RE NOT PREVENTING  
6 ANY MEMBER OF THE PUBLIC OR APPLICANT FROM  
7 COMMUNICATING WITH THE BOARD EVEN THE DAY BEFORE OR  
8 DAY OF THE MEETING. HOWEVER --

9 MR. SHEEHY: YOU'RE SAYING YOU CAN'T  
10 COMMUNICATE IN WRITING UNLESS YOU HAVE FIVE DAYS  
11 BEFORE.

12 MR. HARRISON: NO. WHAT THE POLICY SAYS  
13 IS THAT THE BOARD WON'T CONSIDER THE LETTER IF IT'S  
14 NOT SUBMITTED AT LEAST FIVE DAYS BEFORE THE MEETING.  
15 DOESN'T PREVENT THE APPLICANT FROM SUBMITTING IT  
16 AND --

17 MR. SHEEHY: WHAT DOES WON'T CONSIDER  
18 MEAN? IT WON'T BE RECEIVED BY BOARD MEMBERS?

19 CHAIRMAN KLEIN: I THINK THAT THE KEY  
20 ISSUE --

21 MR. SHEEHY: I'M ASKING THE ATTORNEY. I  
22 DON'T CARE ABOUT THE KEY ISSUE. I WANT TO MAKE SURE  
23 WE'RE CONSISTENT WITH BAGLEY-KEENE.

24 MR. HARRISON: NO. IF WE RECEIVE A  
25 COMMUNICATION, WE WILL DISTRIBUTE IT TO BOARD



## BARRISTERS' REPORTING SERVICE

1 MEMBERS; BUT IN A SENSE, IT'S A RESTRAINT THAT THE  
2 BOARD IS IMPOSING ON ITSELF IN THAT IF APPLICANTS  
3 HAVE NOT FORWARDED A LETTER TO THE BOARD WITHIN THAT  
4 FIVE-DAY PERIOD, THEN THE BOARD IS NOT GOING TO TAKE  
5 THE LETTER UP.

6 MR. SHEEHY: HOW CAN YOU RESTRICT MY RIGHT  
7 AS A BOARD MEMBER TO CONSIDER ANY MATERIAL THAT'S  
8 PROVIDED TO ME BY THE PUBLIC? WHAT'S THE LEGAL  
9 BASIS FOR DOING THAT?

10 CHAIRMAN KLEIN: I'D LIKE TO ASK A  
11 QUESTION, JEFF, THAT I THINK WOULD BE HELPFUL. IF  
12 IT'S NOT, THEN I'LL PASS ON THE QUESTION. BUT MY  
13 UNDERSTANDING, COUNSEL, IS THAT THE BENEFIT OF THE  
14 FIVE DAYS IS THAT WE GET A SCIENTIFIC REVIEW ON THE  
15 MATERIALITY OF THIS EXTRAORDINARY ERROR. NOW, IF  
16 THE BOARD GETS A LETTER, THE BOARD WITHOUT THE  
17 BENEFIT OF A STAFF ANALYSIS UNDER BAGLEY-KEENE,  
18 COULD LOOK AT THE LETTER AND INDIVIDUALS COULD MAKE  
19 A DECISION BECAUSE THAT'S THE RIGHT OF THE APPLICANT  
20 AND THAT'S THE RIGHT OF THE BOARD. BUT IN THIS CASE  
21 I THINK WE'RE TRYING TO COMMUNICATE THAT IT'S  
22 EXTREMELY DIFFICULT FOR THE BOARD TO MAKE AN  
23 INFORMED DECISION WITHOUT THE STAFF HAVING FIVE DAYS  
24 TO SUBSTANTIVELY BE ABLE TO COMMENT ON WHETHER THIS  
25 IS REALLY AN EXTRAORDINARY AND MATERIAL ERROR OR

**BARRISTERS' REPORTING SERVICE**

1 NOT.

2 MR. HARRISON: THAT'S A GOOD SUMMARY.

3 MR. SHEEHY: BUT THE QUESTION IS IS WHO'S  
4 THE DECISION MAKER HERE?

5 CHAIRMAN KLEIN: ULTIMATELY THE BOARD IS.

6 MR. SHEEHY: WHO HAS THE RIGHT TO  
7 COMMUNICATE TO THE BOARD ON THE ITEM BEFORE THE  
8 BOARD?

9 CHAIRMAN KLEIN: THE APPLICANT STILL HAS  
10 THAT RIGHT.

11 MR. SHEEHY: THE PUBLIC HAS THAT RIGHT.  
12 WHY WOULD I CEDE MY RIGHT AS A BOARD MEMBER TO BRING  
13 UP AN ITEM THAT'S BEEN PROVIDED TO ME THAT'S GERMANE  
14 TO A DECISION THAT I WANT TO MAKE?

15 CHAIRMAN KLEIN: YOU HAVE'T CEDED YOUR  
16 RIGHT.

17 MR. SHEEHY: WELL, IT'S VERY CONFUSING. I  
18 DON'T UNDERSTAND THIS POLICY BECAUSE YOU JUST  
19 SAID -- I UNDERSTAND THE LOGISTICS, BUT THERE'S A  
20 DIFFERENCE BETWEEN MUST AND SHOULD. AND WHERE IT  
21 SAYS MUST, YOU KNOW, YOU HAVE SAID THAT IT CANNOT BE  
22 BROUGHT UP FOR CONSIDERATION. NOW, HOW CAN I MAKE A  
23 RULE THAT TAKES AWAY MY RIGHT TO BRING UP SOMETHING  
24 THAT'S BEEN PROVIDED FOR ME IN THE CONTEXT OF A  
25 DECISION THAT I'M ABOUT TO MAKE?

## BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: DR. BRENNER HAS ASKED TO  
2 RESPOND, AND THEN I'D LIKE TO HEAR COUNSEL'S  
3 RESPONSE, PLEASE.

4 DR. BRENNER: WHEN THIS WAS FIRST  
5 DISCUSSED, I DID NOT VIEW THIS AS RESTRAINING THE  
6 APPLICANTS AT ALL. I VIEWED THIS AS LEVELING THE  
7 PLAYING FIELD SO THAT ALL APPLICANTS WOULD  
8 UNDERSTAND THAT THERE WAS A WAY OF CHALLENGING THE  
9 REVIEW AND OF GETTING A FAIR HEARING AFTERWARDS. TO  
10 MAKE THAT EFFECTIVE, I THINK IT'S REASONABLE TO HAVE  
11 GUIDELINES THAT ALLOW PEOPLE TO -- EVERYONE WHO IS  
12 INTERESTED TO CHALLENGE THIS IN A RATIONAL WAY AND  
13 NOT HAVE CERTAIN PEOPLE HAVE CERTAIN ADVANTAGES  
14 BECAUSE THEY GOT INFORMATION THROUGH THE SYSTEM IN  
15 ALL DIFFERENT TYPES OF CHANNELS.

16 I DON'T THINK IN ANY WAY THAT TAKES AWAY  
17 FROM ANYONE'S ABILITY TO APPEAR IN THE PUBLIC OR TO  
18 WRITE A LETTER, BUT TO SAY IF YOU WANT US TO BE ABLE  
19 TO RATIONALLY FOLLOW UP ON WHAT YOUR COMPLAINT IS,  
20 THIS IS THE RECOMMENDED GUIDELINE. I VIEW THIS AS  
21 AN ADVANCE, NOT AS A LIMITATION TO THE APPLICANTS.

22 CHAIRMAN KLEIN: DR. PRIETO, COULD I HAVE  
23 DR. TROUNSON'S COMMENTS AND THEN GET YOURS?

24 DR. TROUNSON: JUST BRIEFLY, THE PRIMARY  
25 PROBLEM IS THE -- THE PRIMARY CASE FOR A REVIEW IS A

## BARRISTERS' REPORTING SERVICE

1 CONFLICT OF INTEREST. AND, YOU KNOW, THAT'S WHAT WE  
2 WANT TO AVOID, HAVING THESE DOCUMENTS MADE PUBLIC  
3 WHERE WE HAVEN'T HAD A CHANCE TO EXAMINE SUCH THINGS  
4 AS A CONFLICT OF INTEREST. IT'S NOT APPROPRIATE, I  
5 THINK, TO HAVE ACCUSATIONS OF CONFLICT BROUGHT HERE  
6 BEFORE WE'VE HAD A CHANCE TO SEE THAT IT'S  
7 REALISTIC.

8 IF THERE IS A MAJOR ERROR IN THE GRANT OR  
9 IN THE GRANTS REVIEW, THAT'S AN ADDITIONAL THING,  
10 BUT IT'S THE PRIMARY, THE PRIMARY PROBLEM IS THAT WE  
11 NEED ENOUGH TIME TO ACTUALLY FIGURE OUT IF THERE IS  
12 A GENUINE CONFLICT HERE. AND THERE'S OFTEN NUMEROUS  
13 ONES. SO FIVE DAYS TO DO THIS IS AN INCREDIBLY  
14 SHORT TIME TO PROVIDE THAT INFORMATION.

15 CHAIRMAN KLEIN: DR. TROUNSON, IF, IN  
16 FACT, THERE WERE A CONFLICT, THEN THERE WOULD BE A  
17 REREVIEW, AND THE INDIVIDUAL WOULD THEORETICALLY  
18 ELECT TO GO THROUGH THE REREVIEW RATHER THAN COMING  
19 TO THE BOARD. SO IT HELPS THE APPLICANT AS WELL BY  
20 HAVING THE TIME; IS THAT CORRECT?

21 DR. PRIETO. I INDICATED THAT I WOULD  
22 RECOGNIZE DR. PRIETO, THEN DR. LEVEY, DR. FONTANA,  
23 AND I WILL GO BACK TO THE LEFT. SO DR. PRIETO.

24 DR. PRIETO: I'LL JUST BE VERY BRIEF. I  
25 THINK PERHAPS THIS WOULD BE MORE A LANGUAGE CHANGE.

## BARRISTERS' REPORTING SERVICE

1 JUST IF WE SAID THAT PETITIONS MAY NOT BE  
2 CONSIDERED, SINCE, IN FACT, THEY MAY NOT. WE MAY.  
3 IT IS OUR PREROGATIVE, BUT THEY MAY NOT. AND I  
4 THINK THAT WOULD BE MORE ACCURATE.

5 CHAIRMAN KLEIN: DR. PRIETO, HE'S USED THE  
6 WORD "PETITION" THERE. AND SO IF A PETITION IS  
7 SOMETHING THAT COMES WITH A SCIENTIFIC EVALUATION,  
8 BY DEFINITION, IF YOU HAVEN'T HAD TIME TO DO THE  
9 SCIENTIFIC EVALUATION, THE PETITION WOULDN'T BE  
10 CONSIDERED, BUT A LETTER STILL COULD BE CONSIDERED  
11 BECAUSE IT COULD BE GIVEN DIRECTLY TO THE BOARD.

12 DR. LEVEY: I THINK I'M GOING TO AGREE  
13 WITH DAVID. I DON'T SEE -- I THINK THERE NEEDS TO  
14 BE A POLICY FOR SOMEONE WHO HAS A GRIEVANCE ABOUT A  
15 GRANT REVIEW, BUT I DON'T THINK IT ROUTES THROUGH  
16 THE ICOC. WE'VE HAD THIS DISCUSSION NOW SEVERAL  
17 TIMES OVER THE FOUR-YEAR PERIOD THAT WE'VE BEEN  
18 FUNCTIONING. I THINK THE ROLE IS TO ROUTE IT  
19 THROUGH THE SCIENTIFIC TEAM THAT WE HAVE FOR CIRM  
20 AND IN SOME WAY GET IT BACK TO THE STUDY SECTION FOR  
21 DISCUSSION. IT DOESN'T BELONG HERE.

22 THIS IS NOT THE ENVIRONMENT TO DISCUSS IT.  
23 WE DO NOT HAVE THE EXPERTISE AS A GROUP TO MAKE  
24 DECISIONS LIKE THIS. SO I THINK WE NEED A POLICY,  
25 BUT I DON'T THINK THIS IS THE POLICY. I THINK IT

## BARRISTERS' REPORTING SERVICE

1 NEEDS TO BE KEPT WITHIN THE SCIENTIFIC REVIEW  
2 COMMITTEE.

3 CHAIRMAN KLEIN: SO THAT'S A COMPLICATED  
4 STATEMENT WITHIN THE STATUTORY LIMITATIONS THAT WE  
5 HAVE TO DEAL WITH, DR. LEVEY, UNDERSTANDING THAT WE  
6 MAY HAVE SOME STRUCTURAL LIMITATIONS TO ACHIEVING  
7 EXACTLY WHAT YOU'D LIKE. I THINK MR. HARRISON WILL  
8 COMMENT ON THAT, BUT FIRST DR. FONTANA.

9 DR. FONTANA: I'D LIKE TO AGREE WITH DR.  
10 LEVEY WITH THE EXCEPTION THAT I LIKE THAT THIS IS AN  
11 INTERIM GUIDELINE BECAUSE I THINK THAT SOME OF THE  
12 GRUMBLINGS I'M HEARING OUT OF THE TRENCHES IS THAT  
13 THE STRUCTURE IS NOT QUITE IN PLACE YET, AND THERE  
14 ARE GRIEVANCES THAT, I GUESS, WHEN THE REVIEW IS  
15 RECEIVED AND THEY DISAGREE, THERE IS A 30-DAY PERIOD  
16 WITH WHICH TO CONTEST. AND THEN THE PI WILL REVIEW  
17 THAT.

18 NOW, IF THEY THINK THAT THERE ARE STILL  
19 GRIEVANCES, THERE MUST BE SOME WAY THAT IT CAN BE  
20 BROUGHT TO SOMEBODY'S ATTENTION UNTIL I THINK SOME  
21 OF THESE KINKS ARE ALL WORKED OUT. I STILL LIKE TO  
22 VIEW US AS A NEW AGENCY. WE'RE GROWING. THINGS ARE  
23 CHANGING FAST. AND WE SHOULD BE ABLE TO RESPOND TO  
24 SITUATIONS AND REACT ACCORDINGLY.

25 CHAIRMAN KLEIN: SO DR. STEWARD.

## BARRISTERS' REPORTING SERVICE

1 DR. STEWARD: SO JUST TO KIND OF TAKE US  
2 BACK TO WHAT, I THINK, IS THE KEY POINT OF  
3 CONTENTION HERE, WHICH IS WHETHER OR NOT THE ICOC  
4 WILL CONSIDER WHATEVER YOU WANT TO CALL THEM  
5 SUBMITTED AFTER THIS DATE. THE FACT OF THE MATTER  
6 IS THINGS CAN COME IN ANY TIME PEOPLE CAN STAND IN  
7 FRONT OF US. I THINK WE CAN MODIFY THIS DOCUMENT  
8 ACTUALLY IN A VERY SIMPLE WAY TO SOLVE BOTH OF THE  
9 PROBLEMS.

10 IF YOU LOOK UNDER TAB 14, SECOND  
11 PARAGRAPH, UNDER PARAGRAPH 1, THE LAST SENTENCE SAYS  
12 THE ICOC WILL NOT CONSIDER EXTRAORDINARY PETITIONS  
13 SUBMITTED AFTER THIS DATE. IF WE SIMPLY CHANGE THAT  
14 TO SAY PETITIONS SUBMITTED AFTER THIS DATE WILL NOT  
15 HAVE THE BENEFIT OF REVIEW BY CIRM STAFF, THEY WOULD  
16 SIMPLY COME AS RANDOM LETTERS. AND I THINK THAT  
17 THAT CONVEYS THE MESSAGE THAT IF YOU REALLY WANT IT  
18 TO HAVE SOME KIND OF A SCIENTIFIC REVIEW AND  
19 MEANINGFULLY BE CONSIDERED BY THE ICOC, YOU GET IT  
20 IN BEFORE FIVE DAYS. IT DOESN'T RESTRICT US FROM  
21 CONSIDERING ANYTHING. IT DOESN'T INVADE IN ANY WAY  
22 ON BAGLEY-KEENE, BUT, I THINK, SOLVES THIS OTHER  
23 PROBLEM OF MAKING SURE THAT THE LETTERS COME IN IN  
24 TIME. AND WE CAN EVEN MAKE IT TEN DAYS IF YOU WANT.

25 CHAIRMAN KLEIN: ALL RIGHT. I THINK MARCY

## BARRISTERS' REPORTING SERVICE

1 FEIT HASN'T HAD A CHANCE TO MAKE COMMENTS.

2 MS. FEIT: I'VE SPENT HOURS SITTING ON  
3 THESE GRANT REVIEW PROGRAMS AND LISTENED TO HOURS  
4 AND HOURS OF VERY PRESTIGIOUS SCIENTISTS REVIEW THE  
5 GRANTS AND SPEND A GREAT DEAL OF EFFORT AND TIME AND  
6 COMMITMENT TO MAKE SURE THEY'RE MAKING THE RIGHT  
7 DECISIONS. WHILE THERE MAY BE DISGRUNTLEMENT IN THE  
8 RANK AND FILE, LISTENING TO THEIR COMMENTS, AND  
9 THESE ARE THE EXPERTS IN THE FIELD, YOU KNOW, THE  
10 RESPONSES ARE, YOU KNOW, THE GRANTS HAVE TO BE TAKEN  
11 SERIOUSLY.

12 THE GRANTEES NEED TO TAKE THE TIME TO  
13 REALLY FORMULATE FOCUSED, GOOD GRANTS. THIS IS A  
14 LOT OF MONEY. THE TAXPAYERS HAVE CHARGED US WITH  
15 THE RESPONSIBILITY OF MAKING SURE WE ARE RESPONSIBLE  
16 IN GIVING THIS MONEY OUT. YES, WE WANT THE RESEARCH  
17 TO MOVE AS FAST AS POSSIBLE. WE WANT CURES. BUT AT  
18 THE SAME TIME, WE JUST REALLY CANNOT BE FRIVOLOUS  
19 ABOUT THIS. AND I THINK, YOU KNOW, WE DON'T WANT A  
20 BARRAGE OF PETITIONS COMING FORWARD TO THIS BOARD  
21 JUST BECAUSE SOMEBODY FEELS THAT THEY WERE SLIGHTED.

22 I CAN TELL YOU, AFTER SITTING HOURS AND  
23 HOURS AND HOURS AND LISTENING TO THESE EXPERTS, THEY  
24 GIVE IT GREAT CONSIDERATION AND GREAT SCIENTIFIC  
25 SUPPORT FOR THEIR DECISIONS. SO I THINK THE PUBLIC



## BARRISTERS' REPORTING SERVICE

1 ALWAYS SHOULD HAVE ACCESS TO US, BUT I THINK IT  
2 REALLY NEEDS TO BE MEANINGFUL.

3 CHAIRMAN KLEIN: DUANE AND THEN JEFF  
4 SHEEHY.

5 MR. ROTH: COUPLE THOUGHTS. AND I AGREE  
6 WITH WHAT MARCY JUST SAID, THAT WE HAVE AN  
7 EXTRAORDINARY GROUP THAT REVIEWS THESE GRANTS. BUT  
8 I THINK WE'VE LEARNED THAT THERE ARE CERTAIN  
9 PRECEDENTS THAT HAVE STARTED, AND WE HAVE, LIKE IT  
10 OR NOT, WE'RE GOING TO RECEIVE MORE LETTERS, AND  
11 WE'RE GOING TO HAVE MORE PEOPLE STANDING THERE  
12 LOBBYING FOR THEIR OWN GRANT OR FOR SOMEBODY ELSE'S  
13 GRANTS. AND THAT PROCESS IS UNTENABLE AS FAR AS I'M  
14 CONCERNED.

15 SO I THINK HAVING SOMETHING LIKE THIS THAT  
16 GIVES AN OPEN AND FAIR VIEW AND SEES THE LIGHT OF  
17 DAY IS VERY IMPORTANT. I WOULD CHANGE THE WORDING,  
18 INSTEAD OF MUST, I WOULD CERTAINLY SUPPORT THAT  
19 EVERY EFFORT SHOULD BE MADE SO THAT ADEQUATE  
20 CONSIDERATION CAN BE GIVEN. I DON'T THINK WE CAN  
21 DEMAND THAT.

22 MY EXPECTATION, AND MAYBE I'M WRONG, WILL  
23 BE THAT THE PEOPLE WHO ARE RECOMMENDED FOR FUNDING  
24 WE'RE NOT GOING TO HEAR FROM, AND PROBABLY NOT GOING  
25 TO HEAR FROM PEOPLE THAT GET 30 OR 20 OR A VERY LOW

## BARRISTERS' REPORTING SERVICE

1 SCORE. BUT YOU'RE PROBABLY GOING TO HEAR FROM  
2 EVERYBODY IN THAT GROUP THAT SAYS RECOMMENDED IF  
3 THERE ARE SUFFICIENT FUNDS AVAILABLE. AND I WOULD  
4 JUST EXPECT THAT GOING IN, AND MAYBE THAT'S EXACTLY  
5 WHAT WE SHOULD GET SO THAT WE CAN -- WE ALWAYS  
6 STRUGGLE IN THAT ZONE. WE STRUGGLE TO TRY TO  
7 UNDERSTAND WHAT WAS SAID AND WHY. AND SO MAYBE IT  
8 WILL BE HELPFUL.

9 CHAIRMAN KLEIN: JEFF SHEEHY AND THEN DR.  
10 LEVEY.

11 MR. SHEEHY: WELL, FIRST, I THOUGHT DR.  
12 STEWARD'S SUGGESTION WAS A GREAT IDEA. AND I  
13 JUST -- I AGREE WITH WHAT MARCY HAS SAID. THE  
14 REVIEWS ARE VERY THOROUGH. AND ULTIMATELY THE  
15 DISCIPLINE OF THIS PROCESS HAS TO COME TO US. I  
16 THINK THAT'S WHAT, I THINK, FOLKS ARE MISSING.  
17 THESE PETITIONS WILL COME TO US; BUT UNLESS AN  
18 INDIVIDUAL MEMBER IS SO MOVED BY THAT PETITION AS TO  
19 RAISE IT AT THE MEETING, THEY WON'T BE PART OF OUR  
20 DISCUSSION EVEN IF WE HAVE TWO OR THREE BINDERS FULL  
21 OF PETITIONS SITTING IN FRONT OF US. IT'S REALLY  
22 INCUMBENT ON US TO EMPLOY THE APPROPRIATE DISCRETION  
23 ON WHETHER OR NOT TO BRING THEM FORWARD AND TO HOLD  
24 WHAT THE ADVICE OF THE WORKING GROUP IS IN HIGH  
25 REGARD.

## BARRISTERS' REPORTING SERVICE

1 BUT WE HAVE TO BE VERY CLEAR ABOUT A  
2 COUPLE OF POINTS. AND WITH ALL DUE RESPECT TO DR.  
3 LEVEY, WE ARE THE DECISION MAKERS HERE, NOT THE  
4 WORKING GROUP. THAT'S OUR ROLE BY STATUTE. AND WE  
5 HAVE, YOU KNOW, AND WE HAVE AN OBLIGATION THROUGH  
6 STATUTE BY LAW TO ALLOW THE PUBLIC TO CONTACT US  
7 ABOUT MATTERS THAT ARE BEFORE US. SO AS LONG AS WE  
8 CAN -- WE ALLOW THAT ACCESS TO GO IN AN APPROPRIATE  
9 FASHION. THE REAL DISCIPLINE TO THIS PROCESS  
10 BELONGS TO EACH INDIVIDUAL BOARD MEMBER, NOT TO THE  
11 PROCESS WE SET UP.

12 I DO THINK IT'S GOOD WE HAVE A PROCESS  
13 BECAUSE I HOPE APPLICANTS WILL RECOGNIZE THAT  
14 FOLLOWING THE PROCESS WILL MAKE IT MORE LIKELY TO  
15 GET A HEARING AS OPPOSED TO A SCATTER SHOT. TO DROP  
16 A BIG TEN-PAGE LETTER ON US THE DAY OF THE MEETING,  
17 YOU'RE PROBABLY NOT GOING TO GET A HEARING.

18 CHAIRMAN KLEIN: SO DR. LEVEY, I THINK,  
19 HAD ANOTHER COMMENT.

20 DR. LEVEY: JUST BRIEFLY, ONE, TO JEFF'S  
21 COMMENTS. IF SOMEBODY ACTUALLY PROTESTED UNDER  
22 EXTRAORDINARY CIRCUMSTANCES, WHEN WE GET THE POLICY  
23 DEFINED, IT WOULD MAKE A LOOP. SO THE LOOP WOULD BE  
24 OUR SCIENTIFIC TEAM AT CIRM TO THE GRANTS REVIEW  
25 PROCESS, AND THEN IT WOULD APPEAR BACK HERE AGAIN

## BARRISTERS' REPORTING SERVICE

1 JUST LIKE THE WORK OF THE STUDY SECTIONS WHEN THEY  
2 FINISH REVIEWING, AND WE WOULD EITHER VOTE YEA OR  
3 NAY, HAVING HAD THAT KIND OF A PROCESS.

4 THE PROCESS BEING PROPOSED HERE BRINGS IT  
5 SQUARELY INTO THE ICOC, WHICH I DON'T THINK SHOULD  
6 BE DONE.

7 SECONDLY, THE OTHER THING IS AS WE WORK  
8 THROUGH THIS, I DON'T LIKE THE TERM "EXTRAORDINARY"  
9 BECAUSE YOU MAY MEAN ONE THING, BUT I CAN OUT PUT  
10 TEN LAWYERS IN THE ROOM OR TEN SCIENTISTS IN THE  
11 ROOM WHO COME UP WITH TEN DIFFERENT DEFINITIONS FOR  
12 THE TERM "EXTRAORDINARY." AND I THINK THAT THAT  
13 AGAIN OPENS PROCESS TO REALLY EVERYONE TO SORT OF  
14 REQUEST REREVIEW OF THEIR APPLICATION.

15 CHAIRMAN KLEIN: SO I PROMISED DR. LEVEY  
16 THAT MR. HARRISON WOULD COMMENT ON YOUR POINTS.

17 MR. HARRISON: I DID WANT TO POINT OUT  
18 THAT THERE IS A FORMAL APPEAL PROCESS IN THE GRANTS  
19 ADMINISTRATION POLICY. THIS IS NOT INTENDED TO BE A  
20 SUBSTITUTE FOR THAT PROCESS. THIS IS MEANT ONLY TO  
21 PUT SOME GUIDELINES AROUND COMMUNICATIONS WHICH  
22 APPLICANTS HAVE A RIGHT TO ENGAGE IN, UNDER  
23 CALIFORNIA LAW, WITH THE BOARD. AND IF THE BOARD  
24 ACCEPTS DR. STEWARD'S SUGGESTION, THEN I THINK THAT  
25 ADDRESSES THE QUESTION JEFF SHEEHY RAISED. BUT THE

## BARRISTERS' REPORTING SERVICE

1 INTENT WAS TO IMPOSE SOME RESTRAINTS THAT THE BOARD  
2 COULD LIVE WITHIN IN ORDER TO ENSURE FAIRNESS TO ALL  
3 THE APPLICANTS, INCLUDING THOSE WHO SUBMIT FIVE DAYS  
4 AHEAD OF TIME.

5 CHAIRMAN KLEIN: ALL RIGHT. AND I'D LIKE  
6 TO ASK DR. CSETE ONE QUESTION THAT I HAVE THAT I  
7 THINK WAS RAISED EARLIER IN THIS DISCUSSION. IS  
8 FIVE DAYS ENOUGH? ADMINISTRATIVELY, IF PEOPLE ARE  
9 ON VACATION OR THE SCIENCE OFFICER THAT WAS  
10 OVERSEEING THIS IS NOT THERE BECAUSE THEY'RE AT A  
11 SEMINAR OR CONFERENCE, SHOULDN'T YOU REALLY HAVE A  
12 TEN-DAY PERIOD BECAUSE NOT ONLY DO WE HAVE TO HAVE  
13 THE TIME TO GET THE REVIEW DONE, BUT EVERYONE IS  
14 UNDER VERY TIGHT WORK SCHEDULES. AND THE PERSON WHO  
15 APPROPRIATELY HAS THE DEPTH ON THAT PARTICULAR GRANT  
16 MAY NOT BE THERE AT THAT TIME, SO IS FIVE DAYS  
17 ENOUGH?

18 DR. CSETE: WE DON'T HAVE THE MANPOWER FOR  
19 A REREVIEW, PERIOD. SO THIS IS WHERE I THINK THE  
20 WORD "EXTRAORDINARY" BECOMES QUITE IMPORTANT BECAUSE  
21 I THINK WE DO HAVE TIME WITHIN THESE CONSTRAINTS TO  
22 LOOK. ALAN AND I, I THINK, WILL BE THE FIRST PASS  
23 ON THIS AND SEE WHETHER THIS IS A SUBTLE SCIENTIFIC  
24 DISAGREEMENT, IN WHICH CASE IT IS NOT AN  
25 EXTRAORDINARY CIRCUMSTANCE.

## BARRISTERS' REPORTING SERVICE

1           AND BASED ON THE KINDS OF THESE LETTERS,  
2           E-MAILS, ETC., THAT WE'VE RECEIVED IN THE OFFICE  
3           INDEPENDENT OF A FORMAL POLICY, THE VAST MAJORITY OF  
4           THESE KINDS OF LETTERS WILL BE DIFFERENCES OF  
5           SCIENTIFIC OPINION THAT ARE IN KIND OF A SCIENTIFIC  
6           GRAY AREA. I THINK THE MAJOR PART OF OUR REVIEW  
7           WILL BE TO TELL YOU THIS IS A SCIENTIFIC -- A  
8           LEGITIMATE SCIENTIFIC DIFFERENCE IN INTERPRETATION.  
9           IT IS NOT AN EXTRAORDINARY MISINTERPRETATION.

10           SO I THINK THE FIVE DAYS IS SUFFICIENT. I  
11           DO THINK THAT BY PUTTING THIS PROCESS INTO PLACE,  
12           WE'RE GOING TO BE DELUGED ON THE NEXT COUPLE OF  
13           ROUNDS OF APPLICATIONS. AND WE'VE ALSO TRIED TO  
14           MAKE MUCH MORE EFFORT IN THE GRANT REVIEW PROCESS  
15           ITSELF TO BE A LITTLE BIT MORE ACTIVELY INVOLVED AT  
16           THE TABLE SO THAT THE POSSIBILITY OF THERE BEING AN  
17           EXTRAORDINARY MISINTERPRETATION IS VERY, VERY SMALL,  
18           I THINK. AFTER A COUPLE OF ROUNDS OF THIS, I  
19           SUSPECT THAT PEOPLE WILL UNDERSTAND WHAT OUR  
20           DEFINITION OF AN EXTRAORDINARY MISINTERPRETATION IS.  
21           DOES THAT HELP?

22           CHAIRMAN KLEIN: ALL RIGHT. AND SO FIVE  
23           DAYS IS SUFFICIENT BOTH FOR THE STAFF TO ADDRESS IT  
24           AND TO HAVE A COUPLE OF DAYS FOR ADMINISTRATIVELY  
25           PREPARING THE COMMENTS THAT GO TO THE BOARD AND

## BARRISTERS' REPORTING SERVICE

1 GETTING THEM IN THE BINDERS AND GETTING THEM TO THE  
2 MEETINGS?

3 DR. TROUNSON: SO, CHAIR, JUST TO  
4 REEMPHASIZE, I THINK, WE DON'T -- WHAT WE DON'T WANT  
5 IS UNREASONABLE ACCUSATIONS AGAINST THE REVIEWERS  
6 BECAUSE WE WON'T HAVE ANY REVIEWERS. I GUARANTEE IF  
7 THIS STARTS, IF THERE'S UNREASONABLE ACCUSATIONS  
8 AGAINST A PARTICULAR REVIEWER, THEY WON'T COME.  
9 THERE'S NO REASON WHY THEY WOULD COME, AND THEY WILL  
10 LEAVE. SO WE NEED TO MAKE SURE THAT THOSE KIND OF  
11 THINGS DON'T END HERE UP AT THIS TABLE AND MADE  
12 PUBLIC BECAUSE THAT, I THINK, IS UNREASONABLE.

13 SO WHATEVER WORDS ARE HERE, IT'S REALLY TO  
14 PROTECT THE ENTIRETY OF THE PROCESS, NOT TO TRY AND  
15 GET AROUND IT, BUT TO PROTECT THE WHOLE ENTIRETY OF  
16 THE PROCESS. FIVE DAYS IS A HUGE CALL; BUT THE  
17 PROBLEM IS IF YOU GO TO TEN DAYS, YOU KNOW, YOU'RE  
18 ASKING THOSE PEOPLE TO BACK BACK. THESE ARE THE  
19 PEOPLE WHO WANT TO MAKE THOSE PETITIONS TO YOU  
20 SOMETIME BACK. FIVE WORKING DAYS WOULD BE BETTER;  
21 BUT SINCE WE WORK SEVEN DAYS A WEEK, IT'S PROBABLY  
22 ALL RIGHT.

23 BUT IT IN REAL ESSENCE WE HAVE TO HAVE A  
24 CHANCE OF LOOKING AT THE SUBSTANCE OF WHAT THEY'RE  
25 CLAIMING IN ORDER TO ADVISE YOU. THIS IS ABOUT

## BARRISTERS' REPORTING SERVICE

1 PROVIDING YOU WITH SOME ADVICE.

2 CHAIRMAN KLEIN: I WOULD REALLY LIKE THE  
3 STAFF TO BE ABLE TO SURVIVE, SO AT LEAST MAKING IT  
4 FIVE WORKING DAYS, I THINK, MIGHT BE APPROPRIATE.

5 MR. SHEEHY: SO JUST TO BE CLEAR, THAT  
6 WOULD BE REDACTED ANYWAY, ANY KIND OF PERSONAL  
7 IDENTIFICATION OR ANYTHING THAT WAS RELATED TO AN  
8 INDIVIDUAL REVIEWER. MY UNDERSTANDING, THAT WOULD  
9 BE REDACTED; IS THAT NOT CORRECT, JAMES?

10 MR. HARRISON: WE WOULD REDACT A CHARGE  
11 AGAINST A REVIEWER.

12 MR. SHEEHY: THOSE WON'T END UP IN THE  
13 RECORD, WHICH I BELIEVE IS APPROPRIATE.

14 NOW, I'M JUST CURIOUS ABOUT IF THE  
15 BOARD -- DR. CSETE SAID IF THE BOARD DOES NOT -- THE  
16 STAFF DOESN'T DEEM IT EXTRAORDINARY, WHAT HAPPENS TO  
17 THAT PETITION THAT YOU DON'T DEEM EXTRAORDINARY?

18 MR. HARRISON: THE SAME THING. IT STILL  
19 COMES TO THE BOARD. IT'S JUST THAT STAFF'S  
20 RECOMMENDATION WOULD BE THAT IT DOESN'T MERIT  
21 FURTHER CONSIDERATION.

22 DR. CSETE: PRECISELY. I MEAN IT'S JUST A  
23 WAY OF US ADVISING YOU.

24 I DO WANT TO SAY SOMETHING ABOUT THE  
25 GRANTS WORKING GROUP AGAIN THAT I SAID THE LAST



## BARRISTERS' REPORTING SERVICE

1 TIME. IT IS ABSOLUTELY THE CENTRAL ENGINE OF WHAT  
2 GETS YOU THE RIGHT SCIENCE. AND EVEN THOUGH A  
3 SPECIFIC REVIEWER'S NAME WOULD BE REDACTED, THE IDEA  
4 THAT WE WOULD BE SUBVERTING THEIR PROCESS BY  
5 CHANGING DECISIONS ON SMALL MATTERS WOULD IMPACT THE  
6 ENTIRE GROUP OF REVIEWERS.

7 CHAIRMAN KLEIN: I'M GOING TO OS STEWARD  
8 AND THEN TO MARCY FEIT. AND TO GIVE CONTEXT TO THIS  
9 DISCUSSION, DR. STEWARD, IF THERE'S A MOTION, MAYBE  
10 YOU'D LIKE TO PUT THAT ON THE TABLE BECAUSE YOU MADE  
11 A SUGGESTION PREVIOUSLY SO THAT WE COULD PROVIDE  
12 TANGIBLE CONTEXT FOR THE DISCUSSION.

13 DR. STEWARD: I WOULD LIKE TO MAKE A  
14 MOTION; AND THAT IS THAT WE APPROVE THIS AS AN  
15 INTERIM DOCUMENT. I WOULD ADD THE AMENDMENT THAT I  
16 HAD SUGGESTED AND ONE OTHER TECHNICAL AMENDMENT.  
17 ACTUALLY I'LL SAY THIS, GRANT WRITERS OVER THE YEARS  
18 HAVE BECOME VERY CLEVER AT PUTTING LOTS AND LOTS OF  
19 WORDS IN THREE PAGES, FOR EXAMPLE. AND I WOULD  
20 ENCOURAGE YOU TO LIMIT THIS BY CHARACTERS RATHER  
21 THAN PAGES. ROUGHLY 3,000 CHARACTERS IS -- I'M  
22 SERIOUS. I MOVE APPROVAL WITH THAT AMENDMENT.

23 CHAIRMAN KLEIN: AS A FRIENDLY SUGGESTION,  
24 WOULD YOU AMEND TO FIVE WORKING DAYS?

25 DR. STEWARD: FIVE WORKING DAYS,

## BARRISTERS' REPORTING SERVICE

1 ABSOLUTELY.

2 CHAIRMAN KLEIN: AND, COUNSEL, FOR THE  
3 BENEFIT OF EVERYONE, INCLUDING SOMEONE WHO MIGHT  
4 MAKE A SECOND, COULD YOU CAPTURE WHAT YOU GLEANED  
5 FROM DR. STEWARD'S FORMER SUGGESTION AS TO THE  
6 AMENDED LANGUAGE?

7 MR. HARRISON: YES. LET ME DO THAT, AND  
8 THEN I'D LIKE TO MAKE ONE CLARIFICATION. THERE  
9 WOULD BE SEVERAL CHANGES TO THE POLICY AS WRITTEN,  
10 ONE OF WHICH I SUGGESTED, WITH DR. STEWARD'S  
11 CONSENT, WHICH WOULD BE TO MAKE THE TIME PERIOD FOR  
12 SUBMITTING SUCH LETTERS AFTER GRANTS WORKING GROUP  
13 REVIEW AND AT LEAST FIVE DAYS PRIOR TO THE ICOC  
14 MEETING.

15 AND RATHER THAN THE LAST SENTENCE IN  
16 PARAGRAPH NO. 1, WHICH CURRENTLY READS, "THE ICOC  
17 WILL NOT CONSIDER EXTRAORDINARY PETITIONS SUBMITTED  
18 AFTER THIS DATE," THE LANGUAGE WOULD READ,  
19 "PETITIONS SUBMITTED AFTER THIS DATE WILL NOT HAVE  
20 THE BENEFIT OF CIRM SCIENCE STAFF REVIEW."

21 CHAIRMAN KLEIN: AND I BELIEVE THAT WAS  
22 FIVE WORKING DAYS.

23 MR. HARRISON: AND FIVE WORKING DAYS. AND  
24 3,000 CHARACTERS RATHER THAN THREE PAGES. IS THAT  
25 PART OF YOUR MOTION, DR. STEWARD?

## BARRISTERS' REPORTING SERVICE

1 DR. STEWARD: YES.

2 CHAIRMAN KLEIN: AND DR. WITMER, I  
3 BELIEVE, HAS A COMMENT.

4 DR. WITMER: I WAS JUST ASKING WHETHER OR  
5 NOT WE SHOULD DEFINE EXTRAORDINARY FOR THE GROUP  
6 THAT MIGHT WANT TO DO THIS. I DON'T SEE A  
7 DEFINITION WITHIN THE PETITION.

8 MR. HARRISON: WE HAVE PURPOSEFULLY NOT  
9 DEFINED IT, AS I SAID, BECAUSE WE CANNOT LIMIT THE  
10 NATURE OF AN APPLICANT'S COMMUNICATIONS WITH THE  
11 BOARD. WE'RE USING THE TERM "EXTRAORDINARY," AS DR.  
12 CSETE SUGGESTED, TO SEND A SIGNAL TO THE APPLICANTS  
13 THAT IF THERE'S A SUBTLE DIFFERENCE, STAFF WILL NOT  
14 REGARD THAT AS AN EXTRAORDINARY CIRCUMSTANCE AND  
15 WILL NOT RECOMMEND THAT THE BOARD TAKE ACTION ON IT.

16 DR. STEWARD: I'M SORRY. I MADE A  
17 MISTAKE. 3,000 CHARACTERS IS ROUGHLY ONE PAGE, SO  
18 IF YOU WANT THREE PAGES, THAT'S 9,000 CHARACTERS  
19 WITH SPACES.

20 CHAIRMAN KLEIN: MARCY FEIT.

21 MS. FEIT: I JUST WANT TO MAKE SURE FOR  
22 THE RECORD THAT WE CONTINUE TO FOCUS BACK ON THE  
23 GRANT WORKING GROUP AS THE CORE OF THE PROCESS OF  
24 THIS ORGANIZATION GIVING OUT AWARDS. THERE IS NO  
25 SINGULAR SCIENTIST THAT'S RESPONSIBLE FOR THESE

## BARRISTERS' REPORTING SERVICE

1 SCORES. THERE ARE MANY TIMES THREE SCIENTISTS  
2 REVIEWING ONE GRANT, AND THERE'S A ROOMFUL OF  
3 SCIENTISTS WHO HAVE DISCUSSION, AND THEN THEY ALL  
4 VOTE. SO THERE'S A GREAT DEAL OF SCIENTIFIC  
5 CONSENSUS ABOUT WHAT'S PRESENTED.

6 SO I WANT TO SAY THAT PUBLICLY BECAUSE I  
7 DON'T WANT US TO BE BARRAGED BY PETITIONS BECAUSE WE  
8 THINK THERE'S ONE SCIENTIST THAT WE DON'T  
9 UNDERSTAND. SO IT IS A HUGE PROCESS, AND THESE ARE  
10 EXPERTS IN THE FIELD, AND THERE'S A GREAT DEAL OF  
11 DISCUSSION THAT GOES ON AND ATTENTION TO EACH GRANT,  
12 AND THERE'S A LOT OF EXPERTISE IN THE ROOM.

13 MR. HARRISON: I JUST WANTED TO MAKE ONE  
14 OTHER FURTHER CLARIFICATION. THE APPEALS PROCESS I  
15 REFERRED TO THAT'S IN THE GRANTS ADMINISTRATION  
16 POLICY WILL BE COMING BACK TO YOU BECAUSE IT'S PART  
17 OF THE REVISION PROJECT THAT IS UNDER WAY. WE HAVE  
18 MADE SOME MODIFICATIONS TO IT, AND THAT'S AN APPEALS  
19 PROCESS THAT RELATES TO CONFLICTS OF INTEREST.

20 CHAIRMAN KLEIN: MR. HARRISON, IS THE  
21 BIDDING 10,000 CHARACTERS?

22 MR. HARRISON: IT'S AT THE BOARD'S  
23 DISCRETION.

24 CHAIRMAN KLEIN: DR. LEVIN.

25 DR. LEVIN: AS ONE OF THESE SNEAKY GRANT

## BARRISTERS' REPORTING SERVICE

1 WRITERS THAT OS REFERS TO, I'D LIKE TO SUGGEST THAT  
2 THREE PAGES IS JUST FINE AS LONG AS YOU STICK TO THE  
3 GENERAL CIRM GUIDELINES OF HALF-INCH MARGINS AND  
4 ARIEL 11 TYPEFACE. IT WILL AMOUNT TO ABOUT THE SAME  
5 THING, AND THREE PAGES IS A GOOD AMOUNT OF SPACE TO  
6 EXPRESS WHATEVER.

7 CHAIRMAN KLEIN: YOUR SUGGESTION IS THREE  
8 PAGES PURSUANT TO CIRM'S NORMAL PRESENTATION  
9 GUIDELINES.

10 DR. STEWARD: THAT'S FINE. IT'S THE SAME.  
11 THREE PAGES WITHOUT FURTHER DEFINITION, LEAVE IT  
12 OPEN.

13 CHAIRMAN KLEIN: SO THAT'S BEEN ACCEPTED  
14 BY THE MAKER OF THE MOTION. NOW, REMIND ME IS THERE  
15 A SECOND HERE?

16 MR. ROTH: I'LL MAKE THE SECOND.

17 CHAIRMAN KLEIN: DUANE ROTH HAS MADE THE  
18 SECOND. ADDITIONAL COMMENTS?

19 MR. ROTH: I WOULD LIKE US TO VIEW THIS IN  
20 A MUCH MORE POSITIVE LIGHT THAN WE ARE. I BELIEVE  
21 THAT THE REVIEW PROCESS, THE WAY IT'S SET UP, IS  
22 EXCELLENT, EXTRAORDINARY, AND I BUY ALL THAT. I  
23 THINK WHERE THIS POLICY WILL HELP US IS THOSE ON THE  
24 MARGIN SO THAT WE GET A BETTER UNDERSTANDING BECAUSE  
25 THEY'RE ASKING US TO APPROVE THESE AND FUND THEM.

## BARRISTERS' REPORTING SERVICE

1 SO HAVING THAT ADDITIONAL INFORMATION, I THINK, CAN  
2 BE A NET BENEFIT TO ALL OF US. WE HAD AN EXPERIENCE  
3 TODAY THAT MAYBE, HAD WE HAD THE TIME TO CAREFULLY  
4 REVIEW THIS, WE MIGHT HAVE FUNDED A FEW MORE GRANTS.

5 SO I WANT TO PUT IT IN THAT CONTEXT, NOT  
6 AS A WAY TO DING YOUR REVIEWER, BUT TO GIVE A FULLER  
7 EXPLANATION THAT WOULD POTENTIALLY ALLOW US TO  
8 APPROVE.

9 FINALLY, THIS IS A GUIDELINE THAT WE'RE  
10 GOING TO SELF-IMPOSE ON THE BOARD MEMBERS, AND SAY  
11 THIS IS THE PROCESS FOR WHICH WE WANT TO EVALUATE  
12 THINGS THAT COME TO US INSTEAD OF THE WAY IT'S BEGUN  
13 TO UNRAVEL, WHICH IS AT THE MICROPHONE OR THROUGH  
14 LETTERS OR THROUGH PHONE CALLS. AND WE'D LIKE TO  
15 AVOID THAT AND SAY WE HAVE A POLICY, WE HAVE A  
16 PROCEDURE, IT'S OPEN, FAIR, AND BALANCED, AND WE'LL  
17 CONSIDER IT.

18 CHAIRMAN KLEIN: I'D LIKE TO ASK MR.  
19 HARRISON, SINCE WE GREATLY VALUE THE EXPERIENCE AND  
20 INPUT OF DR. LEVEY ALONG WITH EVERYONE ELSE HERE, IF  
21 DURING THIS INTERIM REGULATION YOU COULD TALK WITH  
22 DR. LEVEY AND, WITHIN STATUTORY OPTIONS WE HAVE,  
23 DISCUSS WHAT WE MIGHT DO TO FOLLOW UP ON HIS  
24 SUGGESTION, HAVE THAT GO TO THE SCIENTIFIC STAFF  
25 DURING THAT PERIOD SO THEY CAN TALK WITH DR. LEVEY;

## BARRISTERS' REPORTING SERVICE

1 AND WHEN WE COME BACK FOR FINAL REGULATIONS, MAKE  
2 SURE THAT HE'S SATISFIED, AND THAT EITHER WE HAVE  
3 STAFF LIMITATIONS THAT DON'T MAKE IT POSSIBLE, OR WE  
4 HAVE PEER REVIEW LIMITATIONS THAT DON'T MAKE IT  
5 POSSIBLE, OR THERE IS SOME WAY TO USE HIS SUGGESTION  
6 TO BE CONSIDERED.

7 DR. LEVEY, DOES THAT MAKE SENSE IN  
8 RESPONDING TO YOUR SUGGESTION?

9 DR. LEVEY: I APPRECIATE YOUR COMMENTS.  
10 AND I DON'T WANT TO SIDETRACK THIS NECESSARILY, BUT  
11 I WOULD CERTAINLY VALUE THE OPINIONS OF OUR  
12 SCIENTIFIC TEAM, AND, QUITE FRANKLY, AFTERWARDS IF  
13 THERE'S ANY DISCUSSION, I WOULD CERTAINLY ASK WHAT  
14 DO THEY WANT BECAUSE I THINK REALLY THIS IS AN ISSUE  
15 OF SCIENCE. IT'S NOT AN ISSUE OF ANY POLITICS ON  
16 THE ICOC. I THINK IT NEEDS TO BE LOOKED AT IN A  
17 VERY CAREFUL BUSINESSLIKE WAY. SO QUITE FRANKLY, ON  
18 AN ISSUE LIKE THIS, I WOULD LIKE TO KNOW WHAT THE  
19 RECOMMENDATION IS OF THE CIRM TEAM. IT MEANS MORE  
20 TO ME THAN ANY OTHER DISCUSSION. IF DR. TROUNSON  
21 AND COLLEAGUES ARE FOR THIS AND THEY FEEL THAT IT'S  
22 TO THEIR LIKING AND IT'S NOT DISRUPTIVE TO THE WAY  
23 THEY CONDUCT BUSINESS AND HAS NO IMPLICATIONS FOR  
24 OUR GRANT REVIEW TEAM, THEN I WOULD VOTE FOR THIS OR  
25 ANY PARTICULAR DRAFT THAT WOULD COME FORWARD.

## BARRISTERS' REPORTING SERVICE

1 SO IF WE'RE GOING TO PUT THIS TO A VOTE  
2 TODAY, I CERTAINLY WOULD LIKE TO KNOW WHAT THE  
3 RECOMMENDATION IS FROM CIRM.

4 CHAIRMAN KLEIN: SO, DR. TROUNSON, WOULD  
5 YOU LIKE TO ADDRESS THIS, OR WOULD YOU LIKE DR.  
6 CSETE TO ADDRESS THIS? WHAT WOULD YOU LIKE TO DO?

7 DR. TROUNSON: MR. CHAIR, YOU KNOW, I'M  
8 HAPPY THAT THIS PROCESS WOULD TAKE PLACE BECAUSE I  
9 THINK IT DOES ADDRESS A NEED. YOU KNOW, I THINK  
10 WE -- WE'LL DO OUR BEST AND HOPEFULLY NOT BE  
11 OVERWHELMED. IF WE'RE OVERWHELMED, WE'LL HAVE TO  
12 MAKE SOME OTHER ADJUSTMENTS, BUT I DON'T THINK WE  
13 WILL BE BECAUSE, YOU KNOW, IF WE -- IF THE  
14 SCIENTIFIC COMMUNITY UNDERSTAND THIS IS NOT JUST A  
15 PUSHOVER BUSINESS, THEN I THINK THEY'LL BE  
16 RESPONSIBLE AS THEY SHOULD BE.

17 SO WE HAVE A PROCESS FOR REVIEW WITHIN THE  
18 TIMEFRAMES THAT ARE ALREADY SET. SO I THINK THAT  
19 WORKS AND SHOULD CONTINUE TO WORK. SO IF THERE ARE  
20 ISSUES, WE CAN DEAL WITH THOSE. WHERE THEY CONTACT  
21 US DIRECTLY, WE DEAL WITH THOSE INTERNALLY AND WORK  
22 THROUGH WITH THE APPLICANTS THOSE MATTERS. AND WE  
23 HAVE ACTUALLY MADE SOME ADJUSTMENTS, AND AT LEAST IN  
24 ONE CASE, TO MAKE KNOWLEDGE, WE WILL BE DOING A  
25 REREVIEW, YOU KNOW, ON GROUNDS OF STRAIGHT-UP



## BARRISTERS' REPORTING SERVICE

1 FAIRNESS, YOU SEE.

2 SO I THINK IT IS GENERALLY WORKING. IT'S  
3 JUST WE WANT YOU TO BE ABLE TO MAKE AN INFORMED  
4 DECISION. IF WE GIVE IT ENOUGH TIME THAT WE CAN GET  
5 YOU SOME INFORMATION THAT YOU WOULD FEEL COMFORTABLE  
6 ABOUT MAKING THE DECISION, THEN I THINK THAT'S VERY  
7 MUCH IN YOUR INTEREST. AND WE'RE SUGGESTING IF WE  
8 CAN TRY THIS OUT, AND THE WORDS THAT JAMES HARRISON  
9 HAS PROVIDED WOULD BE SUITABLE TO US, LET'S TRY AND  
10 FIND OUT IF THAT'S GOING TO ACCOMMODATE THAT  
11 PARTICULAR NEED.

12 CHAIRMAN KLEIN: THANK YOU, DR. TROUNSON.

13 DR. PENHOET: I WOULD JUST LIKE TO CORRECT  
14 ONE THING, DUANE, THAT YOU SAID. I AT LEAST DID NOT  
15 VOTE TO NOT FUND THAT CATEGORY OF GRANTS ON THE  
16 BASIS THAT WE DIDN'T HAVE TIME TODAY TO GO THROUGH  
17 THEM ONE BY ONE. I CERTAINLY WOULD HAVE BEEN  
18 WILLING TO SPEND THE TIME, AND I BELIEVE OTHERS  
19 WOULD HAVE AS WELL. I VOTED ON THE PRINCIPLE THAT  
20 WE HAD DISCUSSED THEM AT A PRIOR MEETING. WE DID,  
21 IN FACT, TAKE UP ONE OF THE SPECIFIC ONES, WHICH WAS  
22 NEAR THE TOP OF THE LIST, ETC.

23 SO I DIDN'T WANT TO LEAVE THE PUBLIC WITH  
24 THE IMPRESSION THAT WE WEREN'T WILLING TO SPEND THE  
25 TIME TO GO THROUGH THOSE GRANTS. I VOTED AS I DID

## BARRISTERS' REPORTING SERVICE

1 NOT ON THE BASIS OF TIME, BUT ON THE BASIS OF THE  
2 FUNDAMENTALS OF WHAT WE WERE PRESENTED.

3 MR. ROTH: THAT WAS NOT MY INTENTION, ED,  
4 TO SAY THAT WE DIDN'T TAKE THE TIME. I SIMPLY WAS  
5 GETTING TO THE POINT THAT WE ALWAYS HAVE TO DEAL  
6 WITH THESE GRANTS. WE DON'T GET -- WE GET THE  
7 RECOMMENDATION, YOU KNOW, SUFFICIENT FUNDING IS  
8 AVAILABLE, WE RECOMMEND APPROVING. AND WE TEND TO  
9 GO DOWN THEM. AND WE OFTEN LACK ENOUGH INFORMATION  
10 THERE TO UNDERSTAND WHY THEY RECOMMENDED FOR  
11 APPROVING; AND IF YOU ADDED AN ADDITIONAL PIECE, I  
12 FELT THAT WOULD BE HELPFUL BECAUSE OF THE  
13 DISCUSSION -- WE'RE DISCUSSING WHAT'S IN THE BOOK AS  
14 OPPOSED TO HAVING SOME ADDITIONAL PIECE OF  
15 INFORMATION THAT MIGHT THROUGH A DIALOGUE AND A  
16 CONVERSATION MORE OF US UNDERSTAND WHAT THIS IS ALL  
17 ABOUT AND WHETHER IT SHOULD BE FUNDED OR NOT.

18 CHAIRMAN KLEIN: ALL RIGHT. WE'VE HAD A  
19 VERY GOOD DISCUSSION HERE. ANY ENDING PUBLIC  
20 COMMENT?

21 DR. LORING: I WANT TO KEEP THIS BRIEF  
22 BECAUSE I KNOW YOU'VE ALREADY DISCUSSED ALMOST  
23 EVERYTHING. I'M JEAN LORING, AND I'VE WORKED AS  
24 BOTH A LABORATORY SCIENTIST AND A REVIEWER. IN  
25 FACT, I'VE REVIEWED A LOT MORE GRANTS THAN I HAVE

## BARRISTERS' REPORTING SERVICE

1 WRITTEN. AND I WANTED TO LET YOU KNOW THAT THE  
2 NATURE OF PEER REVIEW IS THAT WE'RE PEERS. AND THAT  
3 ONE OF THE THINGS THAT REALLY MAKES ME A BETTER  
4 REVIEWER IS TO GET FEEDBACK FROM THE PEOPLE WHOSE  
5 GRANTS I HAVE REVIEWED.

6 WE HAVE TO HAVE REALLY TOUGH SKINS HERE  
7 BECAUSE, IN FACT, WE WILL BE REVIEWING EACH OTHER'S  
8 GRANTS. THE PEOPLE WHO REVIEW MY GRANTS WILL BE  
9 REVIEWED BY ME AT SOME POINT. AND SO I THINK WE'RE  
10 TREATING THE GRANTS WORKING GROUP A LITTLE BIT MORE  
11 DELICATELY THAN THEY ACTUALLY REQUIRE. I THINK IT  
12 WILL BE ACTUALLY VERY USEFUL FOR THEM TO HEAR WHAT  
13 THE PEOPLE WHOSE GRANTS THEY HAVE REVIEWED THINK  
14 ABOUT THEIR REVIEWS. IT WILL MAKE THEM BETTER  
15 REVIEWERS.

16 SO THAT'S SOMETHING I REALLY DO BELIEVE AS  
17 A REVIEWER AND AS A -- I'VE NEVER DROPPED OFF A  
18 GRANT REVIEW GROUP BECAUSE I GOT SOME PERSONAL  
19 ATTACK OR SOMEBODY DIDN'T AGREE WITH ME. I STAY ON  
20 GRANT REVIEW GROUPS FOR A DIFFERENT REASON.

21 CHAIRMAN KLEIN: I'M GOING TO TAKE  
22 ADDITIONAL PUBLIC COMMENT.

23 MR. WOLCOTT: MR. CHAIRMAN AND THE  
24 COMMITTEE AND COUNSEL, I THINK THIS IS A VERY GOOD  
25 PROCESS. I HAD THE OPPORTUNITY TO SPEAK TO THE

## BARRISTERS' REPORTING SERVICE

1 COMMITTEE IN JUNE ABOUT THIS PROCESS. AND YOU'RE  
2 BALANCING -- TRYING TO MANAGE FAIRNESS AND  
3 TRANSPARENCY. I THINK THAT'S A TOUGH TASK. ALL YOU  
4 HAVE TO DO IS LOOK AT THE CODE OF CIVIL PROCEDURE TO  
5 KNOW THAT IT'S A TOUGH TASK.

6 BUT I WOULD LIKE TO KNOW, AND I KNOW I  
7 BROKE ALL OF THE RULES THAT ARE NOW BEING SUGGESTED  
8 IN TERMS OF CHARACTER COUNT AND PAGES AND TIMEFRAME,  
9 BUT AT CASCADE LIFE SCIENCES WE SUBMITTED TO THE  
10 STAFF A REQUEST OF RECONSIDERATION BEFORE THE JUNE  
11 ICOC MEETING, AND THAT WAS REJECTED IN SOME INFORMAL  
12 WAY. AND THEN AT YOUR COMMITTEE MEETING I EXPRESSED  
13 OUR CONCERN ABOUT THE PROCESS, AND IN PARTICULAR OUR  
14 GRANT APPLICATION. AND SUBSEQUENT TO THAT, I SENT  
15 PROBABLY AN EIGHT- OR TEN-PAGE LETTER TO EVERY  
16 MEMBER OF THE ICOC, WHICH THANK YOU FOR TAKING THE  
17 TIME TO READ IT. AND FOR THOSE WHO DID RESPOND  
18 DIRECTLY TO ME, I APPRECIATE THEIR COMMENTS AND  
19 QUESTIONS.

20 SO MY QUESTION NOW IS FOR CASCADE LIFE  
21 SCIENCES, I HAVE NEVER RECEIVED A FORMAL RESPONSE TO  
22 OUR REQUEST FOR RECONSIDERATION EITHER UNDER THE OLD  
23 RULES OR THE NEW RULES OR WHATEVER THEY MAY BE. SO  
24 I WOULD LIKE TO ASK IF WE COULD PUT THAT ON THE  
25 AGENDA, PERHAPS NOT FOR DISCUSSION TODAY BECAUSE I'M

## BARRISTERS' REPORTING SERVICE

1 NOT SURE YOU HAVE THE BENEFIT OF THAT.

2 CHAIRMAN KLEIN: OUR ISSUE, RIGHT NOW WE  
3 HAVE AN ISSUE, A MOTION UP, SO WE NEED TO CONSTRAIN  
4 OURSELVES TO THAT MOTION. IN PUBLIC COMMENT AT THE  
5 END OF THE MEETING, WE CAN DEAL WITH THIS ISSUE.  
6 BUT WE NEED TO CONSTRAIN OURSELVES TO THIS ISSUE AT  
7 THIS TIME.

8 MR. WOLCOTT: FINE. WHEN YOU SAY PUBLIC  
9 COMMENT AT THE END OF THE MEETING, AT THE END OF THE  
10 DAY?

11 CHAIRMAN KLEIN: YES.

12 MR. WOLCOTT: OKAY. LET ME JUST SAY ON  
13 THE PROCEDURE DR. KESSLER OF ACT HAS PROVIDED A  
14 LETTER, AT LEAST I HAVE A COPY OF IT, WHICH PROVIDES  
15 SOME REALLY SUBSTANTIVE COMMENTS ON THE PROCEDURE,  
16 ONE OF WHICH WAS THE BUSINESS DAY VERSUS THE REGULAR  
17 DAY THING THAT THE COMMITTEE HAS PICKED UP. BUT  
18 THERE ARE NUANCES IN THE PROPOSAL THAT NEED TO BE  
19 ADDRESSED. AND PERHAPS THERE'S A PROCEDURE BECAUSE  
20 IT'S INTERIM AND WE HAVE FURTHER DIALOGUE AND  
21 DISCUSSION THAT WE CAN PICK THOSE UP, BUT I WOULD  
22 RECOMMEND THAT IF YOU DON'T HAVE A COPY OF DR.  
23 KESSLER'S LETTER, IT'S VERY INFORMATIVE ABOUT JUST  
24 THE PROCESS OF THIS PROCEDURE.

25 CHAIRMAN KLEIN: ALL RIGHT.

## BARRISTERS' REPORTING SERVICE

1 THE REPORTER: NAME, PLEASE.

2 MR. WOLCOTT: KEN WOLCOTT, CHIEF BUSINESS  
3 OFFICER, CASCADE LIFE SCIENCES.

4 CHAIRMAN KLEIN: THANK YOU. MR. SIMPSON.

5 MR. SIMPSON: I'D LIKE TO SPEAK GENERALLY  
6 IN FAVOR OF THE MOTION. I THINK WITH THE AMENDMENTS  
7 SUGGESTED BY DR. STEWARD, IT STRIKES THE COMPROMISE  
8 TO BRINGING ORDER OUT OF THE CHAOS OF THE PERSONAL  
9 PETITIONS AND LOBBYING THAT YOU'VE BEEN HAVING AND  
10 PROVIDES PEOPLE WITH A WAY TO UNDERSTAND HOW THEY  
11 CAN BE MOST EFFECTIVE IN PRESENTING THEIR VIEWS TO  
12 THE BOARD. AND THE QUESTION ABOUT WHETHER YOU TAKE  
13 THEM UP IS A MATTER OF INTERNAL DISCIPLINE.

14 I DID HAVE A QUESTION. WHEN YOU'RE  
15 TALKING ABOUT REDACTING, YOU'RE NOT GOING TO REDACT  
16 THE NAME OF THE PERSON WHO WAS MAKING THE PETITION,  
17 ARE YOU? THE PERSON -- THAT GOES IN AND IS ON THE  
18 RECORD AND GETS POSTED. I JUST WANTED TO MAKE  
19 SURE --

20 CHAIRMAN KLEIN: FOR THE RECORD, THE  
21 COUNSEL NODDED.

22 MR. SIMPSON: THE OTHER QUESTION, I GUESS,  
23 I WOULD HAVE, NOT A QUESTION. I DON'T THINK YOU'RE  
24 GOING TO BE OVERWHELMED WITH THIS. AS MR. ROTH  
25 SUGGESTED, I THINK IT'S GOING TO COME AROUND THE

## BARRISTERS' REPORTING SERVICE

1 MARGINS, AND THAT SHOULD ULTIMATELY HELP YOU.

2 THE FINAL POINT I WOULD MAKE IS THAT I  
3 AGREE WITH DR. LORING. I THINK SCIENTISTS,  
4 PARTICULARLY IN THIS DAY AND AGE OF PUBLICLY FUNDED  
5 SCIENCE, HAVE MUCH THICKER SKINS THAN STAFF IS  
6 PERHAPS THINKING, AND THAT THE PROCESS WOULD,  
7 INDEED, BE BENEFITED BY MORE TRANSPARENCY. AND, IN  
8 FACT, IF MORE OF THE PEER REVIEWS, AT LEAST PART OF  
9 IT COULD BE DONE IN PUBLIC, A LOT OF THIS WOULD BE  
10 SOLVED.

11 SO I WOULD MAKE THAT SUGGESTION, THAT  
12 SOMETIME ON SOME PARTICULAR PROCESS, PERHAPS ON THE  
13 BRIDGES OR SOMETHING THAT'S TALKING ABOUT  
14 INSTITUTIONS RATHER THAN INDIVIDUALS, YOU ACTUALLY  
15 OPEN THE PEER REVIEW PROCESS UP TO THE PUBLIC SO  
16 THEY CAN SEE IT, UNDERSTAND IT, AND HAVE FAITH IN  
17 IT. THANK YOU.

18 CHAIRMAN KLEIN: THANK YOU. AND DR.  
19 CSETE.

20 DR. CSETE: THE PEER REVIEW PROCESS WILL  
21 GO ON OUT OF THE PUBLIC EYE.

22 JEAN, I JUST WANTED TO ANSWER YOUR  
23 QUESTION. WHEN WE LOOK INTO THESE THINGS, WE, OF  
24 COURSE, COMMUNICATE WITH THE REVIEWERS. IT'S NOT  
25 THAT THERE'S NO COMMUNICATION BACK. SO IT'S JUST

## BARRISTERS' REPORTING SERVICE

1 PART OF THE PROCESS.

2 CHAIRMAN KLEIN: SO I THINK, DR. CSETE, TO  
3 PROVIDE CONTEXT FOR YOUR STATEMENT, IN ORDER TO GET  
4 BLUNT AND HIGHLY ANALYTICAL COMMENTS, THERE'S A  
5 GREAT DEAL OF HISTORIC DOCUMENTATION AT THE NIH AND  
6 NATIONAL ACADEMY AND OTHER PLACES THAT THE CONSENSUS  
7 CURRENTLY IN THE SCIENTIFIC COMMUNITY IS PEER REVIEW  
8 THAT'S CONFIDENTIAL GETS TOUGHER, MORE BOTTOM-LINE  
9 COMMENTS THAT CAN REALLY HELP US ADVANCE OUR TASK  
10 BETTER. I THINK THAT'S A REASONABLE CONTEXT HAVING  
11 TALKED WITH YOU MANY TIMES.

12 SO THERE'S BEEN OTHER COMMENTS THAT HAVE  
13 BEEN MENTIONED BY THE GENTLEMAN FROM CASCADE.  
14 CERTAINLY THOSE COMMENTS CAN BE TAKEN INTO ACCOUNT  
15 WHEN WE GO TO FINAL REGULATION. I THINK WE'VE HAD A  
16 VERY GOOD DISCUSSION. UNLESS THERE'S MORE  
17 SUGGESTIONS FROM THE BOARD, I'D LIKE TO MOVE THE  
18 QUESTION.

19 DO I SEE ANY OTHER COMMENTS FROM THE  
20 BOARD? SEEING NONE, I'D LIKE TO CALL THE QUESTION.  
21 ALL IN FAVOR OF THE MOTION AS AMENDED PLEASE SAY  
22 AYE. OPPOSED? MOTION CARRIES.

23 THANK YOU. AND WE'RE LEARNING AS WE GO.  
24 THANK YOU VERY MUCH FOR THE PUBLIC COMMENT, AND  
25 THANK YOU FOR THE ENGAGED BOARD DISCUSSION. WE'RE



## BARRISTERS' REPORTING SERVICE

1 GOING TO BREAK FOR LUNCH.

2 MELISSA KING, COULD YOU INSTRUCT US AS TO  
3 WHERE WE'RE GOING?

4 MS. KING: WE'RE GOING RIGHT NEXT DOOR,  
5 THE SAME PLACE WHERE THE COFFEE AND BREAKFAST WAS  
6 THIS MORNING. ACTUALLY GO THROUGH THAT DOOR RIGHT  
7 THERE.

8 CHAIRMAN KLEIN: THE PRONOUN WE REFERS TO  
9 THE BOARD.

10 MS. KING: AND CIRM STAFF AS WELL AS OUR  
11 TRANSCRIBER.

12 CHAIRMAN KLEIN: I WOULD LIKE, THOUGH, FOR  
13 COUNSEL TO, SINCE THIS WILL BE AN EXECUTIVE SESSION,  
14 TO INDICATE THE STATUTORY PROVISIONS UNDER WHICH THE  
15 EXECUTIVE SESSION WILL TAKE PLACE.

16 MR. HARRISON: IT WILL BE A CLOSED SESSION  
17 FOR DISCUSSION OF PERSONNEL PURSUANT TO GOVERNMENT  
18 CODE SECTION 11126 AND HEALTH AND SAFETY CODE  
19 SECTION 125290.30(D).

20 CHAIRMAN KLEIN: THANK YOU. WE ARE GOING  
21 TO TRY AND BE BACK HERE WITHIN MAYBE AN HOUR AS A  
22 GENERAL CALL. THANK YOU VERY MUCH. WE STAND  
23 ADJOURNED FOR THE EXECUTIVE SESSION.

24 (A RECESS WAS TAKEN.)

25 CHAIRMAN KLEIN: ALL RIGHT. THANK YOU

## BARRISTERS' REPORTING SERVICE

1 VERY MUCH. ALL RIGHT. WE'RE GOING TO CONVENE HERE;  
2 AND IN CONVENING, I'D LIKE TO SAY THAT BOARD MEMBERS  
3 AND THE ALTERNATES MAKE A LOT OF SACRIFICES FOR ALL  
4 THESE MEETINGS. WE'RE OVER 120 MEETINGS TOTAL. AND  
5 AS I SAID IN THE OPENING SOME OF YOU WERE NOT  
6 PRESENT FOR, GOVERNANCE COMMITTEE DID MEET ON A  
7 TELECONFERENCE POLICY; HOWEVER, SHERRY LANSING IS  
8 NOT HERE, SO IT WASN'T AGENDIZED. SHE WANTED TO BE  
9 PRESENT TO PRESENT IT.

10 AND WHAT WE'RE GOING TO DO IS WE CAN'T GO  
11 INTO THE DECEMBER MEETING FIGHTING FOR A QUORUM. SO  
12 WE'RE GOING TO, AS A PREROGATIVE OF THE BOARD,  
13 UNLESS THERE'S OBJECTIONS BY THE BOARD, I'M GOING TO  
14 ASK THAT IN 30 DAYS FROM TODAY, WE WILL, MELISSA, 30  
15 DAYS FROM TODAY WE'RE GOING TO HAVE A SPECIAL  
16 MEETING. IT COULD BE FIVE DAYS EARLIER, BUT WITHIN  
17 30 DAYS FROM NOW, WE WILL HAVE A SPECIAL MEETING OF  
18 THE BOARD.

19 AND WE WILL SPECIFICALLY AGENDIZE FOR THAT  
20 THE TELECONFERENCE POLICY SO THAT WE DON'T GO INTO  
21 DECEMBER, WHICH IS A HUGE GRANT ROUND, FIGHTING FOR  
22 A QUORUM WHICH YOU SO HEROICALLY DO, MELISSA KING.  
23 AND WITH DEDICATION DAY AND NIGHT, AT 11 O'CLOCK AT  
24 NIGHT YOU'RE TRYING TO FIND A QUORUM. WE'VE GOT TO  
25 GIVE OURSELVES SOME FLEXIBILITY, BUT WE WILL LIMIT

## BARRISTERS' REPORTING SERVICE

1 THE TELECONFERENCING NUMBERS, AS SUGGESTED BY THE  
2 GOVERNANCE COMMITTEE SO MOST OF THE BOARD IS HERE,  
3 LARGE MAJORITY OF THE BOARD IS HERE IN PERSON, AS  
4 SUGGESTED BY THE GOVERNANCE COMMITTEE.

5 WITH THAT STATED, WE NEED TO GO  
6 IMMEDIATELY INTO THE LOAN PROGRAM, AND WE HAVE A  
7 SHORT PERIOD OF TIME. I'D LIKE TO ASK MICHAEL  
8 GOLDBERG TO LEAD, AND THEN HE MAY ASK DUANE, AS  
9 CHAIR OF THE LOAN TASK FORCE THAT HAS CONTRIBUTED  
10 INTO THE FINANCE COMMITTEE DISCUSSION, TO  
11 CONTRIBUTE. BUT WE HAVE A VERY IMPORTANT LOAN  
12 PROGRAM POLICY ON A CONCEPTUAL LEVEL TO DISCUSS. IF  
13 WE CAN APPROVE IT ON A CONCEPTUAL LEVEL, WE THEN  
14 HAVE THE BENEFIT BETWEEN NOW AND DECEMBER OF HAVING  
15 FINANCE COMMITTEE MEETINGS TO REFINE IT AND IN  
16 DECEMBER TAKING A MORE REFINED APPROVAL SO IT'S IN  
17 PLACE FOR THE DISEASE TEAMS.

18 WITH THAT, MR. GOLDBERG.

19 MR. GOLDBERG: THANK YOU, CHAIRMAN KLEIN.  
20 FIRST I WANT TO THANK THE STAFF WHO SUPPORTED OUR  
21 SUBCOMMITTEE'S WORK TO DATE, LYNN HARWELL AND  
22 MELISSA KING, FOR THEIR EXCELLENT AND CONSCIENTIOUS  
23 EFFORTS. I'D ALSO LIKE TO NOTE WHO THE MEMBERS OF  
24 THE SUBCOMMITTEE ARE FOR EVERYONE AND THANK THEM FOR  
25 THEIR WORK TO DATE, WHICH WILL BE CONTINUING

## BARRISTERS' REPORTING SERVICE

1 VIGOROUSLY FOR THE NEXT 60 DAYS. RICARDO AZZIZ,  
2 ROBERT BIRGENEAU, FLOYD BLOOM, MARCY FEIT, MY  
3 CO-CHAIR, BOB KLEIN, TED LOVE, TINA NOVA, ED  
4 PENHOET, PHIL PIZZO, DUANE ROTH, JEFF SHEEHY, AND  
5 OSWALD STEWARD.

6 AS BACKGROUND, AS BOB MENTIONED, THE LOAN  
7 TASK FORCE, WHICH WAS SO ABLY CHAIRED BY DUANE ROTH,  
8 PRESENTED ITS FINDINGS TO US AT THE AUGUST 12 AND 13  
9 ICOC MEETING. AND IN THE INTEREST OF TIME, I'D LIKE  
10 TO INCORPORATE BY REFERENCE THE TRANSCRIPT OF HIS  
11 PRESENTATION BEGINNING ON PAGE 274 TO 292 OF THE  
12 AUGUST 13 TRANSCRIPT.

13 BETH, YOU'RE THE UNSUNG HERO OF EVERY ONE  
14 OF OUR HEARINGS, SO I WANT TO THANK YOU IN  
15 PARTICULAR BECAUSE I FOUND YOUR RECORD TO BE  
16 ENORMOUSLY HELPFUL TO ME IN PREPARATION FOR THIS  
17 REPORT.

18 SO IN CONNECTION WITH THE LOAN TASK FORCE,  
19 LET ME BRIEFLY SUMMARIZE THAT WE USED EXTERNAL  
20 EXPERTS IN CONNECTION WITH MODELING AND DEVELOPMENT  
21 AND VETTING ASSUMPTIONS OF THE LOAN PROGRAM. WE  
22 USED SPECIFICALLY THE FIRM OF  
23 PRICEWATERHOUSECOOPERS, WHICH IS IMPECCABLE BOTH IN  
24 TERMS OF ITS PROFESSIONAL RELIABILITY AND INTEGRITY.

25 AND IN CONCERT WITH THAT WORK, I JUST WANT

## BARRISTERS' REPORTING SERVICE

1 TO REMIND EVERYONE THAT THEY CONDUCTED THREE  
2 DIFFERENT STUDIES FOR US DURING THE COURSE OF THE  
3 SPRING UNDER THE DIRECTION OF THE LOAN TASK FORCE  
4 AND CONCLUDED THAT THE LOAN PROGRAM AS MODELED, AND  
5 REASONABLE PEOPLE CAN DIFFER AS TO THE ASSUMPTIONS  
6 THAT GO INTO MODELS, BUT HAVING SPENT MUCH OF MY  
7 PROFESSIONAL CAREER BUILDING AND LIVING MODELS, OF  
8 COURSE, THEIR OUTPUT IS ONLY AS GOOD AS THEIR  
9 INPUTS, I AM SATISFIED THAT THE PROCESS, THE NATURE  
10 OF THE ASSUMPTION TESTING, THE EXTENSIVE AMOUNT OF  
11 INTERVIEWS DONE WITH EXPERTS IN THE FIELD, IN THE  
12 VENTURE CAPITAL COMMUNITY, IN THE VENTURE DEBT  
13 COMMUNITY, IN THE COMMERCIAL BANKING COMMUNITY, AND  
14 WITH INDUSTRY REPRESENTATIVES IS AS REASONABLE A  
15 MIDPOINT SET OF ASSUMPTIONS AS ONE COULD MAKE TO TRY  
16 TO FORECAST INTO THE FUTURE.

17 AS I SAID, YOU CAN CHANGE ASSUMPTIONS AND  
18 CHANGE OUTPUT, BUT I DON'T THINK IT FUNDAMENTALLY  
19 CHANGES THE CONCLUSION THAT I HOPE WE CAN REACH  
20 TODAY.

21 SO IF YOU COULD TURN IN YOUR BINDERS TO  
22 TAB NO. 15, I'D LIKE TO JUST BRIEFLY TAKE YOU  
23 THROUGH THOSE MATERIALS. THE FIRST AGENDA ITEM IS  
24 THE REPORT OF THE LOAN TASK FORCE THAT WAS DISCUSSED  
25 AT OUR LAST ICOC MEETING. IT CONTAINS ALL OF THE

## BARRISTERS' REPORTING SERVICE

1 ELEMENTS OF THE LOAN PROGRAM PER SE.

2 I'D NEXT LIKE TO FOCUS ON SOME OF THE  
3 DOCUMENTS THAT WERE DEVELOPED IN CONNECTION WITH THE  
4 FINANCE SUBCOMMITTEE MEETING HELD THIS PAST SATURDAY  
5 AND REVISED TO INCORPORATE BOTH COMMITTEE MEMBER AS  
6 WELL AS PUBLIC AS WELL AS STAFF COMMENT.

7 SO I COULD READ THESE TO YOU, BUT I THINK  
8 THAT WOULD NOT BE IN THE INTEREST OF TIME. I'M  
9 PRESUMING THAT EVERYBODY'S REVIEWED THE MATERIALS IN  
10 ADVANCE. THE BOTTOM LINE IS THE RATIONALE FOR THIS  
11 PROGRAM IS TO ADDRESS THE FUNDING GAP THAT EXISTS  
12 BETWEEN BASIC RESEARCH AND MOVING THERAPIES INTO THE  
13 CLINIC AND THE EARLY STAGES OF CLINICAL TRIALS AND  
14 EVEN LATER STAGES OF CLINICAL TRIALS THAT ARE  
15 NECESSARY TO ESTABLISH NEW STANDARDS OF CARE BASED  
16 ON STEM CELL SCIENCE.

17 I SHOULD SAY THAT ALTHOUGH WE'RE JUST A  
18 FINANCE COMMITTEE, WE'RE FIRST AND FOREMOST STEWARDS  
19 OF THE SCIENTIFIC EXCELLENCE THAT THE CIRM HAS  
20 ESTABLISHED AND IS BASED UPON. SO EVERYTHING THAT  
21 WE'RE TALKING ABOUT HERE WITH RESPECT TO LOANS ARE  
22 MECHANISMS THAT SERVE THE INTEREST OF THE SCIENTIFIC  
23 PROCESSES THAT CIRM HAS IN PLACE.

24 CHAIRMAN KLEIN: MICHAEL, COULD YOU FRAME  
25 FOR US, SO THAT WE ARE TARGETING OUR DISCUSSION,

## BARRISTERS' REPORTING SERVICE

1 SINCE WE'RE GOING TO LOSE A QUORUM IN A SHORT  
2 PERIOD, THE THREE CONCEPTUAL POINTS TAKEN OUT OF  
3 THESE MATERIALS THAT WE GET MACRO CONCEPT APPROVAL  
4 OF IN THIS MEETING WITH THE THOUGHT THAT OUR FINANCE  
5 COMMITTEE MEETINGS BETWEEN NOW AND DECEMBER WOULD  
6 THEN REFINE THAT?

7 MR. GOLDBERG: CERTAINLY. SO THE FIRST IS  
8 THAT WE'D LIKE TO COMMUNICATE TO ALL STAKEHOLDERS  
9 THAT WE'RE CONTEMPLATING A PROGRAM OF THE MAGNITUDE  
10 OF \$500 MILLION.

11 SECOND, THAT INDIVIDUAL GRANTS OR LOANS  
12 WILL BE DEVELOPED ON AN RFP-BY-RFP BASIS AND  
13 PRESENTED TO THE ICOC IN THE NORMAL COURSE OF OUR  
14 REVIEW OF RFA -- PARDON ME, NOT RFP -- CONCEPTS.  
15 AND EACH ALLOCATION OF THE \$500-MILLION POTENTIAL  
16 LOAN PORTFOLIO WOULD BE DONE ON A SCIENTIFICALLY  
17 DRIVEN PROGRAMMATIC BASIS.

18 THE THIRD ELEMENT IS THAT BECAUSE OF THE  
19 OPPORTUNITY TO RECYCLE FUNDS WITH LOANS THAT WOULD  
20 BE REPAYED OR FROM EQUITY FEATURES THAT THOSE LOANS  
21 MAY HAVE IN THE FORM OF WARRANTS, WE THINK THAT  
22 THERE SHOULD BE AN INCENTIVE FOR APPLICANTS ON THE  
23 MARGIN WHO WOULD QUALIFY, BE THEY INDUSTRY OR  
24 INDUSTRY-ACADEMIC COLLABORATIONS, TO APPLY FOR LOANS  
25 AS OPPOSED TO GRANTS ON THE MARGIN.

## BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: AND, MICHAEL, I WOULD  
2 LOOK AT THE WARRANTS AS MORE OF AN INTEREST RISK  
3 PREMIUM. WOULD THAT BE A PROPER CHARACTERIZATION  
4 FOR THE WARRANTS?

5 MR. GOLDBERG: YES, THAT WOULD BE.

6 CHAIRMAN KLEIN: THANK YOU.

7 MR. GOLDBERG: AND I WOULD POINT OUT THAT  
8 IN FOOTNOTE 1 OF AGENDA ITEM 15 A, THERE'S AN  
9 ELABORATION ON THAT SPECIFIC POINT, CHAIRMAN KLEIN.

10 SO I THINK THE COMMITTEE ALSO, IF WE GO TO  
11 AGENDA ITEM 15 A1, ADDENDA B, BRIEFLY, THE SIZE OF  
12 THE LOAN PORTFOLIO IS SOMETHING THAT WE'RE  
13 INTERESTED IN COMMENT AND FEEDBACK ON. THE FIRST  
14 OPPORTUNITY TO TEST SOME OF OUR CONCEPTS AS EMBODIED  
15 HERE WILL BE IN CONNECTION WITH THE DISEASE TEAM  
16 RFA, WHICH WE'RE NOW TALKING ABOUT APPROVING IN  
17 CONCEPT IN DECEMBER WITH THE EXPECTATION THAT THOSE  
18 RFA'S WOULD BE ISSUED IN FEBRUARY, IF I RECALL THE  
19 EARLIER REPORT ACCURATELY.

20 THE EXAMPLE GIVEN AS A SCENARIO, THAT IS  
21 SIMPLY FOR ILLUSTRATIVE PURPOSES, WOULD BE IN  
22 CONNECTION WITH THAT RFA, WE MIGHT ALLOCATE ON A  
23 GRANT-SPECIFIC PROPOSAL \$4 MILLION A YEAR FOR A  
24 GRANT OVER FOUR YEARS THAT WOULD IN THE AGGREGATE  
25 SUM TO 16 MILLION. BY CONTRAST, WE WOULD BE



## BARRISTERS' REPORTING SERVICE

1 WILLING, SUBJECT TO DISCUSSION AND COMMENT, PERHAPS  
2 CONSIDER PROVIDING A LITTLE INCENTIVE FOR DISEASE  
3 TEAM APPLICATIONS AT THE LEVEL OF 24 MILLION OR \$6  
4 MILLION A YEAR FOR FOUR YEARS TO PROVIDE WHAT I  
5 DESCRIBED AS THE INCENTIVE ON THE MARGIN TO HAVE THE  
6 OPPORTUNITY FOR FUNDS TO BE RECYCLED FOR THE  
7 FURTHERANCE OF ADDITIONAL RESEARCH.

8 MY FINAL POINT --

9 CHAIRMAN KLEIN: AND AS I UNDERSTAND IT,  
10 WE'VE HAD FINANCE COMMITTEE DISCUSSIONS THAT ARE  
11 FULL, SO SOME OF THE MEMBERS HERE HAVEN'T BEEN  
12 THERE. THESE ARE MAXIMUMS, SO THE APPLICANT WILL  
13 HAVE TO JUSTIFY, AS THEY NORMALLY HAVE TO, IN THEIR  
14 BUDGETS SUBJECT TO NORMAL -- SOMETHING LIKE THE  
15 GRANT ADMINISTRATION REVIEW, IT WOULD BE A LOAN  
16 ADMINISTRATION REVIEW BY STAFF TO MAKE SURE THAT  
17 THEY REALLY DESERVE THE AMOUNT THAT THEY'VE APPLIED  
18 FOR.

19 MR. GOLDBERG: THAT'S CORRECT. IN  
20 ADDITION, ACTUALLY IT WILL BE TWO FINAL POINTS. THE  
21 THOUGHT IS THAT ONCE WE GET TO CLINICAL TRIAL RFA'S,  
22 THAT WE WOULD ALLOCATE AS MUCH AS \$200 MILLION TO  
23 HUMAN CLINICAL TRIALS, AND THAT SOME OF THOSE LOANS  
24 MIGHT BE AS LARGE AS \$25 MILLION FOR PROGRAMS THAT  
25 MEET OUR RIGOROUS SCIENTIFIC TESTS AS WELL AS

## BARRISTERS' REPORTING SERVICE

1 MILESTONES. THIS IS, AS WAS DISCUSSED WITH THE LOAN  
2 TASK FORCE MEETINGS, A VERY, VERY PERFORMANCE AND  
3 MILESTONE DRIVEN PROPOSAL. AND WE'RE ONLY GOING TO  
4 PAY FOR SUCCESSFULLY MET MILESTONES.

5 FINAL POINT IS THAT BECAUSE OF THE WAY  
6 PROP 71 WAS ENACTED, BY DESIGN, WE HAVE A VERY  
7 LIMITED STAFF AVAILABLE AT THE CIRM TO ENGAGE IN  
8 WHAT WAS OR HAS BECOME A POTENTIALLY LARGE  
9 INCREMENTAL PROGRAM ALTHOUGH IT WAS CERTAINLY  
10 CONTEMPLATED IN THE PROPOSITION ITSELF, AND THAT WE,  
11 AS A SUBCOMMITTEE, ARE PROPOSING THAT WE GET CONCEPT  
12 APPROVAL FROM THE REST OF THE BOARD TO PURSUE AN  
13 EXTERNAL LOAN PROGRAM ADMINISTRATOR THAT WOULD BE  
14 RECRUITED SUBJECT TO AN RFA AROUND THAT, AND THAT WE  
15 WOULD HAVE AT LEAST TWO FIRMS THAT WOULD BE  
16 AUTHORIZED TO ADMINISTER THE LOAN PROGRAM, THE  
17 SPECIFICS OF WHICH ARE ALL IN THE BINDER, TO DO  
18 THINGS THAT ARE INCREMENTAL TO WHAT OUR EXPECTATIONS  
19 FOR THE CIRM STAFF TO DO CURRENTLY.

20 WITH THAT, I'LL TURN IT BACK TO YOU AND  
21 OPEN IT FOR DISCUSSION.

22 CHAIRMAN KLEIN: ALL RIGHT. I'D LIKE TO  
23 GET SPECIAL COMMENTS FROM DUANE, WHO DID A  
24 TREMENDOUS JOB ON THE LOAN TASK FORCE IN LEADING  
25 THAT EFFORT. I'D ALSO LIKE TO MENTION THAT IN GOING

## BARRISTERS' REPORTING SERVICE

1 THROUGH THIS, SCOTT TOCHER AND THEN LYNN HARWELL PUT  
2 IN HUGE AMOUNTS OF HOURS. I SAW SO MANY DRAFTS  
3 COMING FROM THEM SOMETIMES I COULDN'T READ, BUT THEY  
4 REALLY PUT A REMARKABLE EFFORT, SO WE SHOULD  
5 REMEMBER THAT AND RECOGNIZE THEM.

6 IN TERMS OF THE COMMENT THAT YOU JUST MADE  
7 ON THE EXTERNAL REVIEW, IN DECEMBER I THINK IT'S  
8 YOUR INTENT TO BRING BACK KIND OF A DETAILED FORMAT  
9 OF THAT MECHANISM.

10 MR. GOLDBERG: THAT'S CORRECT. WITH THE  
11 ASSISTANCE OF STAFF.

12 CHAIRMAN KLEIN: DUANE, YOU'VE GOT A LOT  
13 OF TIME AND BRAIN POWER IN THIS. WOULD YOU LIKE TO  
14 COMMENT?

15 MR. ROTH: MICHAEL DID SUCH A WONDERFUL  
16 JOB, I DON'T HAVE ANY SUBSTANTIVE COMMENTS EXCEPT  
17 JUST TO REMIND EVERYONE THAT THIS PROGRAM IS PART OF  
18 THE STRATEGIC PLAN TO MOVE THE RESEARCH INTO THE  
19 CLINIC AND TO GET THE PRODUCTS ACTUALLY AVAILABLE TO  
20 PATIENTS. SO THERE IS A BIAS HERE TO FUND THE AREAS  
21 WHERE THERE ISN'T ANY OTHER FUNDING AVAILABLE, NOT  
22 FROM VENTURE CAPITALS, NOT FROM ANGELS, NOT FROM  
23 INVESTMENT BANKS, BUT THINGS THAT JUST CANNOT FIND  
24 MONEY. SO THAT'S OUR INTENTION HERE WITH THIS  
25 PROGRAM. WE WILL CONSTANTLY BE VIGIL, HOPEFULLY

## BARRISTERS' REPORTING SERVICE

1       LOOKING FOR THOSE GAPS AND WHERE WE CAN PUT OUR  
2       MONEY TO MAKE IT WORK.

3               HAVING SAID THAT, DON'T EXPECT THE BANKING  
4       TYPES OF LOANS THAT YOU'RE USED TO HEARING ABOUT,  
5       EVEN THOUGH THAT'S CHANGED IN THE LAST FEW DAYS, THE  
6       ASSETS, THERE WON'T BE THE KIND OF THINGS THAT YOU  
7       WOULD HAVE IN THE TRADITIONAL BANKING RELATIONSHIP  
8       BECAUSE BANKS DON'T LOAN TO START-UP BIOTECH  
9       COMPANIES. THAT'S JUST NOT WHAT THEY DO. SO I  
10      THINK IT'S IMPORTANT TO ALWAYS KEEP THAT IN MIND.

11              AND SECOND, I WANT TO MAKE A COMMENT ABOUT  
12      THE MODEL. MICHAEL MADE IT VERY CLEAR THAT MODELS  
13      HAVE ASSUMPTIONS. PRICEWATERHOUSE PEOPLE DID A  
14      WONDERFUL JOB OF TAKING HISTORY AND TRYING TO  
15      PROJECT THE FUTURE, BUT THAT'S ALL WE CAN DO AT THIS  
16      POINT. WE CAN'T BE CERTAIN OF THIS. BUT I AM -- I  
17      BELIEVE, AS MICHAEL SAID, THAT THE MODELING THAT WAS  
18      DONE, WHICH SHOWS A PRETTY SUBSTANTIAL FAILURE RATE  
19      IN THE EARLY STAGE PROGRAMS AND IT LESSENS AS WE GET  
20      IN DEEPER INTO CLINICAL TRIALS, SO MY OWN BIAS IN  
21      THIS PARTICULAR CASE, UNLIKE OTHER DRUGS IN THE  
22      HISTORY THERE WHERE THEY CAN FAIL IN PHASE II OR  
23      FAIL IN PHASE III, THESE TYPES OF THERAPIES, IF THEY  
24      GET TO THAT POINT, I THINK HAVE A MUCH HIGHER  
25      PERCENTAGE CHANCE OF ACTUALLY WORKING BECAUSE WE'RE

## BARRISTERS' REPORTING SERVICE

1 DEALING WITH SOMETHING COMPLETELY DIFFERENT THAN WE  
2 DO WHEN WE TRY TO FIND STATISTICALLY DOES THIS  
3 IMPROVE OR DO WHAT WE WANT IT TO DO.

4           HERE WE'RE TALKING ABOUT SOMETHING THE END  
5 POINTS ARE GOING TO BE PRETTY CLEAR. AND SO I'M  
6 HOPEFUL THAT, GIVEN THE FACT THAT WE'RE INVESTING  
7 EARLY IN THESE THINGS AND WE'RE GETTING WARRANTS  
8 WITH THEM, THAT WE WILL SEE SOME SUCCESSES AND THAT,  
9 INDEED, WILL RETURN THE KINDS OF RETURNS WE'RE  
10 PROJECTING IN THIS BOOK. JUST THEY ARE WHAT THEY  
11 ARE. AS I'VE SAID FROM THE VERY BEGINNING, IF WE  
12 DON'T DO THE LOAN PROGRAM, THE ALTERNATIVE IS JUST  
13 TO GIVE IT AWAY IN GRANTS. SO EVEN IF A SMALL  
14 AMOUNT OF MONEY COMES BACK, THAT ALLOWS US TO  
15 REINVEST IN THE FUTURE IN THINGS THAT NEED MONEY  
16 DOWN THE ROAD, WHETHER THAT'S GRANTS OR LOANS.

17           CHAIRMAN KLEIN: THANK YOU VERY MUCH,  
18 DUANE. WE NEED TO BE CREATIVELY AND WITH INNOVATION  
19 LOOKING AT THE GRANT PROGRAM AND LOOK AT OTHER  
20 MODELS THAT HAVE EXISTED OVER TIME WHERE  
21 UNIVERSITIES HAVE COME TOGETHER WITH PRIVATE  
22 COMPANIES TO FORM PARTNERSHIPS TO DEVELOP PRODUCTS  
23 OR RESEARCH INSTITUTIONS HAVE DONE SO. CERTAINLY WE  
24 HAVE MODELS IN CALIFORNIA. THEY'RE PRETTY FLEXIBLE  
25 WHERE IN DISEASE TEAMS, FOR EXAMPLE, A UNIVERSITY OR

## BARRISTERS' REPORTING SERVICE

1 A RESEARCH INSTITUTE CAN FORM A LIMITED LIABILITY  
2 COMPANY WITH A PRIVATE ORGANIZATION. A LOAN COULD  
3 GO TO A LIMITED LIABILITY COMPANY, AND THE COMPANY  
4 COULD AGREE TO PUT UP THE STOCK WARRANTS, WHICH, IN  
5 FACT, VEST AT THE TIME THE PRODUCT BECOMES  
6 FUNCTIONALLY EFFECTIVE AND IT MOVES FORWARD OR  
7 THERE'S LIQUIDITY EVENTS THAT ARE DEFINED SHOWING  
8 THAT A MAJOR COMMERCIAL MILESTONE HAS BEEN REACHED  
9 AND THERE'S A LARGE AMOUNT OF ADDITIONAL MONEY  
10 COMING IN THAT MIGHT TRIGGER EARLY REPAYMENT.

11 BUT WE NEED TO REALIZE THAT THE BIOTECH  
12 INDUSTRY NEEDS THIS MONEY, AND BIOTECH COMBINED WITH  
13 RESEARCH INSTITUTES AND UNIVERSITIES CAN UTILIZE  
14 THIS JOINTLY. THIS IS A MODEL THAT WE'RE GOING TO  
15 NEED BROADLY. WE MAY AS WELL FIND THAT WE HAVE  
16 OTHER INSTITUTIONS FROM AROUND THE WORLD THAT ARE  
17 WILLING TO GIVE US MONEY TO PUT INTO THIS PROGRAM  
18 THAT COULD FURTHER EXPAND THIS PROGRAM. GENERALLY  
19 GIVEN THEY'RE SOVEREIGN STATES OR OTHER GROUPS, WE  
20 WOULD WELCOME THE MONEY AS LONG AS IT MEETS OUR  
21 SCIENTIFIC STAFF'S RECOMMENDATIONS AND OUR BOARD'S  
22 CRITERIA AT THAT TIME.

23 DR. PENHOET, YOU HAD SOME SUGGESTIONS AS  
24 WE GO THROUGH THE FINANCE COMMITTEE MEETINGS ABOUT  
25 SIZING ON AN ACTUAL BASIS THE AMOUNT OF LOANS THAT

## BARRISTERS' REPORTING SERVICE

1 MIGHT BE USED FOR CLINICAL TRIAL FUNDING; IS THAT  
2 RIGHT?

3 DR. PENHOET: YES. YOU MAY WONDER WHERE  
4 THE \$500-MILLION FIGURE CAME FROM. AND AS BOTH  
5 MICHAEL AND DUANE MENTION, THE LOANS ARE MORE LIKELY  
6 TO BE TAKEN TO INVEST IN PROJECTS WHICH ARE LESS  
7 RISKY THAN VERY EARLY STAGE BASIC RESEARCH. SO  
8 PRECLINICAL WORK HAS BEEN A MAJOR FOCUS OF OUR  
9 ATTENTION SO FAR, BUT ALSO THE REALITY THAT IN MANY  
10 CASES WE MAY WANT TO FUND CLINICAL TRIALS. AND  
11 CLINICAL TRIALS, AS DUANE SAID, ARE LIKELY TO HAVE  
12 LESS RISK ASSOCIATED WITH THEM AND, THEREFORE, SOME  
13 ENTITY OF WHATEVER SORT, COMPANY, LLC, OR OTHERWISE,  
14 IS MORE LIKELY TO BE INTERESTED IN A LOAN AT A LATER  
15 STAGE WHERE THE RISK IS LOWER THAN A GRANT,  
16 PARTICULARLY IF THERE ARE LARGER SUMS OF MONEY  
17 AVAILABLE THROUGH THE LOAN MECHANISM THAN THERE  
18 WOULD BE THROUGH THE GRANT MECHANISM.

19 BUT I THINK TYPICALLY, YOU KNOW, TO DO A  
20 THOROUGH PHASE II CLINICAL TRIAL, FOR EXAMPLE,  
21 FREQUENTLY THE COSTS ARE IN THE 30 TO \$50-MILLION  
22 RANGE FOR A ROBUST PHASE II B CLINICAL TRIAL. SO  
23 THOSE SUMS OF MONEY ARE SUBSTANTIALLY HIGHER THAN  
24 WE'VE BEEN TALKING ABOUT FOR ANY INDIVIDUAL GRANTS,  
25 BUT I THINK WOULD FIT VERY WELL IN A LOAN PROGRAM

## BARRISTERS' REPORTING SERVICE

1 GOING FORWARD.

2 JUST TO REMIND YOU, WE ARE COGNIZANT OF  
3 THE FACT THAT IN A CLINICAL TRIAL MANY OF THE  
4 PATIENTS MIGHT RESIDE OUTSIDE CALIFORNIA, AND MANY  
5 OF THE CLINICAL COSTS WOULD BE INCURRED OUTSIDE THE  
6 STATE. WE CAN'T PAY FOR THOSE COSTS OUTSIDE THE  
7 STATE, BUT THE -- NOT THE VAST MAJORITY, BUT A HUGE  
8 FRACTION OF CLINICAL TRIAL COSTS ARE ACTUALLY  
9 EMBODIED IN THE SUPPORTING ORGANIZATION. THE  
10 COMPANY HAS TO MAKE THE CELL LINES, DO ALL OF THE  
11 WORK FILING WITH THE FDA, ETC. ALL OF THOSE COSTS  
12 WOULD BE COSTS THAT COULD BE COVERED AS LONG AS  
13 THEY'RE INCURRED IN CALIFORNIA BY OUR LOAN PROGRAM.  
14 SO EVEN THOUGH THE PATIENT CARE COSTS CAN'T BE  
15 COVERED BY US IF THEY'RE OUTSIDE THE STATE, ALL THE  
16 REST OF THE COST ASSOCIATED WITH THE CLINICAL TRIAL  
17 COULD BE COVERED.

18 SO I THINK WE, IN THINKING ABOUT A  
19 \$500-MILLION TOTAL, WERE CONSIDERING THE FACT THAT  
20 IF WE ENGAGE OURSELVES IN SUPPORTING CLINICAL TRIALS  
21 GENERALLY, IT TAKES A LOT OF MONEY TO DO A ROBUST,  
22 HIGH QUALITY CLINICAL TRIAL.

23 CHAIRMAN KLEIN: THANK YOU. DR. PRIETO.

24 DR. PRIETO: I HAD A QUESTION ABOUT THE  
25 DELEGATED UNDERWRITERS AND WHAT COSTS WOULD BE



## BARRISTERS' REPORTING SERVICE

1 ASSOCIATED WITH THAT.

2 CHAIRMAN KLEIN: THERE IS A -- MICHAEL,  
3 WHY DON'T YOU DESCRIBE THE SLIDING SCALE THAT HAS  
4 BEEN SUBMITTED BY COMPANIES ACTUALLY IN THE FIELD --  
5 A COMPANY ACTUALLY IN THE FIELD TO GIVE US A  
6 BENCHMARK FOR THE COST-EFFECTIVENESS OF THIS  
7 APPROACH.

8 MR. GOLDBERG: SURE. IN GENERAL, THERE  
9 ARE TWO SOURCES OF FEES THAT BASICALLY ARE CHARGED  
10 TO THE LOAN RECIPIENT. SO THERE WOULD BE NO COST  
11 GENERALLY THAT I WOULD CONTEMPLATE WOULD BE CHARGED  
12 TO CIRM. THE COSTS ARE IN THE FORM OF TWO THINGS.  
13 ONE, A LOAN ORIGINATION FEE, WHICH GENERALLY HAS A  
14 SLIDING SCALE BASED ON THE SIZE OF THE LOAN, MAY BE  
15 ANYWHERE FROM 10,000 TO A \$100,000 DEPENDING ON THE  
16 SIZE OF A LOAN, AND THAT'S FOR THE DOCUMENTATION,  
17 THE ANALYTICS ASSOCIATED WITH THE ASSESSMENT OF THE  
18 LOAN. AND THESE ARE ALL LOANS, WHEN WE REFER TO  
19 THEM, ONLY FOR PROJECTS THAT HAVE BEEN THROUGH THE  
20 PEER REVIEW PROCESS, BEEN PRIORITY SCORED. AND SO  
21 IT'S AFTER THE WORKING GROUPS HAVE SEEN THEM AND  
22 PRIORITY. SO IT SHOULD BE RELATIVELY EFFICIENT AND  
23 A VERY HIGH CORRELATION BETWEEN THE ANALYTICAL WORK  
24 DONE ON ANY LOAN AND WHETHER OR NOT IT'S A PROJECT  
25 THAT WE'RE INTERESTED IN GOING FORWARD WITH AT THE

## BARRISTERS' REPORTING SERVICE

1 LEVEL OF THE ICOC.

2 THE SECOND AREA WHERE THE ECONOMICS COME  
3 FROM TO SUPPORT THIS ON THE PART OF THE LOAN  
4 ADMINISTRATOR IS AN INTEREST RATE SPREAD BETWEEN THE  
5 COST OF FUNDS THAT THEY WILL CHARGE THE LOAN  
6 RECIPIENT AND WHAT WE AS A BOARD AND DELEGATED TO  
7 THE FINANCE SUBCOMMITTEE DETERMINE TO BE THE  
8 APPROPRIATE INTEREST RATE ON THE LOANS SPECIFIC TO  
9 AN RFA.

10 SO AS I SAID EARLIER, AS EACH RFA COMES  
11 THROUGH, THE CIRM AND THE BOARD WILL BE ASSIGNING AN  
12 INTEREST RATE TO THE LOANS ON THAT BASIS TO BE MORE  
13 RELEVANT IN TERMS OF TIME AND CREDIT MARKET  
14 CONDITIONS THAN WE WOULD BE IF WE ESTABLISHED THAT  
15 NOW FOR THE NEXT SEVEN TO TEN YEARS.

16 SO IN SUMMARY, TWO SOURCES OF ECONOMICS  
17 PAY FOR THIS FOR THE LOAN ADMINISTRATORS, LOAN  
18 ORIGINATION FEES, WHICH WOULD HAVE A SLIDING SCALE  
19 THAT WE'LL SOLICIT IN CONNECTION WITH THE RFA FOR A  
20 LOAN ADMINISTRATOR, AN INTEREST RATE SPREAD OVER  
21 WHAT WE DESIGNATE AS THE TARGET RATE OF RETURN ON A  
22 SPECIFIC LOAN FROM US.

23 CHAIRMAN KLEIN: IS IT PROPER TO SAY THOSE  
24 INTEREST RATE SPREADS ARE VERY NARROW? THEY'RE IN  
25 THE RANGE OF, DEPENDING ON THE SIZE OF LOAN, A HALF

## BARRISTERS' REPORTING SERVICE

1 PERCENT TO PERFECT AND A HALF?

2 MR. GOLDBERG: THAT'S CORRECT.

3 CHAIRMAN KLEIN: SO ONE OF THE OTHER  
4 STRATEGIC ADVANTAGES HERE IS THAT BECAUSE THEY HAVE  
5 TO -- THESE ARE COMPANIES THAT WOULD RESPOND TO THE  
6 RFP THAT ARE IN THE BUSINESS AND HAVE THE  
7 INFRASTRUCTURE IN PLACE, THE HUMAN RESOURCES IN  
8 PLACE, THEY CAN GIVE US FAST TURNAROUND, BUT THEY  
9 ALSO ARE AMORTIZING THIS EXPERTISE OVER A VERY BROAD  
10 PORTFOLIO AND, THEREFORE, CAN BE VERY COST-EFFECTIVE  
11 FOR US, REDUCING THE COST SIGNIFICANTLY,  
12 SUBSTANTIALLY BELOW WHAT IT WOULD BE IF WE TRIED TO  
13 STAFF IT. AND, OF COURSE, WE DON'T HAVE THE ABILITY  
14 TO STAFF THIS WITHIN OUR STAFFING CAPACITY, WHICH IS  
15 FOCUSED ON SCIENTIFIC STAFFING. WE WOULD BE  
16 CONTRACTING TO PEOPLE THAT HAVE MORE EXPERTISE AND  
17 STABLE LONG-TERM PERFORMANCE HISTORIES IN PLACE AT  
18 THE TIME WE DID THIS AFTER A COMPETITIVE RFP.

19 IT'S ALSO IMPORTANT TO NOTE THAT THERE'S  
20 POTENTIALLY A THIRD FEE THAT WOULD OCCUR AT THE TIME  
21 THESE STOCK WARRANTS BECAME VALUABLE BECAUSE WE  
22 WOULD NOT WANT TO EXERCISE THE STOCK WARRANTS. ALL  
23 OF THIS WOULD BE DONE UNDER THE SUPERVISION OF OUR  
24 AGENCY WITH APPROVALS AND SIGN-OFFS OF OUR AGENCY  
25 WITH LEGAL COUNSEL APPROVALS BY OUR AGENCY, BUT

## BARRISTERS' REPORTING SERVICE

1 ADMINISTRATIVELY STOCK WARRANTS WOULD BE SOLD IN THE  
2 MARKET AND THE FUNDS WOULD COME BACK INTO OUR AGENCY  
3 AS AN ADDITIONAL SPECIAL SERVICE.

4 NOW, IF WE'RE GETTING STOCK WARRANTS, THAT  
5 MEANS WE'VE BEEN SUCCESSFUL WITH A THERAPY, WHICH IS  
6 THE MOST IMPORTANT THING, AND IT HAS COMMERCIAL  
7 VALUE, WHICH IS A BIG BENEFIT TO US. AS DUANE SAID,  
8 THERE'S SIGNIFICANT NONPERFORMANCE RISK THAT PWC  
9 USED IN ITS NUMBERS, FROM 40 TO 50 PERCENT  
10 NONPERFORMANCE ON EARLIER STAGE TRANSLATIONAL LOANS  
11 TO 30 PERCENT NONPERFORMANCE ON LATER STAGE LOANS.  
12 AND BETWEEN INTEREST, CAPITAL RECOVERY, AND STOCK  
13 WARRANTS, THEY LOOKED, EVEN WITH THOSE  
14 NONPERFORMANCE RATES, TO RECOVER CAPITAL PLUS  
15 APPROXIMATELY A 20-PERCENT PREMIUM OVER ORIGINAL  
16 CAPITAL.

17 COULD YOU SUGGEST THE FORMAT MAYBE WITH  
18 COUNSEL OF THE KEY ELEMENTS IN THE CONCEPT APPROVAL,  
19 MR. GOLDBERG? AND THEN WE'LL ASK IF THERE'S A  
20 SECOND, AND THEN SEE WHAT THE PLEASURE OF THE BOARD  
21 AND THE PUBLIC IS.

22 MR. GOLDBERG: SURE. SO THE FIRST THING  
23 I'D LIKE TO PROPOSE IS THAT WE CONSIDER A LOAN  
24 PROGRAM OF \$500 MILLION. THE SECOND, THAT THE  
25 SPECIFIC ALLOCATION OF THOSE LOANS BE ON AN

## BARRISTERS' REPORTING SERVICE

1 RFA-BY-RFA BASIS. THE THIRD IS THAT WE ASK FOR THE  
2 DEVELOPMENT OF A LOAN ADMINISTRATION RFP FOR REVIEW  
3 AND ADOPTION BY THE FINANCE SUBCOMMITTEE TO BRING  
4 FORWARD TO THE BOARD FOR DECISION AT ITS DECEMBER  
5 MEETING.

6 CHAIRMAN KLEIN: I BELIEVE YOU HAD A POINT  
7 THAT ALSO BRINGS BACK GUIDELINES ON THE ADDITIONAL  
8 SIZE THAT MAY OCCUR FOR LOANS AS VERSUS GRANTS ON  
9 ANY PARTICULAR RFA GIVEN THAT WE CAN RECYCLE THE  
10 LOAN PROCEEDS; WHEREAS, WE DON'T HAVE THE ABILITY ON  
11 THE GRANT PROCEEDS.

12 MR. GOLDBERG: YES. THANK YOU. THAT'S AN  
13 IMPORTANT POINT, THAT THERE MIGHT BE -- THAT THERE  
14 WOULD BE A DIFFERENTIAL TO PROVIDE AN INCENTIVE FOR  
15 LOANS VERSUS GRANTS IN ANY INDIVIDUAL RFA.

16 MR. ROTH: SECOND.

17 CHAIRMAN KLEIN: THERE'S A SECOND FROM  
18 DUANE. ARE THERE COMMENTS? JEFF, DID YOU HAVE A  
19 COMMENT?

20 MR. SHEEHY: I JUST HAD A QUESTION. ARE  
21 WE INCLUDING THESE COMPONENTS IN THIS APPROVAL  
22 PROCESS?

23 CHAIRMAN KLEIN: THOSE COMPONENTS WILL BE  
24 BROUGHT BACK WITH REFINEMENTS TO THEM FOR THIS BOARD  
25 FOR REVIEW.

## BARRISTERS' REPORTING SERVICE

1 MR. SHEEHY: OKAY. JUST CURIOUS.

2 CHAIRMAN KLEIN: OKAY.

3 DR. LEVEY: CERTAINLY NOT AN EXPERT IN  
4 THIS AREA, BUT SOME THINGS JUST QUICKLY COME TO MIND  
5 GIVEN THE PRESENT SET OF CIRCUMSTANCES. IF THE  
6 BIOTECH COMPANY GOES UNDER DURING THE CONDUCT OF  
7 THIS WORK OR FOR ANY OTHER REASON, HOW ARE THESE  
8 LOANS PAID BACK? I THINK WE SHOULD ALL BE SOMEWHAT  
9 SENSITIVE TO THE FACT WE'RE JUST GOING THROUGH --  
10 WE'RE GOING THROUGH A PERIOD OF ECONOMIC CRISIS  
11 BECAUSE OF A SEGMENT OF OUR ECONOMY, THOSE WHO ARE  
12 MAKING LOANS TO PEOPLE WHO ARE BUYING HOMES. WE'RE  
13 BASICALLY GIVING LOANS WITH NO WAY, SHAPE, OR FORM  
14 TO PAY THESE BACK.

15 AND THIS IS TAXPAYER DOLLARS THAT WE'RE  
16 MAKING LOANS TO. I THINK WE HAVE TO BE EXTREMELY  
17 SENSITIVE. I DON'T SEE THE RISKS COVERED HERE. IT  
18 WILL BRING UP ALL THESE QUESTIONS AGAIN. DO WE  
19 SHARE IN THE PROFITS? IF WE'RE GOING TO FORGIVE  
20 LOANS, DO WE SHARE IN THE PROFITS, WHICH IS GOING TO  
21 COME UP. IT HAS TO COME UP. AND THEN WHAT WILL THE  
22 CHARGE BE FOR PEOPLE? SAY, SOME DRUG THAT'S UNDER  
23 TRIAL ACTUALLY WORKS. AND I THINK WHAT DO WE CHARGE  
24 FOR THOSE MEDICATIONS? I THINK THESE ARE ALL GOING  
25 TO COME UP, AND WE BETTER HAVE THE EXPERTISE TO

## BARRISTERS' REPORTING SERVICE

1 OVERSEE THESE LOAN PROGRAMS AND TO EVALUATE THESE  
2 LOAN PROGRAMS, OR I THINK WE'LL BE SUBJECT TO A LOT  
3 OF CRITICISM WITH THAT.

4 BUT THESE ARE ALL, I THINK, LOGICAL  
5 QUESTIONS THAT NEED TO BE ASKED AND ANSWERED, AND  
6 I'M SURE THERE ARE MANY OTHERS AS WELL. THIS IS AN  
7 INNOVATIVE PROGRAM. I CAN THINK OF MANY REASONS WHY  
8 IT WOULD BE A GOOD THING TO DO BECAUSE ONE OF THE  
9 THINGS WE WERE SUPPOSED TO DO WITH PROP 71 WAS TO  
10 INCENTIVIZE INDUSTRY AND TO INCENTIVIZE  
11 COLLABORATIONS WITH UNIVERSITIES. BUT IT IS  
12 COMPLICATED, AND I'M SURE MOST OF US WHO READ THIS  
13 PROBABLY DON'T KNOW A LOT OF WHAT IS BEING SPOKEN  
14 ABOUT HERE. SO ALL THE MORE THE EMPHASIS SHOULD BE  
15 ON TRYING TO WRITE A VERY CLEARLY WRITTEN DOCUMENT  
16 AND HAVE ENOUGH OF THESE -- SOMEBODY OUGHT TO SIT  
17 DOWN AND THINK WHAT ARE THE RISKS AND HOW DO WE  
18 EXPLAIN EVERYTHING BEFORE WE GO INTO THIS.

19 CHAIRMAN KLEIN: CERTAINLY. AND I'M GOING  
20 TO MAKE SOME COMMENTS, THEN CALL ON BOTH MICHAEL  
21 GOLDBERG AND DUANE ROTH. EACH OF THE RISKS THAT YOU  
22 MENTIONED AND EACH OF THE POINTS YOU MENTIONED WERE  
23 DEBATED IN GREAT DETAIL IN THE SUBCOMMITTEE WORK OF  
24 THE TASK FORCE AND THEN LATER AT THE FINANCE  
25 COMMITTEE. BUT SPECIFICALLY THERE IS A SPECIAL

## BARRISTERS' REPORTING SERVICE

1 STUDY ON PROJECTING NONPERFORMANCE ON THESE. THIS  
2 IS NOT YOUR NORMAL BANK LOAN. AS, I THINK, WAS  
3 STATED BY A COUPLE OF INDIVIDUALS, WE UNDERSTAND  
4 THAT THIS IS A WAY TO EXTEND OUR FUNDS AS VERSUS A  
5 GRANT, WHICH WHEN THE MONEY IS OUT THE DOOR, YOU  
6 NEVER RECOVER ANY OF IT.

7 IN THIS CASE, WHETHER WE EXPECT A  
8 30-PERCENT LOAN LOSS OR 40-PERCENT OR A 50-PERCENT  
9 LOAN LOSS, DUANE, FOR EXAMPLE, FACTORED IN A HUNDRED  
10 PERCENT WARRANT COVERAGE, WHICH HAS AN INTEREST RATE  
11 RISK PREMIUM FOR -- I'M NOT GOING TO CONSIDER IT A  
12 PROFIT. I'M GOING TO CONSIDER IT A RISK PREMIUM  
13 BECAUSE THAT'S STATUTORILY WITHIN WHAT WE'RE  
14 CONSIDERING.

15 BUT AFTER LOOKING AT THAT, PRICEWATERHOUSE  
16 CAME BACK WITH A REPORT, WHICH WE CAN GIVE YOU A  
17 COMPLETE COPY OF WHEN WE COME BACK TO THE BOARD IN  
18 DECEMBER, WHICH SAID, CONSIDERING ALL THOSE VERY  
19 HIGH NONPERFORMANCE RATES, WE SHOULD RECOVER  
20 CAPITAL. WHEN YOU CONSIDER INTEREST AND THE WARRANT  
21 INCOME OVER A LOAN CYCLE, YOU SHOULD RECOVER ALL  
22 YOUR CAPITAL PLUS ABOUT A 20-PERCENT GROWTH TO THE  
23 PORTFOLIO. AND, AS DUANE SAID, THIS IS NOT YOUR  
24 NORMAL BANK LOAN. IF THE BANKS WOULD LOAN IN THIS  
25 AREA, WE WOULDN'T LOAN IN THIS AREA.



## BARRISTERS' REPORTING SERVICE

1 SO THESE ARE ALSO, UNLIKE MORTGAGEES,  
2 THESE INDIVIDUALS, UNLIKE HOME MORTGAGEES, THESE  
3 INDIVIDUALS ARE REPRESENTED BY MULTIPLE COUNSEL,  
4 HIGHLY INFORMED, COMPLETE, TOTAL DISCLOSURE BY  
5 SOPHISTICATED INDIVIDUALS. AND WE WILL HAVE HIGHLY  
6 SOPHISTICATED EXTERNAL UNDERWRITERS AND MONITORING  
7 FACILITIES THROUGH BANKS. THERE ARE A NUMBER OF  
8 BANKS WITH -- SMALL, SPECIALIZED BANKS THAT HAVE  
9 LONG-TERM HISTORIES IN THIS AREA, PERFORMANCE  
10 HISTORIES THAT WILL BE BROUGHT TO YOU THROUGH THE  
11 RFP PROCESS.

12 MR. GOLDBERG: YES. DR. LEVEY, I JUST  
13 WANTED TO SAY THAT THE ISSUE IN PARTICULAR ABOUT  
14 ACCESS TO THERAPIES WAS ONE THAT WAS VERY MUCH  
15 CONSIDERED IN CONNECTION WITH HOW WE GOT TO WHERE WE  
16 ARE NOW. AND WE FULLY AGREE WITH THAT, AND THE  
17 RECORDS OF THE COMMITTEE, THE TASK FORCE ARE RATHER  
18 EXTENSIVE ON THAT. AND THE TRANSCRIPT FROM THE  
19 AUGUST 13 MEETING ALSO EVIDENCES THAT HEAVILY AND  
20 DUANE'S REPORT TO THE ICOC.

21 CHAIRMAN KLEIN: AND I'M GOING TO ASK --  
22 THIS IS GOING TO BE A LONG MEETING IN DECEMBER  
23 BECAUSE I WANT A LOT OF INPUT FROM DUANE'S DETAILED  
24 REVIEWS. WE'VE GOT TO GET TO THE QUESTION HERE  
25 BECAUSE WE'VE GOT PEOPLE WHO HAVE TO LEAVE. DUANE,

## BARRISTERS' REPORTING SERVICE

1 DO YOU WANT TO MAKE A QUICK COMMENT BEFORE I GET  
2 PUBLIC COMMENT?

3 MR. ROTH: NO. I THINK MICHAEL'S COMMENTS  
4 AND BOB'S ARE EXACTLY THE POINT, THAT WE DO EXPECT A  
5 LARGE NUMBER OF FAILURES, AND THAT'S BUILT IN HERE,  
6 AND WE WILL NOT RECOVER THOSE MONIES MOST LIKELY.  
7 HOWEVER, THE ONES THAT DO WORK AND THE FACT THAT WE  
8 HAVE SIGNIFICANT OWNERSHIP IS WHERE THE REAL  
9 ECONOMICS COME IN. THAT'S HOW IT'S BASED. WE WERE  
10 PRETTY CAREFUL TO MAKE SURE THAT WE DID SOMETHING  
11 HERE THAT WAS NOT ONEROUS TO THE PEOPLE THAT ARE  
12 GETTING THE LOANS AND NOT HAVE TO HAVE PEOPLE  
13 MORTGAGE THEIR HOMES, WHICH YOU CAN'T DO TODAY  
14 ANYWAY, TO BE ABLE TO GUARANTEE THOSE LOANS.

15 SO WE SAID WE'LL HAVE TWO TYPES OF LOAN,  
16 ONE, A RECOURSE LOAN WHERE YOU PAY IT BACK  
17 REGARDLESS OF WHAT HAPPENS TO THE PRODUCT. IN THAT  
18 CASE YOU GIVE US MUCH LESS EQUITY OWNERSHIP -- RISK  
19 PREMIUM. WE HAVE TROUBLE WITH THAT WORD.

20 THE SECOND IS THAT A NONRECOURSE RISK  
21 PREMIUM LOAN THAT WOULD HAVE SIGNIFICANTLY MORE  
22 WARRANTS ATTACHED TO IT. SO THAT'S HOW WE ADJUSTED.

23 CHAIRMAN KLEIN: PUBLIC COMMENT? JEFF,  
24 COULD I GET PUBLIC COMMENT AND COME BACK TO YOU?

25 MR. SHEEHY: I JUST WANTED TO MAKE SURE WE

## BARRISTERS' REPORTING SERVICE

1 HAD CLARITY ON THE MOTION. I JUST WANT TO MAKE SURE  
2 BECAUSE I DON'T -- WE HAVEN'T ADOPTED THE TERMS OR  
3 THE COVENANTS, AND THAT'S PART OF THIS MOTION.

4 CHAIRMAN KLEIN: I THINK THAT'S A VERY  
5 GOOD POINT. AND SO SPECIFICALLY AS A CONCEPT, WOULD  
6 THE MAKER OF THE MOTION ACCEPT A FRIENDLY AMENDMENT  
7 TO INCLUDE THE COVENANTS AND THE TERMS?

8 MR. GOLDBERG: YES.

9 CHAIRMAN KLEIN: AND THE SECOND. THANK  
10 YOU VERY MUCH, JEFF. PUBLIC COMMENT, PLEASE.

11 MR. SIMPSON: JOHN SIMPSON WITH CONSUMER  
12 WATCHDOG. I'VE BEEN AT THE LOAN TASK FORCE  
13 COMMITTEE MEETINGS AND ALL OF THE FINANCE COMMITTEE  
14 MEETINGS. AND I THINK IN THE BROAD CONCEPT THIS IS  
15 PROBABLY A VERY REASONABLE THING. MY ONLY CONCERNS  
16 ARE THAT YOU DO NOT LET THE HOPE THAT YOU MATCH THIS  
17 WITH A PARTICULAR RFA THAT'S COMING OUT HASTEN THE  
18 PROCESS, AND YOU SCREW IT BY GOING TOO QUICKLY. I  
19 SAW SOME SIGNS THAT THAT COULD HAPPEN, ALTHOUGH I  
20 THINK YOU STEPPED BACK FROM THAT APPROPRIATELY AT  
21 THE EXTRAORDINARY SATURDAY AFTERNOON SESSION THAT A  
22 NUMBER OF US RECENTLY SPENT TOGETHER.

23 THE OTHER THING THAT I THINK STILL NEEDS  
24 TO BE CLARIFIED IS IS THIS PROGRAM PRIMARILY AIMED  
25 AT FILLING A GAP IN FUNDING THAT IS SOMETHING THAT

## BARRISTERS' REPORTING SERVICE

1 THE COMPANIES SAY THEY NEED AND WANT AND APPEALS TO  
2 THEM AND WILL DRIVE THE SCIENCE, OR IS IT PRIMARILY  
3 MOTIVATED, ON THE OTHER HAND, BY AN URGE ON THE PART  
4 OF CIRM TO RECYCLE MONEY AND HAVE MORE PROFIT GOING  
5 FORWARD TO PUT BACK INTO THINGS? AND I THINK THAT  
6 SOMETIMES THOSE TWO DRIVING THINGS GET IN THE WAY OF  
7 EACH OTHER, AND I THINK THAT IT'S POTENTIALLY THE  
8 CASE THAT YOU WILL NOT BE AS SUCCESSFUL ON THE  
9 RECYCLING AS YOU WOULD HAVE WISHED. SO I WOULD URGE  
10 YOU NOT TO RAISE SPECULATION TOO HIGH ON THAT POINT.

11 I THINK WE'RE ALL COMFORTABLE WITH THE  
12 NOTION THAT WE'RE TRYING TO FILL A GAP. THESE ARE  
13 LOANS THAT MAY NEVER GET PAID BACK. YOU GET A  
14 BETTER SHOT THAN A GRANT OF GOING DOWN A RAT HOLE;  
15 BUT IF YOU RAISE THE EXPECTATION OF KEEPING THE  
16 ORGANIZATION ALIVE FOR ANOTHER TEN YEARS BASED ON  
17 RECYCLING STUFF, I THINK YOU MAY LOSE THE  
18 FUNDAMENTAL PURPOSE OF WHAT I PERCEIVE THESE TO BE,  
19 WHICH IS FILLING -- A KIND OF FINANCING THAT APPEALS  
20 TO COMPANIES AND IS VERY IMPORTANT.

21 SO I JUST -- I'D ASK FOR CLARITY OF THAT,  
22 AND I'D ALSO ASK ALL DUE APPROPRIATE CONSIDERATION  
23 ALONG THE WAY ABOUT SPECIFICS AND THAT YOU HAVE AN  
24 RFP PROGRAM, AND THIS IS CRITICAL, THAT YOU DO NOT  
25 GET A REPRESENTATIVE OF ONE PARTICULAR BANK IN TO

**BARRISTERS' REPORTING SERVICE**

1 TELL YOU HOW TO DO THIS. YOU NEED TO GET QUICKLY TO  
2 AN RFP PROCESS AND HEAR FROM MORE THAN, OH, LET'S  
3 SAY, SILICON VALLEY BANK.

4 CHAIRMAN KLEIN: OKAY. THANK YOU VERY  
5 MUCH. WITH THAT, I'D LIKE TO CALL THE QUESTION  
6 BECAUSE WE HAVE MEMBERS WHO NEED TO LEAVE. I THINK  
7 WE'VE HAD A GOOD FOUNDATION. REMEMBER THIS IS A  
8 CONCEPT APPROVAL SO WE CAN THEN REFINE IT, HOLD  
9 FINANCE COMMITTEE HEARINGS, AND BRING IT BACK IN  
10 DECEMBER.

11 IS THERE ANY REASON, COUNSEL, I CAN'T CALL  
12 THE QUESTION?

13 MR. HARRISON: NO.

14 CHAIRMAN KLEIN: ALL IN FAVOR. OPPOSED?  
15 THANK YOU VERY MUCH.

16 THANK YOU. I THINK WE NEED A ROUND OF  
17 APPLAUSE HERE FOR DUANE, MICHAEL, LYNN HARWELL,  
18 SCOTT TOCHER, AND JAMES HARRISON, WHO IS ALWAYS A  
19 TREMENDOUS CONTRIBUTOR.

20 (APPLAUSE.)

21 CHAIRMAN KLEIN: SO I THINK THAT WE ARE  
22 GOING TO CONTINUE TO COVER SOME IMPORTANT ISSUES  
23 THAT WE DON'T NEED A QUORUM VOTE ON.

24 HOLD ON. WHAT'S THE 17 ITEM? THE  
25 QUESTION IS, LET ME ASK JUST TO BE FAIR TO

## BARRISTERS' REPORTING SERVICE

1 DR. BRENNER AND OTHERS, ITEM 17 WE'VE TALKED ABOUT  
2 SUBSTANTIALLY. WE HAVE THE DOCUMENTS. THE DOCUMENT  
3 HAS BEEN DISTRIBUTED. CAN WE QUICKLY APPROVE THIS?  
4 DOES ANYONE SEE ANY REASON FOR EXTENDED DISCUSSION?

5 MR. SHEEHY: I'LL MAKE THE MOTION. THIS  
6 IS SIMPLY TO START A PROCESS TO MAKE THE TWO  
7 DIFFERENT PIECES WORK TOGETHER. SO THIS WILL ALL BE  
8 DONE IN PUBLIC. IT WILL ALL FOLLOW THE POLICIES  
9 THAT ED HAS SPEARHEADED SO WELL IN THE IP TASK  
10 FORCE. SO THIS IS NOTHING NOVEL. THIS IS JUST AN  
11 INITIATION OF A NEW PROCESS. SO I MOVE TO APPROVE.

12 DR. PRIETO: I'LL SECOND.

13 CHAIRMAN KLEIN: SECOND FROM DR. PRIETO.  
14 PUBLIC COMMENT?

15 MR. SIMPSON: YOU SHOULD DO THIS.

16 CHAIRMAN KLEIN: CALL THE QUESTION. ALL  
17 IN FAVOR? OPPOSED? MOTION PASSES. THANK YOU.

18 WE STILL HAVE AN IMPORTANT ITEM TO COVER  
19 OF SIGNIFICANT IMPORTANCE THAT WILL BENEFIT THE  
20 DISEASE TEAMS PROGRAM AMONG MANY OTHERS. AND DR.  
21 TROUNSON, HOW WOULD YOU LIKE TO ADDRESS THE  
22 SEQUENCING? WOULD YOU LIKE TO DO THE INFORMATIONAL  
23 PRESENTATION ON THE DISEASE TEAM RFA FIRST AND THEN  
24 GO TO THE OTHER ITEM, OR WHAT SEQUENCE WOULD YOU  
25 LIKE?

## BARRISTERS' REPORTING SERVICE

1 DR. TROUNSON: NO. I'D RATHER GO TO THE  
2 OTHER ITEM, IF I WOULD, AND ASK JAMES HARRISON TO  
3 MAKE THAT PRESENTATION TO THE BOARD.

4 CHAIRMAN KLEIN: OKAY. CAN WE DO THIS --  
5 LET'S GIVE EVERYONE LIKE A THREE-MINUTE BREAK AT  
6 THIS POINT, AND THEN WE'RE GOING TO COME RIGHT BACK  
7 AND MR. HARRISON WILL HAVE THE FLOOR.

8 (A RECESS WAS TAKEN.)

9 CHAIRMAN KLEIN: ALL RIGHT. IF WE  
10 RECONVENE HERE. MAYBE STAFF COULD FIND THE OTHER  
11 BOARD MEMBERS, PLEASE. ALL RIGHT. WE'RE  
12 RECONVENING. AND, MR. HARRISON, YOU HAVE THE FLOOR.

13 MR. HARRISON: WE'D LIKE TO BRING TO YOU  
14 TODAY FOR YOUR CONSIDERATION A CONCEPT THAT WE'D  
15 LIKE TO EXPLORE FURTHER WITH YOUR BLESSING. AND IT  
16 RELATES TO SCIENCE OFFICE REVIEW OF LETTERS OF  
17 INTEREST. THIS IS A TOPIC THAT WE'VE HAD SOME  
18 DISCUSSIONS OF ON THE MARGINS AT PAST MEETINGS.

19 AS ALL OF YOU KNOW, UNDER PROPOSITION 71  
20 CIRM HAS TO RELY ON A GROUP OF NO MORE THAN 15  
21 SCIENTIFIC MEMBERS OF THE GRANTS WORKING GROUP AT  
22 ANY ONE TIME TO ENGAGE IN THE SCIENTIFIC PEER REVIEW  
23 OF APPLICATIONS. AND AS A RESULT OF THAT, THE  
24 GRANTS WORKING GROUP HAS CARRIED A VERY HEAVY  
25 BURDEN. FOR EXAMPLE, THE GRANTS WORKING GROUP

## BARRISTERS' REPORTING SERVICE

1 RECENTLY REVIEWED MORE THAN 120, NOT 100, TOOLS AND  
2 TECHNOLOGIES APPLICATIONS EARLIER THIS MONTH, WHICH  
3 REALLY REQUIRED AN EXTRAORDINARY EFFORT ON THE PART  
4 OF BOTH STAFF AND THE MEMBERS OF THE GRANTS WORKING  
5 GROUP.

6 IN AN EFFORT TO ADDRESS THE BURDEN ON THE  
7 GRANTS WORKING GROUP, STAFF HAS BROUGHT TO THE ICOC  
8 A CONCEPT APPROVAL FOR RFA'S IN WHICH WE RECOMMENDED  
9 THAT A LIMIT BE IMPOSED ON THE NUMBER OF  
10 APPLICATIONS SUBMITTED BY EACH INSTITUTION.  
11 EFFECTIVELY, AS A RESULT OF THAT, WE HAVE IMPOSED  
12 UPON THE INSTITUTIONS THEMSELVES THE FUNCTION OF  
13 GATEKEEPER. THEY FILTER THE APPLICATIONS ON CIRM'S  
14 BEHALF.

15 MEMBERS OF THE BOARD AND OF THE PUBLIC  
16 HAVE EXPRESSED CONCERNS ABOUT THESE LIMITS AND THEIR  
17 EFFECT ON CIRM'S COMMITMENT TO FUNDING THE BEST  
18 SCIENTIFIC PROPOSALS. IN LIGHT OF THESE TWO  
19 CONSIDERATIONS, BOTH THE BURDEN ON THE PEER  
20 REVIEWERS AND THE CONCERNS ABOUT THE NUMBER OF --  
21 RATHER THE LIMITS ON THE NUMBER OF APPLICATIONS HAVE  
22 LED US TO CONSIDER THE USE OF TRIAGE WITH RESPECT TO  
23 CERTAIN REQUESTS FOR APPLICATIONS. AND TRIAGE, OF  
24 COURSE, IS A PRESCREENING, IN THIS CASE, OF PROPOSED  
25 APPLICATIONS OR LETTERS OF INTEREST BY CIRM SCIENCE



## BARRISTERS' REPORTING SERVICE

1 OFFICERS AND OUTSIDE EXPERTS, AKIN TO WHAT'S DONE AT  
2 OTHER FUNDING INSTITUTIONS.

3 WE BELIEVE THAT THIS MAY BE A MECHANISM BY  
4 WHICH CIRM COULD BOTH RELIEVE THE STRAIN ON THE  
5 GRANTS WORKING GROUP WHILE SIMULTANEOUSLY ENABLING  
6 US TO LIFT THE LIMITS ON CERTAIN REQUESTS FOR  
7 APPLICATIONS. IN ADDITION, OF COURSE, IT WOULD ALSO  
8 PROVIDE A MECHANISM BY WHICH SOME POTENTIAL  
9 APPLICANTS COULD AVOID HAVING TO INVEST THE  
10 SUBSTANTIAL AMOUNT OF EFFORT IT TAKES TO PRODUCE A  
11 FULL APPLICATION IF IT'S NOT ULTIMATELY LIKELY TO BE  
12 FUNDED.

13 SO WHAT WE'D LIKE TO ASK YOU TODAY IS IF  
14 YOU BELIEVE IT'S WORTH PURSUING THE DEVELOPMENT OF A  
15 POLICY THAT WOULD PROVIDE FOR CIRM'S SCIENCE OFFICE  
16 STAFF TO ENGAGE IN THE TRIAGE OF POTENTIAL  
17 APPLICATIONS THROUGH THE SUBMISSION OF LETTERS OF  
18 INTEREST. THEN WE WOULD PROPOSE TO DEVELOP A FULL  
19 POLICY AND BRING IT BACK FOR YOUR CONSIDERATION AT  
20 THE DECEMBER MEETING. BUT RATHER THAN INVEST IN A  
21 LOT OF TIME IN THE INTRICACIES OF WORKING THAT  
22 POLICY OUT, WE WANTED TO TEST THE CONCEPT WITH YOU  
23 FIRST TO MAKE SURE THAT THIS WAS SOMETHING THAT THE  
24 BOARD WAS INTERESTED IN PURSUING.

25 I'D BE HAPPY TO ANSWER ANY QUESTIONS.

## BARRISTERS' REPORTING SERVICE

1 DR. STEWARD: MAYBE I MISSED IT, BUT I'M  
2 NOT SURE I UNDERSTAND ON WHAT BASIS THE TRIAGE  
3 DECISIONS WOULD BE MADE.

4 MR. HARRISON: SURE. WHAT WE'D PROPOSE TO  
5 DO, AND AGAIN THIS WOULD BE PART OF THE POLICY, BUT  
6 WHAT WE WOULD ANTICIPATE IS THAT WHEN AN RFA IS  
7 BROUGHT TO THE BOARD FOR CONCEPT APPROVAL, THE  
8 CONCEPT APPROVAL WOULD INCLUDE THE CRITERIA BY WHICH  
9 CIRM SCIENCE STAFF WOULD PROPOSE TO REVIEW THE  
10 LETTERS OF INTEREST AND MAKE DECISIONS ABOUT WHICH  
11 APPLICANTS TO INVITE TO SUBMIT A FULL APPLICATION.  
12 IN OTHER WORDS, IT WOULD BE ON A RFA-BY-RFA BASIS,  
13 AND THERE WOULD BE CRITERIA THAT WOULD BE BROUGHT TO  
14 THIS BOARD FOR ITS APPROVAL AS PART OF THE CONCEPT  
15 PLAN FOR THE RFA.

16 DR. PENHOET: PERHAPS ALAN TROUNSON CAN  
17 ELABORATE A LITTLE BIT.

18 DR. TROUNSON: THANKS, DEPUTY CHAIR. I'VE  
19 ACTUALLY BEEN TALKING TO A NUMBER OF THE KEY PEOPLE  
20 IN THE RESEARCH INSTITUTIONS AND COMPANIES WHO  
21 BELIEVE THAT AN RFA LIKE THE DISEASE TEAMS IS ONE  
22 THAT SHOULD BE UNLIMITED. THAT IS, WE SHOULD BE  
23 ABLE TO SELECT FROM THE ABSOLUTELY BEST PRISTINE  
24 PROGRAMS AVAILABLE FOR US TO IDENTIFY THE -- IT WILL  
25 ONLY BE, I IMAGINE, THE TOP SIX TO TEN PROPOSALS TO

## BARRISTERS' REPORTING SERVICE

1 GO FORWARD.

2 SO IN THIS PARTICULAR INSTANCE, WE WANTED  
3 TO UNLIMIT THE INSTITUTIONS; THAT IS, HELP THE  
4 INSTITUTIONS AND THE COMPANIES BY UNLIMITING WHAT  
5 THEY CAN DO ON THIS OCCASION. BUT BECAUSE THEY'RE  
6 VERY LARGE GRANTS AND THERE MAY BE A VERY MAJOR  
7 RESPONSE, SOMETHING I WOULD ANTICIPATE UP AROUND A  
8 HUNDRED APPLICATIONS, THERE WOULD BE NO WAY A REVIEW  
9 TEAM COULD POSSIBLY COPE WITH LOOKING AT THAT.

10 AND SECONDLY, YOU KNOW, THE TIME PUT INTO  
11 THAT BY THE TEAMS TO DEVELOP IT, WHICH IS VERY  
12 SUBSTANTIAL, IN MANY CASES, OF COURSE, IS NOT GOING  
13 TO BE PROFITABLE FOR THEM.

14 SO WHAT WE WANTED TO DO WAS TO, INSTEAD OF  
15 THE INSTITUTIONS AND COMPANIES BEING THE GATEKEEPERS  
16 ON THIS UP AND COMING RFA ON DISEASES TEAMS, THAT WE  
17 UNLIMIT IT. THEREFORE, WE STILL HAVE SOMETHING HAS  
18 TO HAPPEN TO TRIAGE IT DOWN TO A MANAGEABLE NUMBER.  
19 A MANAGEABLE NUMBER MIGHT BE, SAY, 40 FOR WHICH YOU  
20 ARE GOING TO SELECT SIX OR EIGHT, IF THEY EXIST TEN,  
21 AND IF THE ICOC IS FAVORABLE TO ISSUING THAT MUCH  
22 FUNDING. BUT WHAT WE WOULD DO, YOU SEE, WE HAVE  
23 APPOINTED WITH YOUR SUPPORT MARIE CSETE, WHO IS  
24 REALLY EXPERIENCED IN THIS END OF THE PROGRAM. WE  
25 HAVE PAT OLSON WHO HAS COME FROM INDUSTRY. SHE

## BARRISTERS' REPORTING SERVICE

1 KNOWS WHAT'S REQUIRED. WE HAVE OTHER MEMBERS IN THE  
2 SCIENTIFIC TEAM WHO I HAVE GREAT RESPECT FOR, AND I  
3 WOULD HAVE NO HESITATION IN THEM REVIEWING A MAJOR  
4 PAPER FOR A SENIOR JOURNAL, FOR EXAMPLE.

5 BUT WHAT WE'LL NEED IN ADDITION TO THOSE  
6 SCIENTIFIC OFFICERS IS TO HAVE SOME SPECIALISTS JUST  
7 TO HELP US BECAUSE WE PROBABLY DON'T GO THAT FAR.  
8 SO A LETTER OF INTENT, OSSIE, WOULD BE ESSENTIALLY A  
9 FIVE-PAGE PROPOSAL FOR WHICH WE WOULD TRIAGE. AND  
10 THAT GENERALLY TRIAGE SAY THESE ARE GREAT GRANTS,  
11 THEY SHOULD BE GO FORWARD. THEN THERE'S A GROUP OF  
12 THEM WHO WE'RE NOT SAYING NO TO, BUT PERHAPS YOU  
13 SHOULD COME THE NEXT TIME. THIS PARTICULAR RFA, WE  
14 HOPE YOU WILL AGREE, WILL BE A REVOLVING ONE BECAUSE  
15 IF THERE ARE GENUINE PROPOSALS TO GET IN THE CLINIC,  
16 THEY SHOULD BE A REVOLVING OPPORTUNITY. HOW SOON WE  
17 DO THAT, I THINK, WILL DEPEND ON THE QUALITY OF THE  
18 GRANTS.

19 SO WHAT I'M ASKING THROUGH JAMES, BECAUSE  
20 I THOUGHT WE NEEDED A VERY HIGH LOOK AT THIS  
21 POSITION BECAUSE I HAD PROMISED SENIOR MEMBERS OF  
22 THE ACADEMIC INSTITUTIONS AND COMPANIES THAT WE  
23 WOULD LOOK INTO UNLIMITING THEIR APPLICATIONS, WE DO  
24 NEED A WAY OF TRIAGING IN ORDER TO BE ABLE TO  
25 UNDERTAKE THE REVIEW.

## BARRISTERS' REPORTING SERVICE

1 CHAIRMAN KLEIN: DR. PENHOET.

2 DR. PENHOET: JUST A QUESTION ABOUT YOUR  
3 TRIAGE. I PRESUME THAT YOU WOULD SEND ALL OF THE  
4 ONES THAT SURVIVE YOUR PROCESS TO THE GRANTS WORKING  
5 GROUP WITHOUT BIAS. YOUR OPINION WOULDN'T BE --

6 DR. TROUNSON: THAT'S EXACTLY RIGHT. NO.  
7 IT WOULD BE TOTALLY UNOPINIONATED. THOSE THAT WE  
8 WOULD POSSIBLY SEND, THE ONES THAT WE TRIAGE OUT  
9 MAYBE BACK TO THE APPLICANTS, NO, WITH A LETTER  
10 SAYING PERHAPS WITH SOME MORE TIME YOU WOULD HAVE A  
11 MUCH MORE COMPETITIVE APPLICATION. PERHAPS YOU  
12 OUGHT TO THINK THAT, SOME WAY OF PUTTING IT  
13 APPROPRIATELY TO THEM, NOT TO DISCOURAGE THEM, BUT  
14 TO ENCOURAGE THEM TO GET UP THERE WITH THE CAPACITY  
15 TO DELIVER.

16 DR. BLOOM: DO I UNDERSTAND FROM YOUR LAST  
17 COMMENT, ALAN, THAT IT WOULD BE A TWO-STAGE REVIEW  
18 THEN? YOU WOULD FIRST EVALUATE IT WITH YOUR  
19 INTERNAL SCIENTIFIC STAFF, AND THEN YOU WOULD HAVE  
20 THE LETTERS OF INTENT LOOKED AT BY THE REVIEW  
21 COMMITTEE?

22 DR. TROUNSON: NO. ALL OF THOSE THAT WE  
23 AGREED TO, WE WOULD ASK THEM TO GET ON WITH THE FULL  
24 APPLICATION. SO IF YOU HAVE 40 OR 50 WHAT WE WOULD  
25 HAVE THOUGHT WERE VERY COMPETITIVE BY THE LOOK OF

## BARRISTERS' REPORTING SERVICE

1 WHAT WE SEE, THEY OUGHT TO GET ON WITH THE GRANT  
2 APPLICATION.

3 THE ISSUE IS THAT, YOU KNOW, IF YOU THINK  
4 SOMEBODY COULD FIND SOMETHING AMONGST THE ONES THAT  
5 YOU WEREN'T FUNDING, THE PROBABILITY OF THEIR EVER  
6 GETTING IN THE TOP TEN, I THINK, IS EXTREMELY SMALL,  
7 TO BE HONEST. WE HAVE A VERY GOOD IDEA WHAT'S THE  
8 TOP END AND, OF COURSE, THE BOTTOM END. BUT SINCE  
9 IT'S GOING TO BE A REVOLVING ONE, IT GIVES THEM  
10 ANOTHER CHANCE TO SORT OF IMPROVE UPON THEIR  
11 APPLICATION AND ANOTHER CHANCE TO COME IN LATER.

12 DR. BLOOM: THANKS FOR THE CLARIFICATION.  
13 BUT IT WOULD SEEM TO ME IT WOULD BE BETTER FOR OUR  
14 ORGANIZATION IF YOU INVOLVE SOME OUTSIDE SCIENTISTS  
15 ALONG WITH YOUR INTERNAL STAFF TO DO THAT FIRST  
16 LEVEL OF REVIEW.

17 DR. TROUNSON: EXACTLY. WE WOULD SEEK  
18 SPECIALISTS WHO WOULD BE ABLE TO COVER THE BROAD  
19 DEPTH OF WHAT WE NEED. WHAT WE WOULDN'T DO IS  
20 APPOINT THE GRANTS WORKING GROUP PEOPLE. IT WOULD  
21 LEAVE THEM FREE TO GET ON WITH THE REALLY MAJOR  
22 TASK. SO THIS WOULD BE A GENUINE TRIAGE AND NOT A  
23 FULL EXAMINATION.

24 DR. BLOOM: WHILE I THINK TRIAGE IS  
25 PROBABLY THE RIGHT VERB TO USE, I WOULD URGE YOU TO

## BARRISTERS' REPORTING SERVICE

1 GET ANOTHER ONE BECAUSE IN THE REGULAR REVIEWS  
2 TODAY, TRIAGE HAS COME TO MEAN TAKE THIS GRANT AWAY  
3 AND DO NOT EVER COME BACK WITH ANOTHER.

4 DR. TROUNSON: THAT'S DEFINITELY NOT WHAT  
5 WE MEAN. SO PLEASE UNDERSTAND IT'S NOT IN ANY WAY A  
6 DENIAL OF COMING FORWARD. IT'S MEANT TO BE HELPFUL  
7 TO ENCOURAGE THOSE THAT HAVE GOT GRANTS TO IMPROVE  
8 UPON THEM. AND I WOULD ENCOURAGE OUR STAFF TO HELP  
9 THEM WITH WHATEVER WE THOUGHT WAS USEFUL OR  
10 RECOMMEND THAT THEY MIGHT SORT OF SEEK ANOTHER GROUP  
11 TO REALLY, PERHAPS IF THEY DON'T HAVE A BIOTECH  
12 COMPANY THAT WAS MAYBE THOUGHT TO BE IMPORTANT --

13 DR. BLOOM: JUST IN THE R01 PROGRAM  
14 REVIEWS TODAY, WHEN A GRANT GETS TRIAGED, THAT MEANS  
15 THE STUDY SECTION DOESN'T EVEN VOTE ON IT, AND YOU  
16 CAN'T AMEND IT TO COME BACK.

17 DR. TROUNSON: WE BELIEVE THAT THIS IS  
18 DIFFERENT. WE DON'T WANT TO SAY NO. WE WANT TO  
19 ENCOURAGE EVERYONE IN CALIFORNIA TO KEEP COMING  
20 FORWARD. YOU KNOW, IT'S GOING TO BE A LIFTING GAME  
21 BECAUSE, AS YOU KNOW, NOT EVERYBODY WILL BE ABLE TO  
22 BE SUCCESSFUL, SO WE NEED TO GO AS BEST WE CAN WITH  
23 GIVING PEOPLE AS MUCH ASSISTANCE TO MAKE THE END  
24 GAME.

25 CHAIRMAN KLEIN: I THINK REALIZING WE WORK

## BARRISTERS' REPORTING SERVICE

1 IN A BIGGER CONTEXT, WE CAN CERTAINLY COME UP WITH A  
2 DIFFERENT TERM THAT COMMUNICATES THE OBJECTIVE  
3 WITHOUT CREATING A SENSE OF PREJUDICE.

4 MR. HARRISON.

5 MR. HARRISON: JUST TO BE CLEAR, TO MAKE  
6 SURE WE'RE ALL ON THE SAME PAGE, WHAT WE'RE TALKING  
7 ABOUT IS THAT THROUGH THIS PROCESS, CERTAIN  
8 POTENTIAL APPLICANTS WOULD BE DEFERRED. THAT IS,  
9 THEY WOULD NOT BE INVITED TO SUBMIT AN APPLICATION  
10 IN RESPONSE TO THAT PARTICULAR RFA WITHOUT PREJUDICE  
11 TO THEIR ABILITY TO APPLY WHEN THE RFA IS REISSUED  
12 IN THE FUTURE.

13 DR. LEVIN: WHAT THIS IS OBVIOUSLY IS A  
14 PREPROPOSAL, WHICH IS SOMETHING THAT THE NATIONAL  
15 SCIENCE FOUNDATION USES FOR THE MAJORITY OF THEIR  
16 MAJOR CALLS IS A REVIEWED PREPROPOSAL AND THEN  
17 INVITATION TO SUBMIT A FULL PROPOSAL. SO MAYBE WE  
18 COULD JUST CALL IT THAT.

19 I THINK I ALSO NEED TO PUT IN MAYBE A  
20 CAUTIONARY NOTE, THAT WE BE VERY CAREFUL ABOUT HOW  
21 MUCH CHANGE WE MAKE IN THE PROCESS THAT HAS ALREADY  
22 BEEN BEGUN AND PUT FORTH. THIS IS SOMETHING THAT A  
23 LOT OF PEOPLE MAYBE HAVE A LITTLE BIT OF CONCERN  
24 OVER THE CIRM GRANT PROCESS, THAT SOMETHING GETS PUT  
25 FORTH AND IT GETS CHANGED MIDSTREAM.



## BARRISTERS' REPORTING SERVICE

1           NOW, I REALIZE THE DISEASE TEAM RFA HAS  
2 NOT BEEN ISSUED YET; HOWEVER, THE EARLY  
3 TRANSLATIONAL RFA HAS. AND THAT PEOPLE WERE  
4 INSTRUCTED THAT THEY COULD ONLY RESPOND TO ONE OR  
5 THE OTHER AND HAVE A CERTAIN LEVEL OF EXPECTATION  
6 ABOUT WHAT THE DISEASE TEAM GRANTS ARE GOING TO BE  
7 LIKE. SO WE DON'T WANT TO CHANGE IT TOO MUCH  
8 BECAUSE PEOPLE WHO ARE IN THE PROCESS OF PREPARING  
9 EARLY TRANSLATIONAL GRANTS HAVE TO BASICALLY MAKE  
10 PREDICTIONS AS TO WHETHER OR NOT THEY SHOULD GO FOR  
11 TRANSLATIONAL OR FOR DISEASE TEAM, AND SO THEY HAVE  
12 AN EXPECTATION OF WHAT THE DISEASES TEAM GRANTS ARE.

13           DR. TROUNSON: SO WE'RE REALLY JUST  
14 CHANGING THE GATEWAY FROM INSTITUTIONS REALLY ON  
15 THEIR ENCOURAGEMENT TO ENABLE SOME ABSOLUTE  
16 BRILLIANCE TO COME FORWARD. SO WE'RE NOT -- IT'S  
17 JUST AN ALTERATION OF THE DRAFTING GATE, IF YOU  
18 LIKE, IN THIS PARTICULAR INSTANCE. YOU KNOW, I HOPE  
19 EVERYONE WOULD FEEL THIS WAS, IN THIS PARTICULAR  
20 INSTANCE, BECAUSE THERE'S RATHER FEW GRANTS, PERHAPS  
21 A LOT OF INTEREST, THIS IS A WAY WHICH WE CAN  
22 ACCOMMODATE BROADLY THE WAY OF IDENTIFYING THE VERY  
23 BEST PROPOSALS THAT ARE AVAILABLE IN CALIFORNIA.

24           DR. LEVIN: I DO THINK THE PREPROPOSAL  
25 PROCESS IS A GOOD ONE. LIKE JAMES SAYS, IT COULD

## BARRISTERS' REPORTING SERVICE

1 REDUCE A LOT OF THE BURDEN ON THE PEOPLE WHO WON'T  
2 BE GOING FORWARD, BUT I DID WANT TO PUT THAT FORTH  
3 THAT KEEP IN MIND THAT THIS IS SOMETHING THAT CIRM  
4 HAS DONE A NUMBER OF TIMES IN THE PAST, PUT AN RFA  
5 OUT AND THEN CHANGE THE RULES ALONG THE WAY.

6 DR. TROUNSON: JUST ONE MORE THING FOR  
7 YOU. I WOULD NOT BE INVOLVED IN THIS, NOR WOULD  
8 JOHN ROBSON. SO, YOU KNOW, THERE IS STILL WITHIN  
9 THE ORGANIZATION THE ABILITY FOR A STAND-ASIDE  
10 CAPACITY IN THAT PROCESS. WE WOULD ASK MARIE CSETE  
11 AND HER TEAM TO REALLY GET FULLY INVOLVED IN THIS  
12 WITH OUR ENCOURAGEMENT. I AND JOHN WOULDN'T BE  
13 PROPOSING TO BE INVOLVED.

14 CHAIRMAN KLEIN: SO LET ME ASK A QUESTION  
15 THAT FOLLOWS UP THERE. AS A PI, AS MY  
16 UNDERSTANDING, YOU CAN'T APPLY FOR BOTH; BUT IF  
17 YOU'RE PART OF A TRANSLATIONAL TEAM, YOU CAN APPLY.

18 NOW, THE SECOND LEVEL TO THAT QUESTION IS  
19 IN THE DISEASE TEAMS, IT'S SUGGESTED THAT THERE BE  
20 CO-PI'S PERMITTED; IS THAT CORRECT?

21 DR. TROUNSON: YES.

22 DR. CSETE: IT WILL BE AVAILABLE.

23 CHAIRMAN KLEIN: IT WILL BE AVAILABLE. SO  
24 IS SOMEONE ALLOWED TO BE A CO-PI IN THE DISEASE  
25 TEAM AND HAVE APPLIED IN TRANSLATION?

## BARRISTERS' REPORTING SERVICE

1 DR. TROUNSON: YES, THAT'S RIGHT. THEY  
2 COULD BE A CO-PI.

3 CHAIRMAN KLEIN: OKAY. ALL RIGHT. SO  
4 THAT'S VERY HELPFUL. AND I THINK THAT IT WOULD BE  
5 GOOD TO GET THAT INFORMATION MORE WIDELY DISTRIBUTED  
6 BECAUSE IT APPEARS THAT THERE'S NOT THAT LEVEL OF  
7 REFINEMENT OF INFORMATION; IS THAT CORRECT?

8 DR. LEVIN: WELL, IT HASN'T BEEN FORMALLY  
9 DECIDED YET, RIGHT?

10 CHAIRMAN KLEIN: IT HASN'T, BUT IT WOULD  
11 BE HELPFUL, I WOULD THINK, TO GET PEOPLE THINKING.  
12 IF THE SCIENCE TEAM HAS REFINED THEIR CONCEPTS HERE  
13 SO THAT PEOPLE UNDERSTAND THE CONSTRAINTS IF THEY  
14 APPLY FOR TRANSLATIONAL OR DON'T.

15 DR. TROUNSON: MARIE WAS JUST SAYING THAT  
16 WE'RE PUTTING OUT AN E-MAIL WITH RESPECT TO THAT,  
17 BUT WE ARE ALSO TALKING TO MANY OF THE INSTITUTIONAL  
18 HEADS AND COMPANY REPRESENTATIVES, GIVING THEM AS  
19 MUCH ADVICE AS THEY WISH IN RESPECT TO THIS. SO THE  
20 CLARITY, I GUESS, FINALLY HAS TO APPEAR ON OUR  
21 WEBSITE, SO THAT WILL HAPPEN AS WELL.

22 CHAIRMAN KLEIN: SO GIVEN THAT WE'RE  
23 HEADED INTO THESE VERY EXTRAORDINARY AND IN-DEPTH  
24 APPLICATIONS, I THINK IT'S AN APPROPRIATE TIME TO  
25 REALLY THANK THE SCIENTIFIC TEAM FOR THEIR

## BARRISTERS' REPORTING SERVICE

1 TREMENDOUS COMMITMENT AND DAILY HEROICS IN MOVING  
2 THIS PROGRAM FORWARD. SO I THINK WE SHOULD ALL GIVE  
3 THEM ALL A HAND.

4 (APPLAUSE.)

5 CHAIRMAN KLEIN: DUANE, YOU HAD A COMMENT?

6 MR. ROTH: YES. SO I WAS ACTUALLY  
7 SEARCHING FOR PRECEDENT HERE, AND YOU SEEM TO  
8 BELIEVE THAT THERE IS SOME PRECEDENT WHERE THIS IS  
9 DONE. AND I WOULD ASK HOW THAT SCREENING TAKES  
10 PLACE AND WHO DOES IT AT NIH, IF YOU KNOW?

11 DR. LEVIN: THE NATIONAL SCIENCE  
12 FOUNDATION IS USUALLY WHO DOES THIS. AND IT'S A --  
13 THEY PICK PEER REVIEWERS SIMILAR TO THE PROCESS  
14 WHERE THEY REVIEW THE GRANT ITSELF. SO THE NSF  
15 PROGRAM MANAGER HAS SOME AUTHORITY, BUT THERE'S ALSO  
16 PEER REVIEWERS SELECTED FROM ACROSS THE COUNTRY.

17 CHAIRMAN KLEIN: AND DR. HAWGOOD.

18 DR. HAWGOOD: IT'S ACTUALLY A VERY  
19 FREQUENTLY FOLLOWED PATHWAY FOR MANY GRANTING  
20 AGENCIES AND FOUNDATIONS, AND IT'S ALMOST ALWAYS  
21 WHAT WAS JUST DESCRIBED.

22 MR. ROTH: PEER REVIEW.

23 DR. HAWGOOD: PEER REVIEW WITH SOME STAFF  
24 OVERSIGHT, BUT, YES, PEER REVIEW. AND THE  
25 SCIENTIFIC COMMUNITY IS, I THINK, VERY USED TO IT

## BARRISTERS' REPORTING SERVICE

1 AND COMFORTABLE WITH IT. I DON'T THINK THEY'LL BE  
2 SURPRISED.

3 MR. ROTH: I THINK IF WE'RE GOING TO GO  
4 THIS WAY, THE PROCESS IS REALLY IMPORTANT. AND I  
5 WOULD NOT LIKE TO BE WRITING ONE ON THE FLY. IF  
6 THERE'S ONE THAT'S THERE, EXISTS, AND WORKS, I WOULD  
7 BE INCLINED TO FAVOR THAT. NOT THAT I DON'T BELIEVE  
8 STAFF CAN DO A GOOD JOB OF EVALUATING THESE, BUT I  
9 THINK IT ONLY INVITES CRITICISM TO THE STAFF IF THE  
10 OUTCOMES AREN'T WHAT THEY WANT. I THINK IT WOULD  
11 POTENTIALLY BE MUCH MORE TRANSPARENT TO HAVE THIS  
12 GROUP OUTSIDE THE STATE WHO ARE UNBIASED OR AS  
13 UNBIASED AS WE CAN GET DO THAT.

14 DR. HAWGOOD: THE TRUTH OF IT IS WE'RE  
15 ALREADY DOING IT NOW BY LIMITING THE NUMBER OF  
16 APPLICATIONS THAT CAN COME FROM INDIVIDUAL  
17 INSTITUTIONS. FOR INSTANCE, AT OUR PLACE, WE HAVE  
18 OUR OWN INTERNAL PEER REVIEW PROCESS IN ORDER TO  
19 IDENTIFY THOSE PEOPLE WHO ARE GOING TO BE ALLOWED TO  
20 COME FORWARD TO CIRM. SO IT'S JUST ANOTHER LAYER OF  
21 THAT PHENOMENA.

22 DR. CSETE: SO I JUST WANT TO ASSURE YOU,  
23 THAT LIKE GOOD SCIENTISTS, WE'VE GONE OUT AND  
24 COLLECTED THE PRIMARY DATA OF THE DETAILS OF THE  
25 PLACES WHO DO THESE KINDS OF PROGRAMS. IT INCLUDES

## BARRISTERS' REPORTING SERVICE

1 MANY FOUNDATIONS, MANY BRANCHES OF DOD. IT'S  
2 SURPRISINGLY WIDESPREAD, AND WE'RE GOING TO LOOK FOR  
3 THE OPTIMUM DETAILS FROM EACH OF THE PROGRAMS THAT  
4 WORK BEST FOR US.

5 CHAIRMAN KLEIN: THANK YOU. ADDITIONAL  
6 BOARD COMMENT?

7 DR. STEWARD: I GUESS I HAVE TO SAY THAT  
8 I'M JUST A LITTLE BIT UNCOMFORTABLE ABOUT IT AS A  
9 GENERAL CONCEPT. AND MY QUESTION IS WILL YOU BE  
10 COMING TO US AT THE NEXT MEETING WITH A SPECIFIC  
11 PROPOSAL THAT IS LIMITED TO THE DISEASE TEAMS OR A  
12 GENERAL PROPOSAL THAT GOES FORWARD FOR ALL FUTURE  
13 RFP'S?

14 DR. TROUNSON: WE'LL BRING ONE IN THIS  
15 CASE SPECIFICALLY ASSOCIATED WITH THE DISEASE TEAMS.  
16 I THINK THERE MIGHT BE, IF IT WORKS WELL, WE MAY  
17 WANT TO APPLY IT LATER ON TO OTHERS WHERE WE GET  
18 SUCH A PROFOUND NUMBER OF APPLICATIONS THAT CAN COME  
19 FROM SOME ONE PLACE. BUT IN THIS PARTICULAR CASE,  
20 WE THOUGHT IT WAS APPROPRIATE TO TEST IT OUT IN THIS  
21 CASE, SEE HOW WELL IT WORKS. IF YOU'RE COMFORTABLE,  
22 WE'RE COMFORTABLE, THE COMMUNITY IS COMFORTABLE, YOU  
23 KNOW, IT MIGHT TAKE SOME OF THE STRESS AND STRAINS  
24 OUT OF THE INSTITUTIONS BECAUSE MANY OF THEM HAVE  
25 PEOPLE FROM INSTITUTIONS SAYING THEY CAN'T GET

## BARRISTERS' REPORTING SERVICE

1 THROUGH, YOU KNOW, THE GATEWAY INSIDE THE  
2 INSTITUTION.

3 SO I SAY, WELL, YOU NEED TO GO AND TALK TO  
4 THE INSTITUTIONS. SO, YOU KNOW, WE WILL GET SOME  
5 COMPLAINTS, BUT I MEAN THESE ARE EXTRAORDINARY  
6 PEOPLE. AND IF WE GET AN APPROPRIATE TEAM OF  
7 SPECIALISTS TO HELP, I THINK WE CAN PROBABLY FEEL  
8 COMFORTABLE IN THEIR COMPETENCE IN DOING THIS.

9 CHAIRMAN KLEIN: ALL RIGHT. SO DO I  
10 UNDERSTAND THAT IT'S THE SENSE OF THIS BOARD THAT  
11 THIS IS FUNDAMENTALLY A PROCESS THAT HAS PRECEDENT,  
12 AND WE SHOULD MOVE AHEAD ON THIS PATHWAY  
13 UNDERSTANDING WE'RE GOING TO HAVE DOCUMENTATION  
14 COMING BACK TO US ON THE MODELS AND THE BEST  
15 PRACTICES, AS DR. CSETE SAYS, THAT ARE DRAWN FROM  
16 THOSE MODELS SO THAT WE CAN, IN FACT, PROVIDE MORE  
17 OPPORTUNITY FOR EACH INSTITUTION TO PUT THE FULL  
18 RANGE OF BRILLIANCE AND POTENTIAL THAT THEY MAY HAVE  
19 FOR THIS RFA AS A TEST OF WHAT WE MIGHT DO IN THE  
20 FUTURE? ANYONE LIKE TO TAKE EXCEPTION TO THAT OR  
21 MODIFY IT? SEEING NONE, I THINK THAT'S THE SENSE OF  
22 THE COMMITTEE.

23 I WOULD ALSO LIKE TO SAY THAT COMING INTO  
24 ANY MEETING, THERE'S A TREMENDOUS AMOUNT OF  
25 LOGISTICS AND CHALLENGES. AND JENNA PRYNE, WHO SETS

## BARRISTERS' REPORTING SERVICE

1 UP ALL THESE LOGISTICS, DOES A FABULOUS JOB.  
2 MELISSA DOES A FABULOUS JOB, AND ALL OF THE STAFF  
3 THAT WORK WITH THEM DO A FABULOUS JOB. BECAUSE  
4 WE'RE UNDER TIME PRESSURE, WE LACK DEPTH AND STAFF,  
5 WE HAVE LAST-MINUTE ADDITIONAL IDEAS THAT  
6 QUALITATIVELY IMPROVE THE RESULT, BUT PUT STRESS ON  
7 THE WHOLE PROCESS. I'D LIKE TO GIVE A HAND OF  
8 APPLAUSE TO MELISSA AND JENNA.

9 (APPLAUSE.)

10 CHAIRMAN KLEIN: AND FOR ANY GREAT  
11 FUNCTIONING AGENCY, THERE'S A STAFF LEVEL THAT IS  
12 OUTSIDE THE SCIENCE TEAM PER SE, BUT HAS A NUMBER OF  
13 REMARKABLE PEOPLE, THE COMMUNICATIONS STAFF, THE  
14 STANDARDS STAFF, PAT BECKER, WHO DOES MIRACLES FOR  
15 DR. TROUNSON, AND NANCY KOCH, WHO HAS MADE  
16 TREMENDOUS CONTRIBUTIONS EVEN TODAY THROUGH THE MOU  
17 WITH THE MEDICAL RESEARCH COUNCIL. ALL OF THESE  
18 PEOPLE MAKE THE INCREDIBLE PROGRESS THAT WE'VE HAD  
19 POSSIBLE, INCLUDING THE DRAFTEE OF GREAT TALENT FROM  
20 THE ATTORNEY GENERAL'S OFFICE, IAN, WHO IS NEXT TO  
21 MIKE YAFFE. SO LET'S GIVE EVERYONE A GREAT ROUND OF  
22 APPLAUSE.

23 (APPLAUSE.)

24 CHAIRMAN KLEIN: WITH THAT, I'D LIKE THE  
25 ADVICE OF STAFF. HAVE WE ANY ADDITIONAL ITEMS WE



**BARRISTERS' REPORTING SERVICE**

1 NEED TO ACT ON TODAY?

2 DR. TROUNSON: JUST IF YOU COULD INDULGE  
3 US, BETTINA WILL GIVE YOU JUST AN INTRODUCTION TO  
4 THE OVERALL DISEASE TEAM THINKING.

5 CHAIRMAN KLEIN: ABSOLUTELY. AND THEN  
6 WE'RE GOING TO FOLLOW WITH THE GENERAL PUBLIC  
7 COMMENT.

8 SO THERE'S GOING TO BE AN ANNOUNCEMENT  
9 BEFORE EVERYONE LEAVES HOPEFULLY TO IMPROVE YOUR  
10 LIFE. AND BETTINA MAY BE THE HIGHLIGHT OF THE DAY  
11 BECAUSE SHE'S GOING TO GIVE US A SUMMARY OF THE  
12 DISEASE TEAMS, WHICH HAS BEEN A HUGE GOAL FOR THIS  
13 AGENCY, AND THE ODYSSEY THAT WE HAVE ENDEAVORED WITH  
14 A CHALLENGE AT EVERY SHOAL ALONG THE WAY.

15 DR. STEFFEN: THANK YOU, MR. CHAIRMAN.  
16 I'D LIKE TO PRESENT A DISCUSSION OF THE DISEASE TEAM  
17 RESEARCH AWARD TODAY. AS YOU HEARD FROM THE  
18 PREVIOUS DISCUSSION, I THINK YOU REALIZE THAT THIS  
19 INITIATIVE WILL BE VERY DIFFERENT IN MANY  
20 PROGRAMMATIC ASPECTS FROM THE PREVIOUS RESEARCH  
21 AWARDS. WHILE THIS PROGRAM IS STILL UNDER  
22 DEVELOPMENT, I THINK IT'S WORTH PRESENTING THE KEY  
23 CONCEPTS TO YOU.

24 THE PRESENTATION TODAY IS NOT A REQUEST  
25 FOR CONCEPT CLEARANCE, AND WE ANTICIPATE PRESENTING

## BARRISTERS' REPORTING SERVICE

1 THAT FORMAL REQUEST FOR YOU AT THE DECEMBER ICOC  
2 MEETING.

3 THIS DIAGRAM YOU'VE SEEN BEFORE. IT  
4 REPRESENTS AN OUTLINE OF THE SCIENTIFIC PROGRAMS  
5 THAT MAKE UP CIRM'S TRANSLATIONAL RESEARCH PROGRAM,  
6 ALL WHICH ARE FOCUSED ON BRINGING STEM-CELL BASED  
7 THERAPIES TO THE CLINIC. THE ARROWS AT THE TOP  
8 ILLUSTRATE A PATH THAT A TYPICAL THERAPY WOULD TAKE  
9 FROM DISCOVERY TOWARD CLINICAL TESTING, AND THE  
10 SCOPE OF THE TRANSLATIONAL PROGRAMS ARE REPRESENTED  
11 BY THE COLORED BARS BELOW.

12 ONE OF THESE IS THE DISEASE TEAM  
13 INITIATIVE, WHICH IS THE FOCUS OF THE DISCUSSION  
14 TODAY. THE DISEASE TEAM INITIATIVE BEGINS AT LATE  
15 DISCOVERY BETWEEN THE GREEN AND BLUE AREAS ON THE  
16 DEVELOPMENT PIPELINE AND ENDS IN A SUBMISSION OF AN  
17 APPROVABLE INVESTIGATIONAL NEW DRUG APPLICATION OR  
18 IND.

19 THE DISEASE TEAM RESEARCH AWARDS  
20 COMPLEMENT THE EARLY TRANSLATIONAL PROGRAM, WHICH IS  
21 ALREADY IN PROGRESS, AND THE DISTINCTION BETWEEN  
22 THESE TWO PROGRAMS -- THE DISTINCTION BETWEEN THE  
23 EARLY TRANSLATIONAL AND THE DISEASE TEAM PROGRAMS IS  
24 THAT THE EARLY TRANSLATIONAL IS DESIGNED TO  
25 ACCOMMODATE PROJECTS FOR WHICH THE SCIENCE IS AT AN

## BARRISTERS' REPORTING SERVICE

1 EARLIER STAGE OF READINESS FOR THE CLINIC, AND THE  
2 DISEASE TEAM AWARDS ARE FOCUSED ON THOSE PROJECTS  
3 WITH GREATER SCIENTIFIC MATURITY. CIRM WILL  
4 CONTINUE TO FUND PROGRAMS THAT SUPPORT THERAPY  
5 DEVELOPMENT AS WE MOVE FORWARD.

6 THERE ARE FOUR COMPELLING REASONS TO  
7 LAUNCH THE DISEASE TEAM INITIATIVE. FIRST, THE  
8 PROGRAM WILL HELP THE INSTITUTE ACHIEVE ITS GOAL OF  
9 DEVELOPING STEM-CELL BASED THERAPIES BY MOVING  
10 CANDIDATES TOWARD THE CLINIC.

11 SECOND, TRANSLATING DISCOVERIES INTO  
12 CLINICALLY VIABLE THERAPIES IS A DIFFICULT ENDEAVOR,  
13 AND THIS INITIATIVE WILL EXPLORE NEW METHODS OF  
14 ORGANIZING AND INTEGRATING MULTIDISCIPLINARY TEAMS.

15 THIRD, THE PROGRAM WILL ALLOW THE USE OF  
16 INNOVATIVE MODELS, SUCH AS USING ACTIVE PROJECT  
17 MANAGEMENT AND REQUIRING COMPREHENSIVE RESEARCH  
18 PLANS COMPLETE WITH MILESTONES. WE HEARD FROM OUR  
19 WORKSHOP PARTICIPANTS AND OTHER CONSTITUENTS THAT  
20 THIS MODEL IS COMMONLY USED IN INDUSTRY, BUT MAY BE  
21 NEW TO MANY OF THE RESEARCH TEAMS LOCATED AT  
22 ACADEMIC CENTERS, AND WE NEED TO SUPPORT THEM IN  
23 THIS ENDEAVOR.

24 FOURTH, FINALLY, THE GOAL OF THIS PROGRAM  
25 IS FOR THE TEAMS TO PRODUCE AN APPROVABLE IND WITHIN

## BARRISTERS' REPORTING SERVICE

1 FOUR YEARS OF THE PROJECT START. IT'S BY THIS  
2 MEASURE CIRM WILL KNOW IF THE INITIATIVE HAS BEEN  
3 SUCCESSFUL.

4 FOR THIS INITIATIVE, WE HAVE ATTEMPTED TO  
5 TAILOR THE ELIGIBILITY REQUIREMENTS TO SUPPORT  
6 TEAM-BASED RESEARCH. SO BASED ON THE  
7 RECOMMENDATIONS FROM THE ICOC TASK FORCE AND THE  
8 NEEDS EXPRESSED BY OUR APPLICANTS AND GRANTEES, THIS  
9 RESEARCH AWARD WILL ALLOW FOR A PRINCIPAL  
10 INVESTIGATOR AND UP TO TWO ADDITIONAL CO-PI'S. THE  
11 SAME MINIMUM PERCENT EFFORTS WILL APPLY TO BOTH THE  
12 PI AND THE CO-PIS. THE PI WILL HOLD THE SCIENTIFIC  
13 AND FINANCIAL ACCOUNTABILITY FOR THE TOTAL PROJECT;  
14 HOWEVER, FOR REPORTING PURPOSES, SEPARATE BUDGETS  
15 WILL BE PRODUCED FOR THE CO-PI'S. WE FEEL THIS IS A  
16 GOOD COMPROMISE BETWEEN MAINTAINING A SINGLE POINT  
17 OF ACCOUNTABILITY FOR THE PROJECT AND OUR GRANTEES'  
18 DESIRE TO BE RECOGNIZED FOR THE RESEARCH AND FUNDING  
19 THAT THEY EACH MANAGE.

20 FINALLY, AS A REMINDER FROM OUR PREVIOUS  
21 ICOC MEETING, A PI MAY APPLY FOR EITHER A DISEASE  
22 TEAM OR AN EARLY TRANSLATIONAL AWARD.

23 THREE FEATURES OF THIS PROGRAM WILL HELP  
24 SUPPORT THIS MULTIDISCIPLINARY AND TEAM-BASED  
25 RESEARCH. BY INCLUSION OF CO-PI'S, CIRM HOPES TO

## BARRISTERS' REPORTING SERVICE

1 STIMULATE COLLABORATION WHERE IT PREVIOUSLY MAY NOT  
2 HAVE BEEN POSSIBLE. SECOND, FUNDS WILL BE PROVIDED  
3 TO EACH TEAM FOR A PROJECT MANAGER TO ENSURE  
4 DELIVERY AGAINST THE TEAM'S MILESTONES AND GOALS.  
5 ADDITIONALLY, FUNDS WILL BE PROVIDED TO SUPPORT A  
6 SINGLE ADMINISTRATIVE COORDINATOR TO ASSIST WITH THE  
7 ADMINISTRATIVE AND FINANCIAL MANAGEMENT AND  
8 REPORTING REQUIREMENTS OF A PROJECT.

9 YOU HEARD EARLIER TODAY FROM DR. TROUNSON  
10 HIS REPORT ON THE COLLABORATIVE FUNDING PARTNERS AND  
11 THE INTERNATIONAL AND NATIONAL LINKAGES THAT ARE  
12 BEING ESTABLISHED. THIS REALLY HAS TWO MAJOR  
13 BENEFITS FOR CIRM-FUNDED RESEARCHERS. FIRST, IT  
14 ALLOWS TEAMS TO POTENTIALLY EXPAND BEYOND THE  
15 BORDERS OF CALIFORNIA. AND, SECOND, CIRM'S  
16 INVESTMENT IN A SPECIFIC PROJECT WILL BE LEVERAGED  
17 BY THE FUNDING THAT OUR PARTNERS BRING TO THE TABLE.  
18 SO WE LOOK FORWARD TO WORKING WITH BOTH OUR  
19 U.S.-BASED AND OUR INTERNATIONAL PARTNERS ON THIS  
20 ENDEAVOR.

21 CIRM ANTICIPATES MAKING SIX TO 12 AWARDS  
22 IN THIS FIRST ROUND OF THE DISEASE TEAM RESEARCH  
23 INITIATIVE. THE PROGRAM WILL TARGET BETWEEN 120 AND  
24 \$200 MILLION FOR THIS RFA. AND I WOULD EXPECT THAT  
25 IF THE GRANTS WORKING GROUPS SEES MANY HIGH QUALITY,

## BARRISTERS' REPORTING SERVICE

1 SCIENTIFICALLY MATURE PROJECTS THAT SHOW THE PROMISE  
2 OF DOING THE HEAVY LIFTING, PAVING THE PATH TO THE  
3 CLINIC, WE'LL REQUEST TO FUND A COLLECTION OF  
4 PROJECTS AT THE UPPER LIMIT OF THAT RANGE.

5 BECAUSE OF THE MAGNITUDE OF THESE AWARDS  
6 AND CIRM'S GOAL TO YIELD APPROVABLE IND'S FROM THE  
7 INITIATIVE, BOTH CIRM AND ITS GRANTEES WILL BE  
8 INVOLVED IN THE ACTIVE MANAGEMENT OF THESE PROJECTS.  
9 FOR OUR GRANTEES, THIS MEANS DEVELOPING  
10 COMPREHENSIVE RESEARCH PLANS AND MANAGING THE  
11 PROJECT AGAINST HARD MILESTONES. CIRM'S ROLE WILL  
12 ALSO EXPAND IN MANAGEMENT ACTIVITIES. IN ADDITION  
13 TO REQUIRING THE ANNUAL PROGRESS REPORTS AND  
14 REVIEWING THOSE AS WE DO TODAY, CIRM WILL REQUIRE  
15 GRANTEES TO PARTICIPATE IN AN EVALUATION MEETING.

16 FOR EACH PROJECT AN EVALUATION MEETING  
17 WILL BE HELD BETWEEN THE PRECLINICAL RESEARCH AND  
18 PRECLINICAL DEVELOPMENT PHASES WHERE THERE'S A  
19 SIGNIFICANT STEP-UP IN THE FUNDING. GRANTEES WILL  
20 PRESENT TO THE CIRM PRESIDENT AND HIS STEERING  
21 COMMITTEE, AND THE OUTCOME OF THAT MEETING WILL BE A  
22 GO/NO-GO DECISION TO PROCEED TO PRECLINICAL  
23 DEVELOPMENT, WHICH HAS IMPLICATIONS FOR FUNDING.

24 THE PROJECTED TIMETABLE FOR THE DISEASE  
25 TEAM INITIATIVE IS PRESENTED HERE. YOU'VE SEEN THIS

## BARRISTERS' REPORTING SERVICE

1 EARLIER WITH THE RFA BEING RELEASED IN FEBRUARY OF  
2 2009, THE ANTICIPATED REVIEW IN THE SUMMER OF NEXT  
3 YEAR, AND THEN SUBSEQUENT ICOC APPROVAL IN LATE  
4 SUMMER OR FALL OF 2009.

5 SO THAT CONCLUDES THE PRESENTATION OF SOME  
6 OF THE KEY ASPECTS, AND WE LOOK FORWARD TO BRINGING  
7 THE FORMAL CONCEPT PROPOSAL IN DECEMBER.

8 CHAIRMAN KLEIN: THANK YOU. HOPEFULLY  
9 THIS IS SO SUCCESSFUL, WE ALL LOOK BACK AND TALK  
10 ABOUT THE DAY WHEN DR. STEFFEN PRESENTED THE DISEASE  
11 TEAM CONCEPT TO THIS BOARD.

12 WE HAD A PARTICULAR INDIVIDUAL WHO WANTED  
13 TO MAKE A PUBLIC COMMENT WHO STARTED EARLIER TO MAKE  
14 A PUBLIC COMMENT. AND I THINK WE SHOULD HONOR OUR  
15 AGREEMENT TO LET THEM MAKE THAT COMMENT AND THEN  
16 FOLLOW WITH ANY OTHER PUBLIC.

17 MR. WOLCOTT: MR. CHAIRMAN, COMMITTEE, KEN  
18 WOLCOTT, CHIEF BUSINESS OFFICER AT CASCADE LIFE  
19 SCIENCES. EARLIER I PREMATURELY STARTED THIS  
20 DISCUSSION IN THE PROCESS -- YOUR REVIEW PROCESS  
21 DISCUSSION. BUT NOW THAT WE DON'T HAVE A QUORUM, I  
22 THINK I KNOW THE ANSWER TO MY QUESTION, BUT I WILL  
23 ASK IT ANYWAY.

24 IT ISN'T CLEAR TO ME HOW THE LETTER THAT  
25 CASCADE PRESENTED AND THE COMMENTS THAT WE MADE IN

## BARRISTERS' REPORTING SERVICE

1 THE JUNE MEETING WERE EVER FORMALLY RESPONDED TO.  
2 AND CERTAINLY, AS I SAY, WE BROKE ALL THE RULES THAT  
3 YOU NOW ARE SUGGESTING ARE APPROPRIATE IN PRESENTING  
4 THAT, BUT AT THE TIME WE DIDN'T HAVE ANY PARTICULAR  
5 GUIDANCE ON HOW TO DO THAT.

6 SO MY QUESTION TO THE COMMITTEE IS HOW DO  
7 WE AS A COMPANY GET RECONSIDERATION OF OUR GRANT  
8 APPLICATION MUCH LIKE THERE WAS A PRESENTATION  
9 EARLIER TODAY OF A PREVIOUS ROUND OF GRANTS AND SOME  
10 THAT WERE IN THE AREA THAT WERE NOT FUNDED. SO  
11 RATHER THAN GO THROUGH THE MERITS OF THAT,  
12 PROCEDURALLY I'D JUST LIKE TO ASK THE COMMITTEE HOW  
13 DO WE DO THAT?

14 CHAIRMAN KLEIN: DR. TROUNSON, WOULD YOU  
15 LIKE TO ADDRESS THAT OR WOULD YOU LIKE TO HAVE  
16 DR. OLSON ADDRESS IT? WHAT WOULD YOU LIKE?

17 DR. TROUNSON: I'D ASK PAT OLSON TO  
18 ADDRESS THAT.

19 DR. OLSON: I JUST -- OKAY. SO AS FAR AS  
20 THE LETTER, WE HAD SEVERAL DISCUSSIONS, I BELIEVE,  
21 WITH MEMBERS FROM CASCADE BIOSCIENCES, AND THEY  
22 INDICATED THEY WISHED TO SUBMIT A LETTER OF REBUTTAL  
23 TO THE BOARD. IT IS MY UNDERSTANDING THEY DID THAT.  
24 I BELIEVE THE BOARD IS NOT REQUIRED TO MAKE ANY KIND  
25 OF FORMAL STATEMENT.



## BARRISTERS' REPORTING SERVICE

1 NOW, WITH REGARD TO RECONSIDERATION, SO  
2 THE BOARD CAN CHOOSE TO RESPOND TO THE LETTER AS WE  
3 HAVE SEEN THEM DO BY MOVING APPLICATIONS FROM ONE  
4 FUNDING TIER TO ANOTHER. THAT'S OBVIOUSLY THE  
5 BOARD'S RIGHT AND PREROGATIVE. AND MY PRESUMPTION  
6 WOULD BE, SINCE THE BOARD CHOSE NOT TO DO THAT WITH  
7 THE APPLICATION FROM CASCADE, THAT THEY WERE  
8 SATISFIED WITH THE REVIEW AS IT WAS.

9 IF YOU'RE TALKING ABOUT A REREVIEW BY THE  
10 GRANTS WORKING GROUP, THERE ARE SPECIFIC CRITERIA  
11 OUTLINED IN OUR GRANTS ADMINISTRATION POLICY, WHICH  
12 BASICALLY ARE LIMITED TO DEMONSTRABLE CONFLICTS OF  
13 INTEREST THAT DO ALLOW FOR A REREVIEW. AND THOSE  
14 CRITERIA WERE NOT MET, AND I BELIEVE WERE NOT THE  
15 SUBJECT OF YOUR PETITION OR YOUR LETTER. PARDON.

16 MR. WOLCOTT: MR. CHAIRMAN, CAN I RESPOND  
17 TO THAT?

18 CHAIRMAN KLEIN: GO AHEAD.

19 MR. WOLCOTT: MAY I RESPOND?

20 CHAIRMAN KLEIN: YES.

21 MR. WOLCOTT: I UNDERSTAND THE CONFLICTS  
22 OF INTEREST THAT WAS PUBLISHED. WE'RE NOT  
23 SUGGESTING THAT'S THE BASIS OF OUR REQUEST. BUT IT  
24 WASN'T CLEAR TO ME UNDER WHATEVER NEW PROCESS WE'RE  
25 GOING TO ADOPT OR REFINE WHY WE WOULD NOT GET AN

## BARRISTERS' REPORTING SERVICE

1 OPPORTUNITY WITH A QUORUM OF THE BOARD TO HEAR FROM  
2 THE BOARD ON OUR PETITION OR OUR LETTER OF REQUEST  
3 FOR RECONSIDERATION.

4 AND, YOU KNOW, THE CHAIRMAN TODAY IN HIS  
5 OPENING REMARKS MADE THE COMMENT THAT WE NEED THE  
6 FULL RANGE, I'M NOT QUOTING YOU EXACTLY, BUT WE NEED  
7 THE FULL RANGE OF STEM CELL APPROACHES AND NOT JUST  
8 IPC AND NOT JUST CERTAIN THINGS. OUR APPLICATION  
9 WAS DIRECTED AT SCNT. AND AS YOU MAY RECALL FROM  
10 THE JUNE MEETING, WE LEARNED AT THAT MEETING THAT,  
11 FOR REASONS THAT I'M NOT ENTIRELY CLEAR OF, THAT THE  
12 SCIENTIFIC STAFF HAD MADE A DECISION POST-RFA, BUT  
13 PRE-GRANT REVIEW THAT SCNT APPLICATIONS WERE NOT  
14 GOING TO BE FUNDED. AND I CHARACTERIZED THAT IN MY  
15 LETTER AS KIND OF MOVING THE GOALPOST.

16 THAT'S GETTING INTO THE MERITS, BUT  
17 PROCEDURALLY I WOULD LIKE TO KNOW IF THERE'S A WAY  
18 TO GET THE BOARD TO, NOT TODAY, BECAUSE I KNOW WE  
19 NOW DO NOT HAVE A QUORUM, BUT PERHAPS IN NOVEMBER,  
20 IF I HEARD CORRECTLY, THERE'S A NOVEMBER MEETING;  
21 AND IF NOT NOVEMBER, DECEMBER.

22 CHAIRMAN KLEIN: SO I DON'T BELIEVE THAT  
23 THERE WAS A SYSTEMATIC APPROACH. THERE WERE HURDLES  
24 DEALING WITH SCNT BECAUSE OF EFFICIENCY OF THE  
25 PROCESS AND THE OBSTACLES THAT ARE IN OUR STANDARDS

## BARRISTERS' REPORTING SERVICE

1 TO OBTAINING SUFFICIENT OOCYTES, BUT THOSE ARE  
2 OBSTACLES THAT IS NOT A SYSTEMATIC ISSUE. I KNOW  
3 JEFF SHEEHY HAS RAISED THE ISSUE, I RAISED THE ISSUE  
4 PREVIOUSLY. I THINK THERE'S A NUMBER OF BOARD  
5 MEMBERS THAT DO BELIEVE WE SHOULD BE LOOKING AT SCNT  
6 AND TRYING TO FIND A WAY TO ADDRESS THIS IN ONE OF  
7 THE UPCOMING RFA'S. IT DOESN'T PARTICULARLY APPEAR  
8 THAT DISEASE TEAMS SEEM TO BE THE RIGHT PLACE, BUT  
9 AT SOME POINT HERE, AS THE EFFICIENCIES ARE  
10 IMPROVING WITH SCNT, POTENTIALLY, DR. TROUNSON,  
11 COULD YOU COMMENT ON THE OPPORTUNITY FOR THIS TO BE  
12 INCLUDED IN ANOTHER RFA?

13 DR. TROUNSON: THANK YOU, CHAIR. I THINK  
14 THAT YOU'RE RIGHT. THERE WAS NO BARRIER PUT IN  
15 FRONT OF SCNT SPECIFICALLY AT ALL. THE GRANTS  
16 REVIEW PROCESS WAS WHOLESOME, AND THEY RANKED THE  
17 PROJECTS ACCORDING TO WHAT THEY CONSIDERED THE BEST  
18 SCIENCE. I BELIEVE THAT THEY DID THAT IN A VERY  
19 PROPER AND CORRECT WAY AND GOT A VERY GOOD GROUP OF  
20 PROJECTS TOGETHER THAT THEY PUT FORWARD TO THE ICOC.

21 SO AS YOU KNOW, I'VE BEEN LONG INVOLVED IN  
22 NUCLEAR TRANSFER STUDIES. SO THERE WOULD BE NO  
23 REASON WHY I WOULDN'T WANT TO SUPPORT IT  
24 SPECIFICALLY.

25 YOU ASKED A QUESTION ABOUT WHEN NEXT

## BARRISTERS' REPORTING SERVICE

1 BECAUSE I THINK THAT'S THE REAL ISSUE. WE  
2 HAVEN'T -- WE ANTICIPATE A PROGRAM COMING FORWARD  
3 THAT WILL PROBABLY BE INNOVATION. THERE'S NO REASON  
4 WHY INNOVATIVE WAYS OF DOING PROCEDURES THAT WOULD  
5 BRING US FORWARD IN OUR QUEST FOR APPLYING STEM  
6 CELLS THAT THIS COULDN'T FIT IN THERE. WE WILL  
7 BRING THAT CONCEPT APPROVAL FOR YOU IN DUE COURSE.  
8 I'M UNSURE WHEN WE THINK WE WILL HAVE THAT, BUT IT  
9 WILL BE SOONER RATHER THAN LATER. AND WE'LL  
10 ENCOURAGE ALL PEOPLE TO COME FORWARD WITH THEIR MOST  
11 INNOVATIVE BIOLOGICAL RESEARCH PROJECTS IN ORDER TO  
12 CARRY FORWARD THE IDEALS OF WHAT CIRM IS TRYING TO  
13 ACHIEVE.

14 CHAIRMAN KLEIN: AND I BELIEVE THAT, KEN,  
15 AS BACKGROUND INFORMATION, DR. TROUNSON MADE A  
16 SPIRITED APPEAL ON BEHALF OF SCNT AT A FEBRUARY OR  
17 MARCH MEETING OF THE STANDARDS WORKING GROUP TO TRY  
18 AND RECOGNIZE THAT WE NEEDED TO REFINE OUR OOCYTE  
19 CONTRIBUTION PROVISIONS TO PERMIT SOME PROPOSALS  
20 THAT MIGHT PRODUCE SOME MORE OOCYTES THAT WOULD MAKE  
21 SCNT MORE REACHABLE. SO I THINK HE'S ON THAT  
22 RECORD, IF YOU READ THAT TRANSCRIPT, AS BEING  
23 SUPPORTIVE OF TRYING TO GET THERE.

24 THE STANDARDS COMMITTEE STRESSED TO US  
25 THAT WE WANTED TO BE VERY CAREFUL, BRING IN ALL THE

## BARRISTERS' REPORTING SERVICE

1 STAKEHOLDER GROUPS TO MAKE SURE THAT WE HAD SOLID  
2 COMMUNITY SUPPORT IN GETTING TO WHERE DR. TROUNSON  
3 IS ASKING TO GO. SO I THINK THAT THIS IS SOMETHING  
4 THAT DEFINITELY IS AN AVENUE OF EXPLORATION THAT WE  
5 NEED TO BE PREPARED TO HAVE AN RFA THAT CAN ADDRESS,  
6 BUT WE DON'T HAVE A VEHICLE AT THE MOMENT.

7 MR. WOLCOTT: I THINK EFFICIENCY IS VERY  
8 IMPORTANT IN SCNT, AND I WANT TO POINT OUT THAT IN  
9 THE GRANT REVIEW THAT EFFICIENCY WAS MISSTATED AND  
10 MISUNDERSTOOD BY THE REVIEW COMMITTEE AND CLEARLY  
11 CALLED OUT IN OUR LETTER. AND THAT'S WHY WE THOUGHT  
12 THAT IT WAS PERHAPS NOT AWARDED A GRANT BECAUSE IT  
13 WAS SIMPLY A MISTAKE ON THE PART OF THE REVIEW  
14 COMMITTEE IN TERMS OF EFFICIENCY AND UNDERSTANDING,  
15 AND APPRECIATING THAT EFFICIENCY IS IMPORTANT.

16 CHAIRMAN KLEIN: I WILL SAY THAT WE'RE  
17 TRYING TO LISTEN CAREFULLY, AND WE'RE TRYING TO  
18 MODIFY OUR PROCEDURES. THIS NEW PROCEDURE WE PUT IN  
19 TODAY HOPEFULLY WOULD HAVE CREATED A PLATFORM.  
20 WE'RE NOT GOING TO ALWAYS BE EXACTLY ACHIEVING EVERY  
21 GOAL, BUT WE'RE TRYING TO LEARN AS FAST AS WE CAN.  
22 AND THE SCIENTIFIC STAFF IS TRYING TO WITH  
23 PROFESSIONALISM AND GOOD PROCESS MODIFY WHAT WE'RE  
24 DOING SO THAT EVERYONE DOES HAVE A CHANCE TO ADDRESS  
25 THESE ISSUES, AS YOU CAN SEE FROM THE SPIRITED

**BARRISTERS' REPORTING SERVICE**

1 DEBATE EARLIER TODAY.

2 MR. WOLCOTT: VERY GOOD.

3 CHAIRMAN KLEIN: WE VERY MUCH APPRECIATE  
4 THE WORK YOU'RE DOING.

5 MR. WOLCOTT: OUR PLEASURE, AND WE LOOK  
6 FORWARD TO THE NEXT OPPORTUNITY FOR THAT SCNT.

7 CHAIRMAN KLEIN: THANK YOU. MR. SIMPSON.

8 MR. SIMPSON: JOHN SIMPSON FROM CONSUMER  
9 WATCHDOG. SOME OF YOU MAY HAVE NOTICED NOT TOO LONG  
10 AGO I DID AN ANALYSIS OF ATTENDANCE RECORDS AND THAT  
11 SORT OF THING IN AN EFFORT TO TRY AND FOCUS A BROAD  
12 ATTENTION ON THE PROBLEMS THAT SOMETIMES EXIST WITH  
13 QUORUMS.

14 AND UPON, AS AN IRISH POLITICIAN ONCE  
15 SAID, MATURE REFLECTION, I REALIZE THAT THERE WERE  
16 SOME FLAWS IN THE WAY THAT PARTICULAR ANALYSIS WAS  
17 DONE. I THINK IT DID HIGHLIGHT THE PROBLEM. I  
18 THINK THAT WAS IMPORTANT. I THINK IT'S HELPED MOVE  
19 ALONG SOME IDEAS ABOUT HOW TO COPE WITH THAT.

20 I THINK IF PEOPLE READ WHAT I WROTE  
21 CLOSELY, MAYBE IT WASN'T SO BAD, BUT SOME OF THE  
22 REPORTS AND OTHER PLACES, AS OFTEN IS THE CASE, HIT  
23 THE HIGHLIGHTS. WHAT I FAILED TO DO WAS TO  
24 RECOGNIZE THE CONTRIBUTION ON THE PART OF A NUMBER  
25 OF PEOPLE TO THE COMMITTEE MEETINGS AND SPECIFICALLY

## BARRISTERS' REPORTING SERVICE

1 TO THE WORKING GROUPS AND THE LONG HOURS THAT THEY  
2 PUT IN THERE. I DID NOT HAVE A GOOD MEANS TO  
3 ANALYZE WHEN PEOPLE ARE PRESENT OR NOT, SO I WORKED  
4 ESSENTIALLY OFF THE MINUTES AND I FOCUSED PRIMARILY,  
5 OR AT LEAST THE WAY THE FOCUS CAME OUT, WAS A SHORT  
6 PERIOD OF THIS YEAR, WHICH IS PROBABLY NOT AN  
7 ENTIRELY FAIR ANALYSIS.

8 SO I WOULD LIKE TO SIMPLY SAY THAT ONE OF  
9 THE PEOPLE THAT I KNOW WHO REALLY PERHAPS DID NOT  
10 GET THE SORT OF CREDIT FOR THE KINDS OF SUBSTANTIAL  
11 CONTRIBUTIONS THAT SHE MAKES TO THE WORKING GROUPS  
12 IS MARCY FEIT. AND I THINK THERE WAS A SLIGHT  
13 ABERRATION WHERE, IF ALL OF THE RECORDS BACK TO THE  
14 BEGINNING OF THE ORGANIZATION HAD BEEN, IN FACT,  
15 TICKED OFF, I DID ESSENTIALLY A TWO-YEAR PERIOD, SHE  
16 WOULD HAVE GOTTEN A GOLD STAR. I THANK HER FOR ALL  
17 OF HER CONTRIBUTIONS, AND I DON'T WANT TO LEAVE THE  
18 IMPRESSION. SHE SEEMED TO HAVE GOTTEN HIGHLIGHTED  
19 IN A COUPLE OF REPORTS AS SOMEONE WHO WAS  
20 DELINQUENT. I DON'T THINK THAT'S THE CASE AT ALL.  
21 AND I KNOW HER CONTRIBUTIONS PARTICULARLY TO THE  
22 WORKING GROUPS. I MEAN WE WERE THERE AT THE  
23 FACILITIES WORKING GROUPS TOGETHER AT TIMES ON  
24 SATURDAYS, AS I RECALL. SO I JUST WANTED THAT ON  
25 THE RECORD.

## BARRISTERS' REPORTING SERVICE

1                   SOMETIMES WE STIR THE POT AND TRY TO FOCUS  
2                   ATTENTION, AND WE DO IT IN A WAY THAT WILL FOCUS THE  
3                   MEDIA'S ATTENTION. AND THAT WAS WHAT I WAS TRYING  
4                   TO DO, AND I HOPE IT CONTRIBUTED TO THE PROCESS OF  
5                   BRINGING OUT A QUORUM AND MAKING SURE THAT THE  
6                   PEOPLE WHO CAN APPOINT DESIGNEES DO APPOINT THEM AND  
7                   SEND THEM, WHICH WASN'T HAPPENING. SO THAT IS WHAT  
8                   I WANTED TO SAY. MARCY, THANK YOU VERY MUCH.

9                   (APPLAUSE.)

10                  CHAIRMAN KLEIN: AND, MARCY, LATE  
11                  RECOGNITION IS BETTER THAN NOT HAVING RECOGNITION.  
12                  I'LL TELL YOU I'VE BEEN HERE A LONG TIME, AND TO GET  
13                  A GOLD STAR IS SOMETHING I ASPIRE TO.

14                  SO WITH THAT, I BELIEVE THAT WE'VE COVERED  
15                  THE AGENDA AND THE PUBLIC COMMENTS. ANY ADDITIONAL  
16                  ITEM, DR. TROUNSON?

17                  DR. TROUNSON: THANK YOU VERY MUCH, CHAIR.  
18                  NO. I UNDERSTAND THAT WE'RE SATISFIED AT THIS  
19                  STAGE. THANK YOU FOR ALL YOUR EFFORTS, EVERYBODY.  
20                  AS USUAL YOU'VE BEEN TERRIFIC. THANKS FOR THE  
21                  SUPPORT OF THE STAFF. WE REALLY DO APPRECIATE IT,  
22                  AND WE ACTUALLY ENJOY THE FORTHRIGHT DISCUSSIONS  
23                  THAT OCCUR HERE. SO WE NEVER GO AWAY WITHOUT AN  
24                  ADDITIONAL MESSAGE. AND WE THANK YOU VERY MUCH.

25                  AND EVERYBODY, ON BEHALF OF MYSELF, I'D



## BARRISTERS' REPORTING SERVICE

1 LIKE TO THANK ALL THE STAFF. I'LL BE GOING AWAY FOR  
2 A MONTH IN OCTOBER TO GO HELP MY 17-YEAR-OLD SON GET  
3 THROUGH HIS FINAL YEAR EXAMS BECAUSE THAT'S WHAT I  
4 PROMISED WHEN I TOOK UP THIS JOB, TO GIVE HIM BACK A  
5 MONTH OF MY LIFE. SO I'LL BE STEEPED IN POETRY AND  
6 THOSE OTHER THINGS THAT WE DON'T THINK MUCH ABOUT.

7 AND AS SUCH, JOHN ROBSON WILL HAVE  
8 CARRIAGE OF MANAGEMENT, BUT I KNOW HE'LL BE  
9 SUPPORTED BY A WONDERFUL TEAM OF PEOPLE. AND  
10 ANYTHING THAT WE CAN DO TO MOVE THIS ALONG WILL BE  
11 DONE. THANKS VERY MUCH.

12 CHAIRMAN KLEIN: THANK YOU, AND OUR BEST  
13 WISHES GO WITH YOUR SON. AND REMIND EVERYONE THIS  
14 IS SOMETHING WE AGREED TO AT THE VERY BEGINNING.  
15 IT'S A VERY IMPORTANT PART OF HIS LIFE, THE  
16 INTERNATIONAL BACCALAUREATE EXAM THAT HE'S GOING TO  
17 BE GOING THROUGH IN AUSTRALIA. BUT I THINK WE NEED,  
18 ALAN, TO RECOGNIZE YOUR CONTRIBUTION AWAY FROM YOUR  
19 FAMILY THROUGH THIS YEAR AT GREAT SACRIFICE TO SERVE  
20 THIS AGENCY AND THE MISSION OF REDUCING HUMAN  
21 SUFFERING WITH A HAND OF APPLAUSE.

22 (APPLAUSE.)

23 CHAIRMAN KLEIN: I THINK JENNA HAS AN  
24 ANNOUNCEMENT ON FLIGHTS FOR A MOMENT.

25 (A DISCUSSION WAS HAD OFF THE

**BARRISTERS' REPORTING SERVICE**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

RECORD.)

CHAIRMAN KLEIN: THE MEETING STANDS

ADJOURNED.

(THE MEETING WAS THEN ADJOURNED AT

03:23 P.M.)

**BARRISTERS' REPORTING SERVICE**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**BARRISTERS' REPORTING SERVICE**

**REPORTER'S CERTIFICATE**

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

UNIVERSITY OF CALIFORNIA, SAN DIEGO  
PRICE CENTER, BALLROOM B  
9500 GILMAN DRIVE  
LA JOLLA, CALIFORNIA  
ON  
THURSDAY, SEPTEMBER 25, 2008

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

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